

**Indus Motor Company Ltd.**



**Quarterly & Six Monthly Accounts**

**December 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 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  
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- 869-682  
Fax : (92-21) 4720056

### Website:

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

## DIRECTORS' REVIEW

For the half year, July 2006 to December 2006

On behalf of the Board of Directors of Indus Motor Co. Ltd., we are pleased to present the un-audited accounts of the Company for the half year ended December 31<sup>st</sup> 2006. The financial statements accompanying this report were subject to limited scope review by the statutory auditors as required under the code of Corporate Governance.

The overall nation-wide sales of locally assembled passenger cars and light commercial vehicles for the six months ended December 31, 2006 grew by 7.4 % to 92,332 units, compared to 86,000 units for the same period last year. Total production of CKD units for the period was approximately 94,818 units, up 7.8 % over the six months ended December 2005. Due to liberalization of the trade policy, 46,275 units of used vehicles were imported during 2005/06 as compared to 6,266 units in 2004/05, representing an increase of 639%, while an additional 13,166 units were imported in the first six months of fiscal year 2007. The import of used cars at the current level is hurting the sale and production of locally manufactured automobiles especially at a time when the domestic auto makers and its vendors are investing heavily in capacity expansions to meet the customer demand.

We are pleased to report that despite the competitive business environment, the Company was able to achieve impressive results for the six months period ending December 2006 with record production, sales and profit after tax. The combined production of Toyota and Daihatsu brands for the six months to December 2006 was 22,489 units, an increase of 19% over 18,900 units while sales revenue increased to Rs. 18.4 billion, up 12% over Rs. 16.4 billion last year. The after tax profit increased to Rs 1.3 billion, compared to Rs 1.1 billion for the half year 2005, primarily due to increase in sales volume and favorable exchange rate.

The Board of Directors are pleased to declare an interim dividend @ 50% or Rs 5 per share for the half year ended December 2006.

We wish to take this opportunity to acknowledge the Government's consultative process with all stakeholders in finalizing the long term auto policy, which was recently approved by the Economic Coordination Committee of the Cabinet. The new policy should help remove uncertainty and enable future investment and expansion plans to be firmed up quickly, thus paving way for continued transfer of technology and development of human resources skill set. It augers well for the country in terms of



increased employment opportunities to workforce, multiple choice of products and timely deliveries to customers and greater contribution to the nation's economic growth on sustainable basis.

The increased capacity of all auto makers has eliminated the gap between demand and domestic car production. We now hope that the Government will accordingly change the used cars import policy to reflect this increased self reliance and localization to facilitate our auto industry's integration into the global supply chain. This will create a win-win situation for all. It will keep the national interest paramount, enable the entire auto industry to grow further and cause our consumers' domestic market demand to be met through domestic products. The industry also wants level playing conditions to apply in the case of locally made cars versus the imported vehicles. Currently, several inequalities exist, which provide unfair competitive advantage to used cars, e.g. no NTN requirement exists for purchase of used imported cars while NTN is required in the case of domestic car purchase.

Mr. Akio Toyoda, Executive Vice President, Toyota Motor Corporation, Japan visited Indus Motor in November 2006. Praising the company's performance, he congratulated the Indus team on increasing production capacity nearly four times in the last four years to meet the demand for its vehicles. During the period, the Company increased its installed capacity to 55,000 units per annum.

The company continues to contribute towards social causes with its corporate social responsibility initiatives under the slogan, "Concern Beyond Cars". In recognition of this effort, the Company was presented the Pakistan Corporate Philanthropy Award for 2004 by the Pakistan Center for Philanthropy (PCP) in January 2007 at a ceremony presided by the Prime Minister.

The market is continuing to grow and we expect the outlook for the balance half year to June 30, 2007, to remain positive, given the current stable macro economic fundamentals in the country despite the increased volume base. However, the growth rate is expected to drop below 10% compared to 25-30% in recent years. There will be selling pressure due to the rise in bank interest rates and used car imports, which the Company plans to counter through effective sales promotion. The auto manufacturers have expanded their production and overall there is now surplus capacity which has resulted in earlier delivery of vehicles for customers.

In conclusion, we thank our customers and acknowledge the tremendous efforts of our entire Indus team including our Vendors and our Dealers in the continuing success of our company.

We pray to Allah for His continued blessings and guidance.




**A.F.Ferguson & Co**  
**Chartered Accountants**  
 State Life Building No. 1-C  
 I.I.Chundrigar Road, P.O.Box 4716  
 Karachi-74000, Pakistan  
 Telephone: (021) 2426682-6 / 2426711-5  
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## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed condensed interim balance sheet of **Indus Motor Company Limited** as at December 31, 2006, and the related condensed interim profit and loss account, 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 statements"), for the half-year then ended. These condensed interim financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2006.

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 condensed interim 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 condensed interim financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

  
 Chartered Accountants  
 Karachi  
 06 FEB 2007 

**INDUS MOTOR COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2006**

	Note	(Unaudited) December 31, 2006	(Audited) June 30, 2006
		----- (Rupees '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	1,773,978	1,716,590
Long-term loans		714	1,019
Long-term deposits		11,481	5,181
Finance under musharika arrangements		1,635	4,021
		<u>1,787,808</u>	<u>1,726,811</u>
<b>Current assets</b>			
Stores and spares		243,836	226,169
Stock-in-trade		3,573,396	3,959,316
Trade debts		660,593	738,281
Current maturity of finance under musharika arrangements		6,437	5,811
Loans and advances		123,451	414,338
Short-term prepayments		26,986	9,134
Accrued mark-up		122,856	76,211
Other receivables		665,015	1,250,217
Short-term investments - at fair value through profit or loss		25,109	-
Cash and bank balances		5,996,326	7,416,180
		<u>11,444,005</u>	<u>14,095,657</u>
<b>Total assets</b>		<u><u>13,231,813</u></u>	<u><u>15,822,468</u></u>
<b>EQUITY</b>			
<b>Share capital</b>			
<b>Authorised</b>			
100,000,000 (June 30, 2006: 100,000,000) ordinary shares of Rs 10 each		<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
78,600,000 (June 30, 2006: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
<b>Reserves</b>			
		<u>6,197,136</u>	<u>5,471,879</u>
		6,983,136	6,257,879
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		1,634	3,871
Deferred taxation		<u>90,563</u>	<u>116,164</u>
		92,197	120,035
<b>Current liabilities</b>			
Trade and other payables		2,580,640	2,599,911
Advances from customers and dealers		3,145,595	6,620,869
Accrued mark-up		441	22,250
Current portion of liabilities against assets subject to finance lease		5,971	5,735
Taxation - net		<u>423,833</u>	<u>195,789</u>
		6,156,480	9,444,554
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,231,813</u></u>	<u><u>15,822,468</u></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Yutaka Arao**  
**Vice Chairman & Director**

**INDUS MOTOR COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2006**

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2006	2005	2006	2005
----- (Rupees '000) -----					
<b>Net sales</b>	6.1	18,421,684	16,398,238	8,722,555	9,290,675
Cost of sales	6.2	16,470,132	14,729,971	7,788,861	8,375,520
<b>Gross profit</b>		1,951,552	1,668,267	933,694	915,155
Distribution costs		209,121	168,958	99,633	86,216
Administrative expenses		133,470	112,384	73,857	60,830
		342,591	281,342	173,490	147,046
		1,608,961	1,386,925	760,204	768,109
Other operating expenses		149,041	140,160	75,884	80,183
		1,459,920	1,246,765	684,320	687,926
Other operating income		487,122	493,616	277,966	282,488
		1,947,042	1,740,381	962,286	970,414
Finance costs		6,063	66,351	(10,952)	35,578
<b>Profit before taxation</b>		1,940,979	1,674,030	973,238	934,836
Taxation		662,887	600,695	324,626	327,825
<b>Profit after taxation</b>		1,278,092	1,073,335	648,612	607,011
----- Rupees -----					
<b>Earnings per share</b>		16.26	13.66	8.25	7.72

The annexed notes 1 to 10 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 STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	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' -----							
<b>Balance as 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	-	-	-	1,073,335	-	1,073,335	1,073,335
Net unrealised loss on remeasurement of forward foreign exchange contracts	-	-	-	-	(1,326)	(1,326)	(1,326)
<b>Balance as at December 31, 2005</b>	<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>
<b>Balance as at June 30, 2006</b>	786,000	196,500	3,028,500	2,255,513	(8,634)	5,471,879	6,257,879
Final dividend for the year ended June 30, 2006 @ 70% 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
Net profit for the period	-	-	-	1,278,092	-	1,278,092	1,278,092
Net unrealised loss on remeasurement of forward foreign exchange contracts	-	-	-	-	(11,269)	(11,269)	(11,269)
<b>Balance as at December 31, 2006</b>	<u>786,000</u>	<u>196,500</u>	<u>4,733,800</u>	<u>1,278,105</u>	<u>(11,269)</u>	<u>6,197,136</u>	<u>6,983,136</u>

The annexed notes 1 to 10 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 HALF YEAR ENDED DECEMBER 31, 2006**

	Half year ended	
	December 31 2006	December 31 2005
	----- (Rupees '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,940,979	1,674,030
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	181,804	223,682
Amortisation	2,249	2,230
Gain on sale of fixed assets	(3,191)	(200)
Net unrealised loss on revaluation of creditors and forward foreign exchange contracts	3,784	8,605
Unrealised gain on revaluation of short-term investments	(109)	-
Return on bank deposits	(412,974)	(466,657)
Return on finance under musharika arrangements	(294)	(970)
Workers' Profit Participation Fund	104,242	89,690
Workers' Welfare Fund	39,612	30,084
Mark-up on advances from customers	(6,583)	45,968
Mark-up on liabilities against assets subject to finance lease	279	1,121
	(91,181)	(66,447)
<b>Operating surplus before working capital changes</b>	1,849,798	1,607,583
<b>Movement in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(17,667)	(17,398)
Stock-in-trade	385,920	(421,620)
Trade debts	77,960	(637,853)
Loans and advances	290,887	(151,370)
Short-term prepayments	(17,852)	(10,256)
Other receivables	585,202	(386,249)
	1,304,450	(1,624,746)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(175,110)	576,314
Advances from customers	(3,475,274)	5,528,943
	(3,650,384)	6,105,257
<b>Cash generated from operations</b>	(496,136)	6,088,094
Interest paid	(15,505)	(34,782)
Workers' Profit Participation Fund paid	(7,618)	(6,547)
Interest received	366,623	446,923
Income tax paid	(460,444)	(480,973)
Long-term loans - net	305	(461)
Long-term deposits	(6,300)	(32)
	(122,939)	(75,872)
<b>Net cash (outflow on) / inflow from operating activities</b>	(619,075)	6,012,222
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(264,055)	(730,543)
Proceeds from sale of fixed assets	36,013	35,320
Short-term investments	(25,000)	-
Receipt of finance under musharika arrangements	1,760	21,030
<b>Net cash used in investing activities</b>	(251,282)	(674,193)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of obligation against assets subject to finance lease	(2,001)	(19,563)
Dividends paid	(547,496)	(469,274)
<b>Net cash used in financing activities</b>	(549,497)	(488,837)
Net (decrease)/increase in cash and cash equivalents	(1,419,854)	4,849,192
Cash and cash equivalents at the beginning of the period	7,416,180	6,719,999
<b>Cash and cash equivalents at the end of the period</b>	5,996,326	11,569,191

The annexed notes 1 to 10 form an integral part of these condensed interim financial statement

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

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

**INDUS MOTOR COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 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 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.

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 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.

	Half year ended December 31, 2006	Year ended June 30, 2006
	----- (Rupees '000) -----	
4. <b>FIXED ASSETS</b>		
4.1 <b>Details of additions / transfers during the period are as follows:</b>		
<b>Tangible</b>		
<b>Owned</b>		
Buildings on leasehold land:		
Factory	70,460	72,724
Others	-	-
Plant and machinery	217,965	584,707
Motor vehicles	21,426	80,575
Furniture and fixtures	2,135	11,253
Office equipment	1,394	10,023
Computers and related accessories	2,530	33,277
Tools and equipment	8,185	32,909
Jigs and fixtures	26,796	127,870
Capital work in progress	90,749	302,153
	<u>441,640</u>	<u>1,255,491</u>
<b>Intangible assets</b>		
Software	<u>-</u>	<u>43</u>
4.2 <b>Details of disposals / retirements (cost) during the period are as follows:</b>		
Plant and machinery	2,299	28,735
Motor vehicles	45,318	34,700
Furniture and fixtures		-
Office equipment	420	240
Computers and related accessories	-	323
Tools and equipment	-	12,503
Jigs and fixtures	-	-
Capital work in progress capitalized during the period	311,266	787,941
	<u>359,303</u>	<u>864,442</u>
5. <b>CONTINGENCIES AND COMMITMENTS</b>		
5.1 <b>Contingencies</b>		
The status of the contingencies, as disclosed in note 23 to the annual financial statements for the year ended June 30, 2006, has remained unchanged.		
Contingencies in respect of outstanding bank guarantees at the end of the current period amounted to Rs 468.726 million (June 30, 2006: Rs 419.880 million).		
5.1 <b>Commitments</b>		
Commitments in respect of capital expenditure at the end of the current period amounted to Rs 383.240 million (June 30, 2006: Rs 520.176 million).		

## 6. OPERATING RESULTS

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
----- Rupees '000 -----				
<b>6.1 Sales</b>				
<b>Manufacturing</b>				
Gross sales	18,850,075	17,369,128	8,700,984	9,739,126
Sales tax	<u>(2,457,661)</u>	<u>(2,263,550)</u>	<u>(1,134,194)</u>	<u>(1,269,703)</u>
	16,392,414	15,105,578	7,566,790	8,469,423
Commission	(425,761)	(414,087)	(192,346)	(227,212)
Discounts	<u>(15)</u>	<u>(119)</u>	<u>-</u>	<u>(119)</u>
<b>Net sales</b>	<u>15,966,638</u>	<u>14,691,372</u>	<u>7,374,444</u>	<u>8,242,092</u>
<b>Trading</b>				
Gross sales	2,989,815	2,072,477	1,650,345	1,276,605
Sales tax	<u>(377,740)</u>	<u>(262,228)</u>	<u>(206,472)</u>	<u>(160,316)</u>
	2,612,075	1,810,249	1,443,873	1,116,289
Commission	(73,743)	(50,090)	(36,648)	(30,088)
Discounts	<u>(83,286)</u>	<u>(53,293)</u>	<u>(59,114)</u>	<u>(37,618)</u>
<b>Net sales</b>	<u>2,455,046</u>	<u>1,706,866</u>	<u>1,348,111</u>	<u>1,048,583</u>
	<u>18,421,684</u>	<u>16,398,238</u>	<u>8,722,555</u>	<u>9,290,675</u>
<b>6.2 Cost of sales</b>				
Raw materials and vendor parts consumed	13,234,461	12,528,348	6,128,140	7,156,050
Stores and spares consumed	323,496	269,632	149,479	151,528
Salaries, wages and other benefits	114,499	94,250	58,342	48,246
Repairs and maintenance	32,196	38,790	13,058	20,553
Depreciation	153,547	198,869	78,037	144,556
Travelling	8,111	4,846	5,441	2,934
Insurance	9,578	9,290	4,791	3,243
Vehicle running expenses	2,496	2,559	1,521	1,320
Communication	2,136	1,932	900	890
Printing and stationery	1,417	1,836	654	836
Utilities	66,161	44,330	29,138	23,479
Running royalty	132,148	128,028	48,704	71,661
Technical fee	6,593	13,771	851	9,750
Staff transport and catering	44,545	39,344	23,682	21,433
Staff training	6,576	670	2,886	670
Miscellaneous	11,633	3,775	5,073	2,783
	915,132	851,922	422,557	503,882
Add: opening work-in-process	95,520	106,130	92,623	94,353
Less: closing work-in-process	<u>282,972</u>	<u>306,439</u>	<u>282,972</u>	<u>306,439</u>
<b>Cost of goods manufactured</b>	<u>13,962,141</u>	<u>13,179,961</u>	<u>6,360,348</u>	<u>7,447,846</u>
Opening stock of finished goods	744,469	214,482	576,358	135,232
Closing stock of finished goods	<u>(266,065)</u>	<u>(76,762)</u>	<u>(266,065)</u>	<u>(76,762)</u>
Cost of sales - Manufacturing	14,440,545	13,317,681	6,670,641	7,506,316
Cost of sales - Trading	<u>2,029,587</u>	<u>1,412,290</u>	<u>1,118,220</u>	<u>869,204</u>
	<u>16,470,132</u>	<u>14,729,971</u>	<u>7,788,861</u>	<u>8,375,520</u>
<b>6.3 Gross profit</b>				
Manufacturing	1,526,093	1,373,691	703,803	735,776
Trading	425,459	294,576	229,891	179,379
	<u>1,951,552</u>	<u>1,668,267</u>	<u>933,694</u>	<u>915,155</u>

7. **TRANSACTIONS WITH RELATED PARTIES/ ASSOCIATED UNDERTAKINGS**

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

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>----- (Rupees '000) -----</b>			
Sales	20,471	7,937	17,167	7,834
Purchases	8,634,186	8,087,945	4,330,053	4,605,314
Insurance premium	82,350	81,463	44,547	56,051
Agency commission	68,184	12,787	57,398	11,617
Running royalty	133,533	129,727	48,848	72,793
Technical fee	6,593	13,771	851	9,750
Share registrar's fee, charges and other services	7,080	5,873	3,979	4,320
Return on bank deposits	82,299	103,387	27,503	62,536
Proceeds from sale of fixed assets / insurance claim	934	1,431	-	-
Key management personnel compensation				
- Salaries and benefits	30,772	23,013	15,584	11,153
- Post employment benefits	502	505	251	257
			<b>December</b>	<b>June 30,</b>
			<b>31, 2006</b>	<b>2006</b>
			<b>(Rupees '000)</b>	

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

Warranty claims, agency commission and other receivables	26,869	15,942
Trade and other payables	975,228	1,128,145

8. **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on February 06, 2007 has proposed an interim cash dividend in respect of the year ending June 30, 2007 at Rs.5/= per share (2006: Rs 5 per share). The condensed interim financial statements for the half year ended December 31, 2006 do not include the effect of this dividend which will be accounted for in the financial statements for the year ending June 30, 2007.

9. **DATE OF AUTHORIZATION OF ISSUE**

These condensed interim financial statements were authorized for issue on February 06, 2007 by the Board of Directors of the company.

10. **GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**Parvez Ghias**  
Chief Executive Officer

**Yutaka Arae**  
Vice Chairman & Director