

Organisation
development
through
self development



AN ATLAS GROUP
COMPANY

Atlas Battery Limited

Certificate No:125383



CERTIFIED QMS



Atlas Battery Limited

Vision

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

Mission

Market leader 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.

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Atlas Battery Limited



AGS 

بات ہے کوالٹی کی ...

OUR VALUED CUSTOMERS



Al-Ghazi Tractors Ltd.



Dewan Farooque Motors Ltd.



Ghandhara Nissan Ltd.



Honda Atlas Cars (Pakistan) Ltd.



Indus Motor Company Ltd.



Master Motor Corporation Limited



Millat Tractors Ltd.



Pak Suzuki Motor Company Ltd.



Sigma Motors (Pvt) Limited



Sindh Engineering (Pvt) Ltd.



Atlas Honda Limited



Dawood Yamaha Ltd.



Fateh Motors Limited



Super Asia Motors (Pvt) Limited



Delta Innovations Limited



COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Javid Anwar
	Muhammad Atta Karim
	Naoyuki Inoue
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
Chief Financial Officer	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Quality Assurance	Muhammad Jamil Awan
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
Company Website	www.atlasbattery.com.pk
Email Address	abl@atlasbattery.com.pk



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 Thursday, September 29, 2005 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm Minutes of Extraordinary General Meeting held on May 20, 2005.
2. To consider and adopt the audited accounts of the Company for the year ended June 30, 2005 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 25% (Rs.2.50 per share) for the year ended June 30, 2005.
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.6,897 thousand out of Company's profit be capitalized for issuing 689,660 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, 2005 @ 15% in the proportion of three Ordinary Shares of Rs.10/- each for every twenty 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 2005-2006 and fix their remuneration.

Other Business:

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

By ORDER OF THE BOARD



SECRETARY

Karachi: September 02, 2005.

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 20, 2005 to September 29, 2005 (both days inclusive). Transfers received in order at the registered office of the company by September 19, 2005 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.

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. 5.0 million will be paid as the aggregate remuneration to Chief Executive of the Company for the year ending June 30, 2006, in addition to other benefits as per Company policy".

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



TEN YEARS GROWTH AT A GLANCE

(Rupees in million)

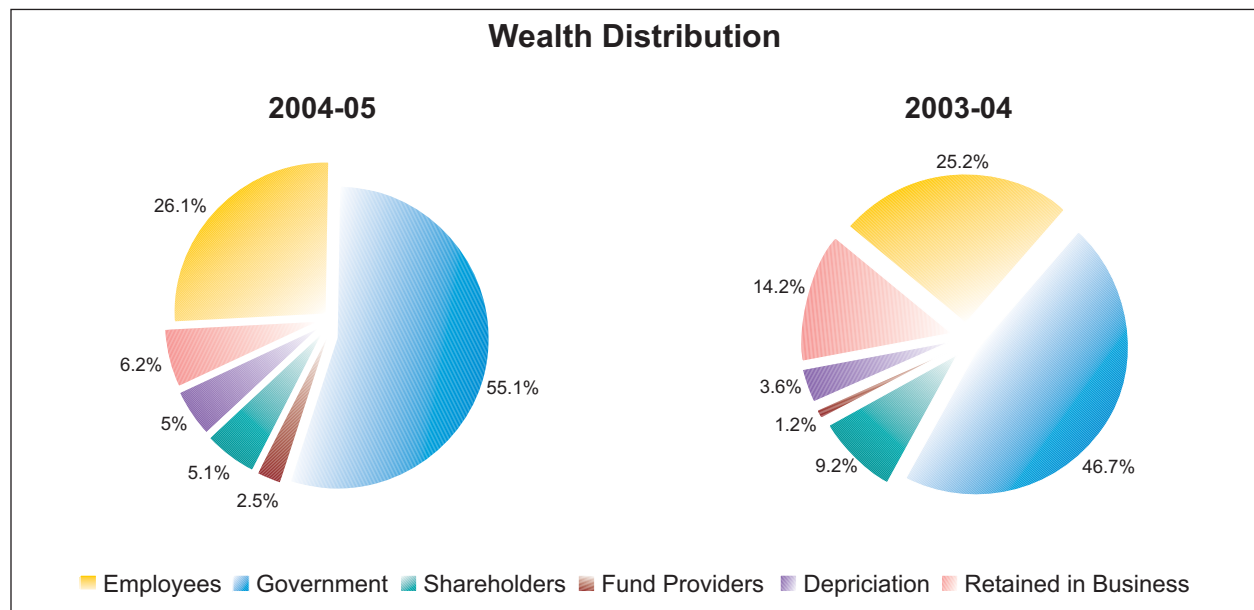
Years		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Sales		949.8	770.1	617.1	495.1	563.0	480.8	499.3	443.4	366.1	339.6
Gross Profit		157.6	173.5	141.2	91.5	109.2	91.1	107.7	93.3	73.9	76.8
Operating profit		61.3	94.9	65.3	24.1	27.5	32.0	46.9	40.6	29.7	35.3
Profit before Tax		54.0	117.7	57.3	7.1	11.6	15.8	36.2	31.5	18.2	27.2
Profit after Tax		40.8	83.5	39.2	5.5	9.5	14.1	24.4	21.1	10.6	18.3
Share Capital		46.0	32.8	28.6	27.2	27.2	24.7	24.7	24.7	23.0	23.0
Reserves		188.5	180.5	101.3	80.6	77.8	74.9	67.0	52.4	40.5	32.7
Shareholders' Equity		234.5	213.4	129.9	107.8	105.0	99.6	91.7	77.2	63.5	55.7
Property, Plant & Equipment		151.2	92.9	84.4	90.2	97.2	103.8	83.6	65.3	56.1	49.9
Net Current assets		174.9	134.6	47.3	34.1	40.1	44.0	37.0	24.8	19.9	21.3
Total Assets		505.7	376.3	303.6	305.4	356.7	278.7	260.3	213.9	199.5	198.3
Long term liabilities		60.0	-	-	14.7	29.3	40.3	24.8	10.7	11.0	12.6
Deferred Liabilities		34.6	22.4	6.9	8.2	8.9	12.6	9.7	7.7	7.4	7.1
Dividend											
Cash	%	25.0	60.0	60.0	10.0	15.0	25.0	40.0	30.0	12.5	25.0
Stock	%	15.0	40.0	15.0	5.0	-	10.0	-	-	7.5	-
Payout ratio	%	28.1	23.6	43.7	49.7	43.2	43.8	40.6	35.2	27.0	31.4
Dividend per share	Rs.	2.5	6.0	6.0	1.0	1.5	2.5	4.0	3.0	1.3	2.5
RATIOS											
Profitability											
Gross Profit	%	16.6	22.5	22.9	18.5	19.4	19.0	21.6	21.0	20.2	22.6
Profit before Tax	%	5.7	15.3	9.3	1.4	2.1	3.3	7.3	7.1	5.0	8.0
Profit after Tax	%	4.3	10.8	6.4	1.1	1.7	2.9	4.9	4.8	2.9	5.4
Investment											
R.O.E. before tax	%	25.3	55.2	44.1	6.6	11.0	15.9	39.5	40.8	28.6	48.8
R.O.E. after tax	%	19.1	39.1	30.2	5.1	9.0	14.2	26.6	27.3	16.8	32.9
Return on Capital Employed	%	20.4	53.2	48.1	19.3	21.1	21.7	36.5	41.8	36.9	45.7
Earnings per share	Rs.	8.9	18.16	11.9	1.9	3.5	5.2	9.9	8.5	4.3	8.0
P.E. Ratio	Times	8.7	6.0	6.3	10.7	7.2	4.6	3.0	4.3	9.4	8.4
Activity											
Sales to total assets	Times	1.9	2.0	2.0	1.6	1.6	1.7	1.9	2.1	1.8	1.7
Sales to Fixed assets	Times	6.3	8.3	7.0	5.5	5.8	4.6	6.0	6.7	6.5	6.8
Inventory turnover	Days	75	74	99	110	91	96	83	85	107	107
Debtors turnover	Days	15	19	22	39	32	18	17	18	18	19
Liquidity / Leverage											
Current ratio	Times	2.0	1.9	1.3	1.2	1.2	1.4	1.3	1.2	1.2	1.2
Interest cover ratio	Times	6.9	29.5	7.8	1.4	1.6	1.9	4.7	4.7	2.5	4.8
Debt Equity ratio	Times	0.3	0.0	0.0	0.2	0.4	0.5	0.4	0.2	0.3	0.4
Total Liability to Equity	Times	1.2	0.8	1.3	1.8	2.4	1.8	1.8	1.8	2.1	2.6
Break-up value per share	Rs.	51.0	65.1	45.4	39.6	38.6	40.3	37.1	31.2	27.6	24.2
Market value per share	Rs.	77.0	154.0	86.0	21.5	25.0	26.5	30.0	37.0	43.5	66.8

(At year end)

STATEMENT OF VALUE ADDITION
YEAR ENDED JUNE 30, 2005

Rupees in '000'

	2004-05		2003-04	
	Amount	% age	Amount	% age
Wealth Generated:				
Total Revenue	1,107,649		929,825	
Bought in Material & Services	(744,915)		(572,868)	
	362,734	100%	356,957	100%
Wealth distributed:				
To Employees				
Salaries & other related costs	94,795	26.1%	90,006	25.2%
To Government				
Taxes	196,539	54.2%	159,348	44.6%
Workers' Profit Participation Fund	2,740	0.8%	5,840	1.6%
Workers' Welfare Fund	563	0.2%	1,356	0.4%
	199,842	55.1%	166,544	46.7%
To Providers of Capital				
Dividend to Shareholders	18,391	5.1%	32,841	9.2%
Markup / Interest	9,199	2.5%	4,130	1.2%
	27,590	7.6%	36,971	10.4%
Retained in the Business				
For replacement of Fixed Assets: Depreciation	18,051	5.0%	12,761	3.6%
To provide for Growth: Retained Profit	22,456	6.2%	50,675	14.2%
	40,507	11.2%	63,436	17.8%
	362,734	100%	356,957	100%





Atlas Battery Limited

TO OUR SHAREHOLDERS



CHAIRMAN'S REVIEW

I am pleased to present to you the 39th Annual Report of your Company for the year ended June 30, 2005.

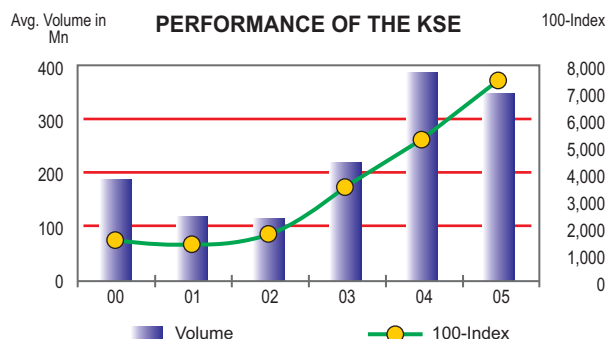
THE ECONOMY

Pakistan economy maintained its growth during fiscal year 2004-05 - on account of second-generation reforms, liberal policies towards foreign investors, privatization and geopolitical harmony.

The GDP registered growth of 8.4%, as compared to 6.4%, last year. Agriculture saw a growth of 7.5% mainly due to adequate rainfall, upward revision of support prices of various crops, subsidy to fertilizer and availability of credit to farmers. Manufacturing registered a growth of 12.5%. Automobile, telecom, textile and cement industry were the key factors in pushing the manufacturing sector upward to over 18% - a unique achievement. Improvement was also witnessed in services sector, which grew by 7.9%. Investment gained a stronger footing at 15.3% of GDP. Consequently, per capita income rose 13% to US\$736.

Imports during 2005 upped 32% to US\$20.6 billion compared to US\$15.6 billion during last year. The exports increased 17% to US\$14.4 billion from US\$12.3 billion in the previous year. As a result, the trade deficit soared by 89% to US\$6.2 billion as against US\$ 3.2 billion, last year. This was mainly the result of a higher oil import bill due to higher oil prices and import of further textile machinery.

The Karachi stock exchange witnessed volatility; it touched its highest level of 10,300 points and then went down sharply - more than 3,000 points, within 15 days. Daily average volumes during the last 52 weeks fell by 11% to 344 million shares, as compared to 387 million shares last year. It is still going through ups and downs mainly due to lack of in-depth knowledge of market mechanism and introduction of reform strategy.



MONETARY DEVELOPMENTS

Inflation for the year doubled to 9.28% compared to 4.57%, last year. This led the Central Bank to tighten its Monetary Policy. It raised interest rates sharply. The benchmark 6-month T-Bill cut off yields during the year rose 575 basis points to 7.98% as against 2.23% at the end of last year. The weighted average lending rates increased 148 basis points to 7.97% in May 2005 compared to 6.49% at the end of fiscal year 2003-04. The money supply grew 17% leading the private sector to raise credit off-take to Rs.400 billion.

Foreign remittances rose 9% to US\$4.2 billion from US\$ 3.9 billion previously; Foreign Direct Investment (FDI) rose to US\$1.52 billion, up 60% over last year's level of US\$0.95 billion. These inflows helped in offsetting the negative impact of the trade deficit through containing the overall balance of payments deficit to US\$0.93 billion. This also helped the rupee's stability vis-à-vis other currencies, particularly the US Dollar; the average exchange rate during the year stood at Rs.59.5/US\$ as against Rs.57.6/US\$ last year.

In view of the State Bank's inflation target for the fiscal year 2005-06, set at 8% against 9.27% recorded this year, it is anticipated that interest rates in the near future may change - perhaps marginally. However, any inflationary pressure could well be followed by a hike in interest rates.

THE INDUSTRY

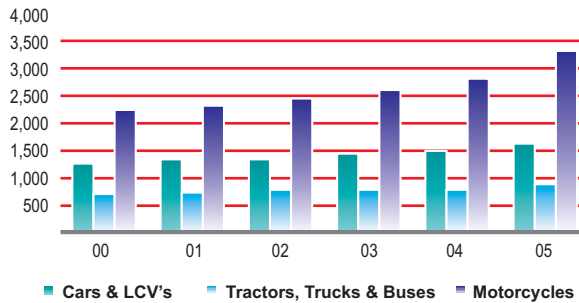
The year under review was a challenge for the battery industry. Never in the past this industry has been so much under cost pressures as during the year.

As reported last year, the prices of basic raw materials - refined lead and recycled lead - rose over above 100% during the preceding eighteen months, mainly because of higher consumption of lead worldwide, especially in Asian countries. Additionally, the higher growth of economies globally during the last two years, spurred the demand of all base metals not matched by supply in the short run. Another basic material - plastic compound - got affected by the soaring oil prices.

During the period under review, demand grew 8.4% and 38.2% for automotive and motorcycle batteries respectively.



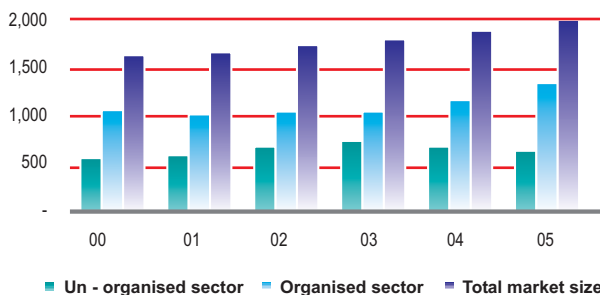
Units in '000 **VEHICLE POPULATION IN PAKISTAN**



Currently, about 2.5 million four wheelers and 3.0 million two wheelers are on roads, which require 1.8 million and 2.0 million batteries per annum respectively. Out of this demand, about 70.11% share is met by the organized sector that annually contributes over Rs. 500 million in respect of duties, taxes and other government levies. The rest of the battery demand is met by the un-organized sector, which is mainly comprised of replators and under invoiced imports, causing a significant loss to the national exchequer through evasion of taxes and duties. Taking concrete steps by the Government, against so much leakage of revenue is in the overall national interest in addition to helping to grow the organized sector.

In order to meet the growing demand, the organized sector of the industry has made investment of over Rs.300 millions during the year 2004-05 only. This will help in generating increased revenue for the government and additional, much sought after, job opportunities for the unemployed manpower.

Units in '000' **Battery Industry in Pakistan**



Your Company, being an integral part of the auto industry, depends on the growth of this industry, which is the forerunner of the growth in the large-scale and vending industry. Currently, the auto and allied industry in Pakistan is somewhat stable. The impact of WTO on the auto and allied vendor industry, engaged in the production of parts and accessories

for auto and other engineering goods will be far reaching. If this sector is not adequately incentivized, it may render it below the peril point, leaving it at the mercy of replators and commercial importers, thus putting the entire investment and technology acquisition at stake. The time is ripe for the local auto industry to solidify its base on merit alone both in terms of quality and price.

MARKETING & SALES REVIEW

The battery industry continued to grow for the third consecutive year mainly due to growth of the auto industry.

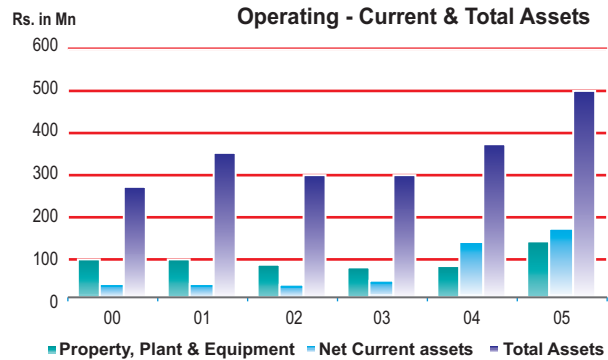
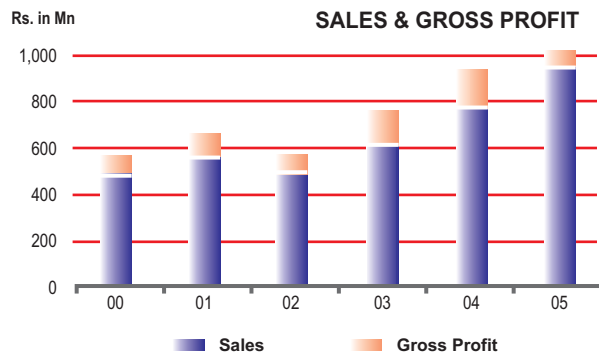
During the year 2004-05 the auto industry registered a growth of 33%- with highest growth of trucks 79.1%, followed by LCV's 67.8%, cars 31.7%, tractors 21.4% and buses 17.8%. Motorcycles produced were 417,066 units, up 38.2%. As per plan of automakers, the production and sales of four wheelers will touch over 500,000 units and two wheelers 1.0 million units in the next couple of years. This will help the industry to maximum utilize its enhanced capacity.

Your Company holds a legacy of leadership for supplying quality batteries to the customer. During the year, your company introduced two new products especially designed for diesel vehicles, which received a good response from the users. We are glad to report that AGS batteries are now a preferred choice of the OEM and after sales market, through a sustained competitive effort, proven technology, innovation and reliability.

During the year, the organized sector of the industry revised the battery prices upward by 12% to pass on the partial impact of unprecedented increase in the cost of raw materials. The full impact of cost-push could not be passed on to the customers due to fierce competition among the industry players.

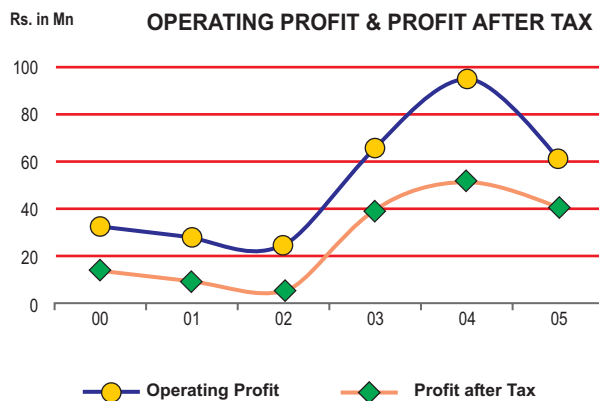
OPERATING RESULTS

The year under review had record gross sales revenue, crossing the landmark of rupee one billion. Net sales revenue was Rs. 949.8 millions, up 23.3%, against previous years' revenue of Rs.770.1 million. Gross margin dropped to 16.6% from 22.5% mainly due to substantial unabsorbed cost pressure particularly of raw materials resulting in higher volume at lower profits.



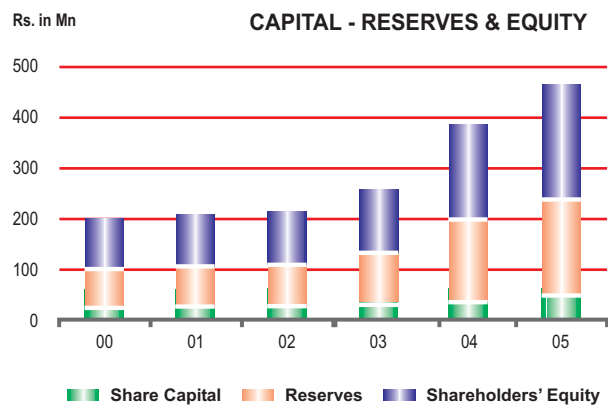
Operating expenses increased 23.0% in line with increase in sales. Resultantly, operating profit remained lower at Rs. 61.3 million as compared to Rs.95.2 million during corresponding year. Finance cost remained high due to increased markup rates and higher utilization of running finance facilities.

Profit before tax for the year was Rs.54.0 million as compared to Rs.117.7 million last year (which included capital gain of Rs.32.0 million). After making provision for current, prior and deferred tax, the Profit after tax of your Company stood at Rs.40.8 millions as compared to Rs.83.5 million (including capital gain of Rs.32.0 million) last year. Earnings per share remained at Rs.8.88 with ROE at 17.4%.



The cash flow remained under pressure because of low profitability, carrying of high value stocks and incidence of major capacity expansion to meet the growing battery demand. Part of the capital expenditure was financed by obtaining medium term loan of Rs. 80.0 million. However overall, there was a net increase of Rs.6.2 million as compared to Rs.9.8 million during last year in cash and cash equivalents.

Your Company contributed Rs. 214.5 million to government revenues during last year, in respect of Income tax, sales tax, customs duty and other government levies. The Atlas group, of which your company is a constituent member, this year paid about Rs.12.0 billion, which is about 2% of the entire government revenues. One of the criteria of the group performance is how much taxes are paid by a Group entity.



HUMAN RESOURCE

The Group ensures safer and attractive workplace for the high skilled, talented and well-motivated employees maintaining growth momentum.

In line with the Group's HR philosophy, there has been a significant increase in investment in the human resource development programs. Wide range of programs are structured including on-the-job training, in-house and outside courses through participation in the country's leading management

programs, foreign training and job rotation. Employees with high potential are identified and offered development plans including leadership training in the leading schools of management - locally and abroad. The Group encourages added value - executive MBA and diplomas; currently having Atlas LUM's diploma on the Group level including three from your Company.

The Group success lies in highly capable, diverse work force focused on the right business priorities. The key to an effective workforce is to have a system that aligns employees who have the right capabilities in the right direction and at the right time. Developing such a workforce requires leadership, succession planning, stewardship and job satisfaction.



During the year, thirteen outside and three in-house training courses were conducted, benefiting 115 employees. Five managers of your Company attended the "Managerial grid seminar", which is conducted annually on a group basis.

The management of your Company has successfully signed two years agreement with CBA ending on 31 December 2006.

SAFETY, HEALTH & ENVIRONMENT - SHE

We believe when a Company is disciplined and is committed to Safety, Health and Environment, a sound foundation is laid for overall improved results. In line with Group policy, we continued to focus on the contributions towards Safety, Health and

Environment - SHE. We have made every possible effort to contribute to human health and the preservation of the environment in each phase of corporate activity.



During the year all employees of your Company were vaccinated with complete doze of Hepatitis "B". Our product is essential for society and we produce it while protecting the health and safety of employees and at the same time safeguarding the environment. We have taken a number of significant actions to improve efficiency through ensuring the correct environment. I am glad to report that your Company is the pioneer in installing the acid gases emission control plant in the battery industry in Pakistan at a substantial cost. This shows our commitment to a healthier environment and contribution to the nation. We are glad to report that the year under discussion was an accident free year and no major accident has occurred during the last five years.

CORPORATE GOVERNANCE

Your Company, as a constituent member of the Atlas group had very early recognized the importance of good corporate governance, strong management control and value of high ethical standards and integrity. Your Company believes that the methods we employ to attain results are as important as results themselves. We are committed to transparency in all transactions - ethical standards; as such integrity, law and moral compliance are key to achieving industry-leading results.

OUTLOOK FOR 2005-06

As your Company is ready to enter in its fifth decade, we anticipate a future potential and several challenges ahead. Based on trends of further growth in the auto industry, we expect consistent robust growth in demand of automotive and motorcycle batteries. Raw material prices are prevailing at the last year's level, due to heated economies all around us backed by higher consumption of energy. Oil prices are at its peak of US\$70 per barrel, which may even cross US\$75 per barrel during the year 2005-06. This may ultimately push the cost of doing business even higher in the ensuing years.

Pakistan economy, which has been under pressure for sometime, seems to be now set on the path of recovery. The recent changes made in the import policy for 2005-06 has allowed the import of three years old vehicles under new gift and transfer of residence scheme. This will help the battery industry to grow further, but at the same time it will hamper the initiatives of OEM's who have committed investments of over Rs.100 billion. Growth trends in auto industry, coupled with increased prospects for agriculture, stable rupee, current foreign reserves and higher exports, it is anticipated that demand of batteries will continue to grow; and your Company is well equipped to take advantage of it.

The management of your Company is striving to create sustainable business propositions in a mature market, faced with new challenging global environment and regulatory legislation, while undergoing immense pressure to reduce costs through improved efficiency & streamlined processes to maintain its quality edge in the local as well as the international market.

ستاروں سے آگے جہاں اور بھی ہیں

(There is a world beyond this world)

ACKNOWLEDGEMENT

I would like to thank the Group Executive Committee, Group President Mr. Aamir H. Shirazi, Group Director (Engineering) Mr. Jawaid Iqbal Ahmed, CEO; Mr. Vazeer Ali, Management Committee, staff and associates for their commitment to your Company's growth.

May I also thank Japan Storage Battery Company Ltd., and their representative, Mr. Kanji Kobayashi for his valuable contributions during his stay who returned to Japan after the completion of his tenure with us.

During the year, Mr. Aamir H. Shirazi resigned from the Board of your Company due to his various other pre-occupations and was replaced by Mr. Javaid Anwar, who is well known in the industry. We would like to place on record the valuable contributions made by Mr. Aamir H. Shirazi during the period of his tenure and welcome Mr. Javaid Anwar on the Board. We also welcome Mr. Naoyuki Inoue on the Board of your Company, who replaced Mr. Yoshitami Saito, representing Japan Storage Battery Company Limited. We highly appreciate the support and technical guidance extended by Mr. Yoshitami Saito to your Company during the period of his association with the Company and we expect the same from the incoming director; Mr. Naoyuki Inoue.

I would also like to thank our bankers, shareholders, members of the Board of Directors, vendors and customers for their continued support and guidance in all times.



Yusuf H. Shirazi

Karachi: September 02, 2005



DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their 39th Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended June 30, 2005.

FINANCIAL RESULTS AND APPROPRIATIONS

	2005	2004
	Rupees in '000	
Profit before taxation	54,004	117,694
Provision for taxation:		
Current year	9,727	26,810
Prior year	(4,583)	(1,035)
Deferred	8,013	8,403
	13,157	34,178
Profit after tax	40,847	83,516
Un-appropriated profit brought forward	1,197	522
	42,044	84,038
Appropriations:		
Bonus shares	6,897	13,136
Proposed Dividend @ 25% (2004-60%)	11,494	19,705
General reserves	23,000	50,000
	41,391	82,841

EARNINGS PER SHARE

During the year under review, the Company earned a basic earnings per share of Rs.8.88 (2004-Rs.18.16).

DIVIDEND

The Directors are pleased to recommend a cash dividend at the of 25% (Rupee 2.50/- per share) and Bonus share issue at the rate of 15% (Three bonus shares for every twenty shares held). The effect of this appropriation has not been taken in these financial statements, as described in note No. 43 of the annexed notes.

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, 2005 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 of the Company.

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	1
3.	Mr.Aamir H. Shirazi	1	3
4.	Mr.Aitzaz Shahbaz	5	2
5.	Mr.Iftikhar H. Shirazi	3	2
6.	Mr. Javaid Anwar	4	5
7.	Mr.Mohammad Atta Karim	5	2
8.	Mr.Yoshitami Saito	0	1
9.	Mr. Naoyuki Inoue	0	1

During the year, Mr. Aamir H. Shirazi resigned from the Board and was replaced by Mr. Javaid Anwar. Further Mr. Naoyuki Inoue was nominated by Japan Storage Battery Company Ltd. Japan in place of Mr. Yoshitami Saito, for a term of Three years starting from May 21, 2005.

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 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, 2005 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:

S. No.	Name of Directors		Attendance at the meeting
1.	Mr. Aitzaz Shahbaz	Chairman	3/4
2.	Mr. Iftikhar H. Shirazi	Member	3/4
3.	Mr. Mohammad Atta Karim	Member	4/4

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 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, 2005 are as follows:

Employees Provident Fund Rs.27.349 million

Gratuity Fund Rs.10.614 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, 2005 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, 2006.

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 has a web site (www.atlasbattery.com.pk), which contains up to date financial and other informations on the Company as well as group activities.

For & on behalf of
BOARD OF DIRECTORS



Vazeer Ali
Chief Executive

Karachi: September 02, 2005



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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Casual vacancy occurred in the Board during the year was filled up within stipulated time.
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.

For & On behalf of
BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Yusuf H. Shirazi".

Yusuf H. Shirazi

KARACHI: September 02, 2005

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

A handwritten signature in black ink, appearing to read "Vazeer Ali".

Vazeer Ali
Chief Executive

KARACHI: September 02, 2005



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 : mcj@hcd@khi.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, 2005.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: September 05, 2005



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, 2005 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 4.18 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, 2005 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.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: September 02, 2005



BALANCE SHEET


AS AT JUNE 30, 2005

	Note	2005	2004
		Rupees in '000'	
ASSETS			
NON CURRENT ASSETS			
Fixed assets	5	151,188	93,228
Intangible assets	6	375	750
Long term investment	7	-	-
Long term deposits	8	2,612	533
CURRENT ASSETS			
Stores, spare parts and loose tools	9	6,601	5,473
Stock-in-trade	10	211,650	103,212
Trade debts	11	39,536	39,726
Investments- available for sale	12	39,835	72,043
Loans and Advances	13	18,966	18,857
Trade deposits and prepayments	14	2,238	3,470
Interest accrued	15	107	56
Other receivables	16	-	7,088
Income tax refundable		21	5,415
Cash and bank balances	17	32,607	26,421
		351,561	281,761
TOTAL ASSETS		505,736	376,272
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 10,000,000 Ordinary Shares of Rs.10/- each.		100,000	100,000
Issued, subscribed and paid up capital	18	45,977	32,841
Reserves - Revenue	19	188,544	180,538
		234,521	213,379
NON CURRENT LIABILITIES			
Long term financing	20	60,000	-
Deferred Liabilities	21	34,593	22,403
CURRENT LIABILITIES			
Trade and other payables	22	74,521	75,634
Mark-up accrued on borrowings	23	2,060	245
Short term borrowings	24	74,314	34,683
Current portion of long-term financing		16,000	-
Provision for taxation	25	9,727	29,928
		176,622	140,490
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		505,736	376,272

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


Aitzaz Shahbaz
Director

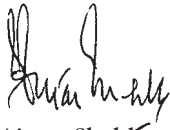

Vazeer Ali
Chief Executive


Yusef H. Shirazi
Chairman


PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2005

	Note	2005	2004
		Rupees in '000'	
Sales	27	949,755	770,105
Cost of sales	28	(792,172)	(596,622)
Gross profit		157,583	173,483
Distribution costs	29	(60,108)	(56,120)
Administrative expenses	30	(36,184)	(22,151)
		61,291	95,212
Other income	31	5,969	35,239
Finance costs	32	(9,199)	(4,131)
Other operating expenses	33	(4,057)	(8,626)
Profit before taxation		54,004	117,694
Taxation	34	(13,157)	(34,178)
Profit after taxation		40,847	83,516
Earnings per share - basic and diluted	35	8.88	18.16
Proposed cash dividend		25%	60%

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, 2005

	Note	2005	2004
Rupees in '000'			
Cash (utilized in) / generated from operations	36	(24,691)	121,532
Markup/interest paid		(6,082)	(2,767)
Gratuity paid		(1,276)	(1,041)
Compensated absences paid		(16)	(838)
Income taxes paid		(16,479)	(27,052)
Long term deposits		(2,079)	759
Net cash (utilized in) / generated from operations		(50,623)	90,593
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(77,176)	(27,212)
Intangible assets		(750)	(1,500)
Sale proceeds from property, plant and equipment		1,763	4,910
Short term Investment		-	(69,571)
Sale proceeds of investments-available for sale		36,878	35,817
Net cash used-in Investing Activities		(39,285)	(57,556)
Net cashflow before Financing Activities		(89,908)	33,037
FINANCING ACTIVITIES			
Increase / (decrease) in short term borrowings		39,631	(6,330)
Long term financing		80,000	-
Repayment of long term financing		(4,000)	-
Dividend paid		(19,537)	(16,884)
Cash flow from / (used-in) financing activities		96,094	(23,214)
Increase in cash & cash equivalents	37	6,186	9,823

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, 2005

	Share Capital	General Reserve	Reserve for issue of bonus shares	Unappropriated Profit	Total
----- Rupees in '000 -----					
Balance as at June 30, 2003 (as previously stated)	28,557	96,500	4,284	522	129,863
Effect of change in accounting policy (note 4.18)					
Proposed dividend	-	-	-	17,134	17,134
Bonus shares	-	-	(4,284)	4,284	-
Balance as at June 30, 2003 - restated	28,557	96,500	-	21,940	146,997
Dividend	-	-	-	(17,134)	(17,134)
Bonus share	4,284	-	-	(4,284)	-
Profit after taxation	-	-	-	83,516	83,516
Transfer	-	50,000	-	(50,000)	-
Balance as at June 30, 2004 - restated	32,841	146,500	-	34,038	213,379
Dividend	-	-	-	(19,705)	(19,705)
Bonus shares Issued	13,136	-	-	(13,136)	-
Profit for the year after taxation	-	-	-	40,847	40,847
Balance as at June 30, 2005	45,977	146,500	-	42,044	234,521

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, 2005

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 146 persons as at year end (2004: 144)

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 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 unfunded gratuity scheme for its non management staff. Contributions under the scheme are made on the basis of actuarial valuation and are charged to Profit and Loss Account. The valuation of both the scheme was carried out on June 30, 2005 using the "Projected Unit Credit Method". The amount recognised in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized transitional liability as reduced by fair value of the plan assets. Cumulative net unrecognized actuarial gain or loss at the end of the previous year which exceeds 10% of the greater of the present value of the company's obligation and fair value of plan assets are amortised 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.

Employee's Compensated Absences

Employee 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 utilized.

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

Owned and Leased assets

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. 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.

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.



Atlas Battery Limited

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. Realized and unrealized 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 parts and loose tools

Stores, spare parts and loose tools are stated at the lower of cost and net realizable 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 weighted average cost and net realizable value. Cost of raw materials, packing materials and components represents invoice values plus other charges paid thereon. 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. During the current year, the company in pursuance of substituted Fourth Schedule to the Companies Ordinance, 1984 has changed its accounting policy with respect to capitalization of exchange differences. Previously exchange differences on loans utilized for acquisitions of fixed assets were capitalized and all other differences were charged to income. The company now charges all exchange differences to Profit and Loss account. The change in accounting policy has no effect on the amount reported for current year and corresponding year. All 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 recognizes 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 debts, advance and deposits, other receivables and investments. Trade debts 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 financing, finance lease obligations, short term borrowings and trade and other payable.

4.14 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.

4.15 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.

4.16 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.

4.17 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, except for the assets sold to employees at written down value under the Company vehicle scheme as approved by the Board of directors.

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

4.18 Change in Accounting Policy

During the year the Company has changed the following policies consequent to the substitution of Fourth Schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan (SECP).

a) Recognition of dividend proposed subsequent to year end (Note # 43).

b) Capitalization of exchange difference (Note # 4.08).

5. FIXED ASSETS

	Note	2005	2004
Rupees in '000'			
Property, Plant and Equipment	5.01	140,097	92,887
Capital work in progress	5.05	11,091	341
		<u>151,188</u>	<u>93,228</u>

5.01 Property, Plant and Equipment

Particulars	Cost				Depreciation				Written down value June 30, 2005	Rate %
	July 01, 2004	Additions	Disposals	June 30, 2005	July 01, 2004	Charge for the year	Disposals	June 30, 2005		
Owned										
Leasehold land	435	-	-	435	-	-	-	-	435	-
Building on leasehold land	28,978	13,796	-	42,774	17,550	2,522	-	20,073	22,701	10
Plant and Machinery	105,768	19,010	-	124,778	54,529	7,025	-	61,554	63,224	10
Electric installations	1,190	4,810	-	6,000	811	519	-	1,330	4,670	10
Air conditioners	2,609	413	-	3,022	1,286	174	-	1,460	1,562	10
Gas Installations	135	-	-	135	116	2	-	118	17	10
Furniture & fixtures	2,188	-	-	2,188	1,058	113	-	1,171	1,017	10
Office equipments	987	-	-	987	689	30	-	719	268	10
Laboratory equipments	4,197	-	-	4,197	2,426	177	-	2,603	1,594	10
Vehicles	20,686	5,436	3,063	23,059	8,096	3,372	1,898	9,570	13,489	20
Fork lifters	2,072	-	-	2,072	1,872	40	-	1,912	160	20
Moulds dies & jigs	33,317	1,140	-	34,457	22,205	1,225	-	23,430	11,027	10
Factory equipments	1,356	20,336	-	21,692	973	2,072	-	3,045	18,647	10
Computers	4,964	1,485	553	5,896	4,384	780	553	4,611	1,285	30
Total - 2005	208,882	66,426	3,616	271,692	115,995	18,051	2,451	131,595	140,097	
Total - 2004	206,596	26,872	24,586	208,882	122,222	12,761	18,988	115,995	92,887	

5.02 Depreciation for the year has been allocated as follows:

Cost of Goods Manufactured	28.01	16,246	10,937
Distribution Cost	29	731	786
Administrative Expenses	30	1,074	1,038
		<u>18,051</u>	<u>12,761</u>

5.03 Disposal of fixed assets:

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sale Proceeds	Profit/(Loss)	Mode of disposal	Particulars of Purchasers
Motor Vehicles							
Cars							
Honda Citi	765	514	251	367	116	Company Policy	Mr. Mirza Bakhtiar Haider Employee
Suzuki Mehran	328	242	86	86	-	Company Policy	Mr. Hashmat Ali Khan Employee
Honda Citi	750	443	307	357	50	Company Policy	Mr. Khalid Manzoor Employee
	<u>1,843</u>	<u>1,199</u>	<u>644</u>	<u>810</u>	<u>166</u>		
Motorcycles							
Motor Cycle CD 70	63	37	26	63	37	Company policy	Mr. Maqbool Ahmed Employee
Motor Cycle CD 70	55	11	44	55	11	Company policy	Mr. Imran Ahmad Ex- Employee
Motor Cycle CD 70	63	37	26	26	-	Company policy	Mr. Donatus D.Souza Employee
Motor Cycle CD 70	62	42	20	26	6	Company policy	Mr. Sikander Ali Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Shafiullah Employee
Motor Cycle CD 70	62	42	20	62	42	Company policy	Mr. Aftab Ahmed Employee
Motor Cycle CD 70	63	37	26	26	-	Company policy	Mr. Wahid Hussain Employee
Motor Cycle CD 70	62	37	25	62	37	Company policy	Mr. Sher Nabi Employee
Motor Cycle CD 70	62	42	20	62	42	Company policy	Mr. Muzafar Khan Employee
Motor Cycle CD 70	63	42	21	62	41	Company policy	Mr. Mohd. Shabbir Employee
Motor Cycle CG 125	74	43	31	74	43	Company policy	Mr. Mohd. Iqbal Employee
Motor Cycle CD 70	65	38	27	27	-	Company policy	Mr. Akber Qureshi Employee
Motor Cycle CG 125	65	38	27	65	37	Company policy	Mr. Navaid Habib Employee
Motor Cycle CG 125	74	44	30	30	-	Company policy	Mr. Fareed Rasheed Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Anwar Khan Employee
Motor Cycle CD 70	63	37	26	63	37	Company policy	Mr. Tasleem Employee
Motor Cycle CD 70	65	38	27	27	-	Company policy	Mr. Shahid Shakeel Employee
Motor Cycle CD 70	64	38	26	26	-	Company policy	Mr. Mazhar H.Naqvi Employee
Motor Cycle CD 70	65	32	33	65	32	Company policy	Mr. Gohar Rehman Employee
	<u>1,220</u>	<u>699</u>	<u>521</u>	<u>951</u>	<u>429</u>		
Total Motor Vehicles	3,063	1,898	1,165	1,761	595		
Computer	553	553	-	2	2	Negotiation	Mr.Saeed Qureshi House No.60-IK, Nazimabad, Karachi.
Grand Total 2005	3,616	2,451	1,165	1,763	597		
Total 2004	24,586	18,988	5,598	4,910	(688)		

5.04 Moulds for containers and lids costing Rs.13,367 thousand (2004: Rs. 13,367 thousand) included in the moulds, dies & jigs are held by Pak Polymer (Private) Limited, Paramount Moulding Service, DICOM Industries Limited and Decent Engineering under agreements executed by the Company with them for use of these moulds for manufacturing containers and lids for the Company.

	2005	2004
	Rupees in '000'	
5.05 CAPITAL WORK IN PROGRESS		
Plant and machinery (including Rs.246 thousand in transit)	9,400	341
Civil work	1,691	-
	11,091	341
6. INTANGIBLE ASSETS		
Balance at beginning of the year	750	-
Incurred during the year	750	1,500
	1,500	1,500
Amortized during the year	1,125	750
	375	750
7. LONG TERM INVESTMENT - Other		
- Unlisted - Available-for-sale investment		
Arabian Sea Country Club Limited		
100,000 Ordinary Shares of Rs. 10/- each		
Break-up value on the basis of audited		
accounts for the year ended June 30, 2004		
Rs.5.89 (2003: Rs.5.94) per share	1,000	1,000
Less: Provision for impairment	(1,000)	(1,000)
	-	-
8. LONG TERM DEPOSITS		
Utility & Other deposits	2,612	533
8.01 The amount includes Rs. 2,082 thousand given to Sui Southern gas Company limited as a security deposit.		
9. STORES, SPARE PARTS AND LOOSE TOOLS		
General stores (including Rs.269 thousand in transit)	2,467	2,766
Spare parts	4,057	2,482
Loos tools	77	225
	6,601	5,473
There are no stores held for capital expenditure at year-end		
10. STOCK-IN-TRADE		
Raw materials, packing materials & components (average cost):		
In-hand	101,780	47,487
With third parties	7,666	4,609
Work in process (average cost)	25,517	19,046
Finished goods (average cost)	47,961	13,153
Goods in transit (at accumulated cost)	28,726	18,917
	211,650	103,212



Atlas Battery Limited

10.01 Stock-in-trade and trade debts upto a maximum amount of Rs.193.38 million (2004: Rs.193.38 million) are under hypothecation as security for the Company's short term finances.

10.02 Raw Materials and components costing Rs.7,666 thousands (2004 Rs.4,609 thousands) were held by Pak Polymer (Private) Limited, Paramount Moulding Service, DICOM Industries Limited and Decent Engineering under agreement executed by the Company with them for manufacture of plastic containers and lids for the Company.

Note 2005 2004
Rupees in '000'

11. TRADE DEBTS - Considered Good

Export debtors -Secured		-	4,892
Local debtors - Unsecured	11.01	39,536	34,834
		<u>39,536</u>	<u>39,726</u>

11.01 Includes Rs.2,677 thousand (2004 - Rs. 1,011 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.14,549 thousand (2004: Rs. 13,611 thousand).

11.02 Trade debts comprise amounts receivable from the sale of goods. The directors consider that the carrying amount of trade debts approximates their fair value.

12. INVESTMENTS - AVAILABLE FOR SALE

UTP Income Fund		-	35,689
- Number of units NIL (2004: 66,305 units)			
Pakistan Income Fund		39,835	36,354
- Number of units 726,922.80 (2004: 666,934.68 units)			
		<u>39,835</u>	<u>72,043</u>

13. LOANS AND ADVANCES - Unsecured - Considered Good

Loan to employees	13.01	518	313
Advances to staff for expenses	13.02	155	-
Advances to suppliers		4,526	1,304
Advances to others		130	130
Income tax deducted at source		13,637	17,110
		<u>18,966</u>	<u>18,857</u>

13.01 Loans to employees include loans to executives amounting to Rs.167 thousand (2004: Rs. 167 thousand). The maximum amount due from executives at the end of any month was Rs.236 thousand (2004: Rs. 300 thousand). Loan outstanding for more than 3 year is Nil (2004: Nil).

13.02 Advances to staff for expenses include amount of Rs. Nil (2004: Rs. Nil) given to executives. The maximum amount due from executives at the end of any month was Rs.20 thousand (2004: 40 thousand).

	Note	2005	2004
		Rupees in '000'	
14. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		1,873	2,823
Guarantee deposits		157	365
Prepayments	14.01	208	282
		2,238	3,470
14.01 Prepayments include insurance premium of Rs. Nil (2004: Rs. 150 thousand) paid to Muslim Insurance Company Limited, an associated company.			
15. INTEREST ACCRUED			
Mark-up accrued	- on PLS term deposits/other deposit	19	56
	- on SSGC's deposit (Associated)	88	-
		107	56
16. OTHER RECEIVABLES - Unsecured - Considered Good			
Insurance claims receivable		-	297
Other receivables		-	6,791
		-	7,088
17. CASH AND BANK BALANCES			
With banks:			
PLS term deposits	17.01	1,597	2,837
On current accounts		4,506	1,465
Imprest accounts		450	369
Un-deposited cheques / collection		26,054	21,750
		32,607	26,421

17.01 PLS Term Deposits are under lien of bank for guarantee issued on behalf of the Company. At 30 June, 2005 the mark-up rates on PLS term deposits range from 1.0% to 3.0% (2004: 3% to 6%)

18. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

Ordinary shares of Rs. 10 each			
1,300,000	Fully paid up in cash	13,000	13,000
3,297,735	Issued as fully paid bonus shares (2004: 1,984,097 shares)	32,977	19,841
4,597,735		45,977	32,841

18.01 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.

18.02 On October 15, 2004, a capitalisation issue of two bonus shares for every five shares held resulted in an increase in issued capital of Rs. 13,136 thousands and an equivalent reduction in Reserve for issue of Bonus shares.



Atlas Battery Limited

18.03 2,673,410 (2004: 1,909,406) Ordinary Shares of Rs. 10/- each were held by associated companies at the year end.

	Note	2005	2004
		Rupees in '000'	
19. RESERVES - REVENUE			
General reserves		146,500	146,500
Unappropriated profit		42,044	34,038
		<u>188,544</u>	<u>180,538</u>
20. LONG TERM FINANCING - SECURED			
From Muslim Commercial Bank Limited			
Loan disbursed during the year		80,000	-
Less: Paid during the year		4,000	-
		<u>76,000</u>	<u>-</u>
Less: Transfer to current maturity due within one year		16,000	-
		<u>60,000</u>	<u>-</u>

20.01 The Company has arranged Term loan of Rs. 80 million from Muslim Commercial Bank Limited which is secured against first registered charge of Rs.107 million by way of equitable mortgage over present and future fixed assets of the Company. The loan was disbursed in two tranches of Rs.40 million each on December 08, 2004 and April 29, 2005. The loan is repayable in twenty equal quarterly installments commencing from March 08, 2005 and July 28, 2005. The loan carries markup rate of base rate plus 0.7% per annum. Base rate means 3 month KIBOR ASK RATE. The markup is payable quarterly.

21. DEFERRED LIABILITIES

Deferred taxation	21.01	21,284	13,271
Provision for gratuity	21.02	4,914	2,413
Provision for compensated absences	21.05	8,395	6,719
		<u>34,593</u>	<u>22,403</u>

21.01 DEFERRED TAXATION

Deferred Income tax at June 30, 2005 relates to the following:

	Balance Sheet		Profit and Loss	
	2005	2004	2005	2004
	Rupees in '000'		Rupees in '000'	
Deferred tax liabilities:				
Accelerated depreciation for tax purposes	22,742	14,674	8,068	5,327
Deferred tax assets:				
Provision for gratuity	(432)	(397)	(35)	216
Provision for impairment	(350)	(350)	-	-
Other provisions	(676)	(656)	(20)	2,860
Net Deferred income tax liability	<u>21,284</u>	<u>13,271</u>		
Deferred income tax charge for the year	34		8,013	8,403

	Note	2005	2004
Rupees in '000'			
21.02 PROVISION FOR GRATUITY			
Balance at beginning of year		2,413	2,017
Add: Provision for the year	21.04	3,777	1,437
		<u>6,190</u>	<u>3,454</u>
Less : Payments during the year		1,276	1,041
Balance at end of year	21.03	<u>4,914</u>	<u>2,413</u>

21.03 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-Funded		Non-management-Unfunded		TOTAL	
	2005	2004	2005	2004	2005	2004
Rupees in '000'						
Present value of defined benefit obligation (actuarial liability)	16,649	11,022	1,136	895	17,785	11,917
Fair value of plan assets	(10,608)	(8,548)	-	-	(10,608)	(8,548)
Unrecognized Non-vested Liability	(373)	(560)	-	-	(373)	(560)
Unrecognized actuarial gain/(loss)	(1,988)	(638)	98	242	(1,890)	(396)
Balance at end	<u>3,680</u>	<u>1,276</u>	<u>1,234</u>	<u>1,137</u>	<u>4,914</u>	<u>2,413</u>
Net Liability at the beginning of the year	1,276	264	1,137	1,753	2,413	2,017
Gratuity cost for the year	3,680	1,276	97	161	3,777	1,437
Contributions	(1,276)	(264)	-	-	(1,276)	(264)
Payment to outgoing employees	-	-	-	(777)	-	(777)
Net Liability at the end of the year	<u>3,680</u>	<u>1,276</u>	<u>1,234</u>	<u>1,137</u>	<u>4,914</u>	<u>2,413</u>

21.04 The expense is recognized in the following line items in the income statement

	Note	2005	2004	2005	2004
Cost of goods manufactured	28.04	458	332	97	161
Distribution cost	29.01	276	378	-	-
Administrative expenses	30.02	2,946	566	-	-
		<u>3,680</u>	<u>1,276</u>	<u>97</u>	<u>161</u>
				<u>3,777</u>	<u>1,437</u>

Principal actuarial assumptions at the balance sheet date for:

Discount rate	9%	8%	9%	8%
Future salary increases	8%	7%	8%	7%
Return on investment	9%	8%	9%	8%



	Note	2005	2004
Rupees in '000'			
21.05 PROVISION FOR COMPENSATED ABSENCES			
Balance at beginning of year		6,719	6,995
Add: Provision for the year		1,692	562
		8,411	7,557
Less : Payments during the year		16	838
		8,395	6,719
22. TRADE AND OTHER PAYABLES			
Trade creditors		19,029	18,300
Accrued liabilities	22.01	34,465	30,747
Provision for warranty	22.02	1,930	1,776
Customers credit balances		1,836	3,300
Sales tax		8,348	10,266
Provident Fund Trustees		597	-
Workers' profit participation fund	22.03	3,081	6,266
Workers' welfare fund	22.04	561	1,584
Tax deductions		1,071	9
Unclaimed dividend	22.05	1,117	950
Other liabilities	22.06	2,486	2,436
		74,521	75,634
22.01 Accrued liabilities include Rs.18,995 thousand (2004: Rs. 15,402 thousand) payable to associated company.			
22.02 PROVISION FOR WARRANTY			
Balance at beginning		1,776	1,874
Provided during the year		8,493	5,722
		10,269	7,596
Paid/charged during the year		8,339	5,820
		1,930	1,776
22.03 WORKERS' PROFIT PARTICIPATION FUND			
Balance at beginning of year		6,266	3,114
Add: Interest credited on fund utilised in the Company's business		209	421
		6,475	3,535
Less: Payment made during the year		6,266	3,535
		209	-
Contributions for the year @ 5 %		2,872	6,266
		3,081	6,266

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.

	Note	2005	2004
		Rupees in '000'	
22.04 WORKERS' WELFARE FUND			
Balance at beginning of year		1,584	1,306
Less: Payment made during the year		1,587	1,078
		(3)	228
Add: Provision for the year		561	1,584
Prior year adjustment		3	(228)
Balance at end of year		561	1,584
22.05 UNCLAIMED DIVIDEND			
Unclaimed dividend		1,089	921
Unclaimed bonus fractions		28	29
		1,117	950
22.06 Other liabilities include vehicle deposits/instalments under company vehicle policy amounting to Rs.2,037 thousand (2004: Rs. 2,126 thousand).			
23. MARK-UP ACCRUED ON BORROWINGS			
Mark-up -long term borrowings		414	-
Mark-up -short term borrowings		1,646	245
		2,060	245
24. SHORT TERM BORROWINGS - SECURED			
Running finances from Banks	24.01	44,314	8,425
Import Finance (Foreign currency)	24.02	-	16,258
Demand Finance		30,000	10,000
		74,314	34,683

24.01 The Company has credit facilities upto an aggregate of Rs. 150 million (2004-Rs. 150 million) which are secured against pledge/hypothecation of stocks and charge on debtors amounting to Rs.193.38 million (2004: Rs. 193.38 million). The facilities carry mark-up at the rate of KIBOR + 0.8% to KIBOR + 1.5% per annum (2004-Re.0.137 to Re.0.156 per thousand per day on daily product basis).

24.02 The Company has Finance agreements (Under SBP Circular F.E. 25) with National Bank of Pakistan and Habib Bank Ltd. for availing a foreign currency financing upto the extent of USD 1.639 million (2004: USD 1.273 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.

24.03 The facility for opening letters of credit as at June 30, 2005 amounted to Rs. 160 million (2004: Rs. 110 million) of which the amount remaining unutilised at the year-end was Rs. 22 million (2004: Rs. 67 million).



	Note	2005	2004
Rupees in '000'			
25. PROVISION FOR TAXATION			
Balance at beginning of year		29,929	22,119
Add: Provision made during the year			
Current year		9,727	26,810
Prior year		(4,583)	(1,035)
		5,144	25,775
		35,073	47,894
Less : Payments/adjustments during the year		25,346	17,966
Balance at end of the year		9,727	29,928
26. CONTINGENCIES AND COMMITMENTS			
Confirmed letters of credit relating to:-			
Raw materials		72,285	30,071
Stores, spare parts and loose tools		-	853
Property, plant and equipment		65,331	12,755
Commitment for Capital expenditures		3,933	-
Guarantees issued by banks on behalf of the Company		992	3,074
27. SALES			
Export sales		12,087	42,689
Local sales	27.01	937,668	727,416
		949,755	770,105
27.01 Gross Local sales		1,218,394	958,928
Less: Discounts and incentives		(128,801)	(106,337)
Sales tax		(151,925)	(125,175)
		937,668	727,416
28. COST OF SALES			
Finished Stock at beginning of year		13,153	55,349
Cost of goods manufactured	28.01	826,980	554,426
		840,133	609,775
Finished Stock at end of year	10	47,961	13,153
		792,172	596,622

	Note	2005	2004
Rupees in '000'			
28.01 COST OF GOODS MANUFACTURED			
Work in process at beginning of year		19,046	22,297
Raw materials, Packing materials & Components consumed	28.02	649,848	392,865
Salaries, wages & benefits	28.03	56,246	62,074
Stores consumed		26,228	19,407
Fuel, power & water		41,298	31,321
Insurance		2,538	2,062
Rent, rates & taxes		801	809
Repair & maintenance		5,716	5,029
Royalty		18,995	15,402
Traveling, conveyance and entertainment		3,216	1,767
Cartage		1,637	1,410
Postage & telephone		578	728
Printing & Stationery		695	445
Vehicle running		296	262
Free replacement		8,493	5,722
Depreciation	5.02	16,246	10,937
Others manufacturing expenses		620	935
		852,497	573,472
Work in Process at end of year	10	25,517	19,046
		826,980	554,426
28.02 RAW MATERIALS, PACKING MATERIALS & COMPONENTS CONSUMED			
Stock at beginning of year		52,096	40,148
Purchases		707,198	404,813
		759,294	444,961
Stock at end of year	10	109,446	52,096
		649,848	392,865
28.03 Salaries, wages & benefits include Rs.1,177 thousand (2004: Rs. 1,219 thousand) in respect of provident fund contributions.			
28.04 The following amounts have been charged to cost of goods manufactured during the year in respect of gratuity schemes:			
Current service cost		303	251
Interest costs		435	259
Expected return on Plan Assets		(234)	(71)
Amortization of (gain)/loss		(13)	5
Amortization of non vested liability		64	49
		555	493



	Note	2005	2004
Rupees in '000'			
29. DISTRIBUTION COSTS			
Salaries & benefits	29.01	12,332	12,198
Traveling, conveyance & entertainment		5,018	5,401
Rent, rates & taxes		1,763	1,543
Insurance		3,624	3,000
Repairs & maintenance		363	355
Gas & electricity		702	617
Advertisement & publicity		7,716	8,221
Freight & handling		24,733	18,901
Export handling and other charges		262	864
Printing & stationery		437	435
Postage & telephone		1,852	2,005
Vehicle running		40	30
Late delivery charges		-	1,066
Services charges		302	235
Depreciation	5.02	731	786
Others		233	463
		60,108	56,120

29.01 Salaries & benefits include Rs.602 thousand (2004: Rs. 518 thousand) in respect of provident fund contributions.

29.02 The following amounts have been charged to distribution costs during the year in respect of gratuity scheme:

Current service cost	160	198
Interest costs	219	192
Expected return on Plan Assets	(141)	(80)
Amortization of loss	-	13
Amortization of non vested liability	38	55
	276	378

30. ADMINISTRATIVE EXPENSES

Directors' meeting fee	39.02	26	2
Salaries & benefits	30.01	26,085	15,308
Traveling, conveyance & entertainment		2,326	1,356
Rent, rates & taxes		1,090	1,038
Insurance		515	561
Repairs & maintenance		-	16
Advertisement		193	63
Legal & professional charges		519	407
Gas & electricity		-	134
Fees & subscription		357	490
Postage & telephone		436	262
Printing & stationery		582	543
Vehicle running		54	71
Training expenses		1,309	79
Depreciation	5.02	1,074	1,038
Amortization		1,125	750
Others		29	33
Donations	30.03	464	-
		36,184	22,151

	Note	2005	2004
Rupees in '000'			
30.01		Salaries & benefits include Rs.1,244 thousand (2004: Rs. 764 thousand) in respect of provident fund contributions.	
30.02		The following amounts have been charged to administrative expenses during the year in respect of gratuity scheme:	
		349	295
Current service cost		478	288
Interest costs		(308)	(120)
Expected return on Plan Assets		-	20
Amortization of loss		2,343	-
Recognition of Liability in respect of transferee		84	83
Amortization of non vested liability		<u>2,946</u>	<u>566</u>

30.03 Includes Rs 444 thousand (2004: Rs. Nil) paid to the Atlas Foundation (Formerly Shirazi Foundation), Adamjee House, I.I. Chundrigar Road, Karachi, where Mr.Yusuf H. Shirazi and Mr. Iftikhar H. Shirazi the directors of the Company are also directors of the Foundation.

31. OTHER INCOME

Income from non financial assets:

Scrap Sales		570	669
Profit on sale of property, plant and equipment	5.03	597	-

Income from financial assets:

Profit on PLS term/Long term deposits		128	90
Unrealized gain on re-measurement of available for sale investment		3,481	2,472
Gain on Sale of Investment - available for sale		1,189	-
Capital gain on sale of investment		-	31,995
Exchange gain		4	13
		<u>5,969</u>	<u>35,239</u>

32. FINANCE COSTS

Interest / markup on:

Long term financing - secured		1,965	-
Short term borrowings - secured		5,723	2,024
Workers' profit participation fund		208	422
Bank & other financial charges		1,303	1,685
		<u>9,199</u>	<u>4,131</u>

33. OTHER OPERATING EXPENSES

Workers' profit participation fund		2,872	6,266
Workers' welfare fund		564	1,356
Auditors' remuneration	33.01	407	316
Exchange loss		214	-
Loss on sale of property, plant and equipment		-	688
		<u>4,057</u>	<u>8,626</u>

33.01 Auditors' remuneration:

Audit fee		217	193
Provident fund & Workers' profit participation fund audit and certification		174	100
Out of pocket expenses		16	23
		<u>407</u>	<u>316</u>



Note 2005 2004
Rupees in '000'

34. TAXATION

Tax charge for the year			
Current		9,727	26,810
Prior		(4,583)	(1,035)
Deferred		8,013	8,403
		<u>13,157</u>	<u>34,178</u>

34.01 The charge for the year can be reconciled to the profit as per the profit and loss account as follows:

Accounting profit before tax	Tax rate	54,004	117,694
- Tax at the applicable income tax rate	35.0%	18,901	41,193
- Tax effect of expenses that are not deductible in determining taxable profit	(13.2%)	(7,127)	(4,637)
- Adjustment in respect of current income tax of previous periods	(8.5%)	(4,583)	(1,035)
- Effect of difference in tax rates under normal assessment and presumptive tax regime	11.1%	5,966	(1,343)
- Effective tax rate and tax expenses for the current year	<u>24.4%</u>	<u>13,157</u>	<u>34,178</u>

34.02 The income tax assessments of the Company have been finalised upto and including tax year 2004 (Income year ending 30 June 2004).

35. EARNINGS PER SHARE

Net Profit after taxation for the year attributable to Ordinary Shareholders		40,847	83,516
Weighted average number of ordinary shares outstanding at year-end	Number	4,597,735	3,284,097
Earnings per share - basic and diluted	Rupees	<u>8.88</u>	<u>18.16</u>

	2005	2004
	Rupees in '000'	
36. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	54,004	117,694
Adjustments for:		
Depreciation	18,051	12,761
Amortization	1,125	750
Markup / interest expenses	7,896	2,432
(Profit) / Loss on sale of property, plant and equipment	(597)	688
Provision for gratuity	3,777	1,437
Provision for compensated absences	1,692	562
Unrealized gain on re-measurement of available for sale investment	(3,481)	(2,472)
Capital gain on sale of investment	-	(31,995)
Gain on sale of investment-available for sale	(1,189)	-
	27,274	(15,837)
Operating profit before working capital changes	81,278	101,857
Working capital changes:		
(Increase) / Decrease in Current Assets		
Stores, spares parts and loose tools	(1,128)	(1,086)
Stock-in-trade	(108,438)	27,217
Trade debts	190	371
Loan and advances (excluding tax deducted at source)	(3,582)	(95)
Trade deposits and prepayments	1,232	290
Interest accrued	(51)	39
Other receivables	7,088	(3,391)
	(104,689)	23,345
(Decrease) in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	(1,280)	(3,670)
Working Capital changes	(105,969)	19,675
Cash (utilized in)/generated from operations	(24,691)	121,532
37. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS		
Balance at beginning of year	26,421	16,598
Net Cash Inflow during the year	6,186	9,823
Balance at end of year	32,607	26,421



2005 2004
Rupees in '000'

38. RELATED PARTY TRANSACTIONS

Name of Related Party and Nature of relationship	Nature of Transaction	—— Transaction Value ——	
(a) Associated Companies			
Allwin Engineering Industries Limited (Common Directorship)	Reimbursement of actual expenses	-	136
	Actual reimbursement of expenses received	126	47
Atlas Honda Limited (Common Directorship)	Sale of Batteries	101,395	67,205
	Purchase of motorcycles	1,430	2,465
	Reimbursement of actual expenses	429	282
Atlas Investment Bank Limited (Common Directorship)	Sale of Shares	-	35,816
	Brokerage	-	57
Honda Atlas Cars (Pakistan) Limited (Common Directorship)	Sale of Batteries	25,266	11,434
	Purchase of fixed assets	1,604	3,538
Japan Storage Battery Co Ltd (Investment in Equity)	Purchase of Raw Material	6,089	5,208
	Royalty	18,995	15,402
	Dividend Paid	2,956	2,570
	Purchase of fixed assets	3,575	-
Muslim Insurance Company Limited (Common Directorship)	Insurance claim	1,252	1,200
	Insurance premium	12,164	8,760
	Dividend Paid	344	299
	Expenses charged to	67	-
Shirazi Investments (Private) Limited (Common Directorship)	Rent of premises	1,090	1,038
	Reimbursement of actual expenses	1,169	1,031
	Dividend paid	7,752	6,739
Shirazi Trading Company (Private) Limited (Common Directorship)	Purchase of fixed assets	1,336	334
	Purchase of consumable items	750	155
	Expenses charged to	30	-
Sui Southern Gas Company Limited (Common Directorship)	Purchase of Natural Gas	10,327	9,630
	Security deposit	2,082	-
	Interest on deposit	88	-
(b) Enterprise over which any person described in (a) above is able to exercise significant influence			
Batool Benefits Trust (Common Directorship)	Dividend Paid	43	37
Atlas Foundations (Formerly Shirazi Foundation) (Common Directorship)	Rent of premises	428	407
	Dividend Paid	362	315
	Sale Proceeds of bonus fractions	34	29
	Donation paid	444	-

All these 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 30 June 2005 are included in respective notes to the accounts.

	Note	2005	2004
		Rupees in '000'	
39. DIRECTORS' AND EXECUTIVES' REMUNERATION			
39.01 Chief Executive			
Managerial Remuneration		2,530	2,331
Rent & utilities		1,392	1,049
Cost of living allowance		380	582
Provident fund		278	256
Reimbursement of medical expenses & others		106	88
Bonus		-	437
		4,686	4,743
39.02 Meeting fees other directors			
		26	2
Number of persons		2	1
39.03 Executives			
Managerial Remuneration		8,238	4,022
Rent & utilities		4,531	1,810
Cost of living allowance		1,235	1,005
Provident fund		894	442
Reimbursement of medical expenses & others		520	150
Bonus		-	775
		15,418	8,204
Number of persons		9	6

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

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.01 Financial Assets and Liabilities

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 5						2 0 0 4		
	Interest bearing			Non-Interest bearing			Total	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									
Long term deposits	-	2,082	2,082	-	530	530	2,612	533	
Trade Debtors	-	-	-	39,536	-	39,536	39,536	39,726	
Investments- available for sale	39,835	-	39,835	-	-	-	39,835	72,043	
Loans & advances	-	-	-	5,329	-	5,329	5,329	1,747	
Trade deposits	-	-	-	2,030	-	2,030	2,030	3,188	
Other receivables	-	-	-	-	-	-	-	7,088	
Cash & Bank balances	1,597	-	1,597	31,010	-	31,010	32,607	26,421	
	41,432	2,082	43,514	77,905	530	78,435	121,949	150,746	
Financial liabilities									
Long term financing	16,000	60,000	76,000	-	-	-	76,000	-	
Trade & Other payables	-	-	-	66,173	-	66,173	66,173	65,367	
Mark-up accrued on borrowings	2,060	-	2,060	-	-	-	2,060	245	
Short term borrowings	74,314	-	74,314	-	-	-	74,314	34,683	
	92,374	60,000	152,374	66,183	-	66,183	218,557	100,295	
On-balance sheet gap	(50,942)	(57,918)	(108,860)	11,722	530	12,252	(96,608)	50,452	

40.02 Effective interest rates

Assets

Long term deposits
Investments- available for sale
Cash at Bank under PLS. Deposit

Liabilities

Short term borrowing

2005

2004

5.0%	-
5.8% to 9.6%	6.5% to 7%
1% to 3%	3% to 6%
2.53% to 8.71%	3.05% to 5.70%

40.03 Concentration of credit risks

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 risks amounted to Rs. 121.95 million (2004: Rs. 150.75 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.

40.04 Fair value of the financial instruments

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

41. 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.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 02, 2005 by the Board of Directors of the Company.

43. RECOGNITION OF PROPOSED DIVIDEND

The Securities and Exchange Commission of Pakistan has substituted the Fourth Schedule to the Companies Ordinance, 1984 which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividends declared subsequent to the year. The change in accounting policy has been accounted for retrospectively and the comparative information has been restated in accordance with the benchmark treatment specified in International Accounting Standards 8; Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies. Had there been no change in the accounting policy, the unappropriated profit carried forward would have been lower by Rs.32.841 million and the dividend payable and reserves for issue of Bonus shares would have been higher by Rs. 19.705 million and Rs.13.136 million respectively for the year ended June 30, 2004. The effect of the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the periods.

The Board of Directors has proposed a final dividend for the year ended June 30, 2005 of Rs.2.50 per share, amounting to Rs.6,897 thousand and bonus share issue at the rate of 15% at their meeting held on September 02, 2005 for approval of the members at the Annual General Meeting to be held on September 29, 2005. These financial statements do not reflect this dividend payable, as explained above.

44. CORRESPONDING FIGURES


Consequential to the substitution of the Fourth Schedule to the Companies Ordinance, 1984 as described above, certain reclassifications and rearrangements have been made in prior year's balances which mainly include reclassification of corresponding figures. The significant change occurred is in the disclosure requirement of Executives' remuneration in Note # 39 due to the change in definition of 'Executives'.



Aitzaz Shahbaz
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman





PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2005

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
538	1	100	14,775	0.32%
329	101	500	98,300	2.14%
126	501	1000	97,770	2.13%
94	1001	5000	201,186	4.38%
23	5001	10000	177,457	3.86%
4	10001	15000	50,761	1.10%
8	15001	20000	141,239	3.07%
2	20001	25000	49,760	1.08%
1	35,001	40,000	35,900	0.78%
1	50,001	55,000	51,837	1.13%
1	60,001	65,000	61,173	1.33%
2	80,001	85,000	164,703	3.58%
1	85,001	90,000	86,018	1.87%
4	215,001	220,000	868,142	18.88%
1	685,001	690,000	689,656	15.00%
1	1,805,001	1,810,000	1,809,058	39.35%
<u>1136</u>			<u>4,597,735</u>	<u>100.00%</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Undertakings & Related parties			
Atlas Foundation (formerly Shirazi Foundation)	1	84,525	1.84%
Batool Benefit Trust	1	9,993	0.22%
Japan Storage Battery Co.Ltd.	1	689,656	15.00%
Muslim Insurance Company Limited	1	80,178	1.74%
Shirazi Investments (Private) Limited	1	1,809,058	39.35%
	<u>5</u>	<u>2,673,410</u>	<u>58.15%</u>
Investment Corporation of Pakistan			
Investment Corporation of Pakistan	1	958	0.02%
Directors			
Mr. Aitzaz Shahbaz	1	100	-
Mr. Iftikhar H. Shirazi	1	217,033	4.72%
Mr. Javaid Anwar	1	100	-
Mr. Muhammad Atta Karim	1	100	-
Mr. Yusuf H. Shirazi	1	19,103	0.42%
	<u>5</u>	<u>236,436</u>	<u>5.14%</u>
Corporation			
State Life Insurance Corporation of Pakistan	1	61,173	1.33%
Financial Institutions			
Bank Al-Habib Limited	1	19,600	0.43%
Habib Insurance Co.Ltd.	1	8,260	0.18%
	<u>2</u>	<u>27,860</u>	<u>0.61%</u>
Joint Stock Companies			
Individuals	15	16,192	0.33%
SECP	1,105	1,564,841	34.04%
Abandoned Properties Organisation	1	1	0.00%
	1	16,864	0.37%
	<u>1,136</u>	<u>4,597,735</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

PRODUCT TYPES AND THEIR APPLICATION

Battery Type	No. of Plates	A.M.P	Application
XR38	9PL	32	Suzuki Van/pickups, Subaru van/Pickups (old models) 600cc 800cc
XL40	9PL	35	Suzuki Car/ Van pickups, Jeep Subaru Car/Van Pickups, Charade Petrol (800cc-1000cc)
CNG40	9PL	38	
XL 46	11PL	40	All Types of Suzuki Vehicles (800cc to 1,300cc) Honda Citi
HB43	11PL	40	Toyota, Nissan (Datsun), Daihatsu, Mazda, Mitsubishi (1000cc to 1600cc)
HB43(S)	9PL	35	
45C24L	11PL	40	Toyota Nissan (Datsun), Daihatsu, Mazda, Mitsubishi 1200cc-1600cc
CNG50	11PL	45	
50C24R	13PL	45	Datsun 120Y, Mazda 1600, Mitsubishi Lancer 1500 Honda Civic (1000cc-1600cc)
55D26R	9PL	48	
65D26R	11PL	50	Datsun Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz Petrol, Willys Jeeps, MF375 Tractors, Hyundai/Daewoo (2000cc-4000cc), Datsun Toyota Mark II, Toyota Crown, Toyota cressida, Mercedes Benz Petrol, Willys Jeeps, Issuzu JCR 520zz, (200-6000cc)
DIN 555-30	11PL	60	
XR 85	13PL	55	
XL 85	13PL	70	
80D31R	11PL	72	
85D31R	13PL	75	Toyota Hi-Ace Diesel, Mercedes Benz (Petrol), Issuzu Bus JCR 520zz, Massey Ferguson Tractors MF -210 Crusier, Toyota Hi-Lux Nissan Diesel Pick-up, Ford 1910) Tractor, (2000cc - 6000cc)
U95	13PL	80	
95D31R	15PL	85	
95D31L	15PL	85	
6FT108	15PL	100	Fiat Tractors 460/480, IMT 540 Tractors Massey Ferguson Tractors 240/265, Ford Wagons Land Rover, Toyota Land Cruiser Jhon deersc 500 Taishen TS-25 Tractors 3000cc-6000cc)
N110	17PL	107	Issuzu Trucks Mercedes Benz -Hino Truck ZH-100 Fiat Tractors 640 issuzu JCR 460R. (3000cc-6000cc)
U115	15PL	110	Old Americian & European Car Models (1000cc-2000cc)
118E41R	19PL	117	
U130	19PL	120	Fiat Tractors 460, Hino Truck & Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Issuzu Diesel Busses, Fiat Buses, 331 (300cc - 12000cc)
130F51R	21PL	130	
145F51R	23PL	140	
4DLT145	23PL	120	Ford Tractor-3610 & 46
4DLT160	27PL	155	
XL180	23PL	165	
N185	25PL	175	Mazda Coaster T-3000, Issuzu TD-72, Generator Sets, Road Rollers & Belarus Tractor.
195G51R	27PL	175	
195G51RF	27PL	190	
210H52	31PL	200	Generator Sets, Road Roller, Bulldozer.
245H52	33PL	210	

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, 2005 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

Fold Here

Fold Here

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Fold Here