

## DIRECTORS' REPORT

The Directors of the Company are pleased to present before you the performance review together with the business performance of the Company for the First Quarter ended September 30, 2012.

### Overview

The Economy of Pakistan remained under pressure due to issues like energy crisis, deteriorating law & order situation, political instability and inflation rate of 8.8 percent in September 2012.

Despite the unfavorable conditions, the Company strived to maintain its sales. During the quarter under review the Company witnessed a decline in the overall sales revenue by 16% as compared to the corresponding figures of the same quarter last year. The major reason for the decline is related to the Container Tracking segment which fell by 96% as compared to corresponding period. This is due to the suspension in the NATO supplies to Afghanistan which we expect will be resumed very shortly. The Asset Tracking segment also experienced a decline of 1% due to a drastic drop in retail sales of new locally produced cars. Expenses rose by 23% on account of rollout of the STE project. The Company was able to partially overcome the increase in expenses by negotiating competitive prices from suppliers while the decline in sales volume resulted in reduction in cost of sales by 19% as compared to corresponding period.

Comparisons of un-audited quarterly results of the Company with the corresponding period of 2011 are given below:

Particulars	1st Quarter ended September 30, 2012	1st Quarter ended September 30, 2011
	<b>Amount in Rupees</b>	
Sales Revenue	215,594,710	256,228,436
Gross Profit	93,865,678	106,152,761
Profit before tax	4,451,084	26,292,472
Profit after tax	2,290,280	20,595,947
Number of Outstanding shares	217,248,963	187,248,963
Earnings per share – pretax	0.02	0.14
Earnings per share – post tax	0.01	0.11

The successful launch of the custom project from July 2012 contributed 9%, approximately Rs.18.7 million, to the total revenue of the September 2012 quarter and the Company anticipates generating more revenue from the new segment. The pilot phase of the project was completed on September 09, 2012 and full scale launch is expected shortly. The Company reported a pre-tax and post-tax profit of Rs. 4.45 million and Rs. 2.29 million with earnings per share of Re. 0.02 and Re. 0.01 respectively. The Company believes that the business is well-positioned over the long-term and the restoration of NATO supplies to Afghanistan, the transition to third generation devices and

new agreements with customers will augment its revenue and help achieve higher returns for its shareholders.

### **Business performance**

In light of the above business faced several challenges but still managed to maintain profitability and increase the customer base.

During the 1<sup>st</sup> Quarter July 2012 to September 2012, 2163 units were sold against a budget of 2220 units however in the corresponding period last year 2034 units were sold. Sales would have been higher had demand not been subdued at retail level where a decline of 35% was witnessed in new sales of locally assembled cars. The influx of imported cars in the local industry has adversely affected the deals.

The Company is constantly working on automating its processes to reduce the employee cost and increasing the quality of services delivered to its customers. We are in the process of implementing CISCO Enterprise Communication Solution which will add value to the customers by bringing in automation and one call solution for all inquiries. Specialized IVR's and intelligent routing of calls are just some of the features which will increase efficiency of our control room and bring down costs.

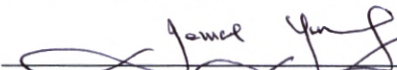
During this quarter TPL launched the world's first Navigation in Urdu language. This new version is available on application stores and New Toyota Vehicles from November onwards. On online stores Trakker Nav remains one of the top paid applications in the country. TPL plans to launch online maps plus a new version of the software in early 2013. Navigation Sales through Indus Motor continue to increase with a new addition to the GLL and Hilux version starting from November.

### **Acknowledgement**

The Board of Directors places on record its appreciation for the support by its shareholders, valued customers, government agencies and financial institutions.

Karachi: October 31, 2012

On behalf of the Board of Directors

  
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**Jameel Yusuf**  
Chairman