

EFFICIENCY COUNTS



1st Quarterly Report 2015



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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
Email: info@hinopak.com

SHARE REGISTRAR

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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

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Quetta
Tel: 081-2452598
Fax: 081-2451217
Email: hino-quetta@hinopak.com

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Peshawar
Tel: 091-2322530
Fax: 091-2322550
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Directors' Report

For the First Quarter Ended June 30, 2015

Greetings to the Shareholders!

The total sale of commercial vehicles (truck and bus) of all makes in the country in the quarter (Apr – June) 1636 units – 477 units more than in the same quarter of last year. Compared with the previous quarter (Jan-Mar) the increase is 285 units.

SALES

In line with the increase in the national market, the sale of Hinopak's trucks and buses in the quarter rose to 640 units from 414 units in the same quarter of last year.

SALES REVENUE

The sales revenue in the quarter increased to Rs. 3.87 billion from Rs. 3.31 billion and the gross profit to Rs. 716 million from Rs. 547 million in the corresponding quarter of last year. In terms of percentage, it increased to 18.5% from 16.5%.

FINANCE INCOME / (COST)

The finance income increased to Rs. 55 million (including net exchange gain of Rs. 57 million) from finance cost of Rs. 33 million (including net exchange loss of Rs. 32 million) in the corresponding quarter of last year.

The Company closed the cash and cash equivalent at Rs. 4.44 billion.

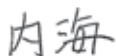
PROFIT & LOSS

The profit after tax stood at Rs. 381 million compared to Rs. 268 million in the last year's corresponding quarter leading to earning per share of Rs. 30.75. Last year it stood at Rs. 21.65 per share.

OUTLOOK FOR THE SECOND QUARTER

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

Despite various challenges, the management is confident that the company will maintain its market leadership. The management will maintain its proactive approach in order to cater the uncertain business environment and will continue to enhance operational efficiencies.



**Managing Director &
Chief Executive Officer**

Date: 23 July, 2015



Chairman

Condensed Interim Balance Sheet
As at June 30, 2015

	Note	Unaudited June 30, 2015	Audited March 31, 2015
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,023,871	1,995,543
Intangible assets		9,402	10,649
Long-term investments		423	423
Long-term loans and advances		14,955	14,215
Long-term deposits		6,581	6,821
Staff retirement benefit - prepayment		9,086	12,544
		<u>2,064,318</u>	<u>2,040,195</u>
Current assets			
Stores, spares and loose tools		25,880	26,940
Stock-in-trade		2,133,424	1,814,191
Trade debts		220,225	1,287,210
Loans and advances		76,474	17,465
Trade deposits and prepayments		115,579	48,128
Refunds due from the government		160,201	115,349
Other receivables		724	36,356
Taxation - payment less provision		115,954	160,167
Accrued mark-up		10,175	9,738
Cash and bank balances		4,443,406	2,665,997
		<u>7,302,042</u>	<u>6,181,541</u>
Total assets		<u>9,366,360</u>	<u>8,221,736</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital		124,006	124,006
Reserves		2,215,557	2,645,919
		<u>2,339,563</u>	<u>2,769,925</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,222,882	1,216,150
LIABILITIES			
Non-current liabilities			
Deferred taxation		56,899	76,102
Staff retirement benefit		108,476	105,289
		<u>165,375</u>	<u>181,391</u>
Current liabilities			
Trade and other payables	6	5,638,540	4,054,270
Total liabilities		<u>5,803,915</u>	<u>4,235,661</u>
CONTINGENCIES AND COMMITMENTS			
Total equity and liabilities	7	<u>9,366,360</u>	<u>8,221,736</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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Managing Director &
Chief Executive Officer

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Chairman

Condensed Interim Profit And Loss Account
For The Quarter Ended June 30, 2015 - Unaudited

	Note	Quarter ended June 30, 2015	June 30, 2014
		(Rupees '000)	
Sales		3,865,179	3,314,032
Cost of sales		(3,148,843)	(2,767,018)
Gross profit		716,336	547,014
Distribution cost		(89,552)	(84,820)
Administration expenses		(87,988)	(79,604)
Other income		64,581	63,855
Other expenses	8	(45,172)	(28,280)
Profit from operations		558,205	418,165
Finance income / (cost)	9	54,849	(32,863)
Profit before taxation		613,054	385,302
Taxation		(231,764)	(116,822)
Profit after taxation		381,290	268,480
Other comprehensive income		-	-
Total comprehensive income		381,290	268,480
Earnings per share - basic and diluted		Rs. 30.75	Rs. 21.65

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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Managing Director &
Chief Executive Officer

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Chairman

Condensed Interim Cash Flow Statement
For The Quarter Ended June 30, 2015 - Unaudited

	Note	June 30, 2015	June 30, 2014
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,028,979	121,228
Mark-up paid on short term borrowings		-	(968)
Return on short term deposits and savings accounts		20,246	20,500
Taxes paid		(206,754)	(76,823)
Retirement benefits obligations paid		(6,964)	(6,690)
Increase in long-term loans and advances		(740)	(484)
Decrease in long-term deposits		240	10
Net cash generated from operating activities		1,835,007	56,773
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(70,620)	(92,006)
Proceeds from sale of property, plant and equipment		13,022	7,083
Net cash used in investing activities		(57,598)	(84,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase / (decrease) in cash and cash equivalents		1,777,409	(28,150)
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		4,443,406	1,391,339

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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Managing Director &
Chief Executive Officer



Chairman

Condensed Interim Statement Of Changes In Equity
For The Quarter Ended June 30, 2015 - Unaudited

	Share Capital	Reserves - Revenue		Fair Value Reserve	Total
		General	Unappropriated profit		
(Rupees '000)					
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	124,006	291,000	1,527,970	1,451	1,944,427
Balance at April 01, 2015	124,006	291,000	2,354,689	230	2,769,925
Dividend for the year ended March 31, 2015 @ 64.91 per share	-	-	(804,920)	-	(804,920)
Impact of deferred tax on surplus of revaluation due to change in tax rate	-	-	(14,506)	-	(14,506)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	7,774	-	7,774
Total comprehensive profit after taxation for the quarter ended June 30, 2015	-	-	381,290	-	381,290
Balance at June 30, 2015	124,006	291,000	1,924,327	230	2,339,563

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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Managing Director &
Chief Executive Officer



Chairman

Notes To And Forming Part Of The Condensed Interim Financial Information For The Quarter Ended June 30, 2015 - 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, 2015.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended June 30, 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.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended March 31, 2015.

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, 2015.

- 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, 2015.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited June 30, 2015 (Rupees '000)	Audited March 31, 2015
Operating assets	5.1	1,988,780	1,973,574
Capital work-in-progress		35,091	21,969
		<u>2,023,871</u>	<u>1,995,543</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2015 - Unaudited**

5.1 Additions / disposals

	Additions (at cost)		Disposals (at net book value)	
	Quarter ended			
	June 30,2015	June 30,2014	June 30,2015	June 30,2014
	(Rupees '000)			
Building on leasehold land	12,847	-	-	-
Plant and machinery	14,884	3,832	-	-
Furniture and fittings	2,248	-	-	-
Vehicles	21,065	50,046	8,639	4,092
Electrical installations	390	-	-	-
Office and other equipments	6,064	3,861	-	119
	<u>57,498</u>	<u>57,739</u>	<u>8,639</u>	<u>4,211</u>

6. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 2.08 billion (March 31, 2015: Rs. 1.49 billion) and advances from customers amounting to Rs. 1.49 billion (March 31, 2015: Rs. 1.23 billion).

7. CONTINGENCY AND COMMITMENTS

7.1 Contingency

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

7.2 Commitments

Commitments for capital expenditures as at June 30, 2015 amounted to Rs. 86.86 million (March 31, 2015: Rs. 93.15 million).

8. OTHER EXPENSES

	Unaudited June 30, 2015	Unaudited June 30, 2014
	(Rupees '000)	
Workers' Profits Participation Fund	32,911	20,604
Workers' Welfare Fund	12,261	7,676
	<u>45,172</u>	<u>28,280</u>

9. FINANCE INCOME / (COST)

Exchange gain / (loss) - net	57,268	(31,895)
Bank charges and others	(2,419)	(968)
	<u>54,849</u>	<u>(32,863)</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2015 - Unaudited**

	Unaudited June 30, 2015	Unaudited June 30, 2014
	(Rupees '000)	
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	613,054	385,302
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	34,900	32,874
Mark-up on short term borrowings	-	968
Retirement benefits charge	13,609	8,814
Gain on sale of property, plant and equipment	(4,383)	(2,872)
Return on short term deposits and savings accounts	(20,683)	(20,683)
	23,443	19,101
Profit before working capital changes	636,497	404,403
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	1,060	3,194
Stock-in-trade	(319,233)	410,343
Trade debts	1,066,985	101,417
Loans and advances	(59,009)	13,335
Trade deposits and prepayments	(67,451)	(26,102)
Refunds due from the government - sales tax	(44,852)	175,587
Other receivables	35,632	(4,213)
	613,132	673,561
Increase / (decrease) in current liabilities		
Trade and other payables	779,350	(956,736)
	1,392,482	(283,175)
	<u>2,028,979</u>	<u>121,228</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2015 - Unaudited**

11. TRANSACTIONS WITH RELATED PARTIES

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

		Unaudited June 30, 2015	Unaudited June 30, 2014
		(Rupees '000)	
Relationship	Nature of transactions		
i. Holding company	- Purchase of goods	107,938	11,069
	- Royalty charge	61,664	37,874
ii. Associated companies	- Purchase of goods and services	2,221,928	1,225,743
	- Sale of goods	155,576	225,832
	- Purchase of property, plant and equipment	1,828	33,300
	- Commission earned	-	31,942
iii. Employees' Provident Fund	- Contribution paid	8,544	5,075
iv. Employees' Gratuity Fund	- Contribution paid	-	4,555
v. Employees' Pension Fund	- Contribution paid	4,691	2,292
vi. Key Management Personnel	- Salaries and other employee benefits	9,404	7,718

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 23, 2015 by the Board of Directors of the company.

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Managing Director &
Chief Executive Officer

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Chairman





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