

**Indus Motor Company Ltd.**



**Quarterly & Nine Months Accounts**

**March 2006**

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## COMPANY INFORMATION

### 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 Mehmood Khan

### COMPANY SECRETARY

Mr. Rayomand Ghadiali

#### **Auditors:**

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

#### **Registrar:**

Noble Computer services (Private) Limited  
2<sup>nd</sup> 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- 86-96-82  
Fax : (92-21) 4720056

#### **Website:**

[www.toyota-indus.com](http://www.toyota-indus.com)



**DIRECTORS' REVIEW**  
**For the nine months, July 2005 to March 2006**

The Directors of Indus Motor Co. Ltd. are pleased to present the un-audited accounts of the Company for the quarter and nine months ended March 31, 2006.

The national demand for cars continues to remain strong. Sales of the locally assembled passenger cars and light commercial vehicles for the nine months ended March 31, 2006 grew by 28% to 133,390 units, compared to 103,998 units for same period last year. The production of CKD units by the industry is expected to reach over 190,000 units for the current fiscal year compared to 152,000 units achieved in 2004- 05 thus further closing the gap between demand and supply. The continuously rising trend in the import of used cars is beginning to impact the local industry inventories and production plans. It is expected that the imports of used units could exceed 35,000 units for the fiscal year.

The Indus team alongwith the vendors are working hard to further increase production to meet the target of 52,000 units by year end. The demand for our products continues to remain strong. The combined production of Toyota and Daihatsu brands for the nine months to March 2006 was 30,128 units, an increase of 18% over 25,517 units for the same period last year while our sales revenue increased to Rs. 25.3 billion, up 27% over Rs. 20.0 billion. The after tax profit increased to Rs 1.782 billion, compared to Rs 0.973 billion for the nine months 2006, primarily due to increase in sales volume.

The import of used cars and absence of a clear long term policy for the auto sector are major factors contributing towards the uncertainty in the auto industry. As economic growth continues, the demand for cars should be met by indigenous production to reap the benefits of investments made and planned by the industry for capacity enhancement, by both OEM's & Vendors.

The auto manufacturers with the support from the Engineering Development Board - EDB have prepared a Tariff Based System to replace the mandatory deletion program. The EDB and Ministry of Industries are coordinating with CBR for its early introduction.

During the quarter we were pleased to receive Mr. R. Sasaki, President of Toyota Motor Thailand; Lt. General Muhammad Afzal Muzaffar, Quarter Master General Pakistan Army and Mr. Shoji Kondo, President Hino Motors Ltd.

The Company's Earthquake Relief Team has successfully carried out the first phase of operation, distributing the necessities of life and providing medical assistance to the affectees. In the second phase, the company is now embarked on a major reconstruction effort. Three permanent earthquake resistant model houses have been built on a self help basis with earthquake affectees in the villages of Majhoi and Mang Umar Khan beyond Muzaffarabad. We plan to replicate these designs and hope to assist villagers in a major reconstruction project covering several villages.

Once again, we wish to thank our loyal customers for their trust in our products and services. We acknowledge the tremendous efforts made by the entire Indus family - our team, our vendors and our dealers.

We pray to Allah for His continued blessings and guidance.



**INDUS MOTOR COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2006**

	Note	March 31 2006 Unaudited	June 30 2005 Audited
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	4	1,484,672	998,887
Long-term loans		1,462	388
Long-term deposits		5,181	5,149
Finance under musharika arrangements		7,986	12,153
		<u>1,499,301</u>	<u>1,016,577</u>
<b>CURRENT ASSETS</b>			
Stores and spares		200,256	137,028
Stock-in-trade		4,142,145	3,168,855
Trade debts		1,139,092	384,511
Current maturity of finance under musharika arrangements		5,844	29,259
Loans and advances		448,039	302,888
Short-term prepayments		49,044	4,371
Accrued mark-up		98,356	46,543
Other receivables		1,620,686	1,140,592
Taxation - net		-	82,315
Cash and bank balances	5	9,639,674	6,719,999
		<u>17,343,136</u>	<u>12,016,361</u>
<b>TOTAL ASSETS</b>		<u><b>18,842,437</b></u>	<u><b>13,032,938</b></u>
<b>EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorised capital			
100,000,000 (June 30, 2005:100,000,000)		<u>1,000,000</u>	<u>1,000,000</u>
Ordinary shares of Rs 10 each			
Issued, subscribed and paid-up capital		786,000	786,000
Reserves		4,613,023	3,689,805
		<u>5,399,023</u>	<u>4,475,805</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		7,883	11,957
Deferred taxation		58,469	42,693
		<u>66,352</u>	<u>54,650</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,834,543	2,022,227
Advances from customers and dealers		10,290,208	6,441,763
Accrued mark-up		28,110	10,568
Current portion of liabilities against assets subject to finance lease		5,552	27,925
Taxation- Net		218,649	-
		<u>13,377,062</u>	<u>8,502,483</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>18,842,437</b></u>	<u><b>13,032,938</b></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

**Parvez Ghias**  
Chief Executive Officer

**Yutaka Arae**  
Vice Chairman & Director



**INDUS MOTOR COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER & NINE MONTHS ENDED MARCH 31, 2006**

	Note	Nine Months ended March 31		Quarter ended March 31	
		2006	2005	2006	2005
(Rupees '000)					
<b>NET SALES</b>	7	<b>25,345,908</b>	20,033,881	<b>8,947,670</b>	7,018,180
Cost of sales	7	<b>22,541,544</b>	18,255,366	<b>7,811,573</b>	6,560,175
<b>GROSS PROFIT</b>		<b>2,804,364</b>	1,778,515	<b>1,136,097</b>	458,005
Distribution costs	7	<b>270,749</b>	204,782	<b>101,791</b>	65,408
Administrative expenses	7	<b>167,202</b>	141,715	<b>54,818</b>	49,739
		<b>437,951</b>	346,497	<b>156,609</b>	115,147
		<b>2,366,413</b>	1,432,018	<b>979,488</b>	342,858
Other operating expenses	7	<b>233,358</b>	128,366	<b>93,198</b>	42,309
		<b>2,133,055</b>	1,303,652	<b>886,290</b>	300,549
Other operating income	7	<b>778,753</b>	284,409	<b>285,137</b>	135,306
		<b>2,911,808</b>	1,588,061	<b>1,171,427</b>	435,855
Finance costs		<b>95,581</b>	66,394	<b>29,230</b>	30,030
<b>PROFIT BEFORE TAXATION</b>		<b>2,816,227</b>	1,521,667	<b>1,142,197</b>	405,825
Taxation		<b>1,034,635</b>	548,438	<b>433,940</b>	149,873
<b>PROFIT AFTER TAXATION</b>		<b>1,781,592</b>	973,229	<b>708,257</b>	255,952
<b>EARNINGS PER SHARE</b>	(Rupees)	<b>22.67</b>	12.38	<b>9.01</b>	3.26

The annexed notes 1 to 11 form an integral part of these financial statements.

**Parvez Ghias**  
Chief Executive Officer

**Yutaka Arae**  
Vice Chairman & Director



INDUS MOTOR COMPANY LTD



**INDUS MOTOR COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

	Share Capital	Reserves				Sub-Total	Total
	Capital	Revenue		Unrealised gain / (loss) on hedging instruments			
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve		Unappropriated profit		
----- (Rupees '000) -----							
<b>Balance at June 30, 2004</b>	786,000	196,500	1,564,000	1,158,903	66,192	2,985,595	3,771,595
Final dividend @ 50% for the year ended June 30, 2004 declared subsequent to the year end	-	-	-	(393,000)	-	(393,000)	(393,000)
Transfer to general reserve for the year ended June 30, 2004 appropriated subsequent to the year end	-	-	765,900	(765,900)	-	-	-
Net gain on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	(66,192)	(66,192)	(66,192)
Net profit for the period	-	-	-	973,229	-	973,229	973,229
Net unrealised gain on revaluation of forward foreign exchange contracts	-	-	-	-	(50,632)	(50,632)	(50,632)
Interim Dividend @ 40%	-	-	-	(314,400)	-	(314,400)	(314,400)
<b>Balance at March 31, 2005</b>	<u>786,000</u>	<u>196,500</u>	<u>2,329,900</u>	<u>658,832</u>	<u>(50,632)</u>	<u>3,134,600</u>	<u>3,920,600</u>
<b>Balance at June 30, 2005</b>	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
Net profit 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)
<b>Balance at March 31, 2006</b>	<u>786,000</u>	<u>196,500</u>	<u>3,028,500</u>	<u>1,388,641</u>	<u>(618)</u>	<u>4,613,023</u>	<u>5,399,023</u>

The annexed notes 1 to 11 form an integral part of these financial statement

**Parvez Ghias**  
Chief Executive Officer

**Yutaka Arai**  
Vice Chairman & Director



**INDUS MOTOR COMPANY LIMITED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

	Nine Months ended	
	March 31	
	2006	2005
	(Rupees '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,816,227	1,521,667
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	306,353	211,427
Amortisation	3,346	412
Gain on sale of fixed assets	(1,119)	(4,936)
Net unrealised loss on revaluation of creditors and forward foreign exchange contracts	2,417	-
Return on bank deposits	(746,833)	(252,064)
Return on finance under musharika arrangements	(1,200)	(1,806)
Workers' Profit Participation Fund	150,901	81,494
Workers' Welfare Fund	50,899	26,715
Mark-up on advances from customers	77,335	53,361
Mark-up on liabilities against assets subject to finance lease	1,382	2,078
	(156,519)	116,681
<b>Operating surplus before working capital changes</b>	<b>2,659,708</b>	<b>1,638,348</b>
<b>Movement in working capital</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores and spares	(63,228)	(27,688)
Stock-in-trade	(973,290)	(400,079)
Trade debts	(754,869)	(62,224)
Loans and advances	(145,151)	57,641
Short-term prepayments	(44,673)	-
Other receivables	(480,094)	105,541
	(2,461,305)	(326,809)
<b>Increase in current liabilities</b>		
Trade and other payables	652,889	361,677
Advances from customers	3,848,445	1,755,344
	4,501,334	2,117,021
<b>Cash generated from operations</b>	<b>4,699,737</b>	<b>3,428,560</b>
Interest paid	(61,175)	(46,226)
Workers' Profit Participation Fund paid	(6,547)	(5,241)
Workers' Welfare Fund paid	(38,804)	(46,137)
Interest received	696,220	226,122
Income tax paid	(717,895)	(766,177)
Long-term loans – net	(1,074)	(463)
Long-term deposits	(32)	-
	(129,307)	(638,122)
<b>Net cash inflow from operating activities</b>	<b>4,570,430</b>	<b>2,790,438</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(832,496)	(224,762)
Proceeds from sales of fixed assets	38,129	19,194
Finance under musharika arrangements	-	(39,002)
Receipt of finance under musharika arrangements	27,583	35,108
<b>Net cash used in investing activities</b>	<b>(766,784)</b>	<b>(209,462)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of obligation against assets subject to finance lease	(26,446)	(33,477)
Dividend paid	(857,525)	(391,857)
<b>Net cash used in financing activities</b>	<b>(883,971)</b>	<b>(425,334)</b>
Net increase in cash and cash equivalents	2,919,675	2,155,642
Cash and cash equivalents at the beginning of the year	6,719,999	6,962,005
<b>Cash and cash equivalents at the end of the period</b>	<b>9,639,674</b>	<b>9,117,647</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

**Parvez Ghias**  
**Chief Executive Officer**

**Yutaka Arae**  
**Vice Chairman & Director**



**INDUS MOTOR COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

**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 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 Accounting Standards (IASs) 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 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 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, 2005.

	Nine Months ended	Year ended
	March 31 2006	June 30 2005
	(Rupees '000)	
<b>4. FIXED ASSETS</b>		
<b>4.1 Details of additions/ Transfers during the period are as follows:</b>		
<b>Tangible</b>		
<b>Owned:</b>		
Buildings on leasehold land		
Factory	27,747	86,691
Others	-	20,097
Plant and machinery	433,784	119,347
Motor vehicles	77,872	2,328
Furniture and fixtures	4,401	10,726
Office equipment	3,995	3,184
Computers and related accessories	16,261	60,995
Tools and equipment	9,344	49,174
Jigs and fixtures	112,960	28,730
Capital work in progress	210,594	87,307
	896,958	468,579
<b>Leased:</b>		
Plant and machinery	-	13,341
Motor vehicles	-	34,070
	-	47,411
	896,958	515,990
<b>Intangible</b>		
Software	43	13,352



4.2 Details of disposals / retirements (cost) during the period are as follows:	Nine Months ended	Year ended
	March 31 2006	June 30 2,005
	(Rupees '000)	
Plant & Machinery	28,735	10,252
Motor vehicles	20,882	35,910
Furniture and fixtures	-	4,728
Office equipment	240	3,974
Computers and related accessories	180	2,190
Tools & Equipment	12,503	1,715
Jigs & Fixtures	-	9,448
Capital work in progress:		
Capitalized during the period	468,746	285,633
	<u>531,286</u>	<u>353,850</u>

## 5. CASH AND BANK BALANCES

<b>Cash in hand</b>	521	441
<b>With banks in</b>		
- Current accounts	298,032	42,037
- Deposit accounts	9,341,121	6,677,521
	<u>9,639,153</u>	<u>6,719,558</u>
	<u>9,639,674</u>	<u>6,719,999</u>

## 6. CONTINGENCIES AND COMMITMENTS

## 6.1 Contingencies

The status of the contingencies, as disclosed in note 23 to the annual financial statements for the year ended June 30, 2005, has remained unchanged.

Contingencies in respect of outstanding bank guarantees at the end of the current period amounted to Rs 328.914 (June 30, 2005: Rs 374.379) million.

## 6.2 Commitments

Commitments in respect of capital expenditure at the end of the current period amounted to Rs 554.653 (June 30, 2005: Rs 531.620) million.

## 7. OPERATING RESULTS

Note	Manufacturing		Trading		Total	
	Nine Months Ended March 31		Nine Months Ended March 31		Nine Months Ended March 31	
	2006	2005	2006	2005	2006	2005
(Rupees '000)						
<b>Gross Sales</b>	26,930,395	21,476,981	3,127,403	2,255,255	30,057,798	23,732,236
Sales tax	3,509,871	2,800,908	392,180	294,164	3,902,051	3,095,072
	<u>23,420,524</u>	<u>18,676,073</u>	<u>2,735,223</u>	<u>1,961,091</u>	<u>26,155,747</u>	<u>20,637,164</u>
Commission	638,787	540,777	71,630	61,076	710,417	601,853
Discounts	120	-	99,302	1,430	99,422	1,430
<b>Net sales</b>	<u>22,781,617</u>	<u>18,135,296</u>	<u>2,564,291</u>	<u>1,898,585</u>	<u>25,345,908</u>	<u>20,033,881</u>
<b>Cost of sales</b>						
Opening stock	214,482	199,961	590,579	174,845	805,061	374,806
Cost of goods manufactured	20,999,815	16,710,324	-	-	20,999,815	16,710,324
Purchases	-	-	2,380,903	1,923,633	2,380,903	1,923,633
Closing stock	(794,644)	(169,184)	(849,591)	(584,213)	(1,644,235)	(753,397)
	<u>20,419,653</u>	<u>16,741,101</u>	<u>2,121,891</u>	<u>1,514,265</u>	<u>22,541,544</u>	<u>18,255,366</u>
<b>Gross profit</b>	<u>2,361,964</u>	<u>1,394,195</u>	<u>442,400</u>	<u>384,320</u>	<u>2,804,364</u>	<u>1,778,515</u>
Distribution costs	245,070	193,330	25,679	11,452	270,749	204,782
Administrative expenses	150,286	128,285	16,916	13,430	167,202	141,715
	<u>395,355</u>	<u>321,615</u>	<u>42,596</u>	<u>24,882</u>	<u>437,951</u>	<u>346,497</u>
	<u>1,966,609</u>	<u>1,072,580</u>	<u>399,804</u>	<u>359,438</u>	<u>2,366,413</u>	<u>1,432,018</u>
Other operating expenses	230,165	126,456	3,193	1,910	233,358	128,366
	<u>1,736,443</u>	<u>946,125</u>	<u>396,612</u>	<u>357,527</u>	<u>2,133,055</u>	<u>1,303,652</u>
Other operating income	755,064	258,172	23,689	26,237	778,753	284,409
	<u>2,491,508</u>	<u>1,204,296</u>	<u>420,300</u>	<u>383,765</u>	<u>2,911,808</u>	<u>1,588,061</u>



Note	Manufacturing		Trading		Total	
	Quarter ended March 31		Quarter ended March 31		Quarter ended March 31	
	2006	2005	2006	2005	2006	2005
	----- (Rupees '000) -----					
<b>Gross Sales</b>	<b>9,561,266</b>	7,468,289	<b>1,054,926</b>	829,883	<b>10,616,192</b>	8,298,172
Sales tax	<b>1,246,321</b>	973,772	<b>129,952</b>	108,245	<b>1,376,273</b>	1,082,017
	<b>8,314,945</b>	6,494,517	<b>924,974</b>	721,638	<b>9,239,919</b>	7,216,155
Commission	<b>224,700</b>	186,586	<b>21,540</b>	11,139	<b>246,240</b>	197,725
Discounts	--	-	<b>46,009</b>	250	<b>46,009</b>	250
<b>Net sales</b>	<b>8,090,245</b>	6,307,931	<b>857,425</b>	710,249	<b>8,947,670</b>	7,018,180
					-	-
<b>Cost of sales</b>						
Opening stock	<b>76,762</b>	263,090	<b>496,062</b>	404,826	<b>572,824</b>	667,916
Cost of goods manufactured	<b>7,819,854</b>	5,884,720	-	-	<b>7,819,854</b>	5,884,720
Purchases	-	-	<b>1,063,130</b>	760,936	<b>1,063,130</b>	760,936
Closing stock	<b>(794,644)</b>	(169,184)	<b>(849,591)</b>	(584,213)	<b>(1,644,235)</b>	(753,397)
	<b>7,101,972</b>	5,978,626	<b>709,601</b>	581,549	<b>7,811,573</b>	6,560,175
<b>Gross profit</b>	<b>988,273</b>	329,305	<b>147,824</b>	128,700	<b>1,136,097</b>	458,005
Distribution costs	<b>92,619</b>	62,215	<b>9,172</b>	3,193	<b>101,791</b>	65,408
Administrative expenses	<b>49,572</b>	44,650	<b>5,246</b>	5,089	<b>54,818</b>	49,739
	<b>142,192</b>	106,865	<b>14,417</b>	8,282	<b>156,609</b>	115,147
	<b>846,081</b>	222,440	<b>133,407</b>	120,418	<b>979,488</b>	342,858
					-	-
Other operating expenses	<b>92,127</b>	40,918	<b>1,071</b>	1,391	<b>93,198</b>	42,309
	<b>753,954</b>	181,522	<b>132,336</b>	119,027	<b>886,290</b>	300,549
Other operating income	<b>281,512</b>	129,563	<b>3,625</b>	5,743	<b>285,137</b>	135,306
	<b>1,035,466</b>	311,085	<b>135,961</b>	124,770	<b>1,171,427</b>	435,855

- 7.1 Finance costs, other operating expenses (other than charge in respect of Workers' Profit Participation Fund and Workers' Welfare Fund), administrative expenses and distribution costs (other than warranty claims and pre-delivery inspection charges, development expenditure and running royalty), have been allocated between manufacturing and trading activities on the basis of net sales. Warranty claims and pre-delivery inspection charges, development expenditure and charges in respect of Workers' Profit Participation Fund and Workers' Welfare Fund have been allocated to manufacturing activity. Running royalty has been allocated to trading activity.

Nine Months ended		Quarter ended	
March 31		March 31	
2006	2005	2006	2005
----- (Rupees '000) -----			

7.2 **Cost of goods manufactured**

Raw material and vendor parts consumed	<b>19,702,478</b>	15,685,559	<b>7,174,129</b>	5,522,692
Stores and spares consumed	<b>428,811</b>	342,211	<b>159,179</b>	124,770
Salaries, wages and allowance	<b>142,854</b>	105,685	<b>48,604</b>	37,953
Repair and maintenance	<b>64,019</b>	47,496	<b>25,229</b>	5,519
Depreciation	<b>267,609</b>	189,846	<b>68,740</b>	66,489
Travelling, Conveyance	<b>8,167</b>	7,565	<b>3,321</b>	2,102
Insurance	<b>12,530</b>	5,552	<b>3,240</b>	1,981
Vehicle Running	<b>3,786</b>	3,108	<b>1,226</b>	840
Communication	<b>2,935</b>	1,953	<b>1,003</b>	826
Printing and Stationary	<b>2,472</b>	2,107	<b>636</b>	942
Utilities	<b>67,212</b>	66,481	<b>22,881</b>	22,078
Running royalty	<b>208,197</b>	187,313	<b>80,169</b>	49,733
Technical Fees	<b>20,683</b>	17,453	<b>6,913</b>	3,025
Staff Catering, Transport and Uniform	<b>59,944</b>	41,588	<b>20,600</b>	12,783
Staff Training	<b>872</b>	12,295	<b>202</b>	6,718
Miscellaneous	<b>8,061</b>	2,896	<b>4,286</b>	845
	<b>1,298,151</b>	1,033,549	<b>446,230</b>	336,604
Add: Opening work-in-process	<b>106,130</b>	104,553	<b>306,439</b>	138,761
Less: Closing work-in-process	<b>106,944</b>	113,337	<b>106,944</b>	113,337
	<b>20,999,815</b>	16,710,324	<b>7,819,854</b>	5,884,720



8. **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:

	<b>Nine Months ended</b>		<b>Quarter ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>(Rupees '000)</b>		<b>(Rupees '000)</b>	
Purchases	<b>12,824,037</b>	10,317,508	<b>4,736,092</b>	3,707,342
Insurance premium	<b>93,736</b>	76,594	<b>12,273</b>	19,373
Agency commission	<b>18,604</b>	28,566	<b>5,817</b>	5,050
Running royalty	<b>210,915</b>	189,471	<b>81,188</b>	50,672
Technical fee	<b>20,683</b>	17,453	<b>6,912</b>	3,025
Share registrar's fee, charges and other services	<b>8,045</b>	7,336	<b>2,172</b>	2,502
Return on bank deposits	<b>160,620</b>	35,720	<b>57,233</b>	25,229
Proceeds from sale of fixed assets / insurance claim	<b>1,431</b>	-	-	-
Salaries, allowances and other benefit of key management personnel	<b>12,568</b>	5,388	<b>3,647</b>	1,602

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

9. **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant reclassifications include:

- The element of sales tax received from customers as part of advances for sale of vehicles has been reclassified from sales tax payable which had been netted off against sales tax receivable appearing under the caption of other receivables and has been included as part of advances from customers.
- Staff transport and catering cost relating to employees belonging to the company's production and distribution functions have been reclassified from administrative expenses into cost of sales and distribution costs respectively.

10. **DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on April 07, 2006 by the Board of Directors of the company.

11. **GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**Parvez Ghias**  
Chief Executive Officer

**Yutaka Arae**  
Vice Chairman & Director

