



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Quarter Ended September 30, 2017
(Un-audited)



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Directors' Report

For the quarter ended September 30, 2017

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the first quarter ended September 30, 2017.

Pakistan Automobile Market

The demand for automobiles remained robust throughout the first quarter, stemming from the favourable macroeconomic indicators and positive consumer sentiment in the country. The availability of consumer credit and increased investment in urban infrastructure continued to drive the auto industry sales in this quarter. It is interesting to note that despite political turmoil within the country and the uncertainty regarding rupee depreciation, demand in the marketplace remained upbeat.

Industry-wide sales of the locally manufactured PC/LCVs by members of PAMA stood at 60,469 units during the 1st Quarter of FY 2018, up 27% from 47,645 units sold during the same period last year. This impressive volume was heavily influenced by CPEC-led growth, higher road connectivity and lower financing rate.

To meet the robust demand, the industry is working round the clock, resorting to production overtimes and working on several holidays.

Company Review

The combined sales of CKD and CBU for the first quarter ended September 30, 2017 stood at 15,354, up 5% over 14,542 units for the same period last year. However, our market share declined to 24% from 29% in the same period last year mainly on account of growing market.

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

In the month of August 2017, the Company launched Toyota Corolla Big Minor Model Change with best-in-class safety and luxury features.

To fulfil the growing demand and shorten delivery time, the company operated its manufacturing facilities beyond capacity working daily in overtime hours and off Saturdays to produce 14,971 units, up 0.8% over 14,851 units produced during the same period last year.

The Company's net sales revenues for the first quarter ended September 30, 2017, grew by 21% to Rs 31.2 billion as compared to Rs 25.8 billion for the same period last year, while profit after tax increased by 19% to Rs 3.6 billion as against Rs 3 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 along with improvement in operational efficiencies.

Based on the results recorded above, the Board of Directors is pleased to declare first interim cash dividend of Rs 30/- per share for the quarter ended September 2017, compared to Rs 25 per share for the same period last year.

Directors' Report

For the quarter ended September 30, 2017

Near Term Business Outlook

The first quarter of FY2018 was strong due to positive consumer sentiments from the increased disposable incomes and general optimism flowing from likely benefits to accrue from China-Pakistan Economic Corridor (CPEC) projects and availability of financing at lower rates. Forthcoming elections in 2018 may have an influence on the demand leading to increased buying in second half of the financial year.

The auto sector contributes enormously to the government revenue and is poised to further attract new players as a result of the Automotive Development Policy 2016-2021. In spite of the 3-year age limit, the import of used cars has been the highest in history at 23,854 units for the quarter against 12,424 units in the same period last year. This staggering import volume is a threat to the future of the domestic industry and is a gross misuse of used car import policy by commercial importers under baggage scheme.

Under the newly introduced SRO 1035, regulatory duties (RD) have been imposed on various items which also includes input materials and parts used by auto part manufacturer & OEMs which will increase the cost of production. RD has been imposed on new vehicles upto 1,800 cc (including hybrid vehicles) at 15% and it has been enhanced on new vehicles above 1,800 cc (including hybrid vehicles) by 30%, whereas no RD is levied on used imported vehicles upto 1800 cc nor increased on used imported vehicles above 1800 cc. Generally, we support the RD on finished goods to reduce import burden and encourage local manufacturing.

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.

October 27, 2017
Karachi.



Ali Asghar Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

ڈائریکٹر رپورٹ

برائے سہ ماہی ختمہ 30 ستمبر 2017ء

انڈس موٹر کمپنی کے ڈائریکٹر انتہائی مسرت کے ساتھ 30 ستمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی کے غیر جانچ شدہ (un-audited) حسابات (Accounts) پیش کرتے ہیں۔

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 شہری انفراسٹرکچر میں سرمایہ کاری سے آٹو انڈسٹری میں فروخت کی سطح میں اس سہ ماہی میں اضافہ ہوا۔ یہ امر دلچسپی سے خالی نہیں کہ ملک کے اندر سیاسی بحران اور روپے کی قدر سے متعلق غیر یقینی صورتحال کے باوجود، مارکیٹ کی طلب بڑھی۔

پاما (PAMA) کے اراکین کی جانب سے مجموعی طور پر مالی سال 2018ء کی پہلی سہ ماہی کے دوران مقامی طور پر تیار کئے گئے 60,469 یونٹس فروخت کئے گئے، جو گزشتہ سال کی اسی مدت میں فروخت کئے جانے والے 47,645 یونٹس کے مقابلے میں 27 فیصد زائد ہیں۔ اس شاندار حجم کی وجہ CPEC یعنی پاک چین اقتصادی راہداری میں ہونے والی ترقی، سڑکوں کے اعلیٰ رابطے اور فنانسنگ کی کم شرح ہے۔

زبردست و مستحکم طلب کو پورا کرنے کے لئے، انڈسٹری دن رات کام کر رہی ہے، اور اس کا پیداواری شعبہ زیادہ اوقات کار اور تعطیلات میں بھی کام جاری رکھے ہوئے ہے۔

کمپنی کا جائزہ:

ستمبر 30 ، 2017ء کو ختم ہونے والی سہ ماہی میں CKD اور CBU یونٹس کی مشترکہ فروخت 15,354 یونٹس رہی جو کہ گزشتہ سال کی اسی مدت میں رہنے والی 14,542 یونٹس کی فروخت کے مقابلے میں 5 فیصد اوپر رہی۔ اس اضافے کے باوجود ہمارا مارکیٹ شیئر گزر کر 24 فیصد رہا جب کہ گزشتہ سال اسی عرصے میں یہ شیئر 29 فیصد تھا۔

کانزن کی روح یا مسلسل بہتری ہماری بنیادی اقدام کا حصہ ہے۔ مشکلات سے باہر نکلنے 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 مالی سال کی آخری سہ ماہی میں ملنے کی توقع 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۔

اگست 2017ء میں کمپنی نے ٹویٹا کرولا کا Big Minor Model Change بے مثال سیفٹی اور لگژری خصوصیات کے ساتھ متعارف کرایا۔

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 چلایا اور روزانہ کئی گھنٹوں کے اور ٹائم کرنے کے علاوہ ہفتے کی چھٹی والے دنوں میں بھی کام کیا، اور 14,971 یونٹس تیار کئے جو کہ گزشتہ سال کی اسی مدت میں رہنے والے 14,851 یونٹس کے مقابلے میں 0.8 فیصد زائد ہیں۔

ستمبر 30، 2017ء کو ختم ہونے والی مالی سال کی پہلی سہ ماہی میں انڈس موٹر کمپنی کی سیلز کی آمدنی 31.2 بلین روپے رہی جو گزشتہ برس اسی عرصے میں رہنے والی آمدنی 25.8 بلین روپے سے 21 فیصد زائد ہے، جب کہ مذکورہ سہ ماہی میں منافع بعد از ٹیکس میں 19 فیصد اضافہ ہوا اور یہ منافع بعد از ٹیکس 3.6 بلین روپے ہے جو کہ گزشتہ برس کے اسی دورانے میں 3 بلین روپے تھا۔ آمدنی اور منافع میں اضافے کی وجہ آپریشنل صلاحیتوں میں بہتری کے ساتھ ساتھ CKD اور CBU یونٹس میں بہتری تھا۔

مندرجہ بالا نتائج کی بنیاد پر، بورڈ آف ڈائریکٹرز نے انتہائی مسرت سے ستمبر 30، 2017ء کو ختم ہونے والے پہلے تین ماہ کے لئے مجموعی بنیادوں پر فی حصص 30 روپے نقد 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:

مالی سال FY18 کی پہلی سہ ماہی مستحکم رہی، جس کی نمایاں وجوہات میں صارفین کے مثبت رجحانات، آمدنی میں اضافہ اور چین پاکستان اقتصادی راہداری (CPEC) سے ہونے والے اثرات شامل ہیں اور 2018ء میں کم شرح پر دستیاب فنڈنگ سے بھی گاڑیوں کی طلب پر بہتر اثر پڑے گا جس کا اثر مالی سال کے دوسرے حصے میں پڑے گا اور طلب میں اضافہ ہوگا۔

آٹو سکیئر حکومتی آمدنی میں بہت اہم کردار ادا کرتا ہے، اور آٹو موٹیو ڈیولپمنٹ پالیسی 2016-21 کے نتیجے میں اس شعبے کی جانب نئے ادارے راغب ہوئے ہیں۔ عمر کی حد 3 سال رکھنے کے باوجود، استعمال شدہ کاروں کی درآمد 23,854 یونٹس رہی جو تاریخ میں سب سے بلند ترین سطح پر ہے جب کہ گزشتہ برس اسی مدت میں یہ درآمد 12,424 یونٹس رہی تھی۔ استعمال شدہ گاڑیوں کی موجودہ بے لگام درآمد مقامی صنعت کے مستقبل کے لئے انتہائی خطرناک ہے، کیونکہ استعمال شدہ گاڑیوں کی پالیسی کا مجموعی استعمال غلط ہے۔

نئے SRO 1035 کے تحت مختلف اشیاء پر ریگولیٹری ڈیوٹی عائد کی گئی ہے ان میں آٹو پارٹس اور OEMs بنانے سے متعلقہ میٹیریل بھی شامل ہے، جس سے پیداوار کی لاگت بڑھ جائے گی۔ 1800 CC اور اسے زیادہ کی نئی گاڑیوں (بشمول ہائبرڈ گاڑیاں) پر ریگولیٹری ڈیوٹی RD کی شرح 15 فیصد سے بڑھا کر 30 فیصد کردی گئی ہے۔ جب کہ 1800 CC سے کم تر انجن کی حامل استعمال شدہ درآمدی گاڑیوں پر کوئی ریگولیٹری ڈیوٹی عائد نہیں کی گئی۔ اس کے ساتھ ساتھ 1800 CC سے زائد انجن کی حامل استعمال شدہ درآمدی گاڑیوں کی ریگولیٹری ڈیوٹی میں اضافہ نہیں کیا گیا۔ ہم عمومی طور پر RD کی حمایت کرتے ہیں کہ اسے تیار شدہ سامان پر لاگو ہونا چاہئے تاکہ درآمدی بوجھ کم ہو اور مقامی تیار کنندگان کی حوصلہ افزائی ہو۔

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 ”ٹو یوٹا وے“ کا اہم ستون ہے اور کمپنی کی طویل المدت کامیابی کے لئے انتہائی اہم ہے۔

ہم اپنے صارفین کے شکرگزار ہیں کہ انہوں نے ہماری مصنوعات کو 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۔

27، اکتوبر، 2017ء

کراچی



توشیا ازوما

وائس چیئرمین اور ڈائریکٹر



علی اصغر جمالی


چیف ایگزیکٹو اور ڈائریکٹر

Condensed Interim Balance Sheet

As at September 30, 2017

	Note	September 30 2017 (Unaudited)	June 30 2017 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	6,155,941	6,257,927
Intangible assets		80,606	87,517
Long-term loans and advances		7,203	9,368
Long-term deposits		9,443	9,443
Deferred taxation		120,295	73,969
		<u>6,373,488</u>	<u>6,438,224</u>
Current Assets			
Stores and spares		262,748	203,829
Stock-in-trade		9,715,046	9,317,883
Trade debts		386,698	758,872
Loans and advances		2,041,490	1,652,906
Short-term prepayments		27,186	20,839
Accrued return		198,496	376,037
Other receivables		348,922	402,304
Short-term investments	6	50,618,509	41,487,709
Cash and bank balances		5,210,056	3,221,120
		<u>68,809,151</u>	<u>57,441,499</u>
TOTAL ASSETS		<u>75,182,639</u>	<u>63,879,723</u>
EQUITY			
Share capital			
Authorised capital			
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>
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2017: 78,600,000)			
ordinary shares of Rs 10 each		786,000	786,000
Reserves		<u>34,039,682</u>	<u>30,410,962</u>
		<u>34,825,682</u>	<u>31,196,962</u>
LIABILITIES			
Non-Current Liabilities			
Deferred Revenue		5,814	3,933
Current Liabilities			
Trade, other payables and provisions		13,230,648	9,682,879
Advances from customers and dealers		25,758,689	22,188,881
Taxation - provision less payment		1,361,806	807,068
		<u>40,351,143</u>	<u>32,678,828</u>
TOTAL EQUITY AND LIABILITIES		<u>75,182,639</u>	<u>63,879,723</u>
CONTINGENCIES AND COMMITMENTS			

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


Mohammad Ibadullah
 Chief Financial Officer


Ali Asghar Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2017 (unaudited)

	Note	Quarter ended	
		September 30	
		2017	2016
		------(Rupees in '000)-----	
Net sales	8	31,219,736	25,751,868
Cost of sales	9	(25,776,884)	(21,573,398)
Gross profit		5,442,852	4,178,470
Distribution expenses		(311,210)	(203,781)
Administrative expenses		(279,045)	(220,512)
Other operating expenses		(3,042)	(2,422)
		(593,297)	(426,715)
		4,849,555	3,751,755
Workers' Profit Participation Fund and Workers' Welfare Fund		(385,120)	(318,405)
		4,464,435	3,433,350
Other income		856,365	874,207
		5,320,800	4,307,557
Finance costs		(152,671)	(11,403)
Profit before taxation		5,168,129	4,296,154
Taxation		(1,539,409)	(1,248,793)
Profit after taxation		3,628,720	3,047,361
		------(Rupees)-----	
Earnings per share - basic and diluted		46.17	38.77

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



Mohammad Ibadullah
Chief Financial Officer



Ali Asghar Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2017 (unaudited)

	Quarter ended	
	September 30	
	2017	2016
	----- (Rupees in '000) -----	
Profit after taxation	3,628,720	3,047,361
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	3,628,720	3,047,361

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



Mohammad Ibadullah
Chief Financial Officer



Ali Asghar Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the quarter ended September 30, 2017 (unaudited)

Note	Quarter ended	
	September 30 2017	2016
	------(Rupees in '000)-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	10	11,631,481	1,013,465
Workers' Welfare Fund paid		-	(4,810)
Income tax paid		(1,030,994)	(1,096,335)
Long-term loans and advances		2,165	(2,216)
Mark-up paid on advances from customers		(92,290)	-
Deferred Revenue		1,881	-
Net cash generated from / (used in) operating activities		10,512,243	(89,896)


CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment and intangible assets	(338,265)	(448,783)
Proceeds from disposal of property, plant and equipment	3,343	11,178
Redemption of Pakistan Investment Bonds	5,063,031	-
Interest received on bank deposits	701,410	821,365
Investment in Term Deposit Receipts	-	(2,000,000)
Proceeds from redemption of Term Deposit Receipts	-	3,500,000
Investment in listed mutual fund units	(6,933,918)	(6,794,950)
Proceeds from redemption of listed mutual fund units	1,013,289	2,011,355
Investment in Market Treasury Bills	(485,451)	(5,901,300)
Proceeds from redemption of Market Treasury Bills	88,400	2,000,000
Net cash used in investing activities	(888,161)	(6,801,135)

CASH FLOWS FROM FINANCING ACTIVITY

Dividend paid	(3,802)	(3,042)
Net increase / (decrease) in cash and cash equivalents during the period	9,620,280	(6,894,073)
Cash and cash equivalents at the beginning of the period	32,599,720	29,737,569
Cash and cash equivalents at the end of the period	42,220,000	22,843,496

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



Mohammad Ibadullah
Chief Financial Officer



Ali Asghar Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2017 (unaudited)

	Share Capital	Reserves				
		Capital	Revenue			Total
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve	Unappropriated profit	Sub-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
Transfer to general reserve for the year ended						
June 30, 2016 appropriated subsequent to year end	-	-	3,600,000	(3,600,000)	-	-
Transaction 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)
Total comprehensive income for the quarter ended						
September 30, 2016	-	-	-	3,047,361	3,047,361	3,047,361
Balance as at September 30, 2016	786,000	196,500	23,451,050	3,099,420	26,746,970	27,532,970
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 quarter ended						
September 30, 2017	-	-	-	3,628,720	3,628,720	3,628,720
Balance as at September 30, 2017	786,000	196,500	23,451,050	10,392,132	34,039,682	34,825,682

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


Mohammad Ibadullah
 Chief Financial Officer


Ali Asghar Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (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 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 and factory of the Company 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 in continuation of the same circular dated July 20, 2017, 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 (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, and the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP. Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with requirements of IFRS, 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** 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 quarter ended September 31, 2016 have been extracted from the condensed interim financial information of the Company for the quarter then ended, which were not audited.

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (unaudited)

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 quarter ended September 30, 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

There are certain new standards and amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2017, 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.

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 quarter ended September 30, 2017 (unaudited)

	September 30 2017 (Unaudited)	June 30, 2017 (Audited)
	------(Rupees in '000)-----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	5,037,830	5,190,839
Capital work-in-progress	1,118,111	1,067,088
	6,155,941	6,257,927

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

	Additions (at cost)		Disposals (at cost)	
	Quarter ended September 30		Quarter ended September 30	
	2017	2016	2017	2016
	------(Rupees in '000)-----			
Tangible - Owned				
Buildings on leasehold land:				
Factory	31,683	122	-	-
Others	-	15,620	-	-
Plant and machinery	206,736	65,114	24,161	13,603
Motor vehicles	22,976	27,363	6,351	14,157
Furniture and fixtures	4,784	4,799	-	-
Office equipment	1,801	2,949	33	401
Computers and related accessories	5,959	4,592	2,901	430
Tools and equipment	9,799	1,694	3,837	1,190
Jigs, moulds and related equipments	3,385	72,264	-	-
	287,123	194,517	37,283	29,781
Intangible assets				
Computer Software	119	657	-	-

5.1.1 Additions to owned assets include transfers from capital work-in-progress amounting to Rs 228.487 million (September 30, 2016: Rs 120.899 million).

	September 30 2017 (Unaudited)	June 30 2017 (Audited)
	------(Rupees in '000)-----	

6 SHORT-TERM INVESTMENTS

Investments 'at fair value through profit or loss'		
- Mutual Fund Units	5,980,906	-
Held to Maturity		
- Government securities - Market Treasury Bills	15,137,603	5,224,678
- Government securities - Pakistan Investment Bonds (PIBs)	-	5,063,031
- Term Deposit Receipts (TDRs)	29,500,000	31,200,000
	50,618,509	41,487,709

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (unaudited)

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.1.2 As at September 30, 2017, the claims not acknowledged as debt by the company amounts to Rs 1,008.465 million (June 30, 2017: Rs 1,008.465 million).

7.1.3 Contingencies in respect of outstanding bank guarantees at September 30, 2017 amounted to Rs 12,579.565 million (June 30, 2017: Rs 13,228.265 million). This includes an amount of Rs 6,792.202 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 September 30, 2017 aggregate to Rs 1,383.637 million (June 30, 2017: Rs 1,355.781 million).

8 SALES

Manufacturing

	Quarter ended September 30	
	2017	2016
	----- (Rupees in '000) -----	
Gross sales	35,140,642	29,142,131
Sales tax	(5,105,732)	(4,233,420)
	30,034,910	24,908,711
Commission	(887,811)	(751,872)
Discounts	(1,901)	(403)
Manufacturing net sales	29,145,198	24,156,436

Trading

Gross sales	2,489,332	1,947,567
Sales tax	(283,121)	(219,308)
	2,206,211	1,728,259
Commission	(42,098)	(55,087)
Discounts	(89,575)	(77,740)
Trading net sales	2,074,538	1,595,432

Net sales

	31,219,736	25,751,868
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9 COST OF SALES

Manufacturing	24,335,938	20,557,017
Trading	1,440,946	1,016,381
	25,776,884	21,573,398

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (unaudited)

	Note	Quarter ended	
		September 30	
		2017	2016
		(Rupees in '000)	
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,168,129	4,296,154
Adjustment for non-cash charges and other items:			
Depreciation		437,244	381,440
Amortization		7,030	2,140
Provision for / (Reversal) of doubtful debts		4,511	(6,166)
Gain on sale of fixed assets		(458)	(4,241)
Gain on redemption of listed mutual fund units		(60,277)	(47,585)
Unrelaised loss / (gain) on foreign exchange contracts & derivatives - net		(776)	32,830
Return on bank deposits		(497,656)	(467,562)
Interest Income on Pakistan Investment Bonds		(26,213)	(142,467)
Amortization Income on Pakistan Investment Bonds		-	(13,804)
Interest Income on Market Treasury Bills		(42,321)	(45,646)
Amortization Income on Market Treasury Bills		(142,209)	(39,002)
Workers' Profit Participation Fund		277,662	230,728
Workers' Welfare Fund		107,458	87,677
Mark-up on advances from customers		139,219	100
Working capital changes	10.1	6,260,138	(3,251,131)
		11,631,481	1,013,465
10.1 Working capital changes			
Decrease / (increase) in current assets			
Stores and spares		(58,919)	(23,328)
Stock-in-trade		(397,163)	557,510
Trade debts		367,663	620,130
Loans and advances		(388,584)	186,823
Short-term prepayments		(6,347)	8,730
Other receivables		16,893	(140,273)
		(466,457)	1,209,592
(Decrease) / increase in current liabilities			
Trade and other payables		3,156,787	(2,149,744)
Advances from customers and dealers		3,569,808	(2,310,979)
		6,726,595	(4,460,723)
		6,260,138	(3,251,131)
10.2 Cash and Cash Equivalents			
Term Deposit Receipts		22,500,000	21,500,000
Government Securities - Market Treasury Bills		14,509,944	-
Cash and bank balances		5,210,056	1,343,496
		42,220,000	22,843,496

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (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 period are as follows:

	Quarter Ended	
	September 30	
	2017	2016
	------(Rupees in '000)-----	
With associated undertakings / related parties:		
Sales	54,965	62,436
Purchases	12,912,603	12,049,463
Insurance premium	17,692	21,495
Agency commission	1,490	17,615
Running royalty	588,045	505,677
Rent expense	311	530
Return on bank deposits	188,900	161,259
Proceeds from disposal of fixed assets / insurance claim	50	1,882
Bank charges	11,100	10,293
LC charges	1,465	2,502
Contribution to retirement benefit funds	24,737	21,675
With key management personnel:		
- Salaries and benefits	41,380	35,312
- Post employment benefits	3,041	2,136
- Sale of fixed assets	-	26

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

	September 30	June 30
	2017	2017
	(Unaudited)	(Audited)
	------(Rupees in '000)-----	
Short-term prepayments	16,731	5,909
Accrued Return	163,617	52,739
Bank balances and Term Deposit Receipts	13,261,374	12,559,392
Warranty claims, agency commission and other receivables	236,714	280,242
Trade and other payables	3,222,915	1,559,119

11.2 During the period, Rs 0.250 million (September 30, 2016: Rs 0.250 million) was paid as director fee to an independent director.

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017 (unaudited)

12 SEGMENT REPORTING

	Quarter ended September 30, 2017			Quarter ended September 30, 2016		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	29,145,198	2,074,538	31,219,736	24,156,436	1,595,432	25,751,868
Profit before taxation	4,544,775	623,354	5,168,129	3,690,635	605,519	4,296,154

13 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Shareholders in the Annual General Meeting held on October 06, 2017 have approved Final cash dividend in respect of the financial year ended June 30, 2017 of Rs 35 per share (2016: cash dividend of Rs 40 per share). This is in addition to the Interim cash dividends of Rs 80 per share (2016: Rs 60 per share), resulting in a total dividend for the year ended June 30, 2017 of Rs 115 per share (2016: Rs 100 per share), appropriation of Rs 4,000 million (2016: Rs 3,600 million) to general reserve. The condensed interim financial information for the quarter ended September 30, 2017 does not include the effect of these appropriations, which will be accounted for in the condensed interim financial information for the period ended December 31, 2017.

The Board of Directors in its meeting held on October 27, 2017 have proposed an interim cash dividend of Rs 30 per share (September 30, 2016: Rs 25 per share) in respect of the year ending June 30, 2018. The condensed interim financial information for the quarter ended September 30, 2017, 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, 2017.

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2017 by the Board of Directors of the Company.

16 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



Toshiya Azuma
Vice Chairman & Director

Company Information

Board of Directors

Mr. Ali S. Habib	Chairman
Mr. Toshiya Azuma	Vice Chairman
Mr. Ali Asghar Jamali	Chief Executive
Mr. Parvez Ghias	Director
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Hiroyuki Fukui	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. Mohamedali R. Habib	Committee Chairman
Mr. Farhad Zulficar	Member
Mr. Hiroyuki Fukui	Member
Mr. Masato Yamanami	Member
Mr. Azam Faruque	Independent Director
Mr. Azam Khan	Secretary & Head of Internal Audit

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
Website: www.toyota-indus.com

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