

EFFICIENCY COUNTS



Annual Report 2015





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HINO 300 SERIES *THE MOST ECONOMICAL SOLUTION*

The Hino Dutro 300 series based on the new Euro 2 Turbo Intercooler technology, is the Hallmark of Hinopak's pursuit of excellence. Hino 300 Series is renowned for its superior performance while continuing the legacy of being the best logistics solution for light commercial operations.

The revamped aerodynamic light weight cabin offers benefits of luxury and fuel efficiency simultaneously, while ensuring better maneuverability for inter-city and intra-city operations.





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.

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

AUDITORS

A. F. Ferguson & Co., Chartered Accountants

LEGAL ADVISOR

Sayeed & Sayeed

REGISTERED OFFICE

D-2, S.I.T.E., Manghopir Road
P.O.Box No. 10714
Karachi-75700, Pakistan
Tel: 111-25-25-25
Website: www.hinopak.com
Email: info@hinopak.com

SHARE REGISTRAR

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

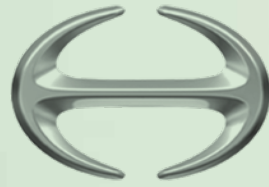
AREA OFFICES

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

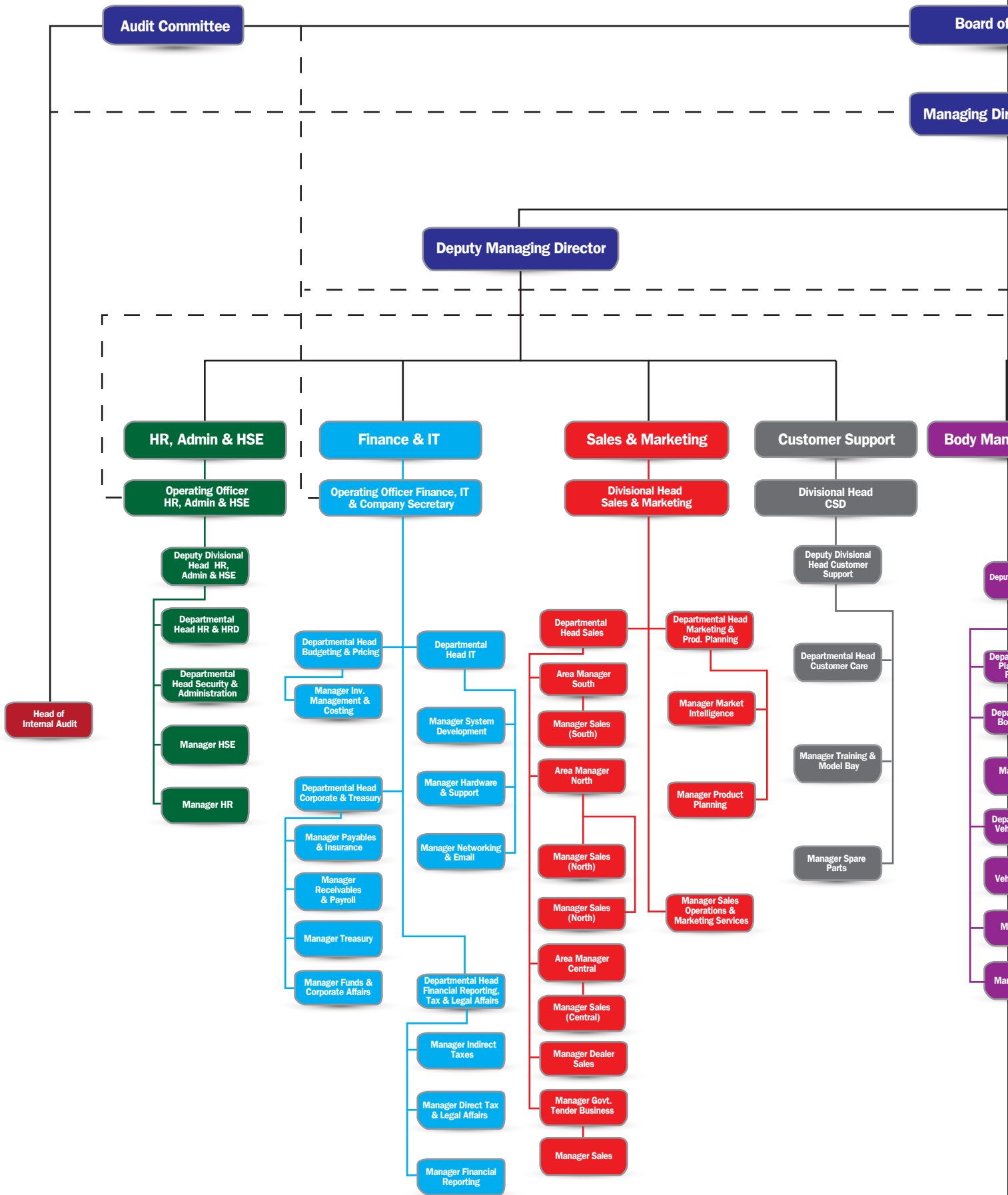
Peshawar
Hino Peshawar
Ring Road, Near Kohat Road Bridge
Peshawar
Tel: 091-2322530
Fax: 091-2322550
Email: hino-peshawar@hinopak.com



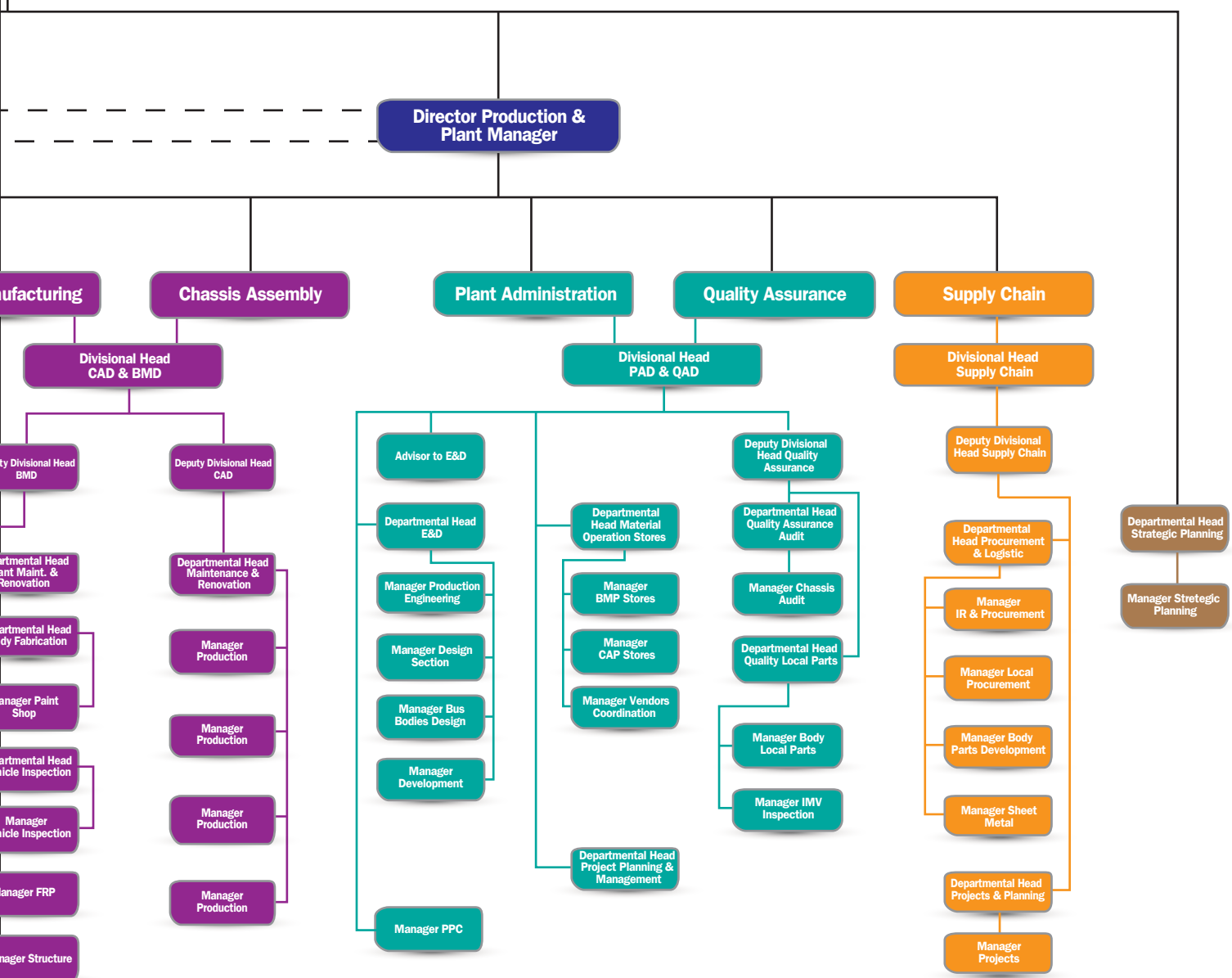
HINO

Our Organogram





Directors
 Director & CEO



- CAD Chassis Assembly Division
- BMD Body Manufacturing Division
- CAP Chassis Assembly Plant
- BMP Body Manufacturing Plant
- CSD Customer Support Division
- QAD Quality Assurance Division
- E&D Engineering & Development
- IT Information Technology
- HSE Health, Safety & Environment
- HR Human Resource
- HRD Human Resource Development
- IMV Innovative Multipurpose Vehicle
- PAD Plant Administration Division
- IR Import Requisition





HINO 500 SERIES ***THE ULTIMATE TRUCK TO DRIVE***

Hino developed its new 500 truck and Prime Mover series to meet the demands of owners, drivers and consignors, who desire for perfection in transport. With its stylish new design, fuel efficient and low emission engine, comfortable cabin and ease of operation, adding Euro 2 technology with Turbo intercooler engine, this is a series that everyone desires to drive. It is the epitome of durability, reliability and safety.

With its solid stability, high performance suspension and mighty frame, Hino 500 Series is tough enough to handle jobs in any rough conditions and terrains more efficiently.







Board of

Directors



Board of Directors

MUHAMMAD ASLAM SANJRANI

Chairman

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 35 years in a variety of posts that included Administration assignments like District Magistrate, Commissioner (of Hyderabad and Larkana divisions), Secretary to the Government of Sindh and Balochistan, Autonomous and regulatory Bodies. He has worked in the Ministries of Commerce, Political affairs, Industries and Production and Foreign Affairs besides being the Secretary to the Government of Pakistan for Overseas Pakistanis. He was also the Chief Secretary of Sindh Province. Presently he is enrolled as an Advocate of the High Court.

During the service, he has represented Pakistan at International Forums including the World International Tourism Conference, World Bank, Asian Development Bank. He has enjoyed a very credible status amongst the international Donor Agencies with whom he successfully negotiated Loan agreement.

He has been a sportsman having had the distinction of representing Pakistan cricket at all levels except test cricket. He has very successfully organized World Squash Championship in Karachi. Further, he has played badminton and table tennis at national level.



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. (HML), Japan in 1979. He has served HINO group in different countries and has held numerous roles.

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 as well as for KD projects for Egypt, Kazakhstan and other countries as a General Manager for KD Business Department.



GHAFOOR MIRZA

Independent Non-Executive Director

Mr. Ghafoor Mirza was appointed as independent non-executive director of the Company and Chairman of the Audit Committee in November 2013. He is at present, also, the Chairman of the Bank of Punjab.

He performed a variety of roles for various Ministries of the Government of Pakistan and became Federal Secretary, Ministry of Finance in 1998. His last assignment with the Government of Pakistan includes advisor (with the status of a minister of state) to Ministry of Finance and Revenue in 2008. He was part of numerous negotiations of ministry of finance with International Monetary Fund (IMF) and World Bank, Asian Development Bank and member countries of Aid-to-Pakistan Consortium including Canada, Japan, France, West Germany, Italy, United Kingdom and Switzerland.

**TAKEHITO SASAKI**

Director

Mr. Takehito Sasaki was appointed as the Director of the Company in March 2015. He joined Hino Motors Ltd., Japan in 1988. He has a rich experience in production techniques and production investigation activities.



HIROSHI KOKAJI

Non-Executive Director

Mr. Hiroshi Kokaji was appointed in June 2010 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Ltd., Japan in 1975 and presently working as Executive Vice President.

SHIGEHIRO MATSUOKA

Non-Executive Director

Mr. Shigehiro Matsuoka was appointed in April 2015 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Ltd., Japan in 1981.



**TOSHIAKI YASUDA**

Non-Executive Director

Mr. Toshiaki Yasuda was appointed on April 2014 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He is presently working as Managing Officer.

TOYOKI KUNO

Non-Executive Director

Mr. Toyoki Kuno was appointed in November 2012 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Toyota Tsusho Corporation in 1986. Presently he is also working as General Manager Hino Automotive department of Toyota Tsusho Corporation. He has served the Toyota group in different countries in numerous roles.

**FAHIM AIJAZ SABZWARI**

Company Secretary & CFO

Mr. Fahim Aijaz Sabzwari is the 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.



Divisional Heads

MUHAMMAD OWAIS M. KHAN

HR, Admin & HSE Divisional Head

Mr. Muhammad Owais M. Khan is the Operating Officer and Divisional Head of 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.



FAHIM AIJAZ SABZWARI

Finance and IT Divisional Head

Mr. Fahim Aijaz Sabzwari is the Operating Officer and Divisional Head of Finance & IT Division. 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.

NAUSHAD RIAZ

Quality Assurance and Plant Administration Divisional Head

Mr. Naushad Riaz is the Senior General Manager and Divisional Head of Quality Assurance Division and Plant Administration 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.





NISHAT ZAFAR

Chassis Assembly
& Body Manufacturing Divisional Head

Mr. Nishat Zafar is the Senior General Manager and Head of Chassis Assembly and Body Manufacturing Divisions. He has been associated with the company since 1986 and has served in different roles mainly production related areas.

MUHAMMAD AKRAM

Supply Chain Divisional Head

Mr. Muhammad Akram is the Divisional Head of Supply Chain Division. He has been associated with the Company since 1992. He has served the company in Techno Commercial, Human Resources, Administration, Health Safety & Environment areas prior moving to Supply Chain Division.



ADIL MOHIUDDIN SHAH

Sales & Marketing Divisional Head

Mr. Adil Mohiuddin Shah is the Divisional Head of Sales and Marketing Division. In this role he led the Hinopak's marketing efforts, overseeing team marketing and sales professionals.

Adil has been associated with the Company for more than 20 years and has worked in various roles in the Sales & Marketing and Customer Support Divisions of Hinopak.

Adil is an MBA from the Institute of Business Administration and has also worked for Teradata Pakistan leading the solution team for Financial & Government sector for Pakistan and Bangladesh.

TAKAYUKI MONMA

Customer Support Divisional Head

Mr. Takayuki Monma is the Divisional Head of Customer Support Division. He joined Hino Motors, Japan in 1995 after completion of his technical education. He has served Hino Vietnam as Technical Advisor from 2005 ~ 2009. He has also participated in Dakar Rallies as Chief Air Mechanic in 2004, 2010 & 2011.

Mr. Monma is associated with Hinopak since 2012. Mr. Monma has a vast experience in after sales services.



Board Committees

AUDIT COMMITTEE

Ghafoor Mirza – Chairman
(Non - Executive Director)
Hiroshi Kokaji
(Non - Executive Director)
Toshiaki Yasuda
(Non - Executive Director)
Shigehiro Matsuoka
(Non - Executive Director)
Toyoki Kuno
(Non - Executive Director)
Omair Mahmood Zakariya (Secretary)

TERMS OF REFERENCE

- 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.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Hiroshi Kokaji - Chairman
(Non - Executive Director)
Keiichiro Utsumi
Toyoki Kuno
(Non - Executive Director)
Yoshihiro Kondo
Toshiaki Yasuda
(Non - Executive Director)
Shigehiro Matsuoka
(Non - Executive Director)
Muhammad Owais M. Khan
(Secretary)

TERMS OF REFERENCE

- 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.

Functional Committees

MANAGEMENT COMMITTEE

Keiichiro Utsumi – Chairman
Yoshihiro Kondo
Takehito Sasaki
Muhammad Owais M. Khan
Naushad Riaz
Fahim Aijaz Sabzwari
Nishat Zafar
Adil M. Shah
Takayuki Monma
Masaaki Katou
Muhammad Akram (Secretary)

TERMS OF REFERENCE

- 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.

GLOBAL COMPACT & CSR COMMITTEE

Keiichiro Utsumi – Chairman
 Yoshihiro Kondo
 Takehito Sasaki
 Muhammad Owais M. Khan
 Naushad Riaz
 Fahim Aijaz Sabzwari
 Muhammad Akram
 Adil M. Shah
 Maria Azhar (Secretary)

TERMS OF REFERENCE

- a. Review and approve the budget for CSR activities;
- b. 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).
- c. Monitor Global Compact internalization and implementation plan; and
- d. CSR and Global Compact reporting.

INFORMATION TECHNOLOGY STEERING COMMITTEE

Fahim Aijaz Sabzwari
 Chairman
 Naushad Riaz
 Muhammad Akram
 Adil M. Shah
 Ahsan Waseem Akhtar
 Muhammad Zahid Hasan
 (Secretary)

TERMS OF REFERENCE

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

HUMAN RESOURCE DEVELOPMENT COMMITTEE

Keiichiro Utsumi – Chairman
 Yoshihiro Kondo
 Takehito Sasaki
 Fahim Aijaz Sabzwari
 Muhammad Owais M. Khan
 (Secretary)

TERMS OF REFERENCE

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

INDUSTRIAL RELATIONS COMMITTEE

Muhammad Owais M. Khan -
Chairman

Arshad Khan

Waseem Ahmed

Muhammad Khaliluddin
(Secretary)

TERMS OF REFERENCE

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

HEALTH, SAFETY & ENVIRONMENT SYSTEMS STEERING COMMITTEE

Takehito Sasaki - Chairman

Muhammad Owais M. Khan

Naushad Riaz

Muhammad Akram

Nishat Zafar

Waseem Ahmed

Secretariat Members

Nabila M. Faisal (Secretary)

TERMS OF REFERENCE

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

QUALITY MANAGEMENT SYSTEMS STEERING COMMITTEE (ISO 9001 : 2008)

Takehito Sasaki - Chairman

Keiichiro Utsumi

Muhammad Owais M. Khan

Naushad Riaz

Fahim Aijaz Sabzwari

Muhammad Akram

Secretariat Members

Sarwar Karim (Secretary)

TERMS OF REFERENCE

- a. 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
- b. Providing leadership and guidance and periodic review of the progress and performance of QMS, EMS through audits and management reviews for the continual improvement.

COST CONTROL AND MONITORING COMMITTEE

Yoshihiro Kondo – Chairman
 Takehito Sasaki
 Muhammad Owais M. Khan
 Naushad Riaz
 Fahim Aijaz Sabzwari
 Muhammad Akram
 Nishat Zafar
 Adil M. Shah
 Abdul Basit (Secretary)

TERMS OF REFERENCE

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

WHISTLE BLOWING COMMITTEE

Keiichiro Utsumi – Chairman
 Yoshihiro Kondo
 Muhammad Owais M. Khan
 Fahim Aijaz Sabzwari
 Abdul Basit (Secretary)

TERMS OF REFERENCE

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

PRODUCTION PLANNING & CONTROL STEERING COMMITTEE

Takehito Sasaki - Chairman
 Keiichiro Utsumi
 Yoshihiro Kondo
 Muhammad Owais M. Khan
 Naushad Riaz
 Fahim Aijaz Sabzwari
 Nishat Zafar
 Muhammad Akram
 Adil M. Shah
 Hassan Salman (Secretary)

TERMS OF REFERENCE

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



HINO KAZAY

INNOVATION IN LUXURY

A new generation of vehicles, in classic tradition and progressive styling, Hino KAZAY; the sophistication of a luxury vehicle and dynamics of an economical bus. A beautifully designed and ergonomically engineered Hino KAZAY will create a new era in public transport.

Equipped with luxury amenities, with an array of electronic accessories, making journeys more pleasant and comfortable.

Some of the worth mentioning feature includes Air bag suspension which provide ultimate satisfaction and comfortable journey, contemporary design that allow more legroom and direct drive roof top air-conditioner provide chilled ambiance even in extreme temperatures.





**HINO**

Year of Records FY 2014 -15

Sales Revenue
Rs.12.64 Billion

Profit After Tax
Rs.1.07 Billion

Gross Profit
Rs.1.97 Billion

Operating Profit
Rs.1.43 Billion

Parts Turnover
Rs. 0.24 Billion

Parts Gross Profit
Rs. 0.05 Billion



Managing Director & CEO Message

KEIICHIRO UTSUMI

Greetings!

Since 1986, Hinopak has excelled in a long journey of success. The year 2014-15 was a remarkable one in the history of Hinopak, where the Company managed to achieve the highest ever profitability.

On this historic moment, I congratulate all the members of Hinopak family, our parent Companies (Hino Motors Limited “HML” and Toyota Tsusho Corporation “TTC”), our valued customers and business partners in enabling us to achieve this milestone.

Despite strong competition prevailing in the industry and the advent of new entrants, the Company remained focused on optimizing shareholders’ return and market share while looking for new growth horizons. The Company has added yet another feather of success by launching Euro II compliant vehicles and Rear Engine bus which would not only cater to the needs of the market but also mitigate the amount of pollutants in the environment.

I offer my best wishes to all the members of Hinopak family and look forward to continue **“Total Support”** to the customers this year and the years ahead.



Deputy Managing Director Message

YOSHIHIRO KONDO

Congratulations!

I would like to express my deep appreciation to everyone in the Hinopak family, business partners and our valued customers on achieving the record setting results.

Though the competition in trucks and buses market has increased, the Company once again managed to retain its number one position. This has been made possible by the untiring efforts of employees and our business partners, as without their continued patronage this would not have been possible.

If we are to achieve sustainable growth, it is vital that we foster our human resources while attaining each milestone. I believe, the credit of our ongoing success rests on the ability and dedication of our employees towards achieving their assigned targets.

Once again my profound gratitude for achieving exemplary performance and I wish that next year will also be a blessed and prosperous one for all of us.



Chairman's Review

Greetings!

On behalf of the Board of Directors, I welcome you all to the 30th Annual General Meeting of the Company. It is my privilege to present you the Company's performance for the year ended March 31, 2015.

I congratulate all the stakeholders on this historic moment as the Company improved on its track record and posted the highest ever after tax profit of Rs. 1,073 million, at the same time the Company continued to maintain its market leadership in commercial vehicle industry, we all are overjoyed and thrilled on this achievement.



HINOPAK BUSINESS

Market Share and Sales

Overall market conditions remained challenging with increased market size, new entrants kept the competition alive. Despite various challenges the Company maintained its position as the market leader in commercial vehicle industry with the overall market share of 39%.

In the Bus segment, the Company dominated the market share with 64 %, while the share of the Company in the Truck segment stood at 34%. The Company also recorded highest ever sales revenue of Rs.12,636 million as against Rs. 9,208 million in 2013-14.

Gross Profit

The gross profit increased to Rs. 1,973 million as against Rs. 1,331 million in the previous year which as a percentage stands at 15.6% as compared to 14.5% last year.

Distribution and Administrative Expenses

As a percentage of sales the Company reduced its distribution and administrative expenses, the expenses stood at Rs. 662 million as compared to Rs. 561 million last year.



Finance Income

The Company earned exchange gain of Rs. 125 million compared to Rs. 94 million last year. Positive cash flows enabled the Company to earn return on savings and deposit accounts amounting to Rs. 111 million as compared to Rs. 73 million last year.



Profit after Tax

The Company raised its performance bar by earning highest ever after tax profit of Rs. 1,073 million by breaking the last year record of after tax profit of Rs. 624 million. The Company also posted healthy Earnings per share of Rs. 86.54 as against Rs. 50.31 in last year.

Cash Flow and Working Capital Management

The Company generated Rs. 2,201 million from operating activities as against Rs. 2,178 million in last year. During the year the Company paid taxes amounting to Rs. 363 million and incurred Capital Expenditure of Rs. 205 million.

Dividend

Considering the outstanding performance of the Company, the Board of Directors is pleased to propose 75% of profit after tax to the shareholders which is Rs. 64.91 per share as compared to Rs. 37.74 per share in the last year.

MANUFACTURING FACILITIES

Chassis Assembly Division

Hinopak Chassis Assembly Division (CAD) is the back bone of the Company. Hinopak produces top quality chassis using most advanced technology. During the year the CAD produced 2,919 chassis, in addition 4,496 IMV (Hilux) frames were also produced for our associated company Indus Motors Company.

Body Manufacturing Division

Hinopak is the only company in the commercial vehicle industry to have state of the art Body Manufacturing Division (BMD), which gives the Company an added advantage over competitors. During the year, BMD produced 1,517 bodies of various specifications including specialized versions.

BUSINESS PROCESS IMPROVEMENT AND PRODUCT DEVELOPMENT

Hinopak has always been equipped with most advanced and up to date technology. Considering the track record, needs of the customer and ever changing business requirements, this year the Company achieved significant milestones in product development.

Launch of EURO 2 Vehicles

Hinopak launched new range of trucks, prime movers and buses to meet the demands of customers. Euro 2 technology is equipped with Turbo charger and Intercooler for greater output, fuel efficiency and low engine noise; this is a series that every one desires to drive. It is the epitome of durability, reliability and safety.

These new models have the latest technology and consideration for the environment which will mark the beginning of another era in the commercial vehicle industry.



Rear Engine Bus

Hino KAZAY is a new generation of vehicle with classic tradition yet progressive styling, the bus has the sophistication of a luxury vehicle and dynamics of an economical bus. A beautifully designed and ergonomically engineered KAZAY will create a new era in public transport.

Some of the worth mentioning features include Air bag suspension which provides ultimate satisfaction and comfortable journey, contemporary design that allows more legroom and direct drive roof top air-conditioner which provides chilled ambiance even in extreme temperatures.

Localization and product development

Localization and product development has always been given a top priority by the Company, in this regard Vendors' Convention and a comprehensive vehicle parts display was held in January 2015. The convention was held to emphasize the importance of improved localization through quality, cost effectiveness, timely delivery, durability and safety.

AFTER SALES SUPPORT

We are committed to provide our customers with superior After Sales Service that differentiate us from the competition. Our extensive after sales support network and customers' confidence in our After Sales Support was backed by the record Parts Sales performance during the year.

Hinopak offers advanced and professional consultation to customers through After Sales Service and expert professionals with extensive experience are available to assist the customers.

We, at Hinopak, believe in providing customers with TOTAL SUPPORT. To keep this spirit alive, the Company initiated various projects including the "knocking the door project" in the year 2012, the project is still going on to facilitate customers in collaboration with our dealers. Other initiative includes Free Service Camps and Training Courses. The Company also enhanced its state of the art mobile workshop facility for its customers, the purpose of which is to provide services to customers anytime and anywhere they need, a total of 7 mobile workshops and 8 pro-care vans are operating countrywide.

CORPORATE SOCIAL RESPONSIBILITY

Awards for Company's Contribution

Hinopak Motors Limited contribution towards the welfare of the society has always been appreciated and acknowledged, this year the Company was awarded "4th Corporate Social Responsibility Award 2015" and "Certificate of Excellence" in the category of Collaboration and Partnership for remarkable efforts in CSR activities in Pakistan.

Donation to Charitable Organizations

With the focus on society welfare in various avenues and looking at the deprivation of the poor for good health care facilities, this year the Company selected health sector to make the vital contribution, the Company provided donations to four non-profit organizations of the country after considering the transparency of their operations and the governance structure.



Other Welfare Activities

Other welfare activities carried out during the year includes, helping flood victims through distribution of utility bags and other necessary equipments, merit based scholarship for workers' children, technical scholarships for N.E.D University students, tree plantation and road safety awareness activities at S.I.T.E model school are worth mentioning.

HUMAN RESOURCE DEVELOPMENT

Hinopak is focused on developing the superior workforce so that the organization and individual employees can accomplish their work goals and serve the customers to their satisfaction.

Through Company's training and development activities 16,608 training man-hours were completed through various courses, seminars, soft skills and technical courses. The Company also celebrated achieving production & sales targets for the year by arranging "Thanks Giving Dinner" in March 2015.

OCCUPATIONAL HEALTH & SAFETY

We believe and understand that creating a healthy, safe and supportive environment helps people and organization to flourish. The Company places great emphasis on safety and is concerned not only with the OHS activities within the Company but with the OHS activities of its vendors also, during the year the Company conducted awareness session for vendors on "Workplace Safety". The main objective was to educate vendors on the importance of OHS practices at the work place.

The Company organized and conducted different trainings relating to OHS to enhance employees and contractors awareness on HSE related issues. The Company also participated in safety training program organized by TOYOTA MOTOR ASIA PACIFIC-SAFETY PROMOTION DEPARTMENT in Thailand. Safety Conferences were organized this year to enhance employees' awareness about Health & Safety.

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. 817 million in taxes, duties and cess 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.

FUTURE OUTLOOK

Moving forward, outlook for automobile industry is likely to remain challenging, new entrants will strive hard to get the market share, positive social and macroeconomic factors will play a vital role in delivering strong performance in the year ahead. Further consistent Government policies with long term vision are essential for the growth of auto industry.

Despite various challenges the management is confident that the Company will maintain its market leadership. The Company remains committed to be the most innovative and competitive in the commercial vehicle sector in Pakistan.

VOTE OF THANKS

It is a privilege and a great joy for me to extend a vote of thanks to all those who have contributed in one way or the other to make this year historical for Hinopak.

I wish to thank our shareholders for their confidence and trust, our parent companies Hino Motors Ltd and Toyota Tsusho Corporation for sharing with us their skills and experience. I also acknowledge the contributions made by our valuable vendors and suppliers for their quality products and the regulators including Federal and Provincial Governments for their continuous support for the industry.

Finally, I wish to thank the Board of Directors, the Management and our most valuable workforce who have put all out efforts to make the year a historical one.



MUHAMMAD ASLAM SANJRANI

Chairman

Dated: May 25, 2015



Hinopak Values

Honesty at all
cost and in all
spheres of
business

Integrity we do
what we say at
personal &
corporate level

Non bureaucratic
pragmatic in
systems &
processes

Openness to
customers,
markets &
criticism

Purpose oriented
always keeping
the end in mind

Altruism fostering
relationship with
society &
environment

Kaizen
continuous
improvement

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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, 2015.

The Board of Directors of the Company as at March 31, 2015 consists of:

Mr. Muhammad Aslam Sanjrani
Mr. Keiichiro Utsumi
Mr. Yoshihiro Kondo
Mr. Ghafoor Mirza
Mr. Takehito Sasaki
Mr. Hiroshi Kokaji
Mr. Toyoki Kuno
Mr. Haruo Komatsu *
Mr. Toshiaki Yasuda

* Effective April 1, 2015, Mr. Shigehiro Matsuoka has been appointed as Director in place of Mr. Haruo Komatsu.

Appropriation of Profit

Following are the details of appropriations:

	Year ended March 31, 2015	Year ended March 31, 2014
Rupees in '000		
Profit before taxation	1,552,589	934,998
Taxation	(479,365)	(311,059)
Profit after taxation	1,073,224	623,939
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation and disposal of fixed assets	33,426	22,125
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	-	4,738
Other comprehensive income / (loss) for the year	(2,600)	(11,570)
Unappropriated profit brought forward	1,718,636	1,099,716
Profit available for appropriation	2,822,686	1,738,948
Final cash dividend paid during the year	(467,997)	(20,312)
Unappropriated profit carried forward	2,354,689	1,718,636

The Board of Directors in its meeting held on May 25, 2015 proposed a cash dividend of Rs. 64.91 per share (2014: Rs. 37.74 per share) amounting to Rs. 804.92 million (2014: 467.95 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. 86.54 (2014 - Rs.50.31).

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, 2016.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at March 31, 2015 and additional information thereabout required under Code of Corporate Governance are disclosed on page 109 and page 110 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 48.
- During the year, Company arranged training program namely Corporate Governance Leadership Skills (CGLS) for a non-executive director Mr. Ghafoor Mirza, from Pakistan Institute of Corporate Governance (PICG) which is recognized under Securities and Exchange Commission of Pakistan (SECP).
- The value of investments of Company's Provident, Gratuity and Pension Funds as on March 31, 2015 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	187,228
Hinopak Motors Limited Employees' Gratuity Fund	152,016
Hinopak Motors Limited Employees' Pension Fund	211,759

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

<i>Name of Directors</i>	<i>Number of meetings attended</i>
Mr. Muhammad Aslam Sanjrani	4
Mr. Keiichiro Utsumi	4
Mr. Yoshishiro Kondo	4
Mr. Takehito Sasaki	0
Mr. Takuji Umemura	2
Mr. Ghafoor Mirza	4
Mr. Hiroshi Kokaji	2
Mr. Haruo Komatsu	2
Mr. Tatsuehei Muto	1
Mr. Toshiaki Yasuda	2
Mr. Toyoki Kuno	4

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

<i>Name of Directors</i>	<i>Number of meetings attended</i>
Mr. Ghafoor Mirza	4
Mr. Hiroshi Kokaji	0
Mr. Toshiaki Yasuda	0
Mr. Toyoki Kuno	4
Mr. Haruo Komatsu	0
Mr. Tatsuehei Muto	0

During the year ended March 31, 2015, the directors including CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company except for the purchase of 900 shares by CEO of the Company.

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 25, 2015



MUHAMMAD ASLAM SANJRANI
Chairman

Financial Highlights

	2009-10	2010-11	2011-12 (Re-stated)	2012-13 (Re-stated)	2013-14	2014-15
Profit & Loss Account (Rs. in Million)						
Sales	11,127.55	9,281.82	8,767.00	7,528.14	9,208.42	12,636.29
Gross Profit	389.48	737.29	908.08	809.68	1,331.50	1,973.38
Operating Profit	15.29	342.36	491.98	373.08	854.55	1,434.42
Profit / (Loss) before Tax	(130.42)	40.49	173.44	48.08	935.00	1,552.59
Taxation	17.65	70.63	147.73	18.89	311.06	479.37
Profit / (Loss) after Tax	(148.07)	(30.14)	25.71	29.19	623.94	1,073.22
Other comprehensive loss	-	-	26.80	19.65	11.57	2.60
Transfer from surplus on revaluation of fixed assets	5.69	5.65	22.76	23.26	26.86	33.43
Dividend	21.70	-	-	19.22	20.31	468.00
Unappropriated Profit carried forward	1,088.97	1,064.48	1,086.14	1,099.72	1,718.64	2,354.69
Balance Sheet (Rs. in Million)						
Net Assets						
Fixed Assets	921.28	1,790.29	1,780.55	1,714.95	1,969.74	2,006.19
Other Long Term Assets	28.48	9.79	18.81	24.16	23.33	34.01
Current Assets	4,793.61	2,752.86	4,894.55	3,321.87	5,543.36	6,181.54
Less : Current Liabilities	3,885.81	1,903.96	4,001.51	2,382.38	3,995.94	4,054.27
Total Net Assets	1,857.56	2,648.98	2,692.39	2,678.60	3,540.49	4,167.47
Financed By:						
Issued, Subscribed & Paid up Capital	124.01	124.01	124.01	124.01	124.01	124.01
Reserves / Accumulated Profit	1,379.97	1,355.48	1,378.69	1,393.60	2,011.09	2,645.92
Surplus on Revaluation of Fixed Assets	271.80	1049.01	1,026.25	1,002.99	1,249.58	1,216.15
Long Term / Deferred tax Liabilities	81.79	120.48	163.44	158.01	155.81	181.39
Total Funds Invested	1,857.56	2,648.98	2,692.39	2,678.60	3,540.49	4,167.47
Cash Flow (Rs. in Million)						
Cash flows from / (used in) operating activities	936.20	307.04	(778.57)	712.15	1,992.60	1,876.13
Cash flows used in investing activities	(60.10)	(108.98)	(102.34)	(51.81)	(80.28)	(163.17)
Cash flows used in financing activities	(21.69)	(0.01)	(0.01)	(19.13)	(20.23)	(466.45)
Turnover (Rs. in Million)						
Hino Chassis (including exports)	9,232.37	8,244.52	6,776.10	6,170.86	7,683.42	9,555.82
Bus & Other Bodies (including exports)	810.96	586.44	842.06	668.21	648.03	1,077.54
Spare Parts	177.76	211.27	174.96	183.53	165.24	248.79
Others	906.46	239.59	973.88	505.54	711.73	1,754.14
Total	11,127.55	9,281.82	8,767.00	7,528.14	9,208.42	12,636.29
Production (Units)						
Hino Chassis	2577	1981	1693	1259	1417	1714
Bus & Other Bodies	1173	499	1067	305	627	1517
Hilux Frame	2130	2738	4420	4260	4068	4496

	2009-10	2010-11	2011-12 (Re-stated)	2012-13 (Re-stated)	2013-14	2014-15
Sales (Units)						
Hino Chassis (including exports)	2589	2047	1,662	1,262	1,452	1,771
Bus & Other Bodies (including exports)	1143	559	1,024	368	607	1,547
Hilux Frame	2020	2752	4,507	4,126	4,160	4,455
No. of Employees	394	290	289	302	310	323
Investor Information						
Financial Ratios						
Gross profit ratio	3.50%	7.94%	10.36%	10.76%	14.46%	15.62%
Net profit margin / (loss)	(1.33%)	(0.32%)	0.29%	0.39%	6.78%	8.49%
Return on assets (after tax)	(2.58%)	(0.66%)	0.38%	0.58%	8.28%	13.05%
Return on equity (after tax)	(9.85%)	(2.04%)	1.71%	1.92%	29.22%	38.75%
Debt equity ratio*	0.05	0.05	0.06	0.06	0.05	0.05
Current Ratio	1.23	1.45	1.22	1.39	1.39	1.52
Quick Ratio	0.47	0.55	0.62	0.48	0.71	1.07
Interest cover ratio	(1.71)	1.35	2.01	1.43	199.77	-
Dividend payout ratio**	-	-	74.76%	69.58%	75.01%	75.00%
Dividend yield ratio**	-	-	2.12%	1.87%	8.82%	7.63%
Dividend cover ratio**	-	-	134%	144%	133%	133%
Other Ratios						
Price earning ratio	(14.75)	(45.34)	35.33	37.27	8.51	9.83
Earning before interest, taxes, depreciation and amortization (EBITDA)	115.22	441.32	605.20	496.87	973.90	1,567.43
EBITDA Margin to sales	1.04%	4.75%	6.90%	6.60%	10.58%	12.40%
Total assets turnover ratio	1.94	2.04	1.31	1.49	1.22	1.54
Fixed assets turnover ratio	12.08	5.18	4.92	4.39	4.67	6.30
Return on capital employed	(7.97%)	(1.14%)	0.95%	1.09%	17.62%	25.75%
Inventory turnover ratio	4.02	3.69	3.84	2.94	3.27	4.77
Number of days inventory	91	99	95	124	112	77
Debtors turnover ratio	10.90	13.37	7.60	7.17	18.27	12.52
Number of days debtors	33	27	48	51	20	29
Creditors turnover ratio	4.29	3.43	3.64	3.04	2.76	2.65
Number of days creditors	85	106	100	120	132	138
Operating cycle (days)	39	20	43	55	-	(32)
Per Share Amounts (in Rupees)						
Cash dividend**	-	-	1.55	1.64	37.74	64.91
Breakup value with surplus on revaluation of fixed assets	143.20	203.90	203.94	203.26	272.94	321.44
Breakup value without surplus on revaluation of fixed assets	121.28	119.31	121.18	122.38	172.18	223.37
Earning / (Loss) per share	(11.94)	(2.43)	2.07	2.35	50.32	86.55
Share Price (High)	284.96	177.54	115.43	95.25	465.80	999.35
Share Price (Low)	148.00	102.00	63.43	64.11	82.00	397.36
Share Price (Closing)	176.10	110.20	73.25	87.74	428.00	850.73
One US\$ = Rupee as at period end	84.20	85.25	90.70	98.30	97.90	101.70
One JPY = Rupee as at period end	0.9015	1.0306	1.1063	1.0446	0.9518	0.8459

* 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.

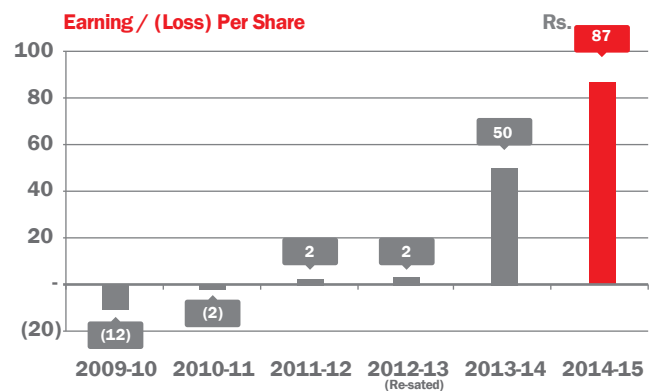
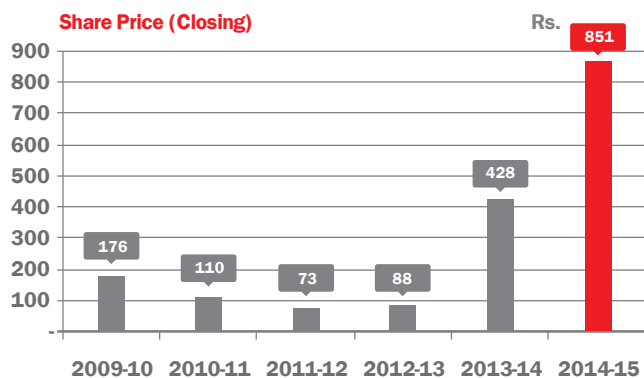
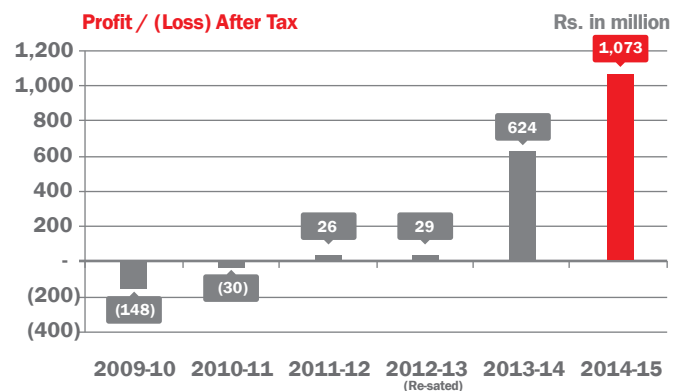
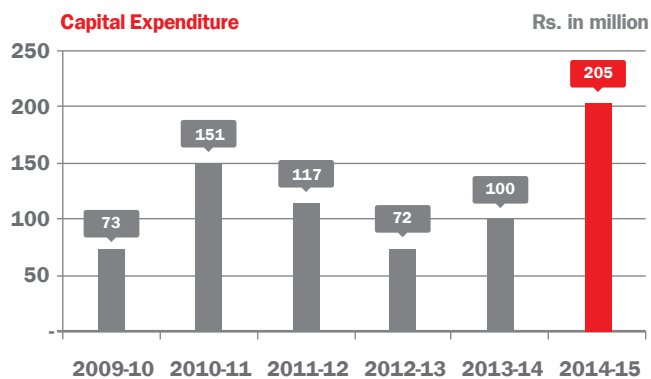
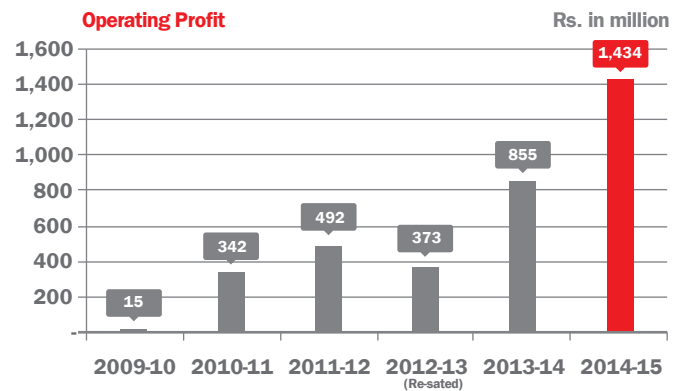
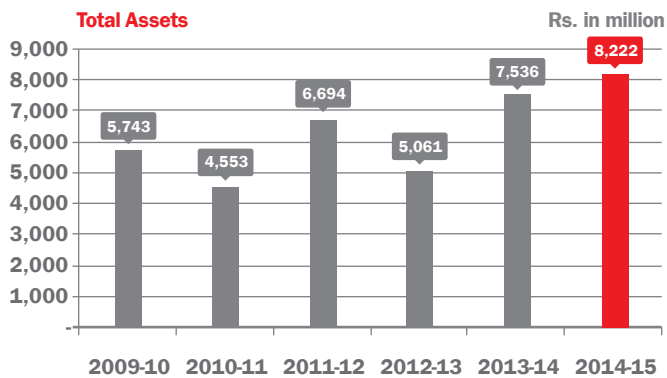
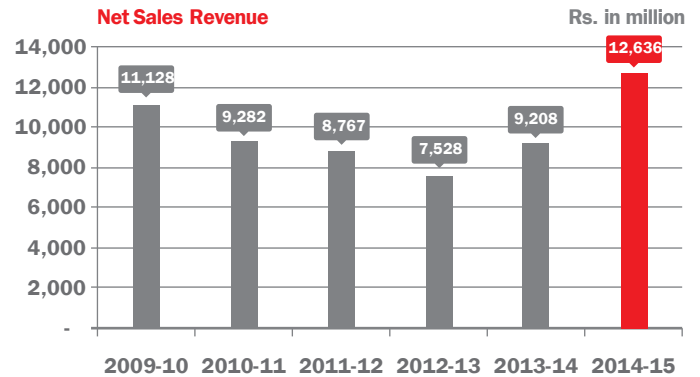
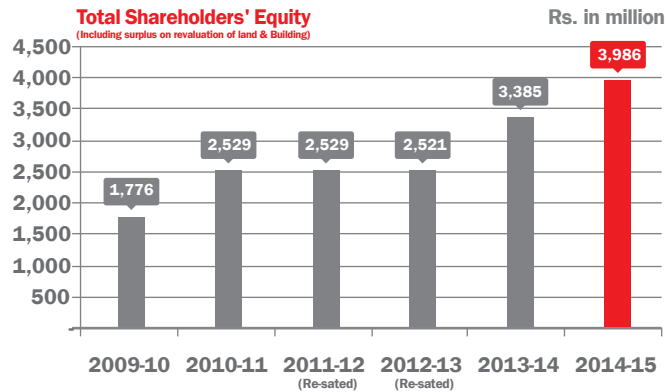
Vertical Analysis

	2014-15		2013-14		2012-13 (Re-stated)	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Operating Results						
Sales	12,636.29	100.00	9,208.42	100.00	7,528.14	100.00
Cost of sales	10,662.91	84.38	7,876.92	85.54	6,718.46	89.24
Gross profit	1,973.38	15.62	1,331.50	14.46	809.68	10.76
Distribution cost	303.23	2.40	306.12	3.32	295.13	3.92
Administration expenses	359.07	2.84	254.99	2.77	206.27	2.74
Other income	261.04	2.07	164.27	1.78	71.09	0.94
Other expenses	137.70	1.10	80.11	0.87	6.29	0.08
Profit from operations	1,434.42	11.35	854.55	9.28	373.08	4.96
Finance (income) / cost	(118.17)	(0.94)	(80.45)	(0.87)	325.00	4.32
Profit before taxation	1,552.59	12.29	935.00	10.15	48.08	0.64
Taxation	479.37	3.79	311.06	3.37	18.89	0.25
Profit after taxation	1,073.22	8.50	623.94	6.78	29.19	0.39
Balance Sheet						
Property, plant and equipment	1,995.54	24.27	1,964.84	26.07	1,714.51	33.88
Other non current assets	10.65	0.13	4.91	0.07	0.44	0.01
Long-term investments	0.42	0.01	2.27	0.03	4.43	0.09
Long-term deposits	6.82	0.08	6.76	0.09	6.03	0.12
Long-term loans and advances	14.23	0.17	14.30	0.19	13.70	0.27
Staff retirement benefit - prepayment	12.54	0.15	-	-	-	-
Current assets (excluding investments)	6,181.54	75.19	5,543.36	73.55	3,321.87	65.63
Total assets	8,221.74	100.00	7,536.42	100.00	5,060.98	100.00
Shareholders' equity	2,769.93	33.69	2,135.09	28.33	1,517.60	29.99
Deferred taxation	76.10	0.93	59.58	0.79	19.38	0.38
Other non-current liabilities	105.29	1.28	96.23	1.28	138.62	2.74
Surplus on revaluation of fixed assets	1,216.15	14.79	1,249.58	16.58	1,002.99	19.82
Short term debt (including current maturity of long term debt)	-	-	-	-	645.95	12.76
Other current liabilities (trade, interest and tax)	4,054.27	49.31	3,995.94	53.02	1,736.44	34.31
Total equity and liabilities	8,221.74	100.00	7,536.42	100.00	5,060.98	100.00
Cash Flows						
Cash flows from operating activities	1,876.13	150.51	1,992.60	105.31	712.16	111.06
Cash flows used in investing activities	(163.17)	(13.09)	(80.28)	(4.24)	(51.81)	(8.08)
Cash flows used in financing activities	(466.45)	(37.42)	(20.23)	(1.07)	(19.13)	(2.98)
Net increase in cash and cash equivalents	1,246.51	100.00	1,892.09	100.00	641.20	100.00

Horizontal Analysis

	2014-1		2013-14		2012-13 (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	12,636.29	37.23	9,208.42	22.32	7,528.14	(14.13)
Cost of sales	10,662.91	35.37	7,876.92	17.24	6,718.46	(14.51)
Gross profit	1,973.38	48.21	1,331.50	64.45	809.68	(10.84)
Distribution cost	303.23	(0.94)	306.12	3.72	295.13	(10.08)
Administration expenses	359.07	40.82	254.99	23.62	206.27	7.42
Other operating income	261.04	58.91	164.27	131.10	71.09	(37.63)
Other operating expenses	137.70	71.89	80.11	1,173.05	6.29	(36.16)
Profit from operations	1,434.42	67.86	854.55	129.06	373.08	(24.17)
Finance (income) / cost	(118.17)	(46.90)	(80.45)	(124.75)	325.00	2.03
Profit before taxation	1,552.59	66.05	935.00	1,844.75	48.08	(72.28)
Taxation	479.37	54.11	311.06	1,547.12	18.89	(87.22)
Profit after taxation	1,073.22	72.01	623.94	2,037.29	29.19	13.55
Balance Sheet						
Property, plant and equipment	1,995.54	1.56	1,964.84	14.60	1,714.51	(3.65)
Other non current assets	10.65	117.10	4.91	1,015.91	0.44	(59.78)
Long-term investments	0.42	(81.33)	2.27	(48.89)	4.43	85.45
Long-term deposits	6.82	0.93	6.76	12.17	6.03	0.17
Long-term loans and advances	14.23	(0.62)	14.30	4.37	13.70	31.77
Staff retirement benefit - prepayment	12.54	0.00	0.00	0.00	0.00	0.00
Current assets (excluding investments)	6,181.54	11.51	5,543.36	66.87	3,321.87	(32.13)
Total assets	8,221.74	9.09	7,536.42	48.91	5,060.98	(24.39)
Shareholders' equity	2,769.93	29.73	2,135.09	40.69	1,517.60	(0.99)
Deferred taxation	76.10	27.72	59.58	207.40	19.38	(65.12)
Other non-current liabilities	105.29	9.41	96.23	(30.58)	138.62	28.51
Surplus on revaluation of fixed assets	1,216.15	(2.67)	1,249.58	24.59	1,002.99	(2.27)
Short term debt (including current maturity of long term debt)	-	-	-	(100.00)	645.95	(47.84)
Other current liabilities (trade, interest and tax)	4,054.27	1.46	3,995.94	130.12	1,736.44	(37.16)
Total equity and liabilities	8,221.74	9.09	7,536.42	48.91	5,060.98	(24.39)
Cash Flows						
Cash flows from operating activities	1,876.13	(5.85)	1,992.60	179.80	712.16	191.47
Cash flows used in investing activities	(163.17)	(103.25)	(80.28)	(54.95)	(51.81)	49.37
Cash flows used in financing activities	(466.45)	(2,206.18)	(20.23)	(5.73)	(19.13)	-
Net increase in cash and cash equivalents	1,246.51	(34.12)	1,892.09	195.08	641.20	172.79

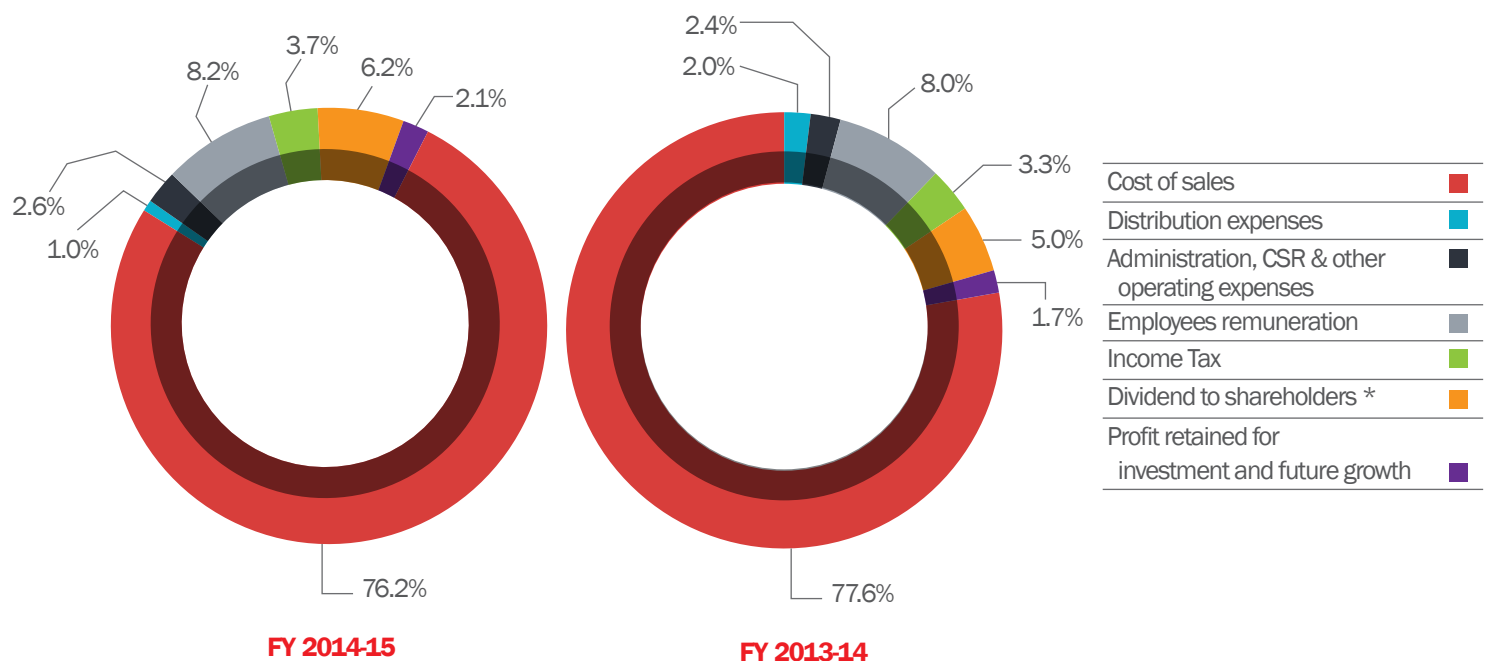
Financial Highlights Contd...



Statement of Value Addition and its Distribution

	2014-15		2013-14	
	Rs. in million	%	Rs. in million	%
Value Addition				
Revenue	12,636	97.1	9,208	97.4
Other Income	379	2.9	245	2.6
Total	13,015	100.0	9,453	100.0
Value Distribution				
Cost of sales	9,919	76.2	7,337	77.6
Distribution expenses	128	1.0	185	2.0
Administration, CSR & other operating expenses	341	2.6	231	2.4
Employees remuneration	1,075	8.2	765	8.0
Income Tax	479	3.7	311	3.3
Dividend to shareholders *	805	6.2	468	5.0
Profit retained for investment and future growth	268	2.1	156	1.7
Total	13,015	100.0	9,453	100.0

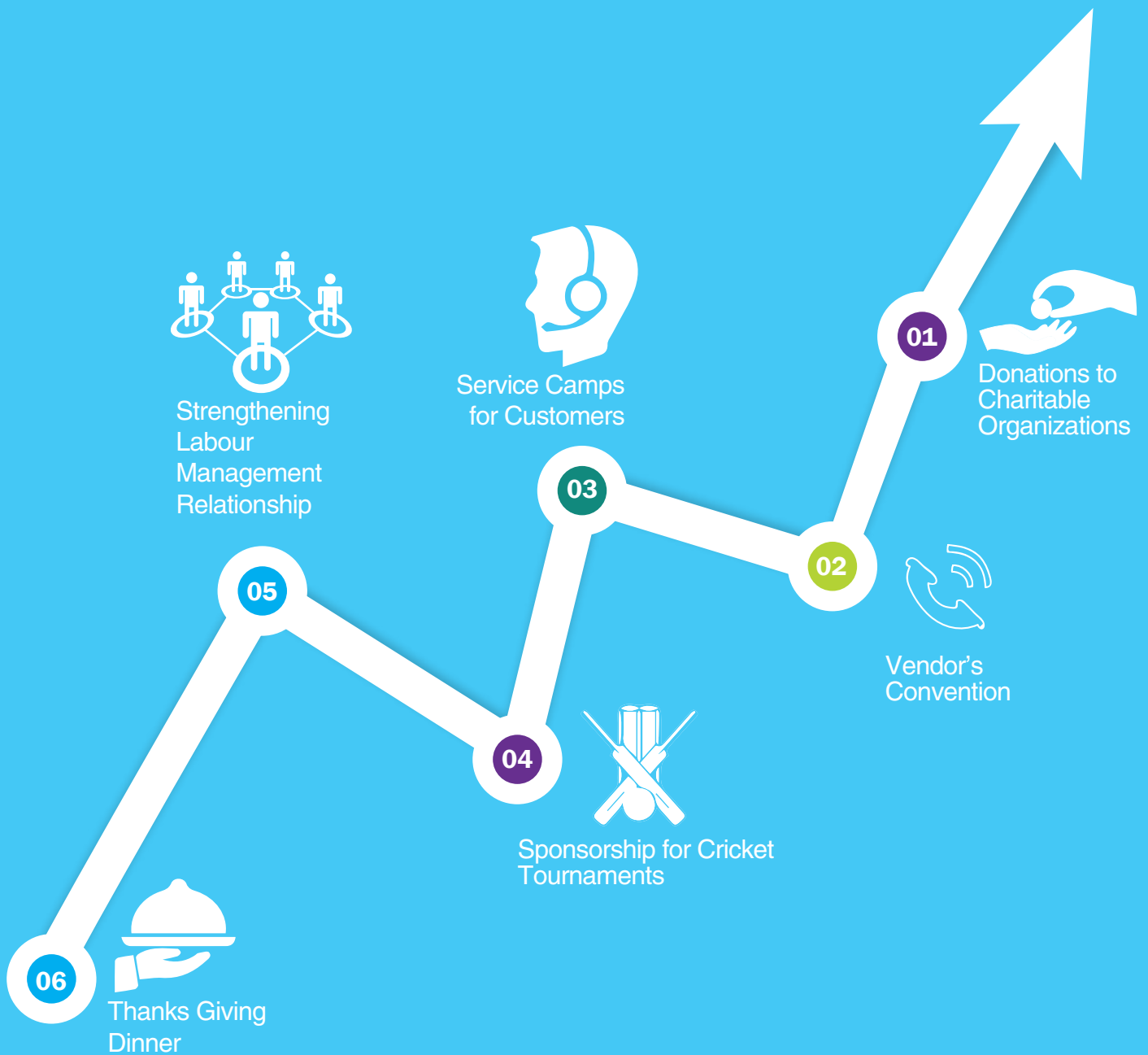
* Based on final dividend proposed by the Board of Directors subsequent to year ends.



CORPORATE SOCIAL RESPONSIBILITY



CSR HIGHLIGHTS 2014-15





CORPORATE SOCIAL RESPONSIBILITY CHARTER





To Customers

Without customers a business would not exist. One of Hino's major objectives therefore is: 'To win and maintain customers by providing TOTAL SUPPORT and providing products and services which offer value in terms of price, quality, safety and environmental impact.'

Knocking the Door Project

We at Hinopak believe in facilitating our customers and continuously enhancing customer satisfaction. To keep this spirit alive, we started "Knocking the Door Project" in the year 2012 and to date we have visited over 8,000 customers in collaboration with our dealers, where a team of our customer supports and dealers jointly meet the customers at their doorstep to provide them with better transportation solutions.



Serving Customers Through Mobile Workshops

As part of augmenting customer service, the Company launched mobile workshop facility for its customers. The purpose of which is to provide services to customers anytime and anywhere they need. Services covered under this facility include repair work at site and parts delivery. A total of 7 mobile workshops and 8 pro-care vans are operating countrywide.



Service Camps for Hino Customers

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 Hinopak conducted 10 service camps throughout Pakistan; where 276 vehicles were attended for free service, technical trainings were provided to customers and feedbacks were obtained.



Customer Training Courses

Customer satisfaction has been at the core and is one of Hinopak's prime objectives. In order to achieve this goal, the Customer Support Division conducted 59 training courses which were attended by 636 trainees. The main development highlights included Eco driving seminars and training courses for drivers, mechanics and on elementary and new models i.e. Euro II.



Service and Parts Department of The Year Award 2013

In recognition for its dedication, the Hino Motors Limited, Japan, awarded Customer Service Department (CSD) "The Service and Parts department of the year 2013" shield.





To Employees

The recognition and desire to respect each individual employee is a key component of Hino CSR charter and ultimately the Hino credo. We are committed to provide our employees a stable working environment with equal opportunity for learning and personal growth.

Youth Camp for Employee's Children

Young generation is the future of our country and our future can be bright, if they are properly groomed. This year, Hinopak organized a two day camp for the employees' children where they were exposed to various situations, played experimental games, and participated in various exciting activities. A total of 18 members between the age group of 12 to 18 years participated in this camp. The purpose of this camp was to develop leadership skills and self confidence in young generation to help them survive in the competitive world.



Annual Hinopak Cricket Tournament

Every year, the Company arranges sports tournaments for recreation and entertainment of employees and to provide an environment where all employees can enjoy without any stress and job pressure. During the year, the Company arranged inter-departmental tape and hard ball cricket tournaments. The employees enthusiastically participated in the events.



Strengthening Labour Management Relationship

Continuing with the commitment to promote computer literacy among workers and their children, laptops were distributed to 9 workers through lucky draw.



Thanks Giving Dinner

At Hinopak, we consider all employees as 'Hino Family'. In order to celebrate the success of this family for achieving the production and sales target for 2014-15, the company arranged a Thanks Giving Dinner on March 6, 2015. Moreover, as a good gesture, employees were entertained with a comedy show and were awarded many surprise gifts. The fun-filled gathering further strengthened the employees bonding with the Company.



Company-wide Free Medical Checkups

Hinopak as an organization is effectively involved in identifying and managing the common health risks with respect to workplace activities. In order to ensure that employees remain fit and healthy, a Company-wide BMI and sugar tests were conducted. Moreover, the company also arranged free audiometric test, at Patel Hospital, for employees working in noisy environment.



Risk Management Activity at Shop Floor

Timely risk management is vital to the continual growth and success of the company. Timely risk identification, assessment and management form the basis of our management approach towards safety. In this regard, the company continued with CCCF-A (Complete Check Complete Find out Activity) at the shop floor. Each and every risk associated with shop / section is identified, assessed and visually displayed on CCCF Boards which helps the workers to stay well informed about the hazards in their locations.



Local and Foreign Trainings for Employees

This year 16,608 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 education / development, shop floor training for workers, occupational Health, safety and environment, soft skills, online / distance learning, training of leadmen and IT related courses.

Workers' Appreciation Ceremony on Achievement Award

In order to recognize the success of employees for achieving the production and sales target for 2015, Hinopak awarded achievement award to all the employees of the Company. To admire this act of the Company, Hinopak workers organized an appreciation ceremony to pay gratitude to the management.



To Shareholders

Hinopak believes that it has a key responsibility to protect and provide value to shareholders' investment by continuously improving the quality of its products and services through differentiation.

SHAREHOLDERS

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 2014-15. 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 2014-15. 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".

Shareholders' Visit to Hinopak

Recently Hinopak arranged shareholders' visit to its premises. During the visit, shareholders took a walkthrough of manufacturing and assembly divisions of the company, where, they got the opportunity to witness the assembly and manufacturing of different vehicles, including our latest Rear Engine bus model.



To Business Partners

We build relationship of trust by engaging in an open communication with mutual prosperity as our goal. Our commitment as business partners in making this world a better place to live in continues to inspire us to reach bigger goals and bigger dreams.

Annual Dealer's Conference 2014-15:

The annual Dealer's conference 2014-15 was held on May 08, 2014, which was actively participated by dealers from all over Pakistan. The theme of the conference was "Total Support" where the participants discussed their annual performance and developed strategies for further improvement. The other areas of discussion during the conference were Sales & Marketing and Parts & Service Performance Reviews, Strategies and Targets for the current year.



Dealers' Managers Meeting

Hinopak has always been very keen in maintaining and strengthening the relationship with their dealers and for that purpose Hinopak conducted the Dealers' Managers Meeting, where Service and Parts Managers from all over dealership network in Pakistan participated. The meeting was held on August 27, 2014, with the main purpose of reviewing the dealers' business. The dealers also visited the dealership facilities provided by Hinopak at Hino Frontier, model workshop and took a walkthrough of 5S and Kaizen activities conducted during the year.



Vendor's Convention 2015

To enhance improved localization activities and promote the importance of manufacturing quality products, vendor convention and comprehensive display of parts and vehicles was held in the month of January 2015. The event saw the

attendance of 140 participants belonging to 86 vendor companies along with Hinopak's top management. Special guests included Chairman PAPAAM, Incharge PIDC EDB, Advisor to Hinopak Motors Supply Chain Division, Managing Director Noor Engineering and other high profile dignitaries of the industry.



Workplace Safety Awareness Session for Vendors

In order to build the confidence and to further strengthen the relationship with our vendors, "Workplace Safety" awareness sessions were conducted throughout the year. 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 incidents.



Kaizen (improvement) Activities at Dealers' Premises

Under dealer support program, Hinopak conducted Kaizen (Improvement) activities at dealers' premises, in which, basic infrastructure of dealers' premises was renovated and proper uniforms were allotted to them. These activities helped the dealers to work efficiently in an environment that is neat and clean and to provide the customers with better and improved services.



To Communities

We realize that our business and our responsibilities to community are linked. Hinopak through its activities seeks to invest in lasting benefits for the community and aims to create economic and social development.

Donations to Charitable Organizations

It has been the practice of Hinopak to serve the community with fervor and enthusiasm. Each year Hinopak contributes in the field of education, health and development and more. As per the report issued by World Health Organization (WHO), non-communicable diseases such as cardiovascular problems, diabetes, cancer and mental disorders are on the rise in Pakistan. This year Hinopak made a contribution in the field of health to improve quality of life of underprivileged people by providing donations to four reputable non-profit institutions of the country i.e. Shaukat Khanum Memorial Cancer Hospital & Research Center, The Indus Hospital, Sindh Institute of Urology & Transplant (SIUT) and Darul Sukun. The institutions were selected based on their transparent Governance and Professionalism.

Moreover, in the month of September 2014, Hinopak donated dry food packets, utensils and comforters to the flood victims in the region of Punjab, Gilgit Baltistan (GB) and Azad Jammu & Kashmir (AJK).



Tree Plantation and Cleaning Activity at Government and S.I.T.E. Model Schools

Hinopak has always been at the forefront of innovation & development of environment friendly products. With the continuing commitment for the preservation of society, Hinopak conducted tree plantation and cleaning activities at Government and SITE Model Schools.



A group of around 290 students along with their teachers and Hinopak employees including the top management planted trees in and around the school premises.



Winter and Summer Internship Programs 2014-15 and Students' Industrial Visit

Promotion of industry-academia linkage has been Hinopak's prime initiative, for which the Company organizes winter and summer internship programs twice each year. This year 165 students were inducted for various projects. Further, during the year 589 students and teachers of various academic institutions of Pakistan visited Hinopak's assembly and manufacturing division as part of their field trip. This type of visits helps students to learn and understand the internal working environment of any organization.



"HINO AAGAH!" Road Safety Awareness Program at S.I.T.E. Model School

Hinopak recognizes its commitment towards promotion of safety culture. In order to fulfill this obligation, the Company organized a road safety awareness program in the month of February and March 2015 at SITE Model school. The purpose of this program was to spread knowledge and awareness amongst school children related to road safety issues. In the end of program road safety oath was taken and prizes were distributed amongst winners.



Sponsorship for Cricket Tournaments

Supporting and acknowledging the talents of disabled people has been a practice of Hinopak. During the month of January 2015, Hinopak sponsored "National Cricket Tournament for the Blinds 2015" which was organized by Karachi Cricket Club of the Blind (KCCB). Moreover, Company also sponsored the Karachi Cricket Club Association (KCCA) inter-firm cricket tournament. Prizes were distributed to the winner and runner up teams of 19th Hinopak KCCA inter-firms tournament.



Beach Cleaning Activity

The Earth does not belong to us, we belong to the Earth and it is our duty to keep our environment clean. Hinopak conducted a beach cleaning activity which was participated by 130 employees along with their children. Approximately 130kg of waste and sea debris were collected and safely disposed off. Furthermore, on the request of Sindh Wild Life Department (SWLD), Hinopak installed 10 garbage drums at Sands-pit beach.



Merit Based Scholarships for Workers' Children and NED University Students

Continuing with our commitment to promote education, this year merit based scholarships were awarded to 117 students. Out of which, 10 students belonged to various fields of Mechanical, Industrial, Automobile Technologies and Manufacturing of NED University and 107 students were workers' children, from different academic levels.

Horticulture Competition 2015

Hinopak actively participates in the horticultural activities every year. Our horticultural team ensures that our gardens are well maintained and ready before spring. This year Hinopak won 1st prize in the Corporate Industrial Garden competition which was organized by Horticulture Society of Pakistan.



Business Excellence Award

For embracing and integrating the principles of United Nations Global Compact (UNGC) under the categories of Human Rights, Labour, Environment and Anti Corruption, Hinopak was awarded "Business Excellence Award 2013-14", on January 7, 2015, as "UNGC Champion Organization".



4th Corporate Social Responsibility Award 2015

Hinopak has always been very devoted in recognizing its responsibility towards the community, by continuously engaging itself in activities such as crisis / disaster assistance, education / scholarship program, public health / safety initiative and more. To admire these efforts, CSR Association of Pakistan awarded Hinopak the "4th Corporate Social Responsibility Award 2015" and "Certificate of Excellence" for remarkable efforts under the category of Collaboration and Partnership for serving the Community.



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.

Chassis Assembly Plant

Wastewater Discharge

Items	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
				MAX	MIN	AVG
Water discharged [m3/month]	-	-	1/m	2932	2255	2476.6
Water discharged [m3/day]	-	-	1/m	116	86	101
pH	6~9	6.8~7.4	1/m	7.26	6.8	7.038
BOD [mg/l]	80	70	1/m	40	19.7	28.47
COD [mg/l]	400	300	1/m	85	34	60.2
SS [mg/l]	200	100	1/m	49	12	21.868
Oil [mg/l]	10	5	1/m	3.28	1.8	2.615
TDS[mg/l]	3500	3000	1/m	961	590	765

Air Emission (NOx [mg/Nm3])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	NOx [mg/Nm3]		
					MAX	MIN	AVG
ED Oven	Natural Gas	600mg/Nm3	100	4/Year	17.92	4	10.2
Top Coat Oven	Natural Gas	600mg/Nm3	100	4/Year	5	1.24	3.5
Boiler	Natural Gas	600mg/Nm3	100	4/Year	39	30	34.8

Air Emission (SOx [mg/Nm3])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	SOx [mg/Nm3]		
					MAX	MIN	AVG
ED Oven	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL
Top Coat Oven	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL
Boiler	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL

Body Manufacturing Plant

Wastewater Discharge

Items	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
				MAX	MIN	AVG
Water discharged [m3/month]	-	-	1/m	1680	1280	1466.2
Water discharged [m3/day]	-	-	1/m	80	53	61.6
pH	6~9	6.8~7.4	1/m	7.78	7.05	7.256
BOD [mg/l]	80	70	1/m	64	20	32.3
COD [mg/l]	400	300	1/m	93	42	65.5
SS [mg/l]	200	100	1/m	31	10	18.9
Oil [mg/l]	10	5	1/m	5.49	1.3	2.819
TDS[mg/l]	3500	3000	1/m	1014	410	623.9

Air Emission (NOx [mg/Nm3])

NOx [mg/Nm3]

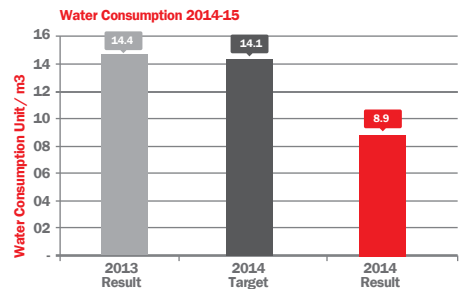
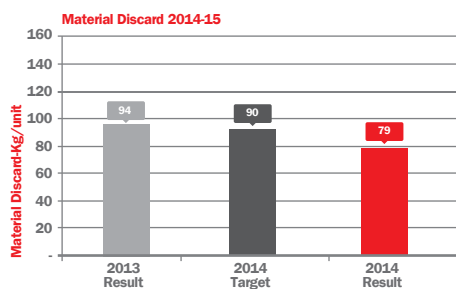
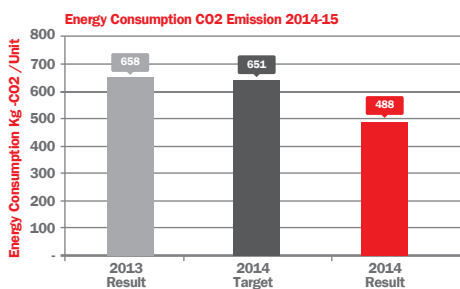
Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
Parts primer baking oven	Natural Gas	600mg/Nm3	100	4/Year	3	1.26	2.0
Paint baking oven	Natural Gas	600mg/Nm3	100	4/Year	8.74	1	3.9
Parts primer baking oven 2	Natural Gas	600mg/Nm3	100	4/Year	4.99	1	2.7

Air Emission (SOx [mg/Nm3])

SOx [mg/Nm3]

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
ED Oven	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL
Top Coat Oven	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL
Boiler	Natural Gas	1700mg/Nm3	100	4/Year	BDL	BDL	BDL

Environment Key Parameter Indicators' Results 2014~2015



Statement of Compliance with the Code of Corporate Governance

For the Year Ended March 31, 2015

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:

1. 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. Takehito Sasaki
Non-Executive Directors	Mr. Muhammad Aslam Sanjrani Mr. Hiroshi Kokaji Mr. Shigehiro Matsuoka Mr. Toyoki Kuno Mr. Toshiaki Yasuda

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. 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.
4. Three casual vacancies occurred on the Board of Directors on April 01, 2014 & February 28, 2015 which was filled up by the Directors on April 01, 2014 & March 02, 2015 respectively.
5. 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.
6. 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 along with the dates on which they were approved or amended has been maintained.
7. 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.
8. 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, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year Company arranged training program namely Corporate Governance Leadership Skills (CGLS) for a non-executive director Mr. Ghafoor Mirza, from Pakistan Institute of Corporate Governance (PICG) which is recognized under Securities and Exchange Commission of Pakistan (SECP).
10. The Board has approved remuneration and terms and conditions of employment of CFO, Company Secretary, and Head of Internal Audit.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. 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.
16. 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.
17. 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.
18. The board has set up an effective internal audit function within the Company.
19. 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.
20. 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.
21. 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.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

KEICHIRO UTSUMI
Managing Director & CEO

Dated: May 25, 2015

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 (the Company) for the year ended March 31, 2015 to comply with the requirements of Regulation No. 5.19 of the Karachi Stock Exchange Limited Regulations and Regulation No. 35 of Chapter XI contained in the Listing Regulations of the Lahore Stock Exchange 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, place 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 this requirement to the extent of the approval of the 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, 2015.

Chartered Accountants

Karachi

Date: May 25, 2015

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
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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
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Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

Financial Statements







Auditors' Report to the members

We have audited the annexed balance sheet of Hinopak Motors Limited as at March 31, 2015 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:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) 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 account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) 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, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) 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 25, 2015

Name of Engagement Partner: Farrukh Rehman

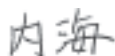
A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>
Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA 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

Balance Sheet

As at March 31, 2015

	Note	2015	2014
Rupees '000			
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,995,543	1,964,836
Intangible assets	5	10,649	4,905
Long-term investments	6	423	2,266
Long-term loans and advances	7	14,215	14,303
Long-term deposits		6,821	6,758
Staff retirement benefit - prepayment	19	12,544	-
		2,040,195	1,993,068
Current assets			
Stores, spares and loose tools	8	26,940	45,212
Stock-in-trade	9	1,814,191	2,656,382
Trade debts	10	1,287,210	731,067
Loans and advances	11	17,465	42,044
Trade deposits and prepayments	12	48,128	24,231
Refunds due from the government	13	115,349	333,624
Other receivables	14	36,356	28,253
Taxation - payments less provision		160,167	258,249
Accrued mark-up		9,738	4,805
Cash and bank balances	15	2,665,997	1,419,489
		6,181,541	5,543,356
Total assets		8,221,736	7,536,424
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	124,006	124,006
Reserves		2,645,919	2,011,087
		2,769,925	2,135,093
SURPLUS ON REVALUATION OF FIXED ASSETS	17	1,216,150	1,249,576
LIABILITIES			
Non-current liabilities			
Deferred taxation	18	76,102	59,583
Staff retirement benefit - obligations	19	105,289	96,230
		181,391	155,813
Current liabilities			
Trade and other payables	20	4,054,270	3,995,942
Total liabilities		4,235,661	4,151,755
Contingency and commitments	21		
Total equity and liabilities		8,221,736	7,536,424

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director &
Chief Executive Officer



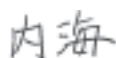
Chairman

Profit and Loss Account

For the year ended March 31, 2015

	Note	2015	2014
		Rupees '000	
Sales	22	12,636,288	9,208,420
Cost of sales	23	(10,662,904)	(7,876,925)
Gross profit		1,973,384	1,331,495
Distribution cost	23	(303,227)	(306,117)
Administrative expenses	23	(359,074)	(254,986)
Other income	24	261,044	164,274
Other expenses	25	(137,709)	(80,113)
Profit from operations		1,434,418	854,553
Finance income	26	118,171	80,445
Profit before taxation		1,552,589	934,998
Taxation	27	(479,365)	(311,059)
Profit after taxation		1,073,224	623,939
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Loss on remeasurements of post employment benefit obligations	19	(4,000)	(17,530)
Impact of deferred tax		1,400	5,960
		(2,600)	(11,570)
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets	6	(1,843)	(2,168)
Impact of deferred tax		622	737
		(1,221)	(1,431)
Other comprehensive income for the year		(3,821)	(13,001)
Total comprehensive income for the year		1,069,403	610,938
Basic and diluted earnings per share	28	Rs. 86.54	Rs. 50.31

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director &
Chief Executive Officer



Chairman

Cash Flow Statement

For the year ended March 31, 2015

	Note	2015	2014
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	2,201,543	2,178,393
Mark-up paid on short-term borrowings		(37)	(37,397)
Return on savings accounts		106,524	68,315
Income taxes paid - net		(362,742)	(115,406)
Retirement benefits obligations paid		(69,184)	(99,974)
Increase in long-term deposits		(63)	(733)
Increase in long-term loans and advances		88	(599)
Net cash generated from operating activities		1,876,129	1,992,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(204,740)	(99,549)
Proceeds from sale of property, plant and equipment		41,566	19,266
Net cash used in investing activities		(163,174)	(80,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(466,447)	(20,226)
Net increase in cash and cash equivalents		1,246,508	1,892,090
Cash and cash equivalents at the beginning of the year		1,419,489	(472,601)
Cash and cash equivalents at the end of the year		2,665,997	1,419,489

The annexed notes 1 to 39 form an integral part of these financial statements.

内海
 Managing Director &
 Chief Executive Officer

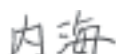

 Chairman

Statement of Changes in Equity

For the year ended March 31, 2015

	Share Capital	Reserves - Revenue		Fair value reserve	Total
		General	Unappropriated profit		
	←————— Rupees '000 —————→				
Balance at April 1, 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
Final dividend for the year ended March 31, 2014 @ Rs. 37.74 per share	-	-	(467,997)	-	(467,997)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	33,426	-	33,426
Total comprehensive income for the year ended March 31, 2015					
- Profit for the year ended March 31, 2015	-	-	1,073,224	-	1,073,224
- Other comprehensive income for the year ended March 31, 2015	-	-	(2,600)	(1,221)	(3,821)
	-	-	1,070,624	(1,221)	1,069,403
Balance at March 31, 2015	124,006	291,000	2,354,689	230	2,769,925

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director &
Chief Executive Officer



Chairman

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

1. THE COMPANY AND ITS OPERATIONS

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

The Company's principal activity is the assembly, progressive manufacturing and sale of Hino buses and trucks. During the year Company introduced Euro II compliant models. 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

IFRIC 21, 'Levies' a new interpretation is applicable for the Company for the first time for the financial year beginning on April 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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, 2014 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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

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

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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.

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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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.

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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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. 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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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.

Past service costs are immediately recognised in profit and loss account.

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.

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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

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, 2015

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 19 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.

Note	2015	2014
	Rupees '000	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	1,973,574	1,959,364
Capital work-in-progress		21,969	5,472
		<u>1,995,543</u>	<u>1,964,836</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

4.1 Operating assets

	Leasehold Land (Revalued - note 4.2)	Buildings on leasehold land (Revalued - note 4.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical installations	Office and other equipments	Total
← Rupees '000 →								
Year ended March 31, 2015								
Opening net book value (NBV)	1,054,829	617,063	136,302	2,656	120,970	7,872	19,672	1,959,364
Additions	-	5,476	18,895	-	129,457	4,081	21,291	179,200
Disposals - at NBV	-	-	(239)	-	(34,924)	-	(119)	(35,282)
Depreciation / amortisation charge for the year	(21,253)	(24,294)	(39,970)	(738)	(28,386)	(3,315)	(11,752)	(129,708)
Closing net book value	1,033,576	598,245	114,988	1,918	187,117	8,638	29,092	1,973,574
At March 31, 2015								
Cost or revaluation	1,056,600	624,563	575,832	13,213	267,421	79,941	119,437	2,737,007
Accumulated impairment	-	-	(2,746)	-	-	-	(100)	(2,846)
Accumulated depreciation / amortisation	(23,024)	(26,318)	(458,098)	(11,295)	(80,304)	(71,303)	(90,245)	(760,587)
Net book value	1,033,576	598,245	114,988	1,918	187,117	8,638	29,092	1,973,574
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
At April 1, 2013								
Cost or revaluation	890,500	591,331	567,290	13,213	167,992	78,152	101,423	2,409,901
Accumulated impairment	-	-	-	-	-	-	-	-
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, 2015

4.2 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 by an independent valuer - M/s Iqbal A. Nanjee & Co. (Pvt) Limited on March 1, 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, 2015 would have been Rs. 6 million (2014: Rs. 6.2 million) and Rs. 308.12 million (2014: Rs. 312.6 million) respectively.

4.3 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
Motor Vehicle	1,933	559	1,374	1,389	Company Policy	Fahim Aijaz Sabzwari - Executive
"	1,784	1,019	765	848	"	Muhammad Owais Muhib Khan - Executive
"	1,673	319	1,354	1,442	"	Maseeh Ur Rehman - Executive
"	1,673	281	1,392	1,324	"	Mohammad Ahmed Rauf - Ex - Executive
"	1,673	262	1,411	1,458	"	Shakil Ahmed - Executive
"	1,608	504	1,104	1,248	"	Muhammad Zahid Hasan - Executive
"	1,608	450	1,158	1,297	"	Salim Ali - Executive
"	1,538	293	1,245	1,307	"	Waqas Moin Siddiqi - Executive
"	1,529	685	844	1,140	"	Rizwan Ahmed Soomro - Executive
"	1,529	651	878	1,087	"	Shaikh Abdul Qadir - Executive
"	1,478	464	1,014	1,146	"	Salman Abdul Wahab - Executive
"	1,478	430	1,048	993	"	Syed Zafar Ali - Ex - Executive
"	1,414	792	622	642	"	Nishat Zafar - Executive
"	1,414	792	622	1,016	"	Muhammad Ahmer Siddiqui - Executive
"	1,414	792	622	1,016	"	Muhammad Fahim Iqbal - Executive
"	1,354	865	489	936	"	Mehmood Ahmed Khan - Executive
"	1,354	865	489	936	"	Ahsan Waseem Akhtar - Executive
"	950	351	599	612	"	Salman Najeeb - Ex - Employee
"	815	548	267	381	"	Arif Hasnain - Executive
"	815	548	267	381	"	Abdul Qadir Raja - Executive
"	779	358	421	407	"	Hammad Taj - Ex - Employee
"	755	508	247	321	"	Wasim Uz Zaman Siddiqui - Executive
"	85	27	58	35	"	Muhammad Faqir - Employee
"	1,763	79	1,684	1,745	Insurance Claim	EFU General Insurance Limited Central Division Karachi
"	1,538	327	1,211	1,276	"	"
"	682	267	415	682	"	"
"	123	10	113	123	"	"
"	98	14	84	92	"	"
"	98	14	84	94	"	"
"	98	25	73	92	"	"
"	98	24	74	83	"	"
"	95	28	67	90	"	"
"	95	28	67	79	"	"
"	86	12	74	86	"	"
"	85	6	79	83	"	"
"	85	6	79	87	"	"
"	85	15	70	81	"	"

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Motor Vehicle	70	10	60	71	Insurance Claim	EFU General Insurance Limited Central Division, Karachi
"	70	10	60	67	"	"
"	69	5	64	70	"	"
"	69	5	64	69	"	"
"	69	5	64	69	"	"
"	69	16	53	65	"	"
"	68	15	53	60	"	"
"	68	16	52	61	"	"
"	5,754	3,567	2,187	1,710	Tender	Syed Riaz Ahmed - House # A-216, Block - 3, Gulshan-e-Iqbal, Karachi.
"	5,754	3,567	2,187	1,531	"	"
"	2,156	97	2,059	1,891	"	Sarib Waseem Baig - House # A-32 Gulshan-e-Iqbal Block-10-A, Karachi.
"	2,088	259	1,829	1,511	"	"
"	1,815	863	952	1,131	"	Syed Riaz Ahmed - House # A-216, Block - 3, Gulshan-e-Iqbal, Karachi.
"	1,414	833	581	1,136	"	Muhammad Manzoor - House # D-3/9, Nazimabad, Karachi.
"	1,389	861	528	1,075	"	Muhammad Ali Akber - House # A-171, F.B. Area, Block 12, Karachi.
"	701	204	497	605	"	Rehmat Ali - House # 189, Madina Mosque, Qasba Colony, Manghopir Road, Karachi.
"	495	333	162	461	"	Muhammad Imran Younus - House # 875, Hussainabad F. B. Area, Block 3, Karachi.
"	112	11	101	80	"	Syed Maaz Bin Saqib House # R-133, Asif Negar, F. B. Area, Block 9, Karachi.
"	68	13	55	51	"	Waqar Ahmed Khan - Flat # 307, Phase DHA-EXT-2, Block B, West Point Tower, Karachi.
Plant and machinery	268	213	55	21	Tender	Ayaz - House # 30028-35A Street No.1, Bihar Colony Mosques Road, Lyari Karachi.
Office and other equipments	82	16	66	63	Insurance Claim	EFU General Insurance Limited Central Division, Karachi
"	79	26	53	63	"	"

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
5. INTANGIBLE ASSETS - Computer Softwares		
Opening balance		
Cost	26,966	21,280
Accumulated amortisation	(22,061)	(20,842)
Net book value	<u>4,905</u>	<u>438</u>
Year ended March 31, 2015		
Opening net book value	4,905	438
Additions	9,043	5,686
Amortisation	(3,299)	(1,219)
Closing net book value	<u>10,649</u>	<u>4,905</u>
Closing balance		
Cost	36,009	26,966
Accumulated amortisation	(25,360)	(22,061)
Net book value	<u>10,649</u>	<u>4,905</u>
6. LONG-TERM INVESTMENTS		
Available for sale		
Arabian Sea Country Club Limited - note 6.1	5,000	5,000
Provision for impairment	(4,649)	(2,806)
	<u>351</u>	<u>2,194</u>
Automotive Testing & Training Centre (Private) Limited - note 6.2	500	500
Provision for impairment	(428)	(428)
	<u>72</u>	<u>72</u>
	<u>423</u>	<u>2,266</u>

6.1 This represents cost of 500,000 (2014: 500,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 6.45% of the shares of the investee Company.

6.2 This represents cost of 50,000 (2014: 50,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 2.77% of the shares of the investee Company.

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
7. LONG-TERM LOANS AND ADVANCES – considered good		
Loans and advances to:		
- executives	9,670	10,069
- other employees	12,969	11,481
	<u>22,639</u>	<u>21,550</u>
Less: Recoverable within one year - note 11	(8,424)	(7,247)
	<u>14,215</u>	<u>14,303</u>
7.1	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.	
7.2	The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 12.13 million (2014: Rs. 11.86 million).	
7.3 Reconciliation of carrying amount of loans and advances to executives:	2015	2014
	Rupees '000	
Opening balances	10,069	10,206
Add: Disbursements	6,661	4,309
	<u>16,730</u>	<u>14,515</u>
Less: Repayments	(7,060)	(4,446)
Closing balances	<u>9,670</u>	<u>10,069</u>
8. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	22,198	37,119
Loose tools	13,613	15,484
	<u>35,811</u>	<u>52,603</u>
Less: Provision for obsolescence	(8,871)	(7,391)
	<u>26,940</u>	<u>45,212</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
9. STOCK-IN-TRADE		
Raw Materials and components - note 9.1 [including in transit Rs. 671.41 million (2014: Rs. 383.69 million)]	1,324,360	1,981,150
Less: Provision for obsolescence	<u>(31,875)</u>	<u>(27,502)</u>
	1,292,485	1,953,648
Work-in-process	151,347	78,487
Finished goods	275,740	563,888
Less: Provision for obsolescence	<u>(351)</u>	<u>(1,010)</u>
	275,389	562,878
Trading stock - Spare parts [including in transit Rs. 42.90 million (2014: Rs. 18.39 million)]	163,801	133,882
Less: Provision for obsolescence	<u>(68,831)</u>	<u>(72,513)</u>
	94,970	61,369
	<u>1,814,191</u>	<u>2,656,382</u>

9.1 Raw materials include stocks held with suppliers amounting to Rs. 17.04 million (2014: Rs. 26.87 million).

	2015	2014
	Rupees '000	
10. TRADE DEBTS		
Considered good - unsecured		
Related parties - note 10.2		
Indus Motor Company Limited	53,059	41,349
Toyota Tsusho Corporation	18,167	20,451
Others - note 10.3	1,215,984	669,267
	<u>1,287,210</u>	<u>731,067</u>
Considered doubtful		
Others	30,679	124,329
	<u>1,317,889</u>	<u>855,396</u>
Less: Provision for doubtful debts - note 10.4	<u>(30,679)</u>	<u>(124,329)</u>
	<u>1,287,210</u>	<u>731,067</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
10.1	As of March 31, 2015, the age analysis of trade debts is as follows:	
Not yet due	279,933	618,390
Past due		
- Up to 3 months	633,590	72,205
- 3 to 6 months	306,640	8,435
- 6 to 12 months	21,342	22,999
- More than one year	76,384	133,367
	<u>1,037,956</u>	<u>237,006</u>
	<u>1,317,889</u>	<u>855,396</u>
10.2	As at March 31, 2015, trade debts from related parties were outstanding for not more than 45 days.	
10.3	This includes amount receivable from government institutions amounting to Rs. 1,117 million (2014: Rs. 599 million).	
	2015	2014
	Rupees '000	
10.4	124,329	137,076
Balance at the beginning of the year		
(Reversal) / charge during the year	(93,650)	1,106
Written off against provision	-	(13,853)
Balance at the end of the year	<u>30,679</u>	<u>124,329</u>
11. LOANS AND ADVANCES		
Current maturity of long term loans and advances to:		
- executives	5,603	4,299
- other employees	2,821	2,948
	<u>8,424</u>	<u>7,247</u>
Advances to:		
- other employees	138	1,525
- suppliers - note 11.1	16,173	40,542
	<u>16,311</u>	<u>42,067</u>
	<u>24,735</u>	<u>49,314</u>
Provision for doubtful advances to suppliers	(7,270)	(7,270)
	<u>17,465</u>	<u>42,044</u>
11.1	Advances to suppliers includes amount of Rs. Nil (2014: Rs. 5.7 million) paid to Indus Motor Company Limited - a related party.	

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
12. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	35,595	14,941
Provision for doubtful deposits - note 12.1	(2,594)	(2,405)
	<u>33,001</u>	<u>12,536</u>
Prepayments	15,127	11,695
	<u>48,128</u>	<u>24,231</u>
12.1		
Balance at the beginning of the year	2,405	5,325
Charge during the year	189	1,449
Written off against provision	-	(4,369)
Balance at the end of the year	<u>2,594</u>	<u>2,405</u>
13. REFUNDS DUE FROM THE GOVERNMENT		
Sales tax refundable - note 13.1	168,268	386,543
Custom duty and excise duty refundable	2,807	2,807
	<u>171,075</u>	<u>389,350</u>
Less: Provision for doubtful refundables - note 13.2	(55,726)	(55,726)
	<u>115,349</u>	<u>333,624</u>
13.1		
This includes sales tax refundable of Rs. 79.1 million (2014: Rs. 148.4 million), net of provisional refunds of Rs. 519.05 million (2014: 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.		
	2015	2014
	Rupees '000	
13.2		
Balance at the beginning of the year	(55,726)	(30,239)
Charge during the year	-	(25,487)
Balance at the end of the year	<u>(55,726)</u>	<u>(55,726)</u>
14. OTHER RECEIVABLES		
Considered good		
Receivable from related parties		
Toyota Tsusho Corporation, Japan	26,492	27,055
Workers' Profits Participation Fund - note 14.1	8,974	-
Others	890	1,198
	<u>36,356</u>	<u>28,253</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
14.1 Workers' Profits Participation Fund		
Opening balance	(196)	2,495
Allocation for the year	(83,201)	(50,195)
Amount paid to the Fund	92,371	47,504
Closing balance	<u>8,974</u>	<u>(196)</u>
15. CASH AND BANK BALANCES		
Balances with banks:		
- on term deposits accounts - note 15.1	1,620,000	1,150,000
- on current accounts	45,078	56,895
- on PLS savings accounts - note 15.2	1,000,599	157,837
Cheques in hand	-	54,462
Cash in hand	320	295
	<u>2,665,997</u>	<u>1,419,489</u>

15.1 Term deposits carry mark-up ranging from 7.82% to 8.2% per annum maturing in May 2015.

15.2 At March 31, 2015, the rates of mark-up on savings accounts is 6.8% per annum (2014: 7% per annum).

	2015	2014
	Rupees '000	
16. SHARE CAPITAL		
16.1 Authorised share capital		
20,000,000 ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
16.2 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
<u>12,400,560</u>	<u>124,006</u>	<u>124,006</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31 2015

- 16.3** At March 31, 2015 and March 31, 2014 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.

	2015	2014
	Rupees '000	
17. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	1,249,576	1,002,990
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	(33,426)	(22,125)
	<u>1,216,150</u>	<u>976,127</u>
Surplus arising on revaluation during the year - net of deferred tax	-	273,449
Closing balance	<u>1,216,150</u>	<u>1,249,576</u>
18. DEFERRED TAXATION		
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	70,202	82,543
- surplus arising on revaluation of fixed assets	101,543	106,054
- others	147	770
	<u>171,892</u>	<u>189,367</u>
Debit balances arising in respect of:		
- provision for stores and stocks obsolescence	(37,321)	(35,755)
- provision for doubtful trade debts, deposits, advances and other receivables	(32,221)	(62,605)
- provision for retirement benefits	(1,400)	(5,828)
- provision for warranty	(24,848)	(25,596)
	<u>(95,790)</u>	<u>(129,784)</u>
	<u>76,102</u>	<u>59,583</u>
19. RETIREMENT BENEFITS		
19.1 As stated in note 2.12, the Company operates approved funded gratuity and pension schemes for all its permanent employees and an unfunded gratuity for 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 these plans is carried out every year and the latest actuarial valuation was carried out as at March 31, 2015.		

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

19.2 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.

19.3 The latest actuarial valuation of the Fund as at March 31, 2015 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

2015			2014		
Funded		Unfunded	Funded		Unfunded
Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
← Rupees '000 →					

19.4 Movement in (asset) / liability

Opening balance	7,506	12,530	76,194	24,263	48,696	65,665
Charge for the year	10,852	10,586	40,261	9,668	14,025	16,357
Remeasurements recognised in Other Comprehensive Income	(12,328)	16,081	247	6,939	12,121	(1,530)
Payments during the year	(18,574)	(20,862)	(24,294)	(33,364)	(59,153)	(4,298)
Employee contributions	-	(5,454)	-	-	(3,159)	-
Closing balance	(12,544)	12,881	92,408	7,506	12,530	76,194

19.5 Balance sheet reconciliation as at March 31, 2015

Fair value of plan assets	(152,016)	(211,759)	-	(125,531)	(177,116)	-
Present value of obligations	139,472	224,640	92,408	133,037	189,646	76,194
Recognised (asset) / liability	(12,544)	12,881	92,408	7,506	12,530	76,194

19.6 Remeasurement recognised in Other Comprehensive Income

Experience gains / (losses)	14,486	(9,061)	(247)	(14,852)	(14,181)	1,530
Remeasurement of fair value of plan assets	(2,158)	(7,020)	-	7,913	2,060	-
	12,328	(16,081)	(247)	(6,939)	(12,121)	1,530

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015			2014		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
	← Rupees '000 →					
19.7 Charge for the year						
Current service cost	11,083	10,668	11,469	7,531	9,236	9,053
Interest cost	16,840	24,081	8,326	11,441	17,504	7,304
Expected return on plan assets	(17,071)	(24,163)	-	(9,304)	(12,715)	-
Past service cost	-	-	20,466	-	-	-
	10,852	10,586	40,261	9,668	14,025	16,357
19.8 Movement in the present value of obligation						
Opening balance	133,037	189,646	76,194	99,768	153,072	65,665
Current service cost	11,083	10,668	11,469	7,531	9,236	9,053
Interest cost	16,840	24,081	8,326	11,441	17,504	7,304
Remeasurement	(14,486)	9,061	247	14,852	14,181	(1,530)
Benefits paid	(7,002)	(8,816)	(24,294)	(555)	(4,347)	(4,298)
Past service cost	-	-	20,466	-	-	-
Closing balance	139,472	224,640	92,408	133,037	189,646	76,194
19.9 Movement in fair value of plan assets						
Opening balance	125,531	177,116	-	75,505	104,376	-
Expected return on plan assets	17,071	24,163	-	9,304	12,715	-
Remeasurement	(2,158)	(7,020)	-	7,913	2,060	-
Employer contributions	18,574	20,862	-	33,364	59,153	-
Employee contributions	-	5,454	-	-	3,159	-
Benefits paid	(7,002)	(8,816)	-	(555)	(4,347)	-
Closing balance	152,016	211,759	-	125,531	177,116	-
19.10 Plan assets comprise of:						
Government bonds	81,500	147,116	-	33,392	59,981	-
National Savings Certificates	40,860	10,350	-	33,548	8,513	-
Other Bonds (TFCs)	8,290	15,730	-	11,343	11,839	-
Mutual funds	8,632	5,868	-	9,349	6,133	-
Bank deposits	10,320	19,197	-	9,529	17,797	-
Cash at bank	2,414	13,498	-	28,370	72,853	-
	152,016	211,759	-	125,531	177,116	-

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015			2014		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
Expected rate of return on plan assets (%)	10.0	10.0	-	13.0	13.0	-
Future salary increase (%)	9.0	9.0	9.0	12.0	12.0	12.0
Discount rate at March 31 (%)	10.0	10.0	10.0	13.0	13.0	13.0
Retirement age (years)	60	60	60	60	60	60

19.11 Key actuarial assumptions used:

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

19.13 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 2015 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.

19.14 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, 2015.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

19.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal 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%	(42,343)	49,318
Future salary increases	1.00%	39,148	(34,367)

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

The sensitivity analyses 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.

19.16 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.

19.17 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2015-16 will be Rs. 8.68 million and Rs. 13.502 million respectively.

19.18 The weighted average duration of funded gratuity and unfunded gratuity is 8 years and of pension fund is 13 years.

19.19 Expected maturity analysis of undiscounted retirement benefit plans.

	Less than	Between	Between	Between	Over	Total
	a year	1-2 years	2-5 years	5-10 years	10 years	
	Rupees '000					
At March 31, 2015						
Retirement benefit plans	<u>26,485</u>	<u>30,720</u>	<u>92,016</u>	<u>197,739</u>	<u>1,762,245</u>	<u>2,109,205</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
20. TRADE AND OTHER PAYABLES		
Creditors	210,654	284,333
Bills payable to		
- Toyota Tsusho Corporation, Japan - associated company	1,490,482	1,250,206
- Hino Motors Limited, Japan - holding company	-	1,260
Accrued liabilities	511,607	417,435
Provision for warranty services - note 20.1	67,274	72,019
Provision for compensated absences - note 20.2	61,203	57,424
Advances from customers - note 20.3	1,225,849	1,490,167
Custom duties payable - note 20.4	158,750	158,750
Payable to Hino Motors, Ltd. Japan - holding company		
- royalty - note 20.5	160,034	125,013
Security deposits from dealers	27,000	27,000
Provision for infrastructure cess	23,249	23,249
Employees related obligation - note 20.6	37,678	35,369
Tax deducted at source and payable to statutory authorities	21,868	13,704
Workers' profits participation fund - note 14.1	-	196
Workers' welfare fund	31,027	18,700
Payable to provident fund	1,969	-
Sindh sales tax on services	16,003	12,501
Unclaimed dividend	3,692	2,142
Others	5,931	6,474
	<u>4,054,270</u>	<u>3,995,942</u>
20.1 Provision for warranty services		
Balance at the beginning of the year	72,019	78,634
Recognised during the year	3,977	10,409
Expenses against provision	(8,722)	(17,024)
Balance at the end of the year	<u>67,274</u>	<u>72,019</u>
20.2 Provision for compensated absences		
Balance at the beginning of the year	57,424	43,549
Net charge during the year	18,838	25,268
Payments made	(15,059)	(11,393)
Balance at the end of the year	<u>61,203</u>	<u>57,424</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

- 20.3** Advances from customers includes amount of Rs. 38.4 million (2014: Rs. 27.4 million) received from a related party.
- 20.4** 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.
- 20.5** The Royalty agreement expired on March 31, 2014 and is in the process of renewal. However, the Company has accrued the charge for Royalty for the period from April 1, 2014 to March 31, 2015 on the basis of proposed agreement to be submitted to the State Bank of Pakistan.
- 20.6** 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. CONTINGENCY AND COMMITMENTS

- 21.1** As at March 31, 2015 the Company has received provisional refunds of Rs. 519.05 million (2014: Rs. 519.05 million) from the sales tax department against undertakings and bank guarantees.
- 21.2** Commitments for capital expenditures as at March 31, 2015 amounted to Rs. 93.15 million (2014: Rs. 63.1 million).

	2015	2014
	Rupees '000	
22. SALES		
Gross sales	15,285,779	10,954,389
Sales tax	<u>(2,313,947)</u>	<u>(1,562,751)</u>
	12,971,832	9,391,638
Commission and discounts	(322,817)	(173,540)
Sales return	<u>(12,727)</u>	<u>(9,678)</u>
	<u>12,636,288</u>	<u>9,208,420</u>

- 22.1** Sales to Government institutions of Rs. 3.92 billion (2014: Rs. 1.84 billion) account for 31 percent (2014: 20 percent) of the net sales.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

23. TOTAL COST OF SALES, DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES

	Cost of Sales		Distribution Cost		Administrative Expenses		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees '000							
Raw materials consumed	9,035,290	6,783,615	-	-	-	-	9,035,290	6,783,615
Staff costs - note 23.1	743,972	539,310	174,993	121,582	156,279	104,272	1,075,244	765,164
Depreciation and amortisation	98,197	97,364	9,435	7,638	25,375	14,342	133,007	119,344
Impairment on fixed assets not in use	-	2,846	-	-	-	-	-	2,846
Rent, rates and taxes	5,890	6,641	23,100	3,560	6,799	5,743	35,789	15,944
Insurance	9,108	6,347	1,697	1,239	8,066	5,711	18,871	13,297
Vehicle running and maintenance	15,540	16,353	17,536	16,696	12,720	9,773	45,796	42,822
Fuel and power	75,822	54,035	2,403	2,014	16,276	13,628	94,501	69,677
Travelling and entertainment	13,560	5,988	18,141	9,918	18,042	10,127	49,743	26,033
Repairs and maintenance	45,219	33,430	4,419	2,884	24,748	19,206	74,386	55,520
Communication and stationery	6,070	4,520	7,251	4,870	8,094	6,024	21,415	15,414
Royalty and technical assistance	168,175	130,428	-	-	-	-	168,175	130,428
Provision / (Reversal) for obsolete stock-in-trade, stores and spares	1,512	(17,375)	-	-	-	-	1,512	(17,375)
Legal and professional charges	5,023	4,135	1,164	295	9,959	12,998	16,146	17,428
Auditors' remuneration - note 23.2	-	-	-	-	3,163	2,972	3,163	2,972
Security and maintenance	-	-	2,717	1,423	57,406	43,946	60,123	45,369
Outward freight and handling	-	-	571	421	-	-	571	421
Advertising and sales promotion	-	-	73,886	48,416	-	-	73,886	48,416
Product maintenance charges	-	-	48,310	37,020	-	-	48,310	37,020
Warranty services	-	-	3,977	10,409	-	-	3,977	10,409
Provision for doubtful receivables, advances and deposits	-	-	(93,864)	6,363	-	-	(93,864)	6,363
Sindh sales tax on royalty	16,003	12,501	-	-	-	-	16,003	12,501
Provision for doubtful sales tax refundable	-	-	-	25,487	-	-	-	25,487
Other expenses	15,469	12,837	7,491	5,882	12,147	6,244	35,107	24,963
	10,254,850	7,692,975	303,227	306,117	359,074	254,986	10,917,151	8,254,078
Opening stock of work in process	78,487	22,729						
Closing stock of work in process	(151,347)	(78,487)						
Cost of goods manufactured	10,181,990	7,637,217						
Opening stock of finished goods	562,878	641,881						
Closing stock of finished goods	(275,389)	(562,878)						
	10,469,479	7,716,220						
Consumption of trading goods	193,425	160,705						
	10,662,904	7,876,925						

23.1 Staff costs

Salaries, wages, allowances and staff welfare	688,432	505,142	164,143	112,036	149,197	97,342	1,001,772	714,520
Charge for defined benefit plans	48,502	28,015	8,150	7,053	5,047	4,982	61,699	40,050
Charge for defined contribution plan	7,038	6,153	2,700	2,493	2,035	1,948	11,773	10,594
	743,972	539,310	174,993	121,582	156,279	104,272	1,075,244	765,164

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
23.2 Auditors' remuneration		
Audit fee	1,630	1,500
Fee for limited review of half yearly financial statements and other certifications	1,205	1,150
Out of pocket expenses	328	322
	<u>3,163</u>	<u>2,972</u>
24. OTHER INCOME		
Income from financial assets		
Return on PLS savings accounts	25,781	14,576
Return on deposit accounts	85,676	58,544
	<u>111,457</u>	<u>73,120</u>
Income from non-financial assets		
Gain on disposal of non-current assets	6,284	3,945
Others		
Scrap sales	24,492	19,289
Commission from an associated company	112,268	58,516
Liabilities no longer required written back	990	3,213
Others	5,553	6,191
	<u>261,044</u>	<u>164,274</u>
25. OTHER EXPENSES		
Donations and charities - note 25.1	24,766	667
Fixed assets written off	-	10,551
Workers' Profits Participation Fund	83,201	50,195
Workers' Welfare Fund	29,742	18,700
	<u>137,709</u>	<u>80,113</u>
25.1 None of the directors or their spouses had any interest in the donees.		
26. FINANCE INCOME		
Mark-up on short-term borrowings	(37)	(4,704)
Exchange gain - net	124,914	93,842
Bank charges and others	(6,706)	(8,693)
	<u>118,171</u>	<u>80,445</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
27. TAXATION		
Current	460,824	294,022
Deferred	18,541	17,037
	<u>479,365</u>	<u>311,059</u>
27.1 Relationship between tax expense and accounting profit		
Profit before taxation	<u>1,552,589</u>	<u>934,998</u>
Tax calculated at the rate of 33% (2014: 34%)	512,354	317,899
Effect of final tax regime	(36,076)	(17,225)
Tax effect of change in tax rate	1,752	(1,207)
Others	1,335	11,592
Tax charge for the year	<u>479,365</u>	<u>311,059</u>
28. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	<u>1,073,224</u>	<u>623,939</u>
Number of ordinary shares (in '000s) issued and subscribed at the end of the year	<u>12,401</u>	<u>12,401</u>
Earnings per share	<u>Rs. 86.54</u>	<u>Rs. 50.31</u>
28.1	A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2015 and March 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.	
	2015	2014
	Rupees '000	
29. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,552,589	934,998
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	133,007	119,344
Impairment on fixed assets not in use	-	2,846
Fixed assets written off	-	10,551
Gain on disposal of operating fixed assets	(6,284)	(3,945)
Retirement benefits charge	61,699	40,050
Mark-up on short-term borrowing	37	4,704
Income on PLS savings and deposit accounts	(111,457)	(73,120)
Profit before working capital changes	<u>1,629,591</u>	<u>1,035,428</u>

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

	2015	2014
	Rupees '000	
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	18,272	(23,663)
Stock-in-trade	842,191	(494,478)
Trade debts	(556,143)	(454,163)
Loans and advances	24,579	(29,800)
Trade deposits and prepayments	(23,897)	(795)
Refunds due from the government	218,275	(127,622)
Other receivables	(8,103)	(18,634)
	<u>515,174</u>	<u>(1,149,155)</u>
Increase in current liabilities		
Trade and other payables	56,778	2,292,120
	<u>571,952</u>	<u>1,142,965</u>
	<u>2,201,543</u>	<u>2,178,393</u>

30. 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	
	2015	2014	2015	2014	2015	2014
	← Rupees '000 →					
Managerial remuneration and allowances	6,116	5,833	10,160	12,971	100,073	57,733
Bonus	8,802	2,958	14,134	6,202	106,530	23,132
Retirement benefits	-	-	-	-	16,211	10,757
Rent and utilities	-	-	843	1,113	31,673	21,045
Leave passage	400	381	701	930	4,882	3,193
Club expenses	-	-	-	-	565	359
Medical expenses	157	156	307	431	5,523	3,885
	<u>15,475</u>	<u>9,328</u>	<u>26,145</u>	<u>21,647</u>	<u>265,457</u>	<u>120,104</u>
Number of persons	1	1	2	2	60	41

30.1 Consultancy fee of Rs. 1.92 million (2014: Rs. 4.11 million) is paid to the Chairman and he is also provided with free use of Company maintained car.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

30.2 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.

2015 2014
 ← Units →

31. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift without overtime)

- Chassis	6,000	6,000
- Bodies	1,800	1,800

Actual production

- Chassis	2,919	1,821
- Bodies	1,517	627

31.1 Chassis and bodies production during the year was as per market demand.

32. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties:

Relationship	Nature of transaction	2015	2014
		Rupees '000	
i) Holding company	- Purchase of goods	213,462	126,867
	- Royalty charge	167,801	130,428
	- Technical assistance fee	374	-
	- Dividend paid	277,678	12,052
ii) Associated companies	- Purchase of goods	5,466,042	4,516,476
	- Sale of goods	1,096,235	983,958
	- Purchase of property, plant and equipment	37,078	35,986
	- Commission earned	112,268	58,516
	- Dividend paid	138,839	6,026
iii) Staff retirement funds	- Payments to retirement benefit plans	54,694	106,270

32.1 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.

32.2 Details of compensation to key management personnel comprising of Managing Director and Directors is disclosed in note 30 above.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

33. PROVIDENT FUND RELATED DISCLOSURES

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

	2015	2014
	Rupees '000	
Size of the Fund - Total assets	<u>189,150</u>	<u>196,431</u>
Percentage of investments made	<u>99%</u>	<u>99%</u>
Fair value of investments	<u>187,228</u>	<u>194,859</u>

33.1 The cost of above investments amounted to Rs. 83 million (2014: Rs. 121 million).

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

	2015	2014	2015	2014
	Percentage		Rupees '000	
National savings scheme	<u>23%</u>	20%	<u>40,777</u>	37,861
Bank deposits	<u>40%</u>	30%	<u>75,805</u>	58,478
Government securities	<u>19%</u>	17%	<u>36,292</u>	33,384
Debt securities	<u>0%</u>	2%	-	4,086
Mutual funds	<u>18%</u>	<u>31%</u>	<u>34,354</u>	<u>61,050</u>
	<u>100%</u>	<u>100%</u>	<u>187,228</u>	<u>194,859</u>

33.3 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.

34. SHORT-TERM BORROWINGS

Running finance under mark-up arrangements

34.1 The facilities for short term borrowings under mark-up arrangements with various banks amounted to Rs. 3.72 billion (2014: Rs. 3.79 billion) of which the amount remaining unutilised at the year end was Rs. 3.72 billion (2014: Rs. 3.79 billion).

34.2 The facilities for opening the letters of credit and guarantees as at March 31, 2015 amounted to Rs. 6.73 billion (2014: Rs. 6.73 billion) of which the amount remaining unutilised at the year end was Rs. 3.68 billion (2014: Rs. 2.85 billion).

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	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							
Available for sale							
Long term investments	-	-	-	-	423	423	423
Loans and receivables							
Loans and advances	-	-	-	8,424	14,215	22,639	22,639
Deposits	-	-	-	33,001	6,821	39,822	39,822
Trade debts	-	-	-	1,287,210	-	1,287,210	1,287,210
Other receivables	-	-	-	27,382	-	27,382	27,382
Accrued mark-up	-	-	-	9,738	-	9,738	9,738
Cash and bank balances	2,620,599	-	2,620,599	45,398	-	45,398	2,665,997
2015	2,620,599	-	2,620,599	1,411,153	21,459	1,432,612	4,053,211
2014	1,307,837	-	1,307,837	895,560	23,327	918,887	2,226,724
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	2,601,590	-	2,601,590	2,601,590
2015	-	-	-	2,601,590	-	2,601,590	2,601,590
2014	-	-	-	2,143,641	-	2,143,641	2,143,641
On balance sheet gap							
2015	2,620,599	-	2,620,599	(1,190,437)	21,459	(1,168,978)	1,451,621
2014	1,307,837	-	1,307,837	(1,248,081)	23,327	(1,224,754)	83,083

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Commitments for capital expenditure	93,145
Letters of credit	302,654
Letters of guarantee	1,263,019
2015	1,658,818
2014	662,343

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

(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, 2015 the Company's interest bearing financial assets amounted to Rs. 2.6 billion (2014: Rs. 1.3 billion), and had the interest rates varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been approximately lower / higher by Rs. 26.2 million (2014: Rs. 13.1 million).

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2015

The sensitivity of 100 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 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. 4.05 billion (2014: Rs. 2.2 billion). 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, 2015 payable exposed to foreign exchange risk is of Rs. 1.65 billion (2014: Rs. 1.38 billion).

As at March 31, 2015, 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. 49.52 million (2014: Rs. 41.29 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.

36. 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 Company has no debt as at March 31, 2015.

2015	2014
------	------

37. NUMBER OF EMPLOYEES

Number of employees at March 31

- Permanent	<u>323</u>	<u>310</u>
- Contractual	<u>701</u>	<u>681</u>

Average number of employees during the year

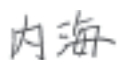
- Permanent	<u>325</u>	<u>315</u>
- Contractual	<u>675</u>	<u>664</u>

38. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on May 25, 2015 proposed a cash dividend of Rs. 64.91 per share (2014: Rs. 37.74) amounting to Rs. 804.92 million (2014: Rs. 468 million) subject to approval of members at the forthcoming annual general meeting.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue in the Board of Directors meeting held on May 25, 2015.



Managing Director &
Chief Executive Officer



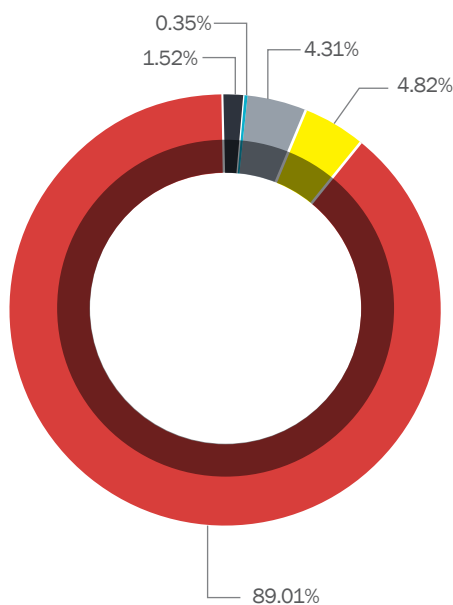
Chairman

Pattern of Shareholding

As at March 31, 2015

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
488	1	100	21,175
618	101	500	112,144
92	501	1000	74,505
83	1001	5000	184,926
8	5001	10000	56,100
8	10001	100000	263,598
2	100001	1000000	651,614
1	3000001	4000000	3,678,833
1	7000001	8000000	7,357,665
1301			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	3	188,168	1.52%
Joint Stock Companies	14	43,063	0.35%
Individuals	1245	534,349	4.31%
Others	35	597,482	4.82%
Grand Total	1301	12,400,560	100%



Pattern of Shareholding

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

Pattern of Shareholding

As at March 31, 2015

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies Undertakings and Related Parties		
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 and ICP		
Public Sector Companies and Corporations		
Directors, Chief Executive Officer, and their spouses and minor children		
Mr. Keiichiro Utsumi	1	900
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 Financial Institutions, Non-Banking Financial Institutions		
National Bank of Pakistan	2	188,148
Insurance Companies		
Modarabas and Mutual Funds		
First Tri-Star Modaraba	1	20
Share holders holding 5% or more voting interest		
Hino Motors Ltd., Japan	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
General Public (Individuals)		
a. Local	1240	533,749
b. Foreign	1	100
Others	49	640,545

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 30th 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 Tuesday, June 30, 2015 at 10:00 a.m. for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2015, together with the Reports of the Directors and Auditors.
2. To approve cash dividend at 649.10% (or Rs. 64.91 per share) on the ordinary shares of the Company as recommended by the Directors.
3. To appoint Auditors for the ensuing year and fix their remuneration.
4. Any other business with the permission of the Chair.

Karachi:
June 4, 2015

By order of the Board
FAHIM AIJAZ SABZWARI
Company Secretary

Notes

- i. 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) Notification SRO 831 (1) / 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.
- ii. In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831 (1) / 2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders.
- iii. 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 may approach to submit the prescribed Dividend Mandate Form, to CDC for this option.
- iv. 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.
- v. The Share Transfer Books of the Company will remain closed from June 24, 2015 to June 30, 2015 (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.
- vi. 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.
- vii. To facilitate identification for right to attend the Annual General Meeting, Shareholder whose holdings are on the Central Depository System (CDS) or his Proxy should authenticate his identity by showing his original Computerized National Identity Card (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 Central Depository Company.

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.

- viii. The government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. There tax rates are as under:
- a) For filers of Income Tax return 10%
 - b) For Non filer of Income Tax return 15%

To enable to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the members whose names are not entered in the active tax payer list (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL by June 23, 2015 otherwise tax on their cash dividend will be deducted @15% instead of 10%.

- ix. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as , to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

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 30th Annual General Meeting of the Company
to be held on Tuesday, June 30, 2015 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>
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Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's Signature

Proxy's CNIC Number or Passport Number

Notes

1. 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.
2. 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.
3. 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.
4. Shareholders whose holdings are in the Central Depository System (CDS) and their proxies both, should attach with this form, attested copies of their Computerised National Identity Card or (attested copies of first four pages of their passport). To facilitate identification at the AGM, the proxy should bring his/her original Computerised National Identity Card or passport). 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.

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





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