

NOTES TO THE ACCOUNTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2003

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 registered office of the company is situated at 14, Bangalore Town Housing Society, Main Shahrah-e-Faisal, Karachi, 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 also acquired the sole distributorship of Daihatsu vehicles in Pakistan and concluded an agreement for the progressive assembling / manufacturing of the Daihatsu vehicles in Pakistan.

2. BASIS OF PREPARATION

These financial statements are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these quarterly financial statements are same as those published in the annual financial statements for the year ended June 30, 2003.

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
	(Rs. in '000)	

4. OPERATING FIXED ASSETS

4.1 Details of additions during the period are as follows:

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Buildings on leasehold land		
Factory	109	14,202
Others	163	1,738
Plant and machinery	397	16,905
Motor vehicles	399	35,948
Furniture and fixtures	431	3,382
Office equipment	819	7,352
Computers & related accessories	3,749	3,553
Tools and equipment	156	19,139
	6,223	102,219

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

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Motor vehicles	4,791	16,777
Computers & related accessories	-	663
	4,791	17,440

5. CAPITAL WORK-IN-PROGRESS

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Office equipment	792	164
Plant and machinery	14,381	-
Tools and equipment	3,173	5,514
	18,346	5,678

6. SHORT TERM INVESTMENTS - Held to maturity

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Term deposits receipts (TDRs) issued by the banks	2,017,266	2,689,021

7. CASH AND BANK BALANCES

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Cash in hand	1,863	802
At banks in:		
- Current accounts	141,659	230,658
- Deposit accounts	5,455,859	4,543,911
	5,597,518	4,774,569
	5,599,381	4,775,371

8. ADVANCES FROM CUSTOMERS AND DEALERS

	Quarter Ended	Year Ended
	September 30, 2003	June 30, 2003
Advances received from customers and dealers against the sale of vehicles in future	5,833,464	6,758,098

9. CONTINGENCIES AND COMMITMENTS

Contingency

The status of the contingencies, as disclosed in note 21 to the annual financial statements, has remained unchanged except for the contingency in respect of outstanding bank guarantees which amounted to Rs. 167.634 (June 30, 2003: Rs. 196.829) million at the end of the current period.

Commitments

Commitments in respect of capital expenditure at the end of the current period amounted to Rs. 91.572 (June 30, 2003: Rs. 47.294) million.

10. OPERATING RESULTS

Note	Manufacturing		Trading		Total	
	Quarter Ended		Quarter Ended		Quarter Ended	
	September 30, 2003	2002	September 30, 2003	2002	September 30, 2003	2002
	(Rupees in '000)					
Sales	5,342,192	3,139,047	281,564	198,781	5,623,756	3,337,828
Commission	158,067	94,750	3,304	2,100	161,371	96,850
Discounts	270	113	4,461	1,254	4,731	1,367
Net sales	5,183,855	3,044,184	273,799	195,427	5,457,654	3,239,611
Cost of sales						
Opening stock	131,361	21,600	121,109	108,359	252,470	129,959
Cost of goods manufactured	4,682,652	2,720,597	-	-	4,682,652	2,720,597
Purchases	(355,114)	(83,892)	256,097	165,415	256,097	165,415
Closing stock	4,458,899	2,658,305	203,473	160,979	4,662,372	2,819,284
Gross profit	724,956	385,879	70,326	34,448	795,282	420,327
Administrative & selling expenses	87,370	60,330	4,726	3,748	92,096	64,078
Other charges	1,681	861	89	55	1,770	916
	89,051	61,191	4,815	3,803	93,866	64,994
Operating profit	635,905	324,688	65,511	30,645	701,416	355,333

10.1 Cost of goods manufactured:

	Quarter Ended	Year Ended
	September 30, 2003	September 30, 2002
Raw materials and vendor parts consumed	4,407,616	2,539,637
Stores and spares consumed	90,324	80,369
Salaries, wages and other benefits	24,913	20,841
Repairs and maintenance	10,755	7,916
Depreciation	49,757	47,830
Utilities	20,270	13,409
Running royalty	47,209	22,325
Technical fee	2,946	2,332
Miscellaneous	12,399	6,521
	258,573	201,543
Add: Opening work-in-process	89,883	72,731
Less: Closing work-in-process	73,420	93,314
	4,682,652	2,720,597

11. OTHER INCOME

	Quarter Ended	September 30, 2002
	September 30, 2003	2002
Return on short term investments	17,532	32,366
Return on bank deposits	25,159	26,023
Others	6,042	66
	48,733	58,455

12. FINANCIAL CHARGES

	Quarter Ended	September 30, 2002
	September 30, 2003	2002
Mark-up on advances received from customers and dealers	10,061	28,350
Bank charges	2,405	880
Unrealised loss on remeasurement of creditors	11,694	6,448
Unrealised gain on remeasurement of forward foreign exchange contracts	(11,694)	(6,448)
	12,466	29,230

13. TAXATION

	Quarter Ended	September 30, 2002
	September 30, 2003	2002
Current	247,671	139,260
Deferred	(11,121)	(12,053)
	236,550	127,207

14. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

	Quarter Ended	September 30, 2002
	September 30, 2003	2002
Aggregate amounts in respect of:		
Purchases	2,949,119	1,658,107
Insurance premium	20,690	7,486
Agency commission	5,208	-
Running royalty	47,544	22,325
Technical fee	2,946	2,332
Share registrar's fee, charges & other services	1,558	197

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

15. GENERAL

15.1 Comparative figures, have been re-arranged, where considered necessary for the purpose of comparison.

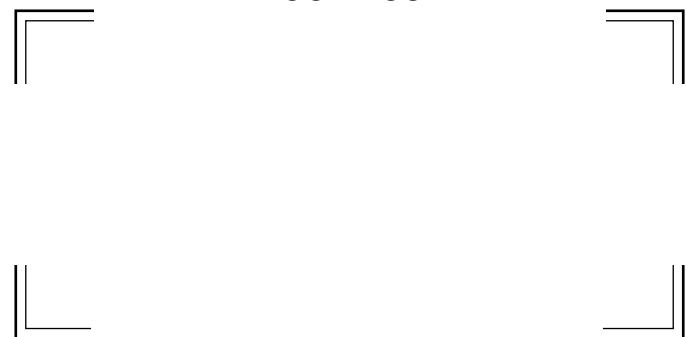
15.2 These financial statements were authorised for issue on October 17, 2003 by the Board of Directors of the company.

15.3 Figures have been rounded off to the nearest thousand rupees.

Mazhar Valjee
Chief Executive Officer

Yutaka Arae
Vice Chairman

BOOK POST



Under Postal Certificate

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ali S. Habib	Chairman	Mr. Mohamedali R. Habib	Director
Mr. Yutaka Arae	Vice Chairman	Mr. Akira Okabe	Director
Mr. Mazhar Valjee	Chief Executive Officer	Mr. Kiyoshi Furubayashi	Director
Mr. Farhad Zulficar	Director	Mr. M. Ilyas Suri	Director

COMPANY SECRETARY Mr. Qaiser Pervaiz

Auditors:	M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box: 15541, Karachi.
Registrar:	M/s. Noble Computer Services (Pvt.) Ltd. 14, Bangalore Town Housing Society, Main Shahrah-e-Faisal, Karachi.
Legal Advisors:	M/s. A. K. Brohi & Co., M/s. Mansoor Ahmed Khan & Co, M/s. Mahmud & Co., M/s. Sayeed & Sayeed Co. Plot No. NWZ/1/P-1, Port Qasim Industrial Estate, Bin Qasim, Karachi.
Factory Site:	14, Bangalore Town Housing Society, Main Shahrah-e-Faisal, Karachi.
Registered Office:	14, Bangalore Town Housing Society, Main Shahrah-e-Faisal, Karachi.

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