



Driving Forward WITH trust

Customers
Employees
Business Partners
Community & Society



DIRECTORS' REVIEW**For the nine months, July 2006 to March 2007**

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the quarter and nine months ended March 31, 2007.

The market for new automobiles during the quarter remained sluggish at 51,740 units versus 47,814 units sold during the same period last year. Overall, the nation-wide sales of locally assembled passenger cars and light commercial vehicles grew by 8% to 144,072 units, while production was up 6% to 142,739 for nine months ended March 31, 2007. The import of used vehicles is continuing to hurt the growth of domestic auto industry and remains a matter of serious concern. An additional 20,000 used units were imported during this review period to add to the inventory carry over from last year when 46,000 used vehicles were imported and many remained unsold.

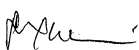
We are pleased to report that the Company again achieved an all time record sales of 12,799 CKD units and production of 16,330 units for the quarter. The combined sale and production of Toyota and Daihatsu brands for the nine months to March 2007 was 36,704 units and 34,819 units, up 21% and 16%, respectively. This enabled the Company to increase its market share from 20% to 25%. The sales revenue for year to date at Rs 28.3 billion is also a new record and is up 11% over Rs. 25.3 billion for corresponding period last year. The after tax profit was Rs 1.9 billion for the nine months ended March 2007 compared to Rs.1.8 billion achieved for same period last year. Increase in sales of CKD and CBU volumes, optimization of cost and weakness of yen in the foreign currency markets contributed favorably to the profitability.

The Company is continuing to make major investments in infrastructure at the plant site in preparation for future growth. Major work in progress items include own co-generation facility, construction of a mini global production center for hands on skill training of employees, extension of CBU yard to cater for increased production volume and canteen expansion for increase in staffing. Nearly all dealership facilities are receiving face lifts and there is continued focus on vendor development through expert interventions. To expose some of them to international standards, a group of vendors were taken to Indonesia to get a close feel on quality manufacturing processes.

As a good corporate citizen, your company continues to participate in several social causes under the banner of "Concern Beyond Cars". Indus Motor is a member of United Nations Global Compact and recently, during the UN Global Road Safety Week (April 23-29), we organized a National Road Safety Conference. Other initiatives include the Toyota Road Safety Walk in Karachi targeted at promoting road safety for children and a free safety checkup of vehicles at Toyota authorized dealerships throughout the country.

We anticipate the business outlook for the last quarter ending June 30, 2007 to remain positive. The automobile market which is already competitive is expected to become even more competitive with the industry having surplus capacity, higher auto financing rates and possibility of new entrants reportedly planning to enter Pakistan. Your company is well positioned to meet these external developments and will continue to further expand production capacity and diversify product mix.

We are very grateful to our customers for their confidence in our products and after sales service. Our achievements would not be possible without the untiring efforts of the entire Indus team including our staff, our vendors, dealers and other business partners. We are also grateful to them.

**Parvez Ghias**

Chief Executive Officer

**Yutaka Arae**

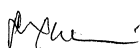
Vice Chairman & Director

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2007

	Note	March 31 2007 (Unaudited)	June 30 2006 (Audited)
(Rupees '000)			
ASSETS			
Non-current assets			
Fixed assets	4	1,823,224	1,716,590
Long-term loans		1,914	1,019
Long-term deposits		5,219	5,181
Finance under musharika arrangements		926	4,021
		1,831,283	1,726,811
Current assets			
Stores and spares		252,213	226,169
Stock-in-trade		2,874,237	3,959,316
Trade debts		587,058	738,281
Current maturity of finance under musharika arrangements		3,271	5,811
Loans and advances		168,672	414,338
Short-term prepayments		34,076	9,134
Accrued mark-up		128,615	76,211
Other receivables		455,027	1,250,217
Short-term investment at fair value through profit or loss		25,715	-
Cash and bank balances		8,315,137	7,416,180
		12,844,021	14,095,657
TOTAL ASSETS		14,675,304	15,822,468
EQUITY			
Share capital			
Authorised capital			
100,000,000 (June 30, 2006: 100,000,000)			
Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2006: 78,600,000)			
ordinary shares of Rs.10 each		786,000	786,000
Reserves		6,464,132	5,471,879
		7,250,132	6,257,879
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease		925	3,871
Deferred taxation		120,290	116,164
		121,215	120,035
Current liabilities			
Trade and other payables		3,015,673	2,599,911
Advances from customers and dealers		4,174,505	6,620,869
Accrued mark-up		205	22,250
Current portion of liabilities against assets subject to finance lease		3,276	5,735
Taxation- Net		110,298	195,789
		7,303,957	9,444,554
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		14,675,304	15,822,468

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Parvez Ghias
Chief Executive Officer



Yutaka Arae
Vice Chairman & Director

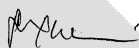
INDUS MOTOR COMPANY LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter and nine months ended March 31, 2007

	Note	Nine Months ended March 31		Quarter ended March 31	
		2007	2006	2007	2006
(Rupees '000)					
Net sales	6.1	28,287,958	25,345,908	9,866,274	8,947,670
Cost of sales	6.2	25,232,149	22,541,544	8,762,017	7,811,573
Gross profit	6.3	3,055,809	2,804,364	1,104,257	1,136,097
Distribution costs		352,241	270,749	143,120	101,791
Administrative expenses		193,564	167,202	60,094	54,818
		545,805	437,951	203,214	156,609
		2,510,004	2,366,413	901,043	979,488
Other operating expenses		239,372	233,358	90,331	93,198
		2,270,632	2,133,055	810,712	886,290
Other operating income		698,377	778,753	211,255	285,137
		2,969,009	2,911,808	1,021,967	1,171,427
Finance costs		5,145	95,581	(918)	29,230
Profit before taxation		2,963,864	2,816,227	1,022,885	1,142,197
Taxation		1,035,711	1,034,635	372,824	433,940
Profit after taxation		1,928,153	1,781,592	650,061	708,257
Earnings per share (Rupees)		24.53	22.67	8.27	9.01

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Parvez Ghias
Chief Executive Officer



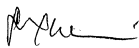
Yutaka Arae
Vice Chairman & Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended March 31, 2007

	Share Capital Issued, subscribed and paid-up	Capital		Reserves		Unrealised gain/(loss) on hedging instruments	Sub-Total	Total
		Premium on issue of ordinary shares	General reserve	Revenue Unappropriated profit				
(Rupees '000)								
Balance as at June 30, 2005	786,000	196,500	2,329,900	1,170,249	(6,844)	3,689,805	4,475,805	
Final dividend @ 60% for the year ended June 30, 2005 declared subsequent to the year end	-	-	-	(471,600)	-	(471,600)	(471,600)	
Transfer to general reserve for the year ended June 30, 2005 appropriated subsequent to the year end	-	-	698,600	(698,600)	-	-	-	
Net loss on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	6,844	6,844	6,844	
Profit after taxation for the period	-	-	-	1,781,592	-	1,781,592	1,781,592	
Net unrealised loss on revaluation of forward foreign exchange contracts	-	-	-	-	(618)	(618)	(618)	
Interim Dividend @ 50%	-	-	-	(393,000)	-	(393,000)	(393,000)	
Balance as at March 31, 2006	786,000	196,500	3,028,500	1,388,641	(618)	4,613,023	5,399,023	
Balance as at June 30, 2006	786,000	196,500	3,028,500	2,255,513	(8,634)	5,471,879	6,257,879	
Final dividend @ 70% for the year ended June 30, 2006 declared subsequent to the year end	-	-	-	(550,200)	-	(550,200)	(550,200)	
Transfer to general reserve for the year ended June 30, 2006 appropriated subsequent to the year end	-	-	1,705,300	(1,705,300)	-	-	-	
Net loss on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	8,634	8,634	8,634	
Profit after taxation for the period	-	-	-	1,928,153	-	1,928,153	1,928,153	
Unrealised loss on revaluation of forward foreign exchange contracts	-	-	-	-	(1,334)	(1,334)	(1,334)	
Interim Dividend @ 50%	-	-	-	(393,000)	-	(393,000)	(393,000)	
Balance as at March 31, 2007	786,000	196,500	4,733,800	1,535,166	(1,334)	6,464,132	7,250,132	

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Parvez Ghias
Chief Executive Officer



Yutaka Arae
Vice Chairman & Director

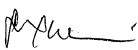
INDUS MOTOR COMPANY LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended March 31, 2007

	Nine Months ended	
	March 31,	
	2007	2006
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,963,864	2,816,227
Adjustment for non-cash charges and other items		
Depreciation	280,036	306,353
Amortisation	3,373	3,346
Gain on sale of fixed assets	(4,149)	(1,119)
Net unrealised gain on revaluation of creditors and forward foreign exchange contracts	(4,899)	2,417
Unrealized gain on revaluation of short term investments	(715)	-
Return on bank deposits	(608,885)	(746,833)
Return on finance under musharika arrangements	(394)	(1,200)
Workers' Profit Participation Fund	159,176	150,901
Workers' Welfare Fund	60,487	50,899
Mark-up on advances from customers	(2,014)	77,335
Mark-up on liabilities against assets subject to finance lease	396	1,382
	(117,588)	(156,519)
Operating surplus before working capital changes	2,846,276	2,659,708
Movement in working capital		
Decrease/ (Increase) in current assets		
Stores and spares	(26,044)	(63,228)
Stock-in-trade	1,085,079	(973,290)
Trade debts	151,223	(754,869)
Loans and advances	245,666	(145,151)
Short-term prepayments	(24,942)	(44,673)
Other receivables	795,190	(480,094)
	2,226,172	(2,461,305)
(Decrease)/ Increase in current liabilities		
Trade and other payables	277,569	652,889
Advances from customers	(2,446,364)	3,848,445
	(2,168,795)	4,501,334
Cash generated from operations	2,903,653	4,699,737
Interest paid	(20,427)	(61,175)
Workers' Profit Participation Fund paid	(7,618)	(6,547)
Workers' Welfare Fund paid	(67,655)	(38,804)
Interest received	556,875	696,220
Income tax paid	(1,117,076)	(717,895)
Long-term loans – net	(895)	(1,074)
Long-term deposits	(38)	(32)
	(656,834)	(129,307)
Net cash inflow from operating activities	2,246,819	4,570,430
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(425,562)	(832,496)
Proceeds from sales of fixed assets	39,670	38,129
Short term investments	(25,000)	-
Receipt of finance under musharika arrangements	5,635	27,583
Net cash used in investing activities	(405,257)	(766,784)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of obligation against assets subject to finance lease	(5,406)	(26,446)
Dividend paid	(937,199)	(857,525)
Net cash used in financing activities	(942,605)	(883,971)
Net increase in cash and cash equivalents	898,957	2,919,675
Cash and cash equivalents at the beginning of the period	7,416,180	6,719,999
Cash and cash equivalents at the end of the period	8,315,137	9,639,674

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Parvez Ghias
Chief Executive Officer



Yutaka Arai
Vice Chairman & Director

INDUS MOTOR COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2007

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan as a public limited company in December, 1989 and started commercial production in May, 1993. The shares of the company are quoted on all the stock exchanges in Pakistan.

The company was formed in accordance with the terms of a Joint Venture agreement concluded amongst the House of Habib, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of the Toyota vehicles. The company also acts as the sole distributor of the Toyota vehicles in Pakistan.

The company is also a sole distributor of Daihatsu vehicles in Pakistan and has a license for assembling, progressive manufacturing and marketing of these vehicles in Pakistan.

The registered office of the company and the factory is situated at Plot No. NWZ/1/P-1, Port Qasim Industrial Estate, Bin Qasim, Karachi.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the company for the year ended June 30, 2006.

<u>Nine Months ended</u>	<u>Year ended</u>
<u>March 31,</u>	<u>June 30,</u>
<u>2007</u>	<u>2006</u>
(Rupees '000)	

4. FIXED ASSETS

4.1 Details of additions/ transfers during the period are as follows:

Tangible

Owned:

Buildings on leasehold land:

Factory	64,503	72,724
Plant and machinery	264,404	584,707
Motor vehicles	33,708	80,575
Furniture and fixtures	12,187	11,253
Office equipment	13,554	10,023
Computers and related accessories	4,301	33,277
Tools and equipment	8,654	32,909
Jigs and fixtures	27,915	127,870
Capital work in progress	175,283	302,153
	604,509	1,255,491

Intangible

Software	2,032	43
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INDUS MOTOR COMPANY LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the nine months ended March 31, 2007

<u>Nine Months ended</u> <u>March 31,</u> <u>2007</u>	<u>Year ended</u> <u>June 30,</u> <u>2006</u>
(Rupees '000)	

4.2 Details of disposals / retirements (cost) during the period are as follows:

Plant & Machinery	2,299	28,735
Motor vehicles	49,959	34,700
Office equipment	420	240
Computers and related accessories	-	323
Tools & Equipment	-	12,503
Capital work in progress capitalized during the period	380,311	787,941
	<u>432,989</u>	<u>864,442</u>

5. CONTINGENCIES AND COMMITMENTS**5.1 Contingencies**

The status of the contingency, as disclosed in note 23 to the annual financial statements for the year ended June 30, 2006 has remained unchanged except for the matter relating to alleged demand from Collector of Customs of Rs. 480.311 Million on Royalty Payments (refer to note 23.1) which is now pending for adjudication before the Customs Appellate Tribunal. No provision has been made in the financial statements against the above-referred sum as the management is confident that the matter will be decided in favour of the company.

Contingencies in respect of outstanding bank guarantees at the end of the current period amounted to Rs 609.175 (June 30, 2006: Rs 419.88) million.

5.2 Commitments

Commitments in respect of capital expenditure at the end of the current period amounted to Rs 681.972 (June 30, 2006: Rs 520.176) million.

INDUS MOTOR COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2007

6. OPERATING RESULTS

	Nine Months ended		Quarter ended	
	March 31		March 31	
	2007	2006	2007	2006
	(Rupees '000)			
6.1 Sales				
Manufacturing				
Gross sales	29,213,677	26,930,395	10,363,602	9,561,266
Sales tax	(3,808,944)	(3,509,871)	(1,351,283)	(1,246,321)
	25,404,733	23,420,524	9,012,319	8,314,945
Commission	(662,163)	(638,787)	(236,402)	(224,700)
Discounts	(403)	(120)	(388)	-
Net sales	24,742,167	22,781,617	8,775,529	8,090,245
Trading				
Gross sales	4,367,016	3,127,403	1,377,201	1,054,926
Sales tax	(548,551)	(392,180)	(170,811)	(129,952)
	3,818,465	2,735,223	1,206,390	924,974
Commission	(124,068)	(71,630)	(50,325)	(21,540)
Discounts	(148,606)	(99,302)	(65,320)	(46,009)
Net sales	3,545,791	2,564,291	1,090,745	857,425
	28,287,958	25,345,908	9,866,274	8,947,670
6.2 Cost of sales				
Raw materials and vendor parts consumed	20,364,019	19,702,478	7,129,558	7,174,130
Stores and spares consumed	482,915	428,811	159,419	159,179
Salaries, wages and other benefits	170,850	142,854	56,351	48,604
Repairs and maintenance	55,254	64,019	23,058	25,229
Depreciation	237,228	267,609	83,681	68,740
Travelling	9,730	8,167	1,619	3,321
Insurance	14,373	12,530	4,795	3,240
Vehicle running expenses	3,500	3,785	1,004	1,227
Communication	3,294	2,935	1,158	1,003
Printing and stationery	1,972	2,472	555	636
Utilities	91,030	67,212	24,869	22,881
Running royalty	201,128	208,197	68,980	80,169
Technical fee	7,152	20,683	559	6,913
Staff transport and catering	68,434	59,944	23,889	20,599
Staff training	12,609	872	6,033	202
Miscellaneous	13,771	8,061	2,138	4,286
	1,373,240	1,298,151	458,108	446,229
Add: opening work-in-process	95,520	106,130	282,972	306,439
Less: closing work-in-process	79,386	106,944	79,386	106,944
Cost of goods manufactured	21,753,393	20,999,815	7,791,252	7,819,854
Opening stock of finished goods	744,469	214,482	266,065	76,762
Closing stock of finished goods	(231,692)	(794,644)	(231,692)	(794,644)
Cost of sales - Manufacturing	22,266,170	20,419,653	7,825,625	7,101,972
Cost of sales - Trading	2,965,979	2,121,891	936,392	709,601
	25,232,149	22,541,544	8,762,017	7,811,573
6.3 Gross profit				
Manufacturing	2,475,997	2,361,964	949,904	988,273
Trading	579,812	442,400	154,353	147,824
	3,055,809	2,804,364	1,104,257	1,136,097

INDUS MOTOR COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2007

7. TRANSACTIONS WITH RELATED PARTIES/ ASSOCIATED UNDERTAKINGS

The related parties and associated undertakings comprise associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as follows:

	Nine Months ended		Quarter ended	
	March 31		March 31	
	2007	2006	2007	2006
	(Rupees '000)			
Sales	37,984	13,863	17,513	5,926
Purchases	13,005,674	12,824,037	4,371,488	4,736,092
Insurance premium	108,793	93,736	26,443	12,273
Agency commission	80,782	18,604	12,598	5,817
Running royalty	203,329	210,915	69,796	81,188
Technical fee	7,152	20,683	559	6,912
Share registrar's fee, charges and other services	11,041	8,045	3,961	2,172
Return on bank deposits	130,181	160,620	47,882	57,233
Proceeds from sale of fixed assets / insurance claim	3,868	1,431	2,934	-
Key management personnel compensation				
- Salaries and benefits	43,562	31,665	12,790	8,652
- Post employment benefits	753	711	251	206
			March 31, 2007	June 30, 2006
			(Rupees '000)	

Related party balances at period / year end are as follows:

Warranty claims, agency commission and other receivable	29,467	15,942
Trade and Other Payables	1,155,441	1,128,145

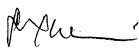
Transactions with related parties/ associate undertakings are made under normal commercial terms and conditions.

8. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on April 27, 2007 by the Board of Directors of the company.

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Parvez Ghias
Chief Executive Officer



Yutaka Arae
Vice Chairman & Director

BOARD OF DIRECTORS

Mr. Ali S. Habib	Chairman
Mr. Yutaka Arae	Vice Chairman
Mr. Parvez Ghias	Chief Executive Officer
Mr. Farhad Zulficar	Director
Mr. Ilyas Suri	Director
Mr. A. Okabe	Director
Mr. K. Furubayashi	Director
Mr. Mohammedali R. Habib	Director

CHIEF FINANCIAL OFFICER

Mr. Shahid Mahmood Khan

COMPANY SECRETARY

Mr. Rayomand Ghadiali

Auditors:

M/s A. F. Ferguson & Co.
Chartered Accountants,
State Life Building 1-C,
I. I. Chundrigar Road,
Karachi.

Registrar:

Noble Computer services (Private) Limited
2nd Floor, Sohni Center, BS 5 & 6, Main Karimabad,
Block- 4, Federal B. Area, Karachi - 75950, Pakistan.

Legal advisors:

M/s A. K. Brohi & Co.
M/s Mansoor Ahmed Khan & Co.
M/s Mahmud & Co.
M/s Sayeed & Sayeed Co.

Factory / Registered Office:

Plot No. NWZ/ 1/ P - 1,
Port Qasim Industrial Estate,
Bin Qasim, Karachi
Phone : (UAN) (92-21) 111- 869-682
Fax: (92-21) 4720056

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