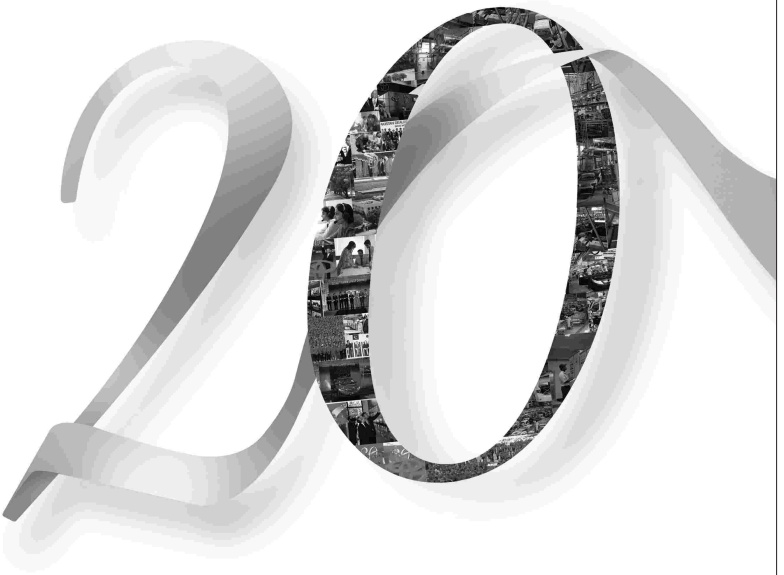


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Directors' Review

For the half year ended December 31, 2010

On behalf of the Board of Directors of Indus Motor Company Ltd., we are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2010. The financial statements accompanying this report received a limited review report from the statutory auditors as required under the Code of Corporate Governance.

Pakistan Automobile Market

Auto sales for the first 6 months (July-December) of the financial year 2010-11 beat general market expectations that had factored the impact of devastating floods and galloping inflation to forecast a dampened demand for the period. Nationwide sales of the locally assembled Passenger Cars (PC) and Light Commercial Vehicles (LCV) grew by 11% to 68,099 units, compared to 61,516 units sold for the same period last year. Higher volume was primarily driven by the low-end economy (850cc) and small-high (1300-1800cc) segments which witnessed a year on year increase of 15% and 12% respectively. Overall, the industry production of PC and LCV for the period was up 17% to 72,417 units as against 61,948 units produced during the same period last year. All major manufacturers were able to effectively ramp up their supplies to meet the growing customer demand.

Strong buying from the rural agricultural heartland on account of improved farm income emanating from robust commodity support prices remained the primary source for the high demand. However, the industry experienced severe erosion of gross margin due to continued escalation in the input costs from chronic decline of the Rupee and power outages that significantly affected the business operations.

Throughout the period, there was significant pressure from the government for reduction in selling prices of vehicles which the manufacturers could not afford due to their weakening profitability. Much to the dismay of the industry, the Ministry of Commerce issued an SRO in February 2011, effective from December 08, 2010, increasing the age limit for the import of the used cars from 3 to 5 years. This decision of the government is most unfortunate in view of the negative ramifications it will have on the local OEMs and the vending industry alike, which is already suffering from excess capacity and poor profitability.

Company Operating Performance

The challenging environment faced by the industry bears reflection on the Company performance with mixed results. The combined sale of Toyota and Daihatsu brands (CKD and CBU) for the six months ended December 2010 at 22,903 units are up 8% compared to 21,300 units sold for the same period last year. Our manufacturing plant and vendor parts supplies kept pace to meet the rising demand with total production of 23,482 units, up 11% compared to 21,119 units produced in the same period last year.

The Company's net sales revenue for the first half year ended December 31, 2010 increased to Rs 26.8 billion, up 11% as compared to Rs 24.1 billion posted in 2009, while profit after tax dropped 34% to Rs 0.91 billion over the record Rs 1.37 billion for the same period last year. Decline in the half year profitability is mainly attributable to manufacturing operations affected by rising input costs due to deterioration of the Rupee and other inflationary pressures that the Company has absorbed in order to cushion the adverse impact on our valued customers.

The Board of Directors is pleased to declare an interim dividend of Rs 5 per share for the half year ended December 2010 (December 2009: Rs 5).

In late December 2010, the Company as part of its commitment to the government announced selling price reduction in several variants of Corolla and Cuore models in anticipation of the future benefits of enhanced localization that would flow from the Rs 2 billion investments in Phase 2 of the Press Shop and engine assembly/testing facilities. It puts the current price of the benchmark 1300cc Xli Corolla new model at Rs 1,337,000, an increase of Rs 68,000 since its launch in October 2008 and represents an annualized increase of 2.4% per annum, which is significantly below the increases in raw material and supplies of component prices.

The Company recently launched a new variant to the Toyota LCV line up. The new 4x4 Hilux Turbo double cab with its tough features and state of the art technology combined with a powerful diesel engine has received tremendous appreciation from both fleet and individual customers alike and is expected to perform well.

Near Term Business Outlook

Although our business environment for the second half of the fiscal year is expected to remain tough given the current economic difficulties being faced by Pakistan, the Company expects to sell higher volume in this period owing to the traditional strong demand on account of larger income flows in the agricultural sector. The situation on profitability is expected to remain severe.

Directors' Review

For the half year ended December 31, 2010

The Company is committed to remain focused at improving operational efficiencies, maintaining high quality of its product and services and effectively managing the cost increases to deliver maximum value to our esteemed customers. However, unless there is reversal in the continued depreciation of the Pak Rupee, the Company will have no choice but to pass these increases in the market place in order to balance all stakeholder interests. We look to the government understanding on this issue and appeal to the policy makers for sympathetic consideration so that auto sector can remain a major contributor to the national exchequer, provide sustained growth in the manufacturing sector, safeguard the interest of thousands of jobs and maximize full potential of the industry for the long term economic development of the country.

We thank the Engineering Development Board for initiating dialogue with the OEMs and the part suppliers on the new future auto policy to replace the current AIDP that runs out in June 2012. Regrettably, the signals from the government as regards used car imports and the new entrant policy does not auger well and can be damaging for the industry and its current players who have invested heavily in the manufacturing infrastructure and capacity building of trained human resources. It is imperative that a stable policy and a level playing field is offered to all players in the industry, the existing manufacturers, vendors and any new entrant so that there is opportunity for everyone to grow and contribute effectively in serving the consumer preferences and demands. IMC for its part stands committed to playing a responsible role in society and firmly supporting government initiatives that creates such an environment.

In conclusion, we thank our customers for their confidence and loyalty in our products and we wish to acknowledge the untiring efforts of the entire Indus team, including our staff, vendors, dealers and all business partners and look forward to their continued commitment in the future.

Karachi: February 22, 2011



Parvez Ghias

Chief Executive Officer



Koji Hyodo

Vice Chairman & Director

Auditors' Review Report to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Indus Motor Company Limited as of December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the condensed interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 and 2010 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 23, 2011, Karachi.

Condensed Interim Balance Sheet

As at December 31, 2010

	Note	December 31 2010 (Unaudited)	June 30 2010 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Fixed assets	4	3,607,804	3,324,333
Long-term loans and advances		16,201	15,570
Long-term deposits		7,122	7,122
		<u>3,631,127</u>	<u>3,347,025</u>
Current assets			
Stores and spares		150,717	111,567
Stock-in-trade		8,432,913	5,198,367
Trade debts		881,434	1,613,247
Loans and advances		1,007,468	839,819
Short-term prepayments		7,504	18,778
Accrued return on bank deposits		27,897	57,254
Other receivables		694,639	196,241
Investments		2,655,372	-
Taxation - net		71,698	-
Cash and bank balances		3,354,267	15,755,980
		<u>17,283,909</u>	<u>23,791,253</u>
TOTAL ASSETS		<u>20,915,036</u>	<u>27,138,278</u>
EQUITY			
Share capital			
Authorised capital			
100,000,000 (June 30, 2010: 100,000,000) ordinary shares of Rs 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2010: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves		<u>11,896,827</u>	<u>11,801,615</u>
		<u>12,682,827</u>	<u>12,587,615</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation		235,515	325,797
Current liabilities			
Trade and other payables		5,445,302	5,905,062
Advances from customers and dealers		2,549,830	8,076,281
Accrued mark-up		1,562	944
Taxation - net		-	242,579
		<u>7,996,694</u>	<u>14,224,866</u>
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>20,915,036</u>	<u>27,138,278</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Parvez Ghias
Chief Executive Officer


Koji Hyodo
Vice Chairman & Director

INDUS MOTOR COMPANY LIMITED

Condensed Interim Profit and Loss Account

For the half year and quarter ended December 31, 2010 (unaudited)

		Half year ended		Quarter ended	
		December 31		December 31	
		2010	2009	2010	2009
----- (Rupees in '000) -----					
Net sales	6.1	26,828,099	24,079,292	12,484,511	12,143,170
Cost of sales	6.2	25,427,170	22,201,153	12,038,241	11,278,597
Gross profit	6.3	1,400,929	1,878,139	446,270	864,573
Distribution expenses		274,693	194,144	156,732	105,029
Administrative expenses		201,341	177,491	104,144	98,826
		476,034	371,635	260,876	203,855
		924,895	1,506,504	185,394	660,718
Other operating expenses		143,927	168,459	41,303	75,591
		780,968	1,338,045	144,091	585,127
Other operating income		760,243	857,129	324,941	434,444
		1,541,211	2,195,174	469,032	1,019,571
Finance costs	7	111,463	92,677	(11,839)	84,175
Profit before taxation		1,429,748	2,102,497	480,871	935,396
Taxation		521,990	736,325	150,522	328,389
Profit after taxation		907,758	1,366,172	330,349	607,007
----- (Rupees) -----					
Earnings per share - basic and diluted (Rs)		11.55	17.38	4.20	7.72

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Parvez Ghias
Chief Executive Officer


Koji Hyodo
Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended December 31, 2010 (unaudited)

		Half year ended		Quarter ended	
		December 31		December 31	
		2010	2009	2010	2009
----- (Rupees in '000) -----					
Profit for the period		907,758	1,366,172	330,349	607,007
Other comprehensive income / (loss)					
Unrealised gain / (loss) on revaluation of foreign exchange contracts		5,805	(7,391)	5,805	(7,391)
Total comprehensive income for the period		913,563	1,358,781	336,154	599,616

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Parvez Ghias
Chief Executive Officer


Koji Hyodo
Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the half year ended December 31, 2010 (unaudited)

	Half year ended December 31	
	2010	2009
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,429,748	2,102,497
Adjustment for non-cash charges and other items		
Depreciation	436,498	432,108
Amortisation	518	1,116
Gain on sale of fixed assets	(2,068)	(1,989)
Unrealised loss on revaluation of creditors and foreign exchange contracts - net	84,998	41,881
Gain on redemption of listed mutual fund units	(18,413)	-
Unrealised gain on revaluation of listed mutual fund units	(70,918)	-
Return on bank deposits	(576,854)	(750,465)
Income on Market Treasury Bills	(46,913)	-
Workers' profit participation fund	77,021	113,146
Workers' welfare fund	33,648	47,273
Mark-up on advances from customers	17,606	40,821
	(64,877)	(76,109)
Operating surplus before working capital changes	1,364,871	2,026,388
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(39,150)	25,568
Stock-in-trade	(3,234,546)	(1,698,583)
Trade debts	731,813	505,770
Loans and advances	(167,649)	200,512
Short-term prepayments	11,274	6,005
Other receivables	(610,686)	(230,466)
	(3,308,944)	(1,191,194)
Increase / (decrease) in current liabilities		
Trade and other payables	(464,012)	(132,565)
Advances from customers and dealers	(5,526,451)	218,386
	(5,990,463)	85,821
Cash (used in) / generated from operations	(7,934,536)	921,015
Interest paid	(16,988)	(31,143)
Workers' profit participation fund	-	1,232
Workers' Welfare Fund paid	(109,444)	(41,562)
Interest received	606,211	698,981
Income tax paid	(926,549)	(629,134)
Movement in long-term loans and advances	(631)	7,183
	(447,401)	5,557
Net cash (used in) / generated from operating activities	(8,381,937)	926,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(726,721)	(77,246)
Proceeds from disposal of fixed assets	8,302	12,743
Investment in listed mutual fund units	(3,071,000)	-
Proceeds from redemption of listed mutual fund units	1,018,788	-
Purchase of Market Treasury Bills	(2,004,012)	-
Proceeds from redemption of Market Treasury Bills	1,537,096	-
Net cash used in investing activities	(3,237,547)	(64,503)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(782,229)	(781,184)
Net cash used in financing activities	(782,229)	(781,184)
Net (decrease) / increase in cash and cash equivalents	(12,401,713)	80,885
Cash and cash equivalents at the beginning of the period	15,755,980	9,731,166
Cash and cash equivalents at the end of the period	3,354,267	9,812,051

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Parvez Ghias
Chief Executive Officer


Koji Hyodo
Vice Chairman & Director

INDUS MOTOR COMPANY LIMITED

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2010 (unaudited)

	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	Unapprop- riated profit			
------(Rupees in '000)-----								
Balance as at June 30, 2009	786,000	196,500	7,923,250	1,385,111	6,112	9,510,973	10,296,973	
Final dividend for the year ended June 30, 2009 @ 100% declared subsequent to year end	-	-	-	(786,000)	-	(786,000)	(786,000)	
Transfer to general reserve for the year ended June 30, 2009 appropriated subsequent to year end	-	-	599,100	(599,100)	-	-	-	
Unrealised gain on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	(6,112)	(6,112)	(6,112)	
Total comprehensive income for the half year ended December 31, 2009	-	-	-	1,366,172	(7,391)	1,358,781	1,358,781	
Balance as at December 31, 2009	786,000	196,500	8,522,350	1,366,183	(7,391)	10,077,642	10,863,642	
Balance as at June 30, 2010	786,000	196,500	8,522,350	3,050,414	32,351	11,801,615	12,587,615	
Final dividend for the year ended June 30, 2010 @ 100% declared subsequent to year end	-	-	-	(786,000)	-	(786,000)	(786,000)	
Transfer to general reserve for the year ended June 30, 2010 appropriated subsequent to year end	-	-	2,264,400	(2,264,400)	-	-	-	
Unrealised gain on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	(32,351)	(32,351)	(32,351)	
Total comprehensive income for the half year ended December 31, 2010	-	-	-	907,758	5,805	913,563	913,563	
Balance as at December 31, 2010	786,000	196,500	10,786,750	907,772	5,805	11,896,827	12,682,827	

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Parvez Ghias
Chief Executive Officer



Koji Hyodo
Vice Chairman & Director

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

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 in Pakistan. 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 Authority, 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 for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IAS 34, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP prevail.

The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the financial statements of the Company for the year ended June 30, 2010.

These condensed interim financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation of balances 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, 2010.

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

3.1.1 New and amended standards and interpretations that are effective in the current period

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.1.2 New and amended standards and interpretations that are not yet effective

The following new and amended standards and interpretations have been published and are mandatory for the Company's accounting period beginning on or after January 1, 2011 and have not been early adopted.

IAS 24 (revised), 'Related party disclosures', (effective from January 1, 2011) issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the revised standard from July 1, 2011. The Company is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

IFRS 7, Financial Instruments (effective January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The management is in the process of assessing the impact on the Company's financial statements.

There are other new and amended standards interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

	Note	December 31 2010	June 30 2010
(Rupees in '000)			
4	FIXED ASSETS		
	Property, plant and equipment	4.1 3,604,865	3,320,876
	Intangible assets	2,939	3,457
		<u>3,607,804</u>	<u>3,324,333</u>
4.1	Property, plant and equipment		
	Operating assets	2,913,212	3,257,960
	Capital work-in-progress	691,653	62,916
		<u>3,604,865</u>	<u>3,320,876</u>

4.2 Details of additions and disposals during the period are as follows:

Additions (at cost)		Disposals (at cost)	
Half year ended December 31		Half year ended December 31	
2010	2009	2010	2009
----- (Rupees in '000) -----			

Tangible - Owned

Buildings on lease- hold land - Factory	22,137	877	-	-
Plant and machinery	15,805	108	126	8,927
Motor vehicles	33,794	19,058	14,300	16,974
Furniture and fixtures	2,571	612	-	-
Office equipment	7,006	297	62	-
Computers and related accessories	5,444	1,427	1,326	21,797
Tools and equipment	8,000	668	97	-
Jigs and fixtures	3,227	-	-	-
	<u>97,984</u>	<u>23,047</u>	<u>15,911</u>	<u>47,698</u>

4.3 During the period, capital work-in-progress amounting to Rs. 49.034 million (2009: Rs 1.267 million) was transferred to owned assets.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 The status of contingencies, as disclosed in note 20.1 to the annual financial statements for the year ended June 30, 2010 has remained unchanged.

5.1.2 Contingencies in respect of outstanding bank guarantees at December 31, 2010 amounted to Rs 1,417.784 million (June 30, 2010: Rs 1,556.570 million). This includes an amount of Rs 1,037.584 million (June 30, 2010: Rs 859.225 million) in respect of bank guarantees from related parties.

5.2 Commitments

Commitments in respect of capital expenditure at December 31, 2010 amounted to Rs 578.620 million (June 30, 2010: Rs 28.524 million).

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2010	2009	2010	2009
----- (Rupees in '000) -----				
6 OPERATING RESULTS				
6.1 Sales				
Manufacturing				
Gross sales	29,689,526	26,507,232	13,928,232	13,417,773
Sales tax	(4,261,832)	(3,621,954)	(1,993,958)	(1,833,824)
Federal excise duty	(251,759)	(226,474)	(118,161)	(114,693)
	<u>25,175,935</u>	<u>22,658,804</u>	<u>11,816,113</u>	<u>11,469,256</u>
Commission	(570,888)	(534,935)	(270,096)	(266,391)
Manufacturing net sales	<u>24,605,047</u>	<u>22,123,869</u>	<u>11,546,017</u>	<u>11,202,865</u>
Trading				
Gross sales	2,727,231	2,398,168	1,171,279	1,156,563
Sales tax	(366,747)	(264,708)	(160,778)	(134,087)
	<u>2,360,484</u>	<u>2,133,460</u>	<u>1,010,501</u>	<u>1,022,476</u>
Commission	(28,516)	(35,239)	(10,569)	(13,929)
Discounts	(108,916)	(142,798)	(61,438)	(68,242)
Trading net sales	<u>2,223,052</u>	<u>1,955,423</u>	<u>938,494</u>	<u>940,305</u>
Net sales	<u>26,828,099</u>	<u>24,079,292</u>	<u>12,484,511</u>	<u>12,143,170</u>
6.2 Cost of sales				
Raw materials and vendor parts consumed	23,907,734	20,230,356	12,083,058	10,665,203
Stores and spares consumed	444,140	359,427	226,899	190,670
Salaries, wages and other benefits	217,386	171,474	108,493	83,917
Rent Rates and Taxes	1,731	-	1,499	-
Repairs and maintenance	66,846	32,096	43,361	20,670
Depreciation	408,205	405,676	204,672	202,576
Traveling	8,978	4,359	4,768	2,790
Insurance	12,468	12,349	6,234	6,156
Vehicle running	6,087	4,950	3,082	2,408
Communication	3,189	2,051	1,946	735
Printing, stationery and office supplies	1,266	691	813	457
Fuel and power	85,481	67,792	43,889	35,552
Running royalty	508,868	368,589	229,203	196,179
Technical fee	4,115	2,946	2,949	2,734
Staff catering, transport and uniforms	74,753	53,550	37,034	28,714
Others	7,537	3,219	4,246	1,916
	<u>1,851,050</u>	<u>1,489,169</u>	<u>919,088</u>	<u>775,474</u>
Opening work- in-process	411,932	95,076	387,532	151,056
Closing work- in-process	(1,264,971)	(1,003,754)	(1,264,971)	(1,003,754)
Cost of goods manufactured	<u>24,905,745</u>	<u>20,810,847</u>	<u>12,124,707</u>	<u>10,587,979</u>
Opening stock of finished goods	424,262	613,117	922,624	796,007
Closing stock of finished goods	(1,814,228)	(914,512)	(1,814,228)	(914,512)
Cost of sales - Manufacturing	<u>23,515,779</u>	<u>20,509,452</u>	<u>11,233,103</u>	<u>10,469,474</u>
Cost of sales - Trading	<u>1,911,391</u>	<u>1,691,701</u>	<u>805,138</u>	<u>809,123</u>
	<u>25,427,170</u>	<u>22,201,153</u>	<u>12,038,241</u>	<u>11,278,597</u>
6.3 Gross profit				
Manufacturing	1,089,268	1,614,417	312,914	733,391
Trading	311,661	263,722	133,356	131,182
	<u>1,400,929</u>	<u>1,878,139</u>	<u>446,270</u>	<u>864,573</u>

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

7 FINANCE COSTS

This includes impact of unrealised gain on revaluation of foreign exchange contracts amounting to Rs 102.990 million.

8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement funds and key management personnel. Transactions carried out with related parties during the period are as follows:

	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
----- (Rupees in '000) -----				
Sales	53,275	50,794	30,431	35,230
Purchases	16,524,013	12,980,185	10,792,496	7,997,203
Insurance premium	56,805	49,136	32,437	25,816
Agency commission	22,817	37,501	14,144	14,490
Running royalty	510,369	369,790	228,985	196,028
Rent expense	6,257	6,257	3,129	3,129
Technical fee	4,115	2,946	2,949	2,734
Return on bank deposits	238,966	385,788	109,414	182,646
Proceeds from disposal of fixed assets/ insurance claim	2,758	2,887	2,758	669
With key management personnel:				
- Salaries and benefits	34,685	28,285	13,779	16,189
- Post employment benefits	958	750	489	379
- Sale of fixed assets	785	-	-	-

The related party balances outstanding as at period / year end are as follows:

	December 31 2010	June 30 2010
(Rupees in '000)		
Long-term deposits	2,005	2,005
Trade debts	10	76
Short-term prepayments	3,129	10,428
Bank balances	2,605,559	5,051,471
Warranty claims, agency commission and other receivables	6,198	29,557
Trade and other payables	1,897,004	2,146,505

9 SEGMENT REPORTING

	Half year ended December 31, 2010			Half year ended December 31, 2009		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
----- (Rupees in '000) -----						
Net sales	24,605,047	2,223,052	26,828,099	22,123,869	1,955,423	24,079,292
Profit before taxation	1,076,573	353,175	1,429,748	1,774,820	327,677	2,102,497
	Quarter ended December 31, 2010			Quarter ended December 31, 2009		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
----- (Rupees in '000) -----						
Net sales	11,546,017	938,494	12,484,511	11,202,865	940,305	12,143,170
Profit before taxation	331,251	149,620	480,871	778,673	156,723	935,396

Notes to and forming part of the Condensed Interim Financial Statements

For the half year ended December 31, 2010 (unaudited)

10 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 22, 2011 have proposed an interim cash dividend of Rs 5 per share (December 31, 2009: Rs 5 per share) in respect of the year ending June 30, 2011. The condensed interim financial statements for the half year ended December 31, 2010, do not include the effect of this dividend which will be accounted for in the financial statements for the quarter ending March 31, 2011.

11 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of better presentation and comparison. There have been no significant rearrangements or reclassifications in these condensed interim financial statements.

12 DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on February 22, 2011 by the Board of Directors of the Company.

13 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.


Parvez Ghias
Chief Executive Officer


Koji Hyodo
Vice Chairman & Director

Company Information

BOARD OF DIRECTORS

Mr. Ali S. Habib	Chairman
Mr. Koji Hyodo	Vice Chairman
Mr. Parvez Ghias	Chief Executive Officer
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. M. Ilyas Suri	Director
Mr. Mitsuhiro Sonoda	Director
Mr. Makoto Ito	Director
Mr. Mitoshi Okimoto	Director

CHIEF FINANCIAL OFFICER

Muhammad Faisal

COMPANY SECRETARY

Mustafa Hasan Lakhani

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants,
State Life Building No.1-C
I. I. Chundrigar Road, Karachi.

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Mansoor Ahmed Khan & Co.
Mahmud & Co.
Sayeed & Sayeed Co.

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