

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Directors the Un-audited Statements of Accounts of your Company for the third quarter ended December 31, 2006.

THE ECONOMY

Pakistan's economy has shown another consecutive year of solid economic growth of 6.6% in 2005-06 despite the pressure of rising oil prices and unfortunate earth quake of October 2005. The economy has grown at an average rate of almost 7% per annum during the last four years (2002-03 to 2005-06). GDP growth has been projected 7% for the year 2006-07. Despite a strong build-up in current transfers, the burgeoning trade deficit has turned the Country's current account negative by \$ 4.0 billion during July-November of this fiscal year, depicting an increase of 29% over \$ 3.1 billion of corresponding period of the last year. The foreign exchange reserves stood at around US \$ 12.9 billion, which can cover about 4 months of import bills as compared to 9 months coverage two years back. Dwindling foreign exchange reserves and increase in current account deficit could potentially impact the value of the rupee.

THE INDUSTRY

The capacity utilization of battery industry in the organized sector improved considerably on account of growth in the automobile sector, inclusive of imported units during the year. The prices of major raw materials used by the battery industry have increased to a all time high level not seen in the past 20 years. The un-organized sector comprising of replaters and importers at under invoiced value are still enjoying sizeable business, posing a threat to the organized sector and loss to the national exchequer.

OPERATING RESULTS

Net sales revenue of your Company for the quarter under report was Rs.486.3m as compared with Rs.466.7m booked for the same period of the last year. Cumulative sales for the nine months ended December 31, 2006 increased by 27% to Rs.1,465.1m from Rs.1,148.2m booked in the corresponding period of the last year.

Despite increase in raw material prices, gross profit increased by 8% to Rs. 83.6m from Rs.77.7m. Operating profit for the quarter went up from Rs.34.0m to Rs.50.3m. In view of increase in KOBOR and requirement of working capital, financial charges increased from Rs.6.4m to Rs.9.1m

Profit before tax for the nine months ended December 31, 2006 increased by 40% to Rs.83.8 from Rs.59.7m achieved in the corresponding period of the previous year.

FUTURE PROSPECTS

It is hoped that indigenous organized battery industry will continue to perform satisfactory on account of growth in automobile sector, but the profitability will remain under pressure due to increase in raw material prices, mark-up rate and market competition. You management is determined to avail full use of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.



ARIF HASHWANI
Chairman

Karachi: January 26, 2007

EXIDE PAKISTAN LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2006

(Unaudited)
December 31,
2006

(Audited)
March 31,
2006

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

Property, plant and equipment	502,264	506,150
Long-term investments	25,531	25,531
Long-term loans and advances - unsecured	1,102	939
Long-term deposits	14,381	11,997
Current Assets		
Spares	21,225	18,137
Stock-in-trade	441,027	410,508
Trade debts	131,659	104,712
Loans and advances	740	1,393
Short-term prepayments, deposits and other receivable	23,353	9,063
Cash and bank balances	85,401	64,679
	703,405	608,492
Current Liabilities		
Trade and other payables	181,834	152,938
Current portion of long - term financing	20,000	-
Mark-up accrued	6,820	8,599
Taxation	9,982	11,048
Short-term borrowings	245,648	221,110
	464,284	393,695
Net Current Assets	239,121	214,797
Long-term Financing	60,000	80,000
Deferred Taxation	20,334	13,811
Total Net Assets	<u>702,065</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	55,688	63,631
	453,995	416,938
Surplus on Revaluation of Fixed Assets - net of tax	248,070	248,665
	<u>702,065</u>	<u>665,603</u>

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



ARIF HASHWANI
Chairman




S. I. AHMAD
Chief Executive

**EXIDE PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2006**

(Unaudited)

	Batteries			Chemicals			Total		
	For the 3rd Quarter ended December 31, 2006	For the 9 months ended December 31, 2006	For the 3rd Quarter ended December 31, 2005	For the 9 months ended December 31, 2006	For the 3rd Quarter ended December 31, 2005	For the 9 months ended December 31, 2005	For the 3rd Quarter ended December 31, 2006	For the 9 months ended December 31, 2006	For the 3rd Quarter ended December 31, 2005
Net Sales	442,548	1,322,822	424,115	1,014,349	43,781	142,240	42,601	133,816	486,329
Cost of sales	366,617	1,139,012	355,702	865,995	36,109	107,951	33,287	101,133	402,726
Gross profit	75,931	183,810	68,413	148,354	7,672	34,289	9,314	32,683	83,603
Selling & distribution expenses	24,392	76,238	32,129	67,892	1,169	3,304	1,750	2,630	25,561
Administrative & general expenses	7,087	23,637	8,166	22,609	701	2,552	1,481	2,983	7,788
Total Operating expenses	31,479	99,865	40,295	90,501	1,870	5,856	3,231	5,613	33,349
Operating profit	44,452	83,945	28,118	57,853	5,802	28,433	6,083	27,070	50,254
Finance cost									1,151
Other charges									2,499
Profit before taxation									51,405
Provision for taxation									9,159
- current for the period									2,585
- deferred									6,261
Profit after taxation									11,744
Earnings per share									31,012
Appropriations have been reflected in the Statement of Changes in Equity.									6,753
The annexed notes form an integral part of these financial statements.									307
									83,865
									27,448
									12,558
									12,558
									26,386
									(750)
									14,976
									39,294
									12,361
									25,636
									24,685
									44,571
									15,087
									34,046
									(Rupees)
	4.57	8.25	2.79	6.30					


ARIF HASHWANI
 Chairman


S. I. AHMAD
 Chief Executive

EXIDE PAKISTAN LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2006

December **December**
2006 **2005**
-----**(Rupees '000)**-----

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations	89,285	101,621
Staff gratuity paid	(1,598)	(1,348)
Financial charges paid	(26,530)	(20,490)
Taxes paid	(33,837)	(20,237)
(Increase) / Decrease in long-term loans	(163)	10
Increase in long-term deposits	(2,384)	(942)
Net cash inflow from operating activities	24,773	58,614

CASH FLOW FROM INVESTING ACTIVITIES


Payment for capital expenditure	(22,700)	(8,621)
Proceeds from sale of fixed assets	2,218	1,528
Net cash outflow on investing activities	(20,482)	(7,093)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	(8,107)	(10,603)
Net cash outflow on financing activities	<u>(8,107)</u>	<u>(10,603)</u>
Net (decrease) / increase in cash and cash equivalents	(3,816)	40,918
Cash and cash equivalents at the beginning of the year	(156,431)	(188,139)
Cash and cash equivalents at December 31	<u><u>(160,247)</u></u>	<u><u>(147,221)</u></u>

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



ARIF HASHWANI
Chairman


S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 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 the year ended March 31, 2005 declared subsequent to the year end	-	-	-	(5,405)	(5,405)
Transferred to revenue reserves made subsequent to the year end	-	-	48,500	(48,500)	-
Profit after taxation for the period ended December 31, 2005	-	-	-	34,046	34,046
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	135	135
Balance at December 31, 2005	<u>54,057</u>	<u>259</u>	<u>298,991</u>	<u>39,717</u>	<u>393,024</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 period ended December 31, 2006	-	-	-	44,571	44,571
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	595	595
Balance at December 31, 2006	<u>54,057</u>	<u>259</u>	<u>343,991</u>	<u>55,688</u>	<u>453,995</u>

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



ARIF HASHWANI
Chairman



S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 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 & Scraps	3,660	1,231
Expenses charged to associated undertakings	881	314
Expenses charged by associated undertakings	45	31
Interest charged on loan from director	525	525

Key management personnel receive an amount of Rs. 3,938 thousands (2005: Rs. 3,534 thousands) out of which Rs. 305 thousands (2005: 271 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 January 26, 2007 by the Board of Directors of the Company.



ARIF HASHWANI
Chairman



S. I. AHMAD
Chief Executive