

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Directors, un-audited Accounts of the Company for the 1st Quarter ended June 30, 2014.

The Economy

Pakistan economy grew by 4.1 percent in the year 2013-14 as against target of 4.3 percent and growth of 3.5 percent in the year 2012-13. The factor behind increased growth is the rebound in the industrial sector mainly in large scale manufacturing industry due to better energy supply. Foreign investment in the year was the highest in the last five years as it hit a figure of US\$ 4.3 billion, helping the Central Bank to boost foreign exchange reserves to over US\$ 9 billion from US\$ 2.5 billion a year ago. Despite positive developments on the external fronts, the massive trade imbalance persisted, forcing the current account deficit to increase to US\$ 2.9 billion in July-June 2014 compared to US\$ 2.3 billion in the preceding year. Country's Forex reserves increased to US\$ 13.5 billion by end June 2014 after hitting a low of US\$ 7.9 billion in January 2014. As a result, Pak Rupee US Dollar parity remained below 99 in the interbank market. CPI inflation increased to 8.6 percent in July-June 2013-14 as compared to 7.4 percent in comparable period of last year due to increase in energy charges and upward revision in General Sales Tax. It is expected that inflation will remain in single digit in the near terms on account of better supply of food items and restrained borrowing by the government as a result of better fiscal management.

The Industry

Growth of automotive sector in the preceding years was instrumental to better capacity utilization for the battery industry. Sales of locally produced cars, light commercial vehicles and four wheelers improved by 1 percent to 136,888 units in July-June 2014 as compared to 135,310 units for the corresponding period of last year. Sales of Trucks and Buses also improved by 32 percent. Farm tractors sales declined during the period from July to June 2014 by 17,009 units due to sales tax and agricultural loan issues. Sales of motorcycles and three wheelers declined by 6 percent from 820,217 units to 771,269 units.

Production

Production activities were effectively planned and adjusted to cater to the market demand both in terms of quantity and quality. Stress on quality control at all stages of production processes was implemented with great vigour

for further strengthening quality standards of the products of your Company.

Sales

Net sales revenue of the Company for the quarter under review was up by 73 percent to Rs: 4.563 billion from 2.631 billion compared to the same period last year. This was due to better availability and improved production.

Profitability

Gross profit for the quarter under review improved from Rs: 306.4 million to Rs: 603.2 million, up by 97 percent compared to preceding year due to improved sale and better margin. Operating profit increased to Rs: 388 million from Rs: 175.7 million recorded in same quarter of the last year. Financial charges increased to Rs: 32.2 million from Rs: 7.4 million due to increase in working capital requirement. Profit before tax for the quarter under review was Rs: 324 million as compared to Rs: 152.6 million recorded in first quarter of the last year.

Earnings per share increased to Rs: 27.74 as compared with Rs: 13.16 recorded in the previous year.

Future Prospects

It is anticipated that indigenous organised battery industry will perform satisfactorily, although the cost pressures will remain on account of increase in raw material prices, rising cost of utilities and other inflationary factors. Your management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

ARIF HASHWANI
Chairman
Karachi July 26, 2014

EXIDE PAKISTAN LIMITED

BALANCE SHEET AS AT JUNE 30, 2014

	(Unaudited) June 30, 2014	(Audited) March 31, 2014
	Rupees '000	
Property, plant and equipment	1,285,770	1,249,709
Long-term investments	224	224
Long-term loans and advances - unsecured	1,020	1,165
Long-term deposits	29,999	25,520
Current Assets		
Spares	59,828	93,039
Stock-in-trade	2,357,207	2,355,195
Trade debts	613,538	602,809
Loans and advances	46,221	25,969
Short-term prepayments, deposits and other receivables	18,821	48,969
Taxation recoverable	461,972	400,259
Cash and bank balances	1,169,521	1,266,552
	4,727,108	4,792,792
Current Liabilities and Provisions		
Trade and other payables	1,349,362	1,193,062
Mark-up accrued on finances	32,422	29,094
Short-term finance	1,738,099	2,080,257
	3,119,883	3,302,413
Net Current Assets	1,607,225	1,490,379
Deferred Taxation	65,579	65,579
Total Net Assets	2,858,659	2,701,418
Financed by:		
Share Capital and Reserves		
Authorized capital	180,000	180,000
18,000,000 ordinary shares of Rs 10 each	77,686	77,686
Issued, subscribed and paid-up capital	259	259
Capital reserves	—	—
Reserve for issuance of Bonus Shares	2,079,991	1,714,991
Revenue reserves	25,823	25,823
Reserve arising on amalgamation - net	254,952	462,711
Unappropriated profit	2,438,711	2,281,470
Surplus on Revaluation of Fixed Assets - net of tax	419,948	419,948
Shareholder's Equity	2,858,659	2,701,418

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

ARIF HASHWANI
Chairman

ARSHAD SHEHZADA
Chief Executive

	For the 1st Quarter ended June 30, 2014	For the 1st Quarter ended June 30, 2013
Net sales	4,465,777	2,539,198
Cost of goods sold	3,881,666	2,247,012
Gross profit	584,111	292,186
Distribution cost	185,734	106,300
Administrative expenses	27,182	23,016
Total Operating expenses	212,916	129,316
Operating profit	371,195	162,870
Other operating income	—	—
Financial charges	—	—
Other charges	—	—
Profit before taxation	371,195	162,870
Provision for taxation	—	—
Profit after taxation	371,195	162,870
Earnings per share	27.74	13.16

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Chief Executive

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PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2014

	For the 1st Quarter ended June 30, 2014	For the 1st Quarter ended June 30, 2013
Cash generated from operations	515,133	225,441
Financial charges paid	(28,856)	(6,291)
Gratuity paid	—	—
Taxes paid	(170,233)	(141,161)
Increase in long-term Loan	145	131
Decrease in long-term deposits	(4,479)	(329)
Net cash inflow/(outflow) from operating activities	311,710	77,791
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for capital expenditure	(68,939)	(53,158)
Proceeds from sale of fixed assets	2,356	—
Net cash outflow on investing activities	(66,583)	(53,158)

	For the 1st Quarter ended June 30, 2014	For the 1st Quarter ended June 30, 2013
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	—	—
Repayment of loan from a Director	—	—
Long-term financing	—	—
Net cash outflow on financing activities	—	—
Net Increase/(decrease) in cash and cash equivalents	245,127	24,633
Cash and cash equivalents at the beginning of the quarter	(813,705)	131,014
Cash and cash equivalents at the end of the first quarter	(568,578)	155,647

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

ARIF HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive

EXIDE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2014
(UNAUDITED)


	Issued subscribed and paid-up capital	Revenue reserves	Shares to be issued	Reserve arising on re-valuation of capital	Unapp- ropriated profit	Total
Balance at March 31, 2013 - Restated	70,624	239	1,269,991	25,823	545,505	1,910,200
Final dividend for the year ended March 31, 2013	-	-	-	-	(42,374)	(42,374)
Transfer to reserve for issuance of bonus shares for the year ended March 31, 2013	-	-	-	7,062	(7,062)	-
Transfer to revenue reserve for the year ended March 31, 2013	-	445,000	-	-	(445,000)	-
Profit after taxation for the first quarter ended June 30, 2013	-	-	-	-	102,229	102,229
Balance at June 30, 2013 - Restated	70,624	239	1,274,991	7,062	151,206	1,970,055
Balance at March 31, 2014	77,666	239	1,714,991	25,823	462,711	2,281,470
Final dividend for the year ended March 31, 2014	-	-	-	-	(58,264)	(58,264)
Transfer to revenue reserve for the year ended March 31, 2014	-	-	365,000	-	(365,000)	-
Profit after taxation for the first quarter ended June 30, 2014	-	-	-	-	215,505	215,505
Balance at June 30, 2014	77,666	239	2,079,991	25,823	254,952	2,438,711

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


ARIF HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


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Chairman


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Chief Executive

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2014 (UNAUDITED)

- These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.
- These financial statements have been prepared in accordance with the requirements of International Accounting Standard -34 (IAS-34) "Interim Financial Reporting".
- 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 June 30, 2014.

	Additions (Rupees '000)	Disposals (Rupees '000)
Building	125	-
Plant and machinery	5,844	-
Furniture and equipments	885	-
Vehicles	2,156	5,362
Office equipment	1,380	-
	10,390	5,362

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:

	2014	2013
Interest charged on loan from director	-	-
Rent expense	9,715	9,715

Key management personnel received an amount of Rs. 4,346 thousand (2013: Rs. 5,639 thousand) out of which Rs. 694 thousand (2013: 723 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. 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, 2014.

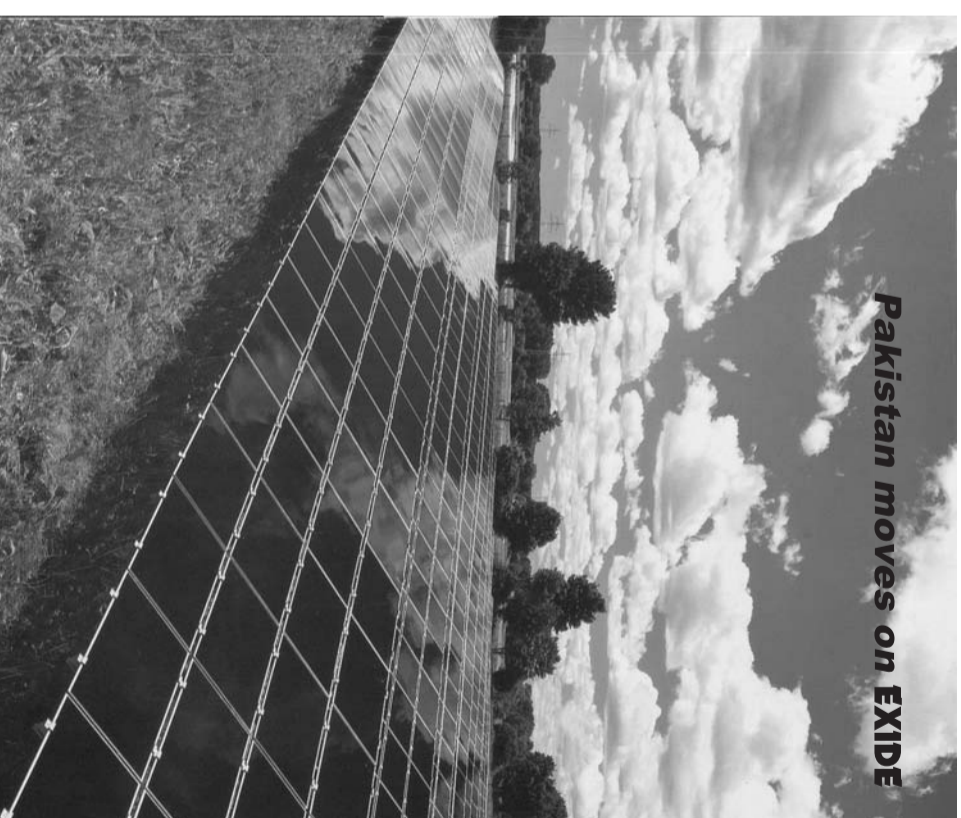
8. GENERAL

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 26, 2014 by the Board of Directors of the Company.

BOOK POST



CORPORATE PROFILE

BOARD OF DIRECTORS

Arif Hashwani	-	Chairman
Altaf Hashwani	-	Director
Hussain Hashwani	-	Director
Ayub Hameed	-	Director
Muhammad Kamran Shehzad	-	Director
S Haider Mehdi	-	Director
S M Faiz	-	Director

CHIEF EXECUTIVE

Arshad Shehzada

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

S. Haider Mehdi

AUDIT COMMITTEE

Mr. Ayub Hameed	-	Chairman
Mr. Altaf Hashwani	-	Member
Mr. S M Faiz	-	Member
Salim Abdul Ali	-	Secretary

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Arif Hashwani	-	Chairman
Altaf Hashwani	-	Member
Ayub Hameed	-	Member

BANKERS

- Allied Bank Ltd.
- BankIslami Pakistan Ltd.
- Bank Al-Falah Limited
- Barclays Bank PLC Pakistan
- Habib Bank Ltd.
- Habib Metropolitan Bank Limited
- HSBC Bank Middle East Ltd.
- JS Bank Ltd.
- MCB Bank Ltd.
- Mezzan Bank Ltd.
- NIB Bank Ltd.
- Standard Chartered Bank (Pakistan) Ltd.
- United Bank Ltd.

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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FIRST QUARTERLY REPORT
JUNE 30, 2014