



# EXIDE



THIRD QUARTER REPORT  
DECEMBER 31, 2007

## **EXIDE PAKISTAN LIMITED**

### **CHAIRMAN'S REVIEW**

It is a pleasure for me to present the Un-audited Financial Statements of your Company for the third quarter ended December 31, 2007 and my review on operating performance of the Company.

### **THE ECONOMY**

Pakistan economy recorded one of the fastest growth rates in Asia during the 2007 fiscal year by achieving 7% GDP growth mainly due to bumper wheat crop and improved performance of services sector. The foreign investment remained encouraging despite political uncertainty.

The government projects 7.2% GDP growth, 6.7% inflation, \$ 8.1 billion current account deficit and \$ 17.7 billion foreign exchange reserves for 2008 fiscal year. Trade deficit widened by 32% to a record level of \$ 7.2 billion in the first five months of the year 2007-08 on account of unprecedented increase in oil prices and expanding list of food items despite being an agricultural country. Due to the ongoing load-shedding and unprecedented losses occurred between December 27 to December 31 after the assassination of Ms Benazir Bhutto, it is difficult to achieve 7.2 % GDP growth target and the same may decline to 6.6%.

### **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 on highly under invoiced value continued unabated during the period under review as a result of which prices of recycled lead in the local market increased to Rs.115/= per Kg in December 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, July 2007, August 2007, September 2007 and November 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 a threat to the organized sector and revenue loss to national exchequer.

### **OPERATING RESULTS**

Net sales revenue of your Company during the quarter under review increased by 60% to Rs.780.1m as compared with Rs.486.3m booked in the same period of the last year. Cumulative sale value for the nine months improved by 43% to Rs.2,096.9m from Rs: 1,465.1m recorded in corresponding period of the last year.

Gross profit for the nine months improved by 20% to Rs.262.3m from Rs.218.1m achieved in third quarter of the last year despite significant increase in raw materials prices. In view of increase in carriage and freight charges and advertisement expenses, selling and distribution expenses increased by 32%. Cumulative operating profit increased by 30% from Rs. 112.4m to Rs.145.9m. Financial charges increased from Rs.24.8m to Rs.34.3m due to higher utilization of running finance facility.

Pre-tax profit for the nine months ended December 31, 2007 increased from Rs.83.9 million to Rs.104.2 million booked during the same period of the last year.

### **FUTURE PROSPECTS**

It is hoped that indigenous organized battery industry will continue to perform satisfactorily, but the profitability will remain under pressure due to increase in raw material prices i.e. virgin lead, recycled lead, markup rates and market competition, 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.



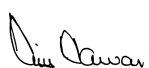
**ARIF HASHWANI**  
Chairman

Karachi: January 29, 2008

**EXIDE PAKISTAN LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2007**

	<b>(Unaudited)</b> <b>December 31,</b> <b>2007</b>	<b>(Audited)</b> <b>March 31,</b> <b>2007</b>
	-----Rupees '000-----	
<b>Property plant and equipment</b>	538,483	502,357
<b>Long-term investments</b>	32,531	32,531
<b>Long-term loans and advances - unsecured</b>	1,589	1,033
<b>Long-term deposits</b>	14,293	13,704
<b>Current assets</b>		
Spares	19,316	22,259
Stock-in-trade	781,304	556,077
Trade debts	108,359	87,462
Loans and advances	763	10,150
Short-term prepayments, deposits and other receivables	11,804	16,671
Cash and bank balances	106,034	60,918
	1,027,580	753,537
<b>Current liabilities</b>		
Trade and other payables	378,840	151,808
Current portion of long - term financing	20,000	20,000
Mark-up accrued	10,847	8,973
Taxation	5,169	8,631
Short-term borrowings	302,032	290,470
	716,888	479,882
<b>Net current assets</b>	310,692	273,655
<b>Long-term financing</b>	80,000	60,000
<b>Deferred taxation</b>	15,763	14,144
	801,825	749,136
	801,825	749,136
<b>Financed by:</b>		
<b>Share Capital and Reserves</b>		
Authorised capital 10,000,000 ordinary shares of Rs 10 each	100,000	100,000
	54,057	54,057
Issued, subscribed and paid-up capital	259	259
Capital reserves	413,991	343,991
Revenue reserve	92,418	106,714
Unappropriated profit	560,725	505,021
<b>Surplus on revaluation of fixed assets - net of tax</b>	241,100	244,115
	801,825	749,136
	801,825	749,136

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



**ARIF HASHWANI**  
Director




**S. I. AHMAD**  
Chief Executive

**EXIDE PAKISTAN LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2007**

----- (Unaudited) -----

	Batteries			Chemicals			Total		
	For the 3rd Quarter ended December 31, 2007	For the 9 months ended December 31, 2007	For the 3rd Quarter ended December 31, 2006	For the 9 months ended December 31, 2007	For the 3rd Quarter ended December 31, 2006	For the 9 months ended December 31, 2007	For the 3rd Quarter ended December 31, 2006	For the 9 months ended December 31, 2006	
<b>Net Sales</b>	723,723	1,948,934	442,548	1,322,822	56,390	147,998	43,781	142,240	
Cost of sales	646,582	1,714,688	366,617	1,139,012	50,390	119,913	36,109	107,951	
<b>Gross profit</b>	77,141	234,246	75,931	183,810	6,000	28,085	7,672	34,289	
Selling & distribution expenses	32,659	82,955	24,392	76,228	1,094	3,517	1,169	3,304	
Administrative & general expenses	8,380	27,768	7,087	23,637	740	2,109	701	2,552	
Total Operating expenses	41,039	110,723	31,479	99,865	1,834	5,626	1,870	5,856	
<b>Operating profit</b>	36,102	123,523	44,452	83,945	4,166	22,459	5,802	28,433	
Other operating income									
Finance cost									
Other charges									
<b>Profit before taxation</b>									
Provision for taxation									
- current - for the period									
- deferred									
<b>Profit after taxation</b>									
<b>Earnings per share</b>									
Appropriations have been reflected in the Statement of Changes in Equity.									
The annexed notes form an integral part of these financial statements.									

  
**ARIFHASHWANI**  
 Director

  
**S. I. AHMAD**  
 Chief Executive

**EXIDE PAKISTAN LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2007**

**December**                      **December**  
**2007**                                      **2006**

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

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash generated from operations	161,529	89,285
Staff gratuity paid	(1,458)	(1,598)
Financial charges paid	(32,447)	(26,530)
Taxes paid	(39,878)	(33,837)
Increase in long-term loans	(556)	(163)
Increase in long-term deposits	(589)	(2,384)
Net cash inflow from operating activities	86,601	24,773


**CASH FLOW FROM INVESTING ACTIVITIES**

Payment for capital expenditure	(67,230)	(22,700)
Proceeds from sale of fixed assets	690	2,218
Net cash outflow on investing activities	(66,540)	(20,482)

**CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from long-term financing-net of repayments	20,000	-
Dividends paid	(6,507)	(8,107)
Net cash inflow/(outflow) on financing activities	13,493	(8,107)
Net increase/(decrease) in cash and cash equivalents	33,554	(3,816)
Cash and cash equivalents at March 31	(229,552)	(156,431)
Cash and cash equivalents at December 31	<u>(195,998)</u>	<u>(160,247)</u>

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



**ARIF HASHWANI**  
**Director**

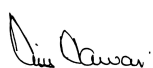


**S. I. AHMAD**  
**Chief Executive**

EXIDE PAKISTAN LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
 FOR THE NINE MONTHS ENDED DECEMBER 31, 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
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>
Balance at March 31, 2007	54,057	259	343,991	106,714	505,021
Final dividend for the year ended March 31, 2007 declared subsequent to the year end	-	-	-	(13,514)	(13,514)
Transfer to revenue reserves made subsequent to year end	-	-	70,000	(70,000)	-
Profit after taxation for the period ended December 31, 2007	-	-	-	66,203	66,203
Transferred from surplus on revaluation of fixed assets - net of tax		-	-	3,015	3,015
Balance at December 31, 2007	<u>54,057</u>	<u>259</u>	<u>413,991</u>	<u>92,418</u>	<u>560,725</u>

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



**ARIF HASHWANI**  
 Director



**S. I. AHMAD**  
 Chief Executive

**EXIDE PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2007**

1. These condensed interim 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 condensed interim 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 condensed interim 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, 2007.
4. **PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of operating property, plant and equipment that have been added / disposed off during the period ended December 31, 2007 .

	<b>Cost of additions / (deletions)</b>	
	April - December 2007	April - December 2006
	----- (Rupees '000) -----	
Building	2,841	-
Plant and machinery	38,974	8,673
Furniture and fittings	171	389
Office equipment	284	215
	-	(7)
Vehicles	6,689	3,998
	(905)	(2,175)
Total additions	<u>48,959</u>	<u>13,275</u>
Total deletions	<u>(905)</u>	<u>(2,182)</u>

	December 31, 2007	March 31, 2007
	----- (Rupees '000) -----	

4.1 **CAPITAL WORK-IN-PROGRESS**

Building	862	2,083
Plant and machinery	24,741	1,317
Office equipment	560	-
Advances to suppliers/contractors	1,219	6,868
	<u>27,382</u>	<u>10,268</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 & scraps	6,371	3,660
Expenses charged to associated undertakings	1,052	881
Expenses charged by associated undertakings	46	45
Interest charged on loan from director	860	525
Rent expense	10,590	7,060
Expnses charged in respect of staff retirement benefit plans	3,156	2,998
Payment made to the employee defined benefit plans	1,458	1,348

Key management personnel receive an amount of Rs. 3,674 thousand (2006: Rs. 3,430 thousand) out of which Rs. 326 thousand (2006: 296 thousand) 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. CORRESPONDING FIGURES


Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison.

#### 8. GENERAL

Amounts have been rounded off to the nearest thousand.

#### 9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 29, 2008 by the Board of Directors of the Company.



**ARIF HASHWANI**  
Director



**S. I. AHMAD**  
Chief Executive