



EXIDE



**FIRST QUARTER REPORT
JUNE 30, 2007**

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present you on behalf of the Board of Directors, the Un-audited Statements of Accounts of the Company for the 1st quarter ended June 30, 2007.

THE ECONOMY

Pakistan economy continued to improve during the fiscal year 2006-07 achieving 7.0 percent GDP growth mainly due to bumper wheat crop, increased water availability and improved performance of services sector. The annual inflation has surged to 7.77% by end of June 2007 as against the target of 6.5% owing mainly to significant price hike in food items. Trade deficit has grown by 11.53% to all time high level of \$ 13.53 billion during the fiscal year 2006-07 in the wake of rising import of cars, mobile phones and some other luxury items. Rising trade deficit is a serious threat to the country's economy. However, foreign remittances have crossed US\$ 5.5 billion this year. Liquid foreign exchange reserves at the end of June 2007 stood at around US\$ 15 billion which were sufficient to cover almost six months import bill. The government projects 7.2% GDP growth, 6.7% inflation rate, \$8.1 billion current account deficit and \$ 17.7 billion foreign exchange reserves for the next fiscal year 2007-2008. Export target for the fiscal year 2007-08 is \$ 19.2 billion while imports are expected to be around \$ 32 billion, which would mean trade deficit of \$ 12.8 billion in a year.

THE INDUSTRY

In view of overall improvement in the national economy, operating performance of the automotive battery industry in the organized sector also improved during the year 2006-07. However, prices of major raw materials used by the battery industry such as virgin lead and recycled lead have increased to all time high level. Export of recycled lead to India and China on highly under invoiced value continued unabated during the quarter under review as a result of which prices of recycled lead in the local market increased to Rs.105/- per kg in June 2007 from Rs.95 per kg recorded in March 2007.

The sharp increase in the raw material prices forced the battery manufacturers to increase their selling prices in May 2007. The unorganized sector which comprises of replaters and importers at under invoiced value are still enjoying sizeable share in the battery market which in turn is posing threat to the organized sector and revenue loss to national exchequer.

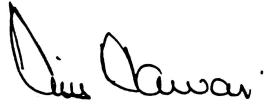
OPERATING RESULTS

Due to delay in trans shipment of basic raw material by the supplier, production of automotive batteries were suspended for substantial period in June 2007 which in turn impacted operating performance of the Company for the quarter under report. Net Sales revenue for the quarter increased by 48% to Rs.672.7m as compared with Rs.454.9m recorded in the 1st quarter of the last year. Gross profit improved from Rs.70.1m to Rs.81.4m. Operating profit for the quarter under review grew by 15% to Rs.43.5m from Rs.37.9m achieved in corresponding period of the last year. Despite increase in KIBOR, financial charges from April to June 2007 reduced from Rs.7.9m to Rs.7.5m.

Profit before tax for the quarter was Rs.34.3m as compared with Rs.28.4m achieved in corresponding quarter of the last 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 31, 2007

EXIDE PAKISTAN LIMITED
BALANCE SHEET
AS AT JUNE 30, 2007

	(Unaudited) June 30, 2007	(Audited) March 31, 2007
	-----Rupees '000-----	
Property, plant and equipment	522,367	502,357
Long-term investments	32,531	32,531
Long-term loans and advances - unsecured	1,010	1,033
Long-term deposits	11,970	13,704
Current Assets		
Spares	22,506	22,259
Stock-in-trade	499,920	556,077
Trade debts	106,805	87,462
Loans and advances	1,456	10,150
Short-term prepayments, deposits and other receivables	10,568	16,671
Cash and bank balances	95,123	60,918
	<u>736,378</u>	<u>753,537</u>
Current Liabilities and Provisions		
Trade and other payables	245,257	151,808
Current portion of long-term finance	10,000	20,000
Mark-up accrued on finances	5,983	8,973
Taxation	7,740	8,631
Short-term finance	190,373	290,470
	<u>459,353</u>	<u>479,882</u>
Net Current Assets	<u>277,025</u>	<u>273,655</u>
Long-term Financing	60,000	60,000
Deferred Taxation	14,480	14,144
Total Net Assets	<u><u>770,423</u></u>	<u><u>749,136</u></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	343,991
Unappropriated profit	128,751	106,714
	<u>527,058</u>	<u>505,021</u>
Surplus on Revaluation of Fixed Assets - net of tax	243,365	244,115
Shareholder's Equity	<u><u>770,423</u></u>	<u><u>749,136</u></u>

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



ALTAF HASHWANI
Director



S. I. AHMAD
Chief Executive

EXIDE PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED JUNE 30, 2007

(Unaudited)

Batteries		Chemicals		Total	
For the 1st Quarter ended June 30, 2007	For the 1st Quarter ended June 30, 2006	For the 1st Quarter ended June 30, 2007	For the 1st Quarter ended June 30, 2006	For the 1st Quarter ended June 30, 2007	For the 1st Quarter ended June 30, 2006

(Rupees '000)

Net sales	642,466	403,812	30,188	51,042	672,654	454,854
Cost of goods sold	567,216	347,234	24,009	37,469	591,225	384,703
Gross profit	75,250	56,578	6,179	13,573	81,429	70,151
Distribution cost	26,056	22,455	1,144	1,133	27,200	23,588
Administrative expenses	10,222	7,713	480	975	10,702	8,688
Total Operating expenses	36,278	30,168	1,624	2,108	37,902	32,276
Operating profit	38,972	26,410	4,555	11,465	43,527	37,875
Other operating income					931	636
					44,458	38,511
Financial charges					7,558	7,934
Other charges					2,627	2,210
					10,185	10,144
Profit before taxation					34,273	28,367
Provision for taxation						
- current - for the period					12,650	11,927
- deferred					336	(1,009)
					12,986	10,918
Profit after taxation					21,287	17,449
					(Rupees)	
Earnings per share					3.94	3.23

Appropriations have been reflected in the Statement of Changes in Equity.

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 (UNAUDITED)
FOR THE QUARTER ENDED JUNE 30, 2007

2007 **2006**

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

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations	195,703	65,754
Staff gratuity paid	-	-
Financial charges paid	(10,548)	(8,962)
Taxes paid	(13,541)	(5,944)
Decrease in long-term loans	23	18
Decrease in long-term deposits	1,734	1,500
Net cash inflow from operating activities	173,371	52,366

CASH FLOW FROM INVESTING ACTIVITIES

Payment for capital expenditure	(29,069)	(7,581)
Proceeds from sale of fixed assets	-	501
Net cash outflow on investing activities	(29,069)	(7,080)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	-	-
Long-term financing	(10,000)	-
Net cash outflow on financing activities	(10,000)	-
Net Increase in cash and cash equivalents	134,302	45,286
Cash and cash equivalents at the beginning of the year	(229,552)	(156,431)
Cash and cash equivalents at the end of the first quarter	(95,250)	(111,145)

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 (UNAUDITED)
FOR THE QUARTER ENDED JUNE 30, 2007**

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
	----- (Rupees '000) -----				
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>
Balance at March 31, 2007	54,057	259	343,991	106,714	505,021
Profit after taxation for the first quarter ended June 30, 2007	-	-	-	21,287	21,287
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	750	750
Balance at June 30, 2007	<u>54,057</u>	<u>259</u>	<u>343,991</u>	<u>128,751</u>	<u>527,058</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 (UNAUDITED)
FOR THE QUARTER ENDED JUNE 30, 2007

1. These financial statements are unaudited and are being submitted to shareholders in accordance with the requirement 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. **PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended 30 June 2007.

	Additions	Disposals
	----- (Rupees '000) -----	
Buildings on leasehold land	798	-
Furniture and equipments	53	-
	<u>851</u>	<u>-</u>

5. **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:

	2007	2006
	----- (Rupees '000) -----	
Sale of goods	2,130	1,438
Expenses charged to associated undertakings	253	305
Expenses charged by associated undertakings	91	15
Interest charged on loan from director	287	175
Rent expense	3,530	-

Key management personnel receive an amount of Rs. 1,410 thousands (2006: Rs. 1,390 thousands) out of which Rs. 112 thousands (2006: 108 thousands) relates to post employment benefits.

6. **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.

7. **ESTIMATES**

Judgments and estimates made by the management in the preparation of these interim financial statements were the same as those that were applied to the financial statements for the year ended March 31, 2007.

8. **GENERAL**


Amounts have been rounded off to the nearest thousands unless otherwise stated.

9. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on July 31, 2007 by the Board of Directors of the Company.



ALTAF HASHWANI
Director



S. I. AHMAD
Chief Executive