

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 1st Quarter ended June 30, 2018

The Economy

Pakistan economy posted a growth of 5.8 per cent for the year 2017-18, the highest in the last 13 years but fell short of the 6 per cent targeted for the year. Agriculture sector grew by 3.8 % highest since 2005-06. Industry experienced a growth of 5.8%, highest since 2007-08. The service sector exhibited exceptional dynamism with a growth rate of 6.4%.

Pakistan's trade deficit widen by almost 16 per cent to an all-time high of US \$ 37.7 billion in the year 2017-18 as against US \$ 32.5 billion in 2016-17. Pakistan's current account deficit sky rocketed to a mammoth US \$ 18 billion in FY-18 at 6% of GDP up from 4.1 per cent in FY-17. Remittances sent by overseas Pakistan's crawled up to US \$ 19.62 billion in FY-18 up 1.4 per cent from US \$ 19.35 billion in the previous year. With Export not nearly picking up pace and remittances failing to match a widening current account deficit has taken toll on the Country's economy that faces several near term challenges. Inflation hit four year high of 5.2 per cent in June 2018. Pakistan rupee has weakened by Rs.11.89 against the dollar from June 1, 2018 which has resulted around Rs.1200 billion increase in the country debts. The SBP foreign exchange reserve are back to under US \$ 10 billion, at the lowest level since 2013. This indicate an import cover of 1.8 month. Foreign direct Investment increased 0.8 percent to US \$ 2.67 billion.

The Industry

Auto sales are a compelling sign of the growing economy. The Sector closed off financial year 2018 with higher than ever sale of passenger cars with 216,786 units sold, a growth of 16.7 per cent from financial year 2017's 185,781 unit sales.

In commercial vehicles front, truck and buses sales grew by 15.3 per cent in year-on-year growth selling 9946 units in financial year 2018 compared to 8629 units in financial year 2017. Farm tractors sales improved by 29 per cent to 70,887 units sold in Jul – Jun 2018 as against 54,992 units sold in the same period last year. Sales of motorcycles and three wheeler improved by 18 percent from 1,630,875 units to 1,929,613 units.

Sales

Net Sale value of the Company during the quarter under review decreased by 33.7 per cent from Rs.4.447 billion to

Rs.2.946 billion on account of decrease in Sale volume and extra discount allowed to trade to fight severe market Competition.

Profitability

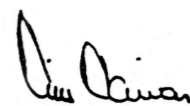
Gross profit for the quarter under review decreased from Rs.542.7 million to Rs.336.3 million down by 38% due to reduced margins on account of higher raw material prices and less sale revenue. Gross profit ratio decreased from 12.2% to 11.4% of Net Sale Value.

Selling and distribution expenses reduced by 34.3% from Rs.372.1 million to Rs.244.4 million. Administration and general expenses increase by 36.1% from Rs.25.8 million to Rs.35.1million. Operating profit reduced by 60.7% from Rs.144.8 million to Rs.56.8 million. Financial cost increased by 25.5% from Rs.30.6 million to Rs.38.4 million. Profit before tax for the period under review reduced from Rs.105.1 million to Rs.0.16 million.

Future Prospects

It is anticipated that indigenous organized battery industry will face tough competition due to capacity expansion of existing battery plants, new entrants and changing market dynamics. Profitability in future will also be adversely impacted owing to increase in prices of basic raw materials and devaluation of Pak Rupee. Nevertheless, 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



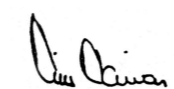
Chairman
Karachi – July 30, 2018

EXIDE PAKISTAN LIMITED

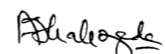
BALANCE SHEET AS AT JUNE 30, 2018

	(Unaudited) June 30, 2018	(Audited) March 31, 2018
	-----Rupees '000-----	
Property, plant and equipment	1,599,400	1,631,860
Long-term investments	224	224
Long-term loans and advances - unsecured	-	916
Long-term deposits	36,963	37,993
Current Assets		
Spares	60,318	105,404
Stock-in-trade	3,465,209	2,266,384
Trade debts	2,743,968	3,146,701
Loans and advances	22,750	33,551
Short-term prepayments, deposits and other receivables	66,746	55,333
Taxation recoverable	763,823	713,417
Cash and bank balances	248,973	880,414
	<u>7,371,787</u>	<u>7,201,204</u>
Current Liabilities and Provisions		
Trade and other payables	1,631,046	1,377,747
Unclaimed dividend	1,224	1,224
Loan from Director	305,550	305,550
Accrued profit/mark-up	37,171	40,644
Short-term finance	2,773,347	2,850,331
	<u>4,748,338</u>	<u>4,575,496</u>
Net Current Assets	<u>2,623,449</u>	<u>2,625,708</u>
Long-term Financing	0	0
Deferred Taxation	9,595	9,595
	<u>4,250,441</u>	<u>4,287,106</u>
Total Net Assets	<u>4,250,441</u>	<u>4,287,106</u>
Share Capital and Reserves		
Authorised capital		
18,000,000 ordinary shares of Rs 10 each	<u>180,000</u>	<u>180,000</u>
Issued, subscribed and paid-up capital	77,686	77,686
Capital reserves	259	259
Revenue reserves	3,329,991	3,329,991
Reserve arising on amalgamation - net	25,823	25,823
Unappropriated profit	191,889	228,554
Revaluation surplus on property, plant and equipment - net of tax	624,793	624,793
Shareholder's Equity	<u>4,250,441</u>	<u>4,287,106</u>

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



ARIF HASHWANI
Chairman



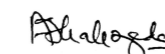
ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer



ARIF HASHWANI
Chairman



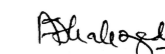
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EXIDE PAKISTAN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2018

	(Unaudited)					
	Batteries		Chemicals		Total	
	For the 1st Quarter ended June 30, 2018	For the 1st Quarter ended June 30, 2017	For the 1st Quarter ended June 30, 2018	For the 1st Quarter ended June 30, 2017	For the 1st Quarter ended June 30, 2018	For the 1st Quarter ended June 30, 2017
	-----Rupees '000-----					
Net sales	2,869,627	4,375,899	76,195	70,614	2,945,822	4,446,513
Cost of goods sold	2,546,198	3,845,276	63,314	58,500	2,609,512	3,903,776
Gross profit	<u>323,429</u>	<u>530,623</u>	<u>12,881</u>	<u>12,114</u>	<u>336,310</u>	<u>542,737</u>
Distribution cost	243,324	370,866	1,036	1,230	244,360	372,096
Administrative expenses	34,220	25,396	910	410	35,130	25,806
Total Operating expenses	277,544	396,262	1,946	1,640	279,490	397,902
Operating profit	<u>45,885</u>	<u>134,361</u>	<u>10,935</u>	<u>10,474</u>	<u>56,820</u>	<u>144,835</u>
Other operating income					2,394	664
					<u>59,214</u>	<u>145,499</u>
Financial charges					38,392	30,612
Other charges					20,664	9,803
					<u>59,056</u>	<u>40,415</u>
Profit before taxation					<u>158</u>	<u>105,084</u>
Provision for taxation						
- current - for the period					36,823	35,727
- deferred					-	-
					<u>36,823</u>	<u>35,727</u>
Profit after taxation					<u>(36,665)</u>	<u>69,357</u>
					(Rupees)	
Earnings per share					<u>(4.72)</u>	<u>8.93</u>

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

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

EXIDE PAKISTAN LIMITED

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2018 (UNAUDITED)

	2018	2017
	----- (Rupees '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	(421,526)	501,416
Financial charges paid	(41,865)	(34,492)
Taxes paid	(87,229)	(159,392)
Decrease in long-term Loan	1,030	1,666
Decrease / (Increase) in long-term deposits	916	9
Net cash inflow/(outflow) from operating activities	<u>(548,674)</u>	<u>309,207</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for capital expenditure	(7,540)	(68,191)
Proceeds from sale of fixed assets	1,757	43
Net cash outflow on investing activities	<u>(5,783)</u>	<u>(68,148)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	(35)
Loan from Director	-	305,550
Net cash outflow on financing activities	-	305,515
Net Increase/(decrease) in cash and cash equivalents	<u>(554,457)</u>	<u>546,574</u>
Cash and cash equivalents at the beginning of the year	<u>(1,969,917)</u>	<u>(2,099,560)</u>
Cash and cash equivalents at the end of the first quarter	<u>(2,524,374)</u>	<u>(1,552,986)</u>

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STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2018 (UNAUDITED)

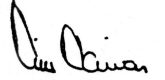
	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Reserve arising on amalgamation	Unappro- priated profit	Revaluation surplus on Property, plant and equipment	Total
	(Rupees '000)						
Balance at March 31, 2017	77,686	259	2,729,991	25,823	893,562	-	3,727,321
Final dividend for the year ended March 31, 2017	-	-	-	-	(97,108)	-	(97,108)
Transfer to revenue reserve for the year ended March 31, 2017	-	-	600,000	-	(600,000)	-	-
Profit after taxation for the first quarter ended June 30, 2017	-	-	-	-	69,357	-	69,357
Balance at June 30, 2017	<u>77,686</u>	<u>259</u>	<u>3,329,991</u>	<u>25,823</u>	<u>265,811</u>	<u>-</u>	<u>3,699,570</u>
Balance at March 31, 2018	77,686	259	3,329,991	25,823	228,554	624,793	4,287,106
Final dividend for the year ended March 31, 2018	-	-	-	-	-	-	-
Transfer to revenue reserve for the year ended March 31, 2018	-	-	-	-	-	-	-
Profit after taxation for the first quarter ended June 30, 2018	-	-	-	-	(36,665)	-	(36,665)
Balance at June 30, 2018	<u>77,686</u>	<u>259</u>	<u>3,329,991</u>	<u>25,823</u>	<u>191,889</u>	<u>624,793</u>	<u>4,250,441</u>


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


ARIF HASHWANI
Chairman


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Chief Financial Officer


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NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2018 (UNAUDITED)

- These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of Section 237 of the Companies Act, 2017
- 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.
- 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 2018.

	Additions (Rupees '000)	Disposals (Rupees '000)
Land and Building	-	131,536
Plant and machinery	2,397	7,744
Furniture and equipments	837	834
Vehicles	4,325	2,952
Office equipment	91	533
	<u>7,650</u>	<u>143,599</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:

	2018 (Rupees '000)	2017 (Rupees '000)
Interest charged on loan from director	-	-
Rent expense	10,615	11,065

Key management personnel received an amount of Rs. 6,008 thousand (2017: Rs. 6,875 thousand) out of which Rs. 125 thousand (2017: 464 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, 2018

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 30, 2018 by the Board of Directors of the Company.

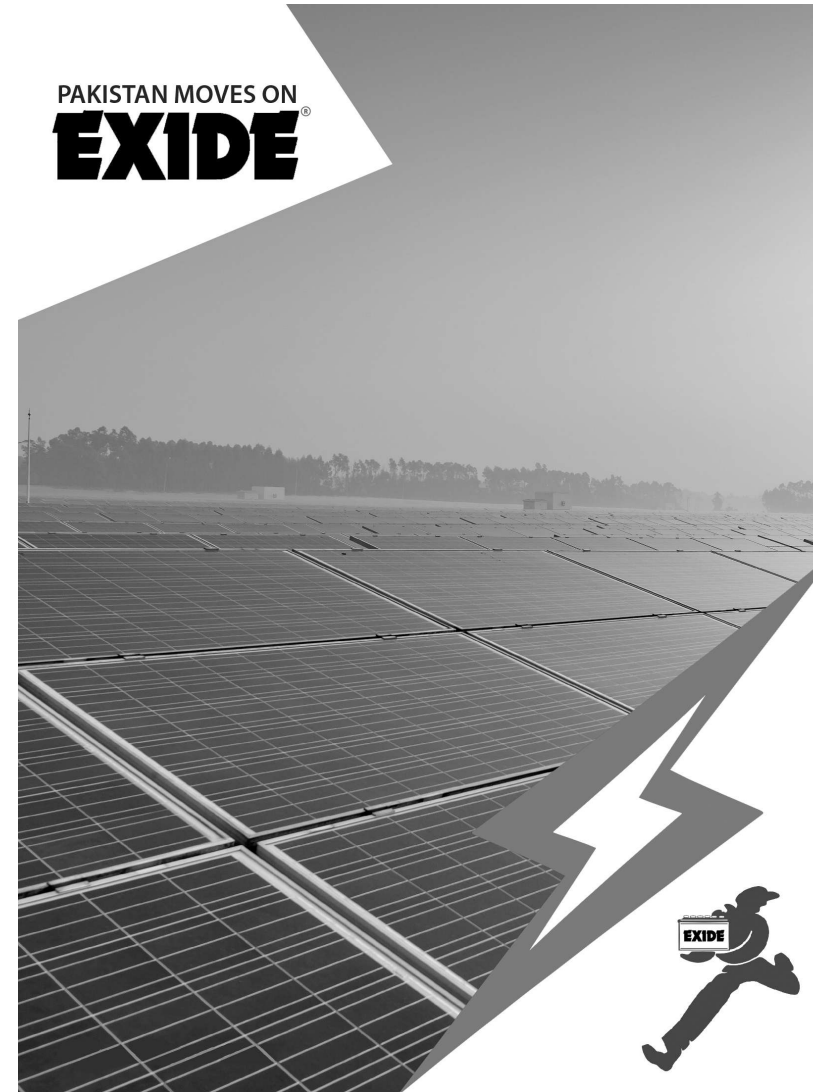
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PAKISTAN MOVES ON
EXIDE



FIRST QUARTERLY REPORT
JUNE 30, 2018

CORPORATE PROFILE

BOARD OF DIRECTORS

Arif Hashwani	- Chairman
Arshad Shehzada	- MD/CEO
Altaf Hashwani	- Director
Hussain Hashwani	- Director
S Haider Mehdi	- Director
S M Faiq	- Director
Ayub Hameed	- Director
Muhammad Kamran Shehzad	- Director

CHIEF FINANCIAL OFFICER

S. Haider Mehdi

AUDIT COMMITTEE

Ayub Hameed	- Chairman
Altaf Hashwani	- Member
S M Faiq	- Member
Salim Abdul Ali	- Secretary

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Ayub Hameed	- Chairman
Arif Hashwani	- Member
Altaf Hashwani	- Member
Syed Zulquarnain Shah	- Secretary

BANKERS

Allied Bank Limited
Bank Al-Falah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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S.I.T.E., Karachi-75700, Pakistan.
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E-mail : exidepk@exide.com.pk