



# INDUS MOTOR COMPANY LTD.

**Condensed Interim Financial Information**  
For the Quarter Ended September 30, 2018  
(Un-audited)



# Contents

02	Directors' Report
08	Condensed Interim Statement of Financial Position
09	Condensed Interim Profit and Loss Account
10	Condensed Interim Statement of Comprehensive Income
11	Condensed Interim Cash Flow Statement
12	Condensed Interim Statement of Changes in Equity
13	Notes to and forming part of the Condensed Interim Financial Information
22	Company Information

## Directors' Report

For the quarter ended September 30, 2018

The Directors of Indus Motor Company Limited are pleased to present the un-audited accounts of the Company for the quarter ended September 30, 2018.

### **Pakistan Automobile Market**

Following a long period of impeccable sales growth, the automotive market for the past three months is facing a slew of challenges. On the macroeconomic front, the hike in interest rates, depreciation of the rupee and the restriction on non-filers for buying vehicles has led to a market contraction.

The total industry sales of locally manufactured PC and LCV vehicles were 58,351 units during the 1st quarter of financial year 2018-19, down 3.5% from 60,469 units, for the same period last year. Import of used cars stood at around 15,600 units for the quarter ended September 30, 2018, compared to around 23,800 units in the same period last year.

### **Company Review**

Your company's combined sales of CKD and CBU units for the 1st quarter ended September 30, 2018, was up 1.3% to 15,560 units against 15,354 units sold in the same period last year. Market share stood at 26.4% for the quarter.

The company operated its manufacturing facilities beyond capacity, working daily during overtime hours and on off Saturdays to produce 15,977 units for the three month period, up 6.7% as compared to 14,971 units produced in the same period last year.

In the month of September, your company took the wraps off the new Toyota Rush, which enjoys a unique offering as it combines the space and solid road performance of a large SUV, with Toyota-guaranteed dependability, all packaged in a stylishly designed body.

### **Financial Performance**

The Company's net sales turnover for the 1st quarter ended September 30, 2018, increased by 12% to Rs. 34.99 billion as compared to Rs. 31.22 billion, for the same period last year, while profit after tax decreased by 3.3% to Rs. 3.51 billion as against Rs. 3.63 billion achieved in the same period last year. The increase in revenue represents change in sales mix and slightly improved volumes, compared to the same period last year. The net profit has declined mainly due to increase in cost of inputs on account of rupee devaluation against all major currencies.

The Earnings Per Share of your company for the 1st quarter ended September 30, 2018, is Rs. 44.63 as compared to Rs. 46.17 reported during the same period last year. The Board of Directors is pleased to declare first interim cash dividend of Rs. 32.50 per share for the 1st quarter ended September 30, 2018, compared to Rs. 30 per share, for the same period last year.

During the period, the transactions with the related parties as disclosed in the financial statements were carried out in the ordinary course of business.

# Directors' Report

For the quarter ended September 30, 2018

## Near Term Business Outlook

The success of the recent democratic elections sets the country on the road to improvement. IMC welcomes the new government wholeheartedly and extends its support together with its wealth of experience towards the formulation of conducive policies to further bolster the local auto industry. The rise in interest rates has made auto financing expensive and this, coupled with the government's commitment to austerity, may push consumers to save more than spend in the coming months.

The mini-budget has carried on the changes made in the Federal Budget for 2018-19, whereby tax non-filers cannot purchase or register vehicles. While we fully support the government's efforts to document the economy, such drastic actions transfer the responsibility to the private sector to implement these actions, adding unnecessary complications to business processes and increasing the cost of doing business. Going forward, this is expected to impact the demand for vehicles in the coming months.

Demand is also expected to slow down in the coming months on account of more expensive auto financing, which is most likely to discourage potential consumers in the middle income group as they are most sensitive to price changes. Due to higher cost of borrowing, smaller and affordable cars are likely to experience the impact of this slowdown in demand.

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

On behalf of the Board of Directors.

October 26, 2018  
Karachi.



**Ali Asghar Jamali**  
Chief Executive



**Yuji Takarada**  
Vice Chairman & Director

## ڈائریکٹرز رپورٹ

برائے سہ ماہی مختتمہ 30 ستمبر 2018ء

بورڈ آف ڈائریکٹرز انڈس موٹر کمپنی انتہائی مسرت کے ساتھ ادارے کے مالی سال کی 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ (unaudited) حسابات (Accounts) پیش کرتے ہیں۔

### پاکستان آٹوموبائل مارکیٹ

انتہائی قابل اعتماد سبیلز کی ترقی کے ایک طویل عرصے کے بعد، گزشتہ تین ماہ کے دوران آٹوموٹو مارکیٹ کو کافی مسائل کا سامنا کرنا پڑا ہے۔ (Macroeconomics) کلاں اقتصادیات کے تحت، سود کی شرح میں اضافہ، روپے کی قدر میں کمی اور نان۔ فائلر پر گاڑیاں خریدنے کی پابندی مارکیٹ میں کمی کا سبب بنی ہیں۔

انڈسٹری کی مقامی طور پر تیار کی گئی PC/LCV کی مجموعی فروخت پہلی سہ ماہی کے دوران 58,351 یونٹس رہی، جو کہ گزشتہ سال کی اسی مدت کے دوران فروخت ہونے والے 62,469 یونٹس کے مقابلے میں 3.5 فیصد کم تھیں۔ جب کہ اسی مدت میں استعمال شدہ گاڑیوں کی درآمد موجودہ مالی سال میں اب تک تقریباً 23,800 یونٹس رہی جب کہ گزشتہ سال کی اسی مدت میں یہ تعداد تقریباً 15,600 یونٹس تھی۔

### کمپنی کا جائزہ

آپ کی کمپنی کی CKD اور CBU یونٹس کی مشترکہ فروخت 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی

میں 15,560 رہی، جو گزشتہ سال اسی مدت میں رہنے والے 15,354 یونٹس کے مقابلے میں 1.3 فیصد زائد ہے، جب کہ مارکیٹ شیئر 26.4 فیصد رہا۔

کمپنی نے اپنی پیداواری صلاحیتوں سے زیادہ کام کیا، اور روزانہ زیادہ سے زیادہ گھنٹوں کے اوور ٹائم اور ہفتے کی چھٹیوں میں بھی کام کیا۔ 30 ستمبر، 2018ء کو ختم ہونے والی سہ ماہی کی مدت کے دوران کمپنی نے 15,977 یونٹس بنائے جو کہ گزشتہ سال کی اسی مدت کے 14,971 یونٹس سے 6.7 فیصد زیادہ رہے۔ ماہ ستمبر میں کمپنی نے نئی Toyota Rush کو متعارف کرایا، جو بڑی SUV میں ٹویوٹا کی ضمانت کے ساتھ کشادہ اور بہتر روڈ پرفارمنس کے امتزاج کے ساتھ ایک منفرد پیشکش ہے۔

## مالیاتی کارکردگی

30 ستمبر، 2018ء کو ختم ہونے والی سہ ماہی کی مدت کے لئے کمپنی کی خالص فروخت کی آمدنی 12 فیصد اضافہ سے 34.99 بلین روپے تک جا پہنچی جب کہ گزشتہ سال اسی مدت کے لئے فروخت کی آمدنی 31.22 بلین روپے رہی۔ بعد از ٹیکس منافع 3.3 فیصد اضافے کے ساتھ 3.51 بلین روپے رہا جب کہ گزشتہ سال اسی مدت کے لئے بعد از ٹیکس منافع 3.63 بلین روپے تھا۔ آمدنی میں مذکورہ اضافہ پچھلے سال اسی مدت کے مقابلے میں سیلز کس میں تھوڑے سے بہتر حجم کی تبدیلی کی نمائندگی کرتا ہے، جب کہ منافع میں کمی ان پٹ (Input) کی لاگت میں اضافے کی وجہ سے ہوئی کیونکہ تمام اہم کرنسیوں کے مقابلے میں روپے کی قدر میں کمی واقع ہوئی ہے۔

30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی کے لئے فی حصص آمدنی 44.63 روپے رہی، جب کہ گزشتہ برس کی اسی سہ ماہی میں فی حصص آمدنی 46.17 روپے رہی تھی۔ بورڈ آف ڈائریکٹرز نے مالی سال 2018-19ء کی پہلی سہ ماہی کے لئے عبوری نقد منافع منقسمہ 32.50 روپے فی حصص قرار دیا، جو کہ گزشتہ برس کی اسی مدت

میں منافع 30 روپے فی حصص تھا۔ مالیاتی اسٹیٹمنٹس میں ظاہر کی جانے والی ٹرانزیکشن کو عام کاروبار کی حیثیت سے لیا گیا ہے۔

## مستقبل قریب میں کاروباری امکانات

حالیہ جمہوری انتخابات کی کامیابی نے ملک کو بہتری کی جانب گامزن کر دیا ہے۔ IMC نئی حکومت کا پوری طرح سے خیر مقدم کرتی ہے، اور مقامی آٹو انڈسٹری کو مزید بڑھانے کے لئے سازگار پالیسیوں کی تشکیل کی خاطر حکومتی تجربے کے ساتھ مل کر اس بات کی حمایت کرتی ہے۔ سود کی شرح میں اضافے کی وجہ سے آٹو فنانسنگ کو مہنگا کر دیا ہے اس کے علاوہ سادگی پر حکومت کے عزم کی وجہ سے صارفین کا آنے والے مہینوں میں زیادہ سے زیادہ خرچ کرنے کے بجائے بچت پر زور دینے کا امکان ہے۔

منی۔ بجٹ 2018-19ء نے وفاقی بجٹ میں کی جانے والی تبدیلیوں پر عمل کیا ہے، جس کے تحت ٹیکس کے نان۔ فائلر پر گاڑیاں خریدنے یا رجسٹر کرانے پر پابندی لگائی گئی ہے۔ ہم معیشت کو مستحکم کرنے کے لئے حکومت کی کوششوں کی مکمل طور پر حمایت کرتے ہیں لیکن، اس طرح کے سخت اقدامات ان عوامل کو لاگو کرنے کی ذمہ داری سنبھالنے کی منتقل کرتے ہیں، جس سے کاروباری عوامل میں غیر ضروری پیچیدگیوں اور کاروباری لاگت میں اضافہ ہو رہا ہے، آنے والے مہینوں میں اس اقدام کی وجہ سے گاڑیوں کی مانگ پر اثر انداز ہونے کی توقع ہے۔

زیادہ مہنگی آٹو فنانسنگ کی وجہ سے آنے والے مہینوں میں طلب سست ہو جانے کی توقع کی جاتی ہے، جس کی وجہ سے درمیانہ آمدنی کے گروپ میں ممکنہ صارفین کی جانب سے طلب میں کمی کا امکان ہے کیونکہ وہ قیمت کی تبدیلیوں کے بارے میں زیادہ حساس ہیں۔ قرضے کی زیادہ قیمت کی وجہ سے، چھوٹی اور سستی کاروں کی پیداوار پر اثر انداز ہونے کا امکان ہے۔

آپ کی کمپنی "Customer First" کے فلسفہ کے ساتھ پُر عزم ہے جس کا تقاضہ ہے کہ کمپنی کے تمام شعبہ جات سے اعلیٰ سطحی شراکت، dedication اور عمدہ کارکردگی کا مطالبہ کرتی ہے تاکہ پوری سپلائی چین سے تمام قابل قدر صارفین خوش رہیں، یہ "Toyota Way" کی بنیاد ہے اور کمپنی کی طویل المدتی کامیابی کے لئے اہم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

26، اکتوبر، 2018ء

کراچی



یوجی تکارادا

وائس چیئرمین اور ڈائریکٹر



علی اصغر جمالی

چیف ایگزیکٹو



## Condensed Interim Statement of Financial Position

As at September 30, 2018

	Note	September 30 2018 (Unaudited)	June 30 2018 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	7,876,258	7,224,839
Intangible assets		80,163	86,540
Long-term loans and advances		48,342	48,525
Long-term deposits		11,129	9,443
Deferred taxation - net		144,577	14,589
		<b>8,160,469</b>	<b>7,383,936</b>
<b>Current Assets</b>			
Stores and spares		352,089	301,254
Stock-in-trade		14,178,070	11,150,736
Trade debts		602,402	1,453,670
Loans and advances		3,554,049	3,714,654
Short-term prepayments		48,363	14,639
Accrued return		137,189	120,016
Other receivables		562,813	556,284
Short-term investments	6	47,094,989	55,031,103
Cash and bank balances		2,909,626	2,200,772
		<b>69,439,590</b>	<b>74,543,128</b>
<b>TOTAL ASSETS</b>		<b>77,600,059</b>	<b>81,927,064</b>
<b>EQUITY</b>			
<b>Share capital</b>			
<b>Authorised capital</b>			
500,000,000 (June 30 2018: 500,000,000) ordinary shares of Rs 10 each		<b>5,000,000</b>	<b>5,000,000</b>
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2018: 78,600,000) ordinary shares of Rs 10 each		<b>786,000</b>	<b>786,000</b>
Reserves		<b>39,466,586</b>	<b>35,958,342</b>
		<b>40,252,586</b>	<b>36,744,342</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred revenue		<b>28,071</b>	<b>22,711</b>
<b>Current Liabilities</b>			
Trade, other payables and provisions		<b>14,730,068</b>	<b>15,731,241</b>
Current portion of deferred revenue		6,661	3,933
Dividend payable		228,468	242,882
Advances from customers and dealers		21,277,621	27,491,128
Taxation - net		1,076,584	1,690,827
		<b>37,319,402</b>	<b>45,160,011</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77,600,059</b>	<b>81,927,064</b>

### CONTINGENCIES AND COMMITMENTS

7

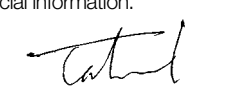
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Aqeel Loon**  
Chief Financial Officer



**Ali Asghar Jamali**  
Chief Executive



**Yuji Takarada**  
Vice Chairman & Director

## Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2018 (unaudited)

	Note	Quarter ended	
		September 30	
		2018	2017
------(Rupees in '000)-----			
<b>Net sales</b>	8	<b>34,991,152</b>	31,219,736
Cost of sales	9	<b>(29,931,500)</b>	(25,776,884)
<b>Gross profit</b>		<b>5,059,652</b>	5,442,852
Distribution expenses		<b>(319,327)</b>	(311,210)
Administrative expenses		<b>(289,586)</b>	(279,045)
Other operating expenses		<b>(6,289)</b>	(3,042)
		<b>(615,202)</b>	(593,297)
		<b>4,444,450</b>	4,849,555
Workers' Profit Participation Fund and Workers' Welfare Fund		<b>(376,154)</b>	(385,120)
		<b>4,068,296</b>	4,464,435
Other income		<b>1,053,270</b>	856,365
		<b>5,121,566</b>	5,320,800
Finance cost		<b>(101,485)</b>	(152,671)
<b>Profit before taxation</b>		<b>5,020,081</b>	5,168,129
Taxation		<b>(1,511,837)</b>	(1,539,409)
<b>Profit after taxation</b>		<b>3,508,244</b>	3,628,720
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>44.63</b>	46.17

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

  
**Aqeel Loon**  
 Chief Financial Officer

  
**Ali Asghar Jamali**  
 Chief Executive

  
**Yuji Takarada**  
 Vice Chairman & Director

## Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2018 (unaudited)

	Quarter ended	
	September 30	
	2018	2017
	----- (Rupees in '000) -----	
<b>Profit after taxation</b>	<b>3,508,244</b>	3,628,720
Other comprehensive income for the period - net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>3,508,244</b>	3,628,720

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



**Aqeel Loon**  
Chief Financial Officer



**Ali Asghar Jamali**  
Chief Executive



**Yuji Takarada**  
Vice Chairman & Director

# Condensed Interim Cash Flow Statement

For the quarter ended September 30, 2018 (unaudited)

	Note	Quarter ended	
		September 30	
		2018	2017
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	10	(4,522,419)	11,631,481
Net decrease in long-term loans and advances		183	2,165
Net increase in long-term deposits		(1,686)	-
Mark-up paid on advances received from customers		(199,490)	(92,290)
Increase in deferred revenue		5,360	1,881
Income tax paid		(2,256,068)	(1,030,994)
<b>Net cash (outflow on) / inflow from operating activities</b>		<b>(6,974,120)</b>	<b>10,512,243</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets		(1,168,746)	(338,265)
Proceeds from disposal of property, plant and equipment		4,874	3,343
Proceeds from redemption of Pakistan Investment Bonds		-	5,063,031
Interest received on bank deposits and Term Deposit Receipts		436,493	701,410
Investment in listed mutual fund units		(130,592)	(6,933,918)
Proceeds from redemption of listed mutual fund units		985,791	1,013,289
Investment in Market Treasury Bills		-	(485,451)
Proceeds from redemption of Market Treasury Bills		457,379	88,400
<b>Net cash inflow from / (outflow on) investing activities</b>		<b>585,199</b>	<b>(888,161)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Dividend paid		(14,413)	(3,802)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		<b>(6,403,334)</b>	<b>9,620,280</b>
Cash and cash equivalents at the beginning of the period		48,043,180	32,599,720
<b>Cash and cash equivalents at the end of the period</b>	11	<b>41,639,846</b>	<b>42,220,000</b>

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

  
Aqeel Loon  
Chief Financial Officer

  
Ali Asghar Jamali  
Chief Executive

  
Yuji Takarada  
Vice Chairman & Director

## Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2018 (unaudited)

	Share Capital	Reserves			Sub-Total	Total
	Issued, subscribed and paid-up	Capital	Revenue			
		Premium on issue of ordinary shares	General reserve	Unappropriated profit		
----- (Rupees in '000) -----						
<b>Balance as at July 1, 2017</b>	786,000	196,500	19,851,050	6,796,059	26,843,609	27,629,609
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	3,628,720	3,628,720	3,628,720
<b>Balance as at September 30, 2017</b>	<u>786,000</u>	<u>196,500</u>	<u>19,851,050</u>	<u>10,424,779</u>	<u>30,472,329</u>	<u>31,258,329</u>
<b>Balance as at July 1, 2018</b>	786,000	196,500	27,451,050	8,310,792	35,958,342	36,744,342
Total comprehensive income for the quarter ended September 30, 2018	-	-	-	3,508,244	3,508,244	3,508,244
<b>Balance as at September 30, 2018</b>	<u>786,000</u>	<u>196,500</u>	<u>27,451,050</u>	<u>11,819,036</u>	<u>39,466,586</u>	<u>40,252,586</u>

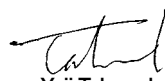
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Aqeel Loon**  
Chief Financial Officer



**Ali Asghar Jamali**  
Chief Executive



**Yuji Takarada**  
Vice Chairman & Director

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

For the quarter ended September 30, 2018 (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 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2018.

2.2 The comparative statement of financial position presented in this condensed interim financial information as at June 30, 2018 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018 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, 2017 have been extracted from the condensed interim financial information of the Company for the quarter then ended, which were not audited.

## 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, 2018.

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

For the quarter ended September 30, 2018 (unaudited)

## **3.2 New standards, amendments to approved accounting standards and new interpretations which became effective during the quarter ended September 30, 2018**

There are certain amendments to approved accounting standards that are mandatory for accounting periods beginning on July 1, 2018. 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 will be mandatory for the Company's accounting periods beginning after July 1, 2018, 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, 2018.

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, 2018.

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

For the quarter ended September 30, 2018 (unaudited)

	September 30 2018 (Unaudited)	June 30, 2018 (Audited)
	------(Rupees in '000)-----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	<b>6,564,156</b>	6,933,371
Capital work-in-progress	<b>1,312,102</b>	291,468
	<b>7,876,258</b>	7,224,839

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	
	2018	2017	2018	2017
	------(Rupees in '000)-----			

### Tangible - Owned

Buildings on leasehold land:

Factory	16,113	31,683	1,963	-
Others	2,866	-	-	-
Plant and machinery	93,503	206,736	2,956	24,161
Motor vehicles	20,837	22,976	9,925	6,351
Furniture and fixtures	-	4,784	-	-
Office equipment	2,213	1,801	3,571	33
Computers and related accessories	3,937	5,959	101	2,901
Tools and equipment	5,669	9,799	37	3,837
Jigs, moulds and related equipments	1,400	3,385	-	-
	<b>146,538</b>	<b>287,123</b>	<b>18,553</b>	<b>37,283</b>

### Intangible assets

Computer Software	<b>1,573</b>	119	-	-
-------------------	--------------	-----	---	---

5.1.1 Additions to owned assets include transfers from capital work-in-progress amounting to Rs 80.885 million (September 30, 2017: Rs 228.487 million).



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

For the quarter ended September 30, 2018 (unaudited)

<b>September 30</b>	June 30
<b>2018</b>	2018
<b>(Unaudited)</b>	(Audited)
------(Rupees in '000)-----	

## 6 SHORT-TERM INVESTMENTS

### Investments 'at fair value through profit or loss'

- Mutual Fund Units	<b>8,364,769</b>	9,071,931
---------------------	------------------	-----------

### Amortized Cost

- Government securities - Market Treasury Bills	<b>8,730,220</b>	10,959,172
- Term Deposit Receipts (TDRs)	<b>30,000,000</b>	35,000,000
	<b><u>47,094,989</u></b>	<u>55,031,103</u>

## 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, 2018 has remained unchanged.

**7.1.2** As at September 30, 2018, the claims not acknowledged as debt by the company amounts to Rs 1,137.611 million (June 30, 2018: Rs 1,137.611 million).

**7.1.3** Contingencies in respect of outstanding bank guarantees at September 30, 2018 amounted to Rs 12,987.921 million (June 30, 2018: Rs 13,234.038 million). This includes an amount of Rs 5,620.418 million (June 30, 2018: Rs 5,287.496 million) in respect of bank guarantees from related parties.

### 7.2 Commitments

Commitments in respect of capital expenditure as at September 30, 2018 aggregate to Rs 5,093.589 million (June 30, 2018: Rs 3,028.016 million).

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

For the quarter ended September 30, 2018 (unaudited)

	Quarter ended	
	September 30	
	2018	2017
	------(Rupees in '000)-----	
<b>8 SALES</b>		
<b>Manufacturing</b>		
Gross sales	40,103,462	35,140,642
Sales tax	<u>(5,825,843)</u>	<u>(5,105,732)</u>
	34,277,619	30,034,910
Commission	(923,761)	(887,811)
Discounts	<u>(2,226)</u>	<u>(1,901)</u>
<b>Manufacturing net sales</b>	<b>33,351,632</b>	<b>29,145,198</b>
<b>Trading</b>		
Gross sales	1,959,800	2,489,332
Sales tax	<u>(194,935)</u>	<u>(283,121)</u>
	1,764,865	2,206,211
Commission	(17,126)	(42,098)
Discounts	<u>(108,219)</u>	<u>(89,575)</u>
<b>Trading net sales</b>	<b>1,639,520</b>	<b>2,074,538</b>
<b>Net sales</b>	<b>34,991,152</b>	<b>31,219,736</b>
<b>9 COST OF SALES</b>		
Manufacturing	28,692,257	24,335,938
Trading	<u>1,239,243</u>	<u>1,440,946</u>
	<b>29,931,500</b>	<b>25,776,884</b>

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

For the quarter ended September 30, 2018 (unaudited)

	Note	Quarter ended	
		2018	2017
------(Rupees in '000)-----			
<b>10 CASH (USED IN) / GENERATED FROM OPERATIONS</b>			
Profit before taxation		5,020,081	5,168,129
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation		514,444	437,244
Amortization		7,950	7,030
Provision for doubtful debts		22,806	4,511
Gain on disposal of operating fixed assets		(3,563)	(458)
Realized gain on investments in listed mutual fund units		(8,691)	(3,522)
Unrealized loss / (gain) on investments in listed mutual fund units		87,754	(50,102)
Dividend Income on investments in listed mutual fund units		(227,101)	(6,653)
Net unrealised gain on foreign exchange contracts - fair value hedge		(14,452)	(776)
Return on bank deposits		(396,970)	(497,656)
Gain on Pakistan Investment Bonds		(56,696)	(26,213)
Interest Income on Market Treasury Bills		(216,983)	(42,321)
Amortization Income on Market Treasury Bills		(123,631)	(142,209)
Charge in respect of Workers' Profit Participation Fund		269,812	277,662
Charge in respect of Workers' Welfare Fund		106,342	107,458
Mark-up on advances received from customers		91,580	139,219
Working capital changes	10.1	(9,595,101)	6,260,138
		<u>(4,522,419)</u>	<u>11,631,481</u>
<b>10.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spares		(50,835)	(58,919)
Stock-in-trade		(3,027,334)	(397,163)
Trade debts		828,462	367,663
Loans and advances		160,605	(388,584)
Short-term prepayments		(33,724)	(6,347)
Other receivables		844	16,893
		<u>(2,121,982)</u>	<u>(466,457)</u>
<b>(Decrease) / increase in current liabilities</b>			
Trade payables, other payables and provisions		(1,262,338)	3,156,787
Current portion of deferred revenue		2,728	-
Advances from customers and dealers		(6,213,508)	3,569,808
		<u>(7,473,118)</u>	<u>6,726,595</u>
		<u>(9,595,101)</u>	<u>6,260,138</u>
<b>11 CASH AND CASH EQUIVALENTS</b>			
Term Deposit Receipts	6	30,000,000	22,500,000
Government Securities - Market Treasury Bills		8,730,220	14,509,944
Cash and bank balances		2,909,626	5,210,056
		<u>41,639,846</u>	<u>42,220,000</u>

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

For the quarter ended September 30, 2018 (unaudited)

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

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

	Quarter ended	
	September 30	
	2018	2017
	------(Rupees in '000)-----	
<b>With associated undertakings / related parties:</b>		
Sales	119,116	54,965
Purchases	20,053,474	12,912,603
Insurance premium	20,342	17,692
Agency commission	29,493	1,490
Running royalty	677,640	588,045
Rent expense	326	311
Return on bank deposits	144,646	188,900
Proceeds from disposal of fixed assets / insurance claim	88	50
Bank and LC charges	10,976	12,565
Contribution to retirement benefit funds	29,467	24,737
<b>With key management personnel:</b>		
- Salaries and benefits	19,922	19,593
- Post employment benefits	1,170	1,288
- Sale of fixed assets	-	-

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

Nature of balances	September 30	June 30
	2018	2018
	(Unaudited)	(Audited)
	------(Rupees in '000)-----	
Short-term prepayments	27,958	1,788
Accrued Return	79,975	42,923
Bank balances and Term Deposit Receipts	11,023,414	11,426,653
Warranty claims, agency commission and other receivables	293,837	429,360
Trade and other payables	3,646,178	4,398,034

12.2 During the period, Rs 0.250 million (September 30, 2017: Rs 0.250 million) was paid as director fee.

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

For the quarter ended September 30, 2018 (unaudited)

## 13 SEGMENT REPORTING

	Quarter ended September 30, 2018			Quarter ended September 30, 2017		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
<b>Net sales</b>	<b>33,351,632</b>	<b>1,639,520</b>	<b>34,991,152</b>	29,145,198	2,074,538	31,219,736
<b>Profit before taxation</b>	<b>4,579,660</b>	<b>440,421</b>	<b>5,020,081</b>	4,544,775	623,354	5,168,129

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	----As at September 30, 2018----			-----As at June 30, 2018-----		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in '000 -----					
Financial assets / (liabilities) 'at fair value through profit or loss'						
- Listed Mutual Fund Units	8,364,769	-	-	9,071,931	-	-
- Derivative financial instruments	-	-	28,465	-	-	14,013

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

For the quarter ended September 30, 2018 (unaudited)

## 15 NON-ADJUSTING EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

The Shareholders in the Annual General Meeting held on October 16, 2018 have approved Final cash dividend in respect of the financial year ended June 30, 2018 of Rs 45 per share (2017: cash dividend of Rs 35 per share). This is in addition to the Interim cash dividends of Rs 95 per share (2017: Rs 80 per share), resulting in a total dividend for the year ended June 30, 2018 of Rs 140 per share (2017: Rs 115 per share), appropriation of Rs 4,500 million (2017: Rs 4,000 million) to general reserve. The condensed interim financial information for the quarter ended September 30, 2018 do not include the effect of these appropriations, which will be accounted for in the condensed interim financial information for the period ended December 31, 2018.

The Board of Directors in its meeting held on October 26, 2018 have proposed an interim cash dividend of Rs 32.5 per share (September 30, 2017: Rs 30 per share) in respect of the year ending June 30, 2019. The condensed interim financial information for the quarter ended September 30, 2018, 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, 2018.

## 16 CORRESPONDING FIGURES

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

## 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 26, 2018 by the Board of Directors of the Company.

## 18 GENERAL

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



**Aqeel Loon**  
Chief Financial Officer



**Ali Asghar Jamali**  
Chief Executive



**Yuji Takarada**  
Vice Chairman & Director

## Company Information

### Board of Directors

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

### Chief Financial Officer

Mr. Aqeel Loon

### Company Secretary

Mr. Muhammad Arif Anzer

### Audit Committee Members

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

### Human Resource and Remuneration

#### Committee Members

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

### Auditors

A.F. Ferguson & Co.  
Chartered Accountants,  
State Life Building No. 1-C,  
I.I. Chundrigar Road, Karachi.

### Legal Advisors

A.K. Brohi & Company  
Mansoor Ahmed Khan & Co.  
Mahmud & Co.  
Sayeed & Sayeed.

### Bankers

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

### Registrar

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

Tel: 0800 - 23275

Fax (92-21) 34326053

Email: info@cdcpak.com

### Factory / Registered Office

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

Phone: (PABX) (92-21) 34720041-48

(UAN) (92-21) 111-TOYOTA (869-682)

Fax: (92-21) 34720056

Website: www.toyota-indus.com

This Page is intentionally left blank



**This Page is intentionally left blank**

# BOOK POST

PRINTED MATTER  
UNDER POSTAL CERTIFICATE



If undelivered please return to:

**INDUS MOTOR COMPANY LTD.**  
Plot No. N.W.Z/1/P-1, Port Qasim Authority,  
Bin Qasim, Karachi, Pakistan