



EFFICIENCY COUNTS

3rd Quarterly Report 2015



Contents

- Company Information
- Directors' Report
- Condensed Interim Balance Sheet
- Condensed Interim Profit & Loss Account
- Condensed Interim Cash Flow Statement
- Condensed Interim Statement of Changes in Equity
- Notes to and forming part of the Condensed Interim Financial Information

Company Information

BOARD OF DIRECTORS

Mr. Aslam Sanjrani
Chairman

Mr. Keiichiro Utsumi
Managing Director & Chief Executive Officer

Mr. Yoshihiro Kondo
Deputy Managing Director

Mr. Takehito Sasaki
Director Production

Mr. Ghafoor Mirza
Independent Director

Mr. Shigehiro Matsuoka
Mr. Toyoki Kuno
Mr. Akihito Yamanaka
Mr. Takeshi Yasuda

Fahim Aijaz Sabzwari
Company Secretary

BANKERS

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

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
Website: www.hinopak.com
Email: info@hinopak.com

SHARE REGISTRAR

Technology Trade (Pvt.) Limited
Dagia House 241-C, Block-2
P.E.C.H.S., Off Shahrah-e-Quaideen
Karachi
Tel: 34391316-7 & 19, 34387960-61
Fax: 34391318

AREA OFFICES

Lahore

19 KM, Multan Road, Lahore
Tel: 042-37512003-6
Fax: 042-37512005
Email: hino-lahore@hinopak.com

Islamabad

1-D, Unit 14,
Rehmat Plaza, 2nd Floor
Blue Area, Islamabad
Tel: 051-2276234
Fax: 051-2272268
Email: hino-islamabad@hinopak.com

Quetta

Room No. 3
Kasi Plaza No. 1, Zarghoon Road
Quetta
Tel: 081-2452598
Fax: 081-2451217
Email: hino-quetta@hinopak.com

Peshawar

Hino Peshawar
Ring Road, Near Kohat Road Bridge
Peshawar
Tel: 091-2322530
Fax: 091-2322550
Email: hino-peshawar@hinopak.com

Directors' Report

For the Nine Months Ended December 31, 2015

GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Oct-Dec quarter of 2015 was 1495 units – 49% higher than in the corresponding quarter of last year, 95 units additional than the previous quarter.

SALES

The sale of Hinopak's trucks and buses increased, in line with the market size, to 782 units from 463 units in the corresponding quarter of last year.

SALES REVENUE

The sales revenue for the quarter is Rs. 4.48 billion and for the nine months of Hinopak's financial year stands at Rs. 12.06 billion - 31% more than Rs. 9.18 billion of the corresponding period of last year. The gross profit in this quarter is Rs. 634 million.

FINANCE

The finance income stands at Rs. 1 million (Finance cost Rs. 149 million for nine months). The Company closed the cash and cash equivalent at Rs. 1.87 billion.

PROFIT & LOSS

The profit after tax in the quarter decreased to Rs. 283 million from Rs. 356 million of last year's third quarter and the earnings per share decreased to Rs. 22.82 from Rs. 28.67.

OUTLOOK FOR THE FOURTH QUARTER

Hinopak is committed to maintain its market leadership with increased sales volume and distinguished after sales service. Our priority is to achieve customer satisfaction and production efficiency.

Finally, I express my gratitude to our customers for their trust and confidence in our products and recognize the efforts of all the stake holders including our staff, vendors, dealers and business partners and look forward for their continued support.

内海

Managing Director &
Chief Executive Officer
Date: 28 January, 2016


Chairman

Condensed Interim Balance Sheet
As at December 31, 2015

	Note	(Unaudited) December 31, 2015	(Audited) March 31, 2015
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,091,379	1,995,543
Intangible assets		8,919	10,649
Long-term investments		423	423
Long-term loans and advances		13,565	14,215
Long-term deposits		7,446	6,821
Staff retirement benefit - prepayment		-	12,544
		<u>2,121,732</u>	<u>2,040,195</u>
Current assets			
Stores, spares and loose tools		11,976	26,940
Stock-in-trade		4,408,763	1,814,191
Trade debts	6	514,339	1,287,210
Loans and advances		50,313	17,465
Trade deposits and prepayments		83,489	48,128
Refunds due from the government		407,034	115,349
Other receivables		2,393	36,356
Taxation - payments less provision		310,186	160,167
Accrued mark-up		2,054	9,738
Cash and bank balances		1,871,414	2,665,997
		<u>7,661,961</u>	<u>6,181,541</u>
Total assets		<u><u>9,783,693</u></u>	<u><u>8,221,736</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		124,006	124,006
Reserves		2,673,648	2,645,919
		<u>2,797,654</u>	<u>2,769,925</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,207,333	1,216,150
LIABILITIES			
Non-current liabilities			
Deferred taxation		67,842	76,102
Staff retirement benefit - obligations		119,384	105,289
		<u>187,226</u>	<u>181,391</u>
Current liabilities			
Trade and other payables	7	5,591,480	4,054,270
Total liabilities		<u>5,778,706</u>	<u>4,235,661</u>
Contingency and commitments	8		
Total equity and liabilities		<u><u>9,783,693</u></u>	<u><u>8,221,736</u></u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

内海

Managing Director &
Chief Executive Officer



Chairman

Condensed Interim Profit And Loss Account
For the Nine Months Ended December 31, 2015 - (Unaudited)

	Note	Quarter ended		Nine months ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(Rupees '000)					
Sales		4,476,101	3,360,717	12,060,299	9,184,571
Cost of sales		<u>(3,841,680)</u>	<u>(2,792,416)</u>	<u>(10,126,270)</u>	<u>(7,655,571)</u>
Gross profit		634,421	568,301	1,934,029	1,529,000
Distribution costs		(116,833)	(92,694)	(300,380)	(241,599)
Administration expenses		(95,133)	(89,533)	(274,985)	(248,173)
Other income		34,825	58,973	161,048	178,911
Other expenses	9	<u>(33,182)</u>	<u>(41,436)</u>	<u>(97,186)</u>	<u>(94,283)</u>
Profit from operations		424,098	403,611	1,422,526	1,123,856
Finance (cost) / income	10	<u>1,022</u>	<u>121,214</u>	<u>(149,256)</u>	<u>118,184</u>
Profit before taxation		425,120	524,825	1,273,270	1,242,040
Taxation	11	<u>(142,124)</u>	<u>(169,301)</u>	<u>(452,275)</u>	<u>(387,891)</u>
Profit after taxation		282,996	355,524	820,995	854,149
Other comprehensive income / (loss)					
Items that will not be reclassified to Profit or Loss					
Loss on remeasurement of post employment benefits obligations - net of tax		-	-	-	-
Total comprehensive income		<u>282,996</u>	<u>355,524</u>	<u>820,995</u>	<u>854,149</u>
Basic and diluted earnings per share		<u>Rs. 22.82</u>	<u>Rs. 28.67</u>	<u>Rs. 66.21</u>	<u>Rs. 68.88</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

内海

Managing Director &
Chief Executive Officer



Chairman

Condensed Interim Cash Flow Statement
For The Nine Months Ended December 31, 2015 - (Unaudited)

	Note	December 31, 2015	December 31, 2014
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	684,498	916,633
Mark-up paid on short term borrowings		(83)	(25)
Return on savings accounts		139,035	61,926
Income taxes paid - net		(607,716)	(122,190)
Retirement benefits obligations paid		(11,848)	(21,953)
Increase in long-term deposits		(625)	-
Decrease / (increase) in long-term loans and advances		650	(1,221)
Net cash generated from operating activities		<u>203,911</u>	<u>833,170</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(215,017)	(152,553)
Purchase of intangible assets		(2,871)	(6,192)
Proceeds from sale of property, plant and equipment		21,269	32,542
Net cash used in investing activities		<u>(196,619)</u>	<u>(126,203)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(801,875)	(465,895)
Net (decrease) / increase in cash and cash equivalents		<u>(794,583)</u>	<u>241,072</u>
Cash and cash equivalents at the beginning of the period		2,665,997	1,419,489
Cash and cash equivalents at the end of the period		<u>1,871,414</u>	<u>1,660,561</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

内海
 Managing Director &
 Chief Executive Officer


 Chairman

**Condensed Interim Statement Of Changes In Equity
For The Nine Months Ended December 31, 2015 - (Unaudited)**

	Share Capital	Reserves - Revenue		Fair Value Reserve	Total
		General	Unappropriated profit		
(Rupees '000)					
Balance at April 1, 2015	124,006	291,000	2,354,689	230	2,769,925
Dividend for the year ended March 31, 2015 @ Rs. 64.91 per share	-	-	(804,922)	-	(804,922)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	11,656	-	11,656
Profit for the period	-	-	820,995	-	820,995
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	820,995	-	820,995
Balance at December 31, 2015	124,006	291,000	2,382,418	230	2,797,654
Balance at April 1, 2014	124,006	291,000	1,718,636	1,451	2,135,093
Dividend for the year ended March 31, 2014 @ Rs. 37.74 per share	-	-	(467,997)	-	(467,997)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	24,184	-	24,184
Profit for the period	-	-	854,149	-	854,149
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	854,149	-	854,149
Balance at December 31, 2014	124,006	291,000	2,128,972	1,451	2,545,429

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

内海

Managing Director &
Chief Executive Officer



Chairman

Notes To And Forming Part Of The Condensed Interim Financial Information For The Nine Months Ended December 31, 2015 - (Unaudited)

1. GENERAL INFORMATION

Hinopak Motors Limited is incorporated in Pakistan as a public limited Company and is listed on Pakistan stock exchange.

The Company's principal activity is the assembly, progressive manufacturing and sale of Hino buses and trucks. 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, 2015.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended December 31, 2015 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.

2.1 Changes in accounting standards and interpretations

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

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 requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Nine Months Ended December 31, 2015 - (Unaudited)**

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended March 31, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended March 31, 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 March 31, 2015.

(Unaudited) December 31, 2015	(Audited) March 31, 2015
(Rupees '000)	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - note 5.1	2,064,887	1,973,574
Capital work-in-progress	26,492	21,969
	<u>2,091,379</u>	<u>1,995,543</u>

5.1 Details of additions to and disposals of operating fixed assets are as follows:

	Additions (at cost)	Disposals (at net book value)	
	December 31, 2015	December 31, 2014	December 31, 2015
	(Rupees '000)		
Plant & Machinery	52,684	11,125	47
Vehicles	71,595	121,882	13,532
Building on leasehold land	28,261	-	-
Office and Other equipments	39,947	12,889	36
Furniture & Fixtures	15,199	-	*
Electrical Installation	2,808	631	*
	<u>210,494</u>	<u>146,527</u>	<u>13,615</u>
			<u>26,967</u>

* Assets disposed off having nil net book value.

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Nine Months Ended December 31, 2015 - (Unaudited)**

	(Unaudited) December 31, 2015 (Rupees '000)	(Audited) March 31, 2015
6. TRADE DEBTS		
Considered good - unsecured		
Related parties		
- Indus Motor Company Limited	37,306	53,059
- Toyota Tsushu Corporation	-	18,167
Others	<u>477,033</u>	<u>1,215,984</u>
	514,339	1,287,210
Considered doubtful		
Others	<u>28,925</u>	<u>30,679</u>
	543,264	1,317,889
Less: Provision for doubtful debts - note 6.1	<u>(28,925)</u>	<u>(30,679)</u>
	<u>514,339</u>	<u>1,287,210</u>
6.1 Balance at beginning of the period	30,679	124,329
Reversal during the period	<u>(1,754)</u>	<u>(93,650)</u>
Balance at end of the period	<u>28,925</u>	<u>30,679</u>

7. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 2,248 million (March 31, 2015: Rs. 1,490 million) and advances from customers amounting to Rs. 1,455 million (March 31, 2015: Rs. 1,226 million).

8. CONTINGENCY AND COMMITMENTS

8.1 Contingency

There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2015.

8.2 Commitments

Commitments for capital expenditures as at December 31, 2015 amounted to Rs. 69.99 million (March 31, 2015: Rs. 93.15 million).

	December 31, 2015	December 31, 2014 (Rupees '000)
9. OTHER EXPENSES		
Donations	3,366	2,766
Workers' Profits Participation Fund	68,355	66,677
Workers' Welfare Fund	<u>25,465</u>	<u>24,840</u>
	<u>97,186</u>	<u>94,283</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Nine Months Ended December 31, 2015 - (Unaudited)**

	December 31, 2015	December 31, 2014
	(Rupees '000)	
10. FINANCE COST / (INCOME)		
Mark-up on short-term borrowings	84	25
Exchange loss / (gain) - net	140,760	(123,469)
Bank charges and others	8,412	5,260
	<u>149,256</u>	<u>(118,184)</u>
11. TAXATION		
11.1 This includes a one-time prior year charge of super tax amounting to Rs. 45.6 million imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2015).		
	December 31, 2015	December 31, 2014
	(Rupees '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,273,270	1,242,040
Add / (Less): Adjustments for non cash charges and other items		
Depreciation and amortisation	110,167	98,987
Gain on disposal of operating fixed assets	(7,654)	(5,575)
Retirement benefits charge	38,487	29,750
Mark-up on short-term borrowings	83	25
Income on PLS savings and deposit accounts	(131,351)	(63,429)
Profit before working capital changes	<u>1,283,002</u>	<u>1,301,798</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	14,964	9,577
Stock-in-trade	(2,594,572)	527,566
Trade debts	772,871	(178,251)
Loans and advances	(32,848)	11,910
Trade deposits and prepayments	(35,361)	(17,084)
Refunds due from the government	(291,685)	310,942
Other receivables	33,963	(3,070)
	<u>(2,132,668)</u>	<u>661,590</u>
Increase / (decrease) in trade and other payables	1,534,164	(1,046,755)
	<u>(598,504)</u>	<u>(385,165)</u>
	<u>684,498</u>	<u>916,633</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Nine Months Ended December 31, 2015 - (Unaudited)**

December 31, December 31,
2015 2014
(Rupees '000)

13. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions		
i. Holding company	- Dividend paid	477,586	277,678
	- Purchase of goods	372,558	129,323
	- Royalty charge	167,685	122,136
	- Technical assistance fees	2,229	-
	- Purchase of fixed asset	1,181	-
ii. Associated companies	- Purchase of goods and services	7,982,310	3,797,744
	- Sale of goods	353,260	781,747
	- Dividend paid	238,793	138,839
	- Purchase of property, plant and equipment	14,320	35,189
	- Commission earned	1,612	85,768
iii. Staff retirement funds	- Payments to retirement benefits plans	31,696	38,912
iv. Key Management Personnel	- Salaries and other employee benefits	28,190	22,668
	- Consultancy / meeting fee	2,245	1,927

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on January 28, 2016.

内海

Managing Director &
Chief Executive Officer



Chairman



HINO

**D-2, S.I.T.E., Manghopir Road,
P.O. Box No. 10714, Karachi
UAN: 111-25-25-25
Website: www.hinopak.com**