

CORPORATE PROFILE

BOARD OF DIRECTORS

Arif Hashwani - *Chairman*
Altaf Hashwani - *Chief Executive*
S. Haider Mehdi

COMPANY SECRETARY

S. Haider Mehdi

BANKER

National Bank of Pakistan

AUDITORS

Taseer Hadi Khalid & Co.

SOLICITORS

Orr, Dignam & Co.

REGISTERED OFFICE

40-K, Block-6
Dr. Mahmood Hussain Road
Off Sharae Faisal
P.E.C.H.S.
Karachi-75400

DIRECTORS REPORT

The Directors have pleasure in presenting their Report for the year ended March 31, 2007.

Accounts:

The Audited Accounts of the Company for the year ended March 31, 2007 are annexed, together with the Auditors' Report thereon.

Results:

Production activities could not be started due to the withdrawal of various incentives by the Government from the Industrial Estate of Hattar and as such, loss appearing in the Profit and Loss Account attributes to amortization of preliminary expense incurred in the previous years and professional charges and audit fees for the year 2006-2007.

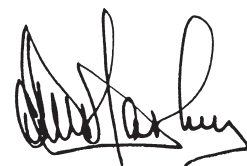
Appointment of Auditors:

The present auditors, Messrs: KPMG Taseer Hadi Khalid & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

Holding Company:

The Company is wholly owned subsidiary of **Exide Pakistan Limited**.

On behalf of the Board



ALTAF HASHWANI
Chief Executive

Karachi: 21 June, 2007

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Chloride Pakistan (Private) Limited** as at 31 March 2007 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 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;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the object 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 of the 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 31 March 2007 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 2.2 to the financial statements, which states that these financial statements have not been prepared on a going concern basis and consequently all the assets appearing in these financial statements have been measured at their realizable values and the liabilities are reported at amounts not less than those at which these are expected to be settled.



KPMG TASEER HADI KHALID & CO.
Chartered Accountants

**CHLORIDE PAKISTAN (PRIVATE) LIMITED
BALANCE SHEET
AS AT 31 MARCH 2007**

	Note	2007	2006
		(Rupees')	
Preliminary expenses & deferred cost	2.2	-	375,164
Current assets			
Cash in hand		300	300
Current liabilities			
Amount payable to Exide Pakistan Limited	3	(167,464)	(151,664)
		<u>(167,164)</u>	<u>223,800</u>
Financed By:			
Share capital	5	223,800	223,800
Note loss		(390,964)	-
		<u>(167,164)</u>	<u>223,800</u>

The annexed notes 1 to 6 form an integral part of these financial statements.



ALTAF HASHWANI
Chief Executive



S. HAIDER MEHDI
Director

**CHLORIDE PAKISTAN (PRIVATE) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 (Rupees')	2006
Expenses			
Preliminary expenses and deferred cost	2.2	375,164	-
Professional charges		800	-
Audit fee		15,000	-
Net loss before tax		390,964	
Tax	2.4	-	-
Net loss after tax		<u>390,964</u>	<u>-</u>

The annexed notes 1 to 6 form an integral part of these financial statements.



ALTAF HASHWANI
Chief Executive




S. HAIDER MEHDI
Director

**CHLORIDE PAKISTAN (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007**

	2007	2006
	(Rupees')	
Loss for the year	(390,964)	-
Adjustment for non-cash items:		
Preliminary expenses and deferred cost	375,164	-
Changes in current liabilities		
Increase the amount payable to Exide Pakistan Limited	15,800	18,500
Preliminary expenses and deferred costs	<u>-</u>	<u>(18,500)</u>
Net cash flow from operating activities	-	-
Cash in hand at beginning of the year	<u>300</u>	<u>300</u>
Cash in hand at end of the year	<u><u>300</u></u>	<u><u>300</u></u>

The annexed notes 1 to 6 form an integral part of these financial statements.



ALTAF HASHWANI
Chief Executive



S. HAIDER MEHDI
Director

**CHLORIDE PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 31 MARCH 2007**

	Share Capital (Rupees')	Total
Balance as on 31 March 2005	223,800	223,800
Net profit / (loss) for the year	<u>-</u>	<u>-</u>
Balance as on 31 March 2006	223,800	223,800
Net loss for the year	-	(390,964)
Balance as on 31 March 2007	<u>223,800</u>	<u>(167,164)</u>

The annexed notes 1 to 6 form an integral part of these financial statements.



ALTAF HASHWANI
Chief Executive



S. HAIDER MEHDI
Director

**CHLORIDE PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007****1. STATUS AND NATURE OF BUSINESS**

The Company was incorporated on 20 March 1994 as a private limited company with its registered office in Karachi, Sindh. The Company was incorporated to take the benefit of tax exemption in Hatter. However, the exemption was taken off after its incorporation and therefore the Company did not commence its operation. The principal activity of the Company will be to manufacture and market automotive batteries and industrial cells.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of Compliance**

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise such International Accounting Standards as are 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 differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirement of the said directives take precedence.

2.2 Basis of measurement

These financial statements have not been prepared on the going concern basis which requires that assets and liabilities should be stated at their realizable values. Consequently all the assets appearing in these financial statements have been measured at their realizable values and the liabilities are reported at amounts not less than those at which these are expected to be settled. And therefore preliminary expenses and deferred cost capitalized upto 31 March 2006, have been charged off in the profit and loss amount of the current year.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.4.

2.4 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realizable, if any. No charge for current tax has been recognized as the Company has incurred a loss in the current year.

Defferred

No deferred tax asset was recognized as the financial statements are not prepared on a going concern basis.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand only.

3. AMOUNT PAYABLE TO EXIDE PAKISTAN LIMITED

	2007	2006
	(Rupees '000)	
Balance as at 1 April 2006	151,664	133,164
Legal, documentation and professional charges	800	-
Audit fee.	15,000	18,500
	<u>15,800</u>	<u>18,500</u>
Balance as at 31 March 2007	<u>167,464</u>	<u>151,664</u>

Expenses incurred by the Company is paid by Exide Pakistan Limited.

4. TRANSACTION WITH RELATED PARTIES

The related party comprises holding company (Exide Pakistan Limited) and the directors of the Company. Detail of transactions with related have been disclosed in note 3.

5. SHARE CAPITAL

	2007	2006
	(Rupees '000)	
Authorised 10,000,000 ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital 22,380 (2006: 22,380) ordinary shares of Rs. 10 each fully paid in cash	<u>223,800</u>	<u>223,800</u>

5.1 At 31 March 2007 Exide Pakistan Limited (holding company) held 22,350 (2006: 22,350) ordinary shares of Rs. 10 each of the Company.

6. GENERAL

6.1 Figures have been rounded off to the nearest rupee.

6.2 These financial statements were authorised for issue in the Board of Directors meeting held on 21 June, 2007.



ALTAF HASHWANI
Chief Executive



S. HAIDER MEHDI
Director