

Organisation
development
through
self development



AN ATLAS GROUP
COMPANY

Atlas Battery Limited

Certificate No:125383



CERTIFIED QMS



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Atlas Battery Limited

Vision

A reliable manufacturer and supplier of high quality lead acid automotive and motorcycle batteries in Domestic and International market.

Mission

To achieve market leadership through technological edge, distinguished by quality, service and customers' satisfaction, emphasis on employees' long term welfare and ensure adequate return to shareholders. Be a good corporate citizen, contributing to development of the society and country through harmonized endeavor.



COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aamir H. Shirazi
	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Muhammad Atta Karim
	Yoshitami Saito
Company Secretary	Muhammad Iqbal

AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Iftikhar H. Shirazi
	Muhammad Atta Karim
Head of Internal Audit	M. Rizwan Jamil
Secretary	Muhammad Saleem

GROUP EXECUTIVE COMMITTEE

Chairman	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmad
	Saqib H. Shirazi
Secretary	Theresa Dias

GROUP HUMAN RESOURCE COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Bashir Makki

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Iftikhar H. Shirazi
Members	Qasim Imran Khan
	Ziaullah Begg
Secretary	Sarfraz Hasan

MANAGEMENT COMMITTEE

Chief Executive	Vazeer Ali
Vice Executive Officer	Kanji Kobayashi
Chief Financial Officer	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Plant	Shahzad Ahmad Khan
General Manager Human Resources	Zamir Haider

COMPANY INFORMATION

Auditors	Hameed Chaudhri & Co. Chartered Accountants
Legal Advisor	Mohsin Tayebaly & Co.
Tax Advisor	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Bankers	Bank Al-falah Limited Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi Limited
Registered Office / Factory	D-181 Central Avenue, S.I.T.E. Karachi-75730 Tel: 2567990-94 Fax: 2564703
Zonal Office Karachi	PPI Building, Near Sindh Secretariat Building, Shahra-e-Kamal Ataturk, Karachi-74200 Tel: 2636057 - 2626478
Sukkur Office	F -33/4, Barrage Colony, Workshop Road, Sukkur Tel: 612532 Fax: 612532
Zonal Office Lahore	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 7227075 - 7354245 Fax: 7352724
Faisalabad Office	54-Chenab Market, Madina Town, Faisalabad Tel: 713127 Fax: 726628
Multan Office	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 548017
Peshawar Office	1st Floor, Zeenat Plaza, near General bus stand, G.T. Road, Peshawar Tel: 262485
Rawalpindi Office	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 5567423
Sahiwal Office	647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000 Tel: 61539



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 11:00 a.m. on Wednesday, September 29, 2004 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm Minutes of Annual General Meeting held on October 21, 2003.
2. To consider and adopt the audited accounts of the Company for the year ended June 30, 2004 together with the Directors' and Auditors' Report thereon.
3. To consider and approve the recommendation of Directors for payment of dividend at the rate of 60% (Rs. 6/- per share) for the year ended June 30, 2004.
4. To consider and if thought fit, pass with or without modification the following as Ordinary Resolution.
 - 4.1. "Resolved that a sum of Rs.13,136,380/- out of Company's profit be capitalized for issuing 1,313,638 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of business on September 19, 2004 @ 40% in the proportion of Two Ordinary Shares of Rs.10/- each for every Five shares held and that these shares shall be treated for all purposes as an increase in the paid-up capital of the Company. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend, and in all other respects".
 - 4.2. "Further Resolved that the bonus shares entitlement in fraction be consolidated and sold by the Directors on the Stock Exchange and proceeds of sale when realized be given to a charitable institution".
 - 4.3. "Further Resolved that the Directors be and are hereby authorized to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required".
5. To appoint Auditors for the year 2004-2005 and fix their remuneration.

Special Business:

6. To consider and if thought fit pass the following resolutions as special resolutions approving the amendment in Memorandum of Association of the Company.

RESOLVED "that a new sub-clause No.25A under Clause 3 (Objects) of the Memorandum of Association be and is hereby inserted as follows:

- 25A. To subscribe or donate money for any national, charitable, benevolent, public, general or useful object including to any educational institution, hospital, flood or famine relief and other institution or fund established for charitable purpose."

FURTHER RESOLVED "that the above mentioned amendment to the Memorandum of Association of the Company is subject to approval of Securities and Exchange Commission of Pakistan (SECP) and any alteration proposed by them in this respect. The Chief Executive Officer of the Company be and is hereby authorized to procure the approval of SECP and implementation of the Memorandum of Association of the Company."

7. To consider and if thought fit pass the resolutions attached in Annexure 'A' as special resolutions approving the amendments in Articles of Association of the Company to bring them in conformity with the amendments made in the Companies Ordinance, 19984.
8. To consider and if thought fit pass the following resolution as special resolution approving the transmission of quarterly accounts through website in compliance with section 245 of the Companies Ordinance, 1984 and Securities and Exchange Commission of Pakistan (SECP) circular No.19 of 2004 dated April 14, 2004 provided it meets all other conditions.

RESOLVED "that the Company may place its quarterly accounts on its website instead of sending the same to members by post, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular No.19 of 2004 dated April 14, 2004".

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of Meeting.

Other Business:

9. To transact any other business with the permission of the Chair.

By ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be the name of the Secretary, written in a cursive style.

SECRETARY

Karachi: September 02, 2004.

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 20, 2004 to September 29, 2004 (both days inclusive). Transfers received in order at the registered office of the company by September 19, 2004 will be in time for the purpose of entitlement for payment of the dividend to the transferee.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time appointed for meeting.
3. The members are requested to please communicate to the Company any change in their mailing address immediately.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative members should bring the usual documents required for such purpose.



STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

1. Alteration in the Memorandum of Association

The Board of Directors has recommended that the Company's Memorandum of Association be amended to enable the Company to meet its social responsibilities.

A copy of the altered Memorandum of Association of the Company as on date and also indicating the proposed amendment is available for inspection at the registered office of the Company from 8:30 a.m. to 5.00 p.m. on all working days, except Friday and from 8:30 a.m. to 12.00 noon on Friday.

2. Alteration in the Articles of Association

The Board of Directors has recommended that the Company's Articles of Association be amended/alterd to comply with the provisions of Companies Ordinance, 1984 as amended from time to time and bring them in conformity with the provisions of the Companies Ordinance, 1984.

A copy of the altered Articles of Association of the Company as on date and also indicating the proposed amendments is available for inspection at the registered office of the Company from 8:30 a.m. to 5.00 p.m. on all working days, except Friday and from 8:30 a.m. to 12.00 noon on Friday.

3. Placement of Quarterly Accounts on Website

The Securities and Exchange Commission of Pakistan (SECP) vide its circular no.19 of 2004 dated April 14, 2004 has allowed the listed companies to place their quarterly accounts on their websites instead of sending the same to each shareholder by post. This would ensure prompt disclosure of information to the shareholders, besides saving of costs associated with printing and dispatch of the accounts by post.

The Company maintains a website (www.altasgroup.pk.com/abl) and latest accounts may be placed there for information of the shareholders and the general public. Prior permission of the Securities and Exchange Commission of Pakistan would be sought for transmitting the quarterly accounts through Company website after the approval of the shareholders. The Company however will make available printed copies of the accounts to the shareholders on demand at their registered address, free of charge, within one week of receiving such request.

The Directors of the Company have no interest in the special business and/or special resolution save to the extent of their shareholding in the company.

Abstract required under Section 218 of the Companies Ordinance, 1984 regarding terms of appointment of Chief Executive.

Remuneration of Chief Executive:

"A total amount not exceeding Rs. 4.4 million will be paid as the aggregate remuneration to Chief Executive of the Company for the year ending June 30, 2005, together with other benefits as per Company policy".

The Chief Executive is interested in the remuneration payable to him.

Annexure 'A'

Alteration in the articles of Association:

RESOLVED "that in accordance with the amendment in Section 158(1) of the Companies Ordinance, 1984, the word "SIX MONTHS" shall be substituted by "FOUR MONTHS" in Article No.64 (General Meetings) of the Articles of Association."

FURTHER RESOLVED "that in accordance with the amendment in Section 160(2a) of the Companies Ordinance, 1984, the word "THREE" shall be substituted by "TEN" in article No.72 (Quorum at General Meeting) of the Articles of Association."

FURTHER RESOLVED "that in accordance with the insertion of clause (i) and (j) in Section 187 of the Companies Ordinance, 1984, the clause (i) and (j) be and are hereby inserted in Article No.105 (Disqualification of Director) of the Articles of Association as follows:

- (i) has been declared by a Court of competent jurisdiction as defaulter in repayment of loan to a financial institution, exceeding such amount as may be notified by the Commission from time to time; and
- (j) is a member of a Stock Exchange engaged in the business of brokerage, or is a spouse of such member."

FURTHER RESOLVED "that in accordance with the amendment in Section 193(2) of the Companies Ordinance, 1984, the word "MAY MEET TOGETHER" shall be substituted by "SHALL MEET ATLEAST ONCE IN EACH QUARTER OF A YEAR" in Article No.108 (Directors' Meetings) of the Articles of Association."

FURTHER RESOLVED "that in accordance with the amendment in Section 173 (1) of the Companies Ordinance, 1984, following sentence be and is hereby added in Article No.113 (Directors' Minute Book) of the Articles of Association.

A copy of the minutes of meeting of board of directors shall be furnished to every director within fourteen days of the date of meeting."

FURTHER RESOLVED "that in accordance with the amendment in Section 233(1) of the Companies Ordinance, 1984, the word "SIX MONTHS" shall be substituted by "FOUR MONTHS" in Article No.125 (Contents of Profit & Loss Account) of the Articles of Association."

FURTHER RESOLVED "that in accordance with the insertion of a new section 204-A in the Companies Ordinance, 1984, Article No.121-A be and is hereby inserted in Articles of Association as follows:

(6) SECRETARY

121-A The Company shall have a whole time Secretary possessing such qualification as may be prescribed."

FURTHER RESOLVED "that in accordance with the amendment in Section 245 of the Companies Ordinance, 1984, a new article No.128-A be and is hereby inserted in the articles of association as follows:

128-A The company within one month of the close of first, second and third quarter of its year of accounts, prepare and transmit to the members and the stock exchanges in which shares of the company are listed, a profit and loss account for and balance sheet as at the end of that quarter, whether audited or otherwise; and simultaneously file the same with registrar and the commission such number of copies thereof, not being less than three, as may be prescribed."



TEN YEARS GROWTH AT A GLANCE

(Rupees in million)

Years		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995*
Sales		770.1	617.1	495.1	563.0	480.8	499.3	443.4	366.1	339.6	122.0
Gross Profit		173.4	141.2	91.5	109.2	91.1	107.7	93.3	73.9	76.8	29.3
Operating profit		94.1	65.3	24.1	27.5	32.0	46.9	40.6	29.7	35.3	13.4
Profit before Tax		117.7	57.3	7.1	11.6	15.8	36.2	31.5	18.2	27.2	8.6
Profit after Tax		83.5	39.2	5.5	9.5	14.1	24.4	21.1	10.6	18.3	5.2
Share Capital		32.8	28.6	27.2	27.2	24.7	24.7	24.7	23.0	23.0	23.0
Reserves		160.8	101.3	80.6	77.8	74.9	67.0	52.4	40.5	32.7	20.2
Shareholders' Equity		193.7	129.9	107.8	105.0	99.6	91.7	77.2	63.5	55.7	43.2
Property, Plant & Equipment		92.9	84.4	90.2	97.2	103.8	83.6	65.3	56.1	49.9	45.4
Net Current assets		114.8	47.3	34.1	40.1	44.0	37.0	24.8	19.9	21.3	19.3
Total Assets		376.3	303.6	305.4	356.7	278.7	260.3	213.9	199.5	198.3	162.8
Long term liabilities		-	-	14.7	29.3	40.3	24.8	10.7	11.0	12.6	14.1
Deferred Liabilities		15.7	6.9	8.2	8.9	12.6	9.7	7.7	7.4	7.1	7.8
Dividend											
Cash	%	60.0	60.0	10.0	15.0	25.0	40.0	30.0	12.5	25.0	15.0
Stock	%	40.0	15.0	5.0	-	10.0	-	-	7.5	-	-
Payout ratio	%	23.6	43.7	49.7	43.2	43.8	40.6	35.2	27.0	31.4	66.1
Dividend per share	Rs.	6.0	6.0	1.0	1.5	2.5	4.0	3.0	1.3	2.5	1.5
Ratios											
Profitability											
Gross Profit	%	22.5	22.9	18.5	19.4	19.0	21.6	21.0	20.2	22.6	24.0
Profit before Tax	%	15.3	9.3	1.4	2.1	3.3	7.3	7.1	5.0	8.0	7.0
Profit after Tax	%	10.8	6.4	1.1	1.7	2.9	4.9	4.8	2.9	5.4	4.3
Investment											
R.O.E. before tax	%	60.8	44.1	6.6	11.0	15.9	39.5	40.8	28.6	48.8	19.9
R.O.E. after tax	%	43.1	30.2	5.1	9.0	14.2	26.6	27.3	16.8	32.9	12.1
Return on Capital Employed	%	58.2	48.1	19.3	21.1	21.7	36.5	41.8	36.9	45.7	20.1
Earnings per share	Rs.	25.5	13.7	2.0	3.5	5.7	9.9	8.5	4.6	8.0	2.3
P.E. Ratio	Times	6.1	6.3	10.7	7.2	4.6	3.0	4.3	9.4	8.4	32.2
Activity											
Sales to total assets	Times	2.0	2.0	1.6	1.6	1.7	1.9	2.1	1.8	1.7	0.8
Sales to Fixed assets	Times	8.3	7.0	5.5	5.8	4.6	6.0	6.7	6.5	6.8	2.7
Inventory turnover	Times	4.9	3.7	3.3	4.0	3.8	4.4	4.3	3.4	3.4	3.0
Debtors turnover	Times	19.3	16.9	9.4	11.4	20.0	21.6	20.6	20.8	19.2	16.4
Liquidity / Leverage											
Current ratio	Times	1.7	1.3	1.2	1.2	1.4	1.3	1.2	1.2	1.2	1.2
Interest cover ratio	Times	29.5	7.8	1.4	1.6	1.9	4.7	4.7	2.5	4.8	2.9
Debt Equity ratio	Times	0.0	0.0	0.2	0.4	0.5	0.4	0.2	0.3	0.4	0.5
Total Liability to Equity	Times	0.9	1.3	1.8	2.4	1.8	1.8	1.8	2.1	2.6	2.8
Break-up value / Share	Rs.	58.9	45.4	39.6	38.6	40.3	37.1	31.2	27.6	24.2	18.8
Market value per share	Rs.	154.0	86.0	21.5	25.0	26.5	30.0	37.0	43.5	66.8	73.0

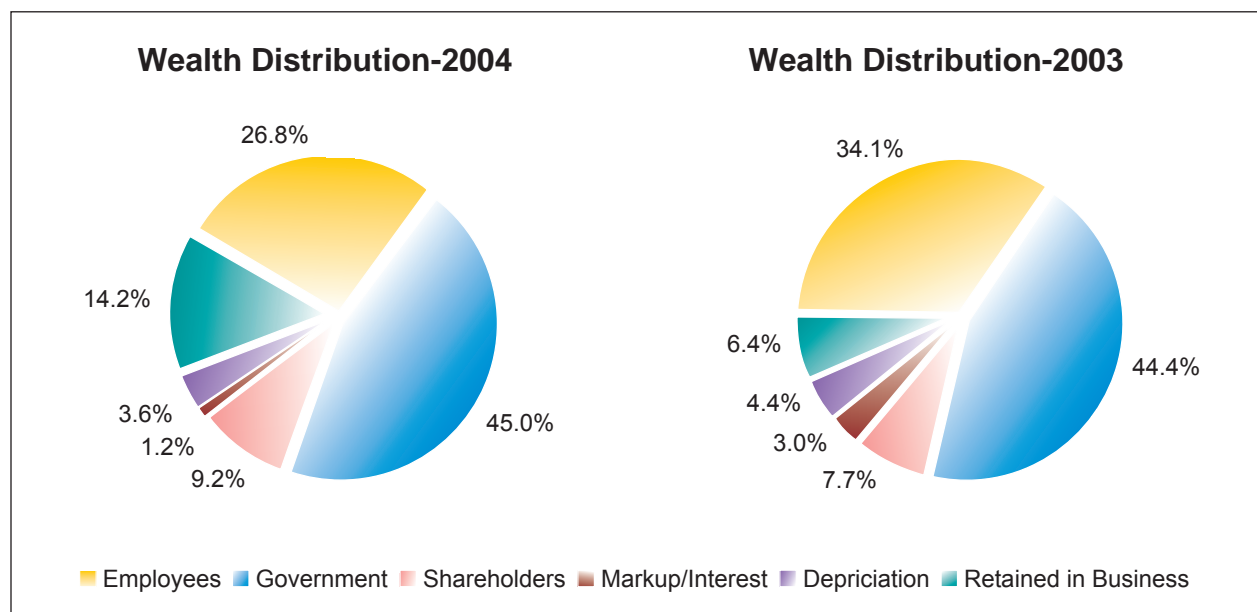
(As at 30 June)

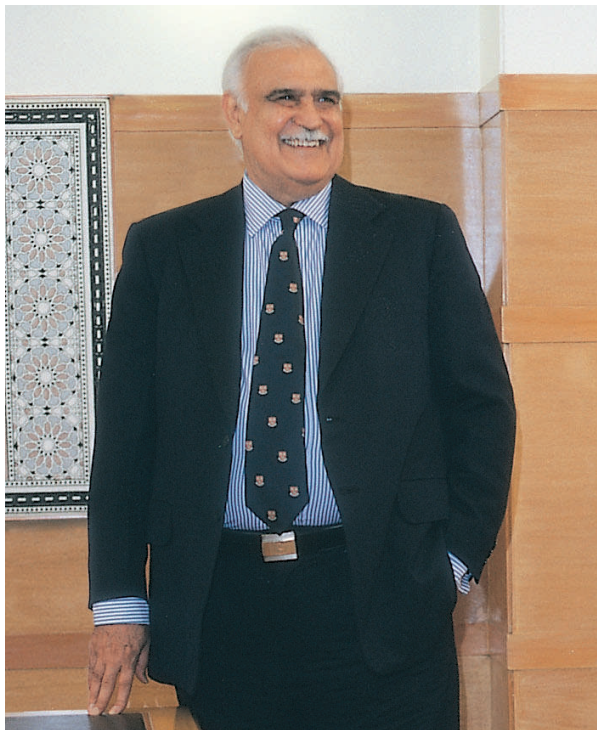
* Six month data due to change of financial year ending.

STATEMENT OF VALUE ADDITION
YEAR ENDED JUNE 30

Rupees in '000'

	2004		2003	
	Amount	% age	Amount	% age
Wealth Generated:				
Total Revenue	929,813		726,365	
Bought in material & services	(572,868)		(447,486)	
	356,945	100.0%	278,879	100.0%
Wealth distributed:				
To Employees				
Salaries & other related costs	95,846	26.8%	95,081	34.1%
To Government				
Taxes	159,348	44.6%	122,684	44.0%
Workers' Welfare Fund	1,356	0.4%	1,151	0.4%
	160,704	45.0%	123,835	44.4%
To Providers of Capital				
Dividend to shareholders	32,841	9.2%	21,418	7.7%
Markup / Interest	4,118	1.2%	8,403	3.0%
	36,959	10.4%	29,821	10.7%
Retained in the Business				
For replacement of fixed assets: Depreciation	12,761	3.6%	12,314	4.4%
To provide for growth: Retained Profit	50,676	14.2%	17,828	6.4%
	63,436	17.8%	30,142	10.8%
	356,945	100.0%	278,879	100.0%





CHAIRMAN'S REVIEW

It is my pleasure to present to you the 38th Annual Report and review of the performance of your Company for the year ended 30 June 2004.

THE ECONOMY

Over the last couple of years, the economic fundamentals of Pakistan have steadily improved. The prudent monetary policies have brought a measure of stability and predictability. With low interest rates and a steady exchange rate, the economy has shown signs of growth and resilience in the face of ever increasing geo-political challenges. Both trade and investment figures show growth. Excess capacity has largely been consumed in various sectors and capacity enhancements are currently being carried out in several sectors. Textile, Engineering, Electronics and Packaging are some of the examples. Machinery import numbers lend support to this growth. In the presence of low interest rate environment the financial sector has had to become more dynamic. Rather than just lending to the government the focus has been more on the private sector and the consumer. This stance has unleashed unforeseen consumer purchasing power across the

economy. The 50% plus growth rates in consumer durables like televisions; refrigerators and automotive vehicles are evidence of the changing consumer behavior.

Similarly, a tight fiscal stance during the period has helped stabilize the economy. The budget deficit stands reduced at around 4% of the GDP and inflation largely been kept in check. Record revenue collection and re-scheduling and early repayment of expensive debt has given the policy makers the needed breathing room. Obviously, going forward oil and commodity prices will cause higher inflation but this is a global challenge rather than a Pakistan specific one. Since unemployment and increased poverty are the biggest problems facing the present government, the decision to focus the public sector investment towards infrastructure is timely. If effectively implemented, this will result in higher employment, incomes and growth rates.

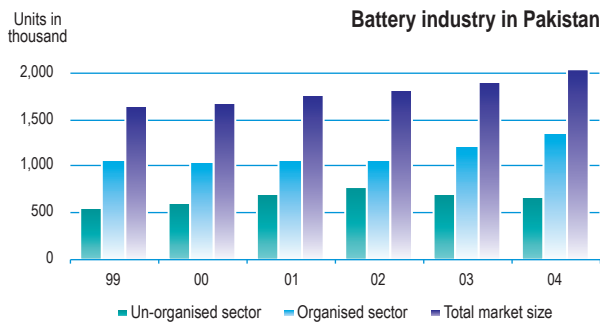
THE YEAR 2003-04

For the year 2003-04, GDP growth rate of 6.4% was achieved. The manufacturing sector was the star performer showing an increase of 13.4% as compared to 6.9% last year. Nearly all the sectors contributed to the growth but automobile, electronics and cement sectors clearly stood out.

The agriculture sector, on the other hand, had a poor year with growth declining to 2.6% from 4.1 % last year. This was mainly due to a pest attack on the cotton crop and a lower than expected wheat crop yield. Despite weak cotton and wheat numbers, the growth in rice and sugarcane still helped achieve a positive overall growth. Both these crops achieved higher yields due to better water availability and increased credit disbursement. Looking forward, there is reason to be optimistic on the agriculture front. The recently announced agriculture package envisages sustained price and credit support that should transform the agriculture - rural economy - in the long run. This augurs well for the industry also. The services sector, on the back of improved financial sector performance, posted another year of above 5% growth. The urban economy is especially benefiting from the greater number of private sector schools, colleges, hospitals and hotels represented in private services sector.

THE INDUSTRY

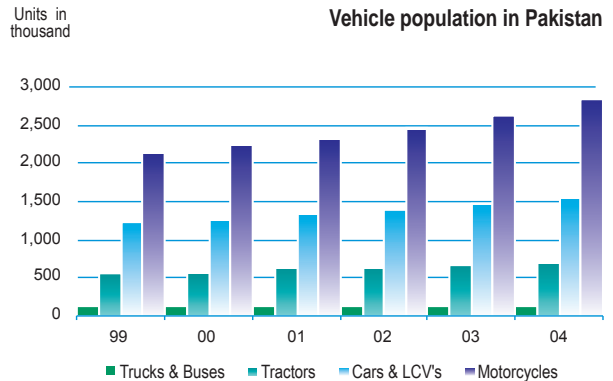
The improvement in economy during the year 2003-04 provided battery manufacturers to improve utilization of its installed capacity. During the year, the organized sector of the automotive battery industry grew at 10.3% as compared to 19% in the preceding year. The enhanced revenues generated from better operations of organized sector helped in achieving revenue targets.



The un-organized sector in the battery trade, which comprise replators and importers under-invoicing are still having a sizeable share in the total battery demand causing heavy loss to the national exchequer, being out of the tax net, for one.

A robust growth in automobile industry in Pakistan had a salutary impact on battery industry. During the year under review, 153,330 vehicles rolled out of the assembly lines as against 101,000 vehicles in the previous year. The major contribution came from car segment, which grew at 57%, followed by tractors at 34%. Availability of cheaper financing facilities coupled with upsurge in foreign remittances and introduction of new models by the car manufacturers, acted as catalyst in demand of cars. The vital role that banks & leasing companies are playing to provide needed cash flow in the local car industry is evident from the fact that over 40% of all new car sales are through leasing. Motorcycle sector also performed well and produced over 300,000 units, up 72% year on year basis. It is expected that production of automotive vehicles will reach 250,000 units including car production of 180,000 units and motorcycle 700,000 units by the end of year 2006-07. Although the duty restructuring announced by the Government in the federal budget will directly hit the local automobile industry including

car and tractor makers, ultimately this will help in creating a permanent demand for automotive and motorcycle batteries in the years to come.



The challenge that battery industry may face will be coming from global competition due to liberalization of trade and impending WTO regime from January 2005. The only way to face this challenge will be to enable the battery industry to face the international competition. This needs reduction of cost of doing business including reduction of duties and taxes on imported raw materials. And at the same time taking concrete measures to stop the influx of smuggled and replated batteries.

The organized sector is appreciative of the Government for withdrawal 3% further sales tax announced in the current fiscal budget. This step will help the industry and strengthen the dealers network and ultimately the benefit will flow to the organized sector generating higher revenue for the Government.

MARKETING & SALES REVIEW

Our commitment to develop and apply industry-leading technology continuously created profitable opportunities for your Company. Customer focused activities continued throughout the year. During the year we have developed two more new products, especially designed for CNG vehicles, which received an overwhelming response from users. Your Company continued to hold dealers and auto-electricians conventions at strategic locations to improve upon customer satisfaction.

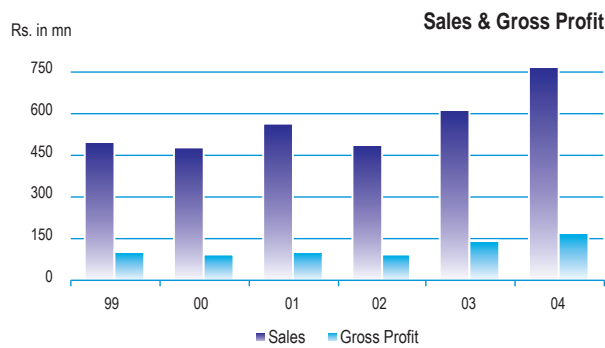
Steep rise in international prices of refined lead,



Polypropylene materials and local recycled lead being major input cost of battery, forced the industry to increase selling prices by 3% from April 2004. This price increase is not sufficient to cover the total impact of increase in input cost. The retail prices of the batteries are still lower than the prices prevailing in the year 1998.

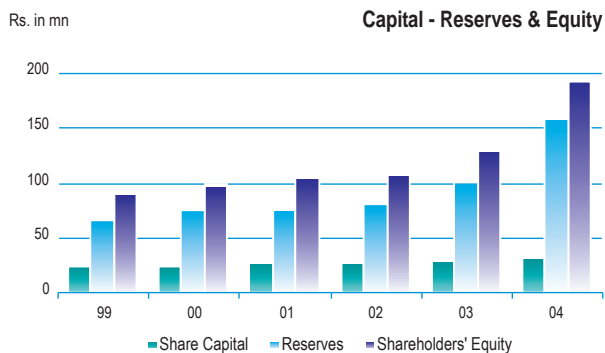
OPERATING RESULTS

The sales revenue for the year increased to Rs.770.1 million compared to Rs.617.1 million in the preceding year, up 24.8%. Gross profit improved from Rs.141.2 million to Rs.173.5 million, up 22.8%. The ratio to sales decreased only from 22.9% in preceding year to 22.5% in the year under review as a result of 100% increase in raw material prices as discussed above.

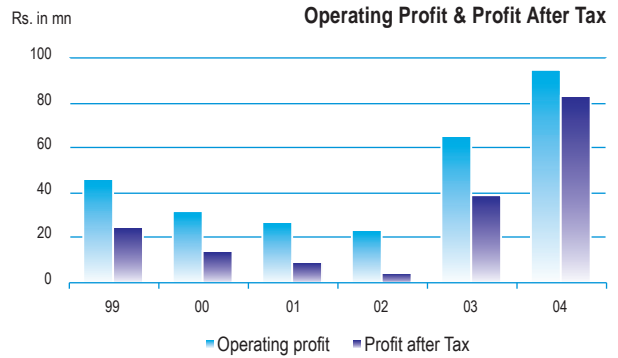


The operating expenses increased due to higher volume and were Rs.78.6 million in current year compared to Rs.75.9 million in previous year. However, as percentage of the revenue, it was reduced from 12.3% to 10.2%. Thus the operating profit increased to Rs.94.9 million from Rs.65.3 million in the preceding year, up 45.3%.

Prudent working capital management, better profitability and with lower cost of borrowing, financial expenses

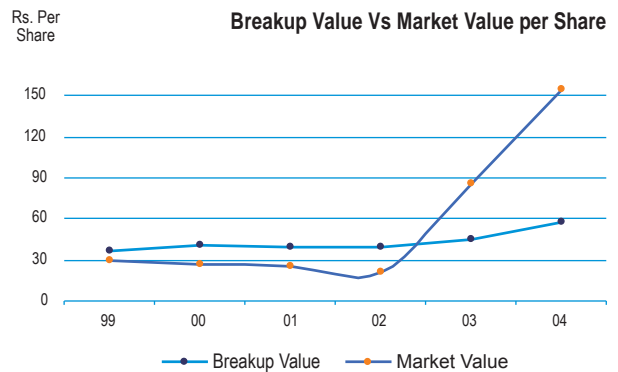


substantially reduced from Rs.8.4 million to Rs.4.1 million in the current year, a reduction of 51.5%. Workers' profit participation and Welfare fund increased as a result of higher profitability and non-recurring gain on sale of investment.



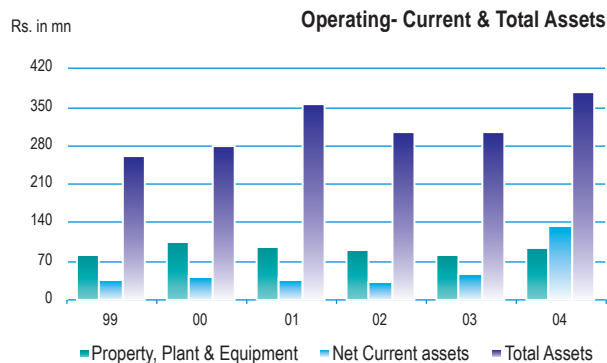
Your Company posted a pre-tax profit of Rs.117.7 million which includes Rs.32.0 million gain on sale of investment for the year under review as compared to Rs.57.3 million in the previous year. Profit after tax was Rs.83.5 million as compared to Rs.39.2 million in preceding year.

Your Company's earning per share after tax rose to Rs.25.4 from Rs.13.7 last year, with industry-leading return on equity of 43.1% and break-up value of Rs.58.9 per share. (Market value Rs.154.00 as of date).



We have distributed Rs.73.7 million in shape of cash dividend and Rs.19.8 million as stock dividend to our shareholders over the years. During the year we returned Rs.19.7 million as cash dividend and Rs.13.1 million as stock dividend totaling Rs.93.4 million and Rs.32.9 million respectively. The combination of dividend and bonus distribution represents more than

50% of our net earnings over the Company's life. The share price in the stock market touched Rs.180 and is highest in Automobiles parts and Accessories manufacturer segment, befitting value addition to the shareholders' equity and their trust in the value dynamics of your management.



CASH FLOW

During the year under review, the operations of your Company generated a healthy cash of Rs.93.1 million compared to Rs.70.1 million in corresponding year. Due to improved liquidity position, your Company started treasury functions and placed Rs.70.0 million in mutual funds. Highest ever dividend of Rs.16.9 million and income tax of Rs.27.1 million were also paid during the year. Overall, there was a net increase of Rs.9.8 million in cash & cash equivalents, as compared to negative cashflow of Rs.5.0 million last year.

As a good corporate citizen, we also contributed towards national exchequer an amount of Rs.171.3 million to government revenues during the year in respect of Income tax, Sales tax, Customs duty and other government levies against Rs.117.1 million last year, up 46.3%. The Atlas Group of which your company is a constituent member, paid taxes of Rs.7.56 billion during the year, which is 1.48% of the Government's total revenues.

EXPORTS

Your Company is now reaping the benefits of several years' efforts to penetrate in the international market having successfully continued exports to various countries. During the year, exports grew by more than

50% and as a percentage of total volume at 8%. Your Company has earned a reputation in the export markets on the basis of its quality. The Company has also explored new markets during the year. With WTO being operative from January 2005, it will help your Company to maintain its presence in international market, which is our main focus more than before.

HUMAN RESOURCE

At Atlas, we believe that job satisfaction for the employees is as important to long-term growth of your Company as customer satisfaction. Our policy is to hire young, energetic and pro-active employees to meet the existing and future challenges as a part of our succession plan in order to ensure continuity. Your Company has a multilingual, responsive and intelligent employee support that is needed to drive efficiency and boost business performance. In line with the Group's training policy, ten outdoor and three in-house training courses were conducted, benefiting 71 employees during the year. One of the managers was sent to Japan for Quality Management training. Four managers attended a five days "Managerial Grid Course", conducted at the Group level. This will help them for maximum utilization of their potential.

SAFETY, HEALTH & ENVIRONMENT

We are mindful that nothing is more important than the safety and health of our employees and the people and communities with whom we come into contact. Our aim is to achieve a high standard of care for the natural environment in all of the activities in which we engage. During the year 2003-04, your Company has made diligent progress in respect of safety, health & environment. On the health & environment end, your Company has entered into a contract with a world-class firm for providing environment friendly equipments. This will help us not only in improving the environment and health of employees but also to the quality of our product. In accordance with safety standards of GS Japan, our joint venture partner, proper clothing is provided to workers. The year under report was an accident free year and we feel pleasure to announce that no major accident occurred during the last several years.



INFORMATION TECHNOLOGY

In this era of information & technology; modernization and keeping abreast with latest changes has been one of the philosophies of Atlas group. Last year, your Company had entered into an agreement with a software house for developing a state-of-the art ERP system. This system is now in the final stage of its development. After successful implementation of this system, all of the departments and regional offices of your Company will be online and exchange real time data.

OUTLOOK

The major threat the battery industry is facing, locally as well as globally, is the increased cost of input materials. Current price trend of refined lead and polypropylene materials indicates no ease in the near foreseeable future. The gross margins are therefore likely to be under pressure in the coming years. The government commitment to continue the policies, however, will have a positive impact on the economy along with handsome allocation for development projects that will put the Pakistan economy to a step higher. Brisk growth in automobile industry supported with stable interest and forex rates, somewhat tamed inflation, bullish stock exchanges, increased revenue targets, a positive privatization process through the capital markets and, above all, visible improvement in the Pakistan-India relationship will underpin the economy for further improvement. On the basis of healthy economic activities, we expect demand of automotive and motorcycle batteries to grow in the coming years. The management of your Company is fully aware of the challenges and the opportunities of WTO and SAFTA and is well equipped to take

advantage of the same. We will continue to pursue our strategic direction and focus on operating efficiency and ensure value addition to all the stakeholders of the company.

عزیز نگاہ بلند سخن دلنواز جاں پر سوز
یہی ہے زنت سفر میر کارواں کے لئے

(It is the leadership which counts and nothing else!)

ACKNOWLEDGEMENT

I would like to thank the Group Executive Committee, Group President; Mr. Aamir H. Shirazi, chief executive; Mr. Vazeer Ali and his team, staff and associates for their dedication and commitment to your Company's growth, which brought in record sales and profit leading to record return on equity, earnings per share, dividend to shareholders and compensation to employees. I wish them good luck, all the more.

May I thank Japan Storage Battery Company Ltd., Japan, and their representative Mr. Kanji Kobayashi for their continuous support in technology transfer. I would also like to thank our bankers, shareholders, members of the Board of Directors, vendors and customers for their continuous support and guidance.

I extend my thanks and appreciation to all of them for another outstanding year after year.

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their 38th Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended June 30, 2004.

FINANCIAL RESULTS AND APPROPRIATION

	2004	2003
	Rupees in '000'	
Profit before taxation	117,694	57,340
Provision for taxation:		
Current year	26,810	19,000
Prior year	(1,035)	302
Deferred	8,403	(1,208)
	34,178	18,094
Profit after tax	83,516	39,246
Un-appropriated profit brought forward	524	696
	84,040	39,942
Appropriations:		
Transferred to General Reserve	50,000	18,000
Reserve for issue of Bonus shares	13,136	4,284
Proposed Dividend @ 60% (2003-60%)	19,704	17,134
	82,841	39,418
Un-appropriated profit Carried to Balance Sheet	1,199	524

EARNINGS PER SHARE

During the year under review, the Company earned a basic earnings per share of Rs.25.43 (2003-Rs.13.74)

DIVIDEND

The Directors are pleased to recommend a cash dividend at the rate of 60% (Rupee 6/- per share) and Bonus share issue at the rate of 40% (two bonus shares for every five shares held).

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2004 and future prospects. The Directors endorse the contents of the review.

BOARD OF DIRECTORS

The Board comprises of one executive and six non-executive directors. All the Directors keenly take interest in the proper stewardship of the Company's affairs. The non-executive directors are independent of management.



During the year five (5) meetings of the Board of Directors were held, the attendance of the Directors and number of their directorship in listed companies, including Atlas Battery Limited, are listed below:

	Name of Directors	Attendance at the Meeting	Number of Directorship in listed companies, including ABL
1.	Mr.Yusuf H. Shirazi	5	6
2.	Mr.Vazeer Ali	5	2
3.	Mr.Aamir H. Shirazi	4	3
4.	Mr.Aitzaz Shahbaz	3	2
5.	Mr.Iftikhar H. Shirazi	4	2
6.	Mr.Mohammad Atta Karim	5	2
7.	Mr.Yoshitami Saito	0	1

Leave of absence was granted to those Directors who could not attend some of the Board Meetings.

Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual Plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company has been in compliance with the provision set out by the Securities & Exchange Commission of Pakistan and accordingly amended the listing rules of the Stock Exchanges.

Followings are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of The Code of Corporate Governance, as detailed in the listing regulations.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance as set out by the listing regulations of Karachi and Lahore Stock Exchanges, relevant for the year ended June 30, 2004 have been complied with. The Directors confirm the compliance of Code of Corporate Governance and a statement to this effect is annexed.

AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial reporting and Corporate control. The Committee consists of three members including the Chairman of the committee, who are non-executive directors.

The Board audit committee reviews the internal and external audit activities, monitors compliance with statutory requirements for financial reporting and reviews the quarterly, half yearly and annual financial statements before they are submitted to Board. It also reviews the effectiveness of internal control system including financial, operational and compliance control and risk management procedures. It considers reports from internal and external auditors and from management, and report and makes recommendation to the Board. The Committee reviews the procedure for ensuring their independence with respect to the services performed for the Company and make recommendations to the Board of Directors.

During the year four Audit Committee meetings were held and attendance was as follows:

				Attendance	
1.	Mr. Aitzaz Shahbaz	Chairman	3/4		
2.	Mr. Aamir H. Shirazi	Member	1/4	(Resigned effective September 19, 2003)	
3.	Mr. Iftikhar H. Shirazi	Member	3/4		
4.	Mr. Mohammad Atta Karim	Member	3/4	(Appointed effective September 19,2003)	

In addition to above meetings, Audit Committee also met with external auditors without CFO and head of internal audit. By invitation, chief executive attended all the four meetings held during the year.

GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is responsible for setting overall corporate objectives and strategies, identifying opportunities, monitoring group business strategies and plans, and developing its group members as leaders of their respective fields.

GROUP HUMAN RESOURCE COMMITTEE

The Group Human Resource Committee determines the remuneration for the management staff. The Committee is also responsible to create and maintain congenial work environment that instills trust and ensures respect, fair treatment and development opportunities, grooming and make succession plan for all employees.

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

The Group Systems & Technology Committee is responsible to provide an insight towards the various technological aspects of information systems. The objective of the Committee is to introduce leading edge technology and IT initiative to automate information delivery and accessibility of data for enhancement of time and cost efficiency.



MANAGEMENT COMMITTEE

The Management Committee acts in an advisory capacity to the Chief Executive of the Company, providing recommendations relating to the business and employees' matters. The Committee is also responsible for strategic business plans, policies, capital and revenue budget development and maintaining a healthy and congenial working environment.

EMPLOYEES' PROVIDENT FUND & GRATUITY FUND

The Company operates a contributory provident fund scheme for all permanent employees and non-contributory gratuity fund scheme for its management employees. The value of investment, based on their respective audited accounts as at June 30, 2004 are as follows:

Provident Fund	Rs.21.503 million
Gratuity Fund	Rs.8.548 million

OPERATING & FINANCIAL DATA

Operating and financial data and key ratios of the Company for the last ten years are annexed.

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at June 30, 2004 is annexed.

The Directors, CEO, CFO, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year.

AUDITORS

The present Auditors, M/s Hameed Chaudhri & Co. Chartered Accountants, retired and being eligible offer themselves for reappointment. As required by the Code of Corporate Governance, the Audit Committee has recommended their re-appointment as auditors of the Company for the year ending June 30, 2005.

COMMUNICATION

Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site (www.atlasgroup.pk.com/abl), which contains up to date information on group activities.

For and on behalf of the
BOARD OF DIRECTORS

Vazeer Ali
Chief Executive

Karachi: September 02, 2004

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 of Karachi Stock Exchange and Chapter XIII of the listing regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
2. The Company encourages representation of non-executive directors on its Board of Directors. At present the Board includes 6 non-executive directors and one executive director.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Code of Business Principles', which has been signed by all the directors and employees of the Company.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.



14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises 3 members; all are non-executive directors including the Chairman of the Committee.
16. The Board has set-up an effective internal audit function.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations.
20. We confirm that all other material principles contained in the Code have been complied with.

KARACHI: September 02, 2004

For & On behalf of
BOARD OF DIRECTORS

Yusuf H. Shirazi

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING

The company has fully complied with the best practices on Transfer Pricing as contained in the Regulation No. 38 of the Karachi Stock Exchange.

For & On behalf of
BOARD OF DIRECTORS

Vazeer Ali
Chief Executive

KARACHI: September 02, 2004



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI CHAMBERS
HASRAT MOHANI ROAD
KARACHI
PHONES : 2412754 - 2424826
CABLE : "COUNSEL"
FAX : 2424835
E-MAIL : majeed@khl.comsats.net.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE


We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Atlas Battery Limited to comply with the Listing regulation No. 37 (Chapter XI) of the Karachi Stock Exchange, and clause 40 (Chapter XIII) of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2004.

Karachi: September 04, 2004


HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



Atlas Battery Limited



HAMEED CHAUDHRI & CO.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

KARACHI CHAMBERS
HASRAT MOHANI ROAD
KARACHI

PHONES : 2412754 - 2424826

CABLE : "COUNSEL"

FAX : 2424835

E-MAIL : majeed@khl.comsats.net.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of ATLAS BATTERY LIMITED as at June 30, 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change as explained in Note 4.03 to the accounts with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2004 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: September 02, 2004

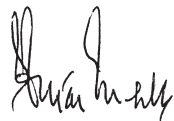
Hameed Chaudhri & Co.
HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET


AS AT JUNE 30, 2004

	Note	2004	2003
		Rupees in '000'	
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets-tangible	5	92,888	84,375
Intangible	6	750	-
Capital work in progress - plant & machinery		340	-
Investments	7	-	3,822
Long term deposits	8	533	1,292
CURRENT ASSETS			
Stores, spares & tools	9	5,473	4,387
Stock-in-trade	10	103,212	130,429
Trade debtors	11	39,726	40,097
Advances, deposits, prepayments & other receivables	12	31,698	19,416
Trade & other deposits	13	3,188	3,227
Short term investment - available for sale	14	72,043	-
Cash & bank balances	15	26,421	16,598
		281,761	214,154
TOTAL ASSETS		376,272	303,643
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
10,000,000 Ordinary Shares of Rs.10/- each.		100,000	30,000
Issued, subscribed and paid up capital	16	32,841	28,557
Reserves & unappropriated profit			
Reserves	17	159,636	100,784
Unappropriated profit		1,199	524
		160,835	101,308
Shareholders' Equity		193,676	129,865
NON CURRENT LIABILITIES			
Deferred Liabilities			
Provision for gratuity	18	2,411	2,015
Deferred taxation	19	13,271	4,868
		15,682	6,883
CURRENT LIABILITIES			
Short term financing	20	34,683	41,013
Creditors, accrued charges, provisions & other liabilities	21	82,598	86,629
Provision for taxation	22	29,928	22,119
Proposed dividend		19,705	17,134
		166,914	166,895
CONTINGENT LIABILITIES & COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		376,272	303,643


The annexed notes form an integral part of the financial statements.



Aitzaz Shahbaz
Director



Vazeer Ali
Chief Executive




Yusuf H. Shirazi
Chairman

**PROFIT AND LOSS ACCOUNT**


FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004	2003
Rupees in '000'			
NET SALES	24	770,105	617,143
COST OF SALES	25	596,622	475,920
GROSS PROFIT		173,483	141,223
OPERATING EXPENSES			
Administrative	26	22,467	25,102
Selling & distribution	27	56,120	50,780
		78,587	75,882
OPERATING PROFIT		94,896	65,341
MISCELLANEOUS INCOME	28	34,538	4,632
		129,434	69,973
OTHER CHARGES			
Financial expenses	29	4,118	8,403
Workers' profit participation fund	21.03	6,266	3,079
Workers' welfare fund	21.04	1,356	1,151
		11,740	12,633
PROFIT BEFORE TAX		117,694	57,340
PROVISION FOR TAXATION			
Current	30	26,810	19,000
Prior		(1,035)	302
Deferred	19.02	8,403	(1,208)
		34,178	18,094
PROFIT AFTER TAX		83,516	39,246
UNAPPROPRIATED PROFIT BROUGHT FORWARD		524	696
		84,040	39,942
APPROPRIATIONS:			
Transferred to general reserve		50,000	18,000
Transferred to reserve for issue of bonus shares @40% (2003-15%)		13,136	4,284
Proposed dividend @60% - Rs.6/- per share (2003: 60% - Rs. 6.00 per share)		19,705	17,134
		82,841	39,418
UNAPPROPRIATED PROFIT CARRIED FORWARD		1,199	524
BASIC EARNINGS PER SHARE	31	25.43	13.74


The annexed notes form an integral part of the financial statements.



Aitzaz Shahbaz
Director



Vazeer Ali
Chief Executive





Yusuf H. Shirazi
Chairman


CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004	2003
Rupees in '000'			
Cash generated from operations	32	123,166	83,047
Markup/interest paid		(2,767)	(8,326)
Finance charges on leased assets paid		-	(575)
Gratuity paid		(1,041)	(8,656)
Income taxes (paid) / refund		(27,052)	4,008
Long term deposits		759	579
Net cash generated from operations		93,065	70,077
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(27,212)	(7,624)
Sale proceeds of fixed assets		4,910	4,865
Intangible assets		(1,500)	-
Short term investment		(72,043)	-
Sale proceeds of investment		35,817	-
Dividend received		-	2,272
Net cash (used-in) investing activities		(60,028)	(487)
Net cashflow before financing activities		33,037	69,590
FINANCING ACTIVITIES			
Decrease in short term borrowings		(6,330)	(47,783)
Repayment of long term loans		-	(16,900)
Repayment of obligations under finance lease		-	(7,220)
Dividend paid		(16,884)	(2,679)
Net Cash used-in financing activities		(23,214)	(74,582)
Increase / (Decrease) in cash & cash equivalents	33	9,823	(4,992)

The annexed notes form an integral part of the financial statements.


Aitzaz Shahbaz
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2004

Share Capital	General Reserve	Reserve for issue of bonus shares	Unappropriated Profit	Total
---------------	-----------------	-----------------------------------	-----------------------	-------

----- Rupees in '000 -----

YEAR ENDED JUNE 30, 2003:


Balance as at June 30, 2002	27,197	78,500	1,360	696	107,753
Profit for the year after taxation	-	-	-	39,246	39,246
Proposed dividend	-	-	-	(17,134)	(17,134)
Bonus shares issued	1,360	-	(1,360)	-	-
Transferred during the year	-	18,000	4,284	(22,284)	-
Balance as at June 30, 2003	28,557	96,500	4,284	524	129,865


YEAR ENDED JUNE 30, 2004:

Balance as at June 30, 2003	28,557	96,500	4,284	524	129,865
Profit for the year after taxation	-	-	-	83,516	83,516
Proposed dividend	-	-	-	(19,705)	(19,705)
Bonus shares issued	4,284	-	(4,284)	-	-
Transferred during the year	-	50,000	13,136	(63,136)	-
Balance as at June 30, 2004	32,841	146,500	13,136	1,199	193,676

The annexed notes form an integral part of the financial statements.


Aitzaz Shahbaz
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

1. CORPORATE INFORMATION

Atlas Battery Limited (the Company) was incorporated as a public limited Company on October 19, 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in manufacture and sales of automotive and motorcycle batteries. The registered office of the Company and the manufacturing facilities are located at Karachi with branches at Lahore, Multan, Rawalpindi, Faisalabad, Sahiwal, Peshawar and Sukkur. The Company employed 144 persons as at year-end (2003: 195).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

3. BASIS OF PREPARATION

The financial statements are presented in Rupees, rounded to nearest thousand. These financial statements have been prepared under the historical cost convention except for capitalisation of exchange gain or loss on foreign currency loans utilised for acquisition of plant and machinery and measurement of available-for-sale investments at fair value. The principal accounting policies adopted are set out below:

4. SIGNIFICANT ACCOUNTING POLICIES

4.01 Employees' Benefits

Defined Benefit Plan

The Company has established funded gratuity scheme for its management staff. The Company also operates an unfunded gratuity scheme for its non-management staff.

Contributions under the schemes are made on the basis of actuarial valuation and are charged to Profit & Loss account. The valuation of both schemes was carried out on June 30, 2004 using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized transitional liability and as reduced by the fair value of plan assets.

Cumulative net unrecognized actuarial gain and loss at the end of the previous year which exceed 10% of the greater of present value of the Company's obligation and fair value of plan assets are amortized over the remaining service of the employees expected to receive benefits.

Defined Contribution Plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all employees. Equal monthly contributions at the rate of 11 per cent of basic salary, in the case of management staff, and 11 per cent of basic salary and cost of living allowance, in the case of non-management staff, are made to the fund both by the Company and employees. The assets of the fund are held separately under the control of trustees.

Employees' Compensated Absences

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

4.02 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

4.03 Fixed assets and depreciation

Owned and leased assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses. Leasehold land and capital work in progress are stated at cost. Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses.

From this year, the Company has decided that individual items costing Rs.25,000 or less are not capitalized and are charged off in the year of purchase. Had the policy for capitalization not been changed the profit before tax for the year would have higher by Rs.216 thousand.

Depreciation on owned and leased assets

Depreciation is charged to income on the reducing balance basis except computers & accessories.

Depreciation on computers & accessories is charged to income on a straight line basis. Full year's depreciation is charged on additions during the year while no depreciation is charged in the year of disposal.

The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.

4.04 Intangible assets

Cost associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as Intangible Assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over a period of two years.

4.05 Investments

Investment in associated companies

Investments in associated companies are stated at cost.

Others

Available-for-sale investments

Investment other than investment in associates held by the Company are classified as being available for sale and are stated at fair value.

All purchases and sales are recognised on the trade dates. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the profit and loss account in the period in which they arise.

4.06 Stores, spares and tools

Stores, spares and tools are stated at the lower of cost and net realisable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated to balance sheet date.

4.07 Stock-in-trade

Stocks of raw materials, packing materials & components, work in process and finished goods are valued at lower of cost and net realisable value. Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.

Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Goods in transit are valued at cost accumulated to the balance sheet date.

4.08 Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. Exchange gains or losses on translation of foreign currency loans utilized for the acquisition of plant and machinery are included in the cost of plant and machinery. All other exchange differences are included in the profit and loss account.

4.09 Revenue Recognition

Sales of goods are recorded when goods are delivered and title has passed on to the customers.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognized when the Company's rights to receive payment has been established.

4.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are dealt with profit and loss account in the period in which they are incurred.



4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.12 Warranty

The Company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

4.13 Financial Instruments

Financial assets

The Company's principal financial assets are cash & bank balances, trade debtors, deposits, advances, other receivables and investments.

Trade debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, if any.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include long term loans, finance lease obligations, short term financing, creditors & other liabilities and proposed dividend.

4.14 Share Capital

Ordinary Shares are classified as equity. Stock dividend on ordinary shares is recognised in equity in the period to which it relate and Cash dividend on ordinary shares is recorded as liability in the period to which it relate.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

4.16 Interest / Mark-up bearing loans and borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, if any. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the periods in which they arise.

4.17 Impairment

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

4.18 Related Party transactions:

Transactions with related parties are carried out at arm's length prices determined in accordance with the methods prescribed in the Companies Ordinance 1984.

Royalty is stated in accordance with the terms of Technical agreement duly registered with State Bank of Pakistan.

5. OPERATING FIXED ASSETS - TANGIBLE

Rupees in '000'

Particulars	Cost				Depreciation				Written down value June 30, 2004	Rate %
	July 01, 2003	Additions	Disposals	June 30, 2004	July 01, 2003	Charge for the year	Disposals	June 30, 2004		
Owned										
Leasehold land	435	-	-	435	-	-	-	-	435	-
Building on leasehold land	29,022	-	45	28,977	16,314	1,270	34	17,550	11,427	10
Plant and Machinery	100,104	18,074	12,410	105,768	59,764	5,693	10,927	54,530	51,238	10
Electric installations	1,350	-	159	1,191	905	42	135	812	379	10
Air conditioners	2,487	403	281	2,609	1,330	147	191	1,286	1,323	10
Gas Installations	135	-	-	135	113	2	-	115	20	10
Furniture & fixtures	2,827	-	640	2,187	1,495	125	563	1,057	1,130	10
Office equipments	1,513	30	556	987	1,066	33	410	689	298	10
Laboratory equipments	4,306	-	108	4,198	2,321	197	92	2,425	1,773	10
Vehicles	20,628	7,305	7,247	20,686	8,766	3,148	3,818	8,096	12,590	20
Fork lifters	2,072	-	-	2,072	1,822	50	-	1,872	200	20
Moulds, dies & jigs	33,634	521	839	33,316	21,705	1,235	734	22,205	11,111	10
Factory equipments	2,073	-	717	1,356	1,539	43	609	973	383	10
Workshop equipments	150	-	150	-	129	-	129	-	-	10
Computers	5,860	539	1,434	4,965	4,953	777	1,345	4,384	581	30
Total - 2004	206,596	26,872	24,586	208,882	122,222	12,761	18,987	115,994	92,888	
Total - 2003	204,138	21,912	19,454	206,596	114,320	12,314	4,412	122,222	84,374	

5.01 Disposal of fixed assets:

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sale Proceeds	Profit/(Loss)	Mode of disposal	Particulars of Purchasers
Motor Vehicle							
Cars							
Honda Civic	1,067	717	350	350	-	Company Policy	Mr. Vazeer Ali Executive
Honda Civic	616	513	103	196	93	Company Policy	Mr. Aurangzeb Afsar Ex- Executive
Honda Civic	876	589	287	383	96	Company Policy	Mr. Khalid Jilani Ex- Executive
Suzuki Cultus	555	200	355	423	68	Company Policy	Mr. Behram Khan Executive
Honda Civic	639	312	327	327	-	Company Policy	Mr. Zamir Haider Executive
Honda Citi	675	399	276	276	-	Company Policy	Mr. Manzoor Alam Executive
	4,428	2,730	1,698	1,955	257		
Motorcycles							
Motor Cycle CD 70	22	4	18	18	-	Company policy	Mr. Rizwan Jamil Executive
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Javid Hussain Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Shahid Ex- Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Shahid Hussain Ex- Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Bakhistish Khan Ex- Employee
Motor Cycle CD 70	65	13	52	65	13	Company policy	Mr. Imran Hasan Ex- Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Javid Qureshi Ex- Employee
Motor Cycle CD 70	64	31	33	64	31	Company policy	Mr. Saleem Ex- Employee
Motor Cycle CD 70	65	13	52	65	13	Company policy	Mr. Asif Ex- Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Zafarullah Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Javid Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Alam Zeb Ex- Employee
Motor Cycle CG 125	70	41	29	29	-	Company policy	Mr. Amir Ehsan Executive
Motor Cycle CG 125	74	15	59	59	-	Company policy	Mr. Hasnain Qadri Ex- Employee
Motor Cycle CD 70	62	37	25	25	-	Company policy	Mr. Yousuf Ali Executive
Motor Cycle CD 70	65	13	52	65	13	Company policy	Mr. Noorullah Siddique Ex- Employee

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Mode of disposal	Particulars of Purchasers
Motorcycles							
Motor Cycle CD 70	62	36	26	62	36	Company policy	Mr. Rasheed Khan Employee
Motor Cycle CD 70	55	-	55	55	-	Company policy	Mr. Mohammad Ali Ex- Employee
Motor Cycle CD 70	55	-	55	55	-	Company policy	Mr. Mehboob Ahmed Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Khan Zada Ex- Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Ashbar Khan Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Said Akbar Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Rehmanuddin Ex- Employee
Motor Cycle CD 70	62	37	25	63	38	Company policy	Mr. Moosa Mian Ex- Employee
Motor Cycle CD 70	61	36	25	61	36	Company policy	Mr. Riaz Abbasi Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Sher Rehman Ex- Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Zoor Talib Ex- Employee
Motor Cycle CD 70	62	30	32	62	30	Company policy	Mr. Ejaz Ahmed Ex- Employee
Motor Cycle CD 70	65	13	52	65	13	Company policy	Mr. Razaqat Hussain Ex- Employee
Motor Cycle CD 70	55	-	55	55	-	Company policy	Mr. Naseem Ahmed Ex- Employee
Motor Cycle CD 70	55	-	55	55	-	Company policy	Mr. Muhammad Ayub Ex- Employee
Motor Cycle CD 70	62	37	25	25	-	Company policy	Mr. Mahmood A. Ghaznavi Executive
Motor Cycle CD 70	55	-	55	55	-	Company policy	Mr. Tahir Masood Qureshi Ex- Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Mujahid Mahmood Ex- Employee
Motor Cycle CD 70	65	13	52	65	13	Company policy	Mr. Shahzad Khan Ex- Employee
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Aziz Ex- Employee
Motor Cycle CD 70	63	31	32	63	31	Company policy	Mr. Jamshed Khan Ex- Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Saeed Shah Executive
Motor Cycle CD 70	65	13	52	52	-	Insurance Claim	Muslim Insurance Co. Ltd.
Motor Cycle CD 70	74	15	59	59	-	Insurance Claim	Muslim Insurance Co. Ltd.
Motor Cycle CD 70	65	23	42	65	23	Company policy	Mr. Bazme Alam Executive
Motor Cycle CD 70	71	42	29	29	-	Company policy	Mr. Fakhar Abbas Executive
Motor Cycle CD 70	63	31	32	63	31	Company policy	Mr. Jalal Employee
Motor Cycle CD 70	62	36	26	62	36	Company policy	Mr. Safdar Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Sheikh Mohd Alam Executive
	2,816	1,085	1,731	2,613	882		
Plant & Machinery	2,930	2,739	191	285	94	Negotiation	Mr. Wajid Ali Tanuli Sher Shah, Karachi.
Boiler	79	73	6	50	44	=do=	M/s. S.S. Chemical, 1st Chowrangi, Nazimabad, Karachi.
Computer	1,421	1,341	80	7	(73)	=do=	Abdus Razzak Kara Bahi Karimjee Road, Nayabad, Karachi.
	4,430	4,153	277	342	65		
Sub-total	11,674	7,968	3,706	4,910	1,204		
Assets written off							
Building on leasehold land	45	34	11	-	(11)		
Plant and Machinery	9,401	8,115	1,286	-	(1,286)		
Electric installations	159	135	24	-	(24)		
Air conditioners	281	191	90	-	(90)		
Office equipments	556	411	145	-	(145)		
Laboratory equipments	108	91	17	-	(17)		
Moulds dies & jigs	839	734	105	-	(105)		
Factory equipments	717	609	108	-	(108)		
Workshop equipments	150	130	20	-	(20)		
Vehicles	3	3	-	-	-		
Computers	13	4	9	-	(9)		
Furniture & fixtures	640	563	77	-	(77)		
	12,912	11,020	1,892	-	(1,892)		
	24,586	18,988	5,598	4,910	(688)		

Assets written off include items that are old, worn out, obsolete or of negligible amount and having no economic benefit to the Company.

	Note	2004	2003
Rupees in '000'			
5.02 Depreciation for the year has been apportioned as follows:			
Cost of Goods Manufactured	25.01	10,937	9,947
Administrative Expenses	26	1,038	1,559
Selling & Distribution Expenses	27	786	808
		12,761	12,314
5.03 Moulds for containers and lids costing Rs. 13,367 thousand (2003: Rs. 9,643 thousand) included in the moulds, dies & jigs are held by Pak Polymer (Private) Limited, Paramount Moulding Service, DICOM Industries Limited and Novaplast Custom Moulders under agreements executed by the Company with them for use of these moulds for manufacturing containers and lids for the Company.			
6. INTANGIBLE ASSETS			
Balance at beginning of the year		-	652
Incurred during the year		1,500	-
		1,500	652
Amortized during the year		750	652
		750	-
7. INVESTMENTS			
Listed			
Associated company - at cost			
Atlas Honda Limited			
Nil (2003- 378,609) Ordinary Shares of Rs. 10/- each. (Percentage of holding: 1.85%)		-	3,822
Other - Unlisted			
Available-for-sale investment			
Arabian Sea Country Club Limited			
100,000 Ordinary Shares of Rs. 10/- each			
(Name of Chief Executive Mr. Javed Burki			
Break-up value on the basis of audited			
accounts for the year ended June 30, 2003			
Rs.6.25 (2003: Rs.6.25) per share		1,000	1,000
Less: Provision for impairment		(1,000)	(1,000)
		-	-
		-	3,822
8. LONG TERM DEPOSITS			
Utility & other deposits		533	1,292
9. STORES, SPARES & TOOLS			
General stores		2,766	1,733
Tools		225	91
Spare parts		2,482	2,563
		5,473	4,387

There is no stores held for capital expenditure at year-end.



	Note	2004	2003
Rupees in '000'			
10. STOCK-IN-TRADE			
Raw materials, packing materials & components (average cost)			
In-hand		47,487	34,077
With third parties		4,609	6,071
Work in process (average cost)		19,046	22,297
Finished goods (average cost)		13,153	55,349
Goods in transit (at accumulated cost)		18,917	12,635
		103,212	130,429
10.01 Stock-in-trade and trade debtors upto a maximum amount of Rs. 193.384 million (2003: Rs. 166.154 million) are under hypothecation as security for the Company's short term finances.			
11. TRADE DEBTORS			
Considered Good			
Export debtors -Secured		4,952	2,256
Local debtors - Unsecured	11.01	34,774	37,841
		39,726	40,097
11.01 This includes Rs. 1,011 thousand (2003 - Rs. 589 thousand) due from associated company (Honda Atlas Cars (Pakistan) Limited). The maximum amount due from associated companies at the end of any month was Rs. 13,611 thousand (2003: Rs. 7,033 thousand).			
11.02 Trade debtors comprise amounts receivable from the sale of goods. The directors consider that the carrying amount of trade debts approximates their fair value.			
12. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES			
Unsecured - Considered Good			
Loan to employees	12.01	313	391
Advances to staff for expenses	12.02	-	34
Advances to suppliers		1,304	1,097
Advances to others		130	130
Tax deducted at source		17,110	4,823
Income tax refundable		5,415	8,616
Prepayments	12.03	282	533
Insurance claims receivable	12.04	297	-
Accrued interest		56	95
Other receivables	12.05	6,791	3,697
		31,698	19,416
12.01 Loans to employees include loans to executives amounting to Rs. 237 thousand (2003: Rs. 213 thousand). The maximum amount due from executives at the end of any month was Rs. 308 thousand (2003: Rs. 237 thousand). Loan outstanding for more than 3 year is Nil (2003: Rs. Nil).			

- 12.02 Advances to staff for expenses include amount of Rs. 40 thousand (2003: Rs. 34 thousand) given to executives. The maximum amount due from executives at the end of any month was Rs. 40 thousand (2003: Rs. 34 thousand).
- 12.03 Prepayments include insurance premium of Rs. 150 thousand (2003 - Rs. 423 thousand) paid to Muslim Insurance Company Limited, an associated company.
- 12.04 Insurance claims include receivable from Muslim Insurance Company Limited, an associated company amounting to Rs. 297 (2003: Rs. Nil thousand).
- 12.05 Includes Rs.6,773 thousand (2003: Rs. 3,678 thousand) paid to outgoing employees on behalf of employees's provident fund.

	Note	2004	2003
Rupees in '000'			
13. TRADE & OTHER DEPOSITS			
Trade deposits		2,823	2,717
Guarantee deposits		365	510
		<u>3,188</u>	<u>3,227</u>
14. SHORT TERM INVESTMENT			
Available for sale			
	No. of Units		
UTP Income Fund	66,305.00	35,688	-
Pakistan Income Fund	666,934.68	36,355	-
		<u>72,043</u>	<u>-</u>
15. CASH & BANK BALANCES			
Imprest accounts		369	65
With banks:			
PLS term deposits	15.01	2,837	2,982
On current accounts		1,465	1,986
Un-deposited cheques / collection		21,750	11,565
		<u>26,421</u>	<u>16,598</u>
15.01 PLS Term Deposit are under lien of bank for guarantees issued on behalf of the Company.			
16. ISSUED, SUBSCRIBED & PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each			
1,300,000 Fully paid up in cash		13,000	13,000
1,984,097 Issued as fully paid bonus shares (2003: 1,555,737 shares)		19,841	15,557
		<u>32,841</u>	<u>28,557</u>



- 16.01 The holders of Ordinary shares are entitled to receive dividends as declared by the Company from time to time and are also entitled to one vote per share at the meetings of the Company.
- 16.02 On November 10, 2003, a capitalisation issue of three bonus shares for every twenty shares held resulted in an increase in issued capital of Rs. 4,284 thousands and an equivalent reduction in Reserve for issue of Bonus shares.
- 16.03 1,909,406 (2003: 1,660,038) Ordinary Shares of Rs. 10/- each were held by associated companies at the year end.

	Note	2004	2003
Rupees in '000'			
17. RESERVES			
General reserves	17.01	146,500	96,500
Reserve for issue of bonus shares	17.02	13,136	4,284
		159,636	100,784
17.01 GENERAL RESERVES			
Balance at beginning of year		96,500	78,500
Transferred from Profit and Loss account		50,000	18,000
Balance at end of year		146,500	96,500
17.02 RESERVE FOR ISSUE OF BONUS SHARES			
Balance at beginning of year		4,284	1,360
Transferred from Profit and Loss account		13,136	4,284
		17,420	5,644
Bonus shares issued		4,284	1,360
Balance at end of year		13,136	4,284
18. PROVISION FOR GRATUITY			
Balance at beginning of year		2,015	2,117
Add: Provision for the year	18.02	1,437	8,554
		3,452	10,671
Less : Payments during the year		1,041	8,656
Balance at end of year	18.01	2,411	2,015

18.01 The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

Management		Non-management		TOTAL	
2004	2003	2004	2003	2004	2003
Funded		Unfunded			

Rupees in '000'

Present value of defined benefit obligation (actuarial liability)	11,022	10,636	893	1,496	11,915	12,132
Fair value of plan assets	(8,548)	(8,069)	-	-	(8,548)	(8,069)
Unrecognized non-vested Liability	(560)	(747)	-	-	(560)	(747)
Unrecognized actuarial (loss)/gain	(638)	(1,556)	242	255	(396)	(1,301)
Balance at end	1,276	264	1,135	1,751	2,411	2,015
Net Liability at the beginning of the year	264	-	1,751	2,117	2,015	2,117
Gratuity cost for the year	1,276	8,333	161	221	1,437	8,554
Contributions	(264)	(8,069)	-	-	(264)	(8,069)
Payment to outgoing employees	-	-	(777)	(587)	(777)	(587)
Net Liability at the end of the year	1,276	264	1,135	1,751	2,411	2,015

18.02 The expense is recognised in the following items in the income statement:

	Note						
Cost of sales	25.04	332	3,314	161	221	493	3,535
Administrative expenses	26.02	566	2,993	-	-	566	2,993
Selling & distribution expenses	27.02	378	2,026	-	-	378	2,026
		1,276	8,333	161	221	1,437	8,554

Principal actuarial assumptions at the balance sheet date for:

Discount rate	8%	6%	8%	6%
Future salary increases	7%	5%	7%	5%
Return on investments	8%	6%	8%	6%



	Note	2004	2003
Rupees in '000'			
19. DEFERRED TAXATION			
19.01 The liability for deferred taxation comprises of timing differences relating to:			
Deferred credit arising in respect of:			
Accelerated tax depreciation allowances		14,674	9,347
Deferred debit arising in respect of:			
Provision for gratuity		(397)	(613)
Provision for impairment		(350)	(350)
Other provisions		(656)	(3,516)
		(1,403)	(4,479)
		<u>13,271</u>	<u>4,868</u>
19.02 The movement for the year in the Company's deferred tax position was as follows:			
Balance at beginning of year		4,868	6,076
Increase / (Decrease) in deferred tax liabilities		5,327	(1,209)
Decrease in deferred tax assets		3,076	1
Provision / (Reversal) during the year		8,403	(1,208)
Balance at end of year		<u>13,271</u>	<u>4,868</u>
20. SHORT TERM FINANCING - SECURED			
Running finances from banks	20.01	8,425	23,151
Import finance (foreign currency)	20.02	16,258	13,962
Export re-finance		-	3,900
Demand finance	20.03	10,000	-
		<u>34,683</u>	<u>41,013</u>
20.01 The Company has credit facilities upto an aggregate of Rs. 150 million (2003-Rs. 130 million) which are secured against pledge/hypothecation of stocks and charge on debtors amounting to Rs. 193.384 million (2003: Rs. 166.154 million). The facilities carry mark-up at the rate of Re.0.137 to Re.0.156 (2003-Re.0.178 to Re.0.229) per thousand per day on daily product basis.			
20.02 The Company has entered into Finance agreements (Under SBP Circular F.E. 25) with National Bank of Pakistan and Habib Bank Ltd. for availing foreign currency financing upto the extent of USD 1.273 million (2003: USD 0.583 million) for import of raw materials. These facilities are available to the Company as a Sub-limit of its running finance facilities of Rs. 150 million and carry mark-up @ LIBOR plus 1.5% per annum.			
20.03 This facility is available to the Company upto a maximum amount of Rs.40 million as a sub-limit to Running finance facilities of Rs.150 million.			
20.04 The facility for opening letters of credit as at June 30, 2004 amounted to Rs. 110 million (2003: Rs. 100 million) of which the amount remaining unutilised at the year-end was Rs. 67 million (2003: Rs. 70 million).			

	Note	2004	2003
		Rupees in '000'	
21. CREDITORS, ACCRUED CHARGES PROVISIONS & OTHER LIABILITIES			
Trade creditors		18,300	21,850
Accrued expenses	21.01	37,466	42,286
Provision for warranty	21.02	1,776	1,874
Customers' credit balances		3,300	2,110
Interest / Mark-up on bank loans -secured		245	580
Sales tax		10,266	9,058
Workers' profit participation fund	21.03	6,266	3,116
Workers' welfare fund	21.04	1,584	1,306
Tax deductions		9	2
Unclaimed dividend	21.05	950	700
Other liabilities	21.06	2,436	3,747
		<u>82,598</u>	<u>86,629</u>
21.01 Accrued expenses include Rs. 15,255 thousand (2003: Rs. 12,185 thousand) payable to associated company.			
21.02 PROVISION FOR WARRANTY			
Balance at beginning		1,874	1,512
Provided during the year		5,722	5,949
		<u>7,596</u>	<u>7,461</u>
Paid / charged during the year		5,820	5,587
Balance at end		<u>1,776</u>	<u>1,874</u>
21.03 WORKERS' PROFIT PARTICIPATION FUND			
Balance at beginning of year		3,116	441
Add: Interest credited on fund utilised in the Company's business		421	36
		<u>3,537</u>	<u>477</u>
Less: Payment made during the year		3,537	440
		<u>-</u>	<u>37</u>
Contributions for the year @ 5 %		6,266	3,079
Balance at end of year		<u>6,266</u>	<u>3,116</u>
The Company retained the allocation to this fund for its business operations till the amount is paid to the fund together with interest at the prescribed rates under the Act.			
21.04 WORKERS' WELFARE FUND			
Balance at beginning of year		1,306	302
Less: Payment made during the year		1,078	147
		<u>228</u>	<u>155</u>
Add: Provision for the year		1,584	1,151
Prior year adjustment		(228)	-
Balance at end of year		<u>1,584</u>	<u>1,306</u>



	Note	2004	2003
Rupees in '000'			
21.05 UNCLAIMED DIVIDEND			
Unclaimed dividend		921	671
Unclaimed bonus fractions		29	29
		950	700
21.06 Other liabilities include vehicle deposits/instalments under Company vehicle policy amounting to Rs.2,126 thousand (2003: Rs. 3,348 thousand).			
22. PROVISION FOR TAXATION			
Balance at beginning of year		22,119	5,819
Add: Provision made during the year			
Current year		26,810	19,000
Prior year		(1,035)	302
		25,775	19,302
		47,894	25,121
Less : Payments during the year		17,966	3,002
Balance at end of the year		29,928	22,119
22.01 The Inspecting Additional Commissioner of Income Tax has re-opened the assessment of the Company for the assessment years 1997-98 and 1999-2000 (accounting year ended 30 June 1997 and 1999 respectively) and raised an additional tax demand of Rs. 843 thousand under section 50 (7D) and 4,925 thousand under section 12(9A) of the Income Tax Ordinance, 1979 respectively, which has been fully recovered by the Tax authorities against the refund of assessment year 2001-02. The Company has preferred appeals before the Income Tax Appellate Tribunal which has been decided in Company's favour. The Company has applied to the Commissioner (Enforcement & Collection) for appeal effect which is pending.			
23. CONTINGENT LIABILITIES & COMMITMENTS			
Confirmed letters of credit			
Relate to Raw materials		30,071	29,091
Relate to Store, spares and tools		853	311
Guarantees issued by banks on behalf of the Company		3,074	2,867
Commitment for acquisition of property, plant and equipment		12,755	485
Commitments for sales contracts to institutions		-	4,392
24. NET SALES			
Export sales		42,689	23,823
Local sales	24.01	727,416	593,320
		770,105	617,143
24.01 Local sales (at dealers' net prices)	24.02	750,988	611,751
Less: Incentive and discounts		23,572	18,431
		727,416	593,320

24.02 Local Sales have been recorded after deducting Sales tax of Rs.125.17 million (2003: Rs. 104.59 million).

	Note	2004	2003
Rupees in '000'			
25. COST OF SALES			
Stock at beginning of year		55,349	54,081
Cost of goods manufactured	25.01	554,426	477,188
		<u>609,775</u>	<u>531,269</u>
Stocks at end of year	10	13,153	55,349
		<u>596,622</u>	<u>475,920</u>
25.01 COST OF GOODS MANUFACTURED			
Work in process at beginning of the year		22,297	18,147
Raw materials, Packing materials & Components consumed	25.02	392,865	323,033
Salaries, wages & benefits	25.03	62,074	60,771
Stores consumed		19,407	23,273
Fuel, power & water		31,321	31,628
Insurance		2,062	2,143
Rent, rates & taxes		809	834
Repair & maintenance		5,029	5,514
Royalty		15,402	12,341
Travelling, conveyance and entertainment		1,767	1,275
Cartage		1,410	1,621
Postage & telephone		728	551
Printing & Stationery		445	881
Vehicle running		262	237
Free replacement		5,722	5,949
Depreciation	5.02	10,937	9,947
Others manufacturing expenses		935	1,340
		<u>573,472</u>	<u>499,485</u>
Work in Process at end of year	10	19,046	22,297
		<u>554,426</u>	<u>477,188</u>
25.02 RAW MATERIAL, PACKING MATERIAL & COMPONENTS CONSUMED			
Stock at beginning of year		40,148	32,131
Purchases		404,813	331,050
		<u>444,961</u>	<u>363,181</u>
Less: Stock at end of year	10	52,096	40,148
		<u>392,865</u>	<u>323,033</u>

25.03 Salaries, wages & benefits include Rs.1,220 thousand (2003: Rs. 1,302 thousand) in respect of employee benefits.



25.04 The following amounts have been charged to manufacturing expenses during the year in respect of gratuity schemes:

	Note	2004	2003
Rupees in '000'			
Current service cost		251	293
Interest costs		259	522
Expected return on plan assets		(71)	(203)
Past service cost		-	2,849
Amortization of loss		5	-
Amortization of non vested liability		49	74
		<u>493</u>	<u>3,535</u>

26. ADMINISTRATIVE EXPENSES

Directors' meeting fee	36.02	2	3
Salaries & benefits	26.01	15,308	17,962
Travelling, conveyance & entertainment		1,356	1,104
Rent, rates & taxes		1,038	744
Insurance		561	529
Repairs & maintenance		16	-
Advertisement		63	15
Legal & professional charges		407	787
Auditors' remuneration:			
Audit fee		193	133
Provident fund & Workers' profit participation fund audit and certification		100	177
Out of pocket expenses		23	8
		316	318
Gas & electricity		134	169
Fees & subscription		490	163
Postage & telephone		263	251
Printing & stationery		543	577
Vehicle running		71	103
Training expenses		78	138
Depreciation	5.02	1,038	1,559
Amortization		750	652
Others		33	28
		<u>22,467</u>	<u>25,102</u>

26.01 Salaries & benefits include Rs. 764 thousand (2003: Rs. 707 thousand) in respect of employee benefits.

26.02 The following amounts have been charged to administrative expenses during the year in respect of gratuity scheme:

Current service cost		295	187
Interest costs		288	322
Expected return on plan assets		(120)	(156)
Past service cost		-	2,573
Amortization of loss		20	-
Amortization of non-vested liability		83	67
		<u>566</u>	<u>2,993</u>

	Note	2004	2003
Rupees in '000'			
27. SELLING & DISTRIBUTION EXPENSES			
Salaries & benefits	27.01	12,198	13,269
Travelling, conveyance & entertainment		5,401	4,325
Rent, rates & taxes		1,543	1,389
Insurance		3,000	2,894
Repairs & maintenance		355	258
Gas & electricity		617	690
Advertisement & publicity		8,221	7,436
Freight & handling		18,901	16,301
Export handling and other charges		864	560
Printing & stationery		435	340
Postage & telephone		2,005	1,942
Vehicle running		30	39
Late delivery charges		1,066	-
Services charges		235	275
Depreciation	5.02	786	808
Others		463	254
		56,120	50,780
27.01 Salaries & benefits include Rs. 518 thousand (2003: Rs. 447 thousand) in respect of employees' benefits.			
27.02 The following amounts have been charged to selling & distribution expenses during the year in respect of gratuity scheme:			
Current service cost		198	127
Interest costs		192	218
Expected return on plan assets		(80)	(106)
Past service cost		-	1,742
Amortization of loss		13	-
Amortization of non-vested liability		55	45
		378	2,026
28. MISCELLANEOUS INCOME			
Scrap sales		669	663
(Loss)/Profit on sale of fixed assets	5.01	(688)	1,611
Dividend income		-	2,272
Profit on PLS term deposits		90	86
Unrealized gain on remeasurement of available for sale investment		2,472	-
Gain on sale of investment		31,995	-
		34,538	4,632



2004 2003
Rupees in '000'

29. FINANCIAL EXPENSES

Interest / markup on:		
Long term loans - secured	-	892
Short term finance - secured	2,024	5,759
Workers' profit participation fund	422	36
Finance charges on leased assets	-	575
Bank & other financial charges	1,685	1,309
Exchange gain	(13)	(168)
	<u>4,118</u>	<u>8,403</u>

29.01 Interest / mark-up / finance charges on leased assets charged by associated companies amounted to Rs.Nil (2003: Rs. 1,019 thousand).

30. TAXATION

Tax charge for the year		
Current	26,810	19,000
Prior	(1,035)	302
Deferred	8,403	(1,208)
	<u>34,178</u>	<u>18,094</u>

30.01 The charge for the year can be reconciled to the profit as per the Profit and Loss account as follows:

Profit before tax		<u>117,694</u>	<u>57,340</u>
Tax at the applicable income tax rate	35.00%	41,193	20,069
Tax effect of expenses that are not deductible in determining taxable profit	(3.94%)	(4,637)	(1,008)
Adjustment in respect of current income tax of previous periods	(0.88%)	(1,035)	302
Effect of difference in tax rates under normal assessment and presumptive tax regime	(1.14%)	(1,343)	(587)
Effect of difference in tax rates under normal assessment and tax on dividend for companies	-	-	(682)
Tax expenses and effective tax rate for the current year	<u>29.04%</u>	<u>34,178</u>	<u>18,094</u>

30.02 The income tax assessments of the Company have been finalised upto and including tax year 2003 (Income year ending June 30, 2003) except for the assessment years 1997-98 & 1999-2000 as stated in Note 22.01.

	2004	2003
	Rupees in '000'	
31. BASIC EARNINGS PER SHARE		
Net Profit after taxation for the year attributable to Ordinary Shareholders	83,516	39,246
Weighted average number of ordinary shares outstanding at year-end	No. of Share	
	3,284,097	2,855,737
	Rupees	
Basic earnings per share	25.43	13.74
Basic earnings per share for corresponding year re-instated to reflect the capitalization issue in November 2003.	-	11.95
There is no dilutive effect on basic earnings per share of the Company.		
32. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	117,694	57,340
Adjustments for:		
Depreciation	12,761	12,314
Amortization	750	652
Markup / interest expenses	2,432	6,519
(Loss)/Profit on sale of fixed assets	688	(1,611)
Provision for gratuity	1,437	8,554
Finance charges on leased assets	-	575
Dividend Income	-	(2,272)
Gain on sale of investment	(31,995)	-
	(13,927)	24,731
Operating profit before working capital changes	103,767	82,071
Working capital changes:		
(Increase) / Decrease in Current Assets		
Stores, spares & tools	(1,086)	2,379
Stock-in-trade	27,217	(14,990)
Trade debtors	371	(7,164)
Advances, deposits & prepayments (excluding tax deducted at source)	(3,196)	2,557
Trade & other deposits	39	(16)
	23,345	(17,234)
Increase / (Decrease) in Current Liabilities		
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest/markup and unclaimed dividend)	(3,946)	18,210
Working Capital changes	19,399	976
Cash generated from operations	123,166	83,047



	Note	2004	2003
Rupees in '000'			
33. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS			
Balance at beginning of year		16,598	21,590
Net Cash inflow/(outflow)		9,823	(4,992)
Balance at end of year	15	26,421	16,598
34. NON-CASH TRANSACTION			
Assets acquired under finance leases		-	2,159
35. RELATED PARTY TRANSACTIONS			

Name of Related Party and Nature of relationship	Nature of Transaction	Transaction Value	Transaction Value
(a) Associated Companies			
Allwin Engineering Industries Limited (Common Directorship)	Reimbursement of actual expenses	136	-
	Actual reimbursement of expenses received	47	-
Atlas Honda Limited (Common Directorship)	Sale of Batteries	67,205	42,433
	Purchase of motorcycles	2,465	1,458
	Purchase of fixed asset	-	29
	Reimbursement of actual expenses	282	286
	Dividend received	-	2,272
	Dividend paid	-	166
Atlas Investment Bank Limited (Common Directorship)	Loan received	-	45,000
	Lease rental paid	-	7,796
	Loan repaid	-	45,000
	Interest expense	-	444
	Purchase of fixed assets under finance lease	-	2,159
	Sale of Shares through Brokerage	35,817 57	- -
Honda Atlas Cars (Pakistan) Limited (Common Directorship)	Sale of Batteries	11,434	6,418
	Purchase of fixed assets	3,538	2,970
Japan Storage Battery Co. Ltd. (Investment in Equity)	Purchase of Raw Material	5,208	4,777
	Royalty	15,402	12,341
	Dividend Paid	2,570	408
Muslim Insurance Company Limited (Common Directorship)	Insurance claim	1,200	1,796
	Insurance premium	8,760	7,816
	Dividend Paid	299	47
Shirazi Investments (Private) Limited (Common Directorship)	Rent of premises	1,038	744
	Reimbursement of actual expenses	1,031	645
	Dividend paid	6,739	678

Name of Related Party and Nature of relationship	Nature of Transaction	2003	2002
		Rupees in '000'	
		Transaction Value	Transaction Value
Shirazi Trading Company (Private) Limited (Common Directorship)	Purchase of fixed assets	334	166
	Purchase of consumable items	155	196
Sui Southern Gas Company Limited (Common Directorship)	Purchase of Natural Gas	9,630	8,738
(b) Enterprise over which any person described in (a) above is able to exercise significant influence			
Batool Benefits Trust (Common Directorship)	Dividend Paid	37	5
Shirazi Foundation (Common Directorship)	Rent of premises	407	370
	Dividend Paid	315	50
	Sale Proceeds of bonus fractions	29	-

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Royalty is stated as per terms of Technical Agreement duly approved by State Bank of Pakistan.

There are no transactions with key management personnel other than under their terms of employment.

The outstanding balances of related Parties as at June 30, 2004 are included in respective notes to the accounts.

36. DIRECTORS' AND EXECUTIVES' REMUNERATION

36.01 Chief Executive

Managerial Remuneration	2,331	2,170
Rent & utilities	1,049	976
Cost of living allowance	583	542
Provident fund	256	239
Reimbursement of medical expenses & others	87	77
Bonus	437	542
	<u>4,743</u>	<u>4,546</u>

36.02 Meeting fees other directors

Number of persons	<u>2</u>	<u>3</u>
	<u>1</u>	<u>3</u>

36.03 Executives

Managerial Remuneration	13,673	10,949
Rent & utilities	6,153	4,927
Conveyance and others	265	168
Cost of living allowance	3,418	2,737
Provident fund	1,476	1,213
Medical	1,013	712
Bonus	2,564	2,737
	<u>28,562</u>	<u>23,443</u>
Number of persons	<u>58</u>	<u>40</u>

The Chief Executive is provided with free use of Company maintained car. Certain executives are also provided with Company vehicles.



37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.01 Interest rate risk exposure

The Company's exposure to interest rate risk on its financial assets and liabilities as of June 30, are summarized as follows:

	2 0 0 4						2 0 0 3
	Interest bearing			Non-Interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	Rupees in '000						
Financial assets							
Investments	-	-	-	-	-	-	3,822
Long term deposits	-	-	-	-	533	533	1,292
Trade Debtors	-	-	-	39,726	-	39,726	40,097
Advances, deposits & other receivables	-	-	-	8,835	-	8,835	5,315
Trade & Other deposits	-	-	-	3,188	-	3,188	3,227
Short term investment	72,043	-	72,043	-	-	-	-
Cash & Bank balances	2,837	-	2,837	23,584	-	23,584	16,598
	74,880	-	74,880	75,333	533	75,866	70,351
Financial liabilities							
Short term financing	34,683	-	34,683	-	-	-	41,013
Creditors, accrued charges and other liabilities	-	-	-	72,332	-	72,332	77,571
Proposed dividend	-	-	-	19,705	-	19,705	17,134
	34,683	-	34,683	92,037	-	92,037	135,718
On-balance sheet gap	40,197	-	40,197	(16,704)	533	(16,171)	(65,367)

37.02 Effective interest rates

	2004	2003
Assets		
Short term investment	6.5% to 7%	-
Cash at Bank under PLS. Deposit	3% to 6%	4% to 8%
Liabilities		
Short term financing	3.05% to 5.70%	6.5% to 8.50%

37.03 Concentration of credit risk

The Credit Risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its trade debtors and balances with banks. The financial assets which are subject to credit risk amounted to Rs. 150.75 million (2003: Rs. 70.35 million).

The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers.

37.04 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates their fair values.


37.05 Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to effective cash management and planning policy, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.


38. PLANT CAPACITY


The production capacity of the plant cannot be determined as this depends on relative proportion of various types and sizes of batteries produced.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on September 02, 2004.


Aitzaz Shahbaz
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2004

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
524	1	100	11,676	0.36%
231	101	500	54,969	1.67%
61	501	1000	40,871	1.24%
59	1001	5000	137,766	4.20%
16	5001	10000	120,363	3.67%
5	10001	15000	57,356	1.75%
1	15001	20000	18,200	0.55%
1	20001	25000	24,628	0.75%
2	35001	40000	73,841	2.25%
1	40001	45000	43,695	1.33%
1	55001	60000	57,270	1.74%
1	60001	65000	60,375	1.84%
4	155001	160000	620,103	18.88%
1	175001	180000	178,361	5.43%
1	490001	495000	492,612	15.00%
1	1290001	1295000	1,292,011	39.34%
<u>910</u>			<u>3,284,097</u>	<u>100.00%</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Undertakings & Related parties			
Batool Benefit Trust	1	7,138	0.22%
Japan Storage Battery Co. Limited	1	492,612	15.00%
Muslim Insurance Company Limited	1	57,270	1.74%
Shirazi Foundation	1	60,375	1.84%
Shirazi Investments (Private) Limited	1	1,292,011	39.34%
	<u>5</u>	<u>1,909,406</u>	<u>58.14%</u>
Investment Corporation of Pakistan			
Investment Corporation of Pakistan	1	408	0.01%
24th ICP Mutual Fund	1	178,361	5.43%
	<u>2</u>	<u>178,769</u>	<u>5.44%</u>
Directors / Spouse			
Mr. Yusuf H. Shirazi / Mrs. Khawar Shirazi	1	13,645	0.42%
Mr. Aamir H. Shirazi	1	155,022	4.72%
Mr. Iftikhar H. Shirazi	1	155,024	4.72%
	<u>3</u>	<u>323,691</u>	<u>9.86%</u>
Corporations			
State Life Insurance Corporation of Pakistan	1	43,695	1.33%
Financial Institutions			
Muslim Commercial Bank Limited	1	644	0.02%
E.F.U. General Insurance Company Limited	1	14	0.00%
	<u>2</u>	<u>658</u>	<u>0.02%</u>
Joint Stock Companies			
	<u>15</u>	<u>10,735</u>	<u>0.33%</u>
Individuals			
	<u>880</u>	<u>805,096</u>	<u>24.51%</u>
SECP	1	1	0.00%
Abandoned Properties Organisation			
	1	12,046	0.37%
	<u>910</u>	<u>3,284,097</u>	<u>100.00%</u>

ATLAS GROUP COMPANIES

		Year of Establishment/ Acquisition*
	Shirazi Investments (Pvt) Ltd.	1962
	Atlas Honda Ltd.	1962
	Atlas Battery Ltd.	1966
	Shirazi Trading Co. (Pvt) Ltd.	1973
	Muslim Insurance Co. Ltd.	1980*
	Allwin Engineering Industries Ltd.	1981*
	Atlas Investment Bank Ltd.	1990
	Honda Atlas Cars (Pakistan) Ltd.	1992
HONDA	Honda Atlas Power Product (Pvt) Ltd.	1997
	Total Atlas Lubricants Pakistan (Pvt) Ltd.	1997
	Atlas Asset Management Company Ltd.	2002

The Secretary
Atlas Battery Limited,
D-181, Central Avenue,
S.I.T.E.,
Karachi.

Affix Revenue Stamp
Signature

(Address)

Dear Sir,

SUBJECT: PROXY FORM

Date

I/We the undersigned member(s) of Atlas Battery Limited Holding _____ Ordinary
Shares hereby appoint Mr./Mrs./Miss _____ of _____
or failing him/her Mr./Mrs./Miss _____ of _____
being member of the Company as my/our proxy to attend, act and vote for me/us and on my/our
behalf at the Annual General Meeting of the Company to be held at Adamjee House, 8th floor, I.I.
Chundrigar Road, Karachi, on September 29, 2004 at 11:00 a.m. and at every adjournment thereof.

(1) _____ (2) _____
(3) _____ (4) _____

Signature(s)

(1) _____
(2) _____
(3) _____
(4) _____

Names(s)

Signed in the presence of
_____ Name of Witness
_____ _____ Address
_____ Signature
_____ Date

**AFFIX
POSTAGE**

**The Secretary
Atlas Battery Limited
D-181, Central Avenue,
S.I.T.E.,
Karachi-75730**

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