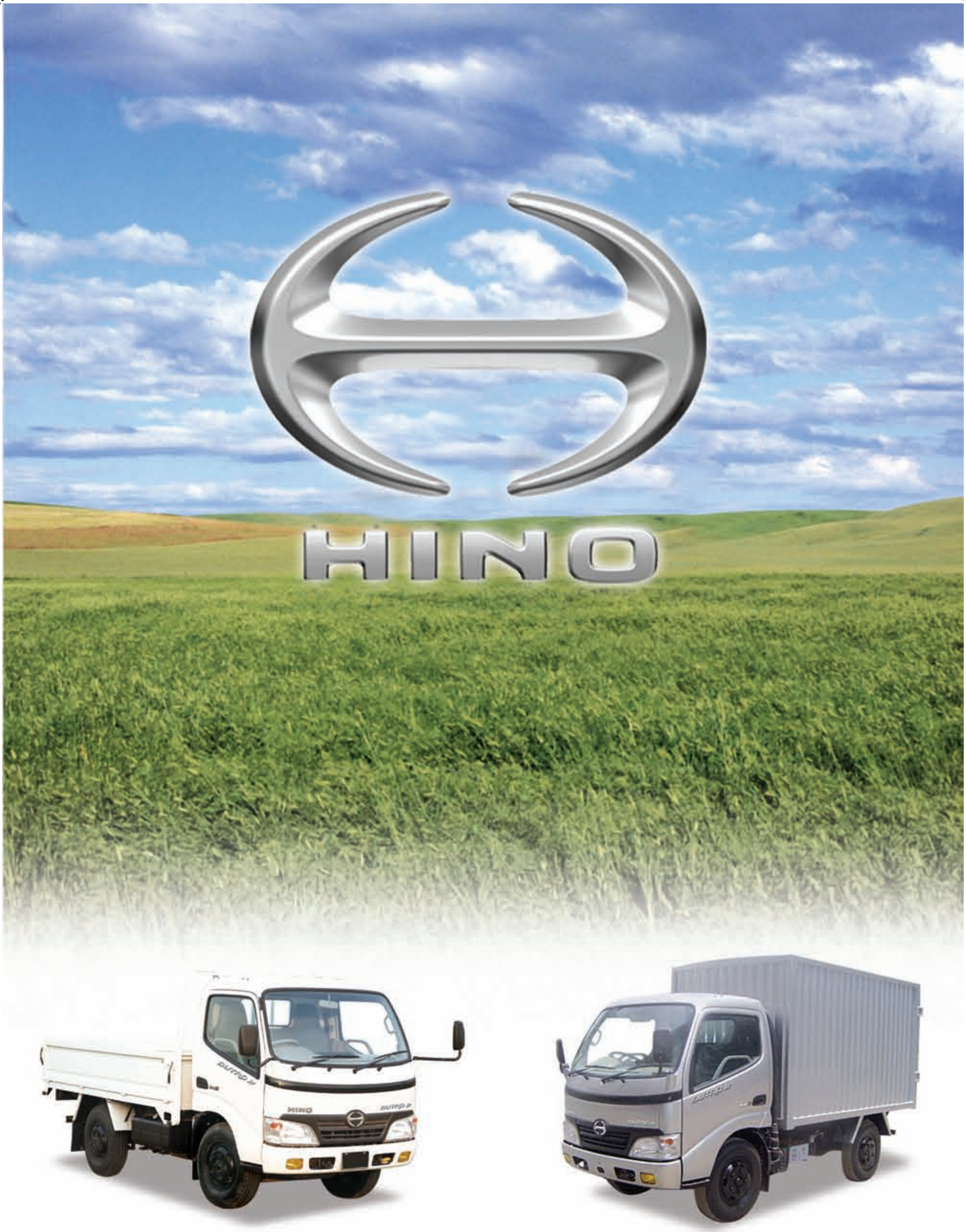

Half Yearly Report
2010

CONTENTS

COMPANY INFORMATION

Board of Directors

Kunwar Idris
Chairman

Hideya Iijima
Managing Director & Chief Executive

Takeshi Ito
Deputy Managing Director

Hiroshi Kokaji
Hirofumi Wachi
Muhammad Irfan Shaikh
Fasihul Karim Siddiqi

Company Secretary
Fahim Aijaz Sabzwari

Bankers
Allied Bank Limited
Bank Alfalah Limited
Citibank, N.A.
Habib Metropolitan Bank Ltd.
Habib Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Bank Ltd.
Barclays Bank PLC, Pakistan
Bank Al-Habib 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: 021- 32563510-9, Website: www.hinopak.com
Email: info@hinopak.com

Share Registrar
Technology Trade (Pvt.) Limited
Dagia House 241-C, Block-2
P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi
Tel: 021-34391316-7 & 19, 021-34387960-1
Fax: 021-34391318

HINOPAK MOTORS LIMITED
DIRECTORS' REVIEW
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010

Greetings to the Shareholders!

In the first half of the company's financial year 2010 (April to September) the sale of trucks of all makes in the country remained almost at the same level as in the first half of last year - 1693 units against 1705 - but the sale of buses fell steeply from 393 units to 286.

SALES

In line with the decline in the national market, the sale of Hinopak's trucks and buses also fell to 1130 units from 1206 units in the corresponding six months of last year. Hinopak's share in the market however remained unchanged at 57%. Hinopak's sales in six months (Oct-Mar) showed a volume decline of 250 units. The company's market share in the preceding six months (Oct-Mar) was 61%.

SALES REVENUE

The sales revenue for the half year is Rs. 5 billion and gross profit at Rs. 365 million is 33% greater than the first half of last year. As a percentage of sales it rose from 5.5% to 7.2%.

FINANCE COST

The finance cost of Rs. 246 million includes a net exchange loss of Rs. 170 million mainly due to the appreciation of Japanese Yen against US dollar. The company closed the first half of the financial year with a bank borrowing of one billion.

PROFIT & LOSS

The loss after tax rose to Rs. 124 million from Rs. 56 million of last year's first half. The loss per share increased to Rs. 9.97 from Rs. 4.55.

OUTLOOK FOR THE SECOND HALF

The sales in the second half of the year are unlikely to improve as adverse factors persist, in fact are aggravating. Further, the impending imposition of Reformed General Sales Tax is going to add substantially to the prices of vehicles which would, inevitably, affect their sales. The management and workforce are doing all they can to keep the loss to the minimum by cutting cost and increasing productivity. In contending with the adverse conditions, the company expects support from the government, cooperation of the dealers and understanding of its shareholders.

K. Idris

Managing Director &
Chief Executive

Chairman

Dated: November 4, 2010

A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS

A.F. Ferguson & Co
Chartered Accontants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
Karachi-7400, Pakistan
Telephone: (021) 2426682 / 2426711-5
Facsimile: (021) 2415007 / 2427938

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hinopak Motors Limited as at September 30, 2010 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended September 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended September 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants
Karachi
Date: November 4, 2010

Name of Engagement Partner: Farrukh Rehman

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2010 - (UNAUDITED)

	Note	(Unaudited) September 30, 2010	(Audited) March 31, 2010
		(Rupees '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	**951,130**	918,593
Intangible assets		**2,752**	2,688
Investments		-	-
Long-term loans and advances		**13,274**	11,751
Long-term deposits		**3,898**	3,989
Deferred taxation		**21,526**	12,738
		992,580	949,759
CURRENT ASSETS			
Stores, spares and loose tools		**28,619**	26,340
Stock-in-trade		**3,064,753**	2,949,130
Trade debts		**856,908**	906,272
Loans and advances		**101,274**	66,673
Trade deposits and prepayments		**34,024**	36,463
Refunds due from the government		**210,464**	406,288
Other receivables		**2,827**	3,239
Taxation - payments less provisions		**337,872**	335,944
Cash and bank balances		**163,977**	63,263
		4,800,718	4,793,612
TOTAL ASSETS		**5,793,298**	5,743,371
SHARE CAPITAL AND RESERVES			
Share capital		**124,006**	124,006
General reserve		**291,000**	291,000
Unappropriated profit		**968,156**	1,088,973
		1,383,162	1,503,979
SURPLUS ON REVALUATION OF FIXED ASSETS		**265,239**	271,796
NON-CURRENT LIABILITIES			
Long-term security deposits		**32,000**	32,000
Retirement benefits obligations		**49,193**	49,787
		81,193	81,787
CURRENT LIABILITIES			
Trade and other payables	5	**2,687,114**	3,383,884
Short-term borrowings		**1,334,821**	494,204
Accrued mark-up		**41,769**	7,721
		4,063,704	3,885,809
CONTINGENCIES AND COMMITMENTS	6		
		4,144,897	3,967,596
		5,793,298	5,743,371

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

K. Idris

Managing Director & Chief Executive

Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010 - (UNAUDITED)

	Note	Quarter ended		Half year ended	
		September 30, 2010	September 30, 2009	**September 30, 2010**	September 30, 2009
		(Rupees '000)			
Revenue		**2,503,635**	2,333,708	**5,084,619**	5,014,164
Cost of sales		**(2,269,100)**	(2,291,343)	**(4,719,285)**	(4,740,076)
Gross profit		**234,535**	42,365	**365,334**	274,088
Distribution costs		**(73,395)**	(27,537)	**(150,294)**	(108,887)
Administration expenses		**(43,261)**	(39,329)	**(84,865)**	(78,665)
Other operating income		**10,804**	22,153	**38,663**	34,825
Other operating expenses		-	4,956	**-**	(32)
Profit from operations		**128,683**	2,608	**168,838**	121,329
Finance cost	7	**(142,198)**	(110,560)	**(245,949)**	(161,976)
Loss before taxation		**(13,515)**	(107,952)	**(77,111)**	(40,647)
Taxation		**(20,743)**	7,994	**(46,553)**	(15,775)
Loss after taxation		**(34,258)**	(99,958)	**(123,664)**	(56,422)
Other comprehensive income		-	-	-	-
Total comprehensive loss		**(34,258)**	(99,958)	**(123,664)**	(56,422)
Loss per share		**Rs. (2.76)**	Rs. (8.06)	**Rs. (9.97)**	Rs. (4.55)

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

Managing Director & Chief Executive

K. Idris

Chairman

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010 - (UNAUDITED)

	Note	September 30, 2010	September 30, 2009
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	8	**(548,607)**	1,426,382
Mark-up paid on short-term borrowings		**(37,954)**	(79,372)
Return on savings and term deposit accounts		**847**	7,073
Taxes paid		**(57,270)**	(86,138)
Retirement benefits obligations paid		**(14,264)**	(7,072)
Increase in long-term loans and advances		**(1,523)**	(1,105)
Decrease / (increase) in long-term deposits		**91**	(74)
Net cash (used in) / generated from operating activities		**(658,680)**	1,259,694
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		**(97,417)**	(10,900)
Proceeds form sale of property, plant and equipment		**16,200**	3,307
Net cash used in investing activities		**(81,217)**	(7,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(6)**	(21,635)
Net (decrease) / increase in cash and cash equivalents		**(739,903)**	1,230,466
Cash and cash equivalents at the beginning of the period		**(430,941)**	(1,285,351)
Cash and cash equivalents at the end of the period	9	**(1,170,844)**	(54,885)

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

Managing Director & Chief Executive

K. Idris
Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010 - (UNAUDITED)

	Share Capital	Reserves - Revenue		Total
		General	Unappropriated Profit	
	(Rupees '000)			
Balance at April 1, 2009	124,006	291,000	1,253,049	1,668,055
Dividend for the year ended March 31, 2009 @ Rs 1.75 per share	-	-	(21,701)	(21,701)
Total comprehensive loss for the half year ended September 30, 2009	-	-	(56,422)	(56,422)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	2,847	2,847
Balance at September 30, 2009	**124,006**	**291,000**	**1,177,773**	**1,592,779**
Balance at April 1, 2010	124,006	291,000	1,088,973	1,503,979
Total comprehensive loss for the half year ended September 30, 2010	-	-	(123,664)	(123,664)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	2,847	2,847
Balance at September 30, 2010	**124,006**	**291,000**	**968,156**	**1,383,162**

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

Managing Director & Chief Executive

K. Idris

Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010 - (UNAUDITED)

1. GENERAL INFORMATION

Hinopak Motors Limited is incorporated in Pakistan as a public limited company and quoted on Karachi and Lahore stock exchanges. The company's principal activity is the assembly and progressive manufacture and sale of Hino buses and trucks.The company also sells buses and trucks in international market. The registered office of the company is at D-2, S.I.T.E., Manghopir Road, Karachi.

The company is a subsidiary of Hino Motors Limited Japan and the ultimate parent of the company is Toyota Motors Corporation Japan.

This condensed interim financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information are being submitted to the shareholders as required by section 245 of the Companies Ordinance,1984 and the Listing Regulations of Karachi and Lahore Stock Exchanges.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended March 31, 2010.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year ended March 31, 2010.

- **Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Company.**

(i) IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

(ii) IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after July 1, 2009. This is not currently applicable to the Company, as it has not made any non-cash distributions.

(iii) IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets not received on or after July 1, 2009. This is not relevant to the Company, as it has not received any assets from customers.

(iv) Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective January 1, 2010.

	(Unaudited) September 30, 2010	(Audited) March 31, 2010
	(Rupees '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1	**893,062**	893,401
Capital work-in-progress	**58,068**	25,192
	951,130	918,593

4.1 Additions / disposals

	Additions (at cost)		Disposals (at net book value)	
	Half year ended			
	September 30, 2010	September 30, 2009	**September 30, 2010**	September 30, 2009
	(Rupees '000)			
Building on leasehold land	**2,416**	8,956	**7,577**	-
Plant and machinery	**9,742**	5,432	**25**	-
Furniture and fittings	-	429	-	-
Vehicles	**45,387**	4,661	**5,790**	1,983
Electrical installations	**1,122**	-	**28**	-
Office and other equipments	**4,375**	1,877	-	22
	63,042	21,355	**13,420**	2,005

5. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 1.30 billion (March 31, 2010: Rs. 2.01 billion) and advances from customers amounting to Rs. 624.26 million (March 31, 2010: Rs. 517.58 million).

5.1 As at September 30, 2010 the company has not entered in any option contract.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

As at September 30, 2010 the company has received provisional refunds of Rs. 573.86 million (March 31, 2010: Rs. 562.97 million) from the sales tax authorities against bank guarantees.

6.2 Commitments

Commitments for capital expenditures as at September 30, 2010 amounted to Rs. 27.97 million (March 31, 2010: Rs. 13.94 million).

	(Unaudited) September 30, 2010	(Unaudited) September 30, 2009
	(Rupees '000)	
7. FINANCE COST		
Mark-up on short-term borrowings	**72,002**	34,523
Exchange loss - net	**169,610**	121,496
Bank charges	**4,337**	5,936
Interest on Workers' Profits Participation Fund	-	21
	245,949	161,976

	(Unaudited) September 30, 2010	(Unaudited) September 30, 2009
8. CASH (USED IN) / GENERATED FROM OPERATIONS	(Rupees '000)	
Loss before taxation	**(77,111)**	(40,647)
Add/(Less): Adjustments for non cash charges and other items		
Depreciation and amortisation	**51,397**	49,914
Mark-up on short-term borrowings	**72,002**	34,522
Retirement benefits charge	**13,670**	7,072
Gain on sale of property, plant and equipment	**(6,490)**	(1,302)
Return on savings and term deposit accounts	**(847)**	(7,073)
	129,732	83,133
Profit before working capital changes	**52,621**	42,486
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spares and loose tools	**(2,279)**	2,395
Stock-in-trade	**(115,623)**	(245,408)
Trade debts	**49,364**	401,327
Loans and advances	**(34,601)**	(430)
Trade deposits and prepayments	**2,439**	18,838
Refunds due from the government	**195,824**	(103,400)
Other receivables	**412**	(9,194)
	95,536	64,128
(Decrease) / increase in trade and other payables	**(696,764)**	1,319,768
	(601,228)	1,383,896
	(548,607)	1,426,382

	(Unaudited) September 30, 2010	(Audited) March 31, 2010
	(Rupees '000)	
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	**163,977**	63,263
Short-term borrowings	**(1,334,821)**	(494,204)
	(1,170,844)	(430,941)

10. TRANSACTIONS WITH RELATED PARTIES

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

	Relationship	Nature of transaction	**September 30, 2010**	September 30, 2009
			(Rupees '000)	
i.	Holding Company	- Purchase of goods	**93,337**	121,962
		- Sale of goods	**194,412**	-
		- Royalty charge	**27,428**	7,893
		- Dividend paid	-	12,876
ii.	Associated Companies	- Purchase of goods and services	**3,324,394**	2,824,523
		- Sale of goods	**285,092**	257,852
		- Purchase of property, plant and equipment	**19,628**	1,389
		- Commission earned	**13,918**	-
		- Dividend paid	-	6,438
iii.	Employees' Provident Fund	- Contribution paid	**9,777**	7,932
iv.	Employees' Gratuity Fund	- Contribution paid / (refund)	**9,547**	(2,493)
v.	Employees' Pension Fund	- Contribution paid	**11,979**	4,471
vi.	Key management personnel	- Salaries and other employee benefits	**19,577**	18,691
		- Post employment benefits	**351**	315

11. EVENT OCCURING AFTER THE BALANCE SHEET DATE

Subsequent to September 30, 2010, the company announced a voluntary severance scheme for its permanent employees. It is a part of the several programs initiated by the company to meet various challenges. Management is in the process of finalising the option exercised by the employees.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the company on November 4, 2010.

Managing Director & Chief Executive

K. Idris

Chairman

HINOPAK MOTORS LIMITED

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