



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Half Year Ended December 31, 2013
(Un-audited)



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Directors' Report

For the half year ended December 31, 2013

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, 2013. 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

The first half of fiscal year 2013-14 continued to be a challenging period for the local auto industry on account of uncertainty over the failure to achieve closure with the government on the new auto policy and the general economic environment and budgetary measures that severely weakened market sentiment.

The sales of locally manufactured vehicles grew by 6.5% to 61,253 units compared to 57,540 units sold for the same period last year which itself was a weak period for the industry reeling from the effects of influx of used cars. Increases in taxes such as GST to 17%, imposition of new 10% FED on vehicles above 1800cc and 100% rise in advance registration taxes coupled with 50% relaxation in duties and taxes on used hybrid vehicles dampened the industry recovery and restricted the demand for locally manufactured vehicles.

Despite the three years limitation on age for used passenger cars, over 11,750 units were imported during the period and the traders also took full advantage of the government's decision to provide relief in duties and taxes on used hybrid vehicles and imported over 2,100 units which in terms of volume of hybrid vehicles is similar to when the relaxed five year age limit was applicable prior to December 2012. In response with the government desire to promote hybrid technology, major OEMs introduced new hybrid vehicles in CBU form but struggled to achieve any material sales due to higher price positioning on account of an anomaly in the law that forces the fully documented OEMs to charge full 17% GST at the retail stage and puts them at disadvantage relative to the non registered importers who benefit from lower depreciated fixed duty and taxes at the single import stage.

Company's Operating Performance

The aggregate sales (CKD & CBU) for the first half of the FY 2013-14 increased by 2.7% to 15,400 units as compared to 14,994 units sold for the same period last year. XLi Limited Edition and more notably the XLi Standard variant proved popular and contributed significantly towards achieving a market share of 25%. Demand for SUV Fortuner that sold briskly prior to the budget announcement was impacted on account of 10% FED and other taxes that significantly increased the cost of vehicle ownership.

During the first half of FY 2013-14, the company achieved a milestone of becoming the first OEM in the country to introduce Toyota Prius, the flagship hybrid vehicle with comprehensive after sales support and Toyota backed warrantee. Yet another accomplishment for IMC was the successful award of the first ever exports order of 100 units of Toyota Corolla to the Government of Sri Lanka. We also expanded our sales network with launch of two new dealerships – Toyota Sahiwal Motors in the Central Region and Toyota Highway Motors in the Southern Region to facilitate reach of our customers.

The Company's net sales revenues for first half of the year 2013-14 increased by 7% to Rs 26.04 billion as compared to Rs 24.28 billion for the same period last year, while profit after tax increased by 38% to Rs 1.35 billion versus Rs 0.98 billion achieved for the same period last year. The increase in both revenues and profits is mainly attributable to the modest improvement in sales volumes and margins and tighter control on fixed costs.

Based on the results recorded above, the Board of Directors are pleased to declare an interim dividend of Rs 6 per share for the half year ended December 31, 2013, which is the same for the corresponding period last year.

Directors' Report

For the half year ended December 31, 2013

The Board of Directors is pleased to acknowledge the valuable contribution made by Mr. Mitoshi Okimoto Senior Director Manufacturing and Board Member who retired from the Board, and welcome Mr. Yoshiyuki Matsuo who has been appointed as a member of the Board with effect from January 1, 2014 in place of Mr. M. Okimoto.

Next Term Business Outlook

The uncertainty with respect to absence of long term auto policy along with and absurdly low valuations of used vehicles particularly hybrids, remain the most concerning issues for the industry going forward. The GOP constituted task force with responsibility to formulate the new auto policy is expected to table its recommendations soon. The industry remains hopeful that the committee will develop new policy by taking into consideration the PAMA/PAAPAM proposals. For this reason industry remains proactively engaged with all stakeholders and policymakers to facilitate quick finalization and implementation of the auto policy in line with our national interest. This will not only restore investor confidence, but also facilitate OEMs to plan future business with confidence and long term vision.

We support the facility of used vehicles imports by overseas Pakistani citizens returning with their previously owned vehicle registered in their name. At the same time we would like the government to take notice and curb the gross misuse of these privileges by the importers who trade in this business on commercial basis. The concessionary duties and outdated valuations applied to these used vehicles create an unlevelled playing field that puts the local industry at a huge disadvantage. We urge the government to revisit the valuation of used vehicles (SRO 577) and auto parts (Ruling 329), which could significantly increase GOP duties and tax revenues if valued at prevailing market prices. We believe, the government is currently losing billions of rupees worth of revenue annually due to significantly lower valuation on both used vehicles and auto parts.

On the issue of trade with India, we look forward to an effective and balanced trade regime and hope the government will safeguard industry interest by strengthening trade defense laws and their enforcing bodies and engage with the industry whilst firming the trade agreements.

Traditionally, the second half of the fiscal year is relatively healthier for the automobile industry owing to stronger demand from rural areas. We expect this demand to be robust as all major crops including cotton have shown healthy yields compared to the prior year.

The company for its part remains focused on improving its operational efficiencies, maintaining high quality standards, effectively managing cost pressures and delivering maximum value to its customers. With Kaizen as a guiding principle, our efforts are geared to providing superior value and customer satisfaction to our esteemed clients.

We are grateful to our customers for their continued patronage of our products and wish to acknowledge the efforts of the entire Indus team, including our staff, vendors, dealers and all business partners for their untiring efforts in these challenging times and look forward to their continued support.

February 26, 2014
Karachi.


Parvez Ghias
Chief Executive


Keiichi Murakami
Vice Chairman & Director

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Indus Motor Company Limited as at December 31, 2013 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 for interim financial reporting. 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: February 26, 2014
Karachi.

Condensed Interim Balance Sheet

As at December 31, 2013

	Note	December 31 2013 (Un-audited)	June 30 2013 (Audited) (Restated)
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Fixed assets	4	3,537,784	2,742,140
Long-term loans and advances		129,530	131,337
Long-term deposits and prepayments		9,667	9,667
Deferred taxation		176,723	34,346
		<u>3,853,704</u>	<u>2,917,490</u>
Current assets			
Stores and spares		146,878	153,669
Stock-in-trade		8,667,677	7,883,309
Trade debts		2,371,747	1,382,761
Loans and advances		501,242	1,557,897
Short-term prepayments		12,277	10,799
Accrued return on bank deposits		22,278	12,155
Other receivables		372,594	163,109
Investments	5	6,278,023	6,698,121
Taxation - payment less provision		363,318	131,363
Cash and bank balances		2,267,288	4,195,302
		<u>21,003,322</u>	<u>22,188,485</u>
TOTAL ASSETS		<u>24,857,026</u>	<u>25,105,975</u>
EQUITY			
Share capital			
Authorised capital			
100,000,000 (June 30, 2013: 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, 2013: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves		<u>17,080,556</u>	<u>16,907,291</u>
		<u>17,866,556</u>	<u>17,693,291</u>
LIABILITIES			
Current liabilities			
Trade, other payables and provisions		5,894,776	6,013,852
Advances from customers and dealers		1,095,536	1,398,698
Accrued mark-up		158	134
		<u>6,990,470</u>	<u>7,412,684</u>
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		<u>24,857,026</u>	<u>25,105,975</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Parvez Ghias
Chief Executive


Keiichi Murakami
Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the half year and quarter ended December 31, 2013 (unaudited)

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Net sales	7.1	26,047,966	24,279,322	11,732,591	10,804,726
Cost of sales	7.2	23,698,461	22,532,309	10,866,644	10,213,747
Gross profit	7.3	2,349,505	1,747,013	865,947	590,979
Distribution expenses		378,798	353,813	218,146	171,921
Administrative expenses		300,183	329,866	137,819	164,036
		678,981	683,679	355,965	335,957
		1,670,524	1,063,334	509,982	255,022
Other operating expenses		160,761	122,790	60,612	39,781
		1,509,763	940,544	449,370	215,241
Other income		454,792	493,223	222,426	191,212
		1,964,555	1,433,767	671,796	406,453
Finance costs		9,639	8,842	5,792	4,929
Profit before taxation		1,954,916	1,424,925	666,004	401,524
Taxation		602,651	447,020	193,444	114,391
Profit after taxation		1,352,265	977,905	472,560	287,133
----- (Rupees) -----					
Earnings per share - basic and diluted		17.20	12.44	6.01	3.65

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended December 31, 2013 (unaudited)

	Half year ended		Quarter ended	
	December 31		December 31	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Profit for the period	1,352,265	977,905	472,560	287,133
Other comprehensive income				
Items that may be reclassified to profit and loss account				
Unrealised (loss) on revaluation of foreign exchange contracts - net of tax	-	(48,998)	-	(48,998)
Total comprehensive income for the period	1,352,265	928,907	472,560	238,135

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Parvez Ghias
 Chief Executive

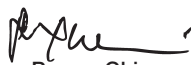

Keiichi Murakami
 Vice Chairman & Director

Condensed Interim Cash Flow Statement

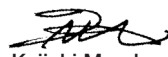
For the half year ended December 31, 2013 (unaudited)

	Half year ended	
	December 31	
	2013	2012
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,954,916	1,424,925
Adjustment for non-cash charges and other items:		
Depreciation	482,992	630,378
Amortisation	168	1,270
Gain on sale of fixed assets	(13,243)	(10,319)
Unrealised loss / (gain) on revaluation of creditors and foreign exchange contracts - net	78,063	85,800
Gain on redemption / revaluation of listed mutual fund units	(170,416)	(115,142)
Return on bank deposits	(104,955)	(218,981)
Income on Market Treasury Bills	(96,260)	(59,902)
Workers' profit participation fund	105,174	76,790
Workers' welfare fund	43,389	34,087
Mark-up on advances from customers	24	129
Provision for bad debts	-	400
	324,936	424,510
Operating surplus before working capital changes	2,279,852	1,849,435
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	6,791	(1,112)
Stock-in-trade	(784,368)	(1,244,703)
Trade debts	(988,986)	700,881
Loans and advances	1,056,655	315,064
Short-term prepayments	(1,478)	10,803
Other receivables	(209,522)	(167,266)
	(920,908)	(386,333)
Increase / (decrease) in current liabilities		
Trade and other payables	(230,850)	(2,331,577)
Advances from customers and dealers	(303,162)	(2,558,058)
	(534,012)	(4,889,635)
Cash (used in) / generated operations	824,932	(3,426,533)
Interest paid	-	(243)
Workers' Welfare Fund paid	(103,941)	(128,990)
Interest received	94,832	244,762
Income tax paid	(976,983)	(662,706)
Movement in long-term loans and advances	1,807	(217,921)
Movement in long-term deposits and prepayments	-	700
	(984,285)	(764,398)
Net cash used in operating activities	(159,353)	(4,190,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,285,444)	(274,901)
Proceeds from disposal of fixed assets	19,883	14,309
Investment in listed mutual fund units	(3,768,999)	(4,450,000)
Proceeds from redemption of listed mutual fund units	3,495,645	1,213,861
Purchase of Market Treasury Bills	(4,689,683)	(1,903,620)
Proceeds from redemption of Market Treasury Bills	5,649,811	3,762,507
Net cash (used in) investing activities	(578,787)	(1,637,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,189,874)	(1,878,371)
Net cash used in financing activities	(1,189,874)	(1,878,371)
Net decrease in cash and cash equivalents	(1,928,014)	(7,707,146)
Cash and cash equivalents at the beginning of the period	4,195,302	10,771,300
Cash and cash equivalents at the end of the period	2,267,288	3,064,154

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2013 (unaudited)

	Share capital	Reserves				Sub-total	Total
		Capital Premium on issue of ordinary shares	General reserve	Revenue Unappropriated profit	Unrealised gain / (loss) on hedging instruments		
----- (Rupees in '000) -----							
Balance as at July 1, 2012 as previously reported	786,000	196,500	12,351,050	3,674,013	6,295	16,227,858	17,013,858
Effect of change in accounting policy due to application of IAS 19 (Revised) - net of tax (note 3.1.1)	-	-	-	(285)	-	(285)	(285)
Balance as at July 1, 2012 - restated	786,000	196,500	12,351,050	3,673,728	6,295	16,227,573	17,013,573
Final dividend for the year ended June 30, 2012 @ 240% declared subsequent to year end	-	-	-	(1,886,400)	-	(1,886,400)	(1,886,400)
Transfer to general reserve for the year ended June 30, 2012 appropriated subsequent to year end	-	-	1,000,000	(1,000,000)	-	-	-
Unrealised gain on cash flow hedge removed from equity and reported in net profit for the period	-	-	-	-	(6,295)	(6,295)	(6,295)
Total comprehensive income for the half year ended December 31, 2012	-	-	-	977,905	(48,998)	928,907	928,907
Balance as at December 30, 2012 - restated	<u>786,000</u>	<u>196,500</u>	<u>13,351,050</u>	<u>1,765,233</u>	<u>(48,998)</u>	<u>15,263,785</u>	<u>16,049,785</u>
Balance as at July 1, 2013 as previously reported	786,000	196,500	13,351,050	3,359,158	-	16,906,708	17,692,708
Effect of change in accounting policy due to application of IAS 19 (Revised) - net of tax (note 3.1.1)	-	-	-	583	-	583	583
Balance as at July 1, 2013 - restated	786,000	196,500	13,351,050	3,359,741	-	16,907,291	17,693,291
Final dividend for the year ended June 30, 2013 @ 150% declared subsequent to year end	-	-	-	(1,179,000)	-	(1,179,000)	(1,179,000)
Transfer to general reserve for the year ended June 30, 2013 appropriated subsequent to year end	-	-	1,500,000	(1,500,000)	-	-	-
Total comprehensive income for the half year ended December 30, 2013	-	-	-	1,352,265	-	1,352,265	1,352,265
Balance as at December 30, 2013	<u>786,000</u>	<u>196,500</u>	<u>14,851,050</u>	<u>2,033,006</u>	<u>-</u>	<u>17,080,556</u>	<u>17,866,556</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Parvez Ghias
 Chief Executive


Keiichi Murakami
 Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (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 Industrial Estate, Bin Qasim, Karachi.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended June 30, 2013.

This condensed interim financial information is unaudited. However, a review has been performed by the external auditors in accordance with the requirements 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 this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2013, except for the change as described in note 3.1.1.

3.1.1 Change in accounting policy and disclosure

IAS 19 (revised) 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (unaudited)

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires remeasurements to be recognised in the Balance Sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. The Company has applied the standard retrospectively in accordance with the transitional provision of the standard and comparative figures have been restated. The effects have been summarised below:

	Cumulative effect upto June 30, 2013	Effect for the year ended June 30, 2013	Cumulative effect upto July 1, 2012
------(Rupees '000)-----			
Impact on Balance Sheet			
Increase / (decrease) in other assets	884	1,322	(438)
(Decrease) / Increase in deferred tax asset	(301)	(454)	153
	583	868	(285)
Impact on Statement of Changes in Equity			
Increase / (decrease) in unappropriated profit			
- Cumulative effect - prior years	(285)	-	(285)
- Impact for the year ended June 30, 2013	868	868	-
	583	868	(285)

The Company had not recognised any amounts in respect of remeasurements in the profit and loss accounts for the years ended June 30, 2012 and 2013. Therefore, there is no impact of this change on the profit after taxation and earnings per share for those years. The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any material effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

	Note	December 31 2013 (Un-audited)	June 30 2013 (Audited)
------(Rupees in '000)-----			
4			
FIXED ASSETS			
Property, plant and equipment	4.1	3,536,470	2,742,136
Intangible assets		1,314	4
		3,537,784	2,742,140
4.1			
Property, plant and equipment			
Operating assets		2,240,343	2,563,381
Capital work-in-progress		1,296,127	178,755
		3,536,470	2,742,136

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (unaudited)

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	
	2013	2012	2013	2012
------(Rupees in '000)-----				
Tangible - assets				
Buildings on leasehold land - Factory	59,488	-	-	-
Plant and machinery	52,850	16,009	458	57,585
Motor vehicles	36,947	30,599	30,522	11,489
Furniture and fixtures	-	204	-	4,195
Office equipment	1,627	1,577	108	2,736
Computers and related accessories	2,155	5,726	65	7,182
Tools and equipment	13,527	18,269	3,003	15,273
Jigs and fixtures	-	-	-	151,450
	166,594	72,384	34,156	249,910
4.3 Intangible assets				
Computer software	1,478	-	-	-

4.4 During the period capital work-in-progress amounting to Rs. 109.071 million (December 31, 2012: Rs. 19.930 million) was transferred to operating assets.

	December 31 2013 (Un-audited)	June 30 2013 (Audited)
------(Rupees in '000)-----		
5 INVESTMENTS		
Financial assets 'at fair value through profit or loss' - held for trading		
- Mutual Fund Units	4,462,682	4,018,912
Held to Maturity		
- Government securities - Market Treasury Bills	1,815,341	2,679,209
	6,278,023	6,698,121

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 The status of contingencies, as disclosed in notes 21.1 and 21.2 to the annual financial statements of the Company for the year ended June 30, 2013 has remained unchanged.

6.1.2 Contingencies in respect of outstanding bank guarantees at December 31, 2013 amounted to Rs 1,782.601 million (June 30, 2013: Rs 2,348.157 million). This includes an amount of Rs 1,198.253 million (June 30, 2013: Rs 1,414.986 million) in respect of bank guarantees from related parties.

6.2 Commitments

Commitments in respect of capital expenditure at December 31, 2013 amounted to Rs 2,037.379 million (June 30, 2013: Rs 755.136 million).

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (unaudited)

	Half year ended		Quarter ended	
	December 31 2013	2012	December 31 2013	2012
7 OPERATING RESULTS	------(Rupees in '000)-----			
7.1 Sales				
Manufacturing				
Gross sales	28,997,911	26,381,536	12,916,392	11,554,369
Sales tax	(4,196,890)	(3,626,427)	(1,863,612)	(1,585,605)
Federal excise duty	(103,260)	-	(48,756)	-
	<u>24,697,761</u>	22,755,109	<u>11,004,024</u>	9,968,764
Commission	(602,413)	(608,635)	(271,870)	(282,136)
Discounts	(2,686)	-	(2,686)	-
Manufacturing net sales	<u>24,092,662</u>	22,146,474	<u>10,729,468</u>	9,686,628
Trading				
Gross sales	2,343,525	2,528,654	1,186,417	1,324,730
Sales tax	(313,388)	(339,854)	(137,297)	(175,802)
	<u>2,030,137</u>	2,188,800	<u>1,049,120</u>	1,148,928
Commission	(11,768)	(18,160)	(5,570)	(10,000)
Discounts	(63,065)	(37,792)	(40,427)	(20,830)
Trading net sales	<u>1,955,304</u>	2,132,848	<u>1,003,123</u>	1,118,098
Net sales	<u>26,047,966</u>	24,279,322	<u>11,732,591</u>	10,804,726
7.2 Cost of sales				
Raw materials and vendor parts consumed	20,631,914	18,596,764	9,680,600	6,959,894
Stores and spares consumed	364,852	340,909	168,555	139,647
Salaries, wages and other benefits	292,240	278,156	133,984	135,975
Rent, rates and taxes	4,161	1,906	2,620	953
Repairs and maintenance	59,130	82,338	33,674	47,388
Depreciation	450,236	597,719	219,877	298,388
Traveling	13,689	12,027	9,247	2,533
Insurance	13,996	14,514	6,692	7,296
Vehicle running	7,705	7,870	3,943	4,181
Communication	3,566	2,244	2,550	1,054
Printing, stationery and office supplies	838	829	681	302
Fuel and power	123,192	95,471	58,710	34,067
Running royalty	362,731	315,349	158,582	137,571
Technical fee	2,987	1,315	1,518	778
Staff catering, transport and uniforms	85,123	74,577	45,877	37,214
Others	6,466	7,483	3,117	1,896
	<u>1,790,912</u>	1,832,707	<u>849,627</u>	849,243
Opening work-in-process	378,502	461,870	483,906	354,265
Closing work-in-process	(825,750)	(345,391)	(825,750)	(345,391)
Cost of goods manufactured	<u>21,975,578</u>	20,545,950	<u>10,188,383</u>	7,818,011
Opening stock of finished goods	1,659,398	2,225,275	1,318,704	3,451,819
Closing stock of finished goods	(1,397,130)	(1,998,684)	(1,397,130)	(1,998,684)
Cost of sales - Manufacturing	<u>22,237,846</u>	20,772,541	<u>10,109,957</u>	9,271,146
Cost of sales - Trading	<u>1,460,715</u>	1,759,768	<u>756,687</u>	942,601
Total	<u>23,698,461</u>	22,532,309	<u>10,866,644</u>	10,213,747

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (unaudited)

	Half year ended		Quarter ended	
	December 31		December 31	
	2013	2012	2013	2012
------(Rupees in '000)-----				
7.3 Gross profit				
Manufacturing	1,854,816	1,373,933	619,511	415,482
Trading	494,689	373,080	246,436	175,497
	2,349,505	1,747,013	865,947	590,979

8 TRANSACTIONS WITH RELATED PARTIES

Transactions carried out with related parties during the period are as follows:

Sales	41,623	90,753	19,550	43,154
Purchases	15,132,993	14,790,143	6,363,393	5,635,683
Insurance premium	19,599	28,187	4,391	5,946
Agency commission	37,637	61,352	32,282	41,485
Running royalty	355,352	314,155	147,561	134,771
Rent expense	6,568	6,257	3,734	3,129
Subscription	-	626	-	313
Technical fee	-	1,315	-	778
Donations	3,250	-	1,750	-
Return on bank deposits	101,086	131,671	45,657	53,829
Proceeds from disposal of fixed assets / insurance claim	4,867	1,019	2,380	1,019
Contribution to retirement benefit funds	24,392	20,339	9,193	12,823

With key management personnel:

- Salaries and benefits	46,504	47,764	24,587	23,617
- Post employment benefits	2,058	1,939	1,029	930
- Sale of fixed assets	513	1,765	-	1,175

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

	December 31	June 30
	2013	2013
	(Un-audited)	(Audited)
------(Rupees in '000)-----		
Long-term deposits	2,005	2,005
Short-term prepayments	2,834	-
Bank balances	2,109,025	1,861,509
Warranty claims, agency commission and other receivables	63,113	32,371
Trade, other payables and provisions	1,597,208	2,090,436

Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2013 (unaudited)

9 SEGMENT REPORTING

	Half year ended December 31, 2013			Half year ended December 31, 2012		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	24,092,662	1,955,304	26,047,966	22,146,474	2,132,848	24,279,322
Profit before taxation	1,467,692	487,224	1,954,916	1,033,918	391,007	1,424,925
	Quarter ended December 31, 2013			Quarter ended December 31, 2012		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	10,729,468	1,003,123	11,732,591	9,686,628	1,118,098	10,804,726
Profit before taxation	415,983	250,021	666,004	214,000	187,524	401,524

10 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 26, 2014 have proposed an interim cash dividend of Rs 6 per share (December 31, 2012: Rs 6 per share) in respect of the year ending June 30, 2014. The condensed interim financial information for the half year ended December 31, 2013, does not include the effect of this dividend which will be accounted for in the condensed interim financial information for the quarter ending March 31, 2014.

11 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of better presentation and comparison. No significant reclassifications or rearrangements were made except as explained in note 3.1.1.

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 26, 2014 by the Board of Directors of the Company.

13 GENERAL

Figures in this condensed interim financial information has been rounded off to the nearest thousand rupees.


Parvez Ghias
Chief Executive


Keiichi Murakami
Vice Chairman & Director

Company Information

Board of Directors

Mr. Ali S. Habib	Chairman
Mr. Keiichi Murakami	Vice Chairman
Mr. Parvez Ghias	Chief Executive
Mr. Mitoshi Okimoto*	Director
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Takahiro Iwase	Director
Mr. Hiroyuki Niwa	Director
Mr. Raza Ansari	Director

* W.E.F. 1st January 2014 Mr. Yoshiyuki Matsuo has been appointed in place of Mr. Mitoshi Okimoto

Chief Financial Officer

Mr. Rayomand Ghadiali

Company Secretary

Ms. Anam Fatima Khan

Audit Committee Members

Mr. Mohamedali R. Habib	Committee Chairman
Mr. Farhad Zulficar	Member
Mr. Takahiro Iwase	Member
Mr. Hiroyuki Niwa	Member
Mr. Raza Ansari	Member
Mr. Ahmed Waseem Khan	Secretary

Auditors

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

Legal Advisors

A.K. Brohi & Company
Mansoor Ahmed Khan & Co.
Mahmud & Co.
Sayeed & Sayeed.

Bankers

Askari Bank Limited
Bank Alfalah Limited
Barclays Bank PLC Pakistan
Bank Al-Habib Limited
Citibank N.A.
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

Registrar

Noble Computer Services (Private) Limited
First Floor, House of Habib Building
(Siddiqsons Tower), 3-Jinnah C. H. Society,
Main Shahrah-e-Faisal, Karachi-75350.

Phone: (PABX) (92-21) 34325482-87
Fax: (92-21) 34325442

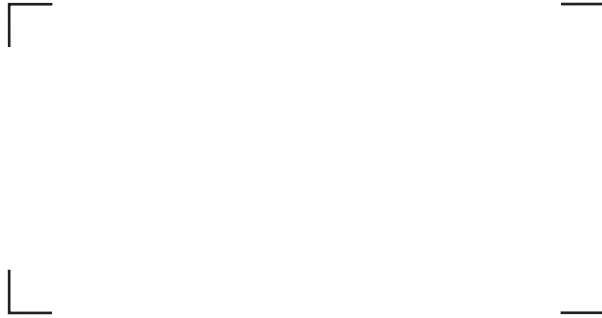
Factory / Registered Office

Plot No. N.W.Z/1/P-1, Port Qasim Authority,
Bin Qasim, Karachi.

Phone: (PABX) (92-21) 34720041-48
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