

BOARD OF DIRECTORS

Arif Hashwani – Chairman
S.I. Ahmed – Managing Director/Chief Executive
Altaf Hashwani
Hussain Hashwani
Mohammed Asif
Syed Haider Mehdi
Syed Mohammed Faiq

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

S. Haider Mehdi

AUDIT COMMITTEE

Altaf Hashwani –Chairman
Hussain Hashwani
Syed Mohammed Faiq
Umer Farooq – Secretary

BANKERS

Habib Bank Limited
Muslim Commercial Bank Limited
Oman International Bank S.A.O.G
PICIC Commercial Bank Limited
Standard Chartered Bank Limited
The Hongkong & Shanghai Banking Corporation Limit
Union Bank Limited
United Bank Limited

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr, Dignam & Co.

REGISTRED OFFICE

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

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present the Un-audited Statements of Accounts of the Company for the 1st quarter ended June 30, 2006.

THE ECONOMY

Pakistan economy continued to improve during the fiscal year 2005-06 achieving 6.6 percent GDP growth despite the pressure of rising oil prices and unfortunate earthquake of October 8, 2005. Exports during the fiscal year 2005-06 were recorded at \$ 16.47 billion showing an increase of 14.4 percent over the corresponding period last year. Imports for the year 2005-06 amounting to \$ 28.58 billion showing an increase of 38.8 percent over the corresponding period of the last year. The bulk of this increase was due to higher prices paid for oil imports and the higher demand for machinery and raw materials stemming from increased economic activity. The trade deficit for fiscal year 2005-06 rose to \$12.11 billion from US\$ 8.21 billion in the year 2004-05. Export target for the year 2006-07 has been fixed for US\$ 18.6 billion, while imports are estimated at US\$ 28.0 billion with a trade deficit of \$ 9.4 billion. Pakistan's total liquid foreign exchange reserves stood at around \$ 13 billion.

THE INDUSTRY

The automobile assemblers have substantially increased their production capacity and in order to meet the growing demand for vehicles which resulted in increase demand of automotive batteries. The prices of major raw materials required by the battery industry have up surged by 30% during the last one year. The un-organized sector comprising of replaters, smugglers and importers at under invoice values are still having sizeable shares in the total battery market posing threat to the organized sector and loss to the national exchequer.

OPERATING RESULTS

Net Sales revenue for the quarter under review increased by 31%; to Rs. 454.9 million as compared with Rs.346.2 million booked during the first quarter of the last year. Cost of sales amounted to Rs. 384.7 million increased by 29% from Rs.297.6 million. Gross profit improved from 48.6 million to Rs. 70.2 million. Operating profit for the quarter under report increased from Rs. 18.9 million to Rs.37.9 million. Financial charges increased from Rs. 5.8 million to Rs. 7.9 million due to combined effect of higher utilization of running finance facility and mark-up rates.

Profit before tax for the quarter was 28.4 million as compared to Rs. 12.9 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 and market competition. Your management is determined to avail full benefit of the opportunities by continued focus on quality, productivity, cost control and after sale service

ARIF HASHWANI
Chairman

Karachi July 27, 2006

EXIDE PAKISTAN LIMITED
BALANCE SHEET
AS AT JUNE 30, 2006

	(Unaudited) June 30, 2006	(Audited) March 31, 2006
	-----Rupees '000-----	
Property, plant and equipment	505,164	506,150
Long-term investments	25,531	25,531
Long-term loans and advances - unsecured	921	939
Long-term deposits	10,497	11,997
Current Assets		
Spares	16,331	18,137
Stock-in-trade	425,130	410,508
Trade debts	104,143	104,712
Loans and advances	1,282	1,393
Short-term prepayments, deposits and other receivables	3,865	9,063
Cash and bank balances	103,021	64,679
	653,772	608,492
Current Liabilities and Provisions		
Trade and other payables	181,264	152,938
Mark-up accrued on finances	7,571	8,599
Taxation	17,031	11,048
Short-term finance	214,166	221,110
	420,032	393,695
Net Current Assets	233,740	214,797
Long-term Financing	80,000	80,000
Deferred Taxation	12,801	13,811
Total Net Assets	683,052	665,603
Financed by:		
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	54,057	54,057
Capital reserves	259	259
Revenue reserves	298,991	298,991
Unappropriated profit	81,277	63,631
	434,584	416,938
Surplus on Revaluation of Fixed Assets - net of tax	248,468	248,665
Shareholder's Equity	683,052	665,603

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

ALTAF HASHWANI
Director

S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED JUNE 30, 2006
(UNAUDITED)

2006 **2005**

----- (Rupees '000) -----

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations	65,754	64,095
Staff gratuity paid	-	(1,348)
Financial charges paid	(8,962)	(3,552)
Taxes paid	(5,944)	(5,883)
(Increase) / Decrease in long-term loans	18	981
(Increase) / Decrease in long-term deposits	1,500	(403)
Net cash inflow from operating activities	52,366	53,890

CASH FLOW FROM INVESTING ACTIVITIES

Payment for capital expenditure	(7,581)	(1,894)
Proceeds from sale of fixed assets	501	838
Net cash outflow on investing activities	(7,080)	(1,056)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	-	(2,779)
Net cash outflow on financing activities	-	(2,779)
Net Increase in cash and cash equivalents	45,286	50,055
Cash and cash equivalents at the beginning of the year	(156,431)	(188,139)
Cash and cash equivalents at the end of the first quarter	(111,145)	(138,084)

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

ALTAF HASHWANI
Director

S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2006
(UNAUDITED)

	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 the year ended March 31, 2005 declared subsequent to the year end	-	-	-	(5,407)	(5,407)
Transferred to revenue reserve for the year ended March 31, 2005 appropriated subsequent to the year end	-	-	48,500	(48,500)	-
Profit after taxation for the first quarter ended June 30, 2005	-	-	-	5,510	5,510
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	151	151
Balance at June 30, 2005	<u>54,057</u>	<u>259</u>	<u>298,991</u>	<u>11,195</u>	<u>364,502</u>
Balance at March 31, 2006	54,057	259	298,991	63,631	416,938
Profit after taxation for the first quarter ended June 30, 2006	-	-	-	17,449	17,449
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	197	197
Balance at June 30, 2006	<u>54,057</u>	<u>259</u>	<u>298,991</u>	<u>81,277</u>	<u>434,584</u>

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

ALTAF HASHWANI
Director

S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2006 (UNAUDITED)

1. 'These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984
2. 'These financial statements have been prepared in accordance with the requirements of International Accounting Standard -34 (IAS-34) "Interim Financial Reporting".
3. 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.

4. **TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise of local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel, which are under the terms of their employment, are as follows:

	2006	2005
	----- (Rupees '000) -----	
Sale of goods	1,438	1,168
Expenses charged to associated undertakings	305	293
Expenses charged by associated undertakings	15	59
Interest charged on loan from director	175	175

Key management personnel receive an amount of Rs. 1,390 thousands (2005: Rs. 1,338 thousands) out of which Rs. 108 thousands (2005: 106 thousands) relates to post employment benefits.

5. **FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

6. **GENERAL**

Amounts have been rounded off to the nearest thousands.

7. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on July 27, 2006 by the Board of Directors of the Company.

ALTAF HASHWANI
Director

S. I. AHMAD
Chief Executive