

Indus Motor Company Ltd.



Quarterly & Six Monthly Accounts

December 2005

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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
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- 86-96-82
Fax : (92-21) 4720056

Website:

www.toyota-indus.com



DIRECTORS' REVIEW
For the half year, July 2005 to December 2005

The Directors of Indus Motor Co. Ltd. are pleased to present the un-audited accounts of the Company for the half year ended December 31st 2005 which were subject to limited review by the external auditors.

Overall, nation-wide sales of locally assembled passenger cars and light commercial vehicles for the six months ended December 31, 2005 grew an impressive 28% to 86,000 units, compared to 67,000 units for same period last year. Total production of CKD units for the period was approximately 88,000 units, up 31% over the six months ended December 2004. All major auto makers continued to enhance production of CKD units in response to high demand. However, government's decision to liberalize imports of used vehicles in the Federal Budget 2005-06 through relaxations in conditions for import coupled with further reduction in custom duty has increased CBU imports dramatically by 193% to over 14,000 units. These imports may touch 30,000 units for the fiscal year, creating pressure on the sale of locally manufactured models.

Indus Motor achieved impressive results for the six months period ending December 2005 with record production, sales and profit after tax. The combined production of Toyota and Daihatsu brands for the six months to December 2005 was 18,900 units, an increase of 11% over 17,057 units while our sales revenue increased to Rs. 16.4 billion, up 26% over Rs. 13.0 billion last year. The after tax profit increased to Rs 1.1 billion, compared to Rs 0.7 billion for the half year 2004, primarily due to increase in sales volume and favorable exchange rate.

The Board of Directors is pleased to declare an interim dividend @ 50% or Rs 5.00 for the half year ended December 2005. The interim dividend paid for the same 2004 half year period was Rs 4.00 per share.

During the period, Mr. Fujio Cho, Vice Chairman, Toyota Motor Corporation, visited Indus Motor and was pleased to note the hard work by the Company and its employees in enhancing production. During the period, the Company increased its installed capacity to 44,000 units per annum. This will further increase to 52,000 units per annum by the year end, Insha-Allah. Appreciating Indus Motor as a good corporate citizen, Mr Cho also commended the tremendous efforts of the Indus Team in the earthquake relief operations.



Mr. Parvez Ghias, who joined the Company as Chief Operating Officer in August 2005 was appointed Chief Executive by the Board on December 15, 2005. He is a Fellow of the Institute of Chartered Accountants of England and Wales with over 30 years experience at senior management positions in Pakistan and abroad.

We expect the outlook for the balance half year, to June 30, 2006, to stay buoyant, given the current stable macro economic fundamentals in the country. However, government should take notice of the significant increase in the imports of used vehicles which is beginning to hurt auto manufacturers and vendors of local parts who are continuing to make large scale investments for capacity expansion. Meanwhile, the Company is actively working with other auto manufacturers and the Engineering Development Board in the preparation of a new Tariff Based System to replace the mandatory deletion program and expects this to be in place before the end of the current fiscal year.

In conclusion, we thank our loyal customers and acknowledge the extraordinary, relentless and concerted efforts made by our entire Indus team, our vendors, and our dealers in producing these impressive results.

We pray to Allah for His continued blessings and guidance.



A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 


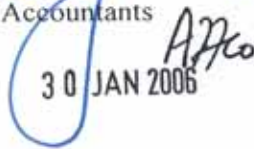
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REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Indus Motor Company Limited** as at December 31, 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2004 and 2005 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2005.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.


Chartered Accountants
Karachi

30 JAN 2006

INDUS MOTOR COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2005

	Note	(Unaudited) December 31, 2005	(Audited) June 30, 2005
----- (Rupees '000) -----			
ASSETS			
Non-current assets			
Fixed assets	4	1,468,397	998,887
Long-term loans		849	388
Long-term deposits		5,181	5,149
Finance under musharika arrangements		9,395	12,153
		<u>1,483,822</u>	<u>1,016,577</u>
Current assets			
Stores and spares		154,426	137,028
Stock-in-trade		3,590,475	3,168,855
Trade debts		1,022,076	384,511
Current maturity of finance under musharika arrangements		10,987	29,259
Loans and advances		454,258	302,888
Short-term prepayments		14,627	4,371
Accrued mark-up		67,247	46,543
Other receivables		1,526,841	1,140,592
Taxation - net		-	82,315
Cash and bank balances	5	11,569,191	6,719,999
		<u>18,410,128</u>	<u>12,016,361</u>
Total assets		<u><u>19,893,950</u></u>	<u><u>13,032,938</u></u>
EQUITY			
Share capital			
Authorised			
100,000,000 (June 30, 2005:100,000,000) 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, 2005: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves			
		<u>4,297,058</u>	<u>3,689,805</u>
		5,083,058	4,475,805
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease		9,274	11,957
Deferred taxation		49,230	42,693
		<u>58,504</u>	<u>54,650</u>
Current liabilities			
Trade and other payables		2,716,893	2,022,227
Advances from customers and dealers		11,970,706	6,441,763
Accrued mark-up		22,875	10,568
Current portion of liabilities against assets subject to finance lease		11,045	27,925
Taxation - net		30,869	-
		<u>14,752,388</u>	<u>8,502,483</u>
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		<u><u>19,893,950</u></u>	<u><u>13,032,938</u></u>

The annexed notes 1 to 12 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 & HALF YEAR ENDED DECEMBER 31, 2005

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2005	2004	2005	2004
----- (Rupees '000) -----					
Net sales	7	16,398,238	13,015,701	9,290,675	6,494,483
Cost of sales	7	14,729,971	11,695,191	8,375,520	5,877,956
Gross profit		1,668,267	1,320,510	915,155	616,527
Distribution costs	7	168,958	139,374	86,216	94,961
Administrative expenses	7	112,384	91,976	60,830	41,952
		281,342	231,350	147,046	136,913
Other operating expenses	7	140,160	86,057	80,183	40,009
		1,246,765	1,003,103	687,926	439,605
Other operating income	7	493,616	149,103	282,488	87,099
		1,740,381	1,152,206	970,414	526,704
Finance costs		66,351	36,364	35,578	18,165
Profit before taxation		1,674,030	1,115,842	934,836	508,539
Taxation		600,695	398,565	327,825	159,682
Profit after taxation		1,073,335	717,277	607,011	348,857
----- Rupees -----					
Earnings per share		13.66	9.13	7.72	4.44

The annexed notes 1 to 12 form an integral part of these financial statements.

Parvez Ghias
Chief Executive Officer

Yutaka Arae
Vice Chairman & Director



INDUS MOTOR COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Share Capital		Reserves			Sub-Total	Total
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve	Unappropriated profit	Unrealised gain / (loss) on hedging instruments		
----- Rupees in '000'-----							
Balance as at June 30, 2004	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	-	-	-	717,277	-	717,277	717,277
Net unrealised gain on remeasurement of forward foreign exchange contracts	-	-	-	-	9,897	9,897	9,897
Forgiven Exchange Contracts	-	-	-	-	-	-	-
Balance as at December 31, 2004	<u>786,000</u>	<u>196,500</u>	<u>2,329,900</u>	<u>717,280</u>	<u>9,897</u>	<u>3,253,577</u>	<u>4,039,577</u>
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 for the year ended June 30, 2005 @ 60% 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	-	-	-	1,073,335	-	1,073,335	1,073,335
Net unrealised loss on remeasurement of forward foreign exchange contracts	-	-	-	-	(1,326)	(1,326)	(1,326)
Balance as at December 31, 2005	<u>786,000</u>	<u>196,500</u>	<u>3,028,500</u>	<u>1,073,384</u>	<u>(1,326)</u>	<u>4,297,058</u>	<u>5,083,058</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Parvez Ghias
Chief Executive Officer

Yutaka Arae
Vice Chairman & Director



INDUS MOTOR COMPANY LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Half year ended	
	December 31 2005	December 31 2004
	----- (Rupees '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,674,030	1,115,842
Adjustment for non-cash charges and other items		
Depreciation	223,682	137,761
Amortisation	2,230	-
Gain on sale of fixed assets	(200)	(489)
Net unrealised loss on revaluation of creditors and forward foreign exchange contracts	8,605	-
Return on bank deposits	(466,657)	(126,845)
Return on finance under musharika arrangements	(970)	(1,099)
Workers' Profit Participation Fund	89,690	59,811
Workers' Welfare Fund	30,084	20,562
Mark-up on advances from customers	45,968	28,307
Mark-up on liabilities against assets subject to finance lease	1,121	1,286
	<u>(66,447)</u>	<u>119,294</u>
Operating surplus before working capital changes	1,607,583	1,235,136
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(17,398)	(16,004)
Stock-in-trade	(421,620)	(122,972)
Trade debts	(637,853)	(66,787)
Loans and advances	(151,370)	137,326
Short-term prepayments	(10,256)	(9,232)
Other receivables	(386,249)	122,667
	<u>(1,624,746)</u>	<u>44,998</u>
Increase in current liabilities		
Trade and other payables	576,314	523,932
Advances from customers	5,528,943	2,795,094
	<u>6,105,257</u>	<u>3,319,026</u>
Cash generated from operations	6,088,094	4,599,160
Interest paid	(34,782)	(26,252)
Workers' Profit Participation Fund paid	(6,547)	(5,240)
Interest received	446,923	125,884
Income tax paid	(480,973)	(418,770)
Long-term loans - net	(461)	(806)
Long-term deposits	(32)	-
	<u>(75,872)</u>	<u>(325,184)</u>
Net cash inflow from operating activities	6,012,222	4,273,976
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(730,543)	(123,827)
Proceeds from sale of fixed assets	35,320	2,086
Finance under musharika arrangements	-	(28,626)
Receipt of finance under musharika arrangements	21,030	18,557
Net cash used in investing activities	(674,193)	(131,810)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of obligation against assets subject to finance lease	(19,563)	(16,839)
Dividends paid	(469,274)	(247,227)
Net cash used in financing activities	(488,837)	(264,066)
Net increase in cash and cash equivalents	4,849,192	3,878,100
Cash and cash equivalents at the beginning of the period	6,719,999	6,962,005
Cash and cash equivalents at the end of the period	11,569,191	10,840,105

The annexed notes 1 to 12 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 HALF YEAR ENDED DECEMBER 31, 2005

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.

These financial statements are unaudited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

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.

4. FIXED ASSETS

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

Tangible

Owned

Buildings on leasehold land:

	Half year ended December 31, 2005	Year ended June 30, 2005
----- (Rupees '000) -----		
Factory	27,687	86,691
Others	-	20,097
Plant and machinery	428,213	119,347
Motor vehicles	68,802	2,328
Furniture and fixtures	3,945	10,726
Office equipment	2,189	3,184
Computers and related accessories	15,277	60,995
Tools and equipment	7,752	49,174
Jigs and fixtures	112,960	28,730
Capital work in progress	128,180	87,307
	795,005	468,579

Leased

Plant and machinery	-	13,341
Motor vehicles	-	34,070
	-	47,411
	795,005	515,990

Intangible assets

Software	43	13,352
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4.2 **Details of disposals / retirements (cost) during the period are as follows:**

Plant and machinery	28,735	10,252
Motor vehicles	15,868	35,910
Furniture and fixtures	-	4,728
Office equipment	240	3,974
Computers and related accessories	-	2,190
Tools and equipment	12,503	1,715
Jigs and fixtures	-	9,448
Capital work in progress capitalized during the period	468,746	285,633
	<u>526,092</u>	<u>353,850</u>

5. **CASH AND BANK BALANCES**

Cash in hand	839	441
With banks in		
- Current accounts	660,318	42,037
- Deposit accounts	10,908,034	6,677,521
	<u>11,568,352</u>	<u>6,719,558</u>
	<u>11,569,191</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 327.187 million (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 452.670 million (June 30, 2005: Rs 531.620 million).



7. OPERATING RESULTS

Note	Manufacturing		Trading		Total	
	Half year ended December 31		Half year ended December 31		Half year ended December 31	
	2005	2004	2005	2004	2005	2004
	----- (Rupees '000) -----					
Gross sales	17,369,128	14,008,694	2,072,477	1,425,372	19,441,605	15,434,066
Sales tax	(2,263,550)	(1,827,138)	(262,228)	(185,919)	(2,525,778)	(2,013,057)
	15,105,578	12,181,556	1,810,249	1,239,453	16,915,827	13,421,009
Commission	(414,087)	(354,191)	(50,090)	(49,937)	(464,177)	(404,128)
Discounts	(119)	-	(53,293)	(1,180)	(53,412)	(1,180)
Net sales	14,691,372	11,827,365	1,706,866	1,188,336	16,398,238	13,015,701
Cost of sales						
Opening stock	214,482	199,961	590,579	174,845	805,061	374,806
Cost of goods manufactured 7.2	13,179,961	10,825,604	-	-	13,179,961	10,825,604
Purchases	-	-	1,317,773	1,162,697	1,317,773	1,162,697
Closing stock	(76,762)	(263,090)	(496,062)	(404,826)	(572,824)	(667,916)
	13,317,681	10,762,475	1,412,290	932,716	14,729,971	11,695,191
Gross profit	1,373,691	1,064,890	294,576	255,620	1,668,267	1,320,510
Distribution costs	152,450	131,115	16,508	8,259	168,958	139,374
Administrative expenses	100,713	83,635	11,671	8,341	112,384	91,976
	253,163	214,750	28,179	16,600	281,342	231,350
	1,120,528	850,140	266,397	239,020	1,386,925	1,089,160
Other operating expenses	138,038	85,538	2,122	519	140,160	86,057
	982,490	764,602	264,275	238,501	1,246,765	1,003,103
Other operating income	473,553	128,609	20,063	20,494	493,616	149,103
	1,456,043	893,211	284,338	258,995	1,740,381	1,152,206

Note	Manufacturing		Trading		Total	
	Quarter ended December 31		Quarter ended December 31		Quarter ended December 31	
	2005	2004	2005	2004	2005	2004
	----- (Rupees '000) -----					
Gross sales	9,739,126	6,597,455	1,276,605	1,115,728	11,015,731	7,713,183
Sales tax	(1,269,703)	(860,455)	(160,316)	(145,531)	(1,430,019)	(1,005,986)
	8,469,423	5,737,000	1,116,289	970,197	9,585,712	6,707,197
Commission	(227,212)	(168,383)	(30,088)	(43,151)	(257,300)	(211,534)
Discounts	(119)	-	(37,618)	(1,180)	(37,737)	(1,180)
Net sales	8,242,092	5,568,617	1,048,583	925,866	9,290,675	6,494,483
Cost of sales						
Opening stock	135,232	125,173	566,249	599,731	701,481	724,904
Cost of goods manufactured 7.2	7,447,846	5,287,884	-	-	7,447,846	5,287,884
Purchases	-	-	799,017	533,084	799,017	533,084
Closing stock	(76,762)	(263,090)	(496,062)	(404,826)	(572,824)	(667,916)
	7,506,316	5,149,967	869,204	727,989	8,375,520	5,877,956
Gross profit	735,776	418,650	179,379	197,877	915,155	616,527
Distribution costs	76,884	88,560	9,332	6,401	86,216	94,961
Administrative expenses	53,921	35,613	6,909	6,339	60,830	41,952
	130,805	124,173	16,241	12,740	147,046	136,913
	604,971	294,477	163,138	185,137	768,109	479,614
Other operating expenses	78,631	39,529	1,552	480	80,183	40,009
	526,340	254,948	161,586	184,657	687,926	439,605
Other operating income	263,163	73,875	19,325	13,224	282,488	87,099
	789,503	328,823	180,911	197,881	970,414	526,704



- 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.

Half year ended		Quarter ended	
December 31		December 31	
2005	2004	2005	2004

----- Rupees '000 -----

7.2 **Cost of goods manufactured**

Raw materials and vendor parts consumed	12,528,348	10,162,867	7,156,050	4,959,397
Stores and spares consumed	269,632	217,441	151,528	105,561
Salaries, wages and other benefits	94,250	67,732	48,246	36,406
Repairs and maintenance	38,790	41,977	20,553	10,513
Depreciation	198,869	123,357	144,556	62,133
Travelling	4,846	5,463	2,934	3,534
Insurance	9,290	3,571	3,243	2,965
Vehicle running expenses	2,559	2,268	1,320	1,153
Communication	1,932	1,127	890	691
Printing and stationery	1,836	1,165	836	404
Utilities	44,330	44,403	23,479	19,818
Running royalty	128,028	137,580	71,661	78,632
Technical fee	13,771	14,428	9,750	4,772
Staff transport and catering	39,344	28,805	21,433	17,482
Staff training	670	5,577	670	4,070
Miscellaneous	3,775	2,051	2,783	928
	851,922	696,945	503,882	349,062
Add: opening work-in-process	106,130	104,553	94,353	118,186
Less: closing work-in-process	306,439	138,761	306,439	138,761
	13,179,961	10,825,604	7,447,846	5,287,884

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:

Half year ended		Quarter ended	
December 31,		December 31,	
2005	2004	2005	2004

----- (Rupees '000) -----

Purchases	8,087,945	6,610,166	4,605,314	3,350,493
Insurance premium	81,463	57,221	56,051	23,508
Agency commission	12,787	23,516	11,617	16,286
Running royalty	129,727	138,799	72,793	79,321
Technical fee	13,771	14,428	9,750	4,772
Share registrar's fee, charges and other services	5,873	4,834	4,320	2,676
Return on bank deposits	103,387	10,491	62,536	10,491
Proceeds from sale of fixed assets / insurance claim	1,431	-	-	-
Salaries, allowances and other benefits of key management personnel	14,050	7,132	7,883	3,973

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



9. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on January 30, 2006 has proposed an interim cash dividend in respect of the year ending June 30, 2006 at Rs.5 per share (2005: Rs 4 per share). This dividend will be approved in the Annual General Meeting. The financial statements for the half year ended December 31, 2005 do not include the effect of this dividend which will be accounted for in the financial statements for the year ending June 30, 2006.

10. 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.

11. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on January 30, 2006 by the Board of Directors of the company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Parvez Ghias
Chief Executive Officer

Yutaka Arae
Vice Chairman & Director

