



RAISING THE BAR ON TOTAL SUPPORT

1st 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

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

Company Information

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

Sayed & 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 First Quarter Ended June 30, 2014

GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles (truck and bus) of all makes in the country in the quarter (Apr – June) 1159 units – 219 units more than in the same quarter of last year. Compared with the previous quarter (Jan-Mar) the increase is 99 units.

SALES

In line with the increase in the national market, the sale of Hinopak's trucks and buses in the quarter rose to 414 units from 315 units in the same quarter of last year.

SALES REVENUE

The sales revenue in the quarter increased to Rs. 3.31 billion from Rs. 1.68 billion and the gross profit to Rs. 547 million from Rs. 187 million in the corresponding quarter of last year. In terms of percentage, however, it increased to 16.5% from 11.1%.

FINANCE COST

The finance cost increased to Rs. 33 million (including net exchange loss of Rs. 32 million) from Rs. 10 million (including net exchange loss of Rs. 4 million) in the corresponding quarter of last year.

The Company closed the cash and cash equivalent at Rs. 1.39 billion.

PROFIT & LOSS

The profit after tax stood at Rs. 268 million compared to Rs. 60 million in the last year's corresponding quarter leading to earning per share of Rs. 21.65. Last year it stood at Rs. 4.86 per share.

OUTLOOK FOR THE SECOND QUARTER

We thank our customers for their continued confidence in our products and also acknowledge the efforts of the entire Hinopak team.

In view of ever demanding business environment, the Company will concentrate its efforts on cost reduction initiatives. The management will maintain its proactive approach in order to cater the uncertain business environment and will continue to enhance operational efficiencies.

内海

Managing Director &
Chief Executive Officer

Date: 24 July, 2014



Chairman

Condensed Interim Balance Sheet

As at June 30, 2014

	Note	Unaudited June 30, 2014	Audited March 31, 2014
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,020,237	1,964,836
Intangible assets		4,425	4,905
Long-term Investments		2,266	2,266
Long-term loans and advances		14,787	14,303
Long-term deposits		6,748	6,758
		<u>2,048,463</u>	<u>1,993,068</u>
Current assets			
Stores, spares and loose tools		42,018	45,212
Stock-in-trade		2,246,039	2,656,382
Trade debts		629,650	731,067
Loans and advances		28,709	42,044
Trade deposits and prepayments		50,333	24,231
Refunds due from the government		158,037	333,624
Other receivables		32,466	28,253
Taxation - payment less provision		206,835	258,249
Accrued mark-up		4,988	4,805
Cash and bank balances		1,391,339	1,419,489
		<u>4,790,414</u>	<u>5,543,356</u>
Total Assets		<u>6,838,877</u>	<u>7,536,424</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital		124,006	124,006
Reserves		1,820,421	2,011,087
Total capital and reserves		<u>1,944,427</u>	<u>2,135,093</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,240,725	1,249,576
LIABILITIES			
Non-current liabilities			
Deferred taxation		48,168	59,583
Retirement benefits obligations		98,354	96,230
		<u>146,522</u>	<u>155,813</u>
Current liabilities			
Trade and other payables	6	3,507,203	3,995,942
Total liabilities		<u>3,653,725</u>	<u>4,151,755</u>
Total Equity and Liabilities		<u>6,838,877</u>	<u>7,536,424</u>
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 12 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 Quarter Ended June 30, 2014 - Unaudited

	Note	Quarter ended	
		June 30, 2014	June 30, 2013
		(Rupees '000)	
Sales		3,314,032	1,683,535
Cost of sales		(2,767,018)	(1,496,551)
Gross profit		547,014	186,984
Distribution expenses		(84,820)	(38,570)
Administration expenses		(79,604)	(51,175)
Other operating income		63,855	9,140
Other operating expenses		(28,280)	(6,450)
Profit from operations		418,165	99,929
Finance cost	8	(32,863)	(9,844)
Profit before taxation		385,302	90,085
Taxation		(116,822)	(29,872)
Profit after taxation		268,480	60,213
Other comprehensive income		-	-
Total comprehensive income		268,480	60,213
Earnings per share - basic and diluted		Rs. 21.65	Rs. 4.86

The annexed notes 1 to 12 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 Quarter Ended June 30, 2014 - Unaudited

	Note	June 30, 2014	June 30, 2013
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	121,228	1,065,551
Mark-up paid on short term borrowings		(968)	(33,050)
Return on short term deposits and savings accounts		20,500	1,987
Taxes paid		(76,823)	(5,190)
Retirement benefits obligations paid		(6,690)	(11,859)
Increase in long-term loans and advances		(484)	(3,515)
Decrease / (Increase) in long-term deposits		10	(320)
Net cash generated from operating activities		<u>56,773</u>	<u>1,013,604</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(92,006)	(15,450)
Proceeds from sale of property, plant and equipment		7,083	5,855
Net cash used in investing activities		<u>(84,923)</u>	<u>(9,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	92
Net cash used in financing activities		-	92
Net (decrease) / increase in cash and cash equivalents		<u>(28,150)</u>	<u>1,004,101</u>
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	10	<u>1,391,339</u>	<u>531,500</u>

The annexed notes 1 to 12 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 Quarter Ended June 30, 2014 - Unaudited

	Share Capital	Reserves - Revenue		Fair Value Reserve	Total
		General	Unappropriated profit		
(Rupees '000)					
Balance at April 01, 2013	124,006	291,000	1,099,716	2,882	1,517,604
Dividend for the year ended March 31, 2013 @ 1.64 per share	-	-	(20,312)	-	(20,312)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	6,918	-	6,918
Total comprehensive profit after taxation for the quarter ended June 30, 2013	-	-	60,213	-	60,213
Balance at June 30, 2013	<u>124,006</u>	<u>291,000</u>	<u>1,146,535</u>	<u>2,882</u>	<u>1,564,423</u>
Balance at April 01, 2014	124,006	291,000	1,718,636	1,451	2,135,093
Dividend for the year ended March 31, 2014 @ 37.74 per share	-	-	(467,997)	-	(467,997)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	8,851	-	8,851
Total comprehensive profit after taxation for the quarter ended June 30, 2014	-	-	268,480	-	268,480
Balance at June 30, 2014	<u>124,006</u>	<u>291,000</u>	<u>1,527,970</u>	<u>1,451</u>	<u>1,944,427</u>

The annexed notes 1 to 12 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 Quarter Ended June 30, 2014 - 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, 2014.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended June 30, 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 adopted are consistent with those of the previous financial year ended March 31, 2014.

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.

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, 2014.

- 4.2 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.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited June 30, 2014	Audited March 31, 2014
(Rupees '000)			
Operating assets	5.1	1,980,498	1,959,364
Capital work-in-progress		39,739	5,472
		<u>2,020,237</u>	<u>1,964,836</u>

Notes To And Forming Part Of The Condensed Interim Financial Information

For The Quarter Ended June 30, 2014 - Unaudited

5.1 Additions / disposals

	Additions (at cost)		Disposals (at net book value)	
	Quarter ended			
	June 30,2014	June 30,2013	June 30,2014	June 30,2013
	(Rupees '000)			
Building on leasehold land	-	-	-	-
Plant and machinery	3,832	-	-	-
Furniture and fittings	-	-	-	-
Vehicles	50,046	13,648	4,092	4,408
Electrical installations	-	362	-	-
Office and other equipments	3,861	767	119	-
	<u>57,739</u>	<u>14,777</u>	<u>4,211</u>	<u>4,408</u>

6. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 1.14 billion (March 31, 2014: Rs. 1.25 billion).

7. CONTINGENCY AND COMMITMENTS

7.1 Contingency

As at June 30, 2014 the company has received provisional refunds of Rs. 519.05 million (March 31, 2014: Rs. 519.05 million) from the sales tax authorities against bank guarantees and other undertakings by the company.

7.2 Commitments

Commitments for capital expenditures as at June 30, 2014 amounted to Rs. 31.3 million (March 31, 2014: Rs. 63.1 million).

Unaudited June 30, 2014	Unaudited June 30, 2013
(Rupees '000)	

8. FINANCE COST

Mark-up on short-term borrowings	-	4,150
Exchange loss - net	31,895	3,517
Bank charges and others	968	2,177
	<u>32,863</u>	<u>9,844</u>

Notes To And Forming Part Of The Condensed Interim Financial Information

For The Quarter Ended June 30, 2014 - Unaudited

	Unaudited June 30, 2014	Unaudited June 30, 2013
(Rupees '000)		
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	385,302	90,085
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	32,874	29,565
Mark-up on short term borrowings	968	4,150
Retirement benefits charge	8,814	8,041
Gain on sale of property, plant and equipment	(2,872)	(1,447)
Return on short term deposits and savings accounts	(20,683)	(2,270)
	19,101	38,039
Profit before working capital changes	404,403	128,124
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spares and loose tools	3,194	1,756
Stock-in-trade	410,343	374,602
Trade debts	101,417	(194,296)
Loans and advances	13,335	(26,203)
Trade deposits and prepayments	(26,102)	(17,729)
Refunds due from the government - sales tax	175,587	72,409
Other receivables	(4,213)	943
	673,561	211,482
(Decrease) / increase in current liabilities		
Trade and other payables	(956,736)	725,945
	(283,175)	937,427
	121,228	1,065,551
	121,228	1,065,551
	Unaudited June 30, 2014	Audited March 31, 2014
(Rupees '000)		
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,391,339	1,419,489
Short-term borrowings - Running finance under mark-up arrangements	-	-
	1,391,339	1,419,489

Notes To And Forming Part Of The Condensed Interim Financial Information

For The Quarter Ended June 30, 2014 - Unaudited

11. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the company and the related parties during the period are as follows:

Relationship	Nature of transactions	Unaudited June 30, 2014	Unaudited June 30, 2013
		(Rupees '000)	
i. Holding company	- Purchase of goods	11,069	7,321
	- Royalty charge	37,874	19,120
ii. Associated companies	- Purchase of goods and services	1,225,743	649,703
	- Sale of goods	225,832	154,288
	- Purchase of property, plant and equipment	33,300	10,524
	- Commission earned	31,942	2,597
iii. Employees' Provident Fund	- Contribution paid	5,075	6,307
iv. Employees' Gratuity Fund	- Contribution paid	4,555	4,513
v. Employees' Pension Fund	- Contribution paid	2,292	7,430
vi. Key Management Personnel	- Salaries and other employee benefits	7,718	7,216

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 24, 2014 by the Board of Directors of the company.

内海

Managing Director &
Chief Executive Officer



Chairman





HINOPAK MOTORS LIMITED

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