



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Nine Months Ended March 31, 2014
(Un-audited)



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Directors' Report

For the nine months and quarter ended March 31, 2014

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the quarter and nine months ended March 31, 2014.

PAKISTAN AUTOMOBILE MARKET

The overall demand for autos remained depressed during the third quarter, though on a year to date basis the industry posted modest growth driven from the prior period attributable to a general wave of positive buyer sentiment based on improving economic fundamentals and the impact of an earlier government's decision to restrict used imported cars to 3 years. The operating environment however remained challenging as the industry and the government dialogued over the much awaited long term auto policy, the future trade with India and key tax and custom duty inequities hurting the domestic auto industry.

The sale of locally manufactured Passenger Cars and Light Commercial Vehicles for quarter to March 2014 was down 2% to 38,967 units compared to 39,944 units sold during the same period last year and significantly below the record levels of 46,623 units achieved in March 2012 quarter. On nine months year to date basis, the overall volume demand grew about 3% to 100,220 units compared to 97,359 units sold during the same period to March 2013.

The value of Pakistan Rupee which has been in continuous decline against all major currencies over last several years witnessed a reversal of trend on the back of recent foreign fund inflows and in anticipation of further strengthening of the country currency reserves. It promoted all the OEMs to adjust the retail selling prices of their product downwards that auger well for the customers and volume growth of the industry.

COMPANY OPERATING PERFORMANCE

During the quarter ended March 2014, the Company outperformed industry demand posting growth of 3% with combined sale of Toyota CKD and CBU at 11,631 units compared to 11,313 units sold in quarter ended March 2013. On year to date basis, the volume demand for Toyota CKD & CBU was 27,031 units compared to 26,307 units sold during the similar period last year. Launch of limited editions in the Corolla range and demand for commercial vehicles backed by aggressive marketing campaigns boosted the demand for the quarter which also saw a new variant of Hilux Vigo Champ GX introduced that has been well received by the market. Our combined market share for the nine months period ended March 2014 for locally manufactured vehicles stood at 26%.

Sluggish demand in the market place compelled the Company to curtail output and take 19 days shutdown thus limiting production to 26,107 units for nine months to March 2014 compared to 25,113 units produced for same period last year which was severely impacted by adverse market conditions resulting in 53 days of plant closure.

Demand for high end vehicles was weak due to high price positioning caused by imposition of 10% FED on the locally manufactured SUV Fortuner and full impact of higher duty including 17% GST at selling stage in case of Prius Hybrid CBU that prompted customers to opt for used imported luxury vehicles that benefited from lower custom duty valuation at the expense of lost revenue to the government.

The Company's net sales revenues for nine months to March 2014 increased by 5% to Rs 44.7 billion as compared to Rs 42.7 billion for the same period last year, while profit after tax increased by 35% to Rs 2.3 billion as against Rs 1.7 billion achieved for the same period last year. The increase in revenues and profits is mainly due to improved sales volumes and margins and tighter control on fixed overheads and cost kaizen.

Directors' Report

For the nine months and quarter ended March 31, 2014

Near Term Business Outlook

We expect the demand for automobiles in last quarter of the fiscal year to remain firm due to air of positive sentiment on the economic front as well as demand from the government institutions and corporate sector coinciding with the budgetary cycles and rural buying by farmers from the proceeds of their Rabi crop.

The industry remains hopeful that the GOP task force constituted to develop the new auto policy will take into consideration the recommendations made by PAMA/PAAPAM and for this reason, we remain cautiously optimistic that it will be aligned with the national interest particularly following assurances by the Honorable Prime Minister during his visit to the PAPS Auto Show 2014. This will not only restore investor confidence, but also facilitate OEMs to plan future business expansions with confidence and long term vision.

On the issue of trade with India, we look forward to an effective and balanced trade regime and hope that 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. This is vitally important in view of the significant role played by the entire industry value chain in the economic development of the country through job creation, skills development, contribution to the exchequer and transfer of technology.

We appreciate the efforts of the Federal Bureau of Revenue for clarifying the issue of 2% extra tax on the parts purchases as per SRO 896(I)2013 which created lot of uncertainty and for tweaking the valuations of 5 year old imported used SUVs and auto parts under ruling 364 and 329 respectively. However, much needs to be done to curb the gross misuse of this facility of used vehicles by traders on commercial basis in the garb of these being imported by genuine overseas Pakistani citizens returning with their previously owned vehicle registered in their name. The concessionary duties and outdated valuations applied to these used vehicles create an unlevel playing field that puts the local industry at a huge disadvantage. We urge the government to revisit the valuation of used vehicles (SRO 577) 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.

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.

In conclusion, we are thankful to our customers for their confidence in our products and acknowledge the efforts of our entire Indus team including our staff, vendors, dealers and business partners and look forward for their continued support.

April 18, 2014
Karachi


Parvez Ghias
Chief Executive


Keiichi Murakami
Vice Chairman & Director

Condensed Interim Balance Sheet

As at March 31, 2014

	Note	March 31 2014 (Un-audited)	June 30 2013 (Audited) (Restated)
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Fixed assets	4	5,271,365	2,742,140
Long-term loans and advances		119,501	131,337
Long-term deposits		9,667	9,667
Deferred taxation		157,594	34,346
		<u>5,558,127</u>	<u>2,917,490</u>
Current assets			
Stores and spares		123,551	153,669
Stock-in-trade		5,320,027	7,883,309
Trade debts		3,455,226	1,382,761
Loans and advances		513,898	1,557,897
Short-term prepayments		25,432	10,799
Accrued return on bank deposits		52,147	12,155
Other receivables		176,971	163,109
Investments	5	6,370,441	6,698,121
Taxation - payment less provision		545,651	131,363
Cash and bank balances		3,490,889	4,195,302
		<u>20,074,233</u>	<u>22,188,485</u>
TOTAL ASSETS		<u>25,632,360</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		<u>786,000</u>	<u>786,000</u>
Reserves		<u>17,577,547</u>	<u>16,907,291</u>
		<u>18,363,547</u>	<u>17,693,291</u>
LIABILITIES			
Current liabilities			
Trade, other payables and provisions		6,345,400	6,013,852
Advances from customers and dealers		923,413	1,398,698
Accrued mark-up		-	134
		<u>7,268,813</u>	<u>7,412,684</u>
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		<u>25,632,360</u>	<u>25,105,975</u>

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



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the nine months and quarter ended March 31, 2014 (unaudited)

	Note	Nine months ended		Quarter ended	
		March 31		March 31	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
Net sales	7.1	44,763,978	42,695,814	18,716,012	18,416,492
Cost of sales	7.2	40,772,890	39,616,519	17,074,429	17,088,430
Gross profit	7.3	3,991,088	3,079,295	1,641,583	1,328,062
Distribution expenses		650,788	585,502	271,990	231,672
Administrative expenses		454,989	470,210	154,806	140,361
		1,105,777	1,055,712	426,796	372,033
		2,885,311	2,023,583	1,214,787	956,029
Other operating expenses		268,548	217,507	107,787	94,717
		2,616,763	1,806,076	1,107,000	861,312
Other income		750,306	728,789	295,514	235,566
		3,367,069	2,534,865	1,402,514	1,096,878
Finance costs		19,489	19,207	9,850	6,145
Profit before taxation		3,347,580	2,515,658	1,392,664	1,090,733
Taxation		1,026,724	785,606	424,073	338,586
Profit after taxation		2,320,856	1,730,052	968,591	752,147
----- (Rupees) -----					
Earnings per share - basic and diluted		29.53	22.01	12.32	9.57

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


Parvez Ghias
 Chief Executive


Keiichi Murakami
 Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the nine months and quarter ended March 31, 2014 (unaudited)

	Nine months ended		Quarter ended	
	March 31		March 31	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Profit for the period	2,320,856	1,730,052	968,591	752,147
Other comprehensive income / (loss)				
Item that may be reclassified to profit and loss account				
Unrealized (loss) on revaluation of foreign exchange contracts - net of tax	-	(23,278)	-	(23,278)
Total comprehensive income for the period	2,320,856	1,706,774	968,591	728,869

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



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the nine months ended March 31, 2014 (unaudited)

	Nine months ended	
	March 31	
	2014	2013
	------(Rupees in '000)-----	
CASH GENERATED FROM OPERATING ACTIVITIES		
Profit before taxation	3,347,580	2,515,658
Adjustment for non-cash charges and other items		
Depreciation	675,480	947,610
Amortization	168	1,307
Gain on sale of fixed assets	(25,974)	(11,876)
Unrealized loss on revaluation of foreign exchange contracts and creditors-net	16,624	179,620
Gain on redemption / revaluation of investments in listed mutual fund units	(267,102)	(193,492)
Return on bank deposits	(179,876)	(302,998)
Income on Market Treasury Bills	(135,595)	(106,740)
Workers' profit participation fund	179,784	135,249
Workers' welfare fund	68,318	54,078
Mark-up on advances from customers	24	238
Provision for bad debts	-	1,627
	331,851	704,623
Operating surplus before working capital changes	3,679,431	3,220,281
Movement in working capital changes		
Decrease / (Increase) in current assets		
Stores and spares	30,118	(9,282)
Stock-in-trade	2,563,282	798,637
Trade debts	(2,072,465)	165,264
Loans and advances	1,043,999	558,119
Short-term prepayments	(14,633)	15,052
Other receivables	(13,899)	362,103
	1,536,402	1,889,893
(Decrease) / Increase in current liabilities		
Trade and other payables	145,082	25,705
Advances from customers and dealers	(475,285)	(2,707,888)
	(330,203)	(2,682,183)
Cash generated from operations	4,885,630	2,427,991
Interest paid	(158)	(322)
Workers' Welfare Fund paid	(103,941)	(128,990)
Interest received	139,884	325,132
Income tax paid	(1,564,259)	(1,062,494)
Movement in long-term loans and advances	11,836	(219,506)
Movement in long-term deposits	-	700
	(1,516,638)	(1,085,480)
Net cash generated from operating activities	3,368,992	1,342,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,227,675)	(398,962)
Proceeds from disposal of fixed assets	48,775	17,334
Investment in listed mutual fund units	(4,411,104)	(10,490,000)
Proceeds from redemption of listed mutual fund units	3,710,068	6,244,262
Purchase of Market Treasury Bills	(5,558,398)	(4,841,998)
Proceeds from redemption of Market Treasury Bills	6,989,811	4,662,500
Net cash used in investing activities	(2,448,523)	(4,806,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,624,882)	(2,195,689)
Net cash used in financing activities	(1,624,882)	(2,195,689)
Net decrease in cash and cash equivalents	(704,413)	(5,660,042)
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	3,490,889	5,111,258

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


Parvez Ghias
 Chief Executive


Keiichi Murakami
 Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2014 (unaudited)

	Share capital	Reserves				Sub-total	Total
		Capital Premium on issue of ordinary shares	Revenue		Unrealised gain / (loss) on hedging instruments		
			General reserve	Unappropriated profit			
----- (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)	-	-	-
Unrealized 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 nine months ended March 31, 2013	-	-	-	1,730,052	(23,278)	1,706,774	1,706,774
Interim Dividend @ 60%	-	-	-	(471,600)	-	(471,600)	(471,600)
Balance as at March 31, 2013 - restated	<u>786,000</u>	<u>196,500</u>	<u>13,351,050</u>	<u>2,045,780</u>	<u>(23,278)</u>	<u>15,570,052</u>	<u>16,356,052</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 nine months ended March 31, 2014	-	-	-	2,320,856	-	2,320,856	2,320,856
Interim Dividend @ 60%	-	-	-	(471,600)	-	(471,600)	(471,600)
Balance as at March 31, 2014	<u>786,000</u>	<u>196,500</u>	<u>14,851,050</u>	<u>2,529,997</u>	<u>-</u>	<u>17,577,547</u>	<u>18,363,547</u>

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



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2014 (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.

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 nine months ended March 31, 2014 (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	March 31 2014 (Un-audited)	June 30 2013 (Audited)
------(Rupees in '000)-----			
4			
FIXED ASSETS			
Property, plant and equipment	4.1	5,270,051	2,742,136
Intangible assets		1,314	4
		5,271,365	2,742,140
4.1			
Property, plant and equipment			
Operating assets		2,084,339	2,563,381
Capital work-in-progress		3,185,712	178,755
		5,270,051	2,742,136

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2014 (unaudited)

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

	Additions (at cost)		Disposals (at cost)	
	Nine months ended March 31		Nine months ended March 31	
	2014	2013	2014	2013
------(Rupees in '000)-----				
Tangible assets				
Buildings on leasehold land:				
Factory	66,139	13,960	-	-
Others	1,548	1,845	-	-
Plant and machinery	59,104	245,528	458	57,585
Motor vehicles	53,149	48,236	67,364	16,742
Furniture and fixtures	8,856	281	-	4,195
Office equipment	9,407	1,778	1,729	2,736
Computers and related accessories	4,077	6,383	15,090	7,242
Tools and equipment	16,960	43,805	8,694	15,273
Jigs and fixtures	-	61,064	-	151,450
	219,240	422,880	93,335	255,223

4.3 Intangible assets

Computer Software	1,478	-	-	-
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4.4 During the period, capital work-in-progress amounting to Rs 18.037 million (March 31, 2013: 330.892) was transferred to operating assets.

	March 31 2014	June 30 2013
	(Un-audited)	(Audited)

5 INVESTMENTS

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

Financial assets 'at fair value through profit or loss' - held for trading

- Mutual Fund Units	4,987,050	4,018,912
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Held to Maturity

- Government securities - Market Treasury Bills	1,383,391	2,679,209
	6,370,441	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 March 31, 2014 amounted to Rs 2,065.506 million (June 30, 2013: Rs 2,348.157 million). This includes an amount of Rs 1,520.927 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 March 31, 2014 amounted to Rs 698.090 million (June 30, 2013: Rs 755.136 million).

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2014 (unaudited)

	Nine months ended		Quarter ended	
	March 31		March 31	
	2014	2013	2014	2013
------(Rupees in '000)-----				
7 OPERATING RESULTS				
7.1 Sales				
Manufacturing				
Gross sales	50,335,818	46,918,216	21,337,907	20,536,680
Sales tax	(7,275,572)	(6,447,975)	(3,078,682)	(2,821,548)
Federal excise duty	(150,833)	-	(47,573)	-
	<u>42,909,413</u>	<u>40,470,241</u>	<u>18,211,652</u>	<u>17,715,132</u>
Commission	(1,038,652)	(1,050,198)	(436,239)	(441,563)
Discounts	(2,686)	-	-	-
Manufacturing net sales	<u>41,868,075</u>	<u>39,420,043</u>	<u>17,775,413</u>	<u>17,273,569</u>
Trading				
Gross sales	3,435,423	3,878,660	1,091,898	1,350,006
Sales tax	(423,052)	(517,774)	(109,664)	(177,920)
	<u>3,012,371</u>	<u>3,360,886</u>	<u>982,234</u>	<u>1,172,086</u>
Commission	(17,546)	(31,171)	(5,778)	(13,011)
Discounts	(98,922)	(53,944)	(35,857)	(16,152)
Trading net sales	<u>2,895,903</u>	<u>3,275,771</u>	<u>940,599</u>	<u>1,142,923</u>
Net sales	<u>44,763,978</u>	<u>42,695,814</u>	<u>18,716,012</u>	<u>18,416,492</u>
7.2 Cost of sales				
Raw materials and vendor parts consumed	34,823,353	33,005,754	14,191,439	14,408,990
Stores and spares consumed	610,924	581,330	246,072	240,421
Salaries, wages and other benefits	456,548	417,483	164,308	139,327
Rent, Rates and taxes	6,791	2,867	2,630	961
Repairs and maintenance	104,916	125,473	45,786	43,135
Depreciation	627,418	898,317	177,182	300,598
Traveling	19,467	16,930	5,778	4,903
Insurance	18,502	21,770	4,506	7,256
Vehicle running	11,677	11,422	3,972	3,552
Communication	4,654	3,229	1,088	985
Printing, stationery and office supplies	1,498	1,368	660	539
Fuel and power	194,283	147,740	71,091	52,269
Running royalty	613,647	559,513	250,916	248,384
Technical fee	4,380	1,617	1,393	302
Staff catering, transport and uniforms	139,264	113,551	54,141	38,974
Others	13,594	13,083	7,128	5,600
	<u>2,827,563</u>	<u>2,915,693</u>	<u>1,036,651</u>	<u>1,087,206</u>
Opening work-in-process	378,502	461,870	825,750	345,391
Closing work-in-process	(204,849)	(362,085)	(204,849)	(362,085)
Cost of goods manufactured	<u>37,824,569</u>	<u>36,021,232</u>	<u>15,848,991</u>	<u>15,479,502</u>
Opening stock of finished goods	1,659,398	2,225,275	1,397,130	1,998,684
Closing stock of finished goods	(870,042)	(1,349,830)	(870,042)	(1,349,830)
Cost of sales - Manufacturing	<u>38,613,925</u>	<u>36,896,677</u>	<u>16,376,079</u>	<u>16,128,356</u>
Cost of sales - Trading	<u>2,158,965</u>	<u>2,719,842</u>	<u>698,350</u>	<u>960,074</u>
Total	<u>40,772,890</u>	<u>39,616,519</u>	<u>17,074,429</u>	<u>17,088,430</u>

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2014 (unaudited)

	Nine months ended		Quarter ended	
	March 31		March 31	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
7.3 Gross profit				
Manufacturing	3,254,150	2,523,366	1,399,334	1,145,213
Trading	736,938	555,929	242,249	182,849
	3,991,088	3,079,295	1,641,583	1,328,062

8 TRANSACTIONS WITH RELATED PARTIES

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

Sales	71,912	154,641	30,289	63,888
Purchases	24,566,389	22,209,272	9,433,396	7,419,129
Insurance premium	26,740	45,796	7,141	17,609
Agency commission	102,674	70,856	65,037	9,504
Running royalty	619,720	564,882	264,368	250,727
Technical fee	-	1,617	-	302
Subscription	-	938	-	312
Rent expense	9,852	9,385	3,284	3,128
Donations	3,250	3,715	-	3,715
Bank charges	21,206	17,165	7,242	5,981
Return on bank deposits	175,136	209,042	74,050	77,371
Proceeds from disposal of fixed assets / insurance claim	9,556	1,079	4,689	60
Contribution to retirement benefit funds	34,235	33,114	9,843	12,775
With key management personnel:				
- Salaries and benefits	70,060	72,418	23,556	24,654
- Post employment benefits	3,103	2,875	1,045	936
- Sale of fixed assets	513	2,390	-	625

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

	March 31 2014 (Unaudited)	June 30 2013 (Audited)
	------(Rupees in '000)-----	
Long-term deposits	2,005	2,005
Short-term prepayments	7,633	-
Bank balances	3,429,489	1,861,509
Warranty claims, agency commission and other receivables	120,425	32,371
Trade, other payables and provisions	1,576,873	2,090,436

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2014 (unaudited)

9 SEGMENT REPORTING

	Nine months ended March 31, 2014			Nine months ended March 31, 2013		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	<u>41,868,075</u>	<u>2,895,903</u>	<u>44,763,978</u>	<u>39,420,042</u>	<u>3,275,772</u>	<u>42,695,814</u>
Profit before taxation	<u>2,586,239</u>	<u>761,341</u>	<u>3,347,580</u>	<u>1,939,707</u>	<u>575,951</u>	<u>2,515,658</u>

	Quarter ended March 31, 2014			Quarter ended March 31, 2013		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	<u>17,775,413</u>	<u>940,599</u>	<u>18,716,012</u>	<u>17,273,568</u>	<u>1,142,924</u>	<u>18,416,492</u>
Profit before taxation	<u>1,118,547</u>	<u>274,117</u>	<u>1,392,664</u>	<u>905,789</u>	<u>184,944</u>	<u>1,090,733</u>

10 CORRESPONDING FIGURES

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

11 DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information was authorized for issue on April 18, 2014 by the Board of Directors of the Company.

12 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. Yoshiyuki Matsuo	Director
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Takahiro Iwase	Director
Mr. Hiroyuki Niwa	Director
Mr. Raza Ansari	Director

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

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