



# INDUS MOTOR COMPANY LTD.

**Condensed Interim Financial Information**  
For the Half Year Ended December 31, 2014  
(Un-audited)



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## Directors' Report

For the half year ended December 31, 2014

On behalf of the Board of Directors of Indus Motor Company Ltd., we are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2014. The financial statements accompanying this report received a limited review report from the statutory auditors as required under the Code of Corporate Governance.

### **Pakistan Automobile Market**

Robust demand for the new CKD vehicles matched with an equally impressive response from the OEMs and Parts suppliers to ramp up supply chain operations and ensure product availability in an environment of improving macroeconomic indicators, enabled the auto industry to reverse the decline of the first quarter and post a 10% growth in sale of passenger cars and light commercial vehicles to 67,426 units for half year to December 2014 compared to 61,253 units sold in the same period last year. The market place momentum was primarily led by strong demand for the new generation Corolla.

Influx of used car imports that seriously impedes the indigenous industry growth fundamentals continued as unscrupulous traders increasingly resorted to importing the used vehicles on commercial basis in flagrant violation of the transfer of residence, personal baggage or gift scheme policies intended to facilitate the expatriate Pakistanis. Despite the three years age limit, a total of 15,051 vehicles entered the country during this period, up 8% over 13,919 used cars imported for six months to December 2013.

### **Company's Operating Performance**

The combined (CKD & CBU) sales for the first half FY 2014-15 increased by 50% to 23,081 units as against 15,400 units sold last year. The all new 11th Generation Corolla with its sleek design and attractive features launched in July made a powerful impact on the market by capturing the interest of our valued customers and generating sales of 20,729 units, up 61% over the same period last year. The GOP budget announcement to remove the punitive 10% FED on vehicles above 1800cc caused the Fortuner volume to grow by 59% to 361 units, benefiting the government exchequer by way of higher revenue and a better value proposition for the customers.

Our market share for the period increased from 22% to 28% driven by the new Corolla phenomenon offering wide choice of different sized engines and attractive colors in automatic and manual transmissions to meet customer preferences. The over whelming response for the product has generated a healthy buildup of the order book and we are mindful of the backlog it has created and regret the wait customers are experiencing. In order to fulfill the growing market demand and reduce delivery time cycle, the Company operated its manufacturing facilities at full capacity including working daily overtime hours and off Saturdays to achieve production of 23,221 units, which is up 56% over 14,854 units produced during six month to December 2013.

The Company's sales revenue from CKD, CBU and Parts business grew 50% to Rs 39.1 billion compared to Rs 26.1 billion for the same period last year, while the resultant profit after tax was Rs 3.1 billion versus Rs 1.4 billion achieved same period last year mainly on account of higher sales volume, improved margins, increase in treasury income and tighter control on fixed costs.

Based on the results of the Company the Board of Directors are pleased to declare an interim dividend of Rs 20 per share for the half year ended December 31, 2014 compared to an amount of Rs 6 per share at half year ended December 31, 2013.

# Directors' Report

For the half year ended December 31, 2014

At the Annual General Meeting the Company elected ten directors for a term of three years commencing October 31, 2014. We are pleased to welcome Mr. Azam Faruque as an Independent Director on the Board in compliance with the Code of Corporate Governance 2012 and look forward to his contributions.

## Next Term Business Outlook

We expect the second half of FY2014-15 to remain strong for the auto industry in general and the Company in particular on account of agricultural income cycle and farmer liquidity that contributes towards favorable demand in the rural areas leading to improved sales of our new products. On the other hand, the menace of power shortages, poor governance and issues of law and order are a huge burden for the industry adding significantly to the cost of doing business and eroding the country's competitive advantage. It is essential for these concerns to be tangibly addressed on priority to restore investor confidence and achieve efficiency.

Some recent statements from responsible regulators like the Competition Commission and the State Bank of Pakistan issued on the basis of incomplete understanding of either the local or regional industry dynamics do little to instill confidence. We urge the government to quickly finalize the long awaited new auto policy and create an enabling environment for both the new entrants and the existing manufacturers to plan and invest in new models and technologies for future growth of the industry.

We would like the government to take serious notice and curb the gross misuse of used car import privileges reserved for expatriate Pakistani that have been usurped by traders in this business on commercial basis. The concessionary duties and valuations applied to these used vehicles create an unlevelled playing field that puts the local industry at a huge disadvantage. We urge the government to revisit the valuation of used vehicles (SRO 577) and auto parts (Ruling 329), which could significantly increase GOP duties and tax revenues if valued at prevailing market prices.

The prospects of trade with India appear to be on a back burner for now. However, when the governmental talks restart, we look forward to an effective and balanced trade regime and expect our government will safeguard the industry interests by strengthening trade defense laws, the enforcing bodies and continuously engaging the industry whilst firming the trade agreements with India and other countries.

On December 17, 2014 the Company marked 25 years of incorporation and a ceremony was held recently to celebrate the occasion. It's auspicious that this milestone is coinciding with the half year to December 2014 results announcement of an all-time record high in sales, production and profits for which we are thankful to all our stakeholders.

We are grateful to our customers for their continued patronage of our products and wish to acknowledge the efforts of the entire Indus team, including our staff, vendors, dealers and all business partners for their untiring efforts in these challenging times and look forward to their continued support.

February 20, 2015  
Karachi.

  
Parvez Ghias  
Chief Executive

  
Keiichi Murakami  
Vice Chairman & Director

# Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Indus Motor Company Limited as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as 'the condensed interim financial information') for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants  
Engagement Partner: Rashid A. Jafer  
Dated: February 20, 2015  
Karachi.

# Condensed Interim Balance Sheet

As at December 31, 2014

	Note	December 31 2014 (Un-audited)	June 30 2014 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	5,708,480	6,033,264
Long-term loans and advances		18,990	29,392
Long-term investments	5	4,929,065	-
Long-term deposits		9,667	9,667
		<b>10,666,202</b>	<b>6,072,323</b>
<b>Current assets</b>			
Stores and spares		168,347	141,659
Stock-in-trade		8,840,178	4,469,460
Trade debts		811,275	1,737,358
Loans and advances		461,771	1,006,010
Short-term prepayments		40,100	14,942
Accrued return		412,813	87,354
Other receivables		300,757	175,689
Short-term investments	6	640,112	4,332,387
Taxation - payment less provision		702,607	1,216,369
Cash and bank balances		21,363,917	6,857,084
		<b>33,741,877</b>	<b>20,038,312</b>
<b>TOTAL ASSETS</b>		<b>44,408,079</b>	<b>26,110,635</b>
<b>EQUITY</b>			
<b>Share capital</b>			
<b>Authorised capital</b>			
100,000,000 (June 30, 2014: 100,000,000) ordinary shares of Rs 10 each		<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued, subscribed and paid-up capital</b>			
78,600,000 (June 30, 2014: 78,600,000) ordinary shares of Rs 10 each		<b>786,000</b>	<b>786,000</b>
Reserves		<b>20,425,701</b>	<b>19,129,652</b>
		<b>21,211,701</b>	<b>19,915,652</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation		<b>12,568</b>	<b>218,949</b>
<b>Current liabilities</b>			
Trade, other payables and provisions		<b>8,810,790</b>	<b>4,252,853</b>
Advances from customers and dealers		<b>14,373,020</b>	<b>1,723,181</b>
		<b>23,183,810</b>	<b>5,976,034</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44,408,079</b>	<b>26,110,635</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
Parvez Ghias  
Chief Executive

  
Keiichi Murakami  
Vice Chairman & Director

## Condensed Interim Profit and Loss Account

For the half year and quarter ended December 31, 2014 (unaudited)

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
<b>Net sales</b>	8.1	<b>39,097,539</b>	26,047,966	<b>21,820,361</b>	11,732,591
Cost of sales	8.2	<b>34,451,074</b>	23,698,461	<b>18,865,532</b>	10,866,644
<b>Gross profit</b>	8.3	<b>4,646,465</b>	2,349,505	<b>2,954,829</b>	865,947
Distribution expenses		<b>655,855</b>	378,798	<b>244,328</b>	218,146
Administrative expenses		<b>354,282</b>	300,183	<b>175,818</b>	137,819
Other operating expenses		<b>360,392</b>	160,761	<b>232,472</b>	60,612
		<b>1,370,529</b>	839,742	<b>652,618</b>	416,577
		<b>3,275,936</b>	1,509,763	<b>2,302,211</b>	449,370
Other income		<b>1,325,961</b>	454,792	<b>690,036</b>	222,426
		<b>4,601,897</b>	1,964,555	<b>2,992,247</b>	671,796
Finance costs		<b>21,615</b>	9,639	<b>9,213</b>	5,792
<b>Profit before taxation</b>		<b>4,580,282</b>	1,954,916	<b>2,983,034</b>	666,004
Taxation		<b>1,437,133</b>	602,651	<b>966,865</b>	193,444
<b>Profit after taxation</b>		<b>3,143,149</b>	1,352,265	<b>2,016,169</b>	472,560
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>		<b>39.99</b>	17.20	<b>25.65</b>	6.01

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



**Parvez Ghias**  
Chief Executive



**Keiichi Murakami**  
Vice Chairman & Director

## Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended December 31, 2014 (unaudited)

	Half year ended		Quarter ended	
	December 31		December 31	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>Profit for the period</b>	<b>3,143,149</b>	1,352,265	<b>2,016,169</b>	472,560
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,143,149</b>	1,352,265	<b>2,016,169</b>	472,560

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
**Parvez Ghias**  
 Chief Executive

  
**Keiichi Murakami**  
 Vice Chairman & Director



## Condensed Interim Cash Flow Statement

For the half year ended December 31, 2014 (unaudited)

	Note	Half year ended	
		December 31	
		2014	2013
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	18,456,560	824,932
Workers' Welfare Fund paid		(100,330)	(103,941)
Interest received		492,260	94,832
Income tax paid		(1,129,752)	(976,983)
Movement in long-term loans and advances - net		10,402	1,807
<b>Net cash generated from / (used in) operating activities</b>		<b>17,729,140</b>	<b>(159,353)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(448,201)	(1,285,444)
Proceeds from disposal of fixed assets		12,137	19,883
Purchase of Pakistan Investment Bonds		(4,912,071)	-
Investment in listed mutual fund units		-	(3,768,999)
Proceeds from redemption of listed mutual fund units		-	3,495,645
Purchase of Market Treasury Bills		(9,287,870)	(4,689,683)
Proceeds from redemption of Market Treasury Bills		13,250,000	5,649,811
<b>Net cash used in investing activities</b>		<b>(1,386,005)</b>	<b>(578,787)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,836,302)	(1,189,874)
<b>Net cash used in financing activities</b>		<b>(1,836,302)</b>	<b>(1,189,874)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>14,506,833</b>	<b>(1,928,014)</b>
Cash and cash equivalents at the beginning of the period		6,857,084	4,195,302
<b>Cash and cash equivalents at the end of the period</b>		<b>21,363,917</b>	<b>2,267,288</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



**Parvez Ghias**  
Chief Executive



**Keiichi Murakami**  
Vice Chairman & Director

## Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2014 (unaudited)

	Share capital	Reserves			Sub-total	Total
		Capital	Revenue			
			Premium on issue of ordinary shares	General reserve		
Issued, subscribed and paid-up						
----- (Rupees in '000) -----						
<b>Balance as at July 1, 2013</b>	786,000	196,500	13,351,050	3,359,741	16,907,291	17,693,291
Final dividend @ 150% for the year ended June 30, 2013 declared subsequent to year end	-	-	-	(1,179,000)	(1,179,000)	(1,179,000)
Transfer to general reserve for the year ended June 30, 2013 appropriated subsequent to year end	-	-	1,500,000	(1,500,000)	-	-
Total comprehensive income for the half year ended December 31, 2013	-	-	-	1,352,265	1,352,265	1,352,265
<b>Balance as at December 31, 2013</b>	<b>786,000</b>	<b>196,500</b>	<b>14,851,050</b>	<b>2,033,006</b>	<b>17,080,556</b>	<b>17,866,556</b>
<b>Balance as at July 1, 2014</b>	786,000	196,500	14,851,050	4,082,102	19,129,652	19,915,652
Final dividend @ 235% for the year ended June 30, 2014 declared subsequent to year end	-	-	-	(1,847,100)	(1,847,100)	(1,847,100)
Transfer to general reserve for the year ended June 30, 2014 appropriated subsequent to year end	-	-	2,000,000	(2,000,000)	-	-
Total comprehensive income for the half year ended December 31, 2014	-	-	-	3,143,149	3,143,149	3,143,149
<b>Balance as at December 31, 2014</b>	<b>786,000</b>	<b>196,500</b>	<b>16,851,050</b>	<b>3,378,151</b>	<b>20,425,701</b>	<b>21,211,701</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
**Parvez Ghias**  
 Chief Executive

  
**Keichi Murakami**  
 Vice Chairman & Director

# Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

## 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 all the stock exchanges in Pakistan.

The Company was formed in accordance with the terms of a Joint Venture agreement concluded amongst the House of Habib, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of the Toyota vehicles. The Company also acts as the sole distributor of the Toyota and Daihatsu vehicles in Pakistan and has a license for assembling, progressive manufacturing and marketing of these vehicles in Pakistan.

The registered office of the Company and the factory is situated at Plot No. NWZ/1/P-1, Port Qasim Industrial Estate, Bin Qasim, Karachi.

## 2 STATEMENT OF COMPLIANCE

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, the requirement of 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, 2014.

This condensed interim financial information is unaudited. However, a review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

## 3 ACCOUNTING POLICIES

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, 2014.

### 3.1 New and amended standards and interpretations to published approved accounting standards that are effective in the current period

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any material effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

## Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

	Note	December 31 2014 (Un-audited)	June 30 2014 (Audited)
------(Rupees in '000)-----			
<b>4</b>			
<b>FIXED ASSETS</b>			
Property, plant and equipment	4.1	5,702,004	6,032,201
Intangible assets		6,476	1,063
		<u>5,708,480</u>	<u>6,033,264</u>
<b>4.1</b>			
<b>Property, plant and equipment</b>			
Operating assets		5,629,920	5,746,600
Capital work-in-progress		72,084	285,601
		<u>5,702,004</u>	<u>6,032,201</u>

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

	Additions (at cost)		Disposals (at cost)	
	Half year ended December 31		Half year ended December 31	
	2014	2013	2014	2013
------(Rupees in '000)-----				
<b>Tangible assets</b>				
Leasehold Land	70,000	-	-	-
Buildings on leasehold land:				
Factory	5,544	59,488	-	-
Others	140,000	-	-	-
Plant and machinery	234,542	52,850	45,511	458
Motor vehicles	28,884	36,947	13,195	30,522
Furniture and fixtures	3,852	-	-	-
Office equipment	9,316	1,627	1,481	108
Computers and related accessories	4,927	2,155	487	65
Tools and equipment	119,863	13,527	725	3,003
Jigs, moulds and related equipments	38,578	-	-	-
	<u>655,506</u>	<u>166,594</u>	<u>61,399</u>	<u>34,156</u>
<b>Intangible assets</b>				
Computer Software	6,212	1,478	-	-

## Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

- 4.3** During the period capital work-in-progress amounting to Rs 394.576 million (December 2013: Rs 109.071 million) was transferred to operating assets.

<b>December 31</b>	June 30
<b>2014</b>	2014
<b>(Un-audited)</b>	(Audited)
------(Rupees in '000)-----	

### **5 LONG-TERM INVESTMENTS**

#### **Held to Maturity**

- Government securities - Pakistan Investment Bonds	<b>4,929,065</b>	-
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### **6 SHORT-TERM INVESTMENTS**

#### **Held to Maturity**

- Government securities - Market Treasury Bills	<b>640,112</b>	4,332,387
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### **7 CONTINGENCIES AND COMMITMENTS**

#### **7.1 Contingencies**

**7.1.1** The status of contingencies, as disclosed in note 21.1 to the annual financial statements of the Company for the year ended June 30, 2014 has remained unchanged.

**7.1.2** As at December 31, 2014, the claims not acknowledged as debt by the company amounts to Rs 982.562 million (June 30, 2014: Rs 984.523 million).

**7.1.3** Contingencies in respect of outstanding bank guarantees at December 31, 2014 amounted to Rs 3,425.786 million (June 30, 2014: Rs 3,672.013 million). This includes an amount of Rs 1,862.234 million (June 30, 2014: Rs 1,795.011 million) in respect of bank guarantees from related parties.

#### **7.2 Commitments**

Commitments in respect of capital expenditure as at December 31, 2014 is nil (June 30, 2014: Rs 179.702 million).

# Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

8	OPERATING RESULTS	Half year ended		Quarter ended	
		December 31		December 31	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
8.1	<b>Sales</b>				
	<b>Manufacturing</b>				
	Gross sales	44,863,833	28,997,911	25,217,570	12,916,392
	Sales tax	(6,501,377)	(4,196,890)	(3,658,673)	(1,863,612)
	Federal excise duty	-	(103,260)	-	(48,756)
		<u>38,362,456</u>	<u>24,697,761</u>	<u>21,558,897</u>	<u>11,004,024</u>
	Commission	(1,179,900)	(602,413)	(657,457)	(271,870)
	Discounts	(455)	(2,686)	(455)	(2,686)
	<b>Manufacturing net sales</b>	<u>37,182,101</u>	<u>24,092,662</u>	<u>20,900,985</u>	<u>10,729,468</u>
	<b>Trading</b>				
	Gross sales	2,254,105	2,343,525	1,083,013	1,186,417
	Sales tax	(248,742)	(313,388)	(107,318)	(137,297)
		<u>2,005,363</u>	<u>2,030,137</u>	<u>975,695</u>	<u>1,049,120</u>
	Commission	(22,187)	(11,768)	(8,818)	(5,570)
	Discounts	(67,738)	(63,065)	(47,501)	(40,427)
	<b>Trading net sales</b>	<u>1,915,438</u>	<u>1,955,304</u>	<u>919,376</u>	<u>1,003,123</u>
	<b>Net sales</b>	<u>39,097,539</u>	<u>26,047,966</u>	<u>21,820,361</u>	<u>11,732,591</u>
8.2	<b>Cost of sales</b>				
	Raw materials and vendor parts consumed	31,686,446	20,645,000	17,915,997	9,680,600
	Stores and spares consumed	541,157	354,066	310,263	159,037
	Salaries, wages and other benefits	401,843	292,240	211,943	133,984
	Rent, rates and taxes	4,374	4,161	1,955	2,620
	Repairs and maintenance	101,646	59,130	60,837	33,674
	Depreciation	739,735	450,236	379,294	219,877
	Traveling	13,818	13,689	9,046	9,247
	Insurance	14,032	13,996	6,779	6,692
	Vehicle running	7,785	7,705	3,825	3,943
	Communication	2,458	3,566	1,320	2,550
	Printing, stationery and office supplies	1,042	838	317	681
	Fuel and power	180,991	123,192	99,184	58,710
	Running royalty	859,325	362,731	463,338	158,582
	Technical fee	2,802	2,987	1,396	1,518
	Staff catering, transport and uniforms	120,646	85,123	64,717	45,877
	(Reversal) / Provision for obsolete stock-in-trade, stores and spares	(1,626)	(2,300)	(741)	9,518
	Others	7,884	6,466	3,868	3,117
		<u>2,997,912</u>	<u>1,777,826</u>	<u>1,617,341</u>	<u>849,627</u>
	Opening work-in-process	214,910	378,502	346,605	483,906
	Closing work-in-process	(1,233,687)	(825,750)	(1,233,687)	(825,750)
	<b>Cost of goods manufactured</b>	<u>33,665,581</u>	<u>21,975,578</u>	<u>18,646,256</u>	<u>10,188,383</u>
	Opening stock of finished goods	434,134	1,659,398	590,454	1,318,704
	Closing stock of finished goods	(1,024,434)	(1,397,130)	(1,024,434)	(1,397,130)
	<b>Cost of sales - Manufacturing</b>	<u>33,075,281</u>	<u>22,237,846</u>	<u>18,212,276</u>	<u>10,109,957</u>
	<b>Cost of sales - Trading</b>	<u>1,375,793</u>	<u>1,460,615</u>	<u>653,256</u>	<u>756,687</u>
	<b>Total</b>	<u>34,451,074</u>	<u>23,698,461</u>	<u>18,865,532</u>	<u>10,866,644</u>

## Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

Half year ended		Quarter ended	
December 31		December 31	
2014	2013	2014	2013

----- (Rupees in '000) -----

### 8.3 Gross profit

Manufacturing	4,106,820	1,854,816	2,688,709	619,511
Trading	539,645	494,689	266,120	246,436
	<b>4,646,465</b>	<b>2,349,505</b>	<b>2,954,829</b>	<b>865,947</b>

		Note	Half year ended	
			December 31	
			2014	2013
<b>9</b>	<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		----- (Rupees in '000) -----	
	Profit before taxation		4,580,282	1,954,916
	<b>Adjustment for non-cash charges and other items:</b>			
	Depreciation		765,372	482,992
	Amortisation		799	168
	Gain on sale of fixed assets		(5,323)	(13,243)
	Unrealised loss on foreign exchange contracts and derivatives - net		59,873	78,063
	Gain on redemption / revaluation of listed mutual fund units		-	(170,416)
	Return on bank deposits		(645,506)	(104,955)
	Income on Pakistan Investment Bonds		(189,207)	-
	Income on Market Treasury Bills		(269,855)	(96,260)
	Workers' profit participation fund		246,392	105,174
	Workers' welfare fund		101,173	43,389
	Mark-up on advances from customers		-	24
	Provision for bad debts		206,601	-
	Working capital changes	9.1	13,605,959	(1,454,920)
			<b>18,456,560</b>	<b>824,932</b>

### 9.1 Working capital changes

#### (Increase) / decrease in current assets

Stores and spares	(26,688)	6,791
Stock-in-trade	(4,370,718)	(784,368)
Trade debts	719,482	(988,986)
Loans and advances	544,239	1,056,655
Short-term prepayments	(25,158)	(1,478)
Other receivables	(109,531)	(209,522)
	<b>(3,268,374)</b>	<b>(920,908)</b>

#### Increase / (decrease) in current liabilities

Trade and other payables	4,224,494	(230,850)
Advances from customers and dealers	12,649,839	(303,162)
	<b>16,874,333</b>	<b>(534,012)</b>
	<b>13,605,959</b>	<b>(1,454,920)</b>

# Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

## 10 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	December 31		December 31	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Sales	164,869	41,623	120,698	19,550
Purchases	19,830,610	15,132,993	11,057,330	6,363,393
Insurance premium	37,640	37,541	23,443	22,333
Agency commission	183,375	37,637	14,007	32,282
Running royalty	866,331	355,352	467,307	147,561
Rent expense	5,448	6,568	2,724	3,734
Donations	1,500	3,250	1,500	1,750
Return on bank deposits	515,480	101,086	321,368	45,657
Proceeds from disposal of fixed assets / insurance claim	6,131	4,867	3,245	2,380
Banks charges	19,538	9,274	10,863	5,686
LC charges	4,192	4,687	2,445	1,873
Contribution to retirement benefit funds	26,193	24,392	10,116	9,193
<b>With key management personnel:</b>				
- Salaries and benefits	54,698	46,504	28,604	24,587
- Post employment benefits	2,842	2,058	1,543	1,029
- Sale of fixed assets	2,016	513	1,191	-

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

	(Un-audited)	(Audited)
	December 31	June 30
	2014	2014
	----- (Rupees in '000) -----	
Long-term deposits	2,005	2,005
Short-term prepayments	28,998	3,053
Accrued return	120,607	71,243
Bank balances	14,596,032	3,553,316
Warranty claims, agency commission and other receivables	161,499	129,797
Trade, other payables and provisions	3,373,983	2,090,436



# Notes to and Forming Part of the Condensed Interim Financial Information

For the half year ended December 31, 2014 (unaudited)

## 11 SEGMENT REPORTING

	Half year ended December 31, 2014			Half year ended December 31, 2013		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	<u>37,182,101</u>	<u>1,915,438</u>	<u>39,097,539</u>	24,092,662	1,955,304	26,047,966
Profit before taxation	<u>3,907,491</u>	<u>672,791</u>	<u>4,580,282</u>	1,467,692	487,224	1,954,916
	Quarter ended December 31, 2014			Quarter ended December 31, 2013		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	----- (Rupees in '000) -----					
Net sales	<u>20,900,985</u>	<u>919,376</u>	<u>21,820,361</u>	10,729,468	1,003,123	11,732,591
Profit before taxation	<u>2,720,664</u>	<u>262,370</u>	<u>2,983,034</u>	415,983	250,021	666,004

## 12 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 20, 2015 have proposed an interim cash dividend of Rs 20 per share (December 31, 2013: Rs 6 per share) in respect of the year ending June 30, 2015. The condensed interim financial information for the half year ended December 31, 2014, does not include the effect of this dividend which will be accounted for in the condensed interim financial information for the quarter ending March 31, 2015.

## 13 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of better presentation and comparison. No significant reclassifications or rearrangements were made during the current period.

## 14 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Company.

## 15 GENERAL

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



**Parvez Ghias**  
Chief Executive



**Keiichi Murakami**  
Vice Chairman & Director

## Company Information

### Board of Directors

Mr. Ali S. Habib	Chairman
Mr. Keiichi Murakami	Vice Chairman
Mr. Parvez Ghias	Chief Executive
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Kyoichi Tanada	Director
Mr. Tetsuro Hirai	Director
Mr. Yoshiyuki Matsuo	Director
Mr. Azam Faruque	Independent Director
Mr. Raza Ansari	Director

### Chief Financial Officer

Mr. Rayomand Ghadiali

### Company Secretary

Ms. Anam Fatima Khan

### Audit Committee Members

Mr. Mohamedali R. Habib	Committee Chairman
Mr. Farhad Zulficar	Member
Mr. Kyoichi Tanada	Member
Mr. Tetsuro Hirai	Member
Mr. Azam Faruque	Independent Director
Mr. Raza Ansari	Member
Mr. Ahmed Waseem Khan	Secretary

### Auditors

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

### Legal Advisors

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

### Bankers

Askari Bank Limited  
Bank Alfalah Limited  
Barclays Bank PLC Pakistan  
Bank Al-Habib Limited  
Citibank N.A.  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East 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

Noble Computer Services (Private) Limited  
First Floor, House of Habib Building  
(Siddiqsons Tower), 3-Jinnah C. H. Society,  
Main Shahrah-e-Faisal, Karachi-75350.

Phone: (PABX) (92-21) 34325482-87  
Fax: (92-21) 34325442

### 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](http://www.toyota-indus.com)

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