



INDUS MOTOR COMPANY LTD.

Condensed Interim Financial Information
For the Half Year Ended December 31, 2015
(Un-audited)



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Directors' Report

For the half year ended December 31, 2015

On behalf of the Board of Directors of Indus Motor Company Limited, we are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2015. The financial statements accompanying this report received a limited review from the statutory auditors as required under the Code of Corporate Governance.

Pakistan Automobile Market

The industry sustained robust demand for new CKD vehicles stemming from improved macroeconomic environment and upbeat customer sentiments over historic lows of inflation and interest rates and drop in fuel prices. Responding to increased demand, the auto makers and parts suppliers effectively ramped up their supply chain operations enabling the industry to register an impressive 66% growth in sale of passenger cars and light commercial vehicles to 111,720 units compared to 67,426 units sold during six month to December 2014. Toyota Corolla led the market momentum together with Suzuki vehicles procurement by the Punjab Government for the 'Apna Rozgar Scheme'.

Stability in the retail selling prices of CKD vehicles throughout the period coupled with availability of auto financing on favorable terms benefitted the consumers. A surprise announcement of 1% rise in custom duties by the GOP in late 2015 to bridge the fiscal deficit compelled the industry to eventually pass through the increase after sustaining the domestic cost pressures since start of 2014/15. Despite the three years age limit, a total of 23,000 used vehicles entered the country, up 53% over 15,051 units imported for same period last year.

Company Review

The combined sales of CKD & CBU products at 30,896 units for the period was a new record in volume and represents an increase 34% over 23,081 units sold last year. In order to provide value proposition to the customers, a new version of Hilux Vigo Champ - the GX Plus was introduced, which was well received by the market. The new variant offers high performance and aesthetic features appealing to both off-road motor sport enthusiasts and urban drivers alike. The Company achieved market share of 28%, same as last year and was able to surpass the milestone of 65,000 vehicle sales during calendar year 2015.

To fulfill the growing market demand and reduce vehicle delivery cycle time to customers, the Company operated its manufacturing facilities at full capacity, working daily overtime hours and off Saturdays to achieve record production of 30,474 units, an increase of 31% over 23,221 units produced during six month to December 2014.

The Company's net sales revenue and profit after tax for the period was Rs 51.3 billion and Rs 5.9 billion respectively compared to Rs 39.1 billion and Rs 3.1 billion respectively for the half-year ended December 2014. The record increases in both revenues and profits are attributable to higher sales volumes and tighter control on fixed costs.

Directors' Report

For the half year ended December 31, 2015

Based on the results of the Company, the Board of Directors are pleased to declare a second interim dividend of Rs 20 per share, which together with the first interim dividend amounts to Rs 40 per share compared to an amount of Rs 20 per share at half year ended December 2014.

Near Term Business Outlook

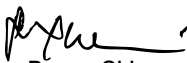
Given the growing stability in the macroeconomic environment and law and order situation, we expect the second half of FY2015-16 to remain strong for the auto industry. However, the continuing menace of power shortages, crumbling road infrastructure in the Port Qasim area and under-invoiced imports by commercial importers are a huge burden for the industry and eroding the domestic manufacturers' competitive advantage. It is essential these concerns be tangibly addressed on priority to restore investor confidence and achieve efficiency.

We urge the government to quickly finalize the long awaited new auto policy that has faced inordinate delays and to 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. Furthermore, the government should 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.

Effective January 2016, Mr. Toshiya Azuma assumed the office of Vice Chairman and Director. We welcome him and thank Mr. Keiichi Murakami the outgoing Vice Chairman for his contribution to the Company's growth.

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

February 25, 2016
Karachi



Parvez Ghias
Chief Executive & Director



Toshiya Azuma
Vice Chairman & Director

ڈائریکٹرز کی رپورٹ

برائے نصف مالی سال 31 دسمبر 2015

مخانب بورڈ آف ڈائریکٹرز انڈس موٹر کمپنی ہم انتہائی مسرت کے ساتھ ادارے کی غیر تفتیح شدہ (unaudited) حساب و کتاب (Accounts) برائے نصف مالی سال 2015-16 (جولائی 2015 تا دسمبر 2015) پیش کرتے ہیں۔ مذکورہ رپورٹ سے ملحق مالیاتی گوشوارے کو ڈآف کارپوریٹ گورننس کے تحت اسٹیچوری آڈیٹرز کی جانب سے محدود جائزہ رپورٹ وصول کر چکے ہیں۔

پاکستان کی آٹوموبائل مارکیٹ

ملک کی مجموعی معاشی و اقتصادی صورتحال میں بہتری، افراط زر اور سودی شرح میں تاریخی کمی بشمول فیول پرائسز میں تخفیف جیسے مثبت اقدامات صارفین کی جانب سے پُر جوش ردعمل کا باعث بنے اور ملکی آٹوموبائل صنعت میں نئی سی کے ڈی (CKD) گاڑیوں کی بھرپور طلب دیکھنے میں آئی۔ گاڑیوں کی بڑھتی ہوئی طلب کے پیش نظر آٹوموبائل ساز اداروں اور آٹو پارٹس سپلائرز نے نتیجے کے طور پر اپنے سپلائی چین آپریشنز میں نمایاں اضافہ کیا جسکی باعث ملکی آٹو صنعت نے پینچر کار اور لائٹ کمرشل گاڑیوں کی مجموعی فروخت میں 66 فیصد کی متاثر کن نمو ریکارڈ کی جبکہ سال 2014 کی اختتامی ششماہی (جولائی تا دسمبر) میں فروخت شدہ سرسٹھ ہزار چار سو چھتیس (67,426) یونٹس کے مقابلے میں سال 2015 کی اختتامی ششماہی (جولائی تا دسمبر) کے دوران ایک لاکھ گیارہ ہزار سات سو بیس (111,720) یونٹس فروخت ہوئے۔ حکومت پنجاب کی جانب سے 'اپنا روزگار اسکیم' کے تحت خریدی گئی سوزو کی گاڑیوں کے علاوہ ٹویوٹا کرولا کی مارکیٹ طلب نمایاں رہی۔

مذکورہ ششماہی میں شروع سے لے کر آخر تک سی کے ڈی (CKD) گاڑیوں کی خوردہ قیمت فروخت (Retail Selling Price) میں استحکام رہا اسکے ساتھ ساتھ آسان شرائط پر آٹو فنانی ٹینگ کی دستیابی کسٹمرز کے لئے سود مند ثابت ہوئی۔ مالی خسارے پر قابو پانے کیلئے سال 2015 کے اواخر میں حکومت پاکستان کی جانب سے کسٹم ڈیوٹی میں ایک فیصد جیران گن اضافے نے آٹو صنعت کو مذکورہ اضافہ صارفین کی طرف منتقل کرنے پر مجبور کیا جو سال 2014-15 کے اوائل سے مقامی سطح پر بڑھتے ہوئے لاگتی دباؤ کو برداشت کرتی آرہی تھی۔ سال 2014 کی اختتامی ششماہی میں برآمد کی گئیں پندرہ ہزار اکیاون (15,051) استعمال شدہ گاڑیوں کے مقابلے میں مذکورہ ششماہی میں تین سال کی لاگو عمری حد کے باوجود استعمال شدہ گاڑیوں کی درآمد میں 53 فیصد ہوشربا اضافہ ریکارڈ کیا گیا اور مجموعی طور پر تیس ہزار (23,000) استعمال شدہ گاڑیاں ملک میں درآمد کی گئیں۔

ادارہ جاتی جائزہ

مذکورہ مدت میں سی کے ڈی (CKD) اور سی بی یو (CBU) مصنوعات کی مجموعی فروخت 34 فیصد اضافہ کے ساتھ سابقہ برس فروخت کی گئی تیس ہزار اکیاسی (23,081) یونٹس کے مقابلے میں تیس ہزار آٹھ سو چھیانوے (30,896) تک جانچنی جو ایک بلحاظ حجم اپنی

ڈائریکٹرز کی رپورٹ

برائے نصف مالی سال 31 دسمبر 2015

نوعیت کا ایک ریکارڈ ہے۔ صارفین تک تسلسل کے ساتھ خوب سے خوب تر و جدید ترین خصوصیات سے مزین مصنوعات پہنچانے کی روایت کو برقرار رکھتے ہوئے 'جی ایکس پلس (GX Plus)' کے نام سے ہائی کس ویگوجیپ کا ایک نیا ماڈل متعارف کیا گیا جسے مقامی مارکیٹ میں بھرپور پزیرائی ملی۔ نیا ماڈل اعلیٰ کارکردگی کا حامل اور جمالیاتی خصوصیات سے آراستہ ہے جو موٹر اسپورٹس کے شائقین اور عام شاہراہوں پر گاڑی چلانے والوں کے لئے یکساں موزوں ہے۔ سال 2015 میں پینسٹھ ہزار (65,000) گاڑیوں کی مجموعی فروخت ریکارڈ کرتے ہوئے اس بار بھی ادارے نے گزشتہ سال کی طرح 28 فیصد مارکیٹ شیئر حاصل کیا۔

مقامی مارکیٹ میں گاڑیوں کی بڑھتی ہوئی طلب اور کسٹمز تک گاڑیوں کی سپردگی کے دورانیے کو کم کرنے کے لئے ادارے نے اپنے مینوفیکچرنگ سہولیات کی تمام تر پیداواری صلاحیت کو بروئے کار لایا اور ہفتے کے دن بھی کام کرتے ہوئے معمول سے زائد اوقات کار میں تیس ہزار چار سو چونتھتر (30,474) یونٹس کی ریکارڈ پیداوار حاصل کی گئی جو کہ سال 2014 کی اختتامی ششماہی میں تیار کی گئی تیس ہزار دو سو اکیس (23,221) یونٹس کے مقابلے میں 31% زیادہ ہے۔

دسمبر 2014 میں اختتام پذیر نصف مالی سال 2014-15 کے 39.1 بلین روپے خالص سیلز ریونیو اور 3.1 بلین روپے منافع بعد از ٹیکس کے مقابلے میں دسمبر 2015 میں اختتام پذیر نصف مالی سال میں کمپنی کا خالص سیلز ریونیو اور منافع بعد از ٹیکس بالترتیب 51.3 بلین روپے اور 5.9 بلین روپے رہا۔ مذکورہ مدت میں حاصل کی گئی آمدنی اور منافع میں ریکارڈ اضافہ کے نمایاں محرکات میں فروخت کا بلند تر حجم اور متعین لاگت پر سخت کنٹرول شامل ہیں۔

کمپنی کے مالی نتائج کی بنیاد پر، بورڈ آف ڈائریکٹرز نے 20 روپے فی حصص دوبارہ عبوری منافع منقسمہ کا اعلان کیا ہے، جو پہلے اعلان شدہ عبوری منافع منقسمہ کے ساتھ ملا کر 40 روپے فی حصص بنتا ہے جبکہ یہ مالی سال کی دسمبر 2014ء میں ختم ہونے والی ششماہی کے مقابلے میں 20 روپے فی حصص تھا۔

مستقبل قریب میں کاروباری امکانات - ایک نظر

ملک میں امن و امان اور معاشی و اقتصادی صورتحال میں بتدریج استحکام کے پیش نظر ہم امید کرتے ہیں کہ مالی سال برائے 2015-16 آٹو صنعت کیلئے ٹھوس و مستحکم ثابت ہوگا۔ تاہم بجلی کی مسلسل عدم فراہمی، پورٹ قاسم کے علاقے کی بوسیدہ سڑکیں اور کمرشل درآمد کنندگان کی جانب سے انڈر انوائسنگ پر گاڑیوں کی درآمد آٹو انڈسٹری کیلئے انتہائی گراں ثابت ہو رہی ہے جسکے باعث کاروباری لاگت میں نمایاں اضافہ اور مقامی تیار کنندگان کا مسابقتی انداز ماند پڑتا جا رہا ہے۔ ضرورت اس امر کی ہے کہ جملہ مشکلات کو ترجیحاً حل کیا جائے تاکہ سرمایہ کاروں کا اعتماد بحال ہو اور مجموعی استعداد کو درجہ کمال تک پہنچایا جاسکے۔

ڈائریکٹرز کی رپورٹ

برائے نصف مالی سال 31 دسمبر 2015

ہم حکومت سے پُر زور درخواست کرتے ہیں کہ عرصہ دراز سے موخر آٹو پالیسی کو جلد از جلد حتمی شکل دی جائے اور ملک میں فعال آٹو سازی سے منسلک اداروں اور نجی آنے والی کمپنیوں کے لئے یکساں سطح پر سازگار صنعتی و کاروباری ماحول تشکیل دیا جائے تاکہ وہ مستقبل میں انڈسٹری کی ترقی کے لئے نت نئے ماڈلز اور ابھرتی ہوئی ٹیکنالوجیز پر سرمایہ کاری کر سکیں۔ مزید برآں حکومت کو سمندر پار پاکستانیوں کو استعمال شدہ گاڑیوں کی ملک میں درآمد کے لئے دی گئی مراعات کو سرکردہ عناصر کے ہاتھوں خالصتاً تجارتی بنیاد پر بے جا استعمال کا نوٹس لیتے ہوئے اس منفی رجحان کا یکسر خاتمہ کرنا چاہئے۔ استعمال شدہ گاڑیوں پر رعایتی ڈیوٹیز کا اطلاق اور تفتیش مالیت کا مروجہ طریقہ کار مارکیٹ میں انتہائی غیر ہموار مسابقتی فضا برپا کرنے کا باعث بنتا ہے اور ملکی صنعت کو بھاری نقصان اٹھانا پڑتا ہے۔ ہم حکومت پر زور دیتے ہیں کہ وہ استعمال شدہ گاڑیوں کی تخمین کاری (SRO 577) اور آٹو پارٹس (Ruling 329) سے متعلق احکامات پر نظر ثانی کرے جو بطور نتیجہ حکومتی محصولات اور آمدنی بذریعہ ٹیکس میں نمایاں اضافہ کا باعث بنے گا بشرطیکہ درآمد کردہ استعمال شدہ گاڑیاں کی قدر موجودہ بین الاقوامی مارکیٹ میں رائج قیمت کی روشنی میں مختص کی جائے۔

جنوری 2016 سے جناب توشیا اوزوما نے کمپنی کے وائس چیرمین اور ڈائریکٹر کا منصب سنبھال لیا ہے۔ ہم انکو خوش آمدید کہتے ہیں اور سابقہ وائس چیرمین جناب کینچی مراکامی کے تہہ دل سے شکریہ ادا کرتے ہیں جنہوں نے اپنی مدت ملازمت میں ادارے کی ترقی کے لئے نمایاں خدمات انجام دیں۔

ہم اپنے معزز کسٹمرز کے شکرگزار ہیں جنہوں نے ہماری مصنوعات پر اپنا بھروسہ قائم رکھا اور اسکے ساتھ ساتھ ہم انڈس ٹیم بشمول اسٹاف، سپلائرز، ڈیلرز اور تمام برنس پارٹنرز کی ناموافق حالات میں انجام دی گئی انتھک محنت اور کوششوں کا تہہ دل سے اعتراف کرتے ہیں اور مستقبل میں بھی انکے مسلسل تعاون کے طلبگار ہیں۔

بتاریخ 25 فروری 2016



توشیا اوزوما

وائس چیرمین اینڈ ڈائریکٹر



پریوزیڈنٹ

چیف ایگزیکٹو اینڈ ڈائریکٹر

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, 2015 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, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 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 25, 2016
Karachi

Condensed Interim Balance Sheet

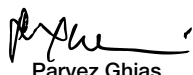
As at December 31, 2015

	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,990,120	5,183,750
Intangibles		16,794	9,727
Long-term loans and advances		9,838	11,096
Long-term investments	5	4,977,565	4,954,764
Long-term deposits		9,948	9,667
Deferred taxation		109,239	5,295
		<u>10,113,504</u>	<u>10,174,299</u>
Current assets			
Stores and spares		171,808	178,599
Stock-in-trade		7,344,988	6,150,448
Trade debts		588,854	447,750
Loans and advances		88,858	1,220,574
Short-term prepayments		20,571	18,919
Accrued return		436,373	418,829
Other receivables		371,844	167,757
Short-term investments	6	28,388,565	26,256,886
Cash and bank balances		2,354,564	5,365,388
		<u>39,766,425</u>	<u>40,225,150</u>
TOTAL ASSETS		<u>49,879,929</u>	<u>50,399,449</u>
EQUITY			
Share capital			
Authorised capital			
500,000,000 (June 30, 2015: 100,000,000) ordinary shares of Rs 10 each		<u>5,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital			
78,600,000 (June 30, 2015: 78,600,000) ordinary shares of Rs 10 each		<u>786,000</u>	<u>786,000</u>
Reserves		<u>24,428,378</u>	<u>23,249,520</u>
		<u>25,214,378</u>	<u>24,035,520</u>
LIABILITIES			
Current liabilities			
Trade, other payables and provisions		9,019,315	9,180,705
Advances from customers and dealers		14,680,066	16,192,918
Taxation - provision less payment		966,170	990,306
		<u>24,665,551</u>	<u>26,363,929</u>
TOTAL EQUITY AND LIABILITIES		<u>49,879,929</u>	<u>50,399,449</u>

CONTINGENCIES AND COMMITMENTS

7

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



Parvez Ghias
Chief Executive & Director



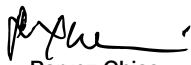
Toshiya Azuma
Vice Chairman & Director

Condensed Interim Profit and Loss Account

For the half year and quarter ended December 31, 2015 (unaudited)


	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Net sales	8	51,333,906	39,097,539	26,476,350	21,820,361
Cost of sales	9	(42,889,664)	(34,451,074)	(22,225,586)	(18,865,532)
Gross profit		8,444,242	4,646,465	4,250,764	2,954,829
Distribution expenses		(396,721)	(655,855)	(180,382)	(244,328)
Administrative expenses		(409,098)	(354,282)	(220,177)	(175,818)
Other operating expenses		(31,794)	(12,827)	(26,854)	(7,444)
		(837,613)	(1,022,964)	(427,413)	(427,590)
		7,606,629	3,623,501	3,823,351	2,527,239
Workers' Profit Participation Fund and Workers' Welfare Fund		(627,138)	(347,565)	(312,167)	(225,028)
		6,979,491	3,275,936	3,511,184	2,302,211
Other income		1,574,860	1,325,961	776,705	690,036
		8,554,351	4,601,897	4,287,889	2,992,247
Finance costs		(39,896)	(21,615)	(20,179)	(9,213)
Profit before taxation		8,514,455	4,580,282	4,267,710	2,983,034
Taxation		(2,619,597)	(1,437,133)	(1,307,117)	(966,865)
Profit after taxation		5,894,858	3,143,149	2,960,593	2,016,169
----- (Rupees) -----					
Earnings per share - basic and diluted		75.00	39.99	37.67	25.65

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



Parvez Ghias

Chief Executive & Director



Toshiya Azuma

Vice Chairman & Director

Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended December 31, 2015 (unaudited)

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Profit after taxation for the period	5,894,858	3,143,149	2,960,593	2,016,169
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	5,894,858	3,143,149	2,960,593	2,016,169

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


Parvez Ghias
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Condensed Interim Cash Flow Statement

For the half year ended December 31, 2015 (unaudited)

Note	Half year ended	
	December 31,	
	2015	2014
	------(Rupees in '000)-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	10	5,892,855	18,456,560
Workers' Welfare Fund paid		(4,564)	(100,330)
Interest received		1,011,227	492,260
Movement in long-term deposits		(281)	-
Income tax paid		(2,747,676)	(1,129,752)
Movement in long-term loans and advances - net		1,258	10,402
Net cash generated from operating activities		4,152,819	17,729,140

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure		(593,781)	(448,201)
Proceeds from disposal of property, plant and equipment		17,499	12,137
Purchase of Pakistan Investment Bonds		-	(4,912,071)
Investment in listed mutual fund units		(1,250,000)	-
Proceeds from redemption of listed mutual fund units		3,000,000	-
Purchase of Market Treasury Bills		(7,060,639)	(9,287,870)
Proceeds from redemption of Market Treasury Bills		9,965,000	13,250,000
Net cash inflow / (outflow) from investing activities		4,078,079	(1,386,005)

CASH FLOWS FROM FINANCING ACTIVITY

Dividend paid		(4,741,722)	(1,836,302)
Net increase in cash and cash equivalents during the period		3,489,176	14,506,833
Cash and cash equivalents at the beginning of the period		24,865,388	6,857,084
Cash and cash equivalents at the end of the period		28,354,564	21,363,917

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


Parvez Ghias

Chief Executive & Director


Toshiya Azuma

Vice Chairman & Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2015 (unaudited)

	Share Capital	Reserves			Sub-Total	Total
		Capital	Revenue			
		Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve		
------(Rupees in '000)-----						
Balance as at July 1, 2014	786,000	196,500	14,851,050	4,082,102	19,129,652	19,915,652
Total comprehensive income for the half year ended December 31, 2014	-	-	-	3,143,149	3,143,149	3,143,149
Transfer to general reserve for the year ended June 30, 2014 appropriated subsequent to year end	-	-	2,000,000	(2,000,000)	-	-
Transactions with owners						
Final dividend @ 235% for the year ended June 30, 2014 declared subsequent to year end	-	-	-	(1,847,100)	(1,847,100)	(1,847,100)
Balance as at December 31, 2014	<u>786,000</u>	<u>196,500</u>	<u>16,851,050</u>	<u>3,378,151</u>	<u>20,425,701</u>	<u>21,211,701</u>
Balance as at July 1, 2015	786,000	196,500	16,851,050	6,201,970	23,249,520	24,035,520
Total comprehensive income for the half year ended December 31, 2015	-	-	-	5,894,858	5,894,858	5,894,858
Transfer to general reserve for the year ended June 30, 2015 appropriated subsequent to year end	-	-	3,000,000	(3,000,000)	-	-
Transactions with owners						
Final dividend @ 400% for the year ended June 30, 2015 declared subsequent to year end	-	-	-	(3,144,000)	(3,144,000)	(3,144,000)
Interim dividend @ 200% declared during the period ended December 31, 2015	-	-	-	(1,572,000)	(1,572,000)	(1,572,000)
Balance as at December 31, 2015	<u>786,000</u>	<u>196,500</u>	<u>19,851,050</u>	<u>4,380,828</u>	<u>24,428,378</u>	<u>25,214,378</u>

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


Parvez Ghias
 Chief Executive & Director


Toshiya Azuma
 Vice Chairman & Director

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (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 the Pakistan Stock Exchange.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended June 30, 2015.

This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit and loss account, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the half year then ended which has been subjected to a review in accordance with the listing regulations but not audited.

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, 2015.

2.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the half year ended December 31, 2015

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard affects the determination of fair value and its related disclosures in the financial statements of the Company.

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

There are certain amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2015, 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2015.

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, 2015.

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
----- (Rupees in '000) -----		
4 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	4,695,835	5,110,267
Capital work-in-progress	294,285	73,483
	4,990,120	5,183,750

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

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

	Additions (at cost)		Disposals (at cost)	
	Half year ended		Half year ended	
	December 31,		December 31,	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
Tangible assets				
Leasehold land	-	70,000	-	-
Buildings on leasehold land:				
Factory	132,085	5,544	-	-
Others	19,885	140,000	-	-
Plant and machinery	93,081	234,542	52,494	45,511
Motor vehicles	64,459	28,884	26,136	13,195
Furniture and fixtures	918	3,852	-	-
Office equipment	28,353	9,316	1,100	1,481
Computers and related accessories	10,927	4,927	3,065	487
Tools and equipment	13,421	119,863	264	725
Jigs, moulds and related equipment	226	38,578	-	-
	363,355	655,506	83,059	61,399
Intangible assets				
Computer software	9,624	6,212	-	-

4.1.1 Additions to owned assets include transfers from capital work-in-progress amounting to Rs 273.086 million (December 31, 2014: Rs 394.576 million).

	December 31,	June 30,
	2015	2015
	(Un-audited)	(Audited)
----- (Rupees in '000) -----		
5 LONG-TERM INVESTMENTS		
Held to Maturity		
- Government securities - Pakistan Investment Bonds	4,977,565	4,954,764
6 SHORT-TERM INVESTMENTS		
Investments 'at fair value through profit or loss'		
- Mutual Fund Units	2,139,886	3,754,870
Held to Maturity		
- Government securities - Market Treasury Bills	248,679	3,002,016
- Term Deposit Receipts (TDRs)	26,000,000	19,500,000
	28,388,565	26,256,886

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The status of contingencies as disclosed in the annual financial statements of the Company for the year ended June 30, 2015 has remained unchanged.

7.1.2 As at December 31, 2015 the claims not acknowledged as debts by the company amount to Rs 1,029.390 million (June 30, 2015: Rs 965.260 million).

7.1.3 Contingencies in respect of outstanding bank guarantees at December 31, 2015 amounted to Rs 3,873.842 million (June 30, 2015: Rs 5,514.465 million). This includes an amount of Rs 1,454.941 million (June 30, 2015: Rs 2,122.129 million) in respect of bank guarantees from related parties.

7.2 Commitments

Commitments in respect of capital expenditure as at December 31, 2015 aggregate to Rs 577.540 million (June 30, 2015: Rs 392.911 million).

8	SALES	Half year ended		Quarter ended	
		December 31,		December 31,	
		2015	2014	2015	2014
		----- (Rupees in '000) -----			
	Manufacturing				
	Gross sales	58,460,974	44,863,833	30,056,036	25,217,570
	Sales tax	(8,493,345)	(6,501,377)	(4,366,739)	(3,658,673)
		<u>49,967,629</u>	<u>38,362,456</u>	<u>25,689,297</u>	<u>21,558,897</u>
	Commission	(1,492,140)	(1,179,900)	(765,995)	(657,457)
	Discounts	(1,375)	(455)	(1,375)	(455)
	Manufacturing net sales	<u>48,474,114</u>	<u>37,182,101</u>	<u>24,921,927</u>	<u>20,900,985</u>
	Trading				
	Gross sales	3,379,813	2,254,105	1,832,538	1,083,013
	Sales tax	(369,109)	(248,742)	(197,396)	(107,318)
		<u>3,010,704</u>	<u>2,005,363</u>	<u>1,635,142</u>	<u>975,695</u>
	Commission	(49,960)	(22,187)	(29,990)	(8,818)
	Discounts	(100,952)	(67,738)	(50,729)	(47,501)
	Trading net sales	<u>2,859,792</u>	<u>1,915,438</u>	<u>1,554,423</u>	<u>919,376</u>
	Net sales	<u>51,333,906</u>	<u>39,097,539</u>	<u>26,476,350</u>	<u>21,820,361</u>
9	COST OF SALES				
	Manufacturing	41,009,675	33,075,281	21,179,824	18,212,276
	Trading	1,879,989	1,375,793	1,045,762	653,256
		<u>42,889,664</u>	<u>34,451,074</u>	<u>22,225,586</u>	<u>18,865,532</u>

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

	Note	Half year ended	
		December 31,	
		2015	2014
------(Rupees in '000)-----			
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,514,455	4,580,282
Adjustment for non-cash charges and other items:			
Depreciation		774,848	765,372
Amortisation		2,557	799
Gain on sale of fixed assets		(14,561)	(5,323)
Unrealised (gain) / loss on foreign exchange contracts and derivatives - net		(16,956)	59,873
Gain on redemption / revaluation of listed mutual fund units		(135,016)	-
Return on bank deposits		(741,495)	(645,506)
Income on Pakistan Investment Bonds		(287,276)	(172,213)
Amortization income on Pakistan Investment Bonds		(22,801)	(16,994)
Income on Market Treasury Bills		(148,770)	(266,103)
Amortization Income on Market Treasury Bills		(2,254)	(3,752)
Workers' profit participation fund		457,080	246,392
Workers' welfare fund		170,058	101,173
Provision for doubtful debts		(242)	206,601
Working capital changes	10.1	(2,656,772)	13,605,959
		5,892,855	18,456,560

10.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	6,791	(26,688)
Stock-in-trade	(1,194,540)	(4,370,718)
Trade debts	(140,862)	719,482
Loans and advances	1,131,716	544,239
Short-term prepayments	(1,652)	(25,158)
Other receivables	(189,504)	(109,531)
	(388,051)	(3,268,374)

(Decrease) / increase in current liabilities

Trade, other payables and provisions	(755,869)	4,224,494
Advances from customers and dealers	(1,512,852)	12,649,839
	(2,268,721)	16,874,333
	(2,656,772)	13,605,959

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

11 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

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

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
With associated undertakings / related parties:				
Sales	312,866	164,869	231,631	120,698
Purchases	23,070,503	19,830,610	11,521,180	11,057,330
Insurance premium	41,172	37,640	21,503	23,443
Agency commission	65,547	183,375	18,698	14,007
Running royalty	1,181,106	866,331	612,285	467,307
Rent expense	1,008	5,448	1,008	2,724
Donations	2,415	1,500	500	1,500
Return on bank deposits	377,331	515,480	178,134	321,368
Proceeds from disposal of fixed assets / insurance claim	537	6,131	360	3,245
Banks charges	21,351	19,538	11,789	10,863
LC charges	3,670	4,192	1,631	2,445
Contribution to retirement benefit funds	32,528	26,193	14,146	10,116
With key management personnel:				
- Salaries and benefits	62,786	54,698	32,427	28,604
- Post employment benefits	3,654	2,842	1,827	1,543
- Sale of fixed assets	1,945	2,016	566	1,191

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

Nature of balances	December 31,	June 30,
	2015	2015
	(Un-audited)	(Audited)
----- (Rupees in '000) -----		
Long-term deposits	2,005	2,005
Short-term prepayments	9,847	6,117
Accrued return	79,763	114,058
Bank balances	10,175,092	12,783,289
Warranty claims and agency commission	96,669	93,577
Trade, other payables and provisions	2,242,840	2,590,153

11.2 During the period Rs 0.500 million (December 31, 2014: Nil) was paid as director fee to an independent director.

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended December 31, 2015 (unaudited)

12 SEGMENT REPORTING

	Half year ended December 31, 2015			Half year ended December 31, 2014		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	48,474,114	2,859,792	51,333,906	37,182,101	1,915,438	39,097,539
Profit before taxation	7,457,369	1,057,086	8,514,455	3,907,491	672,791	4,580,282
	Quarter ended December 31, 2015			Quarter ended December 31, 2014		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	(Rupees in '000)					
Net sales	24,921,927	1,554,423	26,476,350	20,900,985	919,376	21,820,361
Profit before taxation	3,735,867	531,843	4,267,710	2,720,664	262,370	2,983,034

13 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 25, 2016 have proposed an interim cash dividend of Rs 20 per share (December 31, 2014: Rs 20 per share) in respect of the year ending June 30, 2016. The condensed interim financial information for the half year ended December 31, 2015, 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, 2016.

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 25, 2016 by the Board of Directors of the Company.

16 GENERAL

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



Parvez Ghias

Chief Executive & Director



Toshiya Azuma

Vice Chairman & Director

Company Information

Board of Directors

Mr. Ali S. Habib	Chairman
Mr. Toshiya Azuma	Vice Chairman
Mr. Parvez Ghias	Chief Executive
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Kyoichi Tanada	Director
Mr. Masato Yamanami	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. Masato Yamanami	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

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 Shakra-e-Faisal
Karachi - 74400. Pakistan.

Tel: 0800 - 23275

Fax: (92-21) 34326053

Email: info@cdcpak.com

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