



**RAISING THE BAR ON TOTAL SUPPORT**  
3<sup>rd</sup> Quarterly Report 2014





# Contents

- Company Information
- Directors' Review
- 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. Takuji Umemura  
Director Production

Mr. Ghafoor Mirza  
Independent Director

Mr. Hiroshi Kokaji  
Mr. Toyoki Kuno  
Mr. Haruo Komatsu  
Mr. Toshiaki 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](http://www.hinopak.com)  
Email: [info@hinopak.com](mailto: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  
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Rehmat Plaza, 2nd Floor  
Blue Area, Islamabad  
Tel: 051-2276234  
Fax: 051-2272268  
Email: [hino-islamabad@hinopak.com](mailto:hino-islamabad@hinopak.com)

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Quetta  
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Email: [hino-quetta@hinopak.com](mailto:hino-quetta@hinopak.com)

Peshawar  
Hino Peshawar  
Ring Road, Near Kohat Road Bridge  
Peshawar  
Tel: 091-2322530  
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# Directors' Review

For the Nine Months Ended December 31, 2014

## GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Oct-Dec quarter of 2014 was 1005 units – 7% higher than in the corresponding quarter of last year but 55 units less than the previous quarter.

## SALES

The sale of Hinopak's trucks and buses increased, in line with the market size, to 463 units from 398 units in the corresponding quarter of last year.

## SALES REVENUE

The sales revenue for the quarter is Rs. 3.36 billion and for the nine months of Hinopak's financial year stands at Rs. 9.18 billion - 50% more than Rs. 6.13 billion of the corresponding period of last year. The gross profit in this quarter is Rs. 568 million.

## FINANCE

The finance income stands at Rs. 121 million (Rs. 118 million for nine months). The Company closed the cash and cash equivalent at Rs. 1.66 billion.

## PROFIT & LOSS

The profit after tax in the quarter increased to Rs. 356 million from Rs. 238 million of last year's third quarter and the profit per share increased to Rs. 28.67 from Rs. 19.16.

## OUTLOOK FOR THE FOURTH QUARTER

We remain devoted to the TOTAL SUPPORT which places emphasis on "caring for our customers' business," aiming to contribute to their business requirements and success throughout the lifetime of our products.

By continuing the philosophy of TOTAL SUPPORT we remain confident for prosperous future in days to come ahead.

Finally, I express my gratitude to our stake holders for their cooperation, trust and confidence in Hinopak Motors Limited and to our employees for their relentless efforts

内海

Managing Director &  
Chief Executive Officer

Date: 21 January, 2015



Chairman

# Condensed Interim Balance Sheet

As at December 31, 2014

	Note	Unaudited December 31, 2014	Audited March 31, 2014
(Rupees '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,993,645	1,964,836
Intangible assets		8,887	4,905
Long-term investments		2,266	2,266
Long-term loans and advances		15,524	14,303
Long-term deposits		6,758	6,758
		<u>2,027,080</u>	<u>1,993,068</u>
<b>Current assets</b>			
Stores, spares and loose tools		35,635	45,212
Stock-in-trade		2,128,816	2,656,382
Trade debts	6	909,318	731,067
Loans and advances		30,134	42,044
Trade deposits and prepayments		41,315	24,231
Refunds due from the government		22,682	333,624
Other receivables		31,323	28,253
Taxation - payments less provision		-	258,249
Accrued mark-up		6,308	4,805
Cash and bank balances		1,660,561	1,419,489
		<u>4,866,092</u>	<u>5,543,356</u>
Total assets		<u>6,893,172</u>	<u>7,536,424</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		124,006	124,006
Reserves		2,421,423	2,011,087
		<u>2,545,429</u>	<u>2,135,093</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		1,225,392	1,249,576
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation		33,623	59,583
Retirement benefits obligations		104,027	96,230
		<u>137,650</u>	<u>155,813</u>
<b>Current liabilities</b>			
Trade and other payables	7	2,951,289	3,995,942
Provision for taxation - net		33,412	-
		<u>2,984,701</u>	<u>3,995,942</u>
<b>Total liabilities</b>		3,122,351	4,151,755
<b>Contingency and commitments</b>	8		
<b>Total equity and liabilities</b>		<u>6,893,172</u>	<u>7,536,424</u>

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

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Managing Director &  
Chief Executive Officer



Chairman

# Condensed Interim Profit And Loss Account

For The Nine Months Ended December 31, 2014 - (Unaudited)

	Note	Quarter ended		Nine months ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		(Rupees '000)			
Sales		<b>3,360,717</b>	2,337,633	<b>9,184,571</b>	6,131,511
Cost of sales		<b>(2,792,416)</b>	(1,979,486)	<b>(7,655,571)</b>	(5,231,744)
Gross profit		<b>568,301</b>	358,147	<b>1,529,000</b>	899,767
Distribution costs		<b>(92,694)</b>	(65,844)	<b>(241,599)</b>	(184,485)
Administration expenses		<b>(89,533)</b>	(66,482)	<b>(248,173)</b>	(175,987)
Other income		<b>58,973</b>	59,648	<b>178,911</b>	91,468
Other expenses	9	<b>(41,436)</b>	(26,504)	<b>(94,283)</b>	(45,330)
Profit from operations		<b>403,611</b>	258,965	<b>1,123,856</b>	585,433
Finance income	10	<b>121,214</b>	91,467	<b>118,184</b>	11,439
Profit before taxation		<b>524,825</b>	350,432	<b>1,242,040</b>	596,872
Taxation		<b>(169,301)</b>	(112,840)	<b>(387,891)</b>	(198,411)
Profit after taxation		<b>355,524</b>	237,592	<b>854,149</b>	398,461
Other comprehensive income / (loss)					
<b>Items that will not be reclassified to Profit or Loss</b>					
Loss on remeasurement of post employment benefits obligations - net of tax					
		-	-	-	(4,440)
Total comprehensive income		<b>355,524</b>	237,592	<b>854,149</b>	394,021
Basic and diluted earnings per share		<b>Rs. 28.67</b>	Rs. 19.16	<b>Rs. 68.88</b>	Rs. 32.13

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

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Managing Director &  
Chief Executive Officer



Chairman

# Condensed Interim Cash Flow Statement

For The Nine Months Ended December 31, 2014 - (Unaudited)

	Note	December 31, 2014	December 31, 2013
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	916,633	1,977,364
Mark-up paid on short term borrowings		(25)	(27,969)
Return on savings accounts		61,926	36,979
Income taxes paid - net		(122,190)	(74,865)
Retirement benefits obligations paid		(21,953)	(22,266)
Increase in long-term deposits		-	(1,022)
Increase in long-term loans and advances		(1,221)	(1,689)
Net cash generated from operating activities		<u>833,170</u>	<u>1,886,532</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(152,553)	(65,371)
Purchase of intangible assets		(6,192)	(3,167)
Proceeds from sale of property, plant and equipment		32,542	15,245
Net cash used in investing activities		<u>(126,203)</u>	<u>(53,293)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Dividend paid		(465,895)	(20,224)
Net increase in cash and cash equivalents		241,072	1,813,015
Cash and cash equivalents at the beginning of the period		1,419,489	(472,601)
Cash and cash equivalents at the end of the period		<u>1,660,561</u>	<u>1,340,414</u>

The annexed notes 1 to 13 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, 2014 - (Unaudited)

	Share Capital	Reserves - Revenue		Fair Value Reserve	Total
		General	Unappropriated profit		
(Rupees '000)					
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	<b>124,006</b>	<b>291,000</b>	<b>2,128,972</b>	<b>1,451</b>	<b>2,545,429</b>
Balance at April 1, 2013	124,006	291,000	1,099,716	2,882	1,517,604
Dividend for the year ended March 31, 2013 @ Rs. 1.638 per share	-	-	(20,312)	-	(20,312)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	20,755	-	20,755
Profit for the period	-	-	398,461	-	398,461
Other comprehensive loss	-	-	(4,440)	-	(4,440)
Total comprehensive income	-	-	394,021	-	394,021
Balance at December 31, 2013	<b>124,006</b>	<b>291,000</b>	<b>1,494,180</b>	<b>2,882</b>	<b>1,912,068</b>

The annexed notes 1 to 13 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, 2014 – (Unaudited)

## 1. GENERAL INFORMATION

Hinopak Motors Limited is incorporated in Pakistan as a public limited company and listed 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, 2014.

## 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended December 31, 2014 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 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, 2014.

## 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, 2014.

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, 2014.

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

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - note 5.1	<b>1,982,234</b>	1,959,364
Capital work-in-progress	<b>11,411</b>	5,472
	<b><u>1,993,645</u></b>	<u>1,964,836</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information**  
For The Nine Months Ended December 31, 2014 – (Unaudited)

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

	Additions (at cost)		Disposals (at net book value)	
	Nine months ended			
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees '000)			
Vehicles	121,882	48,037	26,848	11,507
Others	24,645	12,566	119	225
	<u>146,527</u>	<u>60,603</u>	<u>26,967</u>	<u>11,732</u>
			December 31, 2014	March 31, 2014
			(Rupees '000)	

**6. TRADE DEBTS**

**Considered good - unsecured**

Related parties

- Indus Motor Company Limited

- Toyota Tsushu Corporation

Others

22,758 41,349

35,909 20,451

850,651 669,267

909,318 731,067

**Considered doubtful**

Others

104,491 124,329

1,013,809 855,396

Less: Provision for doubtful debts - note 6.1

(104,491) (124,329)

909,318 731,067

6.1 Balance at the beginning of the period

124,329 137,076

(Reversal) / charge during the period

(19,838) 1,106

Written off against provision

- (13,853)

Balance at the end of the period

104,491 124,329

**7. TRADE AND OTHER PAYABLES**

These include bills payable to Toyota Tsushu Corporation, Japan - associated company amounting to Rs. 1,112 million (March 31, 2014: Rs. 1,250 million) and advances from customers amounting to Rs. 651 million (March 31, 2014: Rs. 1,490 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, 2014.

**Notes To And Forming Part Of The Condensed Interim Financial Information**  
For The Nine Months Ended December 31, 2014 – (Unaudited)

**8.2 Commitments**

Commitments for capital expenditures as at December 31, 2014 amounted to Rs. 38.77 million (March 31, 2014: Rs. 63.1 million).

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

**9. OTHER EXPENSES**

Donations	2,766	667
Workers' Profits Participation Fund	66,677	31,436
Workers' Welfare Fund	24,840	13,227
	<u>94,283</u>	<u>45,330</u>

**10. FINANCE INCOME**

Mark-up on short-term borrowings	(25)	(4,693)
Exchange gain / (loss) - net	123,469	23,113
Bank charges and others	(5,260)	(6,981)
	<u>118,184</u>	<u>11,439</u>

**11. CASH GENERATED FROM OPERATIONS**

Profit before taxation	1,242,040	596,872
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**Add / (Less): Adjustments for non cash charges and other items**

Depreciation and amortisation	98,987	88,180
Gain on disposal of operating fixed assets	(5,575)	(3,513)
Retirement benefits charge	29,750	24,134
Mark-up on short-term borrowings	25	(4,693)
Income on PLS savings and deposit accounts	(63,429)	(41,829)
Profit before working capital changes	<u>1,301,798</u>	<u>659,151</u>

**Effect on cash flow due to working capital changes**

Decrease / (Increase) in current assets		
Stores, spares and loose tools	9,577	(7,147)
Stock-in-trade	527,566	(411,306)
Trade debts	(178,251)	(62,022)
Loans and advances	11,910	(62,602)
Trade deposits and prepayments	(17,084)	(23,759)
Refunds due from the government	310,942	(145,109)
Other receivables	(3,070)	(19,880)
	<u>661,590</u>	<u>(731,825)</u>
(Decrease) / increase in trade and other payables	(1,046,755)	2,050,038
	<u>(385,165)</u>	1,318,213
	<u>916,633</u>	<u>1,977,364</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information**  
For The Nine Months Ended December 31, 2014 – (Unaudited)

**12. TRANSACTIONS WITH RELATED PARTIES**

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

Relationship	Nature of transactions	December 31,	December 31,
		2014	2013
		(Rupees '000)	
i. Holding company	- Purchase of goods	<b>129,323</b>	87,219
	- Royalty charge	<b>122,136</b>	86,687
	- Dividend paid	<b>277,678</b>	12,052
ii. Associated companies	- Purchase of goods and services	<b>3,797,744</b>	3,226,184
	- Sale of goods	<b>781,747</b>	594,014
	-Purchase of property, plant and equipment	<b>35,189</b>	32,136
	- Commission earned	<b>85,768</b>	29,974
	- Dividend paid	<b>138,839</b>	6,026
iii. Staff retirement funds	- Payments to retirement benefits plans	<b>38,912</b>	39,652
iv. Key Management Personnel	- Salaries and other employee benefits	<b>22,668</b>	22,966
	- Consultancy / meeting fee	<b>1,927</b>	3,612

**13. 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 21, 2015.

内海

Managing Director &  
Chief Executive Officer



Chairman



**HINOPAK MOTORS LIMITED**

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