



RAISING THE BAR ON TOTAL SUPPORT

Annual Report 2014





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Fueling Up

Our dreams are the fuel which spark and sustain our journey. Our commitment is provision of quality vehicles and total support to each and every customer.

HINO

Vision

The vision of Hinopak Motors Limited is to provide the society with safe, economical, comfortable and environment friendly means of transportation by manufacturing and supplying commercial vehicles and services.



RAISING THE BAR ON TOTAL SUPPORT



Driving Our Ambition

To remain entrenched in success, leadership is vital, Hinopak has retained its forte of consistent excellence in the industry by maintaining its position as a market leader.



Mission Statement / Corporate Strategy

To pursue our vision, we commit ourselves:

To our individual, institutional and international customers:

to deliver high quality, safe, durable, reliable, comfortable, environment friendly and economical products and services to their total satisfaction.

To our employees:

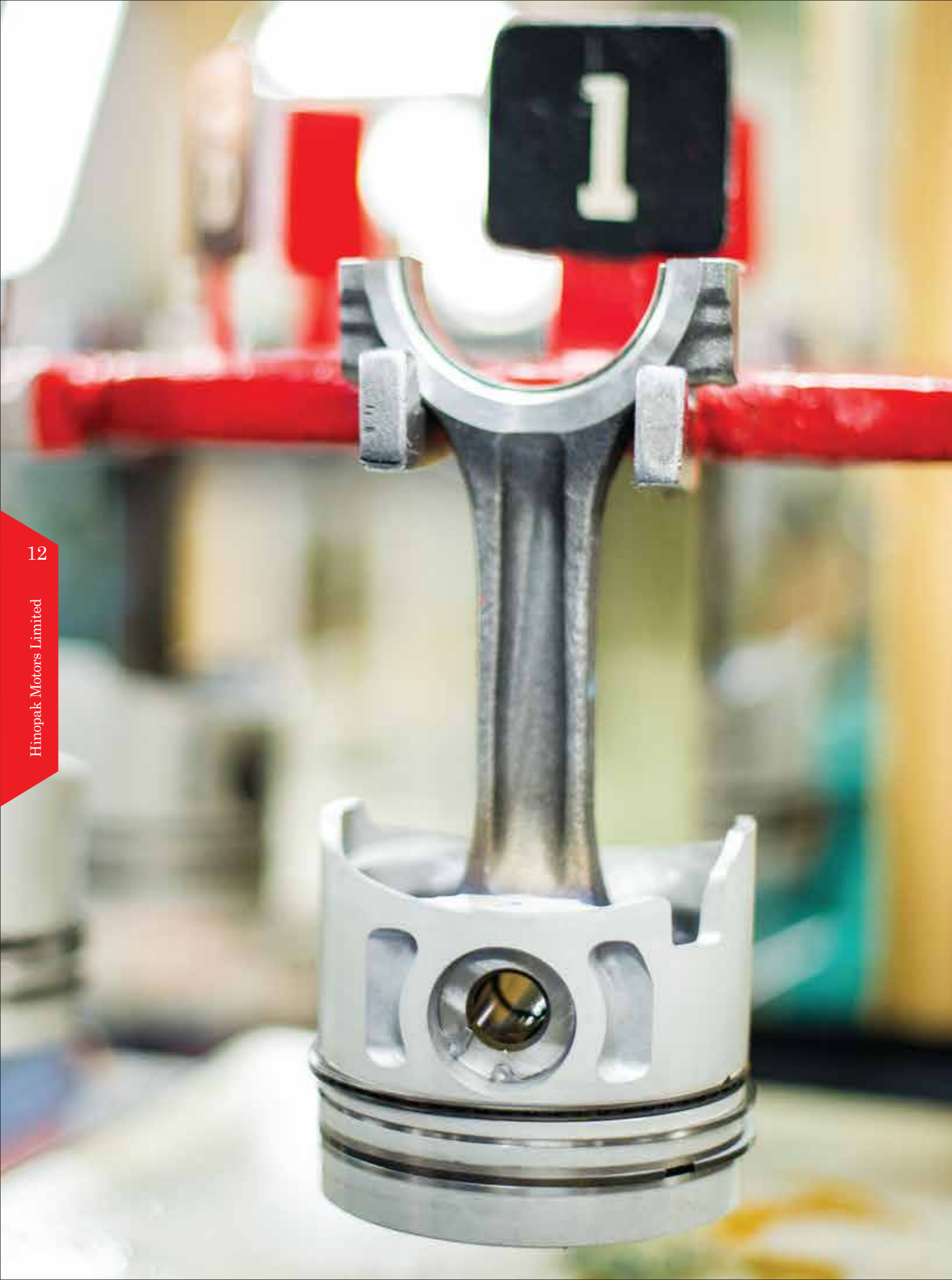
to foster corporate culture of mutual trust, respect for fundamental human rights at work, opportunities for professional growth and personal welfare so that they are proud of being a member of the "Hinopak Family".

To the community and our nation:

to contribute to economic and social development by providing means of transportation and by progressive localization of the vehicles.

To the shareholders:

to act in compliance with the norms expected of a subsidiary of the Toyota Group of Companies and make a meaningful financial return to the shareholders.



Basic Principles of Hinopak Code of Conduct

1. We develop and provide outstanding products and services that fulfill the demands of customers with sufficient attention given to safety and the environment and we aim to be an enterprise which has a significant presence in the commercial vehicle market.
2. We undertake open and fair corporate activities in conformity with the spirit and letter of laws. We maintain sound and transparent relationships with governmental and administrative entities.
3. We build and maintain good communications with society as well as our stakeholders, and we are committed to accurate and timely disclosure of information.
4. We recognize that an environmental preservation activity is an integral part of our business, and we voluntarily and actively promote and engage in environmental preservation activities as an indispensable condition for Hinopak's corporate existence and activities.
5. We recognize the inherent dignity and fundamental human rights of all members of the Hino family and therefore respect and support the practice of human rights.
6. We actively promote and engage in philanthropic activities as a member of Hino Motors Ltd. and the Toyota Group, and as a good corporate citizen.
7. We respect the right of workers at the workplace and their right of freedom of association and the right to organize and bargain collectively. We believe in transparency, mutual trust and respect for each others' rights and obligations and need for bilateral dialogue and cooperation between employees and management for achieving decent work with safe and healthy work environment, growth and excellence in business performance.
8. We take a resolute stand against antisocial power and organizations, and we act in compliance with ethical standards and sound social values.
9. We respect and abide the law of the land and applicable rules and the diversity of customs and culture and we contribute to development in the communities through our business activities.
10. We support the principles of Global Compact and expect our employees to embrace them in the work culture of our enterprise for sustainable growth and development.
11. We pledge to comply and enforce the basic principles of Hinopak's Code of Conduct and prevent its violation through the mechanism already in place from enforcing discipline, Company wide. Any member of Hinopak family observing any violation or abuse of this code of conduct may bring the same to the notice of the Management Committee or the Audit Committee in writing directly or through the suggestion boxes for necessary consideration and action.

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



Prioritizing Safety

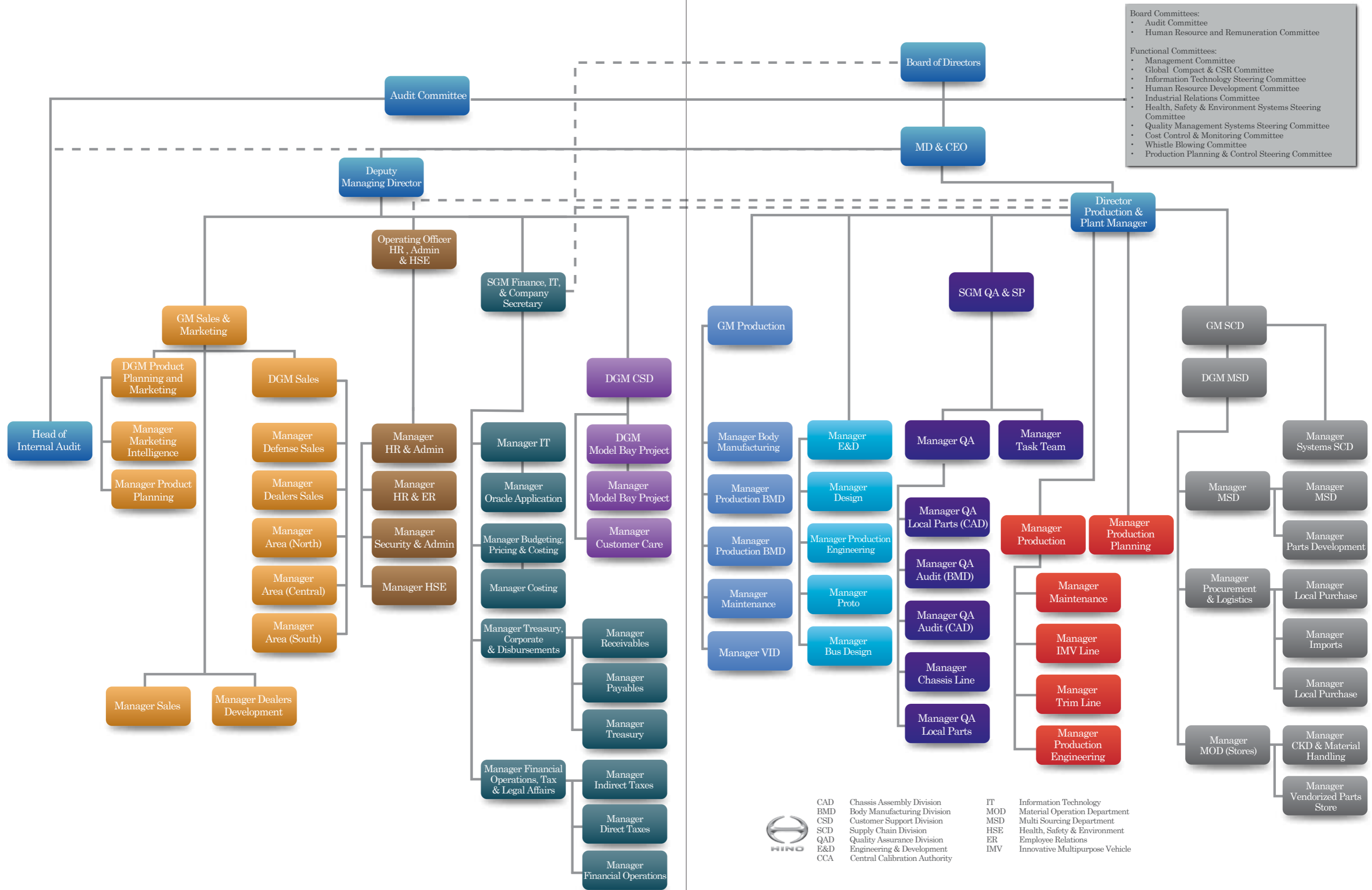
Hinopak has always regarded safety as its top priority whether in the operations or in the products. It is within the culture to implement and maintain stringent safety measures that not only defines our ability but also our operational excellence.



HINO

Our Organogram





CAD Chassis Assembly Division
 BMD Body Manufacturing Division
 CSD Customer Support Division
 SCD Supply Chain Division
 QAD Quality Assurance Division
 E&D Engineering & Development
 CCA Central Calibration Authority
 IT Information Technology
 MOD Material Operation Department
 MSD Multi Sourcing Department
 HSE Health, Safety & Environment
 ER Employee Relations
 IMV Innovative Multipurpose Vehicle

Board of Directors



MUHAMMAD ASLAM SANJRANI
Chairman & Non-Executive Director

Mr. Muhammad Aslam Sanjrani was appointed in November 2013 as non-executive director of the Company and Chairman of the Board of Directors.

He joined the Civil Service of Pakistan in 1971 and served for 35 years in a variety of posts. Presently, he is also enrolled as an Advocate, Sindh High Court.



HIROSHI KOKAJI
Non-Executive Director

Mr. Hiroshi Kokaji was appointed in June 2010 as non-executive director of the Company and member of the Audit Committee. He joined Hino Motors Ltd., Japan in 1975 and presently working as Director Senior Managing Officer.



KEIICHIRO UTSUMI
Managing Director & CEO

Mr. Keiichiro Utsumi is the Managing Director and Chief Executive Officer of the Company. He has been associated with the Company since February 2012. Whereas he joined Hino Motors Ltd., Japan in 1979. He has served HINO group in different countries and has held numerous roles.



HARUO KOMATSU
Non-Executive Director

Mr. Haruo Komatsu was elected in December 2013 as non-executive director of the Company and member of the Audit Committee. He joined Hino Motors Ltd., Japan in 1976 and presently working as Senior General Manager.



YOSHIHIRO KONDO
Deputy Managing Director

Mr. Yoshihiro Kondo has been appointed as the Deputy Managing Director of the Company in April 2014. He joined Toyota Tsusho Corporation in 1984 and used to be in charge of African Market, Asian Market, Oceania Market and so on.

Recently he was involved for KD projects for Egypt, Kazakhstan and other countries as a General Manager for KD Business Department.



TOSHIAKI YASUDA
Non-Executive Director

Mr. Toshiaki Yasuda was appointed on April 2014 as non-executive director of the Company and member of the Audit Committee and presently working as Senior General Manager.



GHAFOOR MIRZA
Independent Non-Executive Director

Mr. Ghafoor Mirza was appointed in November 2013 as independent non-executive director of the Company and Chairman of the Audit Committee.

He is a member of National Finance Commission, Chairman of the Bank of Punjab, and a member of the Punjab Examination Commission.

He performed a variety of roles for various ministries of the Government and has also represented the Country abroad on a number of occasions.



TOYOKI KUNO
Non-Executive Director

Mr. Toyoki Kuno was appointed in November 2012 as non-executive director of the Company and member of the Audit Committee. He joined Toyota Tsusho Corporation in 1986 and presently working as General Manager Hino Automotive Department of Toyota Tsusho Corporation. He has served the Toyota group in different countries in numerous roles.



TAKUJI UMEMURA
Director

Mr. Takuji Umemura was appointed as the Director of the Company in February 2014. He has been associated with the Company since February 2012. He joined Hino Motors Ltd., Japan in 1992. He has a rich experience in production techniques and production investigation activities.

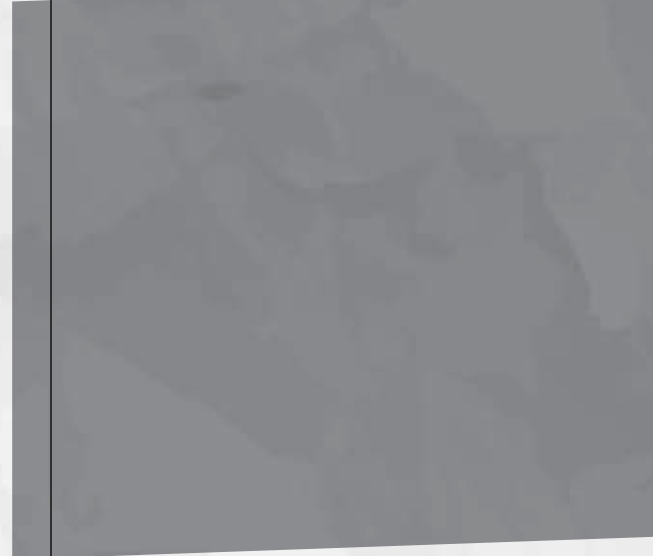


FAHIM AIJAZ SABZWARI
Company Secretary & CFO

Mr. Fahim Aijaz Sabzwari is a Company Secretary and Chief Financial Officer. He joined the Company in October 2005. Previously he has worked with A . F. Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai. He is the director of Arabian Sea Country Club. He is also the fellow member of Institute of Chartered Accounts of Pakistan.



01



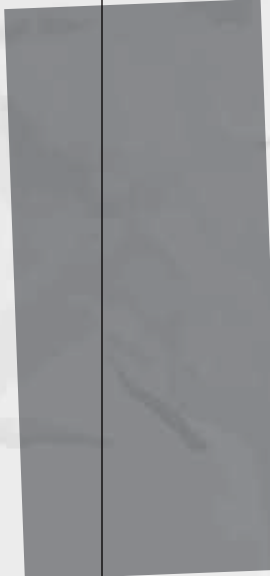
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02



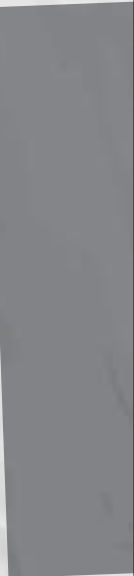
03



05



06



Functional Heads

01

Muhammad Owais M. Khan
Operating Officer HR, Administration & HSE

Mr. Muhammad Owais M. Khan is the Operating Officer Human Resource, Administration and Health Safety Environment Division. He is also advisor on production and manufacturing matters. He has been associated with the Company since 1986 and served the Company in different roles mainly Production areas.

02

Naushad Riaz
Senior General Manager - Strategic Business Planning & Quality Assurance Division

Mr. Naushad Riaz is the Senior General Manager, Strategic Business Planning and Quality Assurance Division. He is carrying over 30 years of experience in Auto Industry and is associated with Hinopak since 1986. He has vast experience in Production, Progressive Manufacturing and Supply Chain Management. Mr. Riaz is a Lead Auditor of Environment Management System (ISO-14000). Presently, he is also the director of Automotive Testing & Training Centre (Pvt.) Ltd.

03

Fahim Aijaz Sabzwari
Senior General Manager - Finance and IT Division

Mr. Fahim Aijaz Sabzwari is the Senior General Manager Finance & IT. He is also the advisor on Supply Chain matters. He joined the Company in 2005. Previously he has worked with A. F. Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai. He is the director of Arabian Sea Country Club. He is also the fellow member of Institute of Chartered Accountants of Pakistan.

04

Muhammad Akram
General Manager - Supply Chain Division

Mr. Muhammad Akram is the General Manager Supply Chain Division. He has been associated with the Company since 1992. He has served the Company in Techno Commercial, Human Resource, Administration & Health Safety Environment areas prior to joining Supply Chain Division.

05

Nishat Zafar
General Manager - Body Manufacturing Division

Mr. Nishat Zafar is the General Manager in production function, responsible for Body Manufacturing Division. He has been associated with the Company since 1986 and served the Company in different roles.

06

Adil Mohiuddin Shah
General Manager - Sales & Marketing Division

Mr. Adil Shah is the General Manager, Sales & Marketing Division. He has been associated with the Company for more than 10 years and served the Company in different roles. For some years, he has also worked with Teradata.

Board Committees

Terms of Reference

Audit Committee

- Determination of appropriate measures to safeguard Company's assets;
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- Review of management letter issued by external auditors and management's response thereto and monitor the action plan to improve the control environment;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Instituting special projects, other investigations on any matter specified by the Board of Directors, and to refer any matter to the external auditors or to any other external body; and
- Monitoring compliance with relevant statutes and best practices of Corporate Governance.

Ghafoor Mirza (Chairman)
(Non-Executive Director)

Hiroshi Kokaji
(Non-Executive Director)

Toshiaki Yasuda
(Non-Executive Director)

Haruo Komatsu
(Non-Executive Director)

Toyoki Kuno
(Non-Executive Director)

Salman Najeeb (Secretary)

Terms of Reference

Global Compact & CSR Committee

- Review and approve the budget for CSR activities;
- Monitor the following CSR related activities directly or through sub committees:
 - Compliance and Good Governance (Internal Control System, Risk Management and SOA compliance activities);
 - Environment Management;
 - Creating safe and decent work place; and
 - Social activities and contribution to local communities (Activities in the field of education, health, safety, sports and creating awareness).
- Monitor Global Compact internalization and implementation plan; and
- CSR and Global Compact reporting.

Keiichiro Utsumi
(Chairman)

Yoshihiro Kondo

Takuji Umemura

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Muhammad Akram

Adil M. Shah

Maria Azhar
(Secretary)

Terms of Reference

Human Resource & Remuneration Committee

- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- Considering and approving on recommendations of CEO on such matters for key management positions who report directly to CEO.

Hiroshi Kokaji (Chairman)
(Non-Executive Director)

Keiichiro Utsumi

Toyoki Kuno
(Non-Executive Director)

Yoshihiro Kondo
(Non-Executive Director)

Toshiaki Yasuda
(Non-Executive Director)

Haruo Komatsu
(Non-Executive Director)

Muhammad Owais M. Khan
(Secretary)

Terms of Reference

Information Technology Steering Committee

- Reviewing the long and short term plans;
- Approving and monitoring major projects;
- Reviewing and approving the major acquisitions;
- Ensuring liaison between IT and the user departments; and
- Reviewing the adequacy and allocation of resources.

Fahim Aijaz Sabzwari
(Chairman)

Naushad Riaz

Muhammad Akram

Adil M. Shah

Shams Naveed Zia
(Secretary)

Functional Committees

Terms of Reference

Management Committee

- Managing the day to day operations of the Company;
- Developing the business and marketing strategy of the Company;
- Reviewing budgetary proposals and the necessary actions to implement the business plan;
- Monitoring profitability and deviations from business plan; and
- Handling the major business issues and other urgent matters on behalf of the Board.

Keiichiro Utsumi
(Chairman)

Yoshihiro Kondo

Takuji Umemura

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Nishat Zafar

Adil M. Shah

Takayuki Monma

Masaaki Katou

Muhammad Akram
(Secretary)

Terms of Reference

Human Resource Development Committee

- Developing and implementing policies for management of human capital;
- Establishing performance management system, developing and reviewing performance goals and objectives; and
- Reviewing compensation system and practices.

Keiichiro Utsumi
(Chairman)

Yoshihiro Kondo

Takuji Umemura

Fahim Aijaz Sabzwari

Muhammad Owais M. Khan
(Secretary)

Functional Committees

Terms of Reference

Industrial Relations Committee

- Promoting labour management relationship;
- Reviewing grievance handling mechanism; and
- Reviewing employee involvement in continuous improvement activities.

Muhammad Owais M. Khan
(Chairman)

Arshad Khan

Waseem Ahmed

Muhammad Khaliluddin
(Secretary)

Terms of Reference

Cost Control and Monitoring Committee

- Monitoring cost being incurred in all functional areas;
- Recommending, proposing methods, ways to control and minimize cost to the top management for approval; and
- Monitoring implementation of cost control processes / methods.

Yoshihiro Kondo
(Chairman)

Takuji Umemura

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Muhammad Akram

Nishat Zafar

Adil M. Shah

Abdul Basit
(Secretary)

Terms of Reference

Health, Safety & Environment Systems Steering Committee

- Reviewing compliances with the Company policies related to HSE;
- Overseeing the effective maintenance of ISO 14001 and OHSAS 18001 Standards Company wide;
- Reviewing major Health, Safety and Environmental Projects and ensure their implementations;
- Monitoring the effectiveness of awareness and training programs to educate employees on HSE matters / issues; and
- Providing leadership and guidance and periodic review of the progress and performance of HSE through audits and Management Review for continual improvement.

Takuji Umemura
(Chairman)

Muhammad Owais M. Khan

Naushad Riaz

Muhammad Akram

Nishat Zafar

Waseem Ahmed

Secretariat Members

Nabila Faisal
(Secretary)

Terms of Reference

Whistle Blowing Committee

- Establishing, implementing and maintaining the Whistle Blowing Mechanism;
- Monitoring and ensuring the transparency of the Whistle Blowing Process;
- Reviewing and analyzing periodically the feedback and complains obtained through the mechanism;
- Designating and supervising the officer investigating with regards to any matter reported through the Whistle Blowing Mechanism; and
- Initiating steps to ensure compliance with the Hinopak Code of Conduct, transparency in financial reporting and safeguard of Company's assets.

Keiichiro Utsumi
(Chairman)

Yoshihiro Kondo

Fahim Aijaz Sabzwari

Muhammad Owais M. Khan

Abdul Basit
(Secretary)

Terms of Reference

Quality Management Systems Steering Committee (ISO 9000 : 2000)

- Establishing, implementing and maintaining Environmental Management System (EMS) and Quality Management System (QMS) against ISO 9001:2008 and ISO 14001:2004 Standards Company wide; and
- Providing leadership and guidance and periodic review of the progress and performance of QMS. EMS through audits and management reviews for the continual improvement.

Takuji Umemura
(Chairman)

Keiichiro Utsumi

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Muhammad Akram

Secretariat Members

Sarwar Karim
(Secretary)

Terms of Reference

Production Planning & Control Steering Committee

- Reviewing the status of production periodically;
- Scheduling the future production and projects;
- Analyzing the plant occupancy status; and
- Reviewing the efficiency level of product for steady improvement.

Takuji Umemura
(Chairman)

Keiichiro Utsumi

Yoshihiro Kondo

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Nishat Zafar

Muhammad Akram

Adil M. Shah

Hassan Salman
(Secretary)



Satisfying Customers

We develop and provide outstanding products and services that fulfill the demand of customers with sufficient attention given to safety and the environment, and we aim to be an enterprise which has a significant presence in the commercial vehicle market.

Chairman's Review

Greetings!

It gives me immense pleasure to announce yet another hallmark year in the history of Hinopak Motors Limited, that the Company has earned highest ever profit. This is a moment of pride for all of us.

Year 2013-14 has been a significant year for the Company. The Company not only made profits, but also continued to build on its consistent track record of being the market leader. The Company, after tax deduction, posted a profit of Rs. 624 million. For this singular achievement, I congratulate all the stakeholders including the management and the workforce for their zeal, support and continuous hard work.



Hinopak Business

Sales

National sales of trucks increased during the year providing a better field for the market players. Despite competition from the new entrants, considering the brand value, superior quality, and high standard of after sales support the Company maintained its market leadership. Overall market share of the Company stood at 40%.

In the Bus segment the market share of the Company remained dominant and stood at 65%. Overall the truck segment share of the Company was 34%.

The sales revenue for the year has been Rs. 9,208 million as against Rs. 7,528 million in 2012-13.

Gross Profit

The gross margin increased to Rs. 1,331 million from Rs. 810 million in the previous year.

As a percentage, gross profit rose to 14.5% as compared to 10.8% last year.

Distribution and Administrative Expenses

The distribution and administrative expenses stood at Rs. 561 million.



Finance Cost

The Company earned exchange gain of Rs. 94 million compared to a loss of Rs. 203 million last year. The return on savings and deposit accounts amounts to Rs. 73 million as compared to Rs. 2 million last year.

Profit after Tax

The Company earned, after tax, a profit of Rs. 624 million (Rs. 29 million in 2012-13). Earnings per share also increased to Rs. 50.31 (Rs. 2.35 in 2012-13).

Capital Expenditure

The Company invested Rs. 100 million in its capital goods to increase productivity, improve technology and to achieve higher safety and quality standards.

Cash Flow

The Company generated Rs. 1,993 million from operating activities and invested Rs. 80 million (net) in capital goods. The increase in cash and cash equivalent was Rs. 1,892 million.

Dividend

Based on the strong performance of the Company, the Directors proposed to pay 75% of the profit, after tax, to the shareholders as dividend.



Chassis Assembly Division

Due to improved production techniques the plant productivity improved by 8%. The number of chassis produced was 1,821 compared to 1,359 in the preceding year. In addition 4,068 IMV (Hilux) frames were produced for Indus Motor Company.

Body Manufacturing Division

Total of 627 bodies including specialized versions were produced as against 305 produced in the preceding year. The plant productivity, improved by 8%.

Business Process Improvement and Product Development

Building on 28 years of experience and reputation as the market leader, the Company continues to focus on improving the performance and features of its products to ensure that it continues to outshine the competitors and provide **TOTAL SUPPORT** to its customers. This encompasses the Company's clear focus on improving the efficiency of engines and drivelines while ensuring energy conservation. Our products are reliable, environment friendly and fuel efficient.

Considering the ever changing and demanding business environment and to fulfill the customers' needs, during the year the Company launched an advanced version in light commercial vehicle bus segment (Skyliner Bus); with its contemporary design the product is safe, reliable and comfortable.

After Sales Support Network

After Sales Support Network is one of the distinctions and gives Hinopak an edge over other commercial vehicle manufacturers. With 22 dealership network across Pakistan, Hinopak provides exclusive back-up to the customers.

Pursuing the strategy of expanding our dealership network for enhanced services, during the year the Company inaugurated a new dealership in Hyderabad. The Company continues to pursue "Knocking the Door Project" with over 8,000 customer visits in the last three years.

During the year various trainings were conducted which includes Drivers and Mechanic courses. The target audience for trainings mainly includes major fleet owners and institutional customers.

Corporate Social Responsibility

Keeping our commitment to give back to the society and step up on our corporate philanthropic activities, as always, the Company took various CSR initiatives including those which continued from the previous years.

Some of the highlights includes academic scholarships, support for S.I.T.E. Model School, internship program, training for customers and vendors, arranging industrial visit of students from the leading institutes of the country.

Contribution for the rehabilitation of earthquake victims in Mashkhail (Balochistan) and co-sponsoring Pakistan-India blind cricket tournament are worth mentioning initiatives taken by the Company.

Human Resource Development

Believing that the workforce is one of the key resources, the Company always ensures that proper care and attention is provided to all its personnel. For the development of workforce, various training programs were conducted throughout the year. Selected employees were sent on foreign trainings. In addition, Leadership training program was conducted for the employees who have the potential to become future leaders. Through all these training activities, the total of 31,402 training hours were achieved which shows the Company's focus on its workforce development.

Occupational Health & Safety

At Hinopak, we are committed to maintain a safe and healthy working environment. The Company is taking all possible measures to promote and develop a culture of safety at work place. During the year various initiatives were taken to strengthen the occupational health and safety in the Company which includes participation in 1st Global Environment Conference in Japan. Evaluation of health and safety hazards through successful execution of 4th Surveillance Audit of OHSAS 18001 Standard is one of the major milestones achieved in OHS activities.

Contribution to National Exchequer

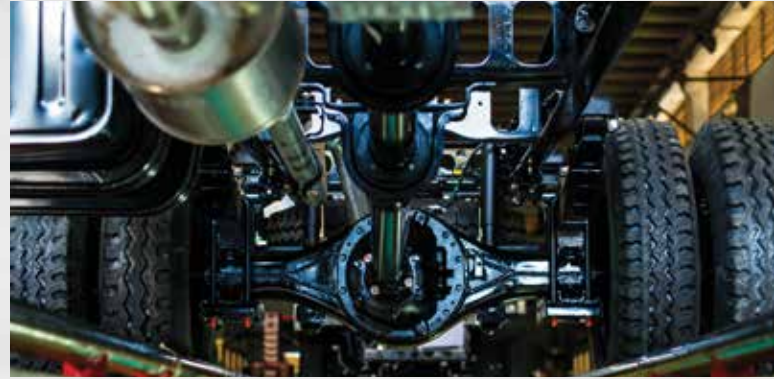
The Company continues to pursue the policy of localization of auto parts in order to reduce costs and save foreign exchange. The localization through vendors saved the country over Rs. 1 billion in foreign exchange. The Company also paid approx Rs. 571 million in taxes, duties and cesses to the Government.

Corporate Governance

In line with Code of Corporate Governance, Directors' Certification program was arranged through Securities and Exchange Commission of Pakistan (SECP) accredited institution.

Changes to the Board

During the year, few of our Board members retired. For those who retired, we would like to put on record our appreciation for their valuable contributions made during their tenure as Board members, and for the new members, we take this opportunity to welcome them. We are very hopeful that the new members would, with indigenous initiatives, bring progress and more improvement in the Company.



Future Outlook

The growth and profitability of the Company is affected by a number of external factors including the economic development, political stability, consistent economic policies with improved law and order situation of the country.

The Company appreciates the initiatives of the Government for the progress of the industry which includes development of roads network across the country, introduction of mass transit schemes and expansion of local auto parts industry along with consistent policies to regulate the automotive industry. Management remains confident of retaining the market leadership through innovation making the customers satisfied through our **TOTAL SUPPORT**.

The key aspiration for the management in the years to come will not only to maintain the current performance standards but to add more feathers to the consistent track record of the Company.

Vote of Thanks

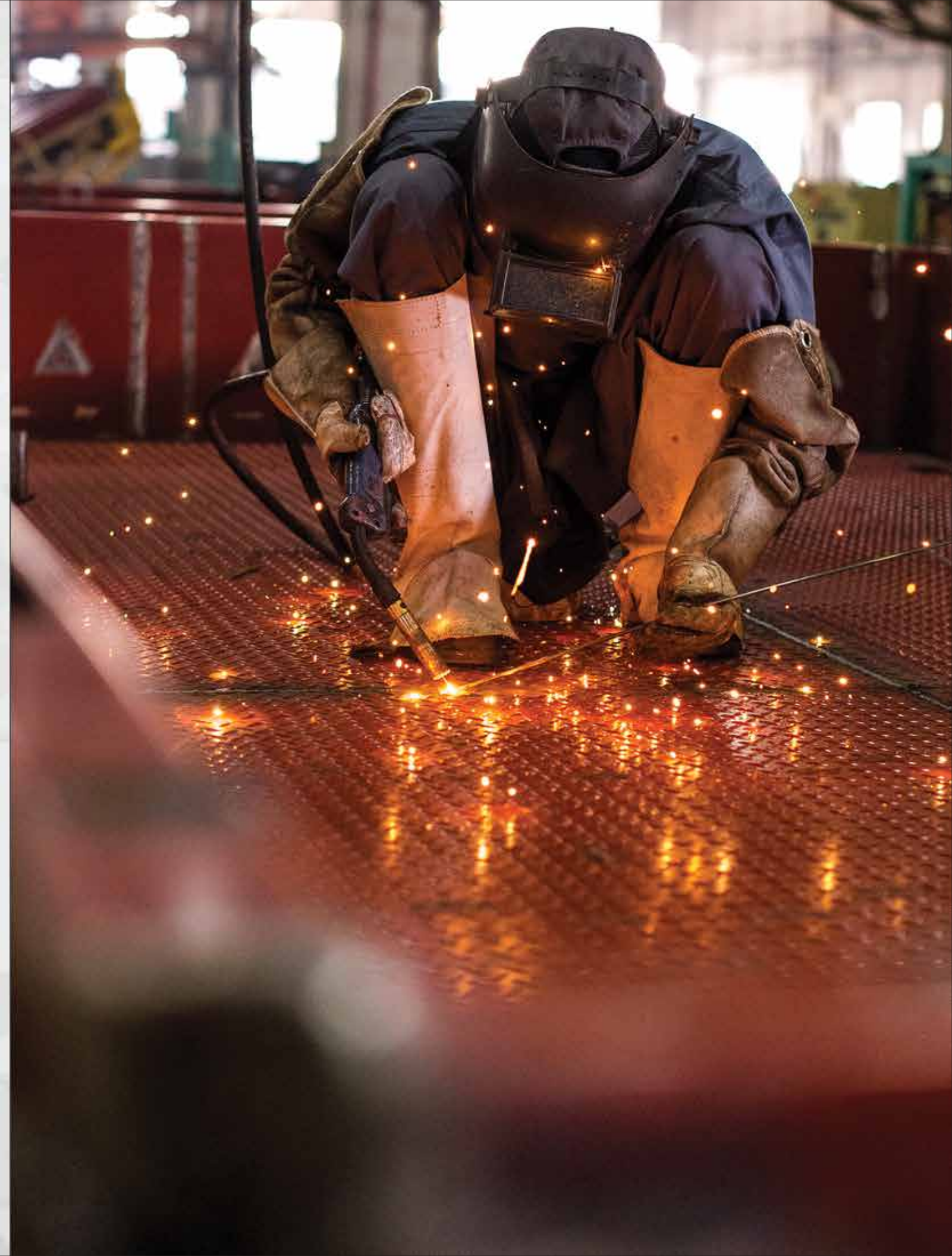
I take this opportunity to thank our shareholders including our parent companies Hino Motors Ltd. and Toyota Tsusho Corporation for their guidance and support, our customers for reposing confidence in the Company's products, our vendors for maintaining uninterrupted and quality supplies, the regulators including federal and provincial government for their continuous support for the automotive industry.

I am confident that Hinopak Motors Limited will continue to demonstrate resilience in these challenging times through its effective mix of good governance, a clear and consistent corporate strategy and excellent management.

Muhammad Aslam Sanjrani

Chairman

Dated: May 23, 2014



Hinopak Values

H

Honesty at all cost and in all spheres of business

I

Integrity we do what we say at personal & corporate level

N

Non bureaucratic pragmatic in systems & processes

O

Openness to customers, markets & criticism

P

Purpose oriented always keeping the end in mind

A

Altruism fostering relationship with society & environment

K

Kaizen continuous improvement

Directors' Report



The Directors take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended March 31, 2014.

The Board of Directors of the Company as at March 31, 2014 consists of:

Mr. Muhammad Aslam Sanjrani
 Mr. Keiichiro Utsumi
 Mr. Tsutomu Mori
 Mr. Ghafoor Mirza
 Mr. Takuji Umemura
 Mr. Hiroshi Kokaji
 Mr. Toyoki Kuno
 Mr. Haruo Komatsu
 Mr. Hiroo Kayanoki

Effective April 1, 2014, Mr. Yoshihiro Kondo and Mr. Toshiaki Yasuda have been appointed as Directors in place of Mr. Tsutomu Mori and Mr. Hiroo Kayanoki, respectively.

Appropriation of Profit

Following are the details of appropriations:

	Year ended March 31, 2014	Year ended March 31, 2013 (Re-stated)
Rupees in '000		
Profit before taxation	934,998	48,076
Taxation	(311,059)	(18,885)
Profit after taxation	623,939	29,191
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation and disposal of fixed assets	22,125	23,260
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	4,738	-
Other comprehensive loss for the year	(11,570)	(19,651)
Unappropriated profit brought forward	1,099,716	1,086,137
Profit available for appropriation	1,738,948	1,118,937
Final cash dividend paid during the year	(20,312)	(19,221)
Unappropriated profit carried forward	1,718,636	1,099,716

The Board of Directors in its meeting held on May 23, 2014 proposed a cash dividend of Rs. 37.74 per share (2013: Rs. 1.638 per share) amounting to Rs. 467.95 million (2013: 20.31 million) subject to the approval of the members at the forthcoming annual general meeting of the Company.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share for the year is Rs. 50.31 (2013 - Re-stated: Rs.2.35).

Auditors

The present auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The directors endorse recommendation of the Audit Committee for the re-appointment of Messrs A. F. Ferguson & Co. as the auditors for the financial year ending March 31, 2015.

Pattern of Shareholding

The pattern of shareholding as at March 31, 2014 and additional information thereabout required under Code of Corporate Governance are disclosed on page 108 and page 109 respectively.

Holding Company

Since October 19, 1998, Hino Motors Ltd. Japan, is the Holding Company of Hinopak Motors Limited, by virtue of its 59.3% shareholding in the Company.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

Compliance with the Best Practices of Corporate Governance as per Clause XVI of Code of Corporate Governance

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are given on page 44.
- The value of investments of Company's Provident, Gratuity and Pension Funds as on March 31, 2014 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	194,859
Hinopak Motors Limited Employees' Gratuity Fund	125,531
Hinopak Motors Limited Employees' Pension Fund	177,116



- During the year four meetings of the Board were held in which the attendance by each Director is as follows:

Name of Directors	Number of meetings attended
Mr. Muhammad Aslam Sanjrani	1
Mr. Kunwar Idris	3
Mr. Keiichiro Utsumi	3
Mr. Tsutomu Mori	4
Mr. Kazuo Kakishima	2
Mr. Takuji Umemura	3
Mr. Ghafoor Mirza	1
Mr. Hiroshi Kokaji	1
Mr. Haruo Komatsu	0
Mr. Hiroo Kayanoki	0
Mr. Toyoki Kuno	1

- During the year four meetings of Audit Committee were held in which the attendance by each Director is as follows:

Name of Directors	Number of meetings attended
Mr. Kunwar Idris	3
Mr. Ghafoor Mirza	1
Mr. Tsutomu Mori	2
Mr. Hiroshi Kokaji	1
Mr. Hiroo Kayanoki	0
Mr. Haruo Komatsu	0
Mr. Toyoki Kuno	1

The directors including CEO, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company during the year ended March 31, 2014.

Chairman's Review

The accompanied Chairman's Review covers the performance, significant deviations from last year in operating results, significant plans and decisions and future outlook. The Board endorses the contents of the review.

By order of the Board

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Keiichiro Utsumi
Managing Director & CEO

Dated: May 23, 2014

Muhammad Aslam Sanjrani
Chairman

Financial Highlights

	2008-09	2009-10	2010-11	2011-12 (Re-stated)	2012-13 (Re-stated)	2013-14
Profit & Loss Account (Rs. in Million)						
Sales	12,151.02	11,127.55	9,281.82	8,767.00	7,528.14	9,208.42
Gross Profit	1,279.14	389.48	737.29	908.08	809.68	1,331.50
Operating Profit	794.35	15.29	342.36	491.98	373.08	854.55
Profit / (Loss) before Tax	115.83	(130.42)	40.49	173.44	48.08	935.00
Taxation	45.91	17.65	70.63	147.73	18.89	311.06
Profit / (Loss) after Tax	69.92	(148.07)	(30.14)	25.71	29.19	623.94
Other comprehensive loss	-	-	-	26.80	19.65	6.83
Transfer from surplus on revaluation of fixed assets	7.19	5.69	5.65	22.76	23.26	22.13
Dividend	297.61	21.70	-	-	19.22	20.31
Unappropriated Profit carried forward	1,253.05	1,088.97	1,064.48	1,086.14	1,099.72	1,718.64

Balance Sheet (Rs. in Million)

Net Assets

Fixed Assets	954.03	921.28	1,790.29	1,780.55	1,714.95	1,969.74
Other Long Term Assets	23.59	28.48	9.79	18.81	24.16	23.33
Current Assets	4,029.42	4,793.61	2,752.86	4,894.55	3,321.87	5,543.36
Less : Current Liabilities	3,017.06	3,885.81	1,903.96	4,001.51	2,382.38	3,995.94
Total Net Assets	1,989.99	1,857.56	2,648.98	2,692.39	2,678.60	3,540.48

Financed By:

Issued, Subscribed & Paid up Capital	124.01	124.01	124.01	124.01	124.01	124.01
Reserves / Accumulated Profit	1,544.05	1,379.97	1,355.48	1,378.69	1,393.60	2,011.09
Surplus on Revaluation of Fixed Assets	277.49	271.80	1,049.01	1,026.25	1,002.99	1,249.58
Long Term / Deferred tax Liabilities	44.44	81.79	120.48	163.44	158.01	155.81
Total Funds Invested	1,989.99	1,857.56	2,648.98	2,692.39	2,678.60	3,540.48

Cash Flow (Rs. in Million)

Cash flows from / (used in) operating activities	(950.34)	936.20	307.04	(778.57)	712.15	1,992.60
Cash flows used in investing activities	(189.41)	(60.10)	(108.98)	(102.34)	(51.81)	(80.28)
Cash flows used in financing activities	(301.34)	(21.69)	(0.01)	(0.01)	(19.13)	(20.23)

Turnover (Rs. in Million)

Hino Chassis (including exports)	9,205.34	9,232.37	8,244.52	6,776.10	6,170.86	7,683.42
Bus & Other Bodies (including exports)	1,435.77	810.96	586.44	842.06	668.21	494.98
Spare Parts	252.95	177.76	211.27	174.96	183.53	165.24
Others	1,256.96	906.46	239.59	973.88	505.54	864.78
Total	12,151.02	11,127.55	9,281.82	8,767.00	7,528.14	9,208.42

Production (Units)

Hino Chassis	3571	2577	1981	1693	1259	1417
Bus & Other Bodies	2258	1173	499	1067	305	627
Hilux Frame	2409	2130	2738	4420	4260	4068

	2008-09	2009-10	2010-11	2011-12 (Re-stated)	2012-13 (Re-stated)	2013-14
Sales (Units)						
Hino Chassis (including exports)	3705	2589	2047	1,662	1,262	1,452
Bus & Other Bodies (including exports)	2373	1143	559	1,024	368	266
Hilux Frame	2400	2020	2752	4,507	4,126	4,160
No. of Employees	344	394	290	289	302	310

Investor Information

Financial Ratios

Gross profit ratio	10.53%	3.50%	7.94%	10.36%	10.76%	14.46%
Net profit margin / (loss)	0.58%	(1.33%)	(0.32%)	0.29%	0.39%	6.78%
Return on assets (after tax)	1.40%	(2.58%)	(0.66%)	0.38%	0.58%	8.28%
Return on equity (after tax)	4.19%	(9.85%)	(2.04%)	1.71%	1.92%	29.22%
Debt equity ratio *	0.02	0.05	0.05	0.06	0.06	0.05
Current Ratio	1.34	1.23	1.45	1.22	1.39	1.39
Quick Ratio	0.53	0.47	0.55	0.62	0.48	0.71
Interest cover ratio	7.78	(1.71)	1.35	2.01	1.43	199.77
Dividend payout ratio **	31.04%	-	-	74.76%	69.58%	75.01%
Dividend yield ratio **	1.00%	-	-	2.12%	1.87%	8.82%
Dividend cover ratio **	322%	-	-	134%	144%	133%

Other Ratios

Price earning ratio	50.13	(14.75)	(45.34)	35.33	37.27	8.51
Earning before interest, taxes, depreciation and amortization (EBITDA)	918.61	115.22	441.32	605.20	496.87	973.90
EBITDA Margin to sales	7.56%	1.04%	4.75%	6.90%	6.60%	10.58%
Total assets turnover ratio	2.43	1.94	2.04	1.31	1.49	1.22
Fixed assets turnover ratio	12.74	12.08	5.18	4.92	4.39	4.67
Return on capital employed	3.51%	(7.97%)	(1.14%)	0.95%	1.09%	17.62%
Inventory turnover ratio	4.42	4.02	3.69	3.84	2.94	3.27
Number of days inventory	103	91	99	95	124	112
Debtors turnover ratio	12.45	10.90	13.37	7.60	7.17	18.27
Number of days debtors	37	33	27	48	51	20
Creditors turnover ratio	5.37	4.29	3.43	3.64	3.04	2.76
Number of days creditors	85	85	106	100	120	132
Operating cycle (days)	55	39	20	43	55	-

Per Share Amounts (in Rupees)

Cash dividend **	1.75	-	-	1.55	1.64	37.74
Breakup value with surplus on revaluation of fixed assets	156.89	143.20	203.90	203.94	203.26	272.94
Breakup value without surplus on revaluation of fixed assets	134.51	121.28	119.31	121.18	122.38	172.18
Earning / (Loss) per share	5.64	(11.94)	(2.43)	2.07	2.35	50.32
Share Price (High)	640.00	284.96	177.54	115.43	95.25	465.80
Share Price (Low)	282.65	148.00	102.00	63.43	64.11	82.00
Share Price (Closing)	282.65	176.10	110.20	73.25	87.74	428.00
One US\$ = Rupee as at period end	80.40	84.20	85.25	90.70	98.30	97.90
One JPY = Rupee as at period end	0.8169	0.9015	1.0306	1.1063	1.0446	0.9518

* Debt Equity Ratio takes into consideration the surplus on revaluation of land and building.

** Based on final dividend proposed by the Board of Directors subsequent to the year ends.

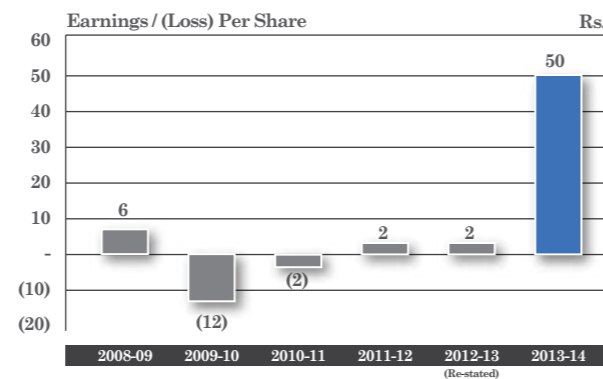
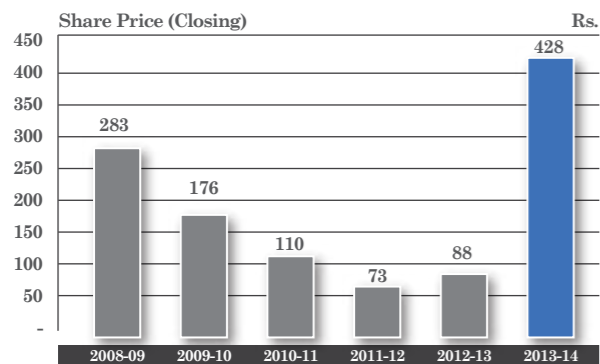
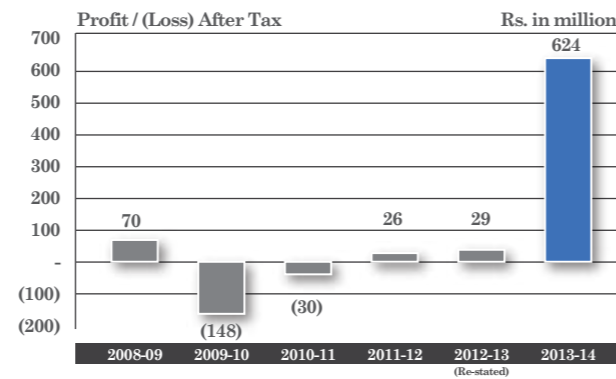
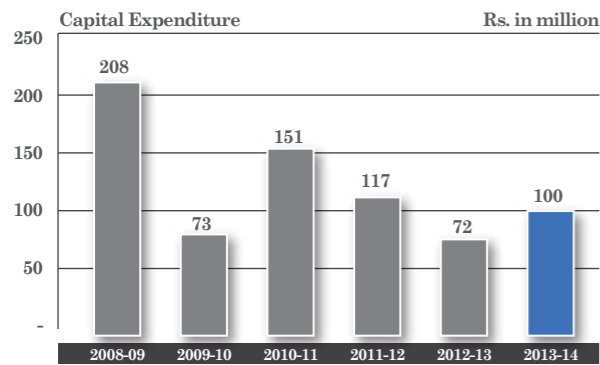
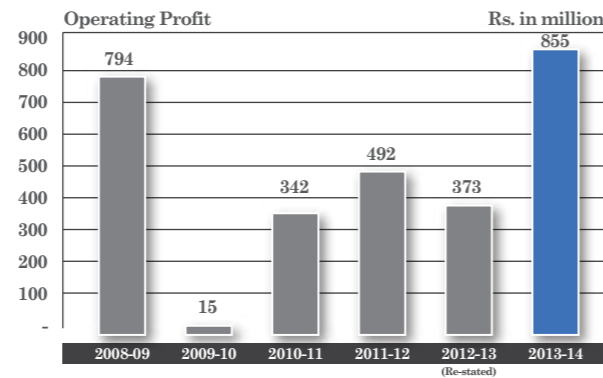
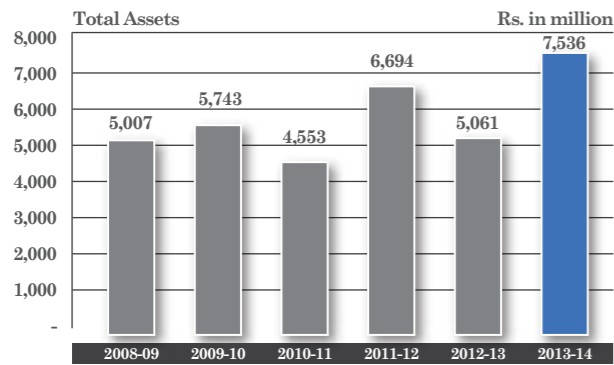
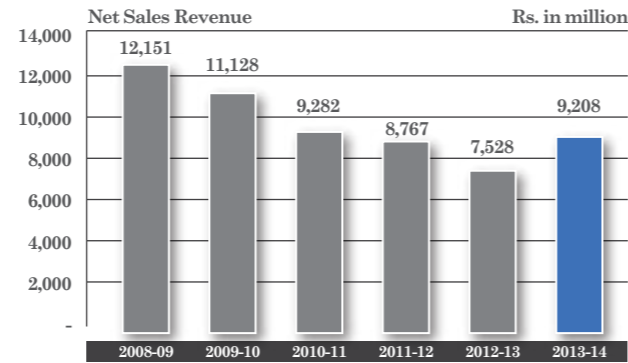
Vertical Analysis

	2013-14		2012-13 (Re-stated)		2011-12 (Re-stated)	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Operating Results						
Sales	9,208.42	100.00	7,528.14	100.00	8,767.00	100.00
Cost of sales	7,876.92	85.54	6,718.46	89.24	7,858.92	89.64
Gross profit	1,331.50	14.46	809.68	10.76	908.08	10.36
Distribution costs	306.12	3.32	295.13	3.92	328.21	3.74
Administration expenses	254.99	2.77	206.27	2.74	192.01	2.19
Other income	164.27	1.78	71.09	0.94	113.98	1.30
Other expenses	80.11	0.87	6.29	0.08	9.86	0.11
Profit from operations	854.55	9.28	373.08	4.96	491.98	5.62
Finance (income) / cost	(80.45)	-0.87	325.00	4.32	318.54	3.63
Profit before taxation	935.00	10.15	48.08	0.64	173.44	1.99
Taxation	311.06	3.37	18.89	0.25	147.73	1.69
Profit after taxation	623.94	6.78	29.19	0.39	25.71	0.30
Balance Sheet						
Property, plant and equipment	1,964.84	26.07	1,714.51	33.88	1,779.46	26.58
Other non current assets	4.91	0.07	0.44	0.01	1.09	0.02
Long-term investments	2.27	0.03	4.43	0.09	2.39	0.04
Long-term deposits	6.76	0.09	6.03	0.12	6.02	0.09
Long-term loans and advances	14.30	0.19	13.70	0.27	10.40	0.16
Current assets (excluding investments)	5,543.36	73.55	3,321.87	65.63	4,894.55	73.11
Total assets	7,536.42	100.00	5,060.98	100.00	6,693.90	100.00
Shareholders' equity	2,135.09	28.33	1,517.60	29.99	1,502.70	22.45
Deferred taxation	59.58	0.79	19.38	0.38	55.58	0.83
Other non-current liabilities	96.23	1.28	138.62	2.74	107.87	1.61
Surplus on revaluation of fixed assets	1,249.58	16.58	1,002.99	19.82	1,026.25	15.33
Short term debt (including current maturity of long term debt)	-	0.00	645.95	12.76	1,238.33	18.50
Other current liabilities (trade, interest and tax)	3,995.94	53.02	1,736.44	34.31	2,763.17	41.28
Total equity and liabilities	7,536.42	100.00	5,060.98	100.00	6,693.90	100.00
Cash Flows						
Cash flows from / (used in) operating activities	1,992.60	105.31	712.16	111.06	(778.56)	88.38
Cash flows used in investing activities	(80.28)	(4.24)	(51.81)	(8.08)	(102.34)	11.62
Cash flows used in financing activities	(20.21)	(1.07)	(19.13)	(2.98)	(0.01)	-
Net increase / (decrease) in cash and cash equivalents	1,892.09	100.00	641.20	100.00	(880.91)	100.00

Horizontal Analysis

	2013-14		2012-13 (Re-stated)		2011-12 (Re-stated)	
	(Rs. in million)	Variance vs Last Year Increase / (Decrease) %	(Rs. in million)	Variance vs Last Year Increase / (Decrease) %	(Rs. in million)	Variance vs Last Year Increase / (Decrease) %
Operating Results						
Sales	9,208.42	22.32	7,528.14	(14.13)	8,767.00	(5.55)
Cost of sales	7,876.93	17.24	6,718.46	(14.51)	7,858.92	(8.02)
Gross profit	1,331.50	64.45	809.68	(10.84)	908.08	23.16
Distribution costs	306.12	3.72	295.13	(10.08)	328.21	17.50
Administration expenses	254.99	23.62	206.27	7.42	192.01	14.09
Other income	164.27	131.10	71.09	(37.63)	113.98	101.70
Other expenses	80.11	1,173.05	6.29	(36.16)	9.86	158.06
Profit from operations	854.55	129.06	373.08	(24.17)	491.98	43.70
Finance (income) / cost	(80.45)	(124.75)	325.00	2.03	318.54	5.52
Profit / (Loss) before taxation	935.00	1,844.75	48.08	(72.28)	173.44	328.40
Taxation	311.06	1,547.12	18.89	(87.22)	147.73	109.17
Profit / (Loss) after taxation	623.94	2,037.29	29.19	13.55	25.71	185.30
Balance Sheet						
Property, plant and equipment	1,964.84	14.60	1,714.51	(3.65)	1,779.46	(0.49)
Other non current assets	4.91	1,015.91	0.44	(59.78)	1.09	(46.57)
Long-term investments	2.27	(48.89)	4.43	85.45	2.39	100.00
Long-term deposits	6.76	12.17	6.03	0.17	6.02	2.28
Long-term loans and advances	14.30	4.37	13.70	31.77	10.40	166.12
Current assets (excluding investments)	5,543.36	66.87	3,321.87	(32.13)	4,894.55	77.80
Total assets	7,536.42	48.91	5,060.98	(24.39)	6,693.90	47.02
Shareholders' equity	2,135.09	40.69	1,517.60	(0.99)	1,502.70	1.57
Deferred taxation	59.58	207.40	19.38	(65.12)	55.58	17.32
Other non-current liabilities	96.23	(30.58)	138.62	28.51	107.87	47.55
Surplus on revaluation of fixed assets	1,249.58	24.59	1,002.99	(2.27)	1,026.25	(2.17)
Short term debt (including current maturity of long term debt)	-	(100.00)	645.95	(47.84)	1,238.33	317.92
Other current liabilities (trade, interest and tax)	3,995.94	130.12	1,736.43	(37.16)	2,763.18	71.88
Total equity and liabilities	7,536.42	48.91	5,060.98	(24.39)	6,693.90	47.02
Cash Flows						
Cash flows from / (used in) operating activities	1,992.60	179.80	712.15	191.47	(778.57)	(353.58)
Cash flows used in investing activities	(80.28)	(54.95)	(51.81)	49.37	(102.34)	6.09
Cash flows used in financing activities	(20.23)	(5.73)	(19.13)	-	(0.01)	25.00
Net increase / (decrease) in cash and cash equivalents	1,892.09	195.08	641.20	172.79	(880.92)	(544.80)

Financial Highlights Contd...



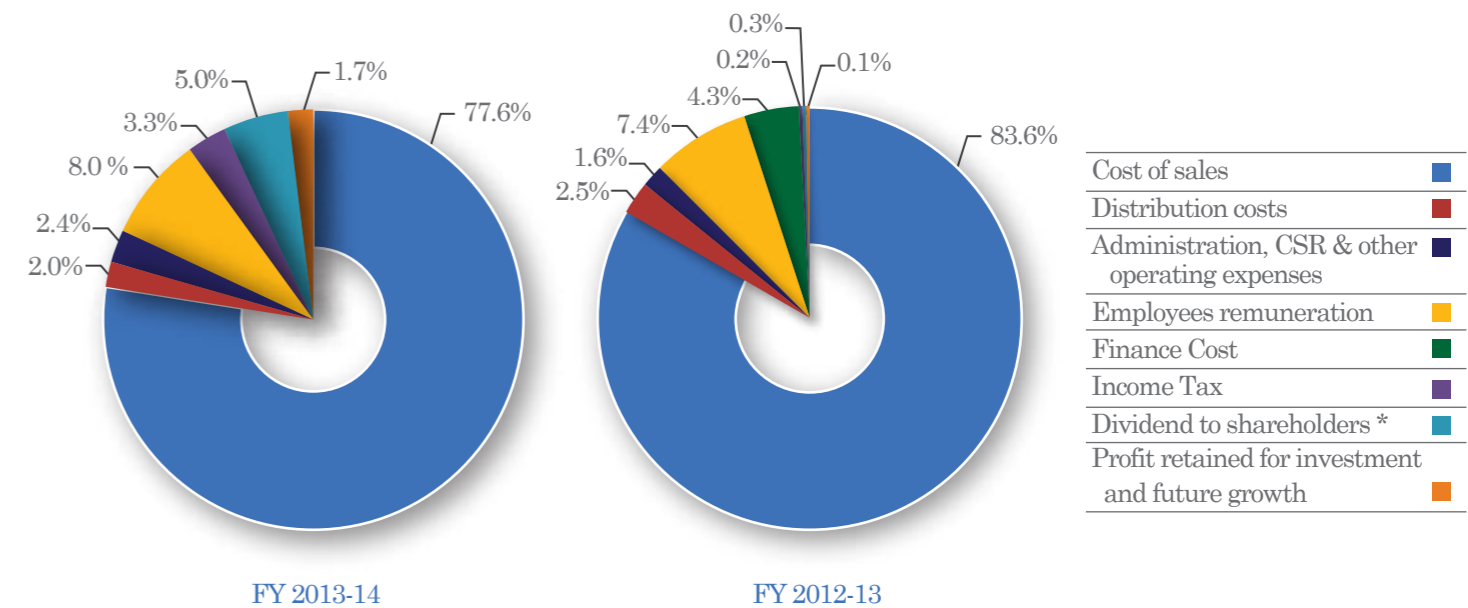
Statement of Value Addition and its Distribution

	2013-14		2012-13 (Re-stated)	
	Rs. in million	%	Rs. in million	%
Value Addition				
Revenue	9,208	97.4	7,528	99.1
Other Income	245	2.6	71	0.9
Total	9,453	100	7,599	100

Value Distribution

	2013-14	%	2012-13	%
Cost of sales	7,337	77.6	6,350	83.6
Distribution costs	185	2.0	191	2.5
Administration, CSR & other operating expenses	231	2.4	124	1.6
Employees remuneration	765	8.0	561	7.4
Finance Cost	-	0.0	325	4.3
Income Tax	311	3.3	19	0.2
Dividend to shareholders *	468	5.0	20	0.3
Profit retained for investment and future growth	156	1.7	9	0.1
Total	9,453	100	7,599	100

* Based on final dividend proposed by the Board of Directors subsequent to year ends.



Corporate Social Responsibility

Seeking harmony among
People Society, Global
Environment and
Sustainable Development
of Society through
responsible behaviour.



CSR Charter



To Customers

Under the slogans of “Hino Total Support” and “Effectively addressing customer expectations”, every employee and department take care to listen to customer feedback. The company will keep striving towards the development and delivery of products and services that meet our customers’ expectations.

Customer satisfaction activity – free service camps

Customer satisfaction is the company’s top priority. Keeping our customers at the forefront and understanding their various requirements are the main features. During the year customer support division conducted 15 Service Camps countrywide. In these service camps 179 persons were trained and 539 vehicles were attended for free service. Main activity of the camp was free service of Hino vehicles.



Free medical camps for Hino customers & drivers

Hino customers and drivers were provided free checkups for blood pressure and

diabetes during free tune-up camps at various locations across Pakistan. Around 150 Hino customers and drivers had their checkups done during this activity.



Recognition of high quality service - Hinopak wins “Hino Parts & Service Double Victory Award”

During the year Hinopak Motors Limited won “Hino Parts & Service Double Victory Award” relating to the year 2012. This was the first time that the company had won the award. The award was only given to five countries in the world and Hinopak stood among those five countries due to its outstanding performance.

To Employees

The recognition and desire to “respect each individual employee, and strive to create a workplace that fosters personal growth”, is a key component of Hino CSR Charter and ultimately the Hino Credo. In every part of its daily business activities, Hinopak strives to realize and implement this important concept and principle.

Hinopak family day 2014

Hinopak Family Day 2014 was all about celebrating with Hinopak employees and their families. Held on March 2, 2014 at Dream World Family Resort, this full day event consisted of fun games, water rides, sporting activities, magic show, food and other entertainment activities for employees and their families. As an added entertainment lucky draw for 431 gifts was held where employees received various gifts such as electrical and electronic items like LED televisions, fridge, mobile phones, including dinner sets, lunch/dinner family

deal vouchers, wrist watches and various gifts. At the event awards were also presented to employees for recognition of their long service, punctuality and in house training services.

Hinopak’s top management and CBA officials actively participated to organize the program and mingled enthusiastically during the event. The program was well received by employees and their families and provided a good opportunity to celebrate togetherness. The event saw the participation of approximately 4200 employees including their family members.



Outgoing chairman's farewell & welcome ceremony of new chairman

In December 2013 Hinopak Motors Limited bid farewell to Mr. Kunwar Idris who remained chairman of the company for more than 18 years and warmly welcomed Mr. Aslam Sanjrani as the new Chairman. Mr. Aslam Sanjrani brings with him a vast experience of public service and has held a number of positions in the Government sector.



Legendary leadership – outbound training at Ranikot fort

The training accomplishment of the year in which forty-three employees attended a team based development program titled “Legendary leadership” in March 2014. The program aimed at bringing our

third-line leadership together, taking them through a journey of discovering various team and leadership dynamics; returning back at work as one cohesive team with better insights on self and the team. The program was held at Ranikot fort; a picturesque historical place located in the middle of barren desert and on the southern bank of river Indus in the Sindh province.



Complete check complete find out activity

Effective management of risk is vital to the continual growth and success of the company. The effective identification, assessment and management of risks forms

basis of our management approach towards safety. In this regard, the company introduced a new concept of CCCF-a (Complete Check Complete Find out Activity) concept at the shop floor. Each and every risk associated with shop/ section is identified, assessed and visually displayed on CCCF Boards. This way the workers are well informed about the hazards in their locations.



Strengthening labour management relationship

Continuing with the commitment to promote computer literacy among workers and their children, laptops were distributed to six workers through lucky draw.



Promoting the culture of safety

Employees safety is one of the key feature on which the company places strong emphasis. In order to promote the culture of road safety while driving, safety helmets were distributed to 500 employees who commute for work on motorcycles.



Sports & recreation activities

During the year intra company hardball cricket tournament was organized which was enthusiastically participated by twelve teams belonging to various divisions. The tournament was won by “BOOM BOOM” of the body manufacturing plant .

Other sports activities were also held during the year including badminton, table tennis so as to engage the employees in healthy recreational activities.



Employees' children visit Hinopak

Mini summer camps were conducted in five-half day sessions during the year. The program was attended by 295 children aged between 6 to 15 years. The program consisted of various educational and learning activities such as briefing on Hinopak's operations, history and products, interactive sessions on fire safety, environmental awareness, visits to the assembly and manufacturing facilities. This program proved to be an excellent opportunity for the children to learn about company's operations and helped in further sensitizing them about the Company, its operations, and products. Awareness about the environment related activities helped in making the program informative and participative.



Training and development activities

This year 27,584 training man-hours were achieved by providing various trainings to the employees of the company. Majority of the trainings were conducted by the in house trainers. The training activities focused on professional development, shop floor training for workers, occupational health, safety and environment, soft skills, online/distance learning, training of leadmen and IT related courses.



To shareholders

As a key component of the HINO Credo, the pledge "to anticipate changes in the business environment in order to improve its corporate value", Hinopak works diligently to contribute to the prosperity and well being of its shareholders and investors.

With the aim of enhancing our corporate value, Hinopak works tirelessly to appropriately assess and quickly respond to domestic and overseas business environments, to ensure continuous and stable growth based on our global perspective and always establish transparency which is underpinned by open and fair disclosure.

We work hard to anticipate changes in the business environment in order to improve the Hinopak's corporate value.

Compliance at Hinopak is not just about observing the laws and regulations. It also means respecting social norms and corporate ethics, complying with the expectation of all the stakeholder's and engaging in fair corporate activities.

Board of Directors

The Board of Directors comprises of executive and non-executive directors. The Board convened four times in 2013-14. The Board reviewed and approved company's future strategy and operating results of the company.

Audit Committee

An Independent audit committee has been established by the Board for monitoring of compliance activities in the company. All members of the Audit Committee are non-executive directors. An Internal Audit department supports the committee. The committee held four meetings in 2013-14. Two meetings were also attended by the external auditors of the company.

Internal control system and financial reporting

The company maintains a system of internal control and procedures designed to ensure reliable and transparent financial reporting and disclosures. Hinopak is a group company of Toyota Motors Corporation (TMC) and was selected for TMC's project to strengthen internal controls and compliance with the requirement of US Sarbanes-Oxley Act. The company is working on the project under the guidelines from TMC.

Code of conduct

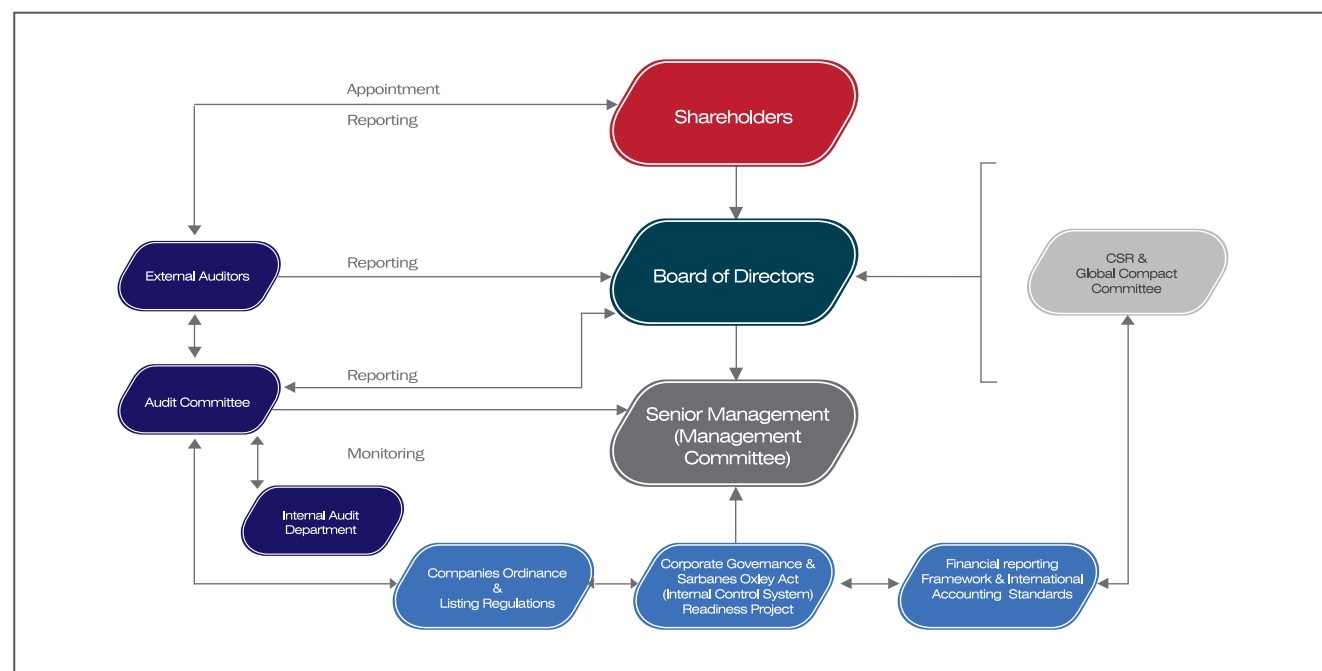
Using the Hinopak Code of Conduct as a guideline for day-to-day work ensures that we comply with applicable laws and regulations. Further, it encourages all our employees to act fairly and openly and to strive to meet stakeholders' expectations.

Whistle blowing mechanism

We recognize whistle blowing as one of the

important way to ensure good governance. For the interaction of the shareholder with the management the company has provided online facility to the shareholders where they can lodge their complain and provide valuable suggestions to the company. Hinopak has a viable whistle blowing protection mechanism that is designed to balance the interest of the company and the subject of the complaint of misconduct, without jeopardizing the protection owed to those employees who "blow the whistle".

Hinopak's Governance Structure



To Business Partners

Hinopak understands the importance of providing reliable vehicles and quality after-sales service to ensure that customers want to continue using Hino products for many years. Based on its recognition that customer comes first, Hinopak is striving to create a framework for long-term customer satisfaction, from vehicle purchase to its final usage.

Vendors' convention

To boost localization activities and emphasize on the importance of manufacturing quality products, vendor convention and comprehensive display of parts and vehicles was held during the year. The event saw the attendance of 200 participants belonging to 95 companies. Special guests included DG PAMA, Chairman PAPAAM, 5 ex-Chairmen PAPAAM, GM EDB and other high profile dignitaries of the industry visited the event. Hinopak's top management, including Hino Motors Ltd., Japan's General Manager – Global purchasing and planning division actively participated in the convention.



Enhancing after sales support – inauguration of 2S dealership

During the year Hinopak Motors Limited successfully inaugurated its new 2S dealership in Hyderabad by the name of "Hino Hyderabad".

The purpose of the dealership is to enhance the existing level of after sales support .On this occasion a service camp was also organized where company offered free inspection of vehicles and conducted free medical checkups. Eco-drive training was also provided to the drivers during this activity.



Health, safety & environment training session for vendors

To enhance awareness and skills development programs among our vendors, Hinopak's Multi-Sourcing Department organized a training session for one of our vendor M/s. Landhi Engineering Works in collaboration with the HSE Department. The purpose of this session was to recognize the importance of safety in work areas and make it hazard free, anticipate the safety concerns before occurrence and take preventive measures for any such incident.



Spreading good health, safety & environment practices to business partners

In accordance with the HML's guideline to "Promote Environmental activities with business partners", the company focused on educating stakeholders about environmental preservations by organizing environmental awareness session at their sites. The main purpose of the activity was to brief the participants about the importance of safety, hazards associated with their shops/ sections and what precautionary safety measures to be taken to mitigate and control such hazards.



To Communities

As an integral component of its CSR Charter, contributing to local communities around the world is a primary goal of the HINO Credo. Hinopak engages in social contribution activities that are deeply rooted in the society and areas where we conduct our business, placing considerable emphasis on contributions in, transportation support, protection of the environment, cultural events and providing community support.

Donation of food bags to earthquake victims

Helping in the hour of need Hinopak responded to the massive earthquake tragedy which hit the Mashkhail area near Pakistan-Iran border in April 2013.

Hinopak donated 280 parcels/bags of ration comprising of food items such as flour, rice, sugar, tea, milk powder, salt, spices, cooking oil and pulses.



SITE Model school uplift work & cleaning activity

Support for S.I.T.E. Model school's maintenance has been a prime CSR initiative of Hinopak since the school's

adoption in 2008. In order to ensure that the students are given conducive learning environment, maintenance work at the school was undertaken during the year which included paint work, plumbing, carpentry work, cleaning of underground and overhead water tanks, and fumigation against termite, dengue mosquito and other insects.

In addition, to promote a cleaner and greener environment and to create a culture of environmental protection among school children, 50 Hinopak employees in collaboration with 120 students and teachers conducted a one-hour cleaning activity within the S.I.T.E. Model school premises. The activity was led by MD/CEO of Hinopak Motors Ltd., Mr. Keiichiro Utsumi.



S.I.T.E. Model school teachers' training on 'Time & Self Management'

A half day training program on time & self management was conducted for 55 teachers of S.I.T.E. Model School. This interactive session helped the teachers to enhance their personal and classroom management skills.



Fight against Dengue Fever - Hinopak and neighboring companies join hands

A team of 105 people comprising of staff from Hinopak and other neighboring

companies took part in a three-hour long anti-dengue mosquito spray activity held during the year.

The neighboring companies which joined hands in the activity were ARY Digital, Pakistan Beverages Limited, KIDCO Pakistan, JJ Terry Company, M. Salman Jee Company, Arabian Textile Mills, Zeenat Industries Dying and Central Dying Company.



Students' industrial visits

This year 909 students and teachers belonging to various academic institutions of Pakistan visited Hinopak's assembly and

manufacturing facilities. This initiative aimed at giving students an opportunity to observe and learn about the internal working environment of Hinopak and aides in helping them learn outside the classroom environment.



Participation in global environmental conference

HSE members participated in Global Environmental Conference held at Hino Motors Limited, Tokyo, Japan. Participants from Hino-USA, Hino Canada, Hino Indonesia, Hino Vietnam & Hino Columbia also attended this conference. Overview of each company's environmental activities

was discussed. Environmental target setting was also briefed by Principal Hino Motors Limited.



Reducing environmental Burden through Environmental Management Systems:

We believe growth is only sustainable if it is achieved with respect to the environment and we have continued to improve and consolidate our contribution in this area. Our standards and guidelines for better environmental performance motivate us to consistently improve our efforts to create a cleaner and healthier world . We are fully complying with all applicable legal and other requirements and have not received any neighbouring complain last year. We are reporting our main key Environmental Parameters , CO2 Reduction, Water Conservation and Material Discard to our principal Hino Motors Limited, Japan.

Water Release (Chassis Assembly Division)

Items	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
				Max	Min	Avg
Water discharged [m3/month]	-	-	1/m	2650	2001	2257.5
Water discharged [m3/day]	-	-	1/m	121	84	99.4
pH	6~9	6.8~7.4	1/m	7.39	7.09	7.21
BOD [mg/l]	80	70	1/m	46	8	35.0
COD [mg/l]	400	300	1/m	110	13	82.3
SS [mg/l]	200	100	1/m	36	6	20.0
Oil [mg/l]	10	5	1/m	3.2	1.8	2.6
TDS[mg/l]	3500	3000	1/m	712	384	592.4

Air Release (Chassis Assembly Division)

Facilities	Fuel Type	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
					Max	Min	Avg
NOx [mg/Nm ³]							
ED Oven	Natural Gas	600mg/Nm3	100	4/Year	8.73	2.4	5.6
Top Coat Oven	Natural Gas	600mg/Nm3	100	4/Year	6.24	6.24	3.1
Boiler	Natural Gas	600mg/Nm3	100	4/Year	49.28	32.48	40.9

Air Release (Chassis Assembly Division)

Facilities	Fuel Type	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
					Max	Min	Avg
SOx [mg/Nm ³]							
ED Oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0
Top Coat Oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0
Boiler	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0

Water Release (Body Manufacturing Division)

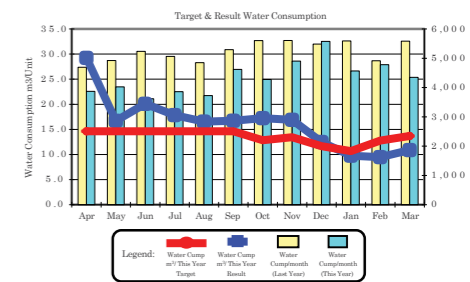
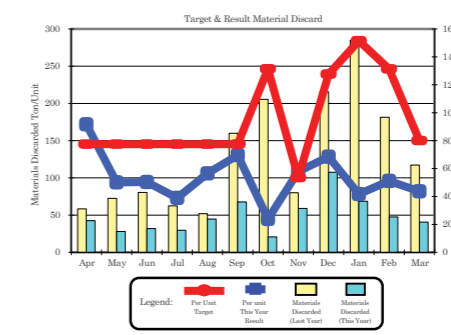
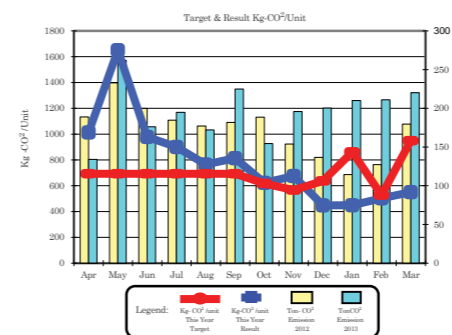
Items	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
				Max	Min	Avg
Water discharged [m3/month]	-	-	1/m	1935	1176	1561
Water discharged [m3/day]	-	-	1/m	79.0	55.0	67.4
pH	6~9	6.8~7.4	1/m	7.48	7.06	7.18
BOD [mg/l]	80	70	1/m	39	13	28.3
COD [mg/l]	400	300	1/m	85	25	64.7
SS [mg/l]	200	100	1/m	43	7	16.5
Oil [mg/l]	10	5	1/m	3.6	1.2	2.2
TDS[mg/l]	3500	3000	1/m	879	501	600

Air Release (Body Manufacturing Division)

Facilities	Fuel Type	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
					Max	Min	Avg
NOx [mg/Nm ³]							
Parts primer baking oven	Natural Gas	600mg/Nm3	100	4/Year	4.92	1.6	3.3
Paint baking oven	Natural Gas	600mg/Nm3	100	4/Year	1.3	0.25	0.8

Air Release (Body Manufacturing Division)

Facilities	Fuel Type	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
					Max	Min	Avg
SOx [mg/Nm ³]							
Parts primer baking oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0
Paint baking oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0



Statement of Compliance with the Code of Corporate Governance

For the Year Ended March 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

- The Company encourages representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Independent Director	Mr. Ghafoor Mirza
Executive Directors	Mr. Keiichiro Utsumi Mr. Yoshihiro Kondo Mr. Takuji Umemura
Non-Executive Directors	Mr. Muhammad Aslam Sanjrani Mr. Hiroshi Kokaji Mr. Haruo Komatsu Mr. Toyoki Kuno Mr. Toshiaki Yasuda

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- A casual vacancy occurred on the Board of Directors on January 31, 2014 which was filled up by the Directors on February 1, 2014.
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies, alongwith the dates on which they were approved or amended, has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
- The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- During the year Company arranged training program namely Corporate Governance Leadership Skills (CGLS) for an executive director Mr. Kazuo Kakishima, from Pakistan Institute of Corporate Governance (PICG) which is recognized under the Securities and Exchange Commission of Pakistan (SECP).
- The Board has approved remuneration and terms and conditions of employment of CFO, Company Secretary, and Head of Internal Audit.
- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the CCG.
- The Board has formed an audit committee. It comprises of five members, all of them are non-executive directors and the chairman of the committee is an independent director.
- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- The board has formed an HR and Remuneration Committee. It comprises of six members, of whom four are non-executive directors including the chairman of the committee.
- The board has set up an effective internal audit function within the Company.
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
- Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
- The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
- We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

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Keiichiro Utsumi
Managing Director & CEO

Dated: 23 May, 2014



Muhammad Aslam Sanjrani
Chairman

Review Report to the members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hinopak Motors Limited for the year ended March 31, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not, and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, placed before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2014.



Chartered Accountants

Karachi

Dated: 23 May, 2014

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: FIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320



RASING THE BAR ON TOTAL SUPPORT

Hinopak Motors Limited

Date: 23 May, 2014

Financial Statements

- International Financial Reporting Standards
- Companies Ordinance, 1984
- Income Tax Ordinance, 2001
- Code of Corporate Governance
- Stock Exchange Listing Regulations
- Criteria for Best Corporate Report of ICAP / ICMAP / SAFA
- International Standards on Auditing



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A. F. FERGUSON & CO.

Auditors' Report to the members

We have audited the annexed balance sheet of Hinopak Motors Limited as at March 31, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- in our opinion:
 - the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 4 with which concur;
 - the expenditure incurred during the year was for the purpose of the Company's business; and
 - the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2014 and of the profit and total comprehensive income, its cash flows and changes in equity for the year then ended; and
- in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Karachi

Dated: May 23, 2014

Name of Engagement Partner: Farrukh Rehman

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Balance Sheet

As at March 31, 2014

Note	2014	2013	April 1, 2012	
	(Re-stated)			
Rupees '000				
ASSETS				
Non-current assets				
Property, plant and equipment	5	1,964,836	1,714,507	1,779,457
Intangible assets	6	4,905	438	1,089
Long-term investments	7	2,266	4,434	2,391
Long-term loans and advances	8	14,303	13,704	10,400
Long-term deposits		6,758	6,025	6,015
		1,993,068	1,739,108	1,799,352
Current assets				
Stores, spares and loose tools	9	45,212	21,549	19,194
Stock-in-trade	10	2,656,382	2,161,904	2,410,682
Trade debts	11	731,067	276,904	1,823,092
Loans and advances	12	42,044	12,244	37,739
Trade deposits and prepayments	13	24,231	23,436	34,680
Refunds due from the government	14	333,624	206,002	87,893
Other receivables	15	28,253	9,619	31,839
Taxation - payments less provision		258,249	436,865	324,901
Accrued mark-up		4,805	-	-
Cash and bank balances	16	1,419,489	173,347	124,526
		5,543,356	3,321,870	4,894,546
Total assets		7,536,424	5,060,978	6,693,898
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	17	124,006	124,006	124,006
Reserves		2,011,087	1,393,598	1,378,691
		2,135,093	1,517,604	1,502,697
SURPLUS ON REVALUATION OF FIXED ASSETS				
	18	1,249,576	1,002,990	1,026,250
LIABILITIES				
Non-current liabilities				
Deferred taxation	19	59,583	19,383	55,575
Retirement benefits obligations	20	96,230	138,624	107,867
		155,813	158,007	163,442
Current liabilities				
Trade and other payables	21	3,995,942	1,703,736	2,721,889
Short-term borrowings	22	-	645,948	1,238,331
Accrued mark-up		-	32,693	41,289
		3,995,942	2,382,377	4,001,509
Total liabilities		4,151,755	2,540,384	4,164,951
Contingency and commitments	23			
Total equity and liabilities		7,536,424	5,060,978	6,693,898

The annexed notes 1 to 41 form an integral part of these financial statements.

内海
Managing Director &
Chief Executive Officer


Chairman

内海
Managing Director &
Chief Executive Officer


Chairman

Profit and Loss Account

For the year ended March 31, 2014

Note	2014	2013	
	(Re-stated)		
Rupees '000			
Sales	24	9,208,420	7,528,140
Cost of sales	25	(7,876,925)	(6,718,462)
Gross profit		1,331,495	809,678
Distribution costs	25	(306,117)	(295,129)
Administration expenses	25	(254,986)	(206,266)
Other income	26	164,274	71,085
Other expenses	27	(80,113)	(6,293)
Profit from operations		854,553	373,075
Finance income / (cost)	28	80,445	(324,999)
Profit before taxation		934,998	48,076
Taxation	29	(311,059)	(18,885)
Profit after taxation		623,939	29,191
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
Loss on remeasurements of post employment benefit obligations	20	(17,530)	(29,774)
Impact of deferred tax		5,960	10,123
		(11,570)	(19,651)
Items that may be subsequently reclassified to Profit or Loss			
Change in value of available-for-sale financial assets	7	(2,168)	2,043
Impact of deferred tax		737	(715)
		(1,431)	1,328
Total comprehensive income		610,938	10,868
Basic and diluted earnings per share	30	Rs. 50.31	Rs. 2.35

The annexed notes 1 to 41 form an integral part of these financial statements.

Cash Flow Statement

For the year ended March 31, 2014

	Note	2014	2013 (Re-stated)
Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	2,178,393	1,023,352
Mark-up paid on short-term borrowings		(37,397)	(119,787)
Return on savings accounts		68,315	1,673
Income taxes paid - net		(115,406)	(157,633)
Retirement benefits obligations paid		(99,974)	(32,144)
Increase in long-term deposits		(733)	(10)
Increase in long-term loans and advances		(599)	(3,304)
Net cash generated from operating activities		1,992,599	712,147
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(99,549)	(71,781)
Proceeds from sale of property, plant and equipment		19,266	19,968
Net cash used in investing activities		(80,283)	(51,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(20,226)	(19,130)
Net increase in cash and cash equivalents		1,892,090	641,204
Cash and cash equivalents at the beginning of the year		(472,601)	(1,113,805)
Cash and cash equivalents at the end of the year	32	1,419,489	(472,601)

The annexed notes 1 to 41 form an integral part of these financial statements.

内海
Managing Director &
Chief Executive Officer


Chairman

Statement of Changes in Equity

For the year ended March 31, 2014

	Share Capital	Reserves - Revenue		Fair value reserve	Total
		General	Unappro- priated profit		
Rupees '000					
Balance at April 1, 2012 - as previously reported	124,006	291,000	1,112,954	1,554	1,529,514
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains / (losses) on defined benefit plan - net of tax - note 4	-	-	(26,817)	-	(26,817)
Balance at April 1, 2012 - restated	124,006	291,000	1,086,137	1,554	1,502,697
Final dividend for the year ended March 31, 2012 @ Rs. 1.55 per share	-	-	(19,221)	-	(19,221)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	23,260	-	23,260
Total comprehensive income for the year ended March 31, 2013					
- Profit for the year ended March 31, 2013	-	-	29,191	-	29,191
- Other comprehensive income for the year ended March 31, 2013	-	-	(19,651)	1,328	(18,323)
	-	-	9,540	1,328	10,868
Balance at March 31, 2013	124,006	291,000	1,099,716	2,882	1,517,604
Final dividend for the year ended March 31, 2013 @ Rs. 1.638 per share	-	-	(20,312)	-	(20,312)
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	-	-	4,738	-	4,738
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	22,125	-	22,125
Total comprehensive income for the year ended March 31, 2014					
- Profit for the year ended March 31, 2014	-	-	623,939	-	623,939
- Other comprehensive income for the year ended March 31, 2014	-	-	(11,570)	(1,431)	(13,001)
	-	-	612,369	(1,431)	610,938
Balance at March 31, 2014	124,006	291,000	1,718,636	1,451	2,135,093

The annexed notes 1 to 41 form an integral part of these financial statements.

内海
Managing Director &
Chief Executive Officer


Chairman

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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, 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.

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.2 Changes in accounting standards and interpretations

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

The amendments to following standards have been adopted by the Company for the first time for the financial year beginning on April 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The new amendment is not expected to materially affect the disclosures in the financial statements of the Company.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs; and to replace interest cost and expected return on plan

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 4 for the impact on the financial statements.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

There are no new standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortisation and impairment losses, if any, except land and buildings which are stated at revalued amount less accumulated depreciation and impairment loss, if any; and capital work-in-progress which is stated at cost.

Depreciation is charged to profit and loss account applying the straight line method, whereby the depreciable amount of an asset, if any, is written off over its estimated useful life. The revalued amount of leasehold land and building is amortised / depreciated equally over the remaining life from the date of revaluation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Surplus arising on revaluation of land and buildings is disclosed as surplus on revaluation. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in profit and loss account.

2.4 Intangible assets - computer softwares

Computer software licenses acquired by the Company are stated at cost less accumulated amortisation. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 2 to 3 years.

Costs associated with maintaining computer softwares are charged to profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

2.5 Impairment

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

2.6 Investments

The investments of the Company are classified into the following categories:

i) Held to maturity

These are investments with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity. These are initially recognised at fair value plus transaction cost, and subsequently at amortised cost using the effective interest method.

ii) At fair value through profit and loss account

These are investments designated at fair value through profit and loss account at inception. Investments in this category are classified as current assets if they are expected to be realised within twelve months of the balance sheet date.

Investments at fair value through profit and loss account are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. These are subsequently carried at fair value. Gains or losses arising from changes in the fair value are taken to profit and loss account in the period in which they arise.

iii) Available for sale

These represent non derivative investments that are either designated in this category or not classified in any other category. They are included as non-current assets unless the investment matures or management intends to dispose off the investments within twelve months of the balance sheet date.

Available for sale investments are initially recognised at fair value plus transaction costs, and are subsequently carried at fair value. Changes in the fair value are recognised in other comprehensive income.

The Company assesses at each balance sheet date whether there is objective evidence that an investment is impaired. Impairment loss on all investments is recognised in the profit and loss account. Whereas, reversal of impairment loss is recognised in other comprehensive income.

2.7 Taxation

i. Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

ii. Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of fixed assets and on change in fair value of investments categorised as available for sale which is charged to the surplus on revaluation and fair value reserve respectively.

2.8 Stores, spares and loose tools

These are valued at cost determined on moving average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

2.9 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined by first-in first-out method except for materials for fabrication of bus bodies, consumable stores, locally manufactured parts, spares for sale and stock in transit.

Cost of material for fabrication of bus bodies, consumable stores, locally manufactured parts and spares for sale is determined on moving average method. Cost of stock in transit comprises of invoice value plus other charges incurred thereon.

Cost of work in process and finished goods include direct material, labour and appropriate portion of manufacturing expenses.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated costs necessarily to be incurred to make the sale.

2.10 Trade and other debts

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques in hand, balances with banks on current, savings and deposit accounts and short term borrowings under mark-up arrangements.

2.12 Staff retirement benefits

Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates approved funded gratuity and pension schemes for all its permanent employees. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

Contribution to pension fund is made by both, the Company based on actuarial recommendation, and by employees at 2% and 3% of the basic monthly salary in case of management and non-management staff respectively.

All actuarial gains and losses are recognised in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

2.13 Compensated absences

The Company accounts for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

2.15 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.16 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the balance sheet date, and recognises the estimated product warranty costs in the profit and loss account when the sale is recognised.

2.17 Financial instruments

Financial instruments include loans and advances, deposits, trade and other debts, cash and bank balances, borrowings, trade and other payables and accrued mark-up. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.18 Trade and other payables

Trade and other payables are initially measured at cost which is the fair value of the consideration to be paid for goods and services, whether or not billed to the Company.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount receivable for goods supplied, stated net of discounts, returns and value added taxes. Revenue from sale of goods is recognised on delivery of goods to customers i.e. when the significant risks and reward of ownership have been transferred to the customer.

Commission on handling Complete Built Up (CBU) vehicles and spare parts is recognised on accrual basis.

Return on bank deposits and short term investments is recognised on accrual basis.

2.20 Research and development cost

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

2.21 Foreign currency translation

Foreign currency transactions are recorded in Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

2.22 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is approved.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

3.1.1 Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 20 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

3.1.3 Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes, warranty obligations, stock obsolescence and doubtful debts where a legal or constructive obligation exists at the balance sheet date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cash flows.

3.2 No critical judgement has been used in applying accounting policies.

4. CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term 'remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires 'remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

Following the application of IAS 19 (revised) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of 'remeasurements' stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	2013	April 1, 2012
	Rupees '000	
Impact on Balance Sheet		
Increase in Retirement Benefit - Obligations	67,212	40,632
Decrease in deferred tax liabilities	22,852	13,815
Decrease in unappropriated profit	44,360	26,817
Impact on Statement of Changes in Equity		
Decrease in unappropriated profit		
- Cumulative effect from prior years	-	14,212
- Impact for the year ended	17,543	12,605
Impact on Profit & Loss		
Decrease in cost of sales	2,157	
Decrease in distribution and selling expenses	565	
Decrease in administrative expenses	472	
Increase in taxation	1,086	
Impact on Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss Account	(19,651)	

The effect of change in accounting policy, due to adoption of IAS 19 (revised), on 'earnings per share' for the year ended March 31, 2013 is Rs. 0.17. There is no cash flow impact as a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised).

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

	Note	2014	2013
Rupees '000			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,959,364	1,708,258
Capital work-in-progress - plant and machinery		5,472	6,249
		1,964,836	1,714,507

5.1 Operating assets

	Leasehold land (Revalued - note 5.2)	Buildings on Leasehold land (Revalued - note 5.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical Installations	Office and other equipments	Total
Rupees '000								
Year ended March 31, 2014								
Opening net book value (NBV)	856,635	551,251	174,146	3,507	97,310	9,811	15,598	1,708,258
Revaluation	215,485	87,824	-	-	-	-	-	303,309
Additions	-	8,933	12,194	-	58,564	1,179	13,770	94,640
Disposals - at NBV	-	-	(224)	-	(15,097)	*	-	(15,321)
Fixed assets written off	-	(9,793)	(681)	-	-	-	(77)	(10,551)
Impairment charge for the year	-	-	(2,746)	-	-	-	(100)	(2,846)
Depreciation / amortisation charge for the year	(17,291)	(21,152)	(46,387)	(851)	(19,807)	(3,118)	(9,519)	(118,125)
Closing net book value	1,054,829	617,063	136,302	2,656	120,970	7,872	19,672	1,959,364
At March 31, 2014								
Cost or revaluation	1,056,600	619,086	560,243	13,213	201,214	75,860	98,990	2,625,206
Accumulated impairment	-	-	(2,746)	-	-	-	(100)	(2,846)
Accumulated depreciation / amortisation	(1,771)	(2,023)	(421,195)	(10,557)	(80,244)	(67,988)	(79,218)	(662,996)
Net book value	1,054,829	617,063	136,302	2,656	120,970	7,872	19,672	1,959,364
Year ended March 31, 2013								
Opening net book value (NBV)	876,964	562,739	194,687	3,902	84,520	14,419	17,971	1,755,202
Additions	-	9,176	28,263	478	44,083	843	6,794	89,637
Disposals - at NBV	-	-	(73)	-	(13,516)	-	-	(13,589)
Depreciation / amortisation charge for the year	(20,329)	(20,664)	(48,731)	(873)	(17,777)	(5,451)	(9,167)	(122,992)
Closing net book value	856,635	551,251	174,146	3,507	97,310	9,811	15,598	1,708,258
At March 31, 2013								
Cost or revaluation	890,500	591,331	567,290	13,213	167,992	78,152	101,423	2,409,901
Accumulated depreciation / amortisation	(33,865)	(40,080)	(393,144)	(9,706)	(70,682)	(68,341)	(85,825)	(701,643)
Net book value	856,635	551,251	174,146	3,507	97,310	9,811	15,598	1,708,258
Useful life (years)	76 to 79	40	2 to 10	2 to 10	4 to 5	5	3 to 7	

* Assets disposed off having nil net book value.

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

5.2 During the year, two of the Company's land measuring 10.61 acres and 6 acres located at Plot Nos. D-2 and D-136, S.I.T.E. Karachi respectively and buildings thereon were revalued resulting in surplus of Rs. 303.3 million. The revaluation was carried out by an independent valuer - M/s Iqbal A. Nanjee & Co. (Pvt.) Limited on March 01, 2014 on the basis of present market values for similar sized plots in the near vicinity for land and replacement values of similar type of buildings based on present cost of construction.

Had there been no revaluation, the net book values of land and buildings on leasehold land as at March 31, 2014 would have been Rs. 6.2 million (2013: Rs. 6.4 million) and Rs. 312.6 million (2013: Rs. 306 million) respectively.

5.3 Details of operating assets disposed of

The details of operating assets disposed of, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Motor Vehicle	1,014	682	332	392	Company Policy	Ahmed Rauf - Executive
"	666	448	218	344	"	Shakil Ahmed - Executive
"	606	407	199	287	"	Syed Naveed Gillani - Executive
"	606	407	199	287	"	Sarwar Karim - Executive
"	608	409	199	199	"	Kaeyan Quettawala - Executive
"	505	340	165	165	"	Abdul Basit - Executive
"	72	15	57	64	"	Zeeshan Hussain - Employee
"	1,998	206	1,792	1,869	Insurance Claim	EFU General Insurance Limited Central Division Karachi
"	1,673	112	1,561	1,573	"	"
"	1,673	225	1,448	1,514	"	"
"	1,799	540	1,259	1,485	"	"
"	1,538	190	1,348	1,391	"	"
"	1,529	445	1,084	1,246	"	"
"	1,010	102	908	898	"	"
"	98	7	91	98	"	"
"	95	14	81	95	"	"
"	68	5	63	71	"	"
"	68	7	61	70	"	"
"	67	10	57	69	"	"
"	68	5	63	68	"	"
"	77	20	57	66	"	"
"	68	10	58	63	"	"
"	67	14	53	58	"	"
"	67	14	53	58	"	"
"	67	16	51	57	"	"
"	1,710	651	1,059	1,619	Quotation	Ambreen Mekhani - Plot # 177, Jumani centre, Flat # B-2, Jamshed Town, Garden West, Karachi
"	1,675	732	943	909	"	Perfect Motors (Private) Limited 34-E, PECHS, Block 6, Karachi
"	1,337	829	508	921	Tender	Mohammad Waseem - House # E-51/1 Block B, North Nazimabad, Karachi
"	479	322	157	439	"	Javed Iqbal - House # 2874, Usman Ghani Colony, North Nazimabad Karachi
Plant and machinery	534	379	155	65	Auction	Abdul Jabbar - House # 151, Al-Habib Arcade, Yaseen Street, Garden west, Karachi

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

6. INTANGIBLE ASSETS - Computer Softwares

	2014	2013
	Rupees '000	
Opening balance		
Cost	21,280	21,130
Accumulated amortisation	(20,842)	(20,041)
Net book value	438	1,089
Year ended March 31, 2014		
Opening net book value	438	1,089
Additions	5,686	150
Amortisation	(1,219)	(801)
Closing net book value	4,905	438
Closing balance		
Cost	26,966	21,280
Accumulated amortisation	(22,061)	(20,842)
Net book value	4,905	438
7. LONG-TERM INVESTMENTS		
Available for sale		
Arabian Sea Country Club Limited - note 7.1	5,000	5,000
Provision for impairment	(2,806)	(639)
	2,194	4,361
Automotive Testing & Training Centre (Private) Limited - note 7.2	500	500
Provision for impairment	(428)	(427)
	72	73
	2,266	4,434

7.1 This represents cost of 500,000 (2013: 500,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 6.45% of the shares of the investee Company.

7.2 This represents cost of 50,000 (2013: 50,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 2.77% of the shares of the investee Company.

7.3 The provision for impairment made during the year is based on the break-up value computed through latest audited financial statements of investee companies.

8. LONG-TERM LOANS AND ADVANCES – considered good

	2014	2013
	Rupees '000	
Loans and advances to:		
- executives	10,069	10,206
- other employees	11,481	8,484
	21,550	18,690
Less: Recoverable within one year - note 12	(7,247)	(4,986)
	14,303	13,704

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

8.1 The loans and advances are provided to employees under their terms of employment on interest free basis.

Loans under the schemes have been provided to facilitate purchase of motor vehicles and purchase / construction of house and are repayable over a period of five to twelve years. The motor vehicle loans are secured by joint registration of the vehicle in the name of the Company and employee. The loan for purchase / construction of house is secured against employees' retirement fund balances.

Advances to employees are in respect of house rent assistance and these are repayable upto a period of five years. These are secured against employees' retirement fund balances.

8.2 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 11.86 million (2013: Rs. 12.41 million).

8.3 Reconciliation of carrying amount of loans and advances to executives:

	2014	2013
	Rupees '000	
Opening balances	10,206	8,654
Add: Disbursements	4,309	5,531
	14,515	14,185
Less: Repayments	(4,446)	(3,979)
Closing balances	10,069	10,206
9. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	37,119	21,315
Loose tools	15,484	7,107
	52,603	28,422
Less: Provision for obsolescence	(7,391)	(6,873)
	45,212	21,549

10. STOCK-IN-TRADE

Raw Materials and components - note 10.1 [including in transit Rs. 383.69 million (2013: Rs. 46 million)]	1,981,150	1,454,073
Less: Provision for obsolescence	(27,502)	(51,355)
	1,953,648	1,402,718
Work-in-process	78,487	22,729
Finished goods - note 10.1	563,888	659,360
Less: Provision for obsolescence	(1,010)	(17,479)
	562,878	641,881
Trading stock - Spare parts [including in transit Rs. 18.39 million (2013: Rs. 4 million)]	133,882	144,660
Less: Provision for obsolescence	(72,513)	(50,084)
	61,369	94,576
	2,656,382	2,161,904

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

10.1 Raw materials and finished goods include stocks held with suppliers and Company's authorised dealers amounting to Rs. 26.87 million (2013: Rs. 48.99 million) and Rs. Nil (2013: Rs. 34.13 million) respectively.

	2014	2013
Rupees '000		
11. TRADE DEBTS		
Considered good - unsecured		
Related parties - note 11.2		
Indus Motor Company Limited	41,349	43,425
Toyota Tsusho Corporation, Japan	20,451	-
Others - note 11.3	669,267	233,479
	731,067	276,904
Considered doubtful		
Others	124,329	137,076
	855,396	413,980
Less: Provision for doubtful debts - note 11.4	(124,329)	(137,076)
	731,067	276,904

11.1 As of March 31, 2014, the age analysis of trade debts is as follows:

	2014	2013
Not yet due	618,390	121,377
Past due		
- Up to 3 months	72,205	65,415
- 3 to 6 months	8,435	42,436
- 6 to 12 months	22,999	117,672
- More than one year	133,367	67,080
	237,006	292,603
	855,396	413,980

11.2 As at March 31, 2014, trade debts from related parties were outstanding for not more than 45 days.

11.3 This includes amount receivable from government institutions amounting to Rs. 599 million (2013: Rs. 174 million).

	2014	2013
Rupees '000		
11.4		
Balance at the beginning of the year	137,076	58,977
Charge during the year	1,106	82,598
Written off against provision	(13,853)	(4,499)
Balance at the end of the year	124,329	137,076

12. LOANS AND ADVANCES

	2014	2013
Current maturity of long term loans and advances to:		
- executives	4,299	2,965
- other employees	2,948	2,021
	7,247	4,986
Advances to:		
- other employees	1,525	1,104
- suppliers - note 12.1	40,542	9,789
	42,067	10,893
	49,314	15,879
Provision for doubtful advances to suppliers	(7,270)	(3,635)
	42,044	12,244

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

12.1 Advances to suppliers includes amount of Rs. 5.7 million paid to Indus Motor Company Limited - a related party.

	2014	2013
Rupees '000		
13. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	14,941	17,090
Provision for doubtful deposits - note 13.1	(2,405)	(5,325)
	12,536	11,765
Prepayments	11,695	11,671
	24,231	23,436
13.1		
Balance at the beginning of the year	5,325	10,605
Charge / (reversal) during the year	1,449	(884)
Written off against provision	(4,369)	(4,396)
Balance at the end of the year	2,405	5,325

14. REFUNDS DUE FROM THE GOVERNMENT

	2014	2013
Sales tax refundable - note 14.1	386,543	233,531
Custom duty and excise duty refundable	2,807	2,710
	389,350	236,241
Less: Provision for doubtful refundables - note 14.2	(55,726)	(30,239)
	333,624	206,002

14.1 This includes sales tax refundable of Rs. 148.4 million (2013: Rs. 167 million), net of provisional refunds of Rs. 519.05 million (2013: Rs. 519.05 million) received against bank guarantees and undertakings, the recovery of which is dependent upon the fulfilment of the requirements of standing order no. 1 of 2010 issued by the Federal Board of Revenue and verification of related sales tax records. The Company is in the process of complying with the regulatory requirements.

	2014	2013
Rupees '000		
14.2		
Balance at the beginning of the year	(30,239)	(25,239)
Charge during the year - note 14.2.1	(25,487)	(5,000)
Balance at the end of the year	(55,726)	(30,239)

14.2.1 This is estimated on the basis of input tax deferred by the sales tax department.

15. OTHER RECEIVABLES

	2014	2013
Considered good		
Receivable from related parties		
Toyota Tsusho Corporation, Japan	27,055	5,430
Hino Motors Limited, Japan	-	228
Workers' Profits Participation Fund - note 21.7	-	2,495
Others	1,198	1,466
	28,253	9,619

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

	2014	2013
	Rupees '000	
16. CASH AND BANK BALANCES		
Balances with banks:		
- on term deposits accounts - note 16.1	1,150,000	-
- on current accounts	56,895	117,211
- on PLS savings accounts - note 16.2	157,837	55,160
Cheques in hand	54,462	619
Cash in hand	295	357
	1,419,489	173,347

16.1 Term deposits carry mark-up ranging from 9.15% to 9.8% per annum maturing in April 2014.

16.2 At March 31, 2014, the rates of mark-up on savings accounts is 7% per annum (2013: 6% per annum).

	2014	2013
	Rupees '000	
17. SHARE CAPITAL		
17.1 Authorised share capital		
20,000,000 ordinary shares of Rs. 10 each	200,000	200,000
17.2 Issued, subscribed and paid-up capital		
Ordinary shares of Rs. 10 each		
6,200,280 shares issued for consideration paid in cash	62,003	62,003
4,133,520 shares issued for consideration otherwise than in cash - fixed assets	41,335	41,335
2,066,760 shares issued as bonus shares	20,668	20,668
	124,006	124,006

17.3 At March 31, 2014 and March 31, 2013 Hino Motors Ltd, Japan - holding company and Toyota Tsusho Corporation, Japan - associated company respectively held 7,357,665 and 3,678,833 ordinary shares of Rs. 10 each.

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

	2014	2013
	Rupees '000	
18. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	1,002,990	1,026,250
Realisation on disposal of fixed asset during the year - net of deferred tax	(4,738)	-
Transferred to unappropriated profit on account of incremental depreciation for the year - net of deferred tax	(22,125)	(23,260)
	976,127	1,002,990
Surplus arising on revaluation during the year - net of deferred tax	273,449	-
Closing balance	1,249,576	1,002,990

19. DEFERRED TAXATION

	2014	2013 (Re-stated)
	Rupees '000	
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	82,543	89,929
- surplus arising on revaluation of fixed assets	106,054	82,293
- others	770	1,552
	189,367	173,774
Debit balances arising in respect of:		
- provision for stores and stocks obsolescence	(35,755)	(42,706)
- provision for doubtful trade debts, deposits advances and other receivables	(62,605)	(60,239)
- provision for retirement benefits	(5,828)	(22,852)
- provision for warranty	(25,596)	(28,594)
	(129,784)	(154,391)
	59,583	19,383

20. RETIREMENT BENEFITS OBLIGATIONS

	2014	2013
Gratuity Fund	7,506	24,263
Pension Fund	12,530	48,696
Unfunded Gratuity - Contractual Staff	76,194	65,665
	96,230	138,624

20.1 As stated in note 2.12, the Company operates approved funded gratuity and pension schemes for all its permanent employees and an unfunded gratuity scheme for all its contractual employees. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. Actuarial valuation of the these plans is carried out every year and the latest actuarial valuation was carried out as at March 31, 2014.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

20.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

20.3 The latest actuarial valuation of the Fund as at March 31, 2014 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	2014			2013 (Re-stated)		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
	Rupees '000					
20.4 Movement in (liability) / asset						
Opening balance	(24,263)	(48,696)	(65,665)	(12,529)	(31,448)	(64,673)
Charge for the year	(9,668)	(14,025)	(16,357)	(7,417)	(10,525)	(14,402)
Remeasurements recognised in Other Comprehensive Income	(6,939)	(12,121)	1,530	(11,512)	(16,169)	(2,093)
Payments during the year	33,364	59,153	4,298	6,863	7,645	15,503
Employee contributions	-	3,159	-	-	1,765	-
Benefits paid on behalf of Fund	-	-	-	332	36	-
Closing balance	(7,506)	(12,530)	(76,194)	(24,263)	(48,696)	(65,665)
20.5 Balance sheet reconciliation as at March 31, 2014						
Fair value of plan assets	125,531	177,116	-	75,505	104,376	-
Present value of obligations	(133,037)	(189,646)	(76,194)	(99,768)	(153,072)	(65,665)
Recognised (liability) / asset	(7,506)	(12,530)	(76,194)	(24,263)	(48,696)	(65,665)
20.6 Remeasurement recognised in Other Comprehensive Income						
Experience losses / (gain)	14,852	14,181	(1,530)	13,993	20,647	2,093
Remeasurement of fair value of plan assets	(7,913)	(2,060)	-	(2,481)	(4,478)	-
	6,939	12,121	(1,530)	11,512	16,169	2,093
20.7 Charge for the year						
Current service cost	7,531	9,236	9,053	5,980	6,582	9,411
Interest cost	11,441	17,504	7,304	9,138	14,478	7,115
Expected return on plan assets	(9,304)	(12,715)	-	(7,701)	(10,535)	-
Curtailement gain	-	-	-	-	-	(2,124)
	9,668	14,025	16,357	7,417	10,525	14,402

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	2014			2013 (Re-stated)		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
	Rupees '000					

20.8 Movement in the present value of obligation

Opening balance	99,768	153,072	65,665	75,555	117,670	64,673
Current service cost	7,531	9,236	9,053	5,980	6,582	9,411
Interest cost	11,441	17,504	7,304	9,138	14,478	7,115
Curtailement gain	-	-	-	-	-	(2,124)
Remeasurement	14,852	14,181	(1,530)	13,993	20,647	2,093
Benefits paid	(555)	(4,347)	(4,298)	(4,898)	(6,305)	(15,503)
Closing balance	133,037	189,646	76,194	99,768	153,072	65,665

20.9 Movement in fair value of plan assets

Opening balance	75,505	104,376	-	63,026	86,222	-
Expected return on plan assets	9,304	12,715	-	7,701	10,535	-
Remeasurement	7,913	2,060	-	2,481	4,478	-
Employer contributions	33,364	59,153	-	6,863	7,645	-
Employee contributions	-	3,159	-	-	1,765	-
Benefits paid on behalf of Fund	-	-	-	332	36	-
Benefits paid	(555)	(4,347)	-	(4,898)	(6,305)	-
Closing balance	125,531	177,116	-	75,505	104,376	-

20.10 Plan assets comprise of:

Government bonds	33,392	59,981	-	18,651	42,255	-
National Savings Certificates	33,548	8,513	-	31,025	12,185	-
Other Bonds (TFCs)	11,343	11,839	-	8,282	12,034	-
Mutual funds	9,349	6,133	-	4,607	2,463	-
Bank deposits	9,529	17,797	-	8,516	15,836	-
Cash at bank	28,370	72,853	-	4,424	19,603	-
	125,531	177,116	-	75,505	104,376	-

20.11 Key actuarial assumptions used:

Expected rate of return on plan assets (%)	13.0	13.0	-	11.5	11.5	-
Future salary increase (%)	12.0	12.0	12.0	10.5	10.5	11.5
Discount rate at March 31 (%)	13.0	13.0	13.0	11.5	11.5	11.5
Retirement age (years)	60	60	60	60	60	60

20.12 Pre-Retirement mortality was assumed to be SLIC (2001-2005) for males and females, as the case may be, but rated up one year.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

20.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the Retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

20.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

Figures in this note are based on the latest actuarial valuation carried out as at March 31, 2014.

20.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees '000		
Discount rate at 31 March	1.00%	(45,394)	14,603
Future salary increases	1.00%	29,370	(27,814)

There is no significant change in the obligation if life expectancy increases by 1 year.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

20.16 Comparison for five years:

	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Rupees '000					
Gratuity fund					
Fair value of plan assets	125,531	75,505	63,026	51,185	76,711
Present value of defined benefit obligation	(133,037)	(99,768)	(75,555)	(62,350)	(98,321)
(Deficit) / surplus	(7,506)	(24,263)	(12,529)	(11,165)	(21,610)
Experience adjustment					
Loss on obligation	14,852	13,993	1,069	1,226	1,227
(Gain) / loss on plan assets	(7,913)	(2,481)	(655)	1,507	2,542
Pension fund					
Fair value of plan assets	177,116	104,376	86,222	59,132	82,761
Present value of defined benefit obligation	(189,646)	(154,378)	(118,976)	(87,633)	(105,088)
(Deficit) / surplus	(12,530)	(50,002)	(32,754)	(28,501)	(22,327)
Experience adjustment					
Loss / (gain) on obligation	14,181	20,647	18,765	7,377	(7,752)
(Gain) / loss on plan assets	(2,060)	(4,478)	1,913	(3,213)	(3,370)
Unfunded gratuity					
Present value of defined benefit obligation	(76,194)	(65,665)	(64,673)	-	-
(Deficit) / surplus	(76,194)	(65,665)	(64,673)	-	-
Experience adjustment					
(Gain) / loss on obligation	(1,530)	2,093	(1,175)	-	-

20.17 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

20.18 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2014-15 will be Rs. 12.23 million and Rs. 12.29 million respectively.

20.19 The weighted average duration of funded gratuity and pension fund is 14 years and of unfunded gratuity is 10 years.

20.20 Expected maturity analysis of undiscounted retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
Rupees '000						
At March 31, 2014						
Retirement benefit plans	17,972	52,138	101,541	232,647	3,177,987	3,582,285

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	2014	2013
	Rupees '000	
21. TRADE AND OTHER PAYABLES		
Creditors	284,333	87,207
Bills payable to		
- Toyota Tsusho Corporation, Japan - associated company	1,250,206	169,239
- Hino Motors Limited, Japan - holding company	1,260	839
Accrued liabilities	411,844	189,759
Provision for warranty services - note 21.1	77,610	84,225
Provision for compensated absences - note 21.2	57,424	43,549
Advances from customers - note 21.3	1,490,167	855,778
Custom duties payable - note 21.4	158,750	158,750
Payable to Hino Motors, Ltd. Japan - holding company		
- royalty - note 21.5	125,013	16,305
Security deposits from dealers	27,000	32,000
Provision for infrastructure cess	23,249	23,249
Employees related obligation - note 21.6	35,369	27,672
Tax deducted at source and payable to statutory authorities	13,704	4,108
Workers' profits participation fund - note 21.7	196	-
Workers' welfare fund	18,700	933
Sindh sales tax on services	12,501	630
Unclaimed dividend	2,142	2,056
Others	6,474	7,437
	3,995,942	1,703,736
21.1 Provision for warranty services		
Balance at the beginning of the year	84,225	127,258
Recognised during the year	10,409	4,542
Expenses against provision	(17,024)	(47,575)
Balance at the end of the year	77,610	84,225
21.2 Provision for compensated absences		
Balance at the beginning of the year	43,549	37,013
Net charge during the year	25,268	16,962
Payments made	(11,393)	(10,426)
Balance at the end of the year	57,424	43,549

21.3 Advances from customers includes amount of Rs. 27.4 million received from Bank of Punjab - a related party.

21.4 These represent demands raised by Collector of customs in respect of custom duty payable on CKD kits imported in 1993 and between 1998 to 2006. The same have been appealed against at appropriate levels and reply from authorities is awaited.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

21.5 Amount represents royalty payable to Hino Motors Limited, Japan, for the current year. The amount is payable due to extension made to the current agreement which has been acknowledged by State Bank of Pakistan during the year.

21.6 These include contributions made by employees towards the sale price of vehicles provided to them by the Company in accordance with the Company's vehicle policy.

21.7 Workers' Profits Participation Fund

	2014	2013
	Rupees '000	
Opening asset / (liability)	2,495	(8,835)
Allocation for the year	(50,195)	(2,505)
Amount paid to the Fund	47,504	13,835
Closing (liability) / asset	(196)	2,495
22. SHORT-TERM BORROWINGS		
Short-term loans	-	350,000
Running finance	-	295,948
	-	645,948

22.1 The facilities for short term borrowings under mark-up arrangements with various banks amounted to Rs. 3.79 billion (2013: Rs. 3.75 billion) of which the amount remaining unutilised at the year end was Rs. 3.79 billion (2013: Rs. 3.11 billion).

22.2 The facilities for opening the letters of credit and guarantees as at March 31, 2014 amounted to Rs. 6.73 billion (2013: Rs. 6.83 billion) of which the amount remaining unutilised at the year end was Rs. 2.85 billion (2013: Rs. 5.16 billion).

The above facilities are secured by way of hypothecation charge on stock-in-trade.

23. CONTINGENCY AND COMMITMENTS

23.1 As at March 31, 2014 the Company has received provisional refunds of Rs. 519.05 million (2013: Rs. 519.05 million) from the sales tax department against undertakings and bank guarantees.

23.2 Commitments for capital expenditures as at March 31, 2014 amounted to Rs. 63.1 million (2013: Rs. 4.08 million).

	2014	2013
	Rupees '000	
24. SALES		
Gross sales	10,954,389	8,882,255
Sales tax	(1,562,751)	(1,210,726)
	9,391,638	7,671,529
Commission and discounts	(173,540)	(103,209)
Sale returns	(9,678)	(40,180)
	9,208,420	7,528,140

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the Financial Statements
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24.1 Sales to Government institutions of Rs. 1.84 billion (2013: Rs. 2.12 billion) account for 20 percent (2013: 28 percent) of the net sales.

25. TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATION EXPENSES

	COST OF SALES		DISTRIBUTION COSTS		ADMINISTRATION EXPENSES		TOTAL	
	2014	2013 (Re-stated)	2014	2013 (Re-stated)	2014	2013 (Re-stated)	2014	2013 (Re-stated)
	Rupees '000							
Raw materials consumed	6,796,116	5,648,039	-	-	-	-	6,796,116	5,648,039
Staff costs - note 25.1	539,310	369,080	121,582	104,259	104,272	88,087	765,164	561,426
Depreciation and amortisation	97,364	102,008	7,638	8,521	14,342	13,264	119,344	123,793
Impairment on fixed assets not in use	2,846	-	-	-	-	-	2,846	-
Rent, rates and taxes	6,641	5,232	3,560	3,872	5,743	3,288	15,944	12,392
Insurance	6,347	3,890	1,239	770	5,711	3,987	13,297	8,647
Vehicle running and maintenance	16,353	12,583	16,696	14,757	9,773	10,135	42,822	37,475
Fuel and power	54,035	36,231	2,014	2,320	13,628	8,611	69,677	47,162
Travelling and entertainment	5,988	5,109	9,918	8,219	10,127	8,132	26,033	21,460
Repairs and maintenance	33,430	21,003	2,884	1,192	19,206	9,849	55,520	32,044
Communication and stationery	4,520	3,920	4,870	4,075	6,024	4,416	15,414	12,411
Royalty and technical assistance	130,428	75,055	-	-	-	-	130,428	75,055
(Reversal) / Provision for obsolete stock-in-trade, stores and spares	(17,375)	3,717	-	-	-	-	(17,375)	3,717
Legal and professional charges	4,135	2,554	295	1,584	12,998	10,676	17,428	14,814
Auditors' remuneration - note 25.2	-	-	-	-	2,972	2,723	2,972	2,723
Security and maintenance	-	-	1,423	1,398	43,946	39,622	45,369	41,020
Outward freight and handling	-	-	421	1,325	-	-	421	1,325
Advertising and sales promotion	-	-	48,416	21,205	-	-	48,416	21,205
Product maintenance charges	-	-	37,020	23,940	-	-	37,020	23,940
Warranty services	-	-	10,409	4,542	-	-	10,409	4,542
Provision for doubtful receivables, advances and deposits	-	-	6,363	85,349	-	-	6,363	85,349
Provision for doubtful sales tax refundable	-	-	25,487	5,000	-	-	25,487	5,000
Receivables written off	-	-	-	541	-	-	-	541
Other expenses	12,837	7,041	5,882	2,260	6,244	3,476	24,963	12,777
	7,692,975	6,295,462	306,117	295,129	254,986	206,266	8,254,078	6,796,857
Opening stock of work in process	22,729	164,669	-	-	-	-	22,729	164,669
Closing stock of work in process	(78,487)	(22,729)	-	-	-	-	(78,487)	(22,729)
Cost of goods manufactured	7,637,217	6,437,402						
Opening stock of finished goods	641,881	754,922	-	-	-	-	641,881	754,922
Closing stock of finished goods	(562,878)	(641,881)	-	-	-	-	(562,878)	(641,881)
	7,716,220	6,550,443						
Consumption of trading goods	160,705	168,019	-	-	-	-	160,705	168,019
	7,876,925	6,718,462						

25.1 Staff costs

Salaries, wages, allowances and staff welfare	505,142	341,522	112,036	96,412	97,342	81,515	714,520	519,449
Charge for defined benefit plans	28,015	22,366	7,053	5,856	4,982	4,905	40,050	33,127
Charge for defined contribution plan	6,153	5,192	2,493	1,991	1,948	1,667	10,594	8,850
	539,310	369,080	121,582	104,259	104,272	88,087	765,164	561,426

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

25.2 Auditors' remuneration

	2014	2013
	Rupees '000	
Audit fee	1,500	1,370
Fee for limited review of half yearly financial statements and other certifications	1,150	1,030
Out of pocket expenses	322	323
	2,972	2,723

26. OTHER INCOME

Income from financial assets		
Return on PLS savings accounts	14,576	1,673
Return on deposit accounts	58,544	-
	73,120	1,673
Income from non-financial assets		
Gain on disposal of non-current assets	3,945	6,379
Others		
Scrap sales	19,289	22,708
Commission from an associated company	58,516	28,068
Liabilities no longer required written back	3,213	10,026
Others	6,191	2,231
	164,274	71,085

27. OTHER EXPENSES

Donations and charities - note 27.1	667	2,855
Fixed assets written off	10,551	-
Workers' Profits Participation Fund	50,195	2,505
Workers' Welfare Fund	18,700	933
	80,113	6,293

27.1 None of the directors or their spouses had any interest in the donees.

28. FINANCE (INCOME) / COST

Mark-up on short-term borrowings	4,704	111,191
Exchange (gain) / loss - net	(93,842)	203,057
Bank charges and others	8,693	10,751
	(80,445)	324,999

29. TAXATION

	2014	2013 (Re-stated)
	Rupees '000	
Current - for the year	294,022	51,169
- for prior years	-	(5,500)
Deferred	17,037	(26,784)
	311,059	18,885

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	2014	2013 (Re-stated)
	Rupees '000	
29.1 Relationship between tax expense and accounting profit		
Profit before taxation	934,998	48,076
Tax calculated at the rate of 34% (2013: 35%)	317,899	16,827
Effect of final tax regime	(17,225)	(1,795)
Reversal of prior years' tax provision	-	(5,500)
Tax effect of change in tax rate	(1,207)	-
Others	11,592	9,353
Tax charge for the year	311,059	18,885

30. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	623,939	29,191
Number of ordinary shares (in '000s) issued and subscribed at the end of the year	12,401	12,401
Earnings per share	Rs. 50.31	Rs. 2.35

30.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2014 and March 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

31. CASH GENERATED FROM OPERATIONS

	2014	2013 (Re-stated)
	Rupees '000	
Profit before taxation	934,998	48,076
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	119,344	123,793
Impairment on fixed assets not in use	2,846	-
Fixed assets written off	10,551	-
Gain on disposal of operating fixed assets	(3,945)	(6,379)
Retirement benefits charge	40,050	33,127
Mark-up on short-term borrowings	4,704	111,191
Income on PLS savings and deposit accounts	(73,120)	(1,673)
Profit before working capital changes	1,035,428	308,135

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

(Increase) / Decrease in current assets		
Stores, spares and loose tools	(23,663)	(2,355)
Stock-in-trade	(494,478)	248,778
Trade debts	(454,163)	1,546,188
Loans and advances	(29,800)	25,495
Trade deposits and prepayments	(795)	11,244
Refunds due from the government	(127,622)	(118,109)
Other receivables	(18,634)	22,220
	(1,149,155)	1,733,461
Increase / (Decrease) in current liabilities		
Trade and other payables	2,292,120	(1,018,244)
	1,142,965	715,217
	2,178,393	1,023,352

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	2014	2013 (Re-stated)
	Rupees '000	
32. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 16	1,419,489	173,347
Short-term borrowings	-	(645,948)
	1,419,489	(472,601)

33. REMUNERATION OF MANAGING DIRECTOR / CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The amounts charged in these financial statements for remuneration of the Managing Director, Directors and Executives of the Company are as follows:

	MANAGING DIRECTOR / CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2014	2013	2014	2013	2014	2013
	Rupees '000					
Managerial remuneration and allowances	5,833	6,425	12,971	11,388	57,733	63,804
Bonus	2,958	2,108	6,202	3,699	23,132	20,559
Retirement benefits	-	-	-	-	10,757	10,392
Rent and utilities	-	466	1,113	3,355	21,045	23,446
Leave passage	381	418	930	768	3,193	3,636
Club expenses	-	-	-	-	359	371
Medical expenses	156	154	431	332	3,885	3,960
	9,328	9,571	21,647	19,542	120,104	126,168
Number of persons	1	1	2	3	41	39

33.1 Consultancy fee of Rs. 4.11 million (2013: Rs. 5.27 million) is paid to the Chairman and he is also provided with free use of Company maintained car.

33.2 The Managing Director, Executive Directors and certain executives of the Company are provided with free use of Company maintained cars and housing facilities in accordance with their terms of employment.

	2014	2013
	Units	
34. PLANT CAPACITY AND PRODUCTION		
Plant capacity (single shift without overtime)		
- Chassis	6,000	6,000
- Bodies	1,800	1,800
Actual production		
- Chassis	1,821	1,359
- Bodies	627	305

34.1 Low chassis and bodies production during the year was consequent to low market demand.

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

35. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties:

Relationship	Nature of transaction	2014	2013
		Rupees '000	
i. Holding company	- Purchase of goods	126,867	63,642
	- Royalty charge	130,428	67,279
	- Technical assistance fee	-	7,776
	- Dividend paid	12,052	11,404
	- Liability written back	-	9,592
ii. Associated companies	- Purchase of goods	4,516,476	4,145,561
	- Sale of goods	983,958	728,083
	- Purchase of property, plant and equipment	35,986	21,013
	- Commission earned	58,516	28,068
	- Dividend paid	6,026	5,702
iii. Staff retirement funds	- Payments to retirement benefit plans	117,960	34,861

35.1 Outstanding balances with related parties as at year end have been included in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.

35.2 Details of compensation to key management personnel comprising of Managing Director and Directors is disclosed in note 33 above.

36. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Fund:

	2014	2013
	Rupees '000	
Size of the fund - Total assets	196,431	126,504
Percentage of investments made	99%	99%
Fair value of investments	194,859	125,405

36.1 The cost of above investments amounted to Rs. 121 million (2013: 112 million).

36.2 The break-up of fair value of investments is:

	2014	2013	2014	2013
	Percentage		Rupees '000	
National savings scheme	20%	28%	37,861	34,945
Bank deposits	30%	20%	58,478	24,861
Government securities	17%	25%	33,384	31,641
Debt securities	2%	3%	4,086	3,886
Mutual funds	31%	24%	61,050	30,072
	100%	100%	194,859	125,405

Notes to and Forming Part of
the Financial Statements
For the year ended March 31, 2014

36.3 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	Rupees '000						

Financial assets and liabilities

Financial assets							
Available for sale							
Long term investments	-	-	-	-	2,266	2,266	2,266
Loans and receivables							
Loans and advances	-	-	-	7,247	14,303	21,550	21,550
Deposits	-	-	-	12,536	6,758	19,294	19,294
Trade debts	-	-	-	731,067	-	731,067	731,067
Other receivables	-	-	-	28,253	-	28,253	28,253
Accrued mark-up	-	-	-	4,805	-	4,805	4,805
Cash and bank balances	1,307,837	-	1,307,837	111,652	-	111,652	1,419,489
2014	1,307,837	-	1,307,837	895,560	23,327	918,887	2,226,724
2013	55,160	-	55,160	421,461	24,163	445,624	500,784
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	2,143,641	-	2,143,641	2,143,641
2014	-	-	-	2,143,641	-	2,143,641	2,143,641
2013	645,948	-	645,948	565,207	-	565,207	1,211,155
On balance sheet gap							
2014	1,307,837	-	1,307,837	(1,248,081)	23,327	(1,224,754)	83,083
2013	(590,788)	-	(590,788)	(143,746)	24,163	(119,583)	(710,371)
Off balance sheet financial instruments							
Commitments for capital expenditure							63,099
Letters of credit							145,127
Letters of guarantee							454,117
2014							662,343
2013							1,672,144

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

(i) Interest / Mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at March 31, 2014 the Company's interest bearing financial assets amounted to Rs. 1.3 billion (2013: Rs. 55.16 million), and had the interest rates varied by 150 basis points with all the other variables held constant, profit before tax for the year would have been approximately lower / higher by Rs. 19.2 million (2013: Rs. 0.83 million).

The sensitivity of 150 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 150 basis points per annum.

(ii) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparts failed to perform as contracted. The financial assets exposed to credit risk amount to Rs. 2.2 billion (2013: Rs. 500.78 million). The Company believes that it is not materially exposed to credit risk as major part of these financial assets comprises of receivable from government institutions and bank balances which represent low credit risk as they are placed with banks and other financial institutions having good credit ratings assigned by credit rating agencies.

The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

(iii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet its commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecast of the Company's liquidity reserve which comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow.

(iv) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. As at March 31, 2014 payable exposed to foreign exchange risk is of Rs. 1.38 billion (2013: Rs. 186.38 million).

As at March 31, 2014, if the Pak Rupee had weakened / strengthened by 3% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 41.29 million (2013: Rs. 5.59 million), mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

(v) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

38. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The gearing ratios as at March 31, 2014 and 2013 were as follows:

	2014	2013 (Re-stated)
	Rupees '000	
Total Borrowings	-	678,641
Cash and Bank	(1,419,489)	(173,347)
(Cash surplus) / Net debt	(1,419,489)	505,294
Total equity	2,135,093	1,517,604
Total capital	715,604	2,022,898
Gearing ratio	-	25%

The capital structure of the Company is equity based with no financing through long term borrowings. Company avails short-term borrowings for working capital purposes only.

39. NUMBER OF EMPLOYEES

	2014	2013
Number of employees at March 31		
- Permanent	310	302
- Contractual	681	698
Average number of employees during the year		
- Permanent	315	305
- Contractual	664	752

40. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on May 23, 2014 proposed a cash dividend of Rs. 37.74 per share (2013: Rs. 1.638) amounting to Rs. 468 million (2013: Rs. 20.31 million) subject to approval of members at the forthcoming annual general meeting.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue in the Board of Directors meeting held on 23rd May, 2014.


 Managing Director &
 Chief Executive Officer

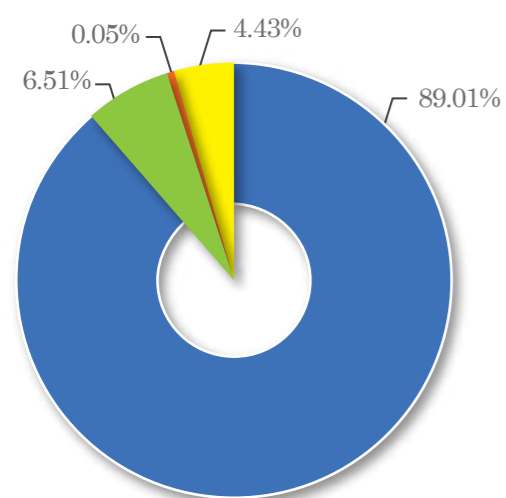

 Chairman

Pattern of Shareholding

As at March 31, 2014

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
387	1	100	14,294
563	101	500	96,120
67	501	1000	53,778
51	1001	5000	105,558
8	5001	10000	58,900
3	10001	100000	81,698
3	100001	1000000	953,714
1	3000001	4000000	3,678,833
1	7000001	8000000	7,357,665
1,084			12,400,560

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage of Holding
Foreign Investors	4	11,037,498	89.01%
Financial Institutions	7	807,102	6.51%
Joint Stock Companies	8	5,930	0.05%
Individuals	1065	550,030	4.43%
Grand Total	1084	12,400,560	100.0%



Pattern of Shareholding

Foreign investors	■
Financial institutions	■
Joint stock companies	■
Individuals	■

Pattern of Shareholding

As at March 31, 2014

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies		
Hino Motors Ltd., Japan (Hinopak Motors Limited is Toyota Group Company and subsidiary of Hino Motors Ltd., Japan. Toyota Motors Corporation is the ultimate parent of the group)	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
NIT		
National Bank of Pakistan - Trustee Department	4	547,334
Executives		
Mr. Nishat Zafar	1	120
Mr. Muzaffar Anjum	1	120
Mr. Muhammad Owais Muhib Khan	1	120
Mr. Naushad Riaz	1	120
Mr. Irfan Ahmed	1	120
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds		
National Bank of Pakistan	2	259,748
First Tri-Star Modaraba	1	20
Shareholders Holding 5% or more voting interest		
Hino Motors Ltd., Japan	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of the Shareholders of Hinopak Motors Limited will be held at the Registered Office of the Company situated at D-2, S.I.T.E., Manghopir Road, Karachi on Friday, June 27, 2014 at 10:00 a.m. for transacting the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial statements of the Company for the year ended March 31, 2014, together with the Reports of the Directors and Auditors.
- To approve cash dividend at 377.37% (or Rs. 37.74 per share) on the ordinary shares of the Company as recommended by the Directors.
- To appoint Auditors for the ensuing year and fix their remuneration.
- Any other business with the permission of the Chair.

Karachi:
June 4, 2014

By order of the Board
FAHIM ALJAZ SABZWARI
Company Secretary

Notes

- The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Technology Trade (Pvt.) Limited, Dagia House 241-C, Block-2, P.E.C.H.S., off. Shahrah-e-Quaideen, Karachi, Pakistan. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
- Under the Law, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares in Central Depository Company (CDC) may approach to submit the prescribed Dividend Mandate Form, to CDC for this option.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least forty eight hours before the time of the Meeting.
- The Share Transfer Books of the Company will remain closed from June 21, 2014 to June 27, 2014 (both days inclusive) for the purpose of Annual General Meeting and to determine entitlement of cash dividend. No transfer will be accepted for registration during this period.
- The Shareholders are requested to intimate any changes in their addresses to: The Share Registrar, Technology Trade (Pvt.) Limited, Dagia House 241-C, Block-2, P.E.C.H.S., off. Shahrah-e-Quaideen, Karachi, Pakistan.
- To facilitate identification for right to attend the Annual General Meeting, Shareholders whose holdings are on the Central Depository System (CDS) or his Proxy should authenticate his identity by showing his original CNIC or original Passport at the time of attending the meeting; along with the Participant's Identity Number and Shareholder's account number allocated by the CDC.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

Proxy Form

I/We _____ of _____

being a Shareholder of HINOPAK MOTORS LIMITED and holding _____ Ordinary Shares as per Register Folio No.

_____ or "CDC" Participant's I.D. No. _____ A/c No. _____ hereby appoint Mr / Ms

_____ of _____ or failing him / her Mr / Ms _____ of

_____ as my / our Proxy in my / our absence to attend and vote for me / us and on my/our behalf

at the 29th Annual General Meeting of the Company to be held on Friday, June 27, 2014 and at any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five
Executant's Signature on Revenue Stamp(s)
(Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerised National Identity Card Number (CNIC) or Passport Number

<p>_____ First Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ CNIC or Passport Number of Witness</p>	<p>_____ Second Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ CNIC or Passport Number of Witness</p>
--	---

Proxy's Signature

Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's CNIC Number or Passport Number

Notes

- A shareholder entitled to attend and vote at the Annual General Meeting of the Company may appoint any person as his / her proxy to attend and vote instead of him / her. The proxy shall have the right to attend, speak and vote in place of the shareholder appointing him / her at the meeting.

A proxy need not be a member of the Company.

- The instrument appointing a proxy should be signed by the Shareholder or by his / her Attorney, duly authorised in writing and person appointed proxy. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.
- The Proxy Form duly completed, must be deposited at the Company's Registered Office at D-2, S.I.T.E., Manghopir Road, P.O. Box No.10714, Karachi-75700 not less than 48 hours before the time of holding the meeting.
- Shareholders whose holdings are in the Central Depository System (CDS) and their proxies both should attach with this form, attested copies of their CNIC or (attested copies of first four pages of their passport). To facilitate identification at the AGM, the proxy should bring his / her original CNIC or passport. In case of produced at the time of the meeting.

The Company Secretary
Hinopak Motors Limited
D-2, S.I.T.E., Manghopir Road,
P. O. Box No. 10714,
Karachi - 75700





HINO

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