



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Quarter and Nine Months Ended March 31, 2017
(Un-audited)



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Directors' Report

For the quarter and nine months ended March 31, 2017

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the quarter and nine months ended March 31, 2017.

Pakistan Automobile Market

Demand for automobiles remained strong due to positive consumer sentiments, availability of reasonably priced auto finance and a general feel good factor due to the improved economy and infrastructure spending by the Government. The total industry sales were 83,720 units during the 3rd Quarter of financial year 2017, up 15.7% from 72,310 units, for the same period last year.

On a nine months basis, the sales of locally manufactured vehicles decreased by 3% to 168,569 units compared to 174,019 units sold during the same period last year, as a result of completion of the Punjab Government's Apna Rozgar Taxi Scheme.

Approximately 42,000 units of used cars were imported in the nine months period ended March 31, 2017, up 12.25% for the same period last year.

Company Review

Your Company's combined sales of CKD & CBU for nine months period ended March 31, 2017, was down 4%, to 46,216 units against 48,004 units sold for the same period last year. The reduction in production quantity was primarily due to modification of our production facility for the introduction of two completely new models of the Fortuner and Hilux Revo and some challenges faced in operational efficiencies due to prolonged and sustained overtime and some electricity break downs. We were, however, able to maintain our market share at 27%.

In the month of January 2017, your Company introduced the much awaited new model of the Toyota Fortuner with its futuristic styling, luxurious interior and cutting edge drive train features. The response has been substantially more than our planning volumes and we are taking steps to enhance output to meet some of the backlog. The entire production range of the company continued to have improvements and additional features installed as part of our continuous spirit of Kaizen.

The base Corolla models were also equipped with immobilizer as was required by the auto policy.

The Company's net sales revenues for the nine months ended March 31, 2017 increased by 6% to Rs. 84.3 billion as compared to Rs. 79.7 billion for the same period last year, while profit after tax increased by 16% to Rs. 10.2 billion as against Rs. 8.8 billion achieved for the same period last year. The increase in revenues and profits is due to new product launches, strategic change in sales mix and substantial improvement in trading parts and oil business.

Based on the results recorded above, the Board of Directors are pleased to declare third interim cash dividend of Rs. 30 per share for the quarter ended March 31, 2017, which on cumulative basis, adds up to Rs. 80 per share for nine months ended March 31, 2017 compared to Rs. 60 per share for the same period last year.

Near Term Business Outlook

The last quarter of each year has traditionally been strong owing to liquidity from the agricultural sector and end of the fiscal year phenomena. This year the Holy month of Ramadan will fall during the May / June period and together with the holidays and some political uncertainties, we remain cautiously optimistic. We would like to

Directors' Report

For the quarter and nine months ended March 31, 2017

invite the attention of both the Federal and Provincial Government on the poor state of infrastructure, especially the unreasonably delayed road works going on, on the main National Highway that serves as a major artery for access to Port Qasim, Landhi and Korangi Industrial areas, Pakistan Steel Mills, as well as for further access to the interior of Sindh. Daily chaos is created by the traffic, adding to the fatigue of the entire work force, wasting precious fuel, time and considerably increasing security risks with vehicles remaining at a standstill for long periods of time. We anticipate the possible volumes of used cars for the year to be around 50,000 units under various schemes, which are all a misuse of the Import Policy and do not pay their fair share of duties & taxes, including income tax and serve to create an uneven playing field for the local industry.

Hybrid vehicles imported by OEMs through fully documented and legitimate channels are presently uncompetitive due to an anomaly in the tax structure. While import of Hybrid vehicles is allowed a concession of duties and sales tax at the customs stage, this concession is not available to the legitimate documented sector when the vehicles are sold onwards to customers, at which time the full rate of sales tax is applied.

All other grey channels do not document any sales value after the import stage making the documented sector uncompetitive and results in a loss to the Government of Pakistan. This anomaly has been in place for more than one budget cycle and we hope it will be addressed this time.

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.

April 24, 2017
Karachi



Ali Asghar Abbas Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

ہیں جو اندرون سندھ کے علاوہ، پورٹ قاسم، لاندھی اور کورنگی انڈسٹریل ایریا اور پاکستان اسٹیل ملز تک رسائی کا واحد بڑا ذریعہ ہے۔ اس سڑک پر ٹریفک کا روزمرہ کا اژدھام تمام ملازمین کی تھکن میں اضافے کے ساتھ ان کے قیمتی وقت اور ایندھن کے زیاں کا باعث ہے اور سب سے بڑھ کر ایک سیکورٹی ریسک ہے کیونکہ اس دوران گاڑیاں ایک طویل وقت کے لئے رکی کھڑی رہتی ہیں۔

ہمارا اندازہ ہے کہ اس سال ملک میں 50,000 سے زائد استعمال شدہ گاڑیاں درآمد ہو جائیں گی، یہ حیرت انگیز طور پر بڑا حجم ہے جو کہ مقامی صنعت کے مستقبل کے لئے بہت نقصان دہ ہے، نیز یہ کہ بیرون ملک پاکستانیوں کے لئے استعمال شدہ گاڑیوں کی درآمدی پالیسی کا تجارتی بنیادوں پر استعمال، اس پالیسی کا تاجروں کی جانب سے استحصال ہے۔ ان استعمال شدہ گاڑیوں کی درآمد پر محصولات بشمول اکم ٹیکس عائد کئے جاتے ہیں جو مقامی طور پر تیار شدہ گاڑیوں کے مقابلے میں متوازن نہیں ہیں اور مقامی صنعت کو شدید نقصان پہنچا رہے ہیں۔

OEMs کی جانب سے درآمد کی جانے والی ہائبرڈ گاڑیاں جو کہ درکار تمام تر دستاویزات کے ہمراہ جائز چینلز سے درآمد کی جا رہی ہیں اور ان پر مکمل محصولات بھی ادا کئے جا رہے ہیں ہمارے محصولات کی ڈھانچے کی وجہ سے استعمال شدہ گاڑیوں کی مسابقت میں ناکام رہتی ہیں، جیسا کہ ہائبرڈ گاڑیوں پر کسٹم کے وقت ڈیولپرز اور سیلز ٹیکس رعایت منظور کی گئی ہے، لیکن یہ رعایتیں صارف کو نیچے جانے کے وقت حاصل نہیں ہیں، اور اس وقت سیلز ٹیکس کا پورا ریٹ لگایا جاتا ہے۔

دیگر غیر قانونی چینلز سے درآمد کی جانے والی گاڑیوں پر کہ جن کی سیلز ویلیو تک کی دستاویزات درآمد کے مرحلے پر دستیاب نہیں ہوتی اور جن کی دستاویزات درآمدی مرحلے کے بعد تیار کی جاتی ہیں، محصولات کی رعایت کی وجہ سے مسابقت نہیں کی جاسکتی اور وہ حکومت پاکستان کے محصولات میں براہ راست نقصان ہیں۔ کئی برسوں کے بجٹوں میں ان اصلاحات کا کوئی تذکرہ نہیں کیا گیا، امید ہے کہ اس بار کے بجٹ میں اس پر نظر ثانی کی جائے گی۔

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 برنس پارٹنرز کی مشکل وقتوں میں انتھک محنت کو سراہنا چاہتے ہیں، اور اُمید کرتے ہیں ہمیں اُن کا مسلسل ساتھ حاصل رہے گا۔


Ali Asghar Abbas Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

کے لئے مختلف سرگرمیوں اور اس کی تجدید کے مراحل تیزی سے مکمل کئے گئے۔ مسلسل اور لمبے اور ٹائم سمیت بجلی کے کچھ بریک ڈاؤنز کی وجہ سے کمپنی کی کارکردگی پر اثر پڑا۔ تاہم ہم اپنا مارکیٹ شیئر 27 فیصد برقرار رکھنے میں کامیاب رہے۔

جنوری 2017ء کے مہینے میں کمپنی نے ٹویوٹا Fortuner کا نیا ماڈل متعارف کرایا۔ نیا ماڈل اپنے جدید ڈیزائن، پُر تعیش اندرونی خصوصیات اور جدید Drive Train کے ساتھ مزین ہے، ردِ عمل ہمارے مقررہ منصوبے سے زائد اور انتہائی مثبت ہے۔ ہم اپنے آرڈرز کی تکمیل کو بروقت مکمل کرنے کے لئے اقدامات کر رہے ہیں۔ Kaizen کے تحت پلانٹ اور پراسیسز میں اصلاحاتی عمل جاری رکھے ہوئے ہے۔

آٹوپالسی کے تحت درکار ٹویوٹا کے نئے ماڈل کو immobilizer سے مزین کر دیا گیا ہے۔ 31 مارچ 2017ء کو ختم ہونے والی 9 ماہ کی مدت کے لئے کمپنی کی فروخت کی خالص آمدنی 6 فیصد بڑھ کر 84.3 ارب روپے ہو گئی جب کہ گزشتہ برس یہی آمدنی 79.7 ارب روپے تھی، جب کہ منافع بعد از ٹیکس 16 فیصد سے بڑھ کر 10.2 ارب روپے تک جا پہنچا جو گزشتہ برس کی اسی مدت میں 8.8 ارب روپے رہا تھا۔ آمدنی اور منافع میں اضافے کی بنیادی وجہ نئی مصنوعات کا متعارف کرانا، سیلز کمس اور ٹریڈنگ پارٹس اور آئل کے برنس میں بہتری ہے۔

درج بالا ریکارڈ کے نتائج کی بنیاد پر بورڈ آف ڈائریکٹرز نے 31 مارچ 2017ء کو ختم ہونے والی سہ ماہی کی مدت کے لئے تیسرے عبوری منافع منقسمہ 30 روپے فی حصص کا اعلان کیا ہے جو پہلے اعلان شدہ عبوری منافع منقسمہ کے ساتھ ملا کر مجموعی طور پر 80 روپے فی حصص بنتا ہے، جب کہ گزشتہ برس اسی مدت میں رہنے والا فی حصص منافع 60 روپے تھا۔

مستقبل قریب میں کاروباری امکانات

مالی سال 2017ء کی آخری سہ ماہی روایتی طور پر مستحکم ہوتی ہے جس کی وجہ زری شعبے کی آمدنی میں اضافہ ہے، اس سال ماہِ مقدس رمضان ماہِ مئی و جون میں آ رہا ہے جس کے دوران چھٹیاں اور غیر یقینی سیاسی صورتحال متوقع ہے، باوجود اس کے ہم ایک خاص احتیاط کے ساتھ پُر امید ہیں۔ ہم وفاقی اور صوبائی حکومتوں کی توجہ ہمارے آپریشنز کے علاقے میں سڑکوں کے بنیادی ڈھانچے کی خستہ حالی خصوصاً مین نیٹشل ہائی وے کی جانب مبذول کرانا چاہتے

ڈائریکٹر رپورٹ

برائے سہ ماہی اور 9 ماہ مختتمہ 31 مارچ 2017ء

انڈس موٹر کمپنی کے ڈائریکٹر انتہائی مسرت کے ساتھ 31 مارچ 2017ء کو ختم ہونے والی سہ ماہی اور 9 ماہ کے غیر جانچ شدہ (unaudited) حسابات (Accounts) پیش کرتے ہیں۔

پاکستان آٹو موبائل مارکیٹ :

صارفین کے مثبت رویے، آسانی دستیاب آٹو فنانس سمیت معیشت اور بنیادی شہری ڈھانچے کو بہتر بنانے پر حکومتی خرچ کے اچھے عنصر کی وجہ سے گاڑیوں کی طلب مستحکم رہی، جس کے نتیجے میں مثبت نتائج برآمد ہوئے۔ نتیجے کے طور پر آٹو انڈسٹری نے مالی سال 2017ء کی تیسری سہ ماہی میں 83,720 یونٹس فروخت کئے جو گزشتہ برس کی اسی مدت میں رہنے والی 72,310 یونٹس کی فروخت کے مقابلے میں 15.7 فیصد زائد ہیں۔

نواہ کی مدت میں 3 فیصد کے خسارے کے ساتھ آٹو انڈسٹری نے 168,569 یونٹس فروخت کئے جب کہ گزشتہ برس کی اسی مدت میں پنجاب حکومت کی اپنا روزگار ٹیکسی اسکیم کے نتیجے میں 174,019 یونٹس فروخت کئے گئے تھے۔

31 مارچ 2017ء کو ختم ہونے والی 9 ماہ کی مدت میں استعمال شدہ گاڑیوں کے تقریباً 42,000 یونٹس درآمد کئے گئے جو گزشتہ برس کی اسی مدت میں درآمد کئے جانے والے یونٹس کے مقابلے میں 12.25 فیصد زائد ہیں۔

کمپنی کا جائزہ

کمپنی کی CKD اور CBU کی مشترکہ فروخت 31 مارچ 2017ء کو ختم ہونے والی 9 ماہ کی مدت میں 46,216 یونٹس رہی جو کہ گزشتہ برس اسی مدت میں رہنے والی فروخت 48,004 کے مقابلے میں 4 فیصد کم ہے۔ دو مکمل نئے ماڈل برائے Fortuner اور Hilux Revo کے لئے پلانٹ میں تبدیلی

Condensed Interim Balance Sheet

As at March 31, 2017

	Note	March 31 2017 (Unaudited)	June 30 2016 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,041,407	4,918,986
Intangibles		79,654	19,291
Long-term loans and advances		17,192	3,794
Long-term investments	6	-	5,005,805
Long-term deposits		11,448	9,948
Deferred Taxation		117,237	198,621
		<u>5,266,938</u>	<u>10,156,445</u>
Current assets			
Stores and spares		213,780	153,561
Stock-in-trade		10,131,426	7,785,245
Trade debts		866,524	1,131,702
Loans and advances		1,849,304	1,125,490
Short-term prepayments		26,000	45,520
Accrued return		246,894	513,355
Other receivables		112,009	191,303
Short-term investments	7	41,610,786	33,696,804
Cash and bank balances		1,221,809	2,737,569
		<u>56,278,532</u>	<u>47,380,549</u>
TOTAL ASSETS		<u>61,545,470</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>30,013,952</u>	<u>26,843,609</u>
		<u>30,799,952</u>	<u>27,629,609</u>
LIABILITIES			
Non-Current liabilities			
Deferred Revenue		2,461	-
Current liabilities			
Trade, other payables and provisions		12,762,927	10,035,145
Advances from customers and dealers		16,830,630	19,127,360
Taxation - provision less payment		1,149,500	744,880
		<u>30,743,057</u>	<u>29,907,385</u>
TOTAL EQUITY AND LIABILITIES		<u>61,545,470</u>	<u>57,536,994</u>

CONTINGENCIES AND COMMITMENTS

8

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Ali Asghar Abbas Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the quarter and nine months ended March 31, 2017

	Note	Nine months ended		Quarter ended	
		March 31		March 31	
		2017	2016	2017	2016
------(Rupees in '000)-----					
Net sales	9	84,343,249	79,680,119	32,943,553	28,346,213
Cost of sales	10	(69,135,511)	(66,787,962)	(26,610,957)	(23,898,298)
Gross profit		15,207,738	12,892,157	6,332,596	4,447,915
Distribution expenses		(844,509)	(707,526)	(350,379)	(310,805)
Administrative expenses		(738,086)	(653,668)	(287,497)	(244,570)
Other operating expenses		(93,046)	(72,924)	(58,704)	(41,130)
		(1,675,641)	(1,434,118)	(696,580)	(596,505)
		13,532,097	11,458,039	5,636,016	3,851,410
Workers' Profit Participation Fund & Workers' Welfare Fund		(1,091,685)	(948,578)	(442,922)	(321,440)
		12,440,412	10,509,461	5,193,094	3,529,970
Other income		2,523,571	2,383,809	899,342	808,949
		14,963,983	12,893,270	6,092,436	4,338,919
Finance costs		(234,150)	(51,530)	(116,190)	(11,634)
Profit before taxation		14,729,833	12,841,740	5,976,246	4,327,285
Taxation		(4,485,490)	(3,994,361)	(1,806,494)	(1,374,764)
Profit after taxation		10,244,343	8,847,379	4,169,752	2,952,521
------(Rupees)-----					
Earnings per share- basic and diluted		130.34	112.56	53.05	37.56

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Ali Asghar Abbas Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the quarter and nine months ended March 31, 2017

	Nine months ended		Quarter ended	
	March 31		March 31	
	2017	2016	2017	2016
----- (Rupees in '000) -----				
Profit after taxation for the period	10,244,343	8,847,379	4,169,752	2,952,521
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	10,244,343	8,847,379	4,169,752	2,952,521

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Ali Asghar Abbas Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the nine months ended March 31, 2017

	Note	Nine months ended	
		March 31	
		2017	2016
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	11,366,310	11,829,269
Workers' Welfare Fund paid		(355,749)	(291,393)
Income tax paid		(3,999,486)	(4,109,159)
Movement in long-term loans and advances		(13,398)	4,316
Movement in long-term deposits		(1,500)	(281)
Movement in deferred revenue		2,461	-
Net cash generated from operating activities		6,998,638	7,432,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		(1,387,235)	(1,014,663)
Proceeds from disposal of property, plant and equipment		40,345	21,528
Interest received on bank deposits and saving accounts		1,875,187	1,682,874
Investment in Term Deposit Receipts		(5,000,000)	(4,000,000)
Proceeds from redemption of Term Deposit Receipts		6,500,000	2,000,000
Investment in listed mutual fund units		(12,274,950)	(4,350,000)
Proceeds from redemption of listed mutual fund units		9,616,996	5,110,982
Purchase of Market Treasury Bills		(2,428,500)	(18,212,362)
Proceeds from redemption of Market Treasury Bills		3,620,075	8,357,500
Net cash inflow / (outflow) from investing activities		561,918	(10,404,141)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6,729,691)	(4,770,179)
Net increase / (decrease) in cash and cash equivalents during the period		830,865	(7,741,568)
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	12	30,568,434	16,981,320

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Ali Asghar Abbas Jamali
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2017

	Share Capital	Reserves			
		Capital	Revenue		
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve	Unappro- priated profit	Sub-Total
					Total

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Ali Asghar Abbas Jamali
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 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. 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.

2.2 The comparative balance sheet presented in this condensed interim financial information as at June 30, 2016 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2016, whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the nine months ended March 31, 2016, have been extracted from the condensed interim financial information of the Company for the nine months then ended, which were not audited. The comparative condensed interim profit and loss account for the quarter ended March 31, 2016 included in this condensed interim financial information was neither subjected to a review nor audit.

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, 2016.

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

3.2 Deferred Revenue

Amount received on account of sale of extended warranty is recognized initially as deferred revenue and credited to the profit and loss account in the relevant period covered by the warranty.

3.3 New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months ended March 31, 2017

There are certain amendments to approved accounting standards that are mandatory for accounting periods beginning on July 1, 2016. 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.

3.4 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, 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.

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, 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.

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

March 31 2017 (Unaudited)	June 30, 2016 (Audited)
------(Rupees in '000)-----	

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets	4,413,533	4,710,786
Capital work-in-progress	627,874	208,200
	<u>5,041,407</u>	<u>4,918,986</u>

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

	Additions (at cost)		Disposals (at cost)	
	Nine months ended		Nine months ended	
	March 31		March 31	
	2017	2016	2017	2016
------(Rupees in '000)-----				
Tangible - Owned				
Buildings on leasehold land:				
Factory	34,835	143,517	-	-
Others	64,757	35,654	-	-
Plant and machinery	346,921	145,266	142,448	52,494
Motor vehicles	98,097	82,661	55,509	34,394
Furniture and fixtures	5,191	918	123	-
Office equipment	16,802	31,404	1,752	1,100
Computers and related accessories	21,766	15,128	3,099	3,506
Tools and equipment	51,857	16,423	4,813	264
Jigs, moulds and related equipments	252,643	226	134,369	-
	<u>892,869</u>	<u>471,197</u>	<u>342,113</u>	<u>91,758</u>
Intangible assets				
Computer Software	74,692	9,624	-	-

- 5.1.1** Additions to owned assets include transfers from capital work-in-progress amounting to Rs 758.145 million (March 31, 2016: Rs 353.089 million).

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

	March 31 2017 (Unaudited)	June 30 2016 (Audited)
	------(Rupees in '000)-----	
6 LONG-TERM INVESTMENTS		
Held to Maturity		
- Government securities - Pakistan Investment Bonds	-	5,005,805
7 SHORT-TERM INVESTMENTS		
Financial Assets 'at fair value through profit or loss'		
- Mutual Fund Units	2,871,063	-
Held to Maturity		
- Government securities		
Market Treasury Bills	12,691,505	6,196,804
Pakistan Investment Bonds	5,048,218	-
- Term Deposit Receipts (TDRs)	21,000,000	27,500,000
	41,610,786	33,696,804
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
8.1.1 The status of contingencies as disclosed in annual financial statements of the Company for the year ended June 30, 2016 has remained unchanged.		
8.1.2 As at March 31, 2017, the claims not acknowledged as debt by the company amounts to Rs 926.563 million (June 30, 2016: Rs 1,033.301 million).		
8.1.3 Contingencies in respect of outstanding bank guarantees at March 31, 2017 amounted to Rs 6,356.741 million (June 30, 2016: Rs 8,361.897 million). This includes an amount of Rs 3,469.465 million (June 30, 2016: Rs 4,087.059 million) in respect of bank guarantees from related parties.		
8.2 Commitments		
Commitments in respect of capital expenditure as at March 31, 2017 aggregate to Rs 1,237.205 million (June 30, 2016: Rs 1,021.117 million).		

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

Nine months ended		Quarter ended	
March 31		March 31	
2017	2016	2017	2016
------(Rupees in '000)-----			

9 SALES

Manufacturing

Gross sales	94,478,524	91,289,170	37,386,126	32,828,196
Sales tax	(13,717,022)	(13,258,930)	(5,422,894)	(4,765,585)
	80,761,502	78,030,240	31,963,232	28,062,611
Commission	(2,436,248)	(2,337,985)	(975,469)	(845,845)
Discounts	(2,752)	(2,030)	(1,487)	(655)
Manufacturing net sales	78,322,502	75,690,225	30,986,276	27,216,111

Trading

Gross sales	7,502,230	4,711,358	2,434,298	1,331,545
Sales tax	(897,491)	(497,511)	(279,160)	(128,402)
	6,604,739	4,213,847	2,155,138	1,203,143
Commission	(327,106)	(60,510)	(100,667)	(10,550)
Discounts	(256,886)	(163,443)	(97,194)	(62,491)
Trading net sales	6,020,747	3,989,894	1,957,277	1,130,102
Net sales	84,343,249	79,680,119	32,943,553	28,346,213

10 COST OF SALES

Manufacturing	65,363,343	64,165,652	25,414,790	23,155,977
Trading	3,772,168	2,622,310	1,196,167	742,321
	69,135,511	66,787,962	26,610,957	23,898,298

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

	Note	Nine months ended	
		March 31	
		2017	2016
		------(Rupees in '000)-----	
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		14,729,833	12,841,740
Adjustment for non-cash charges and other items:			
Depreciation		1,169,764	1,167,017
Amortization		14,329	4,258
(Reversal) / Charge of provision for doubtful debts		(6,303)	5,966
Gain on sale of fixed assets		(19,987)	(17,015)
Gain on redemption/ revaluation of investment in listed mutual fund units		(213,109)	(192,261)
Unrealised loss/ (gain) on foreign exchange contracts and derivatives - net		14,266	(16,580)
Return on bank deposits		(1,181,325)	(1,138,597)
Income on Pakistan Investment Bonds		(427,401)	(430,197)
Amortization Income on Pakistan Investment Bonds		(42,413)	(37,921)
Income on Market Treasury Bills		(208,846)	(152,345)
Amortization Income on Market Treasury Bills		(130,805)	(93,131)
Workers' Profit Participation Fund		791,076	689,516
Workers' Welfare Fund		300,609	259,062
Working capital changes	11.1	(3,423,378)	(1,060,243)
		11,366,310	11,829,269
11.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(60,219)	5,415
Stock-in-trade		(2,346,181)	(1,044,722)
Trade debts		271,481	(544,483)
Loans and advances		(723,814)	1,149,136
Short-term prepayments		19,520	4,688
Other receivables		61,802	(34,468)
		(2,777,411)	(464,434)
(Decrease) / increase in current liabilities			
Trade, other payables and provisions		1,650,763	450,123
Advances from customers and dealers		(2,296,730)	(1,045,932)
		(645,967)	(595,809)
		(3,423,378)	(1,060,243)
12 CASH AND CASH EQUIVALENTS			
Term Deposit Receipts		18,000,000	14,500,000
Market Treasury Bills		11,346,625	-
Cash and bank balances		1,221,809	2,481,320
		30,568,434	16,981,320

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

13 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

13.1 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:

	Nine months ended		Quarter Ended	
	March 31		March 31	
	2017	2016	2017	2016
	------(Rupees in '000)-----			
With associated undertakings / related parties:				
Sales	197,426	359,931	88,807	47,065
Purchases	39,624,757	35,716,945	14,793,751	12,646,442
Insurance premium	68,744	60,245	24,436	19,073
Agency commission	34,684	84,759	4,260	19,212
Running royalty	1,661,623	1,845,347	635,114	664,241
Rent expense	1,590	1,512	530	504
Return on bank deposits	523,118	545,152	177,401	167,821
Proceeds from disposal of fixed assets / insurance claims	2,464	876	582	339
Donations	53,860	22,415	32,360	20,000
Bank charges	30,436	31,847	9,548	10,496
LC charges	4,442	6,620	464	2,950
Contribution to retirement benefit funds	59,603	51,394	15,758	18,866
With key management personnel:				
- Salaries and benefits	102,104	96,340	31,480	33,554
- Post employment benefits	6,406	5,549	2,135	1,895
- Sale of fixed assets	1,394	2,835	1,368	890

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

	March 31	June 30
	2017	2016
	(Unaudited)	(Audited)
	------(Rupees in '000)-----	
Nature of balances		
Long-term deposits	2,005	2,005
Short-term prepayments	2,630	31,889
Accrued return	97,975	132,276
Bank balances and Term deposit receipts	11,010,218	10,199,180
Warranty claims, agency commission and other receivable	16,220	52,321
Trade and other payables	3,130,401	2,716,164

13.2 During the period, Rs 0.875 million (March 31, 2016: Rs 0.750 million) was paid as director fee.

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months ended March 31, 2017

14 SEGMENT REPORTING

	Nine months ended March 31, 2017			Nine months ended March 31, 2016		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	78,322,502	6,020,747	84,343,249	75,690,225	3,989,894	79,680,119
Profit before taxation	12,438,269	2,291,564	14,729,833	11,381,511	1,460,229	12,841,740
	Quarter ended March 31, 2017			Quarter ended March 31, 2016		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	30,986,276	1,957,277	32,943,553	27,216,111	1,130,102	28,346,213
Profit before taxation	5,220,738	755,508	5,976,246	3,924,142	403,143	4,327,285

15 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on April 24, 2017 have proposed an interim cash dividend of Rs 30 per share (March 31, 2016: Rs 20 per share) in respect of the year ending June 30, 2017. The condensed interim financial information for the nine months ended March 31, 2017, does not include the effect of this dividend which will be accounted for in the annual financial information for the year ending June 30, 2017.

16 CORRESPONDING FIGURES

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

17 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on April 24, 2017 by the Board of Directors of the Company.

18 GENERAL

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


Ali Asghar Abbas 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 Abbas 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

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 & 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

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