

CONTENTS

	Pages
CORPORATE PROFILE	2
CHAIRMAN'S REVIEW	3
REVIEW REPORT TO THE MEMBERS	4
BALANCE SHEET	5
PROFIT & LOSS ACCOUNT	6
CASH FLOW STATEMENT	7
STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE ACCOUNTS	9

CORPORATE PROFILE

BOARD OF DIRECTORS

Airf Hashwani - Chairman
S. I. Ahmed - Managing Director/Chief Executive
Altaf Hashwani
Hussain Hashwani
Muhammad Asif
Syed Haider Mehdi
Syed Muhammad Faiq

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

S. Haider Mehdi

AUDIT COMMITTEE

Altaf Hashwani - Chairman
Hussain Hashwani
Syed Muhammad Faiq
Umer Farooq - Secretary

BANKERS

Citi Bank N.A
Habib Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Oman International Bank S.A.O.G.
PICIC Commercial Bank Limited
Standard Chartered Bank Limited
The Hongkong & Shanghai Banking Corporation Limited
Union Bank Limited
United Bank Limited

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr, Dignam & Co.

REGISTERED OFFICE

40-K, Block-6, Dr. Mahmood Hussain Road,
Off Shara-e-Faisal, PECHS,
Karachi-75400
Website: www.exide.com.pk
e-mail: exideho@khi.paknet.com.pk

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

It is a pleasure for me to present the financial statements of your Company for the half year ended 30 September 2006 duly reviewed by the auditors and my review on operating performance of the Company.

THE ECONOMY

The country's economy is forecast to be on high growth trajectory, current real GDP growth during the FY06-07 is expected to be around 7%. While inflation is likely to decline from double digit highs to about 8%. However, in contrast to the welcome decline in inflation, the external trade balance has deteriorated significantly although remittances are expected to show reasonable growth and exports are likely to improve. The current account deficit is expected to swell to 5% of GDP by the end of June 2007. Foreign exchange reserves stood at around US \$ 12.4 billion, equivalent to almost 4 month's import bills as compared to 9 months coverage two years ago. Therefore, Pakistan economy has to face strong challenges in the years ahead.

THE INDUSTRY

The capacity utilization of indigenous battery industry in the organized sector improved considerably on account of improved economy and 37% growth in automobile sector inclusive of imported units during the year 2005-06. The prices of major raw materials used by the battery industry have increased considerably. The un-organized sector comprising of the replaters and importers at under invoiced value are still enjoying sizeable business to the tune of 30% posing threat to the organized sector and in addition causing tax losses to the national exchequer.

OPERATING RESULTS

Net Sales revenue for the half year under review increased by 44%; to Rs. 978.7 million as compared with Rs.681.4 million booked during the corresponding period of the last year. Cost of sales amounted to Rs.844.2 million increased by 46% from Rs.578.1 million mainly due to increase in cost of imported raw material items. Gross profit for the half year under report increased by 30% to Rs.134.5 million from Rs.103.3 million. Operating profit for the six month increased from 46 million to Rs.60 million. Despite, increase in KIBOR rate and requirement of working capital, financial charges almost remained at par with that of corresponding period of the previous year.

Profit before tax for the half year ended 30 September 2006 was 44.2 million as compared to Rs.30.6 million achieved in the corresponding period of the preceding year.

FUTURE PROSPECTS

It is hoped that indigenous organized battery industry will continue to perform satisfactory, but the profitability will remain under pressure on account of increase in raw material prices i.e. virgin lead which hit a all time high since it started trading on the London Metal Exchange and market competition more particularly after the entry of two new manufacturers namely, Millat Battery Limited and Century Engineering Industry (Private) Limited. However, your management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sale service to improve its competitiveness.



ARIF HASHWANI
Chairman

Karachi: November 28, 2006

EXIDE PAKISTAN LIMITED

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Exide Pakistan Limited** as at September 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”), for the half year then ended. These financial statements are the responsibility of the company’s management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended September 30, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended September 30, 2006.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.

A. F. Ferguson & Co.
Chartered Accountant
Karachi : November 28, 2006

EXIDE PAKISTAN LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2006

	Note	(Unaudited) September 30, 2006	(Audited) March 31, 2006
<u>Rupees '000</u>			
Property, Plant and Equipment	4	498,584	506,150
Long-Term Investments		25,531	25,531
Long-Term Loans and Advances - unsecured		1,095	939
Long-Term Deposits		13,506	11,997
Current Assets			
Spares		18,289	18,137
Stock-in-trade		418,013	410,508
Trade debts		147,395	104,712
Loans and advances		663	1,393
Trade deposits, short - term prepayments and other receivables		4,184	9,063
Cash and bank balances		94,329	64,679
		<u>682,873</u>	<u>608,492</u>
Total Assets		<u>1,221,589</u>	<u>1,153,109</u>
Less: Current liabilities and provisions			
Trade and other payables		235,463	152,938
Current portion of long-term financing		10,000	-
Mark-up accrued on finances		9,160	8,599
Taxation		17,310	11,048
Short - term finances		184,218	221,110
		<u>456,151</u>	<u>393,695</u>
Long-Term Financing		70,000	80,000
Deferred Taxation		18,058	13,811
Total Liabilities		<u>544,209</u>	<u>487,506</u>
Net Assets		<u>677,380</u>	<u>665,603</u>
Financed By:			
Share Capital and Reserves			
Authorised Capital			
10,000,000 ordinary shares of Rs 10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital		54,057	54,057
Capital Reserves		259	259
Revenue Reserves		343,991	298,991
Unappropriated Profit		30,804	63,631
		<u>429,111</u>	<u>416,938</u>
Surplus on revaluation of Property, Plant and Equipment - net of tax		248,269	248,665
Commitments	5	<u>677,380</u>	<u>665,603</u>

The annexed notes 1 to 12 form an integral part of these financial statements.


ARIF HASHWANI
Chairman


S.I. AHMED
Chief Executive

EXIDE PAKISTAN LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2006

	Note	Six months ended September 30, 2006	Six months ended September 30, 2005
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	115,553	60,831
Staff gratuity paid		(1,598)	(1,348)
Financial charges paid		(15,031)	(12,678)
Taxes paid		(13,809)	(14,011)
Increase in long-term deposits		(1,509)	(623)
Decrease / (Increase) in long-term loans		(156)	981
Net cash inflow from operating activities		83,450	33,152
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for capital expenditure		(10,072)	(3,350)
Proceeds from sale of fixed assets		1,159	1,514
Net cash outflow on investing activities		(8,913)	(1,836)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term finances		(56,532)	(25,429)
Dividends paid		(7,995)	(10,603)
Net cash outflow on financing activities		(64,527)	(36,032)
Net Increase / (decrease) in cash and cash equivalents		10,010	(4,716)
Cash and cash equivalents at the beginning of the period		(70,480)	(11,178)
Cash and cash equivalents at end of the period	8	<u>(60,470)</u>	<u>(15,894)</u>

The annexed notes 1 to 12 form an integral part of these financial statements.


ARIF HASHWANI
Chairman


S.I. AHMED
Chief Executive

EXIDE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2006

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
	Rupees '000				
Balance at March 31, 2005	54,057	259	250,491	59,441	364,248
Final dividend for to the year ended March 31, 2005 declared subsequent to the year end	-	-	-	(5,405)	(5,405)
Transfer to revenue reserves made subsequent to year end	-	-	48,500	(48,500)	-
Profit after taxation for the half year ended September 30, 2005	-	-	-	17,357	17,357
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	134	134
Balance at September 30, 2005	<u>54,057</u>	<u>259</u>	<u>298,991</u>	<u>23,027</u>	<u>376,334</u>
Balance at March 31, 2006	54,057	259	298,991	63,631	416,938
Final dividend for the year ended March 31, 2006 declared subsequent to the year end	-	-	-	(8,109)	(8,109)
Transfer to revenue reserves made subsequent to year end	-	-	45,000	(45,000)	-
Profit after taxation for the half year ended September 30, 2006	-	-	-	19,886	19,886
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	396	396
Balance at September 30, 2006	<u>54,057</u>	<u>259</u>	<u>343,991</u>	<u>30,804</u>	<u>429,111</u>

The annexed notes 1 to 12 form an integral part of these financial statements.


ARIF HASHWANI
Chairman


S.I. AHMED
Chief Executive

EXIDE PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2006

1. STATUS AND NATURE OF BUSINESS

The company is a limited liability company and is incorporated in Pakistan. The address of its registered office is 40-K, Block 6, Dr. Mahmood Hussain Road, off Shakra-e-Faisal Karachi, Pakistan. The company is engaged in the manufacture and sale of automotive batteries, industrial cells, chemicals and acid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the 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 the Companies Ordinance, 1984 or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting. These financial statements are unaudited but have been reviewed by the external auditors of the company.

3. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention, except that certain fixed assets have been included at revalued amounts.

3.1 Accounting Policies

The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended March 31, 2006.

4 **PROPERTY, PLANT AND EQUIPMENT**

The cost of additions and deletions to operating fixed assets during half year ended September 30,2006 was as follows:

	Cost of additions / (deletions)	
	April - September 2006	April - September 2005
	Rupees '000	
Plant and machinery	4,112	1,471
Furniture and fittings	353	204
Office equipment	107	477
	(7)	-
Vehicles	3,998	55
	<u>(1,898)</u>	<u>(1,863)</u>
Total additions	<u>8,570</u>	<u>2,207</u>
Total deletions	<u>(1,905)</u>	<u>(1,863)</u>
	September 30, 2006	March 31, 2006
	Rupees '000	

4.1 **CAPITAL WORK-IN-PROGRESS**

Building	5,598	5,598
Plant and machinery	3,456	2,210
Advances to suppliers / contractors	439	354
	<u>9,493</u>	<u>8,162</u>

5 **COMMITMENTS**

Commitments for rentals under operating lease agreements as at September 30, 2006 amounted to Rs. 3.850 million payable as follows:

	Rupees '000
Six months ending March 31, 2007	1,029
Year ending March 31, 2008	1,658
Year ending March 31, 2009	947
Year ending March 31, 2010	216
	<u>3,850</u>

		For the six months ended September 30, 2006	For the six months ended September 30, 2005
		Rupees '000	
6	COST OF SALES		
	Raw and packing materials and components consumed	726,650	508,233
	Salaries, wages and benefits	28,433	26,989
	Spares consumed	5,325	6,299
	Fuel, power and water	26,933	20,526
	Insurance	2,103	1,458
	Conveyance and transportation	1,330	1,405
	Lease rentals	465	601
	Depreciation	12,172	12,346
	Repairs and maintenance	17,433	11,988
	Others	20,380	10,651
		114,574	92,263
	Opening stock of work-in-process	46,805	31,280
	Closing stock of work-in-process	(55,714)	(40,580)
	Cost of goods manufactured	832,315	591,196
	Opening stock of finished goods	96,475	53,804
	Finished goods purchased	254	18,715
	Closing stock of finished goods	(84,807)	(85,576)
		<u>844,237</u>	<u>578,139</u>
		Note	
		For the six months ended September 30, 2006	For the six months ended September 30, 2005
		Rupees '000	
7	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	44,204	30,632
	Adjustment for non-cash charges and other items		
	Depreciation	15,544	14,104
	Gain on disposal of fixed assets	935	(602)
	Provision for gratuity	608	300
	Mark up on running finance	15,592	14,109
	Working capital changes	38,670	2,288
	Cash generated from operations	<u>115,553</u>	<u>60,831</u>
7.1	Working capital changes		
	(Increase)/decrease in current assets		
	Spares	(152)	340
	Stock-in-trade	(7,505)	(12,891)
	Trade debts	(42,683)	(210)
	Loans and advances	730	(3,490)
	Short-term prepayments, deposits and other receivables	4,879	(1,077)
		(44,731)	(17,328)
	Increase/(decrease) in current liabilities		
	Creditors, accrued and other liabilities (excluding unclaimed dividends and provision for gratuity)	83,401	19,616
		<u>38,670</u>	<u>2,288</u>

8 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	For the six months ended September 30, 2006	For the six months ended September 30, 2005
	Rupees '000	
Cash and bank balances	94,329	41,500
Short term running finances	<u>(154,799)</u>	<u>(57,394)</u>
	<u>(60,470)</u>	<u>(15,894)</u>

9 **TRANSACTIONS WITH RELATED PARTIES**

The company has related party relationships with its associated undertakings, subsidiary companies, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, sale and purchase of goods and services and expenses charged between these companies. The significant transactions with related parties carried out during the half year ended September 30, 2006 are as follows:

	2006			2005
	Subsidiary Comanies	Other related parties	Key management personnel	
	(Rupees '000)			
Sale of goods	858	-	-	3,137
Sale of Scrap	1,435	-	-	-
Purchase of goods and services	-	-	-	177
Expenses charged to associated undertakings	606	-	-	683
Expenses charged by associated undertakings	30	-	-	29
Payments made to retirement benefit plans	-	2,798	-	3,326
Interest charged on loan from director	-	-	350	350
Salaries and other short term employee benefits	-	-	2,043	1,857
Post employment benefits	-	-	182	166

10 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. Significant reclassifications include:

Other income and other charges amounting to Rs. 1.730 million and Rs. 2.723 million respectively were shown below Operating Profit in the comparative period. These heads have been reclassified as Other Operating Income and Other Operating Charges in the current period. In addition the expenses relating to worker's profit participation fund and worker's welfare fund have also been classified above Operating Profit in the current year. These expenses were also shown below Operating Profit in the comparative period. These changes have been made to bring the presentation in line with the requirements of the revised Fourth Schedule to the Companies Ordinance 1984 which is applicable to the annual financial statements of the Company.

11 **GENERAL**

Figures have ben rounded off to the nearest thousand of rupees.

12 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Company on November 28, 2006.


ARIF HASHWANI
Chairman


S.I. AHMED
Chief Executive