



# INDUS MOTOR COMPANY LTD.

**Condensed Interim Financial Information**  
For the Half Year Ended December 31, 2017  
(Un-audited)



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## Directors' Report

For the half year ended December 31, 2017

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the half-year ended December 31, 2017. The financial statements accompanying this report have received a limited review from the statutory auditors, as required under the Companies Act, 2017.

### **Pakistan Automobile Market**

The demand for automobiles remained robust throughout the half year, stemming from the favorable macroeconomic indicators and positive consumer sentiment in the country. The availability of consumer credit, growth in ride hailing services and increased disposable incomes continued to drive the auto industry sales in this quarter.

Industry-wide sales of the locally manufactured PC/LCVs stood at 124,138 units during the first half of FY 2018, up 27% from 97,533 units sold during the same period last year. This impressive volume was heavily influenced by capacity expansion efforts by existing players among other factors such as CPEC-led growth, higher road connectivity and lower financing rate.

In response to this demand and facilitated by the Automotive Development Policy 2016-2021, the auto sector has witnessed huge investments by new players and the industry is currently working round the clock, resorting to production overtimes and working on several holidays.

### **Company Review**

The combined sales of IMC CKD and CBU for the half year ended December 31, 2017 stood at 30,651, up 6% over 28,833 units for the same period last year. However, our market share declined from 29% to 25% for six months period, mainly on account of higher growth of the market.

To fulfill the growing demand and shorten the delivery time, the company operated its manufacturing facilities beyond capacity working daily in overtime hours and off Saturdays to produce 30,502 units, up 5% over 28,996 units produced during the same period last year.

The Company's net sales revenues for the half year ended December 31, 2017, grew to Rs 63.3 billion as compared to Rs. 51.4 billion for the same period last year, while profit after tax increased to Rs 7.36 billion as against Rs. 6.07 billion achieved for the same period last year. The increase in revenues and profits is mainly due to improved turnover of both CKD and CBU vehicles against last same period along with improvement in operational efficiencies and sales mix.

In the month of August 2017, the Company launched Toyota Corolla Big Minor Model Change with best-in-class safety and luxury features. In the month of December 2017, the company showcased its Camry Hybrid Vehicle, a luxury sedan with a powerful shape and captivating style, to key customers. During the period, we also celebrated the milestone of the production of 750,000 vehicles since inception.

The Spirit of "Kaizen" or Continuous improvement is part of our basic values. Several actions were taken to eradicate bottlenecks and enhance production capacity. A multi-billion rupee investment is being made in the paint shop to increase production capacity which is expected to yield results from the last quarter

## Directors' Report

For the half year ended December 31, 2017

of this financial year. This will further help in our drive to reduce the delivery period and intensify customer satisfaction.

With effect from January 1, 2018, Mr. Yuji Takarada was appointed as Vice Chairman replacing Mr. Toshiya Azuma on the completion of his term in Pakistan. We thank Mr. Toshiya Azuma for his valuable contribution to the organization in delivering business results and optimizing processes. We wish him success in his new assignment in the Toyota group.

During the period, the transactions with related parties as disclosed in the financial statements were carried out in the ordinary course of business. Based on the results recorded above, the Board of Directors are pleased to declare an interim cash dividend of Rs 32.5 per share for the half year ended December 2017, compared to Rs. 25 per share for the same period last year.

### Near Term Business Outlook

The auto sector is expected to witness further investments by new players as a result of the Automotive Development Policy 2016-2021 and the mounting demand for vehicles. The new Auto Policy has not included any measures or incentives for Auto Parts manufacturers. The true growth and benefits of technology transfer, job creation and local value addition can only be fully realized by addressing this missing link.

The import of used cars has increased significantly to 44,760 units for six months, as against 24,100 units last year for same period. The government has modified the procedure for payment of C&F, duties and taxes, in an attempt to ensure the genuineness of such imports and avoid misuse of such facilities by commercial importers. This is the step in the right direction to improve documentation of the economy. However, this modification has now been withdrawn.

The abrupt and significant depreciation in the rupee towards the end of first half of the year, has increased the cost of imported inputs by the company and its vendors. This ultimately forced the company to regretfully pass on certain impact to the customers in terms of price increase of vehicles.

We remain committed to 'Customer First' philosophy that demands high level of contribution, dedication and efficiency from all levels in the company to delight all our valued customers in the entire supply chain. This is the cornerstone of 'Toyota Way' and critical for the long term success of the Company.

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 23, 2018  
Karachi.

  
**Ali Asghar Jamali**  
Chief Executive & Director

  
**Yuji Takarada**  
Vice Chairman & Director

## ڈائریکٹرز رپورٹ

### برائے ششماہی مختتمہ 31 دسمبر 2017ء

انڈس موٹر کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر آڈٹ شدہ اکاؤنٹس برائے ششماہی مختتمہ 31 دسمبر 2017ء پیش خدمت ہیں۔ اس رپورٹ سے منسلک مالیاتی گوشواروں کا قانونی آڈیٹرز نے محدود جائزہ لیا ہے، جیسا کہ کمپنیز ایکٹ 2017ء کے تحت مطلوب ہے۔

### پاکستان آٹو موبائل مارکیٹ :

کلاں اقتصادیات (macroeconomics) کی علامات موافق ہونے اور ملک میں صارفین کی جانب سے مثبت رجحان کی بدولت پہلی سہ ماہی کے دوران گاڑیوں کی مانگ کی سطح مستحکم رہی۔ صارفین کے لئے کریڈٹ کی دستیابی اور اضافی آمدن کی وجہ سے اس سہ ماہی میں آٹو انڈسٹری کی سائز بہتر رہی۔

پوری انڈسٹری نے مالی سال 2018ء کے پہلے نصف کے دوران مقامی طور پر تیار شدہ PC/LCVs کے 124,138 یونٹس تیار کئے۔ جو کہ گزشتہ سال اسی مدت میں فروخت کردہ 97,533 یونٹس کے مقابلے میں زیادہ ہیں جن میں 27 فیصد اضافہ ہوا، یہ شاندار حجم بہت سے دیگر اثرات کی توسیع کی وجہ سے رہا جس میں موجودہ اداروں کی جانب سے دیگر عوامل جیسے CPEC یعنی چین پاکستان اقتصادی راہداری میں ترقی، اعلیٰ روڈ کنکٹیوٹی اور فنانسنگ کی کم شرح شامل ہیں۔

موجودہ طلب اور آٹو موٹیوڈیولپمنٹ پالیسی 2016 - 2021 سے فائدہ اٹھاتے ہوئے چند نئی کارساز کمپنیز بڑی سرمایہ کاری کر رہی ہیں۔ فی الحال صنعت مسلسل کام کر رہی ہے، کئی تعطیلات میں بھی کام کیا جا رہا ہے اور پیداواری ہدف کے حصول کے لئے اور ٹائم کیا جا رہا ہے۔

### کمپنی کا جائزہ:

31 دسمبر، 2017ء کو ختم ہونے والی ششماہی میں IMC کے CKD اور CBU یونٹس کی مشترکہ فروخت 30,651 یونٹس رہی جو کہ گزشتہ سال کی اسی مدت میں رہنے والی 28,833 یونٹس کی فروخت کے مقابلے میں 6 فیصد زائد رہی۔ اس اضافے کے باوجود دسمبر، 2017ء کو IMC کا مارکیٹ شیئر گر کر 25 فیصد رہا جب کہ گزشتہ سال اسی عرصے میں یہ شیئر 29 فیصد تھا، اس کی بنیادی وجہ مارکیٹ کی مستحکم ترقی تھی۔

بڑھتی ہوئی طلب کو پورا کرنے اور ڈیلیوری کے دورانے میں کمی لانے کے لئے، کمپنی نے اپنی پیداواری سہولیات کو اس کی استعداد کار سے زائد بروئے کار اور روزانہ کئی گھنٹوں کے اور ٹائم کرنے کے علاوہ ہفتے کی چھٹی والے دنوں میں بھی کام جاری رکھا، اور 30,502 یونٹس تیار کئے جو کہ گزشتہ سال کی اسی مدت میں رہنے والے 28,996 یونٹس کے مقابلے میں 5 فیصد زائد ہیں۔

31 دسمبر، 2017ء کو ختم ہونے والی ششماہی کے دوران کمپنی کی خالص سیلز میں اضافہ ہوا جو 63.3 بلین روپے تک بڑھی جب کہ گزشتہ برس کی اسی مدت میں یہ سیلز 51.4 بلین روپے تھی۔ منافع بعد از ٹیکس 7.36 بلین روپے رہا جب کہ گزشتہ برس کی اسی مدت میں یہ 6.07 بلین روپے رہا تھا۔ آمدنی اور منافع میں اس اضافے کی وجہ آپریشنل صلاحیتوں میں بہتری کے ساتھ ساتھ CKD اور CBU گاڑیوں میں بہتر تبدیلی اور سیلز مکس ہے۔

اگست 2017ء میں کمپنی نے ٹویوٹا کرو لاکا Big Minor Model Change بے مثال سیفٹی اور لکٹری خصوصیات کے ساتھ متعارف کرایا۔ جب کہ ماہ دسمبر 2017ء میں کمپنی نے اہم صارفین کو Camry Hybrid Vehicle، کار جو کہ لکٹری سیڈان ہے اور ایک مستحکم شکل واسٹائل رکھتی ہے، پیش کیا۔ اس عرصے میں کمپنی نے 750,000 گاڑیوں کی پیداوار کے سنگ میل کو عبور کرنے کا جشن منایا۔

کارزن کی روح یا مسلسل بہتری ہماری بنیادی اقدار کا حصہ ہے۔ مسائل کے ازالے اور پیداواری صلاحیت کو بڑھانے کے لئے کئی اقدامات کئے گئے۔ پیداواری صلاحیت بڑھانے کے لئے پینٹ شاپ میں کئی بلین روپے کی سرمایہ کاری کی جارہی ہے، جس کے نتائج کی توقعات مالی سال کی آخری سہ ماہی میں ہے۔ یہ ہماری اس مہم میں بہت معاون ہوگی جو ہم صارف کو ڈیلیوری کی مدت کم کرنے اور اس کے مکمل اطمینان کے لئے چلا رہے ہیں۔

آئی ایم سی کے وائس چیئرمین کی حیثیت سے یو جی ہکارا کو یکم جنوری 2018ء کو منتخب کیا گیا، جو توشیا زوما کے اپنے عہدے سے سبکدوش ہونے کے بعد مقرر کئے گئے۔ ہم توشیا زوما کا ٹویوٹا گروپ کے لئے قابل قدر کاروباری نتائج کے حصول اور پراسیسز کو بہتر بنانے کیلئے شکریہ ادا کرتے ہیں۔ ہم ان کی مستقبل کی کوششوں میں کامیابی کے متمنی ہیں۔

اس مدت کے دوران متعلقہ پارٹیوں سے فنانشل اسٹیٹمنٹ میں دیا جانے والا کاروبار دکھایا گیا ہے جو کہ روزمرہ کے کاروبار کے مطابق ہے۔ مندرجہ بالا نتائج کی بنیاد پر، بورڈ آف ڈائریکٹرز نے انتہائی مسرت سے 31 دسمبر، 2017ء کو ختم ہونے والی ششماہی کے لئے 32.5 روپے فی حصص عبوری منافع منقسمہ کا اعلان کیا ہے۔ یہ فی حصص اضافہ گزشتہ برس اسی مدت میں رہنے والے اضافے 25 روپے فی حصص سے زائد ہے۔

**مستقبل قریب میں کاروباری امکانات:**

آٹو سکیٹر کو توقع ہے کہ، آٹو موٹیوڈیولپمنٹ پالیسی 2016-21 اور مارکیٹ میں گاڑیوں کی طلب کے نتیجے میں اس شعبے کی جانب

نئے اداروں کی جانب سے سرمایہ کاری کی گئی ہے۔ نئی آٹو پالیسی میں آٹو پارٹس کے تیار کنندگان کی ترقی و ترغیب کے لئے کوئی اقدامات نہیں کئے گئے، حقیقی ترقی اور ٹیکنالوجی ٹرانسفر، روزگار کے مواقع کی تخلیق اور مقامی قدر میں اضافہ صرف اسی بات سے سمجھا جاسکتا ہے۔

استعمال شدہ کاروں کی درآمد 31 دسمبر، 2017ء کو ختم ہونے والی ششماہی کے دوران 44,760 یونٹس رہی جب کہ گزشتہ سال کی اسی مدت میں 24,100 گاڑیاں درآمد کی گئی تھیں۔ حکومت نے درآمد کی حوصلہ شکنی کے لئے C&F محصولات کی ادائیگی کا طریقہ کار بدل دیا ہے، تاکہ اس بات یقینی بنایا جاسکے کہ درآمد کی جانے والی گاڑیاں جینون ہیں اور کمرشل امپورٹرز کی جانب سے استعمال شدہ گاڑیوں کی درآمد کو روکا جاسکے، جو صحیح سمت میں درست قدم ہے۔ تاہم یہ تبدیلی واپس لی جا چکی ہے۔

مالی سال کی پہلی ششماہی کے اختتام پر روپے کی قدر میں کمی سے کمپنی اور اس کے بینڈرز کی جانب سے درآمد کی جانے والی اشیاء کی قیمتوں میں اضافہ ہو گیا ہے جس کے نتیجے میں کمپنی گاڑیوں کی قیمتوں میں اضافہ کر رہی ہے۔

ہم ”سب سے پہلے کسٹمر“ کے فلسفے پر کاربند ہیں، جو کہ کمپنی کی ہر سطح کی انتہائی خلوص، کارکردگی اور دیانت داری سے پوری طرح شراکت کا مطالبہ کرتا ہے اور ہماری پوری سپلائی چین کے کسی بھی حصے میں قابل قدر صارفین کو خوش آمدید کہتا ہے۔ یہ ”ٹیوٹا وے“ کا اہم ستون ہے اور کمپنی کی طویل المدت کامیابی کے لئے انتہائی اہم ہے۔

ہم اپنے صارفین کے شکر گزار ہیں کہ انہوں نے ہماری مصنوعات پر مسلسل اعتماد کیا۔ ہم انڈس کی پوری ٹیم، بشمول اسٹاف، وینڈرز، ڈیلرز اور تمام بزنس پارٹنرز، کی مشکل وقتوں میں انتھک محنت کو سراہنا چاہتے ہیں، اور اُمید کرتے ہیں ہمیں اُن کا مسلسل ساتھ حاصل رہے گا۔

23، فروری، 2018ء

کراچی



یوجی تاکارادا

وائس چیئرمین اور ڈائریکٹر



علی اصغر جمالی

چیف ایگزیکٹو اور ڈائریکٹر

# 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, 2017 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, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

## 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, 2017 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: Shahbaz Akbar  
Dated: February 24, 2018  
Karachi



# Condensed Interim Balance Sheet


As at December 31, 2017

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	6,901,298	6,257,927
Intangible assets		74,262	87,517
Long-term loans and advances		13,748	9,368
Long-term deposits		9,443	9,443
Deferred taxation		184,877	73,969
		<u>7,183,628</u>	<u>6,438,224</u>
<b>Current Assets</b>			
Stores and spares		267,870	203,829
Stock-in-trade		11,130,544	9,317,883
Trade debts		469,827	758,872
Loans and advances		3,498,254	1,652,906
Short-term prepayments		34,628	20,839
Accrued return		146,858	376,037
Other receivables		418,512	402,304
Short-term investments	6	45,729,049	41,487,709
Cash and bank balances		2,775,473	3,221,120
		<u>64,471,015</u>	<u>57,441,499</u>
<b>TOTAL ASSETS</b>		<u>71,654,643</u>	<u>63,879,723</u>
<b>EQUITY</b>			
<b>Share Capital</b>			
<b>Authorised capital</b>			
500,000,000 (June 30, 2017: 500,000,000) ordinary shares of Rs 10 each		<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
78,600,000 (June 30, 2017: 78,600,000) ordinary shares of Rs 10 each		786,000	786,000
Reserves		<u>32,666,171</u>	<u>30,410,962</u>
		<u>33,452,171</u>	<u>31,196,962</u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred revenue		8,762	3,933
<b>Current Liabilities</b>			
Trade, other payables and provisions		13,493,491	9,682,879
Advances from customers and dealers		23,263,816	22,188,881
Taxation - provision less payment		1,436,403	807,068
		<u>38,193,710</u>	<u>32,678,828</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>71,654,643</u>	<u>63,879,723</u>

## CONTINGENCIES AND COMMITMENTS

7

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Mohammad Ibadullah**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive & Director


  
**Yuji Takarada**  
 Vice Chairman & Director

## Condensed Interim Profit and Loss Account

For the half year and quarter ended December 31, 2017

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
<b>Net sales</b>	8	<b>63,318,459</b>	51,399,696	<b>32,098,723</b>	25,647,828
Cost of sales	9	<b>(52,185,265)</b>	(42,524,554)	<b>(26,408,381)</b>	(20,951,156)
<b>Gross profit</b>		<b>11,133,194</b>	8,875,142	<b>5,690,342</b>	4,696,672
Distribution expenses		<b>(581,452)</b>	(494,130)	<b>(270,242)</b>	(290,349)
Administrative expenses		<b>(683,425)</b>	(450,589)	<b>(404,380)</b>	(230,077)
Other operating expenses		<b>(69,784)</b>	(34,342)	<b>(66,742)</b>	(31,920)
		<b>(1,334,661)</b>	(979,061)	<b>(741,364)</b>	(552,346)
		<b>9,798,533</b>	7,896,081	<b>4,948,978</b>	4,144,326
Workers' Profit Participation Fund and Workers' Welfare Fund		<b>(782,709)</b>	(648,763)	<b>(397,589)</b>	(330,358)
		<b>9,015,824</b>	7,247,318	<b>4,551,389</b>	3,813,968
Other income		<b>1,769,845</b>	1,624,229	<b>913,480</b>	750,022
		<b>10,785,669</b>	8,871,547	<b>5,464,869</b>	4,563,990
Finance costs		<b>(272,578)</b>	(117,960)	<b>(119,907)</b>	(106,557)
<b>Profit before taxation</b>		<b>10,513,091</b>	8,753,587	<b>5,344,962</b>	4,457,433
Taxation		<b>(3,148,882)</b>	(2,678,996)	<b>(1,609,473)</b>	(1,430,203)
<b>Profit after taxation</b>		<b>7,364,209</b>	6,074,591	<b>3,735,489</b>	3,027,230
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>93.69</b>	77.28	<b>47.53</b>	38.51

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Mohammad Ibadullah**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive & Director

  
**Yuji Takarada**  
 Vice Chairman & Director

## Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended December 31, 2017

	Half year ended		Quarter ended	
	December 31		December 31	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period</b>	<b>7,364,209</b>	<b>6,074,591</b>	<b>3,735,489</b>	<b>3,027,230</b>
Other comprehensive income for the period - net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>7,364,209</b>	<b>6,074,591</b>	<b>3,735,489</b>	<b>3,027,230</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**Mohammad Ibadullah**  
Chief Financial Officer



**Ali Asghar Jamali**  
Chief Executive & Director



**Yuji Takarada**  
Vice Chairman & Director

# Condensed Interim Cash Flow Statement

For the half year ended December 31, 2017

Note	Half year ended	
	December 31	
	2017	2016
	------(Rupees in '000)-----	

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	10	11,745,504	6,895,856
Workers' Welfare Fund paid		(350,000)	(355,749)
Income tax paid		(2,630,455)	(2,476,271)
Mark-up paid on advances from customers		(159,018)	-
Deferred revenue		4,829	209
Long-term loans and advances		(4,380)	(2,030)
<b>Net cash generated from operating activities</b>		<b>8,606,480</b>	<b>4,062,015</b>


## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment and intangible assets	(1,527,685)	(909,398)
Proceeds from disposal of property, plant and equipment	7,552	11,179
Interest received on bank deposits and savings account	1,242,647	1,214,152
Investment in Term Deposit Receipts	-	(5,000,000)
Proceeds from redemption of Term Deposit Receipts	7,000,000	4,500,000
Investment in listed mutual fund units	(8,428,336)	(9,250,153)
Proceeds from redemption of listed mutual fund units	7,556,177	6,765,441
Redemption of Pakistan Investment Bonds	5,063,031	-
Purchase of Market Treasury Bills	(728,175)	(2,428,500)
Proceeds from redemption of Market Treasury Bills	362,801	2,313,125
<b>Net cash inflow / (outflow) from investing activities</b>	<b>10,548,012</b>	<b>(2,784,154)</b>

## CASH FLOWS FROM FINANCING ACTIVITY

Dividend paid	(5,080,739)	(5,085,203)
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>14,073,753</b>	<b>(3,807,342)</b>
Cash and cash equivalents at the beginning of the period	32,599,720	29,737,569
<b>Cash and cash equivalents at the end of the period</b>	<b>46,673,473</b>	<b>25,930,227</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Mohammad Ibadullah**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive & Director


  
**Yuji Takarada**  
 Vice Chairman & Director

# Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2017

	Share Capital	Reserves				
		Capital	Revenue			
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve	Unappropriated profit	Sub-Total	Total
	(Rupees in '000)					
Balance as at July 1, 2016	786,000	196,500	19,851,050	6,796,059	26,843,609	27,629,609
Total comprehensive income for the half year ended December 31, 2016	-	-	-	6,074,591	6,074,591	6,074,591
Transfer to general reserve for the year ended June 30, 2016 appropriated subsequent to year end	-	-	3,600,000	(3,600,000)	-	-
Transactions with owners						
Final dividend @ 400% for the year ended June 30, 2016 declared subsequent to year end	-	-	-	(3,144,000)	(3,144,000)	(3,144,000)
Interim dividend @ 250% declared during the period ended December 31, 2016	-	-	-	(1,965,000)	(1,965,000)	(1,965,000)
Balance as at December 31, 2016	786,000	196,500	23,451,050	4,161,650	27,809,200	28,595,200
Balance as at July 1, 2017	786,000	196,500	23,451,050	6,763,412	30,410,962	31,196,962
Total comprehensive income for the half year ended December 31, 2017	-	-	-	7,364,209	7,364,209	7,364,209
Transfer to general reserve for the year ended June 30, 2017 appropriated subsequent to year end	-	-	4,000,000	(4,000,000)	-	-
Transactions with owners						
Final dividend @ 350% for the year ended June 30, 2017 declared subsequent to year end	-	-	-	(2,751,000)	(2,751,000)	(2,751,000)
Interim dividend @ 300% declared during the period ended December 31, 2017	-	-	-	(2,358,000)	(2,358,000)	(2,358,000)
Balance as at December 31, 2017	786,000	196,500	27,451,050	5,018,621	32,666,171	33,452,171

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
**Mohammad Ibadullah**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive & Director

  
**Yuji Takarada**  
 Vice Chairman & Director

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

## 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 the Pakistan Stock Exchange.

The Company was formed in accordance with the terms of a Joint Venture agreement concluded amongst certain House of Habib companies, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of Toyota vehicles. The Company also acts as the sole distributor of Toyota and 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated October 4, 2017, issued by the Securities and Exchange Commission of Pakistan (SECP), companies preparing annual or interim financial statements for periods ending on or before December 31, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly 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, 2017.

- 2.2** This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2017 and the condensed interim profit and loss account, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the half year then ended which has been subjected to a review by the statutory auditor in accordance with section 237 of the Companies Act 2017 but not audited.
- 2.3** The comparative balance sheet presented in this condensed interim financial information as at June 30, 2017 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2017 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the half year ended December 31, 2016 have been extracted from the condensed interim financial information of the Company for the half year then ended, which were subjected to a review by the statutory auditors but not audited. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2017 and 2016.

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

## 3 SUMMARY OF SIGNIFICANT 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, 2017.

**3.2 New standards, amendments to approved accounting standards and new interpretations which became effective during the half year ended December 31, 2017**

There are certain amendments to approved accounting standards that are mandatory for accounting periods beginning on July 1, 2017. However, these do not have any significant effect on the Company's financial reporting and operations and therefore, have not been disclosed in this condensed interim financial information.

**3.3 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company but relevant**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

In addition to the foregoing, the Companies Act, 2017 which is not effective on this condensed interim financial information has added certain disclosure requirements which will be applicable in the future.

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2017.

## 4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	4,784,403	5,190,839
Capital work-in-progress	2,116,895	1,067,088
	<u>6,901,298</u>	<u>6,257,927</u>

## 5.1 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	
2017	2016	2017	2016
----- (Rupees in '000) -----			

### Tangible - Owned

Buildings on leasehold land:

Factory	51,286	10,615	-	-
Others	2,251	56,611	-	-
Plant and machinery	289,619	234,256	27,523	13,603
Motor vehicles	70,771	73,707	16,024	14,157
Furniture and fixtures	5,241	4,885	-	-
Office equipment	7,080	12,527	468	401
Computers and related accessories	17,612	11,209	5,598	430
Tools and equipment	29,116	49,369	3,837	1,190
Jigs, moulds and related equipment	4,092	251,247	-	-
	<u>477,068</u>	<u>704,426</u>	<u>53,450</u>	<u>29,781</u>

### Intangible assets

Computer software	810	63,664	-	-
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# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

**5.1.1** Additions to owned assets include transfers from capital work-in-progress amounting to Rs 307.725 million (December 31, 2016: Rs 614.930 million).

December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
-----	-----
(Rupees in '000)	

## 6 SHORT-TERM INVESTMENTS

Investments 'at fair value through profit or loss'

- Mutual Fund Units

1,002,381

-

Held to Maturity

- Government securities

Pakistan Investment Bonds

Market Treasury Bills

- Term Deposit Receipts (TDRs)

-

5,063,031

8,226,668

5,224,678

36,500,000

31,200,000

45,729,049

41,487,709

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

**7.1.1** The status of contingencies as disclosed in the annual financial statements of the Company for the year ended June 30, 2017 has remained unchanged.

**7.1.2** As at December 31, 2017 the claims not acknowledged as debts by the company aggregate to Rs 992.518 million (June 30, 2017: Rs 1,008.465 million).

**7.1.3** Contingencies in respect of outstanding bank guarantees as at December 31, 2017 amounted to Rs 12,206.323 million (June 30, 2017: Rs 13,228.265 million). This includes an amount of Rs 6,119.153 million (June 30, 2017: Rs 7,397.771 million) in respect of bank guarantees from related parties.

### 7.2 Commitments

Commitments in respect of capital expenditure as at December 31, 2017 aggregate to Rs 999.351 million (June 30, 2017: Rs 1,355.781 million).

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

	Half year ended		Quarter ended	
	December 31		December 31	
8 SALES	2017	2016	2017	2016
	----- (Rupees in '000) -----			
<b>Manufacturing</b>				
Gross sales	71,567,126	57,092,398	36,426,484	27,950,267
Sales tax	(10,419,715)	(8,294,128)	(5,313,983)	(4,060,708)
	61,147,411	48,798,270	31,112,501	23,889,559
Commission	(1,812,183)	(1,460,779)	(924,372)	(708,907)
Discounts	(4,324)	(1,265)	(2,423)	(862)
<b>Manufacturing net sales</b>	<b>59,330,904</b>	<b>47,336,226</b>	<b>30,185,706</b>	<b>23,179,790</b>
<b>Trading</b>				
Gross sales	4,874,402	5,067,932	2,385,070	3,120,365
Sales tax	(545,722)	(618,331)	(262,601)	(399,023)
	4,328,680	4,449,601	2,122,469	2,721,342
Commission	(148,403)	(226,439)	(106,305)	(171,352)
Discounts	(192,722)	(159,692)	(103,147)	(81,952)
<b>Trading net sales</b>	<b>3,987,555</b>	<b>4,063,470</b>	<b>1,913,017</b>	<b>2,468,038</b>
<b>Net sales</b>	<b>63,318,459</b>	<b>51,399,696</b>	<b>32,098,723</b>	<b>25,647,828</b>
<b>9 COST OF SALES</b>				
Manufacturing	49,473,414	39,948,553	25,137,476	19,391,536
Trading	2,711,851	2,576,001	1,270,905	1,559,620
	52,185,265	42,524,554	26,408,381	20,951,156

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

	Note	Half year ended	
		December 31	
		2017	2016
		------(Rupees in '000)-----	
10	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	10,513,091	8,753,587
	Adjustment for non-cash charges and other items:		
	Depreciation	880,221	772,961
	Amortisation	14,065	8,116
	Gain on sale of fixed assets	(4,269)	(4,241)
	Unrealised loss on foreign exchange contracts and derivatives - net	2,236	40,953
	Gain on redemption / revaluation of listed mutual fund units	(130,222)	(111,921)
	Return on bank deposits	(987,254)	(809,241)
	Income on Pakistan Investment Bonds	(23,745)	(284,934)
	Amortization income on Pakistan Investment Bonds	(2,469)	(27,745)
	Income on Market Treasury Bills	(316,723)	(116,321)
	Amortization Income on Market Treasury Bills	(100,493)	(74,567)
	Workers' profit participation fund	564,790	470,118
	Workers' welfare fund	217,919	178,645
	Reversal of provision for doubtful debts	-	(6,312)
	Mark-up on advances from customers	243,924	-
	Working capital changes	10.1 874,433	(1,893,242)
		<u>11,745,504</u>	<u>6,895,856</u>
10.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	(64,041)	(26,167)
	Stock-in-trade	(1,812,661)	(1,869,647)
	Trade debts	289,045	266,630
	Loans and advances	(1,845,348)	379,321
	Short-term prepayments	(13,789)	18,264
	Other receivables	(55,709)	(196,513)
		(3,502,503)	(1,428,112)
	Increase / (decrease) in current liabilities		
	Trade, other payables and provisions	3,302,001	1,132,074
	Advances from customers and dealers	1,074,935	(1,597,204)
		4,376,936	(465,130)
		<u>874,433</u>	<u>(1,893,242)</u>
11	CASH AND CASH EQUIVALENTS		
	Term deposit receipts	36,500,000	19,500,000
	Market Treasury Bills	7,398,000	4,193,050
	Cash and bank balances	2,775,473	2,237,177
		<u>46,673,473</u>	<u>25,930,227</u>

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

## 12 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

- 12.1** The associated undertakings / related parties comprise of associated companies, staff retirement funds and key management personnel. Transactions carried out with associated undertakings / related parties during the period are as follows:

Half year ended		Quarter ended	
December 31		December 31	
2017	2016	2017	2016
----- (Rupees in '000) -----			

### With associated undertakings / related parties:

Sales	109,520	108,619	54,555	46,183
Purchases	29,229,978	24,831,006	16,317,375	12,781,543
Insurance premium	35,753	44,308	18,061	22,813
Agency commission	2,631	30,424	1,141	12,809
Running royalty	1,185,109	1,026,509	597,064	520,832
Rent expense	622	1,060	311	530
Donations	44,944	21,500	44,944	21,500
Return on bank deposits	375,414	345,717	186,514	184,458
Proceeds from disposal of fixed assets / insurance claim	764	1,882	714	-
Banks charges	25,777	20,888	14,677	10,595
LC charges	3,499	3,978	2,034	1,476
Contribution to retirement benefit funds	43,267	43,845	18,530	22,170

### With key management personnel:

- Salaries and benefits	81,213	70,624	39,833	35,312
- Post employment benefits	5,929	4,271	2,888	2,135
- Sale of fixed assets	-	26	-	-

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

Nature of balances	December 31, 2017	June 30, 2017
	(Un-audited)	(Audited)
----- (Rupees in '000) -----		
Short-term prepayments	15,870	5,909
Accrued return	45,631	52,739
Bank balances & Term deposit receipts	12,666,310	12,559,392
Warranty claims, agency commission and other receivable	283,544	280,242
Trade, other payables and provisions	3,092,803	1,560,778

- 12.2** During the period, Rs 0.5 million (December 31, 2016: Rs 0.625 million) was paid as director fee.

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

## 13 SEGMENT REPORTING

	Half year ended December 31, 2017			Half year ended December 31, 2016		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	59,330,904	3,987,555	63,318,459	47,336,226	4,063,470	51,399,696
Profit before taxation	9,241,707	1,271,384	10,513,091	7,217,531	1,536,056	8,753,587
	Quarter ended December 31, 2017			Quarter ended December 31, 2016		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	30,185,706	1,913,017	32,098,723	23,179,790	2,468,038	25,647,828
Profit before taxation	4,696,932	648,030	5,344,962	3,526,896	930,537	4,457,433

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investment of the Company carried at fair value are categorised as follows:

	---- As at December 31, 2017 ----			----- As at June 30, 2017 -----		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000					
Financial assets / (liabilities) 'at fair value through profit or loss'						
- Mutual Fund Units	1,002,381	-	-	-	-	-
- Derivative financial instruments	-	-	15,001	-	-	17,238

# Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2017

## 15 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

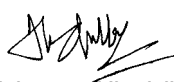
The Board of Directors in its meeting held on February 23, 2018 have proposed an interim cash dividend of Rs 32.5 per share (December 31, 2016: Rs 25 per share) in respect of the year ending June 30, 2018. The condensed interim financial information for the half year ended December 31, 2017, does not include the effect of this dividend which will be accounted for in the condensed interim financial information for the quarter ending March 31, 2018.

## 16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 23, 2018 by the Board of Directors of the Company.

## 17 GENERAL

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

  
**Mohammad Ibadullah**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive & Director

  
**Yuji Takarada**  
 Vice Chairman & Director

## Company Information

### Board of Directors

Mr. Ali S. Habib	Chairman
Mr. Yuji Takarada	Vice Chairman
Mr. Ali Asghar Jamali	Chief Executive
Mr. Parvez Ghias	Director
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Susumu Matsuda	Director
Mr. Masato Yamanami	Director
Mr. Sadatoshi Kashiara	Director
Mr. Azam Faruque	Independent Director

### Chief Financial Officer

Mr. Mohammad Ibadullah

### Company Secretary

Mr. Muhammad Arif Anzer

### Audit Committee Members

Mr. Azam Faruque	Committee Chairman
Mr. Mohamedali R. Habib	Member
Mr. Farhad Zulficar	Member
Mr. Susumu Matsuda	Member
Mr. Parvez Ghias	Member
Mr. Masato Yamanami	Member
Mr. Azam Khan	Secretary & Head of Internal Audit

### Human Resource and Remuneration

#### Committee Members

Mr. Azam Faruque	Committee Chairman
Mr. Ali S. Habib	Member
Mr. Yuji Takarada	Member
Mr. Parvez Ghias	Member
Mr. Ali Asghar Jamali	Member
Mr. Mohammad Ibadullah	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

Bank Alfalah Limited  
Bank Al-Habib Limited  
Citibank N.A.  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Ltd  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Tokyo-Mitsubishi UFJ Limited  
United Bank Limited

### Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.

Tel: 0800 - 23275  
Fax (92-21) 34326053  
Email: info@cdcpak.com

### Factory / Registered Office

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

Phone: (PABX) (92-21) 34720041-48  
(UAN) (92-21) 111-TOYOTA (869-682)  
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