



3rd Quarterly Report 2012

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COMPANY INFORMATION

Board of Directors

Kunwar Idris

Chairman

Keiichiro Utsumi

Managing Director & Chief Executive Officer

Tsutomu Mori

Deputy Managing Director

Hiroshi Kokaji

Takuji Umemura

Haruo Komatsu

Toyoki Kuno

Company Secretary

Fahim Aijaz Sabzwari

Bankers

Allied Bank Limited

Bank Alfalah Limited

Citibank, N.A.

Habib Metropolitan Bank Ltd.

Habib Bank Ltd.

National Bank of Pakistan

Bank Al-Habib Ltd.

Standard Chartered Bank (Pakistan) Ltd

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

United Bank Ltd.

Auditors

A.F. Ferguson & Co. Chartered Accountants

Legal Advisor

Sayeed & Sayeed

Registered Office

D-2, S.I.T.E., Manghopir Road

P.O. Box No. 10714, Karachi - 75700, Pakistan

Tel: 111-25-25-25 Fax: 021-32563028,

Website: www.hinopak.com

Email: info@hinopak.com

Share Registrar

Technology Trade (Pvt.) Limited

Dagja House 241-C, Block-2

P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi

Tel: 021-34391316-7 & 9, 021-34387960-1

Fax: 021-34391318

**HINOPAK MOTORS LIMITED
DIRECTORS' REVIEW
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012**

Greetings to the Shareholders!

The total sale of commercial vehicles of all makes in the country in the Oct-Dec quarter of 2012 was 527 units – 12% less than in the corresponding quarter of last year but 48 units more than the previous quarter.

SALES

The sale of Hinopak's trucks and buses decreased, in line with the market size, to 300 units from 394 units in the corresponding quarter of last year.

SALES REVENUE

The sales revenue for the quarter is Rs. 1.49 billion and for the nine months of Hinopak's financial year stands at Rs. 5.39 billion - 2% more than Rs. 5.28 billion of the corresponding period of last year. The gross profit in this quarter is Rs. 159 million.

FINANCE

The finance cost stands at Rs. 49 million (Rs. 269 million for nine months). Liquidity improved decreasing the bank borrowing to Rs. 1.5 billion from Rs. 2.6 billion in the corresponding quarter.

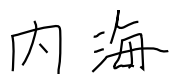
PROFIT & LOSS

The profit after tax in the quarter declined to Rs. 17 million from Rs. 120 million of last year's third quarter and the profit per share decreased to Rs. 1.41 from Rs. 9.68.

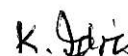
OUTLOOK FOR THE FOURTH QUARTER

The sales generally tend to improve in the first quarter of calendar year. However, chances of improvement are uncertain due to unstable socio-political conditions of the Country.

The management and workforce are doing their best to earn a reasonable return for the shareholders.



**Managing Director &
CEO**



Chairman

Dated: January 21, 2013

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2012

	Note	(Unaudited) December 31, 2012	(Audited) March 31, 2012
(Rupees '000)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,731,067	1,779,457
Intangible assets		643	1,089
Long-term Investments		2,391	2,391
Long-term loans and advances		14,260	10,400
Long-term deposits		6,147	6,015
		<u>1,754,508</u>	<u>1,799,352</u>
Current Assets			
Stores, spares and loose tools		21,448	19,194
Stock-in-trade		3,458,089	2,410,682
Trade debts		332,566	1,823,092
Loans and advances		27,266	37,739
Trade deposits and prepayments		37,452	34,680
Refunds due from the government		450,558	87,893
Other receivables		28,851	31,839
Taxation - payments less provision	6	432,490	324,901
Cash and bank balances		267,844	124,526
		<u>5,056,564</u>	<u>4,894,546</u>
Total Assets		<u>6,811,072</u>	<u>6,693,898</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		124,006	124,006
Reserves		1,426,791	1,405,508
		<u>1,550,797</u>	<u>1,529,514</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,006,051	1,026,250
LIABILITIES			
Non-Current Liabilities			
Deferred taxation		52,296	69,390
Retirement benefits obligations		65,173	67,235
		<u>117,469</u>	<u>136,625</u>
Current Liabilities			
Trade and other payables	7	2,324,491	2,721,889
Short-term borrowings		1,777,678	1,238,331
Accrued mark-up		34,586	41,289
		<u>4,136,755</u>	<u>4,001,509</u>
Total Liabilities		<u>4,254,224</u>	<u>4,138,134</u>
CONTINGENCY AND COMMITMENTS	8		
Total Equity and Liabilities		<u>6,811,072</u>	<u>6,693,898</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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Managing Director &
CEO

K. Jais


Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012 - (UNAUDITED)**

	Note	Quarter ended		Nine months ended	
		December 31,	December 31,	December 31,	December 31,
		2012	2011	2012	2011
		(Rupees '000)			
Revenue		1,492,292	2,687,448	5,394,502	5,279,009
Cost of sales		<u>(1,333,009)</u>	<u>(2,337,749)</u>	<u>(4,809,667)</u>	<u>(4,792,080)</u>
Gross profit		159,283	349,699	584,835	486,929
Distribution expenses		(68,490)	(76,128)	(184,225)	(180,019)
Administration expenses		(52,021)	(46,931)	(155,146)	(139,784)
Other operating income		35,055	25,253	60,247	45,246
Other operating expenses		<u>(2,382)</u>	<u>-</u>	<u>(5,101)</u>	<u>(1,023)</u>
Profit from operations		71,445	251,893	300,610	211,349
Finance cost	9	<u>(48,772)</u>	<u>(97,651)</u>	<u>(269,149)</u>	<u>(285,621)</u>
Profit / (loss) before taxation		22,673	154,242	31,461	(74,272)
Taxation		<u>(5,247)</u>	<u>(34,218)</u>	<u>(11,156)</u>	<u>(63,263)</u>
Profit / (loss) after taxation		17,426	120,024	20,305	(137,535)
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive income / (loss)		<u>17,426</u>	<u>120,024</u>	<u>20,305</u>	<u>(137,535)</u>
Earnings / (loss) per share - basic and diluted		<u>Rs. 1.41</u>	<u>Rs. 9.68</u>	<u>Rs. 1.64</u>	<u>Rs. (11.09)</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


**Managing Director &
CEO**

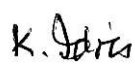

Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012 - (UNAUDITED)**

		December 31,	December 31,
	Note	2012	2011
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	10	(86,271)	(1,983,031)
Increase in long-term loans and advances		(3,860)	(7,513)
Increase in long-term deposits		(132)	(328)
Retirement benefits obligations paid		(25,229)	(27,306)
Mark-up paid on short-term borrowings		(83,643)	(56,167)
Return on savings accounts		1,224	1,094
Taxes paid		(135,839)	(203,343)
Net cash used in operating activities		(333,750)	(2,276,594)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(54,608)	(104,903)
Proceeds from sale of property, plant and equipment		11,432	9,106
Net cash used in investing activities		(43,176)	(95,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(19,103)	-
Net decrease in cash and cash equivalents		(396,029)	(2,372,391)
Cash and cash equivalents at the beginning of the period		(1,113,805)	(232,894)
Cash and cash equivalents at the end of the period	11	(1,509,834)	(2,605,285)

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**Managing Director &
CEO**


Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012 - (UNAUDITED)**

	Share Capital	Reserves - Revenue			Total
		General	Unappropriated profit	Fair value reserve	
← (Rupees '000) →					
Balance at April 1, 2011	124,006	291,000	1,064,480	-	1,479,486
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	16,360	-	16,360
Transferred from surplus on disposal of fixed assets - net of tax	-	-	2,255	-	2,255
Total comprehensive loss after taxation for the nine months ended December 31, 2011	-	-	(137,535)	-	(137,535)
Balance at December 31, 2011	<u>124,006</u>	<u>291,000</u>	<u>945,560</u>	<u>-</u>	<u>1,360,566</u>
Balance at April 1, 2012	124,006	291,000	1,112,954	1,554	1,529,514
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	20,199	-	20,199
Dividend for the year ended March 31, 2012 @ 1.55 per share	-	-	(19,221)	-	(19,221)
Total comprehensive profit after taxation for the nine months ended December 31, 2012	-	-	20,305	-	20,305
Balance at December 31, 2012	<u>124,006</u>	<u>291,000</u>	<u>1,134,237</u>	<u>1,554</u>	<u>1,550,797</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


**Managing Director &
CEO**


Chairman

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012 - (UNAUDITED)**

1. COMPANY AND ITS OPERATIONS

Hinopak Motors Limited is incorporated in Pakistan as a public limited company and quoted on Karachi and Lahore Stock Exchanges. The Company's principal activity is the assembly and progressive manufacture and sale of Hino buses and trucks. The Company also sells buses and trucks in international market. The registered office of the Company is at D-2, S.I.T.E., Manghopir Road, Karachi.

The Company is a subsidiary of Hino Motors Limited Japan and the ultimate parent of the Company is Toyota Motors Corporation Japan.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended March 31, 2012.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended December 31, 2012 has been prepared in accordance with the requirements of the international Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year ended March 31, 2012.

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4.2 In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and areas where assumptions and estimates are significant are the same as those applied to the financial statements as at and for the year ended March 31, 2012.

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 March 31, 2012.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) December 31, 2012	(Audited) March 31, 2012
(Rupees '000)			
Operating assets	5.1	1,719,730	1,755,202
Capital work-in-progress		11,337	24,255
		<u>1,731,067</u>	<u>1,779,457</u>

5.1 Additions / disposals

	Additions (at cost)		Disposals (at net book value)	
	Nine months ended			
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees '000)			
Building on leasehold land	2,512	99,712	-	4,243
Plant and machinery	27,559	28,764	73	129
Furniture and fittings	-	81	-	-
Vehicles	32,045	28,928	9,703	5,708
Electrical installations	843	10,749	-	-
Office and other equipments	4,417	9,644	-	-
	<u>67,376</u>	<u>177,878</u>	<u>9,776</u>	<u>10,080</u>

6. TAXATION - PAYMENTS LESS PROVISION

During last year, Additional Commissioner Inland Revenue [ACIR] amended the assessment orders for tax years 2008, 2009 and 2010 and disallowed certain expenses claimed by the Company in the income tax returns raising tax demands of Rs. 173.37 million. These tax demands were subsequently amended and rectified to Rs. 73.85 million by the department through rectification orders for respective years on account of tax credits for taxes already paid by the Company. Decision against appeal filed by the Company with the Commissioner Inland Revenue (Appeals) against the tax orders was either given in favour of the Company or set aside. However, Appellant Commissioner has filed appeal against the decision of the Commissioner Inland Revenue (Appeals) before the Appellate Tribunal Inland Revenue (ATIR) and the outcome is pending. The management is confident that the ultimate decision of ATIR will be in favour of the Company.

7. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs 1.32 billion (March 31, 2012: Rs 1.41 billion).

8. CONTINGENCY AND COMMITMENTS

8.1 Contingency

As at December 31, 2012 the Company has received provisional refunds of Rs. 519.05 million (March 31, 2012: Rs. 519.05 million) from the sales tax authorities against bank guarantees and other undertakings by the Company.

8.2

Commitments

Commitments for capital expenditures as at December 31, 2012 amounted to Rs. 4.6 million (March 31, 2012: Rs. 2.07 million).

9. FINANCE COST

	(Unaudited) December 31, 2012	(Unaudited) December 31, 2011
	(Rupees '000)	
Mark-up on short-term borrowings	76,940	108,609
Exchange loss - net	184,311	168,030
Bank charges	7,898	8,922
Interest on Workers' Profits Participation Fund	-	60
	<u>269,149</u>	<u>285,621</u>

	(Unaudited) December 31, 2012 (Rupees '000)	(Unaudited) December 31, 2011
10. CASH USED IN OPERATIONS		
Profit / (Loss) before taxation	31,461	(74,272)
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	93,669	83,793
Mark-up on short-term borrowings	76,940	108,609
Retirement benefits charge	23,167	24,656
(Gain) / loss on sale of property, plant and equipment	(1,656)	974
Return on savings accounts	(1,224)	(1,094)
	<u>190,896</u>	<u>216,938</u>
Profit / (loss) before working capital changes	222,357	142,666
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(2,254)	(8,333)
Stock-in-trade	(1,047,407)	(1,667,740)
Trade debts	1,490,526	(704,511)
Loans and advances	10,473	44,227
Trade deposits and prepayments	(2,772)	(3,801)
Refunds due from the government	(362,665)	(235,900)
Other receivables	2,988	(15,128)
	<u>88,889</u>	<u>(2,591,186)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(397,517)	465,489
	<u>(308,628)</u>	<u>(2,125,697)</u>
	<u>(86,271)</u>	<u>(1,983,031)</u>
11. CASH AND CASH EQUIVALENTS		
Cash and bank balance	267,844	124,526
Short-term borrowings - Running finance under mark-up arrangements	(1,777,678)	(1,238,331)
	<u>(1,509,834)</u>	<u>(1,113,805)</u>

12. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions with the related parties during the period are as follows:

Relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2012	December 31, 2011
		(Rupees '000)	
i. Holding Company	- Purchase of goods	62,072	95,897
	- Sale of goods	704	62,885
	- Royalty charge	51,001	29,373
	- Technical assistance fee	10,391	4,632
	- Dividend Paid	11,404	-
	- Liability considered as no longer payable written back	9,592	-
ii. Associated Companies	- Purchase of goods and services	3,931,798	4,140,646
	- Sale of goods	542,123	379,986
	- Purchase of property, plant and equipment	14,593	18,550
	- Dividend Paid	5,702	-
	- Commission earned	28,068	21,292
iii. Employees' Provident Fund	- Contribution paid	13,035	12,138
iv. Employees' Gratuity Fund	- Contribution paid	7,153	5,435
v. Employees' Pension Fund	- Contribution paid	7,982	18,893
vi. Key Management Personnel	- Salaries and other employee benefits	20,004	18,876

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the Board of Directors of the Company.

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Managing Director &
CEO

K. Jais

Chairman





HINOPAK MOTORS LIMITED

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