



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the quarter ended September 30, 2016
(unaudited)



Contents

| | |
|----|--|
| 02 | Directors' Report |
| 06 | Condensed Interim Balance Sheet |
| 07 | Condensed Interim Profit and Loss Account |
| 08 | Condensed Interim Statement of Comprehensive Income |
| 09 | Condensed Interim Cash Flow Statement |
| 10 | Condensed Interim Statement of Changes in Equity |
| 11 | Notes to and forming part of the Condensed Interim Financial Information |
| 18 | Company Information |

Directors' Report

For the quarter ended September 30, 2016

The Directors of Indus Motor Company are pleased to present the un-audited financial statement of the Company for the first quarter ended September 30, 2016.

Pakistan Automobile Market

The demand for automobiles remained robust throughout the first quarter stemming from the favorable macroeconomic indicators and positive consumer sentiment in the country. The prevailing environment of low interest rates, sustainable inflows of record inward remittances, lower fuel costs and stability in the selling prices of cars contributed towards upbeat demand in the market place. This trend augurs well for automotive industry performance for the new fiscal year 2016-17.

Industry wide sales of the locally manufactured PC/LCVs at 47,645 units represent an impressive volume compared to any other first quarter sales, except for the last year, which was heavily influenced by a one time boost from the 'Apna Rozgar Scheme' of the Punjab Government which resulted in 1Q quarter sales of 54,812 units. The recent launch of the new model Honda Civic has added to the vibrancy in the market.

Company Performance

The combined sales of Toyota CKD/CBU brand vehicles for the quarter was down marginally to 14,542 units compared to 14,948 units sold during same period last year, while the company's production of PC/LCVs for the quarter declined 0.5% to 14,851 as against 14,922 units produced during the first quarter last year. Some plant operational upsets, and run out of the current model of Hilux and Fortuner limited product availability despite daily overtime to maximize production a healthy order intake book. We were unable to recover on some of the lost production and deeply regret any inconvenience caused to our valued customers.

The Company safety record of ensuring safe plant operations without any lost work day injury for over seven years suffered a setback during the quarter. Significant efforts are underway to ensure buildup of strong mindset and behavioral change amongst employees towards embracing safety culture.

The Company's sales revenue from CKD, CBU and spare parts business for the first quarter FY16-17 grew 3.6% to Rs 25.8 billion compared to Rs 24.9 billion achieved for the same period last year, while the resultant profit after tax at Rs 3.0 billion was up 3.4% from Rs 2.9 billion achieved for same period in FY15-16 mainly on account of higher sales volume. Despite a slight drop in vehicle volume, the Company was able to maintain profitability on account of strong sales in spare parts business and tighter control over costs.

Based on the results of the Company, the Board of Directors are pleased to declare a first interim dividend of Rs. 25 per share (250%) for the quarter ended September 30, 2016 compared to an amount of Rs. 20 per share declared at first quarter ended 30 September 2015.

Directors' Report

For the quarter ended September 30, 2016

Near Term Business Outlook

The second quarter is traditionally challenging for the auto industry due to calendar year phenomena where customers seek to defer purchase of cars by opting in favor of a new-year registration. Overall, we foresee a strong second quarter as the auto industry seeks to fulfill the commitment from backlog of balance orders. Later during the fiscal year, IMC will launch the new model Toyota Hilux range of pickups and Fortuner SUV with exciting features and new styling that promises to capture customers' attention towards the globally acclaimed Toyota workhorse.

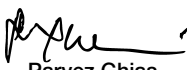
In October, the Company migrated from its legacy system to the state of art SAP S/4 HANA. This latest version of Enterprise Resource Planning software will enable us to increase operational efficiency, enhance quality and create greater value for customers. Furthermore, in order to increase customer interaction over the digital space, IMC launched a mobile application designed to facilitate and delight customers experience on all matters relating to after sales service.

The unabated imports of used cars particularly the Hybrid Electric Vehicles (HEV) at deeply discounted tariffs and benefiting from the anomaly in sales tax is hurting both the government and the industry. 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 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 corner stone of 'Toyota Way' and critical for the long term success of the Company.

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

October 27, 2016
Karachi



Parvez Ghias
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

ڈائریکٹر ز رپورٹ برائے سہ ماہی مختتمہ 30 ستمبر 2016ء

انڈس موٹر کمپنی کے ڈائریکٹر ز انتہائی مسرت کے ساتھ 30 ستمبر 2016ء کو ختم ہونے والی پہلی سہ ماہی کے غیر جانچ شدہ (unaudited) حسابات (Accounts) پیش کرتے ہیں۔

پاکستان آٹو مو بائل مارکیٹ

macroeconomics کے انڈیکسز کے حق میں ہونے اور ملک میں صارفین کے مثبت جذبات کی بدولت پوری پہلی سہ ماہی کے دوران گاڑیوں کی مانگ کی سطح بلند رہی۔ کم شرح سود، اب تک کی سب سے زیادہ اندرونی ترسیلات زر کی پائیدار آمد، ایندھن کی قیمتوں میں کمی اور گاڑیوں کی قیمت فروخت میں استحکام نے مارکیٹ میں گاڑیوں کی بلند مانگ میں کردار ادا کیا۔ یہ رجحان نئے مالی سال 2016-17ء میں گاڑیوں کی صنعت کی کارکردگی کے لئے خوش آئند پیشگوئی کر رہا ہے۔

مقامی سطح پر تیار کردہ پیئچر کاروں / الائنٹ کمرشل گاڑیوں کی فروخت 47,645 یونٹس رہی، جس سے گزشتہ سال کے علاوہ کسی بھی گزشتہ سہ ماہی کے مقابلے میں متاثر کن حجم کی عکاسی ہوتی ہے؛ گزشتہ سال پر حکومت پنجاب کی اپناروز گارنٹیم سے حاصل ہونے والے مثبت فروغ کا اثر غالب رہا اور اس کے نتیجے میں پہلی سہ ماہی میں 54,812 یونٹس فروخت ہوئے۔ ہونڈا Civic کا نیا ماڈل متعارف ہونے سے مارکیٹ میں تیزی آگئی۔

کمپنی کی کارکردگی

مذکورہ سہ ماہی میں ٹویوتا CKD/CBU برانڈز کی مجموعی فروخت معمولی کمی کے بعد 14,542 یونٹس تھی جبکہ گزشتہ برس اسی مدت کے دوران 14,948 یونٹس فروخت ہوئے۔ کمپنی کی پیئچر کارز / الائنٹ کمرشل گاڑیوں کی پیداوار 0.5% کم ہو کر 14,851 یونٹس ہوگئی، جبکہ گزشتہ سال پہلی سہ ماہی کے دوران پیداوار 14,922 یونٹس تھی۔ پلانٹ کے چلنے میں کچھ مسائل اور ہائی کس اور فورچیوزز کے موجودہ ماڈل ختم ہوجانے سے پراڈکٹ کی دستیابی محدود ہوگئی، اگرچہ آرڈرز کی بلنگ بھرپور ہوئی تھی اور ہر روز معمول سے زائد اوقات کار اختیار کیے گئے تھے تاکہ پیداوار زیادہ سے زیادہ ہو سکے۔ ہم پیداوار میں کمی کے مطابق خود کو ہم آہنگ نہیں کر سکے، اور اپنے قابل قدر صارفین کو ہونے والی زحمت کے لئے معذرت خواہ ہیں۔

بغیر کوئی کام کا دن ضائع کئے پلانٹ کو محفوظ انداز میں چلانے کو یقینی بنانے کے سات سال سے زائد کے سینٹی ریکارڈ کو مذکورہ سہ ماہی میں ایک دھچکا لگا۔ سینٹی کی روایات کو اختیار کرنے کے لئے پختہ ذہنیت اور رویے میں تبدیلی کے حوالے سے اہم کوششیں جاری ہیں۔

مالی سال 2016-17ء کی پہلی سہ ماہی میں CKD، CBU اور فاضل پُرزہ جات کے کاروبار سے کمپنی کی آمدنی 3.6% بڑھ کر 25.8 بلین روپے ہوگئی، جبکہ گزشتہ سال اسی مدت کے دوران یہ آمدنی 24.9 بلین روپے تھی۔ اس کے نتیجے میں منافع بعد از ٹیکس 3.4% بڑھ کر 3.0 بلین روپے ہوگیا، جبکہ مالی سال 2015-16ء میں اسی مدت کے دوران یہ منافع 2.9 بلین روپے تھا، اس کی بنیادی وجہ فروخت کے حجم میں اضافہ تھا۔ گاڑیوں کے حجم میں معمولی کمی کے باوجود کمپنی منافع کو برقرار رکھنے میں کامیاب رہی کیونکہ فاضل پُرزہ جات کے کاروبار میں بھرپور اضافہ ہوا اور لاگوں پر پہلے سے زیادہ سخت قابو رکھا گیا۔

کمپنی کے نتائج کی بنیاد پر بورڈ آف ڈائریکٹر ز بخوشی پہلے عبوری ڈیویڈنڈ کا اعلان کرتے ہیں۔ 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لئے پہلا عبوری ڈیویڈنڈ 25 روپے فی شیئر (250%) جبکہ ستمبر 2015ء کو ختم ہونے والی پہلی سہ ماہی کے لئے 20 روپے فی شیئر کا اعلان کیا گیا تھا۔

مستقبل تریب میں کاروباری امکانات - ایک نظر

دوسری سہ ماہی کیلنڈر سال کے رجحان کے باعث گاڑیوں کی صنعت مروجہ طور پر مشکلات سے بھرپور ہے، کیونکہ صارفین گاڑیوں کی خریداری کو مؤخر کر کے نئی رجسٹریشن کرانے کو ترجیح دیتے ہیں۔ مجموعی طور پر ہم ایک مضبوط دوسری سہ ماہی کی پیش بینی کر رہے ہیں کیونکہ گاڑیوں کی صنعت نا تمام آرڈرز کے بقایا جات سے معاہدے پورے کرنے کی کوشش کر رہی ہے۔ کچھ عرصے بعد مالی سال کے دوران آئی ایم سی ٹویٹا ہائی کس کی پک اپ کا نیا ماڈل اور زبردست خصوصیات اور اسٹائل کی حامل فورچوپز ایس یووی متعارف کرائے گی جو عالمی طور پر معروف ٹویٹا workhorse کی طرف صارفین کی توجہ مبذول کرانے کی ضامن ہوگی۔

اکتوبر میں کمپنی اپنے پرانے نظام سے جدید ترین SAP S/4 HANA کی طرف منتقل ہوئی۔ انٹر پرائز ریسورس پلاننگ سافٹ ویئر کا یہ تازہ ترین ورژن ہمیں فکالی موثریت میں اضافہ کرنے، معیار کو بہتر بنانے اور صارفین کے لئے بہتر قدر پیدا کرنے میں مدد دے گا۔ مزید برآں، ڈیجیٹل دنیا میں صارفین کے ساتھ باہمی ربط میں اضافے کے لئے آئی ایم سی نے ایک موبائل ایپلیکیشن متعارف کرایا جو بعد از فروخت سروس سے متعلق تمام معاملات میں صارفین کی معاونت کرنے اور انھیں مطمئن کرنے کے لئے تشکیل دیا گیا ہے۔

استعمال شدہ گاڑیوں، خاص طور پر ہنڈا بیورو ڈائیکٹرک ویکلز (HEV) کی رعایات سے بھرپور قیمتوں پر بے قابو درآمدات اور سیلز ٹیکس میں بے قاعدگی سے فائدہ اٹھانے سے حکومت اور صنعت، دونوں پر ضرب پڑ رہی ہے۔ ہم حکومت سے درخواست کرتے ہیں استعمال شدہ گاڑیوں اور گاڑیوں کے فاضل پرزہ جات کی قیمتوں میں تعین (بالتربیب ایس آر او 577 اور روٹنگ 329) پر نظر ثانی کرے۔ اگر مارکیٹ میں رائج قیمتیں عائد کی جائیں تو حکومت کی ڈیویژ اور ٹیکس کی آمدنی میں قابل ذکر اضافہ ہو سکتا ہے۔

ہم Customer First یعنی صارفین کو اولین ترجیح دینے کے فلسفے پر قائم ہیں جس کا تقاضہ ہے کہ کمپنی کے تمام شعبے اپنا بھرپور کردار ادا کریں، ادارے سے مخلص رہیں اور مؤثر کارکردگی کا مظاہرہ کریں تاکہ ہمارے قابل قدر صارفین کو پوری سپلائی چین میں مکمل طور پر مطمئن کیا جائے۔ یہ Toyota Way کا بنیادی جزو ہے اور ادارے کی طویل المیعاد ترقی کے لئے بے حد اہم ہے۔

آخر میں 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۔



توشیا زوما

وائس چیئرمین اینڈ ڈائریکٹر



پرویز غیاث

چیف ایگزیکٹو اینڈ ڈائریکٹر

بتاریخ 27 اکتوبر 2016

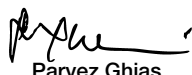
کراچی

Condensed Interim Balance Sheet

As at September 30, 2016

| | Note | September 30 2016 (Unaudited) | June 30 2016 (Audited) |
|---|------|-------------------------------------|------------------------------|
| ------(Rupees in '000)----- | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 4,978,734 | 4,918,986 |
| Intangibles assets | | 17,808 | 19,291 |
| Long-term loans and advances | | 6,010 | 3,794 |
| Long-term investments | 5 | 5,019,609 | 5,005,805 |
| Long-term deposits | | 9,948 | 9,948 |
| Deferred Taxation | | 244,560 | 198,621 |
| | | <u>10,276,669</u> | <u>10,156,445</u> |
| Current assets | | | |
| Stores and spares | | 176,889 | 153,561 |
| Stock-in-trade | | 7,227,735 | 7,785,245 |
| Trade debts | | 517,738 | 1,131,702 |
| Loans and advances | | 938,667 | 1,125,490 |
| Short-term prepayments | | 36,790 | 45,520 |
| Accrued return | | 302,019 | 513,355 |
| Other receivables | | 295,520 | 191,303 |
| Short-term investments | 6 | 35,513,932 | 33,696,804 |
| Cash and bank balances | | 1,343,496 | 2,737,569 |
| | | <u>46,352,786</u> | <u>47,380,549</u> |
| TOTAL ASSETS | | <u>56,629,455</u> | <u>57,536,994</u> |
| EQUITY | | | |
| Share capital | | | |
| Authorised capital | | | |
| 500,000,000 (June 30 2016: 500,000,000) | | | |
| ordinary shares of Rs 10 each | | <u>5,000,000</u> | <u>5,000,000</u> |
| Issued, subscribed and paid-up capital | | | |
| 78,600,000 (June 30, 2016: 78,600,000) | | | |
| ordinary shares of Rs 10 each | | <u>786,000</u> | <u>786,000</u> |
| Reserves | | <u>26,746,970</u> | <u>26,843,609</u> |
| | | <u>27,532,970</u> | <u>27,629,609</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade, other payables and provisions | | 11,336,828 | 10,035,145 |
| Advances from customers and dealers | | 16,816,381 | 19,127,360 |
| Taxation - provision less payment | | 943,276 | 744,880 |
| | | <u>29,096,485</u> | <u>29,907,385</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>56,629,455</u> | <u>57,536,994</u> |
| CONTINGENCIES AND COMMITMENTS | | | |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive & Director



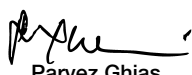
Toshiya Azuma
Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2016 (unaudited)

| | | Quarter ended | |
|--|------|-----------------------------|------------|
| | | September 30 | |
| | Note | 2016 | 2015 |
| | | ------(Rupees in '000)----- | |
| Net sales | 8 | 25,751,868 | 24,857,556 |
| Cost of sales | 9 | 21,573,398 | 20,664,078 |
| Gross profit | | 4,178,470 | 4,193,478 |
| Distribution expenses | | 203,781 | 216,339 |
| Administrative expenses | | 220,512 | 188,921 |
| Other operating expenses | | 2,422 | 4,940 |
| | | 426,715 | 410,200 |
| | | 3,751,755 | 3,783,278 |
| Workers' Profit Participation Fund & Workers' Welfare Fund | | 318,405 | 314,971 |
| | | 3,433,350 | 3,468,307 |
| Other income | | 874,207 | 798,155 |
| | | 4,307,557 | 4,266,462 |
| Finance costs | | 11,403 | 19,717 |
| Profit before taxation | | 4,296,154 | 4,246,745 |
| Taxation | | 1,248,793 | 1,312,480 |
| Profit after taxation | | 3,047,361 | 2,934,265 |
| Earnings per share - basic and diluted (Rupees) | | 38.77 | 37.33 |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2016 (unaudited)

| | Quarter ended | |
|--|------------------------------|------------------|
| | September 30 | |
| | 2016 | 2015 |
| | ----- (Rupees in '000) ----- | |
| Profit after taxation | 3,047,361 | 2,934,265 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 3,047,361 | 2,934,265 |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive & Director



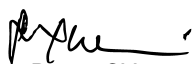
Toshiya Azuma
Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the quarter ended September 30, 2016 (unaudited)

| | | Quarter ended | |
|--|------|--------------------|--------------------|
| | | September 30 | |
| | Note | 2016 | 2015 |
| ------(Rupees in '000)----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 10 | 1,013,465 | 1,763,710 |
| Workers' Welfare Fund paid | | (4,810) | - |
| Income tax paid | | (1,096,335) | (918,084) |
| Movement in long-term loans and advances - net | | (2,216) | (15) |
| Net cash (used in) / generated from operating activities | | (89,896) | 845,611 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment and intangible assets | | (448,783) | (179,074) |
| Proceeds from disposal of property, plant and equipment | | 11,178 | 5,613 |
| Interest received on bank deposits | | 821,365 | 717,264 |
| Investment in Term Deposit Receipts | | (13,500,000) | - |
| Proceeds from redemption of Term Deposit Receipts | | 15,000,000 | 1,000,000 |
| Investment in listed mutual fund units | | (6,794,950) | (1,250,000) |
| Proceeds from redemption of listed mutual fund units | | 2,011,355 | - |
| Investment in Market Treasury Bills | | (5,901,300) | (4,813,832) |
| Proceeds from redemption of Market Treasury Bills | | 2,000,000 | 993,809 |
| Net cash outflow from investing activities | | (6,801,135) | (3,526,220) |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Dividend paid | | (3,042) | (77,325) |
| Net decrease in cash and cash equivalents during the period | | (6,894,073) | (2,757,934) |
| Cash and cash equivalents at the beginning of the period | | 29,737,569 | 24,722,888 |
| Cash and cash equivalents at the end of the period | 10.2 | 22,843,496 | 21,964,954 |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Parvez Ghias
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2016 (unaudited)

| | Share Capital | Reserves | | | | |
|--|---|--|--------------------|-------------------------------|-----------|-------|
| | Issued, subscribed and paid-up | Capital | Revenue | | Sub-Total | Total |
| | | Premium on issue of ordinary shares | General reserve | Unappro- priated profit | | |
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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


Parvez Ghias
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

1 THE COMPANY AND ITS OPERATIONS

Indus Motor Company Limited (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 the House of Habib, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of the Toyota vehicles. The Company also acts as the sole distributor of the Toyota 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

This condensed interim financial information has been prepared in accordance with the 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, 2016.

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, 2016.

2.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the quarter ended September 30, 2016

There are certain new standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2016 but are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

There are certain amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2016, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

3 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, 2016.

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, 2016.

4 PROPERTY, PLANT AND EQUIPMENT

| | September 30 2016 (Unaudited) | June 30, 2016 (Audited) |
|--------------------------|-------------------------------------|-------------------------------|
| | ------(Rupees in '000)----- | |
| Operating assets | 4,516,925 | 4,710,786 |
| Capital work-in-progress | 461,809 | 208,200 |
| | <u>4,978,734</u> | <u>4,918,986</u> |

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

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

| | Additions (at cost) | | Disposals (at cost) | |
|------------------------------------|---------------------|---------------|---------------------|---------------|
| | Quarter ended | | Quarter ended | |
| | September 30 | | September 30 | |
| | 2016 | 2015 | 2016 | 2015 |
| | (Rupees in '000) | | | |
| Tangible assets | | | | |
| Buildings on leasehold land: | | | | |
| Factory | 122 | 1,952 | - | - |
| Others | 15,620 | 2,908 | - | - |
| Plant and machinery | 65,114 | 10,910 | 13,603 | 37,817 |
| Motor vehicles | 27,363 | 25,308 | 14,157 | 5,573 |
| Furniture and fixtures | 4,799 | - | - | - |
| Office equipment | 2,949 | 2,238 | 401 | - |
| Computers and related accessories | 4,592 | 5,140 | 430 | 177 |
| Tools and equipment | 1,694 | 11,205 | 1,190 | - |
| Jigs, moulds and related equipment | 72,264 | - | - | - |
| | <u>194,517</u> | <u>59,661</u> | <u>29,781</u> | <u>43,567</u> |
| Intangible assets | | | | |
| Computer software | <u>657</u> | <u>3,594</u> | <u>-</u> | <u>-</u> |

4.1.1 Additions to owned assets include transfers from capital work-in-progress amounting to Rs 120.899 million (September 30, 2015: Rs 25.843 million).

| | September 30 2016 (Unaudited) | June 30 2016 (Audited) |
|--|-------------------------------------|------------------------------|
| | (Rupees in '000) | |
| 5 LONG-TERM INVESTMENTS | | |
| Held to Maturity | | |
| - Government securities - Pakistan Investment Bonds | <u>5,019,609</u> | <u>5,005,805</u> |
| 6 SHORT-TERM INVESTMENTS | | |
| Financial assets 'at fair value through profit or loss' | | |
| - Mutual Fund Units | 4,831,180 | - |
| Held to Maturity | | |
| - Government securities - Market Treasury Bills | 6,182,752 | 6,196,804 |
| - Term Deposit Receipts (TDRs) | <u>24,500,000</u> | <u>27,500,000</u> |
| | <u>35,513,932</u> | <u>33,696,804</u> |

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The status of contingencies, as disclosed in note 23.1 and 23.2 to the annual financial statements of the Company for the year ended June 30, 2016 has remained unchanged.

7.1.2 Contingencies in respect of outstanding bank guarantees at September 30, 2016 amounted to Rs. 8,694.768 million (June 30, 2016: Rs. 8,361.897 million). This includes an amount of Rs. 4,116.543 million (June 30, 2016: 4,087.059 million) in respect of bank guarantees from related parties.

7.2 Commitments

Commitments in respect of capital expenditure as at September 30, 2016 aggregate to Rs 919.081 million (June 30, 2016: Rs 1,021.117 million).

8 SALES

Manufacturing

| | Quarter ended September 30 | |
|--------------------------------|-------------------------------|-------------------|
| | 2016 | 2015 |
| | ------(Rupees in '000)----- | |
| Gross sales | 29,142,131 | 28,404,938 |
| Sales tax | (4,233,420) | (4,126,606) |
| | 24,908,711 | 24,278,332 |
| Commission | (751,872) | (726,145) |
| Discounts | (403) | - |
| Manufacturing net sales | 24,156,436 | 23,552,187 |

Trading

| | | |
|--------------------------|------------------|------------------|
| Gross sales | 1,947,567 | 1,547,275 |
| Sales tax | (219,308) | (171,713) |
| | 1,728,259 | 1,375,562 |
| Commission | (55,087) | (19,970) |
| Discounts | (77,740) | (50,223) |
| Trading net sales | 1,595,432 | 1,305,369 |

| | | |
|------------------|-------------------|-------------------|
| Net sales | 25,751,868 | 24,857,556 |
|------------------|-------------------|-------------------|

9 COST OF SALES

| | | |
|---------------|-------------------|-------------------|
| Manufacturing | 20,557,017 | 19,829,851 |
| Trading | 1,016,381 | 834,227 |
| | 21,573,398 | 20,664,078 |

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

| | | Quarter ended | |
|------|---|-----------------------------|-------------|
| | | September 30 | |
| | | 2016 | 2015 |
| Note | | ------(Rupees in '000)----- | |
| 10 | CASH GENERATED FROM OPERATIONS | | |
| | Profit before taxation | 4,296,154 | 4,246,745 |
| | Adjustment for non-cash charges and other items | | |
| | Depreciation | 381,440 | 383,862 |
| | Amortization | 2,140 | 1,022 |
| | Gain on sale of fixed assets | (4,241) | (4,542) |
| | Gain on redemption / revaluation of listed mutual fund units | (47,585) | (72,620) |
| | Net unrealised gain on foreign exchange contracts & derivatives | 32,830 | (34,419) |
| | Return on bank deposits | (467,562) | (398,196) |
| | Interest Income on Pakistan Investment Bonds | (142,467) | (143,637) |
| | Amortization Income on Pakistan Investment Bonds | (13,804) | (11,559) |
| | Interest Income on Market Treasury Bills | (45,646) | (38,909) |
| | Amortization Income on Market Treasury Bills | (39,002) | (24,272) |
| | Workers' Profit Participation Fund | 230,728 | 228,086 |
| | Workers' Welfare Fund | 87,677 | 86,885 |
| | Mark-up on advances from customers | 100 | - |
| | (Reversal of) / Provision for doubtful debts | (6,166) | 6,944 |
| | Working capital changes | 10.1 (3,251,131) | (2,461,680) |
| | | 1,013,465 | 1,763,710 |
| 10.1 | Working capital changes | | |
| | Decrease / (increase) in current assets | | |
| | Stores and spares | (23,328) | 6,945 |
| | Stock-in-trade | 557,510 | (1,191,249) |
| | Trade debts | 620,130 | 138,645 |
| | Loans and advances | 186,823 | 812,000 |
| | Short-term prepayments | 8,730 | 8,239 |
| | Other receivables | (140,273) | (328,483) |
| | | 1,209,592 | (553,903) |
| | Decrease in current liabilities | | |
| | Trade and other payables | (2,149,744) | (422,125) |
| | Advances from customers and dealers | (2,310,979) | (1,485,652) |
| | | (4,460,723) | (1,907,777) |
| | | (3,251,131) | (2,461,680) |
| 10.2 | Cash and Cash Equivalents | | |
| | Term Deposit Receipts | 6 21,500,000 | 18,000,000 |
| | Cash and bank balances | 1,343,496 | 3,964,954 |
| | | 22,843,496 | 21,964,954 |

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

11 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

- 11.1** 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 year are as follows:

| | Quarter Ended | |
|--|-----------------------------|------------|
| | September 30 | |
| | 2016 | 2015 |
| | ------(Rupees in '000)----- | |
| With associated undertakings / related parties: | | |
| Sales | 62,436 | 81,235 |
| Purchases | 12,049,463 | 11,549,323 |
| Insurance premium | 21,495 | 19,669 |
| Agency commission | 17,615 | 46,849 |
| Running royalty | 505,677 | 568,821 |
| Rent expense | 530 | - |
| Return on bank deposits | 161,259 | 199,197 |
| Proceeds from disposal of fixed assets / insurance claim | 1,882 | 177 |
| Donations | - | 1,915 |
| Bank charges | 10,293 | 9,562 |
| LC charges | 2,502 | 2,039 |
| Contribution to retirement benefit funds | 21,675 | 18,382 |
| With key management personnel: | | |
| - Salaries and benefits | 35,312 | 30,359 |
| - Post employment benefits | 2,136 | 1,827 |
| - Sale of fixed assets | 26 | 1,379 |

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

| | September 30 | June 30 |
|--|-----------------------------|------------|
| | 2016 | 2016 |
| | (Unaudited) | (Audited) |
| | ------(Rupees in '000)----- | |
| Long-term deposits | 2,005 | 2,005 |
| Short-term prepayments | 26,041 | 31,889 |
| Accrued Return | 82,567 | 132,276 |
| Bank balances | 10,986,448 | 10,199,180 |
| Warranty claims, agency commission and other receivables | 15,760 | 30,103 |
| Trade and other payables | 1,266,047 | 2,716,164 |

- 11.2** During the period, Rs 0.250 million (September 30, 2015: Rs 0.250 million) was paid as director fee to an independent director.

Notes to and forming part of the Condensed Interim Financial Statements

For the quarter ended September 30, 2016 (unaudited)

12 SEGMENT REPORTING

| | Quarter ended September 30, 2016 | | | Quarter ended September 30, 2015 | | |
|------------------------|----------------------------------|-----------|------------|----------------------------------|-----------|------------|
| | Manufacturing | Trading | Total | Manufacturing | Trading | Total |
| | (Rupees in '000) | | | | | |
| Net sales | 24,156,436 | 1,595,432 | 25,751,868 | 23,552,187 | 1,305,369 | 24,857,556 |
| Profit before taxation | 3,690,635 | 605,519 | 4,296,154 | 3,721,502 | 525,243 | 4,246,745 |

13 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 27, 2016 have proposed an interim cash dividend of Rs 25 per share (September 30, 2015: Rs 20 per share) in respect of the year ending June 30, 2017. The condensed interim financial information for the quarter ended September 30, 2016, does not include the effect of this dividend which will be accounted for in the condensed interim financial information for the period ended December 31, 2016.

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of better presentation and comparison.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2016 by the Board of Directors of the Company.

16 GENERAL

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



Parvez Ghias

Chief Executive & Director



Toshiya Azuma

Vice Chairman & Director

Company Information

Board of Directors

| | |
|-----------------------------|----------------------|
| Mr. Ali S. Habib | Chairman |
| Mr. Toshiya Azuma | Vice Chairman |
| Mr. Parvez Ghias | Chief Executive |
| Mr. Farhad Zulficar | Director |
| Mr. Mohamedali R. Habib | Director |
| Mr. Hiroyuki Fukui | Director |
| Mr. Masato Yamanami | Director |
| Mr. Yoshiyuki Matsuo | Director |
| Mr. Azam Faruque | Independent Director |
| Mr. Ali Asghar Abbas Jamali | Director |

Chief Financial Officer

Mr. Mohammad Ibadullah

Company Secretary

Ms. Anam Fatima Khan

Audit Committee Members

| | |
|-------------------------|----------------------|
| Mr. Mohamedali R. Habib | Committee Chairman |
| Mr. Farhad Zulficar | Member |
| Mr. Hiroyuki Fukui | Member |
| Mr. Masato Yamanami | Member |
| Mr. Azam Faruque | Independent Director |
| 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

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)

Fax: (92-21) 34720056

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