



Team Hinopak: United Moving Ahead

Annual Report 2013





Integrate

Integrating efficiency in our production system and eliminating time loss

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Resolve



Resolving our diverse views and working on single agenda of customer satisfaction

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.

The background of the page is a composite image. The top half features a blurred industrial scene with a robotic arm in shades of blue and green. The bottom half shows a close-up of a grinding or welding process, with bright orange and yellow sparks flying from a metal surface. A semi-transparent purple horizontal band spans the width of the page, serving as a backdrop for the title.

Strive



Striving to maintain our
market dominance by
providing best products to
the customers

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.

The background image shows industrial machinery, possibly a robotic arm or a large valve, with water spraying from various points. A teal-colored horizontal band is overlaid across the middle of the image. Two thin, overlapping circles, one orange and one red, are positioned on the left side, framing the word "Revitalize".

Revitalize



Revitalizing and motivating our people to give their best

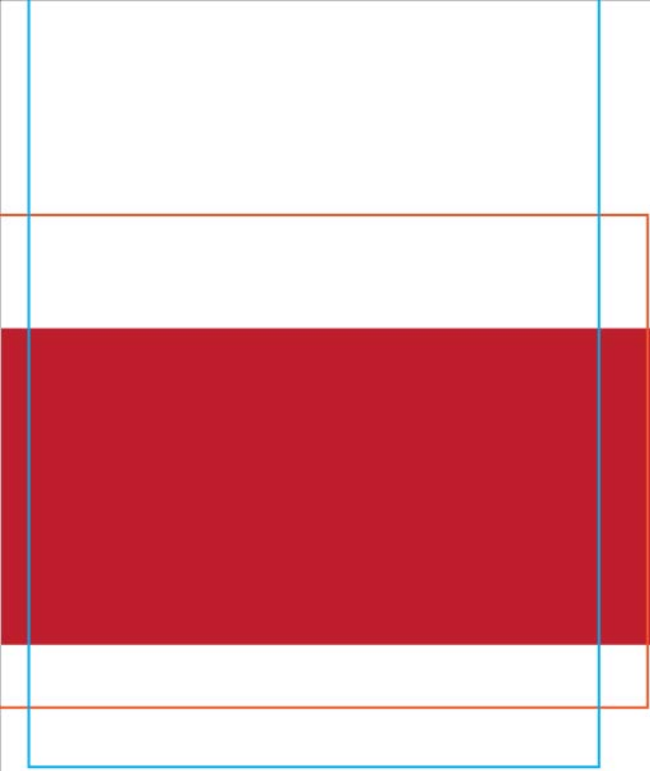
Basic Principles of Hinopak Code of Conduct

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.

- 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.
- We build and maintain good communications with society as well as our stakeholders, and we are committed to accurate and timely disclosure of information.
- 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.
- 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.
- 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.
- 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.
- We take a resolute stand against antisocial power and organizations, and we act in compliance with ethical standards and sound social values.
- 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.
- 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.
- 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.

A full-page photograph of a male worker with a beard, wearing a yellow hard hat and a blue work shirt, working on the underside of a vehicle chassis. He is using a hammer on a bolt. The chassis is black and has various components like wires and a radiator. The background is a factory floor with a metal grate. A semi-transparent red banner is across the top half of the image, and the word "Anticipate" is written in white serif font on it. There are also some thin white and yellow lines framing parts of the image.

Anticipate



Anticipating right things at the right time

Company Information

BANKERS

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



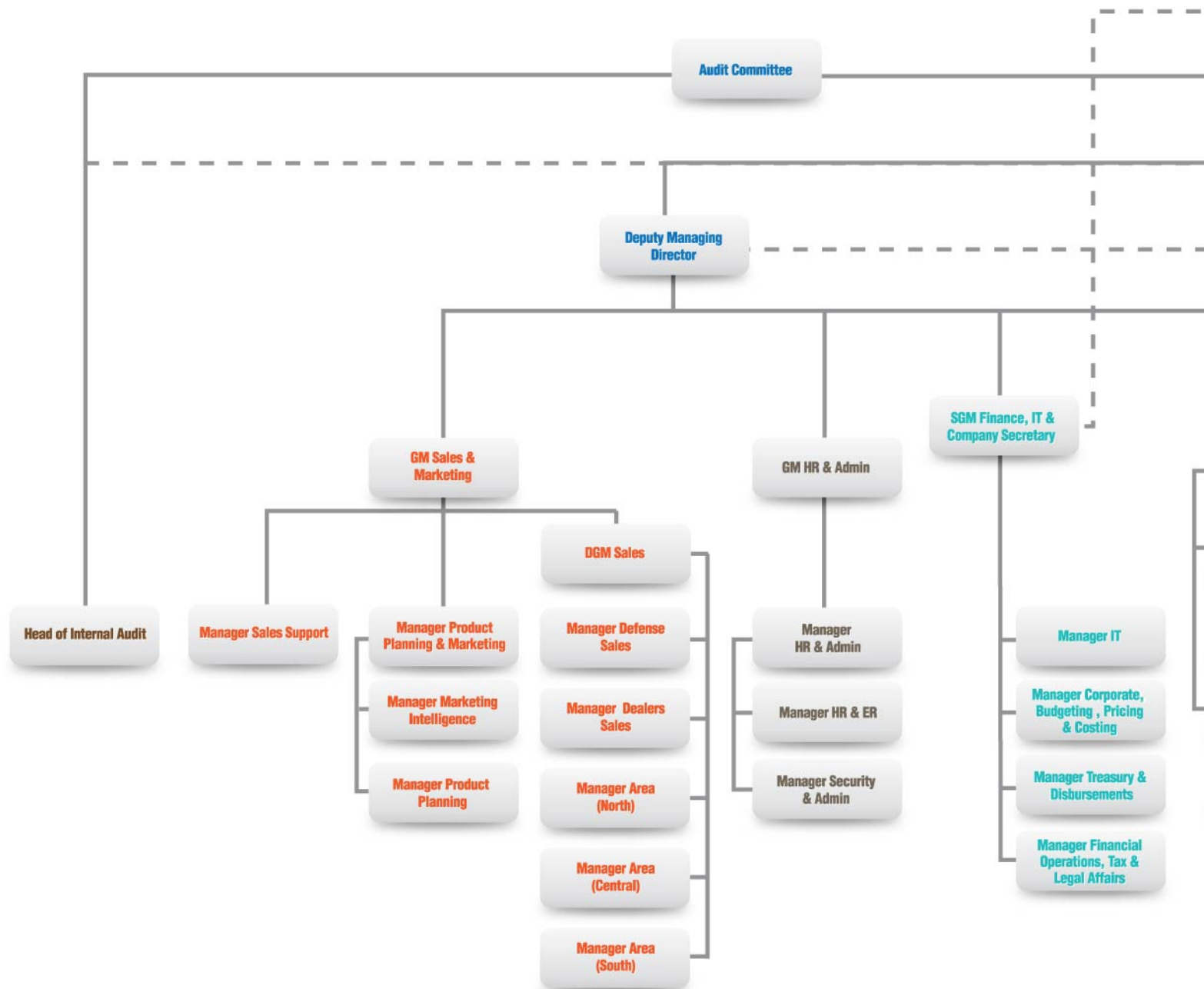
Our Organogram



Innovate

We are driven by our
ideas to think out of
the box

Our Organogram

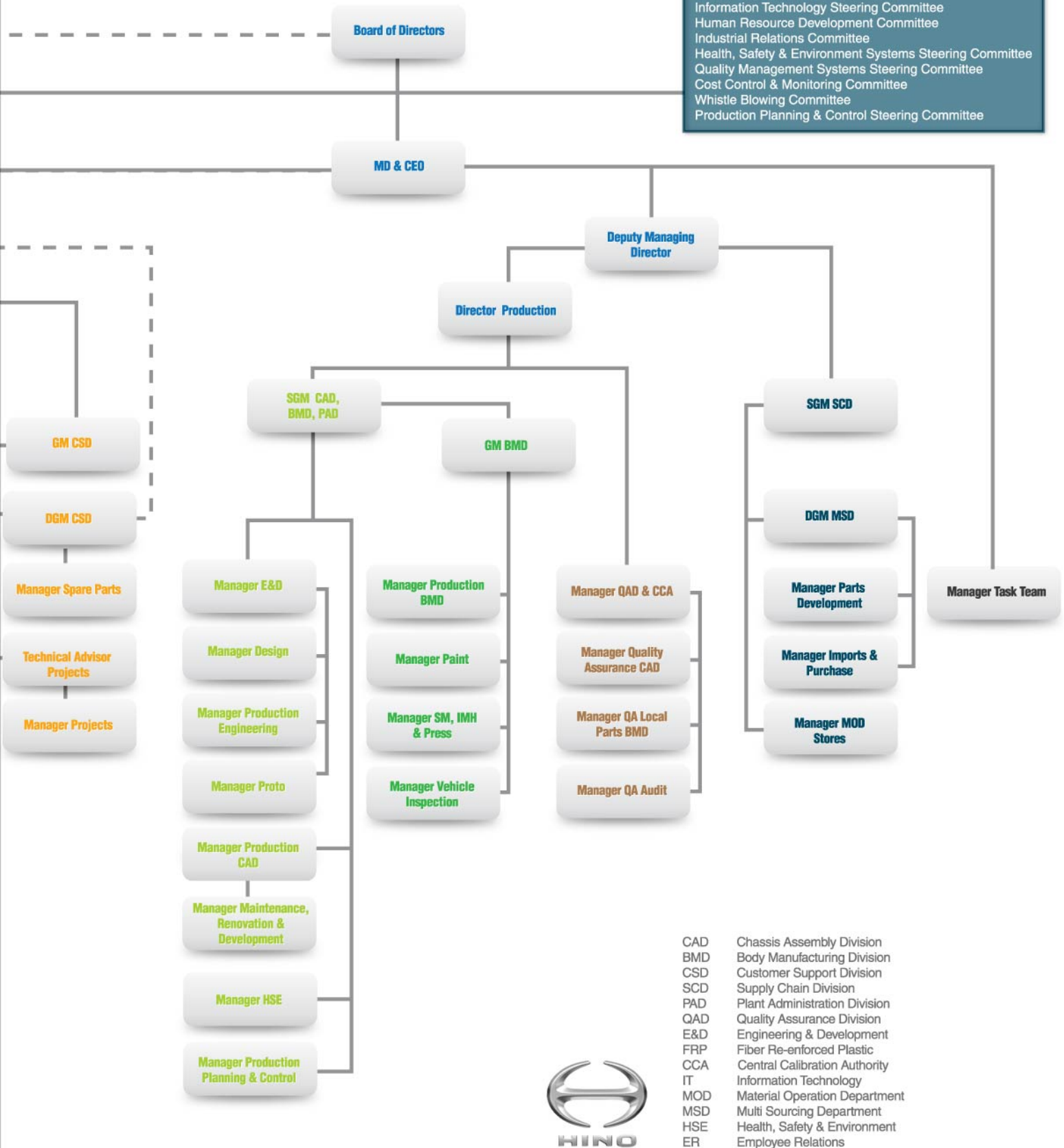


Board Committees:

Audit Committee
Human Resource and Remuneration Committee

Management Committees:

Management Committee
Global Compact & CSR Committee
Information Technology Steering Committee
Human Resource Development Committee
Industrial Relations Committee
Health, Safety & Environment Systems Steering Committee
Quality Management Systems Steering Committee
Cost Control & Monitoring Committee
Whistle Blowing Committee
Production Planning & Control Steering Committee



Board of Directors

**KUNWAR IDRIS**

Chairman
Non-Executive Director

Mr. Kunwar Idris is the Chairman of the Board of Directors of the Company. He is the Chairman of Orix Leasing Pakistan Limited and also Director in Al-Ghazi Tractors Limited and Pakistan Security Printing Corporation (Pvt.) Limited.

He joined the Civil Service of Pakistan in 1957 and served for 37 years in a variety of posts. He was Political Agent in the North West and District Magistrate of Karachi in the early years of service. Later he was Transport Secretary, Home Secretary and Chief Secretary of Sindh. He retired as Secretary of the Federal Ministry of Petroleum and Natural Resources.

**KEIICHIRO UTSUMI**

Managing Director
& CEO

Mr. Keiichiro Utsumi is the Managing Director and Chief Executive Officer of the Company. He has been associated with the Company since February 2012. Whereas he joined Hino Motors Ltd., Japan in 1979. He has served in various divisions of Hino Motors Ltd., Japan and has vast experience of overseas business.

**TSUTOMU MORI**

Deputy Managing
Director

Mr. Tsutomu Mori is the Deputy Managing Director of the Company since April 2011. He started his career in 1985 with Tomen Corporation subsequently merged into Toyota Tsusho Corporation. He has served the Toyota Group in different countries and held numerous roles. He has a vast experience in overseas automotive sales and marketing.

**KAZUO KAKISHIMA**

Deputy Managing
Director

Mr. Kazuo Kakishima is the Deputy Managing Director of the Company. He joined the Company in February 2013. Previously he has worked with Hino Motors Ltd., Japan where he has served for more than 30 years in numerous roles. He has vast experience in overseas production planning activities.



TAKUJI UMEMURA
Director Production

Mr. Takuji Umemura was appointed in February 2012 as Director Production, Technical & Quality Assurance Division of the Company. He joined Hino Motors Ltd., Japan in 1992. 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 and member of the Audit Committee. He joined Hino Motors Ltd., Japan in 1975 and presently, working as a Senior Managing Director in Hino Motors Limited, Japan.



TOYOKI KUNO
Non-Executive Director

Mr. Toyoki Kuno was appointed in November 2012 as non-executive director of the Company and member of the Audit Committee. He joined Toyota Tsusho Corporation in 1986. 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 a Company Secretary and Chief Financial Officer. He joined the Company in October 2005. Previously he has worked with A. F. Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai. He is the director of Arabian Sea Country Club. He is also the fellow member of Institute of Chartered Accountants of Pakistan.

Our Functional Heads

MUHAMMAD OWAIS M. KHAN

Senior General Manager
Chassis Assembly Division,
Body Manufacturing Division &
Plant Administration Division

NAUSHAD RIAZ

Senior General Manager
Supply Chain Division

FAHIM ALJAZ SABZWARI

Senior General Manager
Finance & IT Division



MUHAMMAD AKRAM
General Manager
HR & Administration Division

NISHAT ZAFAR
General Manager
Body Manufacturing Division

ADIL MOHIUDDIN SHAH
General Manager
Sales & Marketing Division

SYED ZAFAR ALI
General Manager
Customer Support Division



Board Committees

Audit Committee	Terms of Reference
Kunwar Idris - Chairman (Non - Executive Director) Hiroshi Kokaji (Non - Executive Director) Toyoki Kuno (Non - Executive Director) Salman Najeeb (Secretary)	a. Determination of appropriate measures to safeguard Company's assets; b. Review of quarterly, half-yearly and annual financial statements of the Company, prior to the approval by the Board of Directors; c. Review of management letter issued by external auditors and management's response thereto and monitor the action plan to improve the control environment; d. 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; e. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective; f. 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 g. Monitoring compliance with relevant statutes and best practices of corporate governance.
Human Resource & Remuneration Committee	Terms of Reference
Mr. Hiroshi Kokaji - Chairman (Non - Executive Director) Mr. Keiichiro Utsumi Mr. Toyoki Kuno (Non - Executive Director) Muhammad Akram (Secretary)	a. Recommending human resource management policies to the board; b. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO; c. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and d. Considering and approving on recommendations of CEO on such matters for key management positions who report directly to CEO.

Functional Committees

Management Committee	Terms of Reference
Keiichiro Utsumi - Chairman Tsutomu Mori Kazuo Kakishima Takuji Umemura Muhammad Owais M. Khan Naushad Riaz Fahim Aijaz Sabzwari Nishat Zafar Adil M. Shah Syed Zafar Ali Takayuki Monma Yukinori Uchida Muhammad Akram (Secretary)	a. Managing the day to day operations of the Company; b. Developing the business and marketing strategy of the Company; c. Reviewing budgetary proposals and the necessary actions to implement the business plan; d. Monitoring profitability and deviations from business plan; and e. Handling the major business issues and other urgent matters on behalf of the Board.

Global Compact & CSR Committee	Terms of Reference
Keiichiro Utsumi - Chairman Tsutomu Mori Kazuo Kakishima Takuji Umemura Muhammad Owais M. Khan Naushad Riaz Fahim Aijaz Sabzwari Muhammad Akram Adil M. Shah Maria Azhar (Secretary)	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	Terms of Reference
Fahim Aijaz Sabzwari - Chairman Naushad Riaz Muhammad Akram Shams Naveed Zia (Secretary)	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	Terms of Reference
Keiichiro Utsumi - Chairman Tsutomu Mori Kazuo Kakishima Takuji Umemura Fahim Aijaz Sabzwari Muhammad Akram (Secretary)	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.

Functional Committees

Industrial Relations Committee	Terms of Reference
Muhammad Akram - Chairman Arshad Khan Waseem Ahmed Muhammad Khaliluddin (Secretary)	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	Terms of Reference
Kazuo Kakishima - Chairman Takuji Umemura Muhammad Owais M. Khan Naushad Riaz Muhammad Akram Nishat Zafar Waseem Ahmed Secretariat Members Nabila M. Faisal (Secretary)	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 9000 : 2000)	Terms of Reference
Takuji Umemura - Chairman Keiichiro Utsumi Kazuo Kakishima Muhammad Owais M. Khan Naushad Riaz Fahim Aijaz Sabzwari Muhammad Akram Secretariat Members Sarwar Karim (Secretary)	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

Tsutomu Mori - Chairman
Kazuo Kakishima
Takuji Umemura
Muhammad Owais M. Khan
Naushad Riaz
Fahim Aijaz Sabzwari
Muhammad Akram
Nishat Zafar
Syed Zafar Ali
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
Tsutomu Mori
Kazuo Kakishima
Fahim Aijaz Sabzwari
Muhammad Akram
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

Takuji Umemura - Chairman
Keiichiro Utsumi
Tsutomu Mori
Kazuo Kakishima
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.

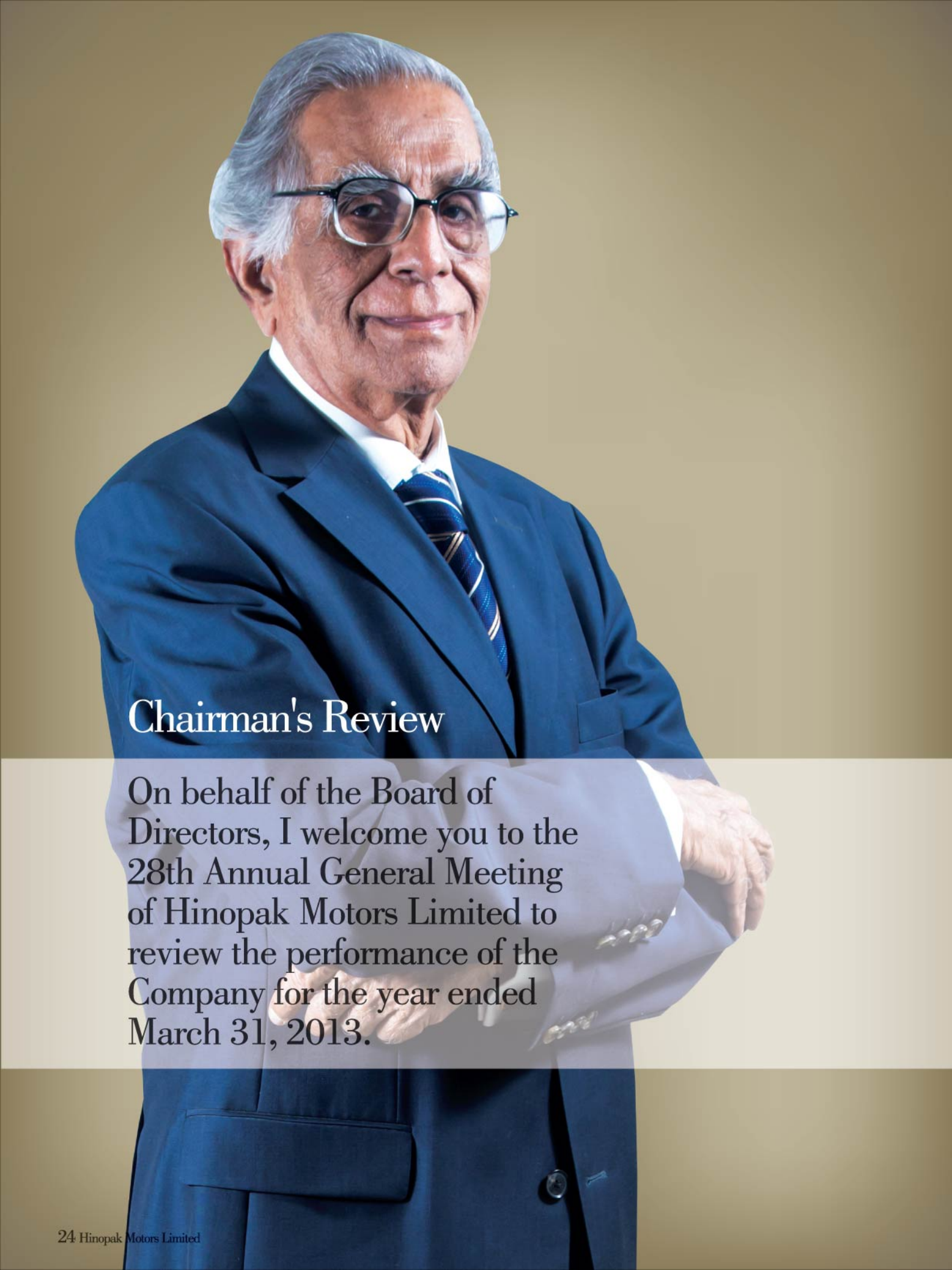
A front-facing view of a white Nissan commercial vehicle, possibly a van or small truck, parked in a workshop. The vehicle is positioned on a yellow and red platform. The background shows a workshop environment with concrete walls, two industrial pendant lights, and a sign that reads "VEHICLE INSPECTION". The image has a teal and orange color overlay. A white rectangular box is superimposed over the upper left portion of the image, containing the word "Accelerate".

Accelerate

 VEHICLE INSPECTION

A photograph of a large industrial building with a curved, translucent roof and a series of vertical windows. A line of various trucks is parked along the side of the building. In the foreground, several yellow and black pallets are visible. The image has a blue and orange color scheme.

Accelerating our growth
and progress to increase our
market share and profits

A portrait of an elderly man with grey hair and glasses, wearing a dark blue suit, white shirt, and a blue and gold striped tie. He is standing with his arms crossed, looking slightly to the right of the camera with a gentle smile. The background is a solid, light beige color.

Chairman's Review

On behalf of the Board of Directors, I welcome you to the 28th Annual General Meeting of Hinopak Motors Limited to review the performance of the Company for the year ended March 31, 2013.

2012-13 was a bad year for the economy marked by high inflation, load shedding, falling rupee and deteriorating law and order. Floods in the first quarter of 2012-13, for the third year in a row, destroyed crops and displaced millions of people. Fiscal deficits and lack of investor trust all combined to retard the economic growth. The International Monetary Fund feels that Pakistan would not be able achieve the growth target of 4.2 per cent in 2012-13. Instead it would remain around 3.5 per cent.



Even in this unfavourable context the Company was able to close the year with a marginal profit of Rs. 27 million – a million more than the profit of last year – for which the management and the work force deserve appreciation.

Outlook for the next year

Outlook for the next year remains uncertain because of economic stagnation and yet undeclared tariff policy of the new government on local manufacture.

National Sales

The sale of trucks has fallen nationally. However, the sale of buses increased marginally. The overall market shrank by 18%. The figures of the national automotive sector for the last six years-four years from April to March and before that two calendar years-show the sale of trucks in the year under review has fallen to all-time low.



HPML Market Share



Sales - Units

Segment	Apr 12-Mar 13	Apr 11-Mar 12	Apr 10-Mar 11	Apr 09-Mar 10	2008	2007
Car	129,687	142,861	135,278	108,142	127,863	177,306
Truck	2,036	2,609	3,002	3,613	4,736	4,098
Bus	577	559	536	738	922	1,078
L.C.V. (Jeep, Van & Pick-up)	17,208	20,351	19,485	15,993	23,661	23,476
Farm Tractor	56,855	46,821	70,591	70,688	54,573	54,322
Motor Cycle	827,646	856,467	805,152	665,131	580,604	540,385
Total	1,034,009	1,069,668	1,034,044	864,305	792,359	800,665

(The above figures are only for the member companies of the Pakistan Automotive Manufacturers Association. The share of non-members during the year is said to be around 486 vehicles.)

Hinopak Business

Sales

Though the national market declined by 18%, the market share of Hinopak fell by only 4% – from 52% to 48%. As always, the Company remained the market leader in commercial vehicles.

The sales revenue for the year was Rs. 7,528 million (2011-12 Rs. 8,767 million).

Gross Profit

The gross margin decreased to Rs. 808 million from Rs. 908 million in the previous year.

The profit / (loss) for each product-line is shown below:

Product Line	Gross Profit / (Loss)		
	2012-13	2011-12	Increase / (Decrease)
	Rs. in million		
Chassis	812	670	142
Bus & Truck Bodies	(60)	66	(126)
Other Business (Export, Contract Assembly and Spare Parts)	56	172	(116)
Total Gross Profit	808	908	(100)

Distribution Costs and Administrative Expenses

The distribution costs and administrative expenses stood at Rs. 502 million.

Finance Cost

The Company incurred an exchange loss of Rs. 203 million compared to Rs.134 million last year. The financial cost of the money borrowed from the banks was Rs. 122 million.

Profit after Tax

Despite all the adverse factors, the Company managed to earn after tax profit of Rs. 27 million (Rs. 26 million in 2011-12).

Capital Expenditure

The Company invested Rs. 72 million as capital expenditure to increase productivity, improve technology and to achieve higher safety and quality standards.

Cash Flow

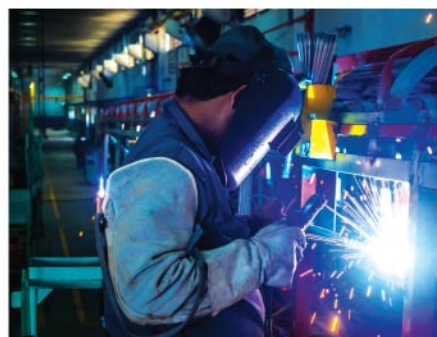
The Company generated Rs. 712 million from operating activities and invested Rs. 52 million (net) in capital goods. The increase in cash and cash equivalent was Rs. 641 million.

Dividend

The Directors propose to pay 75% of the profit after tax to shareholders as dividend.

Production

The plant productivity has improved by 7%. The number of chassis produced was 1,359 compared to 2,222 in the preceding year. In addition 4,260 IMV (Hilux) frames were produced for Indus Motor Company.



Body Fabrication

Only 305 bodies of different and specialized varieties were produced against 1,067 produced in the preceding year. A significant reason for this steep decline was reduced budgets of the government institutions that are our major customers. The plant productivity, nevertheless, improved by 7%.

Business Process Improvement and Product Development

Knowledge of the emerging technologies and enterprise resource planning system in the manufacture of components and processes has given the Company's products a quality edge in the market.

KAIZEN activities involve all employees in continuous improvements in quality, productivity, house keeping and safety as also in cost cutting and savings. Skill Development programmes devised for the workers helped analyze their skill levels and development of a multi-skill workforce.



The management operates under a strict system of internal controls designed to assess major risks that might defeat Company's strategic objectives or day-to-day activities.

The overall conduct of the Company's board meetings and other proceedings remained in compliance with the Companies Ordinance, 1984 and Listing Regulations.

Corporate Social Responsibility

The Company donated a vehicle to the Edhi Foundation.

The Company complies fully with the SECP's Code of Corporate Governance and Toyota Group guidelines.

Contribution to National Exchequer

The Company continues to pursue localization of parts to reduce costs and save foreign exchange. The localization through vendors saved the country Rs. 882 million in foreign exchange. The Company paid around Rs. 650 million in taxes, duties and cesses to the government.

Human Resource Development

The Company's training and development activities for the workforce covered 25,530 man-hours – averaging 66.57 training man-hours per management employee and 11.04 training man-hours per non-management employee.

The management – labour relations remained cordial.

Future Outlook

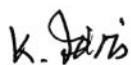
The growth and profitability are affected by a number of external factors. Inflation, political turmoil, power shortage and uncertain law and order tend to upset the Company's set targets. However the management remains confident of retaining the market leadership through innovation to make up for the reduced volumes.

The political forces known for encouraging the private sector emerging on the national scene should help the business of the Company.

Vote of Thanks

I would like to thank our parent Companies Hino of Japan and Toyota Tsusho Corporation for their guidance and our customers, dealers, vendors, bankers and shareholders for their continued support.

I must also appreciate the exertions of the management and workers and thank the federal and provincial governments for their patronage.



KUNWAR IDRIS

Chairman

May 23, 2013

Hinopak Values



Honesty at all cost and 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

Directors' Report



The Directors take pleasure in presenting the report, together with the Audited Financial Statements of the Company for the year ended March 31, 2013.

The Board of Directors of the Company as at March 31, 2013 consists of:

Mr. Kunwar Idris
Mr. Keiichiro Utsumi
Mr. Tsutomu Mori
Mr. Kazuo Kakishima
Mr. Takuji Umemura
Mr. Hiroshi Kokaji
Mr. Toyoki Kuno

Appropriation of Profit

Following are the details of appropriations:

	2012-13	2011-12
	Rupees in '000	
Profit before taxation	44,882	173,436
Taxation	(17,799)	(147,726)
Profit after taxation	27,083	25,710
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation and disposal of fixed assets	23,260	22,764
Unappropriated profit brought forward	1,112,954	1,064,480
Profit available for appropriation	1,163,297	1,112,954
Final cash dividend paid during the year	(19,221)	-
Unappropriated profit carried forward	1,144,076	1,112,954

The Board of Directors in its meeting held on May 23, 2013 proposed a cash dividend of Rs. 1.638 per share (2012: Rs.1.550 per share) amounting to Rs. 20.31 million (2012: Rs.19.22 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 ended March 31, 2013 is Rs. 2.18 (March 31, 2012: Rs. 2.07).

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, 2014.

Pattern of Shareholding

The pattern of shareholding as at March 31, 2013 and additional information thereabout required under Code of Corporate Governance are disclosed on page 96 and page 97 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

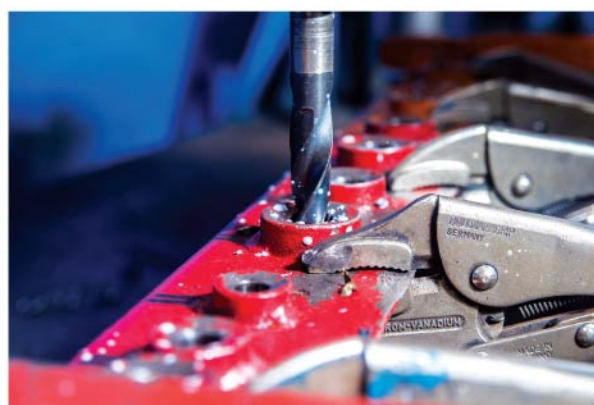
No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Audit Report.

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 judgement.
- 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 36.
- The value of investments of Company's Provident, Gratuity and Pension Funds as on March 31, 2013 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	125,405
Hinopak Motors Limited Employees' Gratuity Fund	75,505
Hinopak Motors Limited Employees' Pension Fund	104,376



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

Name of Directors	Number of meetings attended
Mr. Kunwar Idris	4
Mr. Keiichiro Utsumi	4
Mr. Tsutomu Mori	4
Mr. Takuji Umemura	3
Mr. Hiroshi Kokaji	1
Mr. Haruo Komatsu	3
Mr. Koji Tsubouchi	2
Mr. Toyoki Kuno	1

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

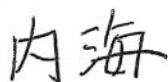
Name of Directors	Number of meetings attended
Mr. Kunwar Idris	4
Mr. Hiroshi Kokaji	1
Mr. Koji Tsubouchi	2
Mr. Toyoki Kuno	1
Mr. Haruo Komatsu	1

The directors including CEO, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company during the year ended March 31, 2013.

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



KEIICHIRO UTSUMI
Managing Director & CEO



KUNWAR IDRIS
Chairman

May 23, 2013

Financial Highlights

	2007	2008-09	2009-10	2010-11	2011-12	2012-13
Profit & Loss Account (Rs. in Million)						
Sales	7,826.78	12,151.02	11,127.55	9,281.82	8,767.00	7,528.14
Gross Profit	1,387.64	1,279.14	389.48	737.29	908.08	807.52
Operating Profit	967.78	794.35	15.29	342.36	491.98	369.88
Profit / (Loss) before Tax	904.61	115.83	(130.42)	40.49	173.44	44.88
Taxation	314.56	45.91	17.65	70.63	147.73	17.80
Profit / (Loss) after Tax	590.05	69.92	(148.07)	(30.14)	25.71	27.08
Transfer from surplus on revaluation of fixed assets	5.86	7.19	5.69	5.65	22.76	23.26
Dividend	130.21	297.61	21.70	-	-	19.22
Unappropriated Profit carried forward	1,473.55	1,253.05	1,088.97	1,064.48	1,112.94	1,144.08
Balance Sheet (Rs. in Million)						
Net Assets						
Fixed Assets	890.31	954.03	921.28	1,790.29	1,780.55	1,714.95
Other Long Term Assets	13.12	23.59	28.48	9.79	18.81	24.16
Current Assets	4,008.10	4,029.42	4,793.61	2,752.86	4,894.55	3,321.87
Less : Current Liabilities	2,672.70	3,017.06	3,885.81	1,903.96	4,001.51	2,382.38
Total Net Assets	2,238.83	1,989.99	1,857.56	2,648.98	2,692.39	2,678.60
Financed By:						
Issued, Subscribed & Paid up Capital	124.01	124.01	124.01	124.01	124.01	124.01
Reserves / Accumulated Profit	1,764.55	1,544.05	1,379.97	1,355.48	1,405.51	1,437.96
Surplus on Revaluation of Fixed Assets	284.68	277.49	271.80	1049.01	1,026.25	1,002.99
Long Term / Deferred tax Liabilities	65.59	44.44	81.79	120.48	136.63	113.64
Total Funds Invested	2,238.83	1,989.99	1,857.56	2,648.98	2,692.39	2,678.60
Cash Flow (Rs. in Million)						
Cash flows from / (used in) operating activities	541.70	(950.34)	936.20	307.04	(778.57)	712.15
Cash flows used in investing activities	(106.84)	(189.41)	(60.10)	(108.98)	(102.34)	(51.81)
Cash flows used in financing activities	(134.94)	(301.34)	(21.69)	(0.01)	(0.01)	(19.13)
Turnover (Rs. in Million)						
Hino Chassis (including exports)	5,943.60	9,205.34	9,232.37	8,244.52	6,776.10	6,170.86
Bus & Other Bodies (including exports)	1,023.70	1,435.77	810.96	586.44	842.06	668.21
Spare Parts	120.88	252.95	177.76	211.27	174.96	183.53
Others	738.60	1,256.96	906.46	239.59	973.88	505.54
Total	7,826.78	12,151.02	11,127.55	9,281.82	8,767.00	7,528.14
Production (Units)						
Hino Chassis	2953	3571	2577	1981	1693	1259
Bus & Other Bodies	1747	2258	1173	499	1067	305
Hilux Frame	809	2409	2130	2738	4420	4260

	2007	2008-09	2009-10	2010-11	2011-12	2012-13
Sales (Units)						
Hino Chassis (including export)	2908	3705	2589	2047	1,662	1,262
Bus & Other Bodies (including export)	1697	2373	1143	559	1,024	368
Hilux Frame	775	2400	2020	2752	4,507	4,126
No. of Employees	313	344	394	290	289	302
Investor Information						
Financial Ratios						
Gross profit ratio	17.73%	10.53%	3.50%	7.94%	10.36%	10.73%
Net profit margin / (loss)	7.54%	0.58%	(1.33%)	(0.32%)	0.29%	0.36%
Return on assets (after tax)	12.00%	1.40%	(2.58%)	(0.66%)	0.38%	0.54%
Return on equity (after tax)	31.24%	4.19%	(9.85%)	(2.04%)	1.68%	1.73%
Debt equity ratio *	0.03	0.02	0.05	0.05	0.05	0.04
Current Ratio	1.50	1.34	1.23	1.45	1.22	1.39
Quick Ratio	0.54	0.53	0.47	0.55	0.62	0.48
Interest cover ratio	41.87	7.78	(1.71)	1.35	2.01	1.40
Dividend payout ratio **	50.44%	31.04%	-	-	75.00%	75.00%
Dividend yield ratio **	4%	1%	-	-	2%	2%
Dividend cover ratio **	198%	322%	-	-	133%	133%
Other Ratios						
Price earning ratio	12.57	50.13	(14.75)	(45.34)	35.33	40.17
Earning before interest, taxes, depreciation and amortization (EBITDA) (Rs. in million)	1,050.73	918.61	115.22	441.32	605.20	493.67
EBITDA Margin to sales	13.42%	7.56%	1.04%	4.75%	6.90%	6.56%
Total assets turnover ratio	1.59	2.43	1.94	2.04	1.31	1.49
Fixed assets turnover ratio	8.79	12.74	12.08	5.18	4.92	4.39
Return on capital employed	26.36%	3.51%	(7.97%)	(1.14%)	0.95%	1.01%
Inventory turnover ratio	2.62	4.42	4.02	3.69	3.84	2.94
Number of days inventory	139	103	91	99	95	124
Debtors turnover ratio	11.86	12.45	10.90	13.37	7.60	7.17
Number of days debtors	31	37	33	27	48	51
Creditors turnover ratio	2.94	5.37	4.29	3.43	3.64	3.04
Number of days creditors	124	85	85	106	100	120
Operating cycle (days)	46	55	39	20	43	55
Per Share Amounts (in Rupees)						
Cash dividend **	24.00	1.75	-	-	1.55	1.64
Breakup value with surplus on revaluation of fixed assets	175.25	156.89	143.20	203.90	206.10	206.84
Breakup value without surplus on revaluation of fixed assets	152.30	134.51	121.28	119.31	123.34	125.96
Earning / (Loss) per share	47.58	5.64	(11.94)	(2.43)	2.07	2.18
Share Price (High)	624.00	640.00	284.96	177.54	115.43	95.25
Share Price (Low)	152.90	282.65	148.00	102.00	63.43	64.11
Share Price (Closing)	598.00	282.65	176.10	110.20	73.25	87.74
One US\$ = Rupee as at period end	61.55	80.40	84.20	85.25	90.70	98.30
One JPY = Rupee as at period end	0.5497	0.8169	0.9015	1.0306	1.1063	1.0446

* 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.

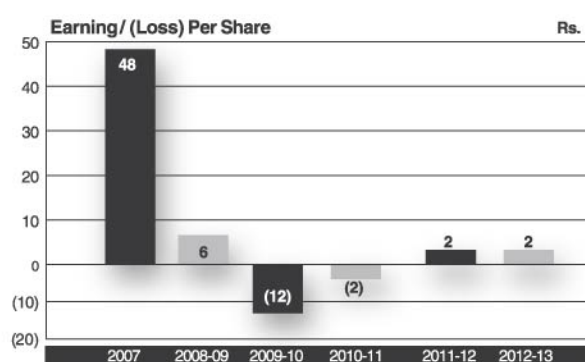
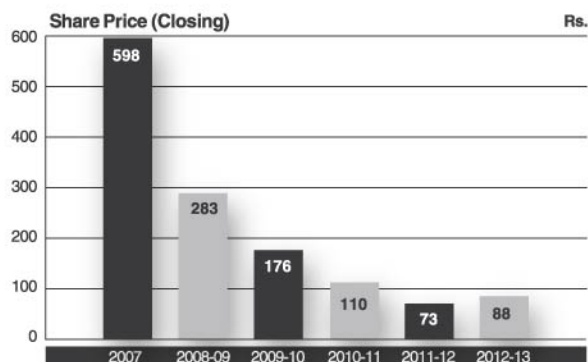
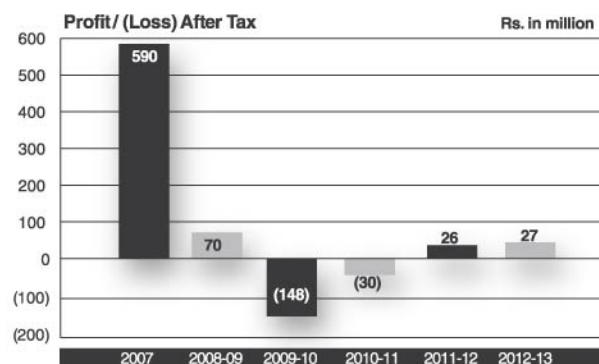
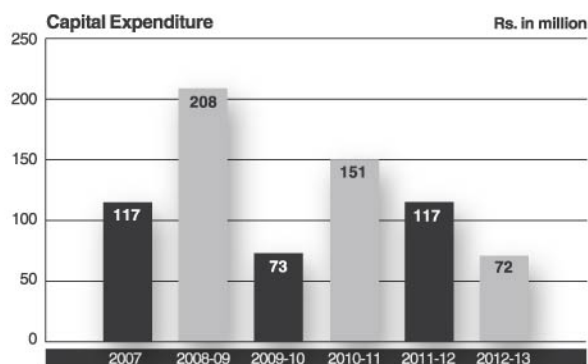
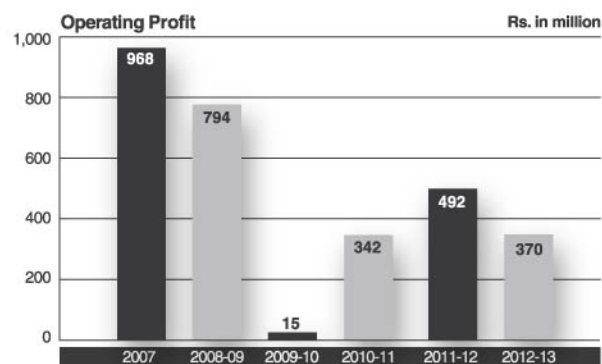
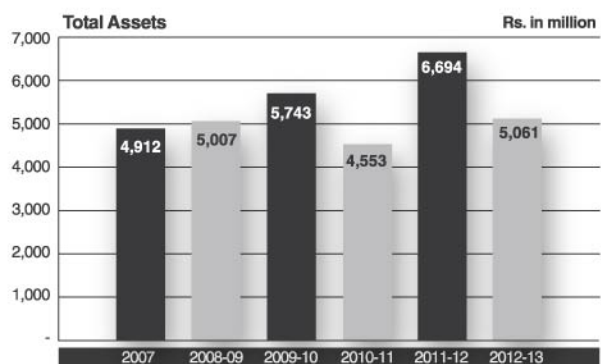
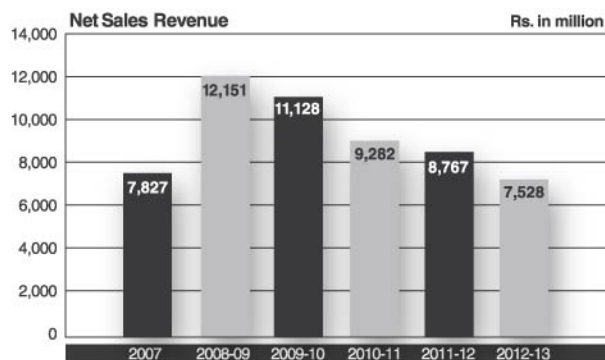
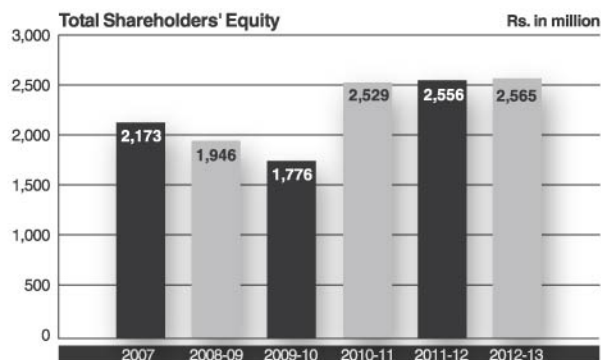
Vertical Analysis

	2012-13		2011-12		2010-11	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Operating Results						
Sales	7,528.14	100.00	8,767.00	100.00	9,281.82	100.00
Cost of sales	6,720.62	89.27	7,858.92	89.64	8,544.53	92.06
Gross profit	807.52	10.73	908.08	10.36	737.29	7.94
Distribution costs	295.69	3.93	328.21	3.74	279.32	3.01
Administration expenses	206.74	2.75	192.01	2.19	168.30	1.81
Other operating income	71.08	0.94	113.98	1.30	56.51	0.61
Other operating expenses	6.29	0.08	9.86	0.11	3.82	0.04
Profit from operations	369.88	4.91	491.98	5.62	342.36	3.69
Finance cost	325.00	4.31	318.54	3.63	301.87	3.25
Profit before taxation	44.88	0.60	173.44	1.99	40.49	0.44
Taxation	17.80	0.24	147.73	1.69	70.63	0.76
Profit / (Loss) after taxation	27.08	0.36	25.71	0.30	(30.14)	(0.32)
Balance Sheet						
Property, plant and equipment	1,714.51	33.88	1,779.46	26.58	1,788.26	39.28
Other non-current assets	0.44	0.01	1.09	0.02	2.04	0.04
Long-term investments	4.43	0.09	2.39	0.04	-	-
Long-term deposits	6.03	0.12	6.02	0.09	5.88	0.13
Long-term loans and advances	13.70	0.27	10.40	0.16	3.91	0.09
Current assets (excluding investments)	3,321.87	65.64	4,894.55	73.11	2,752.86	60.46
Total assets	5,060.98	100.00	6,693.90	100.00	4,552.95	100.00
Shareholders' equity	1,561.96	30.86	1,529.51	22.85	1,479.49	32.50
Deferred taxation	42.24	0.83	69.39	1.04	47.37	1.04
Other non-current liabilities	71.41	1.41	67.24	1.00	73.11	1.60
Surplus on revaluation of fixed assets	1,002.99	19.82	1,026.25	15.33	1,049.01	23.04
Short term debt (including current maturity of long term debt)	645.95	12.76	1,238.33	18.50	296.31	6.51
Other current liabilities (trade, interest and tax)	1,736.43	34.31	2,763.18	41.28	1,607.66	35.31
Total equity and liabilities	5,060.98	100.00	6,693.90	100.00	4,552.95	100.00
Cash Flows						
Cash flows from / (used in) operating activities	712.15	111.06	(778.57)	88.38	307.04	155.03
Cash flows from / (used in) investing activities	(51.81)	(8.08)	(102.34)	11.62	(108.98)	(55.03)
Cash flows from / (used in) financing activities	(19.13)	(2.98)	(0.01)	-	(0.01)	-
Net increase / (decrease) in cash and cash equivalents	641.21	100.00	(880.91)	100.00	198.05	100.00

Horizontal Analysis

	2012-13		2011-12		2010-11	
	(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	7,528.14	(14.13)	8,767.00	(5.55)	9,281.82	(16.59)
Cost of sales	6,720.62	(14.48)	7,858.92	(8.02)	8,544.53	(20.43)
Gross profit	807.52	(11.07)	908.08	23.16	737.29	89.30
Distribution costs	295.69	(9.91)	328.21	17.50	279.32	(3.32)
Administration expenses	206.74	7.67	192.01	14.09	168.30	4.40
Other operating income	71.08	(37.63)	113.98	101.70	56.51	(26.55)
Other operating expenses	6.29	(36.16)	9.86	158.06	3.82	274.51
Profit from operations	369.88	(24.82)	491.98	43.70	342.36	2,139.11
Finance cost	325.00	2.03	318.54	5.52	301.87	107.17
Profit before taxation	44.88	(74.12)	173.44	328.40	40.49	131.04
Taxation	17.80	(87.95)	147.73	109.17	70.63	300.17
Profit / (Loss) after taxation	27.08	5.34	25.71	185.30	(30.14)	79.64
Balance Sheet						
Property, plant and equipment	1,714.51	(3.65)	1,779.46	(0.49)	1,788.26	94.67
Other non-current assets	0.44	(59.78)	1.09	(46.57)	2.04	(24.16)
Long-term investments	4.43	85.45	2.39	100.00	-	-
Long-term deposits	6.03	0.17	6.02	2.28	5.88	47.37
Long-term loans and advances	13.70	31.77	10.40	166.12	3.91	(66.72)
Current assets (excluding investments)	3,321.87	(32.13)	4,894.55	77.80	2,752.86	(42.57)
Total assets	5,060.98	(24.39)	6,693.90	47.02	4,552.95	(20.73)
Shareholders' equity	1,561.96	2.12	1,529.51	3.38	1,479.49	(1.63)
Deferred taxation	42.24	(39.13)	69.39	46.48	47.37	100.00
Other non-current liabilities	71.41	6.21	67.24	(8.03)	73.11	46.84
Surplus on revaluation of fixed assets	1,002.99	(2.27)	1,026.25	(2.17)	1,049.0	285.96
Short term debt (including current maturity of long term debt)	645.95	(47.84)	1,238.33	317.92	296.31	(40.97)
Other current liabilities (trade, interest and tax)	1,736.43	(37.16)	2,763.18	71.88	1,607.66	(52.49)
Total equity and liabilities	5,060.98	(24.39)	6,693.90	47.02	4,552.95	(20.73)
Cash Flows						
Cash flows from / (used in) operating activities	712.15	191.47	(778.57)	(353.58)	307.04	(67.20)
Cash flows from / (used in) investing activities	(51.81)	49.37	(102.34)	6.09	(108.99)	(81.33)
Cash flows from / (used in) financing activities	(19.13)	100.00	-	-	-	99.95
Net increase / (decrease) in cash and cash equivalents	641.21	172.79	(880.91)	(544.80)	198.05	(76.82)

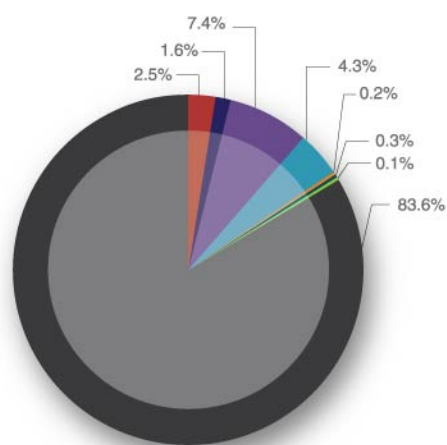
Financial Highlights Contd...



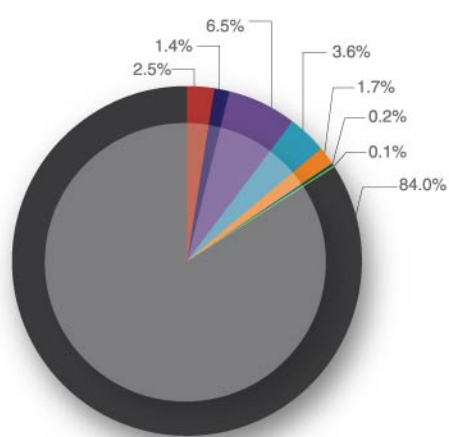
Statement of Value Addition and its Distribution

	2012-13		2011-12	
	Rs. in million	%	Rs. in million	%
Value Addition				
Revenue	7,528	99.1	8,767	98.7
Other Income	71	0.9	114	1.3
Total	7,599	100.0	8,881	100.0
Value Distribution				
Cost of sales	6,349	83.6	7,461	84.0
Distribution costs	191	2.5	223	2.5
Administration, CSR & other operating expenses	124	1.6	123	1.4
Employees remuneration	565	7.4	582	6.5
Finance Cost	325	4.3	318	3.6
Taxation	18	0.2	148	1.7
Dividend to shareholders *	20	0.3	19	0.2
Profit retained for investment and future growth	7	0.1	7	0.1
Total	7,599	100.0	8,881	100.0

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

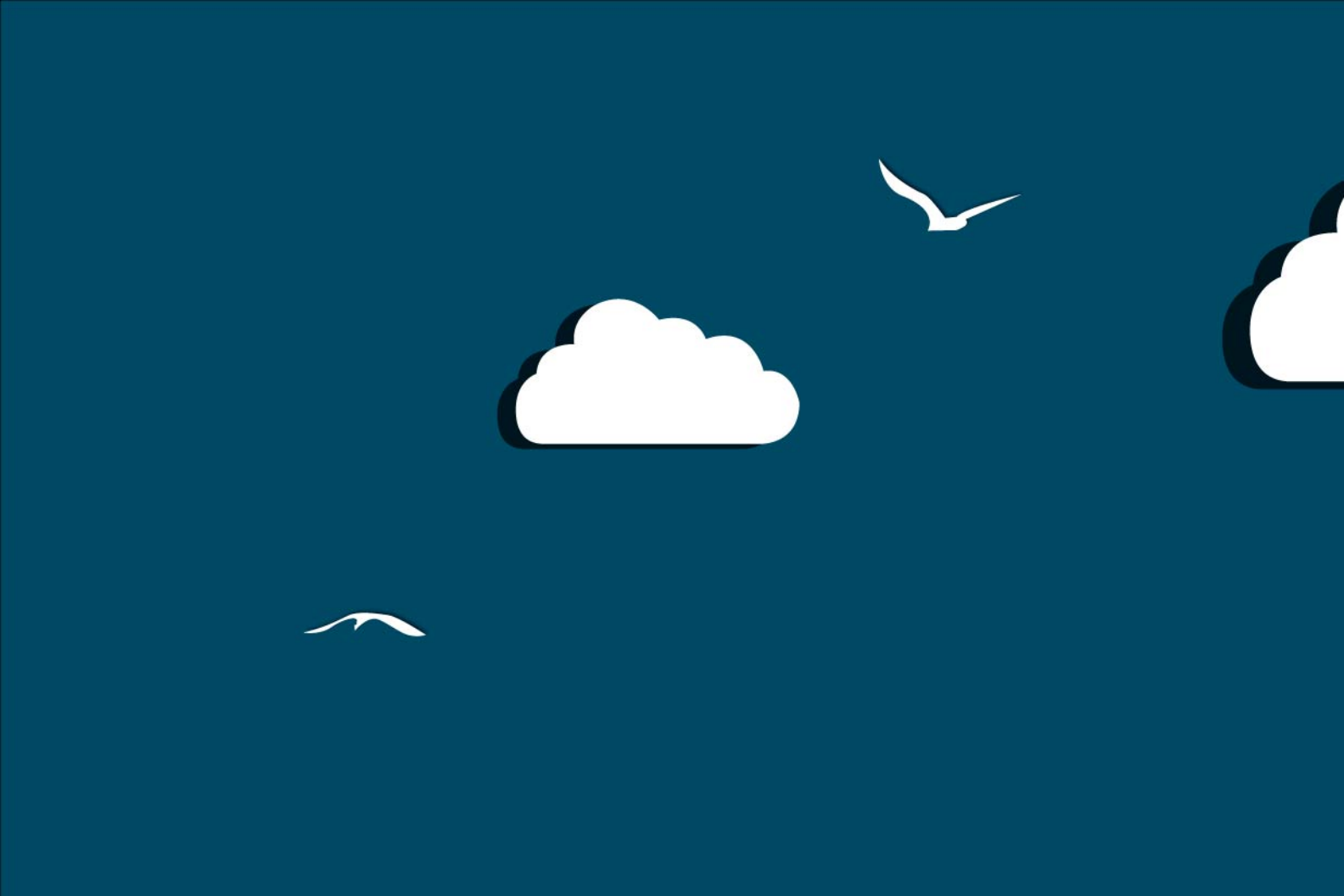


2012-13



2011-12

Cost of sales	
Distribution costs	
Administration, CSR & other operating expenses	
Employees remuneration	
Finance Cost	
Taxation	
Dividend to shareholders	
Profit retained for investment and future growth	



Corporate Social Responsibility

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





CSR Charter



Hino

The CSR Charter articulates our goals when it comes to serving each of our diverse stakeholder groups.

To customers

We meet our customers' expectations by providing useful products and services.



To employees

We respect each individual employee and strive to create a workplace that fosters personal growth.



To shareholders

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

To business partners

We build relationships of trust by engaging in open communication with mutual prosperity as our goal.



To communities

- We strive to provide products that are safe and environment friendly, pursuing a responsible balance with the environment in all of our corporate activities.
- We strive to contribute to communities in all the regions where we do business.
- We are devoted to good corporate citizenship, complying with laws and regulations and maintaining high ethical standards.

CSR Highlights 2012-13



Customers

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

Knocking the Door Project

This project was launched in 2011-12 and saw its way through to 2012-13, underlying the success of this project. This year, 2,530 joint visits with the dealers were conducted, where the customer support team and the dealers' team jointly met with the customers at their door step.



Hinopak's top management took an active part in the project by accompanying the teams to the customer's premises in order to provide them with better transportation solutions.

Training of Customers and Dealers

Customer satisfaction has been at the core and is one of Hinopak's prime objective. In order to achieve this goal, the customer support division – through its mobile training bus and the in-house customer training facility, trained 1,149 customers, dealers and other relevant participants.

This initiative helped the company to organize, 89 courses in 2012-13, under the banners of eco-drive, driver course, mechanic course, salesman course and free service camps.



Development of Eco-parts and Hino Genuine Oil

With the development of Hino Genuine Oil and Eco-parts, Hinopak has moved a step further in catering to the customer's needs and ensuring that the products quality and environmental fitness are not compromised.



Hinopak receives 'Triple Crown Award' by its Principal Hino Motors, Japan

On the occasion of the 'Hino World Conference' held in Tokyo, Japan a 'Triple Crown Award' was conferred on Hinopak Motors Ltd. by Mr. Yoshio Shirai, President, Hino Motors Ltd., Japan. The award was received by Mr. Kunwar Idris, Chairman, Hinopak Motors Ltd.

This award has been presented to Hinopak for being the market leader in Pakistan for 10 consecutive years. This award is a testament to HinoPak's commitment to provide quality products and to satisfy the demand of its customers.



Employees

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

In-house Training Sessions

With the aim to share knowledge, create a culture of learning and move into more cost effective ways to develop our people, employees having in-depth knowledge and expertise were invited to conduct various trainings for the staff. Under this program, 5,836 training man-hours were achieved through internal trainers, which is three times more than what was achieved in FY2011-12.



Hinopak employees' visit Indus Motor Company Ltd.

To help our employees unearth new ways to do things and to expose them to how things are being done in and around the industry, a group of 16 employees visited the Indus Motor Company to observe their practices in health & safety, quality circles, kaizen and other assembly and



operational processes. The tour proved to be a good activity and was well received by all the participants.

25,530 man-hours achieved for training and development in 2012-13

Major portion was achieved under continuing professional education 11,200 which is 22% higher compared to last year. Other areas include 1,780 man-hours were achieved under training and education of management and non-management staff for occupational health and safety and institutional trainings.



Oath-taking ceremony of the CBA office bearers

After completing the due election process for nomination of the CBA, an oath taking ceremony of the CBA office bearers was held in May 2012. Top management along with the representatives of the employee relations team and members of the labour union were present at the ceremony to congratulate the new office bearers. They expressed their hopes that the new office bearers will further the strengthen labour-management

relationship hinopak has fostered since its inception.



Computers provided to company's workers

Marking another milestone for ideal labor-management relationship, Hinopak provided computers to 6 workers. The selection of the workers who were given the computers was done through a lucky draw and the management hopes to continue this activity in future.



Annual Inter-departmental cricket tournament

The annual inter-departmental cricket tournament was organized in March 2013. The competition was contested by 26 teams of which the Finance Department (Ghazi) won the tournament.



New DMD joins the company

This year also saw the joining of our new Deputy Managing Director Mr. Kazuo Kakishima. This decision came with the declaring of Hinopak as manufacturing hub by our principal Hino Motors Ltd., Japan, and as a resultant decision to strengthen our production engineering, manufacturing and supply chain competencies. A short welcome ceremony in the honour of Mr. Kakishima was held on 1st February 2013 – the day which also marked Hinopak's 27th anniversary.



Scholarships provided to workers' children

Similar to the activity undertaken in 2011-12, Hinopak gave merit based scholarships to its 73 workers' children this year also. The scholarships included cash amount for school tuition and course books. Hinopak's MD/CEO presented the children with appreciation



letters for their academic performance. Parents were also invited at the ceremony.

Comprehensive investigation and reporting of incidents / accidents:

For the safety of employees the company has put in place a well established system to conduct comprehensive investigation against all the Incidents (Near Miss, Minor/ Major) and suggest appropriate counter measures. All accidents / incidents and near miss are communicated to management within the same day through accident / Incident report by concerned department.

In order to ensure such mishaps don't happen again, Health Safety and Environment (HSE) Dept, in coordination with the concerned departments organizes awareness sessions for all employees. Moreover, HSE dept conducts one time inspection against all the accident reports received from Hino Motors Ltd. to ensure that no such safety issues are present in the company, and if found, appropriate counter measures are taken to mitigate these problems.

Importance of safety at workplace

Workplace safety is of the utmost importance for any business. One of the greatest factors in promoting workplace safety is communication. Safety issues are highlighted on daily basis and communicated to concerned department through Daily Safety Report (DSR). Tool Box Talk (TBT) on Safety Issues is conducted every morning on



the shop floor. HSE Visual Boards displaying health and safety related information are displayed in both the plants. Employees can raise their OHSAS concerns through Safe Cards available at all strategic locations in the plants. Moreover, OHS issues can also be highlighted through mail or verbal communication to HSE department.

Health Related Programs:

Various health awareness sessions on adverse effect of oral cancer caused by paan, gutka, & vhalia, eye diseases due to occupational safety hazards, water borne diseases and its mitigation plan etc were held to educate employees. Reputed specialist from Agha Khan University, Dow Medical College and Hashwani Eye Hospital gave informative lectures. Questions answers sessions were also held at the end of these sessions to make it more interactive. In order to ensure that health of employees working in risk areas are safe, all the chemical handlers like painters, welders went through comprehensive medical checkup. Moreover, drivers and food handlers also went through different medical tests to ensure that they are fit for their job.

Shareholders

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

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

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

Compliance at Hinopak is not just about observing the laws and regulations. It also means respecting social norms and corporate ethics, complying with the expectation of all the stakeholders' 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 2012-13. 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 three members of the Audit Committee are non-executive directors. An Internal Audit department supports the committee. The committee held four meetings in 2012-13. 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.

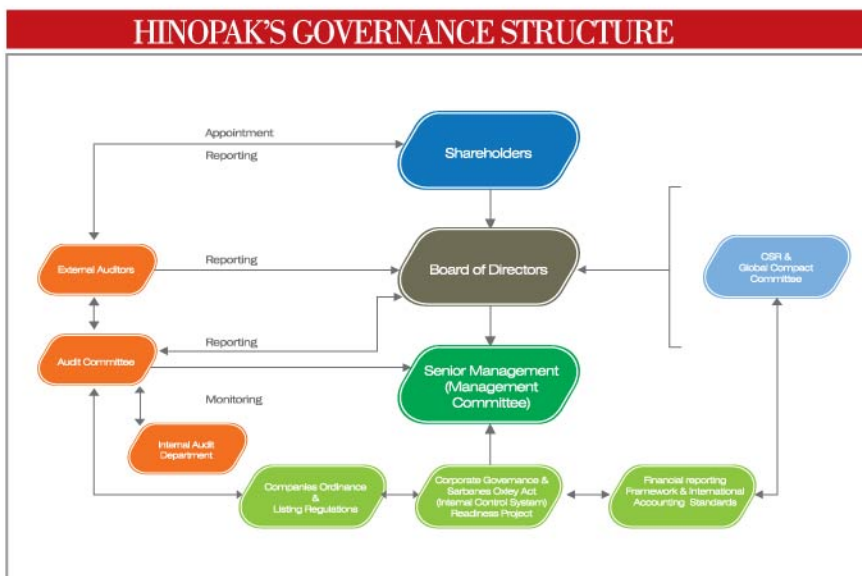
Code of Conduct

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 valueable 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".



Business partners

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

HSE Awareness Program at Vendor's Premises

Involvement of our key business partners through various initiatives have been a key objective of Hinopak. During the environment month, an awareness program on 'Health, Safety & Environment' was conducted at the premises of NCB Corporation, which was a joint effort of the HSE and Multi Sourcing Department.



Safety Awareness and Training:

This year, the company has taken the initiative and held two HSE awareness sessions at NCB Cooperation and PSO (LPG Plant). The main aim was to educate them about importance of HSE. This was the first step towards extending the concept of HSE to our business partners. Through these programs, we were able to inform the stakeholders about their roles and responsibilities towards Safety & Environment and how they can join hand together in bringing positive change in the society.

Vendors' Skill Development Program

Fully aware of the fact that Hinopak's growth is linked with the development of our vendors / suppliers, the Multi-Sourcing Department (MSD) has been very prominent in building the capacity of Hinopak's vendors through the Vendors Skill Development initiative. Under this project, awareness and training sessions were conducted on themes such as 'importance and implementation of lean manufacturing' and 'importance and implementation of Kaizen'. A total of 45 participants from different vendor companies attended the sessions. Similar programs on various topics such as 'smart ways of developing tools and dies' are also being planned.



Dealers' Conference

The Parts and Service Dealers' Conference 2012 was held with great fervor where the participants discussed main activities undertaken for after sales



service of Hinopak's vehicles. The main areas of discussion during the conference included the 'Knocking the Door Project', service & parts promotion schemes, establishment of branch (2S), dealer self training center and addition of mobile workshop.

HQS Spirit Master Qualification award to dealers

HQS Spirit Master is a high quality certificate which is awarded by Hino Motors Limited, Japan to experienced technicians of its distributors/dealers. In the year 2012 Hino Motors awarded four certificates to mechanics belonging to four local dealerships namely Hino Karachi, Hino Yousuf Goth, Hino Peshawar and Hino Quetta.



To communities

As an integral component of its CSR Charter, contributing to local communities around the world is a primary goal of the HINO Credo.

Hinopak engages in social contribution activities that are deeply rooted in the society and areas where we conduct our business, placing considerable emphasis on contributions in; transportation support, protection of the environment, cultural events and providing community support.

Environment Month Activities

Hinopak celebrated the World Environment Month (June) with the same fervor and commitment shown during the previous years. The Environment Month was marked with tree plantation activity conducted symbolically by Hinopak's top management, representing its commitment for environmental preservation and green productivity. The SITE Model School Children were also involved in the activities through environmental posters underlying the urgent need to conserve the environment.



Students industrial tour to Hinopak

Continuing with our commitment to promote industry-academia linkage, Hinopak invited 1162 students from various institutes and universities for visiting its manufacturing facilities. Both the plants were shown to the visiting

students were given briefing on the company's operations, background, divisions and other relevant details.



Summer and Winter Internship Program 2012-13

Since 2005 Hinopak has invited students from various universities for internship every year. This year the company enrolled 124 students belonging to various disciplines on project based internships. As compared to last year, the intake for 2012-13 internship program was almost 75% higher.



Hinopak Employees' Children's Mini-Summer Camp

This program was conducted in four-half day sessions in July 2012. 165 children (aged between 6 to 15 years) attended the mini summer camp which consisted of corporate video presentation, Ice breaking activity, briefing of Hinopak's operations / history, environmental awareness videos, tree plantation, visits to the assembly/manufacturing facilities, and environmental projects display / briefing by SITE Model School students. The program proved to be an excellent opportunity for the children to learn about Hinopak's operations and helped in further sensitizing them about the company, its operations, and products. The environmental activities further helped in making the program informative and participative.





Hinopak donates Cargo Truck to the Edhi Foundation

In July 2012 a symbolic key presentation ceremony at the Governor House was held where Hinopak donated a 4x4 cargo truck to the Edhi Foundation as part of Hinopak's Corporate Social Responsibility (CSR) initiative.



The truck was donated to help enhance disaster management capabilities. The presentation ceremony was graced by the President, Hino Motors, Ltd. Japan, Managing Director, Toyota Tsusho Corporation, Japan, Mr. Kunwar Idris, Chairman, Hinopak Motors, Ltd., Mr. Keiichiro Utsumi, Managing Director/CEO, Hinopak Motors, Ltd., Governor Sindh, Dr. Ishrat-ul-Ibad Khan and other senior representatives of Hinopak Motors Limited. On behalf of the Edhi Foundation, Ms. Bilquees Edhi received the symbolic key of the donated cargo truck. The donated truck was delivered on 17th Sept. 2012 and was respectfully received by Mr. Abdul Sattar Edhi at a modest handing over ceremony.



This goodwill gesture towards the community reiterated Hinopak's commitment to contribute to the society's welfare and further helped in aligning our commitment with Hino's motto of "concern beyond vehicles."

Renovation of Mobile School Bus

With education as one of our top priorities for Corporate Social Responsibility (CSR) Hinopak renovated the Children's Education Development Foundation (CEDF) mobile school bus on 50% cost sharing basis. The mobile school bus is a purpose built bus which is equipped with teaching aids which will help CEDF in imparting functional literacy to the underprivileged children.



Skill Promotion Scholarships

The year marked the graduation of the 1st batch of 10-Hinopak scholars and commencement of the 2nd batch belonging to the NED University of Engineering & Technology. under this scheme the company provided scholarship to top NED university student to pursue their education.

Participation in South East Asian Environment meeting

In order to promote environmental culture, every year Hino Motors Japan organizes environmental conference among South Asian affiliated companies. Last year's conference was held in Hino Motors Manufacturing Thailand. Participants presented an overview of their business processes, environmental objectives and targets, kaizens etc. Environmental experts from Hino Motors Japan gave awareness about risk evaluation and reduction process of waste water, noise and odor. Action against environmental burden due to logistic CO2, was also one of the main agenda point.

Reducing environmental Burden through Environmental Management Systems:

Environment is one of the most critical aspects of corporate social responsibility. Hinopak acknowledges that our business have an impact on the environment, thus we ensure that EMS systems are implemented and maintained in a way that help us reducing and controlling the environmental burden caused due to our business processes. Our main environmental key parameters are Co2 Reduction, Material Discard and Water. In order to control these parameters, SMART objectives are set on yearly basis. Results of the actions taken and areas of improvements are shared with Hino Motors Japan in order to gain insights and guidelines.

Water Release (Chassis Assembly Division)

(Reporting Period April'2012~March'2013)

Items	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
				Max	Min	Avg
Water discharged [m3/month]	-	-	1/m	2651	1915	2229.0
Water discharged [m3/day]	-	-	1/m	118	74	97.9
pH	6~9	6.8~7.4	1/m	7.74	7.04	7.21
BOD [mg/l]	80	70	1/m	48	13	38.3
COD [mg/l]	400	300	1/m	112	21	94.6
SS [mg/l]	200	100	1/m	38	13	28.4
Oil [mg/l]	10	5	1/m	3.2	1.9	2.5
TDS[mg/l]	3500	3000	1/m	724	620	678.7

Air Release (Chassis Assembly Division)

NOx [mg/Nm³]

Facilities	Fuel Type	Official Regulation	Voluntary Regulations	Measurement	Actual Conditions		
					Max	Min	Avg
ED Oven	Natural Gas	600mg/Nm3	100	4/Year	2.4	2	2.2
Top Coat Oven	Natural Gas	600mg/Nm3	100	4/Year	2.7	2.7	1.4
Boiler	Natural Gas	600mg/Nm3	100	4/Year	61	43	52.0

Air Release (Chassis Assembly Division)

SOx [mg/Nm³]

Facilities	Fuel Type	Official Regulation	Voluntary Regulations	Measurement	Actual Conditions		
					Max	Min	Avg
ED Oven	Natural Gas	1700mg/Nm3	100	4/Year	1	1	0.5
Top Coat Oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0
Boiler	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0

Water Release (Body Manufacturing Division)

(Reporting Period April'2012~March'2013)

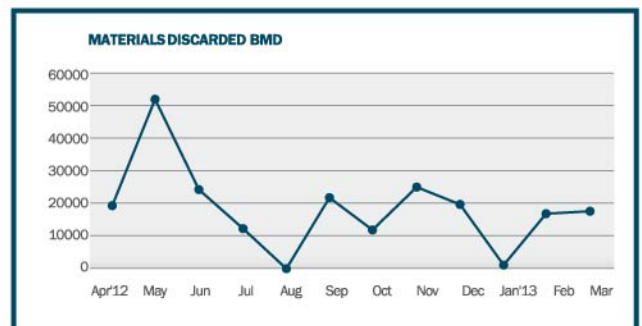
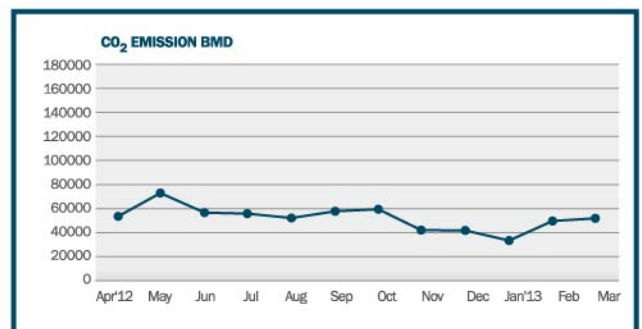
Items	Official Regulations	Voluntary Regulation	Measurement	Actual Conditions		
				Max	Min	Avg
Water discharged [m3/month]	-	-	1/m	1710	1245	1488
Water discharged [m3/day]	-	-	1/m	82.0	62.0	70.0
pH	6~9	6.8~7.4	1/m	7.23	6.97	7.13
BOD [mg/l]	80	70	1/m	35	18	28.4
COD [mg/l]	400	300	1/m	92	27	77.9
SS [mg/l]	200	100	1/m	16	10	12.6
Oil [mg/l]	10	5	1/m	2.8	1.6	2.0
TDS[mg/l]	3500	3000	1/m	618	480	528

Air Release (Body Manufacturing Division)

Facilities	Fuel Type	Official Regulation	Voluntary Regulations	Measurement	Actual Conditions		
					Max	Min	Avg
Parts primer baking oven	Natural Gas	600mg/Nm3	100	4/Year	28	2.6	15.3
Paint baking oven	Natural Gas	600mg/Nm3	100	4/Year	5	0.25	2.6

Air Release (Body Manufacturing Division)

Facilities	Fuel Type	Official Regulation	Voluntary Regulations	Measurement	Actual Conditions		
					Max	Min	Avg
Parts primer baking oven	Natural Gas	1700mg/Nm3	100	4/Year	1	1	0.5
Paint baking oven	Natural Gas	1700mg/Nm3	100	4/Year	0	0	0.0



Statement of Compliance with the Code of Corporate Governance

For the Year ended March 31, 2013

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.

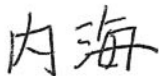
The Company has applied the principles contained in the CCG in the following manner:

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

Executive Directors	Mr. Keiichiro Utsumi Mr. Tsutomu Mori Mr. Kazuo Kakishima Mr. Takuji Umemura
Non-Executive Directors	Mr. Kunwar Idris Mr. Hiroshi Kokaji Mr. Toyoki Kuno
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. Two casual vacancies occurred on the Board of Directors during the year ended March 31, 2013 which were filled up by the Directors within 1 day.
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 no orientation course was held for directors, however, the Company circulated the booklet on the role and responsibilities of Directors amongst the directors.
10. The Board has approved remuneration and terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit.

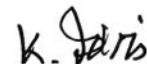
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO 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 three members, all of them are non-executive directors including the chairman of the committee.
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 three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
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 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



KEIICHIRO UTSUMI
Managing Director & CEO

Dated: May 23, 2013



KUNWAR IDRIS
Chairman



A. F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended March 31, 2013 prepared by the Board of Directors of Hinopak Motors Limited to comply with the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval of 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended March 31, 2013.

Chartered Accountants

Karachi

Dated: May 23, 2013

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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Kabul: House No. 1, Street No. 3, Darulaman Road, Ayoub Khan Meina, Opposite Ayoub Khan Mosque, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

Financial Statements

Code of Corporate
Governance

Criteria for Best
Corporate
Report by ICAP /
ICMAP and SAFA

Stock Exchange
Listing Regulations

International
Accounting Standards

International Financial
Reporting Standards

Taxation Laws

Companies
Ordinance, 1984

International
Standards on Auditing

Auditors' Report to the members

We have audited the annexed balance sheet of Hinopak Motors Limited as at March 31, 2013 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 accounts 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, 2013 and of the profit and 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 23, 2013

Name of Engagement Partner: Farrukh Rehman

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Balance Sheet

As at March 31, 2013

	Note	2013	2012
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,714,507	1,779,457
Intangible assets	4	438	1,089
Long-term investments	5	4,434	2,391
Long-term loans and advances	6	13,704	10,400
Long-term deposits		6,025	6,015
		1,739,108	1,799,352
Current assets			
Stores, spares and loose tools	7	21,549	19,194
Stock-in-trade	8	2,161,904	2,410,682
Trade debts	9	276,904	1,823,092
Loans and advances	10	12,244	37,739
Trade deposits and prepayments	11	23,436	34,680
Refunds due from the government	12	206,002	87,893
Other receivables	13	9,619	31,839
Taxation - payments less provision		436,865	324,901
Cash and bank balances	14	173,347	124,526
		3,321,870	4,894,546
Total assets		5,060,978	6,693,898
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	124,006	124,006
Reserves		1,437,958	1,405,508
		1,561,964	1,529,514
SURPLUS ON REVALUATION OF FIXED ASSETS	16	1,002,990	1,026,250
LIABILITIES			
Non-current liabilities			
Deferred taxation	17	42,235	69,390
Retirement benefits obligations	18	71,412	67,235
		113,647	136,625
Current liabilities			
Trade and other payables	19	1,703,736	2,721,889
Short-term borrowings	20	645,948	1,238,331
Accrued mark-up	21	32,693	41,289
		2,382,377	4,001,509
Total liabilities		2,496,024	4,138,134
Contingency and commitments	22		
Total equity and liabilities		5,060,978	6,693,898

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

内海
Managing Director &
Chief Executive Officer

K. Jais
Chairman

Profit and Loss Account

For the year ended March 31, 2013

	Note	2013	2012
		Rupees '000	
Sales	23	7,528,140	8,766,997
Cost of sales	24	(6,720,619)	(7,858,919)
Gross profit		807,521	908,078
Distribution costs	24	(295,694)	(328,212)
Administration expenses	24	(206,738)	(192,013)
Other income	25	71,085	113,982
Other expenses	26	(6,293)	(9,858)
Profit from operations		369,881	491,977
Finance cost	27	(324,999)	(318,541)
Profit before taxation		44,882	173,436
Taxation	28	(17,799)	(147,726)
Profit after taxation		27,083	25,710
Other comprehensive income			
Change in value of available-for-sale financial assets - net of deferred tax	5	1,328	1,554
Total comprehensive income		28,411	27,264
Basic and diluted earnings per share	29	Rs. 2.18	Rs. 2.07

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

内海
Managing Director &
Chief Executive Officer

K. Jais
Chairman

Cash Flow Statement

For the year ended March 31, 2013

	Note	2013	2012
Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	30	1,023,352	(287,523)
Mark-up paid on short-term borrowings		(119,787)	(140,198)
Return on savings accounts		1,673	1,211
Income taxes paid - net		(157,633)	(306,879)
Retirement benefits obligations paid		(32,144)	(38,552)
Increase in long-term deposits		(10)	(134)
Increase in long-term loans and advances		(3,304)	(6,492)
Net cash generated from / (used in) operating activities		712,147	(778,567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(71,781)	(116,517)
Proceeds from sale of property, plant and equipment		19,968	14,179
Net cash used in investing activities		(51,813)	(102,338)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(19,130)	(6)
Net increase / (decrease) in cash and cash equivalents		641,204	(880,911)
Cash and cash equivalents at the beginning of the year		(1,113,805)	(232,894)
Cash and cash equivalents at the end of the year	31	(472,601)	(1,113,805)

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

内海
Managing Director &
Chief Executive Officer

K. Jais
Chairman

Statement of Changes in Equity

For the year ended March 31, 2013

	Share Capital	Reserves - Revenue		Fair value reserve	Total
		General	Unappropriated profit		
	Rupees '000				
Balance at April 1, 2011	124,006	291,000	1,064,480	-	1,479,486
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	-	-	2,255	-	2,255
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	20,509	-	20,509
Profit for the year	-	-	25,710	-	25,710
Other comprehensive income for the year	-	-	-	1,554	1,554
Balance at March 31, 2012	124,006	291,000	1,112,954	1,554	1,529,514
Final dividend for the year ended March 31, 2012 @ Rs. 1.55 per share	-	-	(19,221)	-	(19,221)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	23,260	-	23,260
Profit for the year	-	-	27,083	-	27,083
Other comprehensive income for the year	-	-	-	1,328	1,328
Balance at March 31, 2013	124,006	291,000	1,144,076	2,882	1,561,964

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

内海
Managing Director &
Chief Executive Officer

K. Jais
Chairman

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

1. THE COMPANY AND ITS OPERATIONS

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

The Company's principal activity is the assembly, progressive manufacturing and sale of Hino buses and trucks. The registered office of the Company is at D-2, S.I.T.E., Manghopir Road, Karachi.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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.

2.1.1 Changes in accounting standards and interpretations

(a) Standards, interpretations and amendments to published approved accounting standards effective in 2012

There are no amended standards and interpretations that are effective for the first time in the current year that would be expected to have a material impact on the Company.

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

IAS 19 (Amendment), 'Employee benefits', is effective for the accounting periods beginning on or after 1 January 2013. It eliminates the corridor approach and recognises all actuarial gains and losses 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. The financial statements for the next year will incorporate the unrecognized actuarial gains and losses in the other comprehensive income. The change will be recognised in accordance with IAS 8 - "Accounting policies, changes in accounting estimates and errors" as change in accounting policy.

2.2 Basis of measurement

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

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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.

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, 2013

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.

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.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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

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

The liabilities recognised in respect of gratuity and pension schemes are the present values of the Company's obligations under each scheme at the balance sheet date less the fair values of respective plan assets, together with adjustment for unrecognised actuarial gains or losses.

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.

Latest actuarial valuations of the schemes were carried out as at March 31, 2013 using the projected unit credit method. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the obligations are charged or credited to profit and loss account separately for each scheme over the employees' expected average remaining working life.

Defined contribution plan

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.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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.

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.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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.

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.

2.23 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.

The preparation of financial statements in conformity with approved accounting standards 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 matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) Provision for stock obsolescence and doubtful debts - note 8 and 9
- (b) Staff retirement benefits - note 18
- (c) Deferred taxation - note 17
- (d) Warranty obligations - note 19.1

There have been no critical judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

	Note	2013	2012
Rupees '000			
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	1,708,258	1,755,202
Capital work-in-progress	3.4	6,249	24,255
		1,714,507	1,779,457

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

3.1 Operating assets

	Leasehold Land (Revalued - note 3.2)	Buildings on leasehold land (Revalued - note 3.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical installations	Office and other equipments	Total
	Rupees '000							
Year ended March 31, 2013								
Opening net book value (NBV)	876,964	562,739	194,687	3,902	84,520	14,419	17,971	1,755,202
Additions	-	9,176	28,263	478	44,083	843	6,794	89,637
Disposals - at NBV	-	-	(73)	-	(13,516)	-	* -	(13,589)
Depreciation / amortisation charge for the year	(20,329)	(20,664)	(48,731)	(873)	(17,777)	(5,451)	(9,167)	(122,992)
Closing net book value	856,635	551,251	174,146	3,507	97,310	9,811	15,598	1,708,258
At March 31, 2013								
Cost or revaluation	890,500	591,331	567,290	13,213	167,992	78,152	101,423	2,409,901
Accumulated depreciation / amortisation	(33,865)	(40,080)	(393,144)	(9,706)	(70,682)	(68,341)	(85,825)	(701,643)
Net book value	856,635	551,251	174,146	3,507	97,310	9,811	15,598	1,708,258
Year ended March 31, 2012								
Opening net book value (NBV)	890,500	478,441	216,441	4,757	78,135	7,069	16,919	1,692,262
Additions	-	108,016	28,949	81	29,327	11,824	9,870	188,067
Disposals - at NBV	-	(4,244)	(401)	-	(8,394)	-	* -	(13,039)
Depreciation / amortisation charge for the year	(13,536)	(19,474)	(50,302)	(936)	(14,548)	(4,474)	(8,818)	(112,088)
Closing net book value	876,964	562,739	194,687	3,902	84,520	14,419	17,971	1,755,202
At March 31, 2012								
Cost or revaluation	890,500	582,154	546,921	12,735	150,934	77,310	97,116	2,357,670
Accumulated depreciation / amortisation	(13,536)	(19,415)	(352,234)	(8,833)	(66,414)	(62,891)	(79,145)	(602,468)
Net book value	876,964	562,739	194,687	3,902	84,520	14,419	17,971	1,755,202
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

3.2 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 31, 2011 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, 2013 would have been Rs. 31 million (2012: Rs. 34 million) and Rs. 306 million (2012: Rs. 305 million) respectively.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

3.3 Details of operating assets sold

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Motor Vehicle	1,529	291	1,238	1,316	Company Policy	Mr. Zafar Iqbal - Ex Executive
"	980	659	321	382	"	Mr. Muhammad Akram - Executive
"	969	651	318	378	"	Mr. Zafar Ali - Executive
"	908	549	359	377	"	Mr. Shahab Anwar - Ex Executive
"	893	600	293	495	"	Mr. Shams Naveed - Executive
"	651	430	221	336	"	Mr. Waqas - Employee
"	636	428	208	341	"	Mr. Irfan Ahmed - Executive
"	636	428	208	331	"	Mr. Syed Muhammad Aftab - Executive
"	620	417	203	325	"	Mr. Zahid Hassan - Executive
"	620	417	203	325	"	Mr. Jawahar Lal - Ex Employee
"	620	417	203	325	"	Mr. Sirajuddin - Executive
"	590	390	200	275	"	Mr. Tahir - Employee
"	478	316	162	162	"	Mr. Masihur Rehman - Executive
"	469	315	154	179	"	Mr. Badr-ul-Hassan - Executive
"	469	315	154	177	"	Mr. Misbahuddin - Executive
"	469	310	159	154	"	Mr. Khaliluddin - Executive
"	469	310	159	154	"	Mr. Saleem Ismail - Employee
"	469	310	159	154	"	Mr. Tariq Haleem - Employee
"	434	292	142	143	"	Mr. Salman Abdul Wahab - Employee
"	93	12	81	86	"	Mr. Wahid Khan - Employee
"	67	8	59	65	"	Mr. Shahid Pervez - Employee
"	1,880	233	1,647	1,636	Insurance Claim	EFU General Insurance Limited Central Division Karachi
"	1,529	240	1,289	1,358	"	"
"	1,529	223	1,306	1,351	"	"
"	66	10	56	62	"	"
"	93	5	88	95	"	"
"	93	5	88	96	"	"
"	66	12	54	60	"	"
"	66	12	54	60	"	"
"	90	20	70	80	"	"
"	67	6	61	68	"	"
"	67	6	61	70	"	"
"	67	8	59	65	"	"
"	67	8	59	64	"	"
"	67	8	59	60	"	"
"	1,458	16	1,442	1,853	Negotiation	Butt Brothers
"	479	322	157	539	Tender	Mr. Raza Khan - House # 1229, University Road, Karachi
"	886	549	337	855	"	Mr. Ziauddin - D-741, Block R, Usman Ghani Colony, North Nazimabad, Karachi
"	879	545	334	777	"	Mr. Farrukh Amjad Shah Taimori - House R-25, Gulshan-e-Rizwan, 5-L, North Karachi
"	367	247	120	401	"	Mr. Ajab Khan - Machar Colony, Sohrab Goth, Karachi
"	427	287	140	426	"	Mr. Sanaullah - House 34-E, PECHS, Block 6, Karachi
Plant and Machinery	466	399	67	41	Auction	Mr. Muhammad Umar - Flat 306, Hangora House, Moosa Lane, Karachi

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

- 3.4** Capital work-in-progress includes costs incurred in respect of plant and machinery at Body Manufacturing Division amounting to Rs. 3.6 million. Prior year balance includes Rs. 21.61 million in respect of assembly facility at Chassis Assembly Division capitalised during the current year.

	2013	2012
	Rupees '000	
4. INTANGIBLE ASSETS - Computer Softwares		
Opening balance		
Cost	21,130	20,942
Accumulated amortisation	(20,041)	(18,904)
Net book value	1,089	2,038
Year ended March 31, 2013		
Opening net book value	1,089	2,038
Additions	150	188
Amortisation	(801)	(1,137)
Closing net book value	438	1,089
Closing balance		
Cost	21,280	21,130
Accumulated amortisation	(20,842)	(20,041)
Net book value	438	1,089
5. LONG-TERM INVESTMENTS		
Available for sale		
Arabian Sea Country Club Limited - note 5.1	5,000	5,000
Provision for impairment	(639)	(2,705)
	4,361	2,295
Automotive Testing & Training Centre (Private) Limited - note 5.2	500	500
Provision for impairment	(427)	(404)
	73	96
	4,434	2,391

- 5.1** This represents cost of 500,000 (2012: 500,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 6.45% of the shares of the investee Company. The fair value of the investment is indeterminable.
- 5.2** This represents cost of 50,000 (2012: 50,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 2.77% of the shares of the investee Company. The fair value of these shares is indeterminable.
- 5.3** The provision for impairment reversed 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, 2013

	2013	2012
	Rupees '000	
6. LONG-TERM LOANS AND ADVANCES – considered good		
Loans and advances to:		
- executives	10,206	8,654
- other employees	8,484	6,764
	18,690	15,418
Less: Recoverable within one year - note 10	(4,986)	(5,018)
	13,704	10,400

6.1 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.

	2013	2012
	Rupees '000	
6.2 Reconciliation of carrying amount of loans and advances to executives:		
Opening balances	8,654	3,675
Add: Disbursements	5,531	8,699
	14,185	12,374
Less: Repayments	(3,979)	(3,720)
Closing balances	10,206	8,654

7. STORES, SPARES AND LOOSE TOOLS

Stores and spares	21,315	16,778
Loose tools	7,107	8,531
	28,422	25,309
Less: Provision for obsolescence	(6,873)	(6,115)
	21,549	19,194

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
8. STOCK-IN-TRADE		
Raw Materials and components - note 8.1 [including in transit Rs. 46 million (2012: Rs. 407 million)]	1,454,073	1,409,434
Less: Provision for obsolescence	(51,355)	(43,945)
	1,402,718	1,365,489
Work-in-process	22,729	164,669
Finished goods - note 8.1 [including in transit Rs. Nil (2012: Rs. 9 million)]	659,360	776,852
Less: Provision for obsolescence	(17,479)	(21,930)
	641,881	754,922
Trading stock - Spare parts [including in transit Rs. 4 million (2012: Rs. 3 million)]	144,660	166,608
Less: Provision for obsolescence	(50,084)	(41,006)
	94,576	125,602
	2,161,904	2,410,682

- 8.1** Raw materials and finished goods include stocks held with suppliers and Company's authorised dealers amounting to Rs. 48.99 million (2012: Rs. 22.61 million) and Rs. 34.13 million (2012: Rs. 27.22 million) respectively.

	2013	2012
	Rupees '000	
9. TRADE DEBTS		
Considered good - unsecured		
Related parties - note 9.2		
Indus Motor Company Limited	43,425	12,665
Orix Leasing Pakistan Limited	-	7,700
Others - note 9.3	233,479	1,802,727
	276,904	1,823,092
Considered doubtful		
Others	137,076	58,977
	413,980	1,882,069
Less: Provision for doubtful debts - note 9.4	(137,076)	(58,977)
	276,904	1,823,092

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

9.1 As of March 31, 2013, the age analysis of trade debts is as follows:

	2013	2012
	Rupees '000	
Not yet due	121,377	1,110,034
Past due		
- Up to 3 months	65,415	615,036
- 3 to 6 months	42,436	67,720
- 6 to 12 months	117,672	46,339
- More than one year	67,080	42,940
	292,603	772,035
	413,980	1,882,069

9.2 As at March 31, 2013, trade debts from related parties were outstanding for not more than 45 days which were cleared subsequent to year end.

9.3 This includes amount receivable from government institutions amounting to Rs. 174 million (2012: Rs. 1.71 billion).

	2013	2012
	Rupees '000	
9.4 Balance at the beginning of the year	58,977	62,108
Charge during the year	82,598	15,242
Written off against provision	(4,499)	(18,373)
Balance at the end of the year	137,076	58,977

10. LOANS AND ADVANCES

Current maturity of long term loans and advances to:		
- executives	2,965	3,156
- other employees	2,021	1,862
	4,986	5,018
Advances to:		
- other employees	1,104	863
- suppliers	9,789	31,858
	10,893	32,721
	15,879	37,739
Provision for doubtful advances to suppliers	(3,635)	-
	12,244	37,739

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
11. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	17,090	39,314
Provision for doubtful deposits - note 11.1	(5,325)	(10,605)
	11,765	28,709
Prepayments	11,671	5,971
	23,436	34,680
11.1 Balance at the beginning of the year	10,605	14,496
Reversed during the year	(884)	(3,058)
Written off against provision	(4,396)	(833)
Balance at the end of the year	5,325	10,605
12. REFUNDS DUE FROM THE GOVERNMENT		
Sales tax refundable - note 12.1	233,531	105,170
Custom duty and excise duty refundable	2,710	7,962
	236,241	113,132
Less: Provision for doubtful refundables - note 12.2	(30,239)	(25,239)
	206,002	87,893
12.1 This includes sales tax refundable of Rs. 167 million (2012: Rs. 187 million), net of provisional refunds of Rs. 519.05 million (2012: 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.		
	2013	2012
	Rupees '000	
12.2 Balance at the beginning of the year	(25,239)	(5,239)
Charge during the year	(5,000)	(20,000)
Balance at the end of the year	(30,239)	(25,239)
13. OTHER RECEIVABLES		
Considered good		
Receivable from related parties		
Toyota Tsusho Corporation, Japan	5,430	28,183
Hino Motors Limited, Japan	228	2,633
Employees' Provident Fund	-	187
Workers' Profits Participation Fund - note 13.1	2,495	-
Others	1,466	836
	9,619	31,839

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
13.1 Workers' Profits Participation Fund		
Opening liability	(8,835)	(2,173)
Allocation for the year	(2,505)	(8,835)
	(11,340)	(11,008)
Interest on funds utilised in the Company's business	-	(60)
	(11,340)	(11,068)
Amount paid to the Fund	13,835	2,233
Closing asset / (liability)	2,495	(8,835)
14. CASH AND BANK BALANCES		
Balances with banks:		
- on current accounts	117,211	28,013
- on PLS savings accounts	55,160	24,738
Cheques in hand	619	71,641
Cash in hand	357	134
	173,347	124,526

14.1 At March 31, 2013, the rates of mark-up on savings accounts is 6% per annum (2012: ranging from 5% to 6% per annum).

	2013	2012
	Rupees '000	
15. SHARE CAPITAL		
15.1 Authorised share capital		
20,000,000 ordinary shares of Rs. 10 each	200,000	200,000
15.2 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
12,400,560	124,006	124,006

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

- 15.3** At March 31, 2013 and March 31, 2012 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.

16. SURPLUS ON REVALUATION OF FIXED ASSETS

	2013	2012
	Rupees '000	
Opening balance	1,026,250	1,049,014
Realisation on disposal of fixed asset during the year - net of deferred tax	-	(2,255)
Transferred to unappropriated profit on account of incremental depreciation for the year - net of deferred tax	(23,260)	(20,509)
Closing balance	1,002,990	1,026,250

17. DEFERRED TAXATION

Credit balances arising in respect of:		
- accelerated tax depreciation allowances	89,929	90,946
- surplus arising on revaluation of fixed assets	82,293	86,150
- others	1,552	14,002
	173,774	191,098
Debit balances arising in respect of:		
- provision for stores and stocks obsolescence	(42,706)	(38,253)
- provision for doubtful trade debts, deposits advances and other receivables	(60,239)	(32,133)
- provision for warranty	(28,594)	(43,081)
- recoupable carried forward tax losses	-	(8,241)
	(131,539)	(121,708)
	42,235	69,390

- 17.1** Deferred tax of Rs. 229.95 million on minimum tax paid in prior years has not been recognised as based on latest projections it is not probable that taxable profits will be available to offset the unrecognised balance.

	2013	2012
	Rupees '000	
18. STAFF RETIREMENT BENEFITS		
Gratuity Fund	2,257	1,545
Pension Fund	4,408	299
Unfunded Gratuity - Contractual Staff	64,747	65,391
	71,412	67,235

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

		2013			2012		
		Funded		Unfunded	Funded		Unfunded
		Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
Rupees '000							
18.1	Movement in asset / (liability)						
	Opening balance	(1,545)	(299)	(65,391)	25	(16,200)	(56,905)
	Charge for the year	(7,907)	(13,555)	(14,859)	(7,993)	(10,508)	(14,206)
	Payments during the year	6,863	7,645	15,503	6,423	24,754	5,720
	Employee contributions	-	1,765	-	-	1,655	-
	Benefits paid on behalf of Fund	332	36	-	-	-	-
	Closing balance	(2,257)	(4,408)	(64,747)	(1,545)	(299)	(65,391)
18.2	Balance sheet reconciliation as at March 31, 2013						
	Fair value of plan assets	75,505	104,376	-	63,026	86,222	-
	Present value of obligations	(99,768)	(154,378)	(65,665)	(75,555)	(118,976)	(64,673)
	Deficit	(24,263)	(50,002)	(65,665)	(12,529)	(32,754)	(64,673)
	Unrecognised actuarial loss / (gain)	22,006	44,288	918	10,984	30,823	(1,175)
	Transitional liability not yet recognised	-	-	-	-	-	457
	Past service cost - non vested	-	1,306	-	-	1,632	-
		(2,257)	(4,408)	(64,747)	(1,545)	(299)	(65,391)
18.3	Charge for the year						
	Current service cost	5,980	6,582	9,411	6,260	5,993	6,055
	Interest cost	9,138	14,478	7,115	8,542	12,269	7,694
	Expected return on plan assets	(7,701)	(10,535)	-	(7,429)	(8,278)	-
	Actuarial loss recognised during the year	490	2,704	-	620	198	-
	Curtailment gain	-	-	(2,124)	-	-	-
	Recognised transitional liability	-	-	457	-	-	457
	Past service cost - vested	-	326	-	-	326	-
		7,907	13,555	14,859	7,993	10,508	14,206
18.4	Movement in the present value of obligation						
	Opening balance	75,555	118,976	64,673	62,350	87,633	57,819
	Current service cost	5,980	6,582	9,411	6,260	5,993	6,055
	Interest cost	9,138	14,478	7,115	8,542	12,269	7,694
	Curtailment gain	-	-	(2,124)	-	-	-
	Actuarial loss / (gain)	13,993	20,647	2,093	1,069	18,765	(1,175)
	Benefits paid	(4,898)	(6,305)	(15,503)	(2,666)	(5,684)	(5,720)
	Closing balance	99,768	154,378	65,665	75,555	118,976	64,673
18.5	Movement in fair value of plan assets						
	Opening balance	63,026	86,222	-	51,185	59,132	-
	Expected return on plan assets	7,701	10,535	-	7,429	8,278	-
	Actuarial gain / (loss)	2,481	4,478	-	655	(1,913)	-
	Employer contributions	6,863	7,645	-	6,423	24,754	-
	Employee contributions	-	1,765	-	-	1,655	-
	Benefits paid on behalf of Fund	332	36	-	-	-	-
	Benefits paid	(4,898)	(6,305)	-	(2,666)	(5,684)	-
	Closing balance	75,505	104,376	-	63,026	86,222	-
18.6	Actual return on plan assets	10,182	15,013	-	8,084	6,365	-

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013			2012		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
18.7 Plan assets comprise of:						
Equity (%)	7	2	-	5	2	-
Debt (%)	76	64	-	75	56	-
Others (%)	17	34	-	20	42	-
	100	100	-	100	100	-
18.8 Key actuarial assumptions used:						
Expected rate of return on investments (%)	11.5	11.5	-	12.0	12.0	-
Expected rate of increase in salaries (%)	10.5	10.5	11.5	11.5	11.5	12.5
Discount factor used (%)	11.5	11.5	11.5	12.5	12.5	12.5
Retirement age (years)	60	60	60	60	60	60

	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Rupees '000					
18.9 Comparison for five years:					
Gratuity fund					
Fair value of plan assets	75,505	63,026	51,185	76,711	73,784
Present value of defined benefit obligation	(99,768)	(75,555)	(62,350)	(98,321)	(83,592)
Deficit	(24,263)	(12,529)	(11,165)	(21,610)	(9,808)
Experience adjustment					
Actuarial loss on obligation	13,993	1,069	1,226	1,227	9,350
Actuarial (gain) / loss on plan assets	(2,481)	(655)	1,507	2,542	5,828
Pension fund					
Fair value of plan assets	104,376	86,222	59,132	82,761	65,290
Present value of defined benefit obligation	(154,378)	(118,976)	(87,633)	(105,088)	(94,797)
Deficit	(50,002)	(32,754)	(28,501)	(22,327)	(29,507)
Experience adjustment					
Actuarial loss / (gain) on obligation	20,647	18,765	7,377	(7,752)	2,216
Actuarial (gain) / loss on plan assets	(4,478)	1,913	(3,213)	(3,370)	(18,911)

18.10 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.

18.11 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2013-14 will be Rs. 9.37 million and Rs. 13.21 million respectively.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
19. TRADE AND OTHER PAYABLES		
Creditors	87,207	134,597
Bills payable to		
- Toyota Tsusho Corporation, Japan		
- associated company	169,239	1,405,931
- Hino Motors Limited, Japan - holding company	839	5,778
Accrued liabilities	189,759	245,886
Provision for warranty services - note 19.1	84,225	127,258
Advances from customers	855,778	448,563
Provision for compensated absences - note 19.2	43,549	37,013
Custom duties payable - note 19.3	158,750	157,969
Payable to Hino Motors, Ltd. Japan - holding company		
- royalty	16,305	44,721
- other	-	9,592
Security deposits from dealers	32,000	32,000
Provision for infrastructure cess	23,249	23,249
Employees related obligation - note 19.4	27,672	22,357
Tax deducted at source and payable to statutory authorities	4,108	6,860
Workers' profits participation fund - note 13.1	-	8,835
Workers' welfare fund	933	-
Excise duty payable	630	4,472
Unclaimed dividend	2,056	1,965
Others	7,437	4,843
	1,703,736	2,721,889
19.1 Provision for warranty services		
Balance at the beginning of the year	127,258	85,579
Recognised during the year	4,542	100,907
Expenses against provision	(47,575)	(59,228)
Balance at the end of the year	84,225	127,258
19.2 Provision for compensated absences		
Balance at the beginning of the year	37,013	24,977
Net charge during the year	16,962	19,437
Payments made	(10,426)	(7,401)
Balance at the end of the year	43,549	37,013

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

19.3 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.

19.4 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.

	2013	2012
	Rupees '000	

20. SHORT-TERM BORROWINGS

Short-term loans	350,000	950,000
Running finance	295,948	288,331
	645,948	1,238,331

The facilities for short term borrowings under mark-up arrangements with various banks amounted to Rs. 3.75 billion (2012: Rs. 3.73 billion) of which the amount remaining unutilised at the year end was Rs. 3.11 billion (2012: Rs. 2.49 billion).

The facilities for opening the letters of credit and guarantees as at March 31, 2013 amounted to Rs. 6.83 billion (2012: Rs. 6.77 billion) of which the amount remaining unutilised at the year end was Rs. 5.16 billion (2012: Rs. 4.07 billion).

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

The short term loans have been obtained from various banks and carry mark-up at rates ranging from 9.60% per annum to 9.97% per annum (2012: 12.33% per annum to 12.46% per annum). The loans are repayable by April 24, 2013.

The rates of mark-up applicable on running finance are based on KIBOR and range from 10.21% per annum to 10.71% per annum (2012: 12.67% per annum to 15.53% per annum).

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
21. ACCRUED MARK-UP		
Short-term loans	17,900	25,641
Running finance	14,793	15,648
	32,693	41,289

22. CONTINGENCY AND COMMITMENTS

22.1 As at March 31, 2013 the Company has received provisional refunds of Rs. 519.05 million (2012: Rs. 519.05 million) from the sales tax department against undertakings and bank guarantees.

22.2 Commitments for capital expenditures as at March 31, 2013 amounted to Rs. 4.08 million (2012: Rs. 2.07 million).

	2013	2012
	Rupees '000	
23. SALES		
Gross sales	8,882,255	10,310,798
Sales tax and excise duty	(1,210,726)	(1,377,440)
	7,671,529	8,933,358
Commission and discounts	(103,209)	(109,337)
Sale returns	(40,180)	(57,024)
	7,528,140	8,766,997

23.1 Sales to Government institutions of Rs. 2.12 billion (2012: Rs. 3.23 billion) account for over 28 percent (2012: 36 percent) of the net sales.

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

24 TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATION EXPENSES

	COST OF SALES		DISTRIBUTION COSTS		ADMINISTRATION EXPENSES		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
Rupees '000								
Raw materials consumed	5,648,039	7,233,127	-	-	-	-	5,648,039	7,233,127
Staff costs - note 24.1	371,237	398,003	104,824	104,820	88,559	79,042	564,620	581,865
Depreciation and amortisation	102,008	93,107	8,521	8,573	13,264	11,545	123,793	113,225
Rent, rates and taxes	5,232	10,033	3,872	2,710	3,288	2,396	12,392	15,139
Insurance	3,890	4,436	770	722	3,987	4,010	8,647	9,168
Vehicle running and maintenance	12,583	12,682	14,757	13,660	10,135	10,722	37,475	37,064
Fuel and power	36,231	43,935	2,320	2,018	8,611	9,170	47,162	55,123
Travelling and entertainment	5,109	8,172	8,219	7,411	8,132	5,596	21,460	21,179
Repairs and maintenance	21,003	23,321	1,192	1,906	9,849	9,384	32,044	34,611
Communication and stationery	3,920	3,635	4,075	5,867	4,416	5,743	12,411	15,245
Royalty and technical assistance	75,055	88,845	-	-	-	-	75,055	88,845
Provision / (Reversal) for obsolete stock-in-trade, stores and spares	3,717	(2,977)	-	-	-	-	3,717	(2,977)
Legal and professional charges	2,554	-	1,584	-	10,676	11,733	14,814	11,733
Auditors' remuneration - note 24.2	-	-	-	-	2,723	2,498	2,723	2,498
Security and maintenance	-	-	1,398	-	39,622	35,312	41,020	35,312
Outward freight and handling	-	-	1,325	6,927	-	-	1,325	6,927
Advertising and sales promotion	-	-	21,205	16,523	-	-	21,205	16,523
Product maintenance charges	-	-	23,940	20,948	-	-	23,940	20,948
Warranty services	-	-	4,542	100,907	-	-	4,542	100,907
Provision for doubtful receivables, advances and deposits	-	-	85,349	12,184	-	-	85,349	12,184
Provision for doubtful sales tax refundable	-	-	5,000	20,000	-	-	5,000	20,000
Receivables written off	-	-	541	-	-	997	541	997
Other expenses	7,041	8,915	2,260	3,036	3,476	3,865	12,777	15,816
	6,297,619	7,925,234	295,694	328,212	206,738	192,013	6,800,051	8,445,459
Opening stock of work in process	164,669	280,809						
Closing stock of work in process	(22,729)	(164,669)						
Cost of goods manufactured	6,439,559	8,041,374						
Opening stock of finished goods	754,922	421,470						
Closing stock of finished goods	(641,881)	(754,922)						
	6,552,600	7,707,922						
Cost of trading goods sold	168,019	150,997						
	6,720,619	7,858,919						

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	COST OF SALES		DISTRIBUTION COSTS		ADMINISTRATION EXPENSES		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees '000							

24.1 Staff costs

Salaries, wages, allowances and staff welfare	341,522	371,224	96,412	97,129	81,515	73,201	519,449	541,554
Charge for defined benefit plans	24,523	22,257	6,421	5,858	5,377	4,592	36,321	32,707
Charge for defined contribution plan	5,192	4,522	1,991	1,833	1,667	1,249	8,850	7,604
	371,237	398,003	104,824	104,820	88,559	79,042	564,620	581,865

	2013	2012
	Rupees '000	

24.2 Auditors' remuneration

Audit fee	1,370	1,250
Fee for limited review of half yearly financial statements and other certifications	1,030	925
Out of pocket expenses	323	323
	2,723	2,498

25. OTHER INCOME

Income from financial assets		
Return on PLS savings accounts	1,673	1,211
Income from non-financial assets		
Gain on disposal of non-current assets	6,379	1,140
Others		
Scrap sales	22,708	31,839
Commission from an associated company	28,068	71,714
Liabilities no longer required written back	10,026	766
Others	2,231	7,312
	71,085	113,982

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
26. OTHER EXPENSES		
Donations and charities - note 26.1	2,855	1,023
Workers' Profits Participation Fund	2,505	8,835
Workers' Welfare Fund	933	-
	6,293	9,858
26.1 None of the directors or their spouses had any interest in the donees.		
	2013	2012
	Rupees '000	
27. FINANCE COST		
Mark-up on short-term borrowings	111,191	171,724
Exchange loss - net	203,057	133,774
Bank charges and others	10,751	13,043
	324,999	318,541
28. TAXATION		
Current - for the year	51,169	99,314
- for prior years	(5,500)	27,231
Deferred	(27,870)	21,181
	17,799	147,726
28.1 Relationship between tax expense and accounting profit		
Profit before taxation	44,882	173,436
Tax calculated at the rate of 35% (2012: 35%)	15,709	60,703
Effect of final tax regime	(1,795)	(13,337)
(Reversal) / Charge of prior years' tax provision	(5,500)	27,231
Tax effect of other than temporary differences	9,385	73,129
Tax charge for the year	17,799	147,726

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	
29. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	27,083	25,710
Number of ordinary shares (in '000s) issued and subscribed at the end of the year	12,401	12,401
Earnings per share	Rs. 2.18	Rs. 2.07

- 29.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2013 and March 31, 2012 which would have any effect on the earnings per share if the option to convert is exercised.

	2013	2012
	Rupees '000	
30. CASH GENERATED FROM OPERATIONS		
Profit before taxation	44,882	173,436
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	123,793	113,225
Gain on disposal of operating fixed assets	(6,379)	(1,140)
Retirement benefits charge	36,321	32,707
Mark-up on short-term borrowing	111,191	171,724
Return on PLS savings account	(1,673)	(1,211)
Profit before working capital changes	308,135	488,741
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(2,355)	600
Stock-in-trade	248,778	(733,157)
Trade debts	1,546,188	(1,340,522)
Loans and advances	25,495	45,643
Trade deposits and prepayments	11,244	(7,427)
Refunds due from the government	(118,109)	137,586
Other receivables	22,220	(2,988)
	1,733,461	(1,900,265)
Increase / (Decrease) in current liabilities		
Trade and other payables	(1,018,244)	1,124,001
	715,217	(776,264)
	1,023,352	(287,523)

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

	2013	2012
	Rupees '000	

31. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 14	173,347	124,526
Short-term borrowings - note 20	(645,948)	(1,238,331)
	(472,601)	(1,113,805)

32. 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	
	2013	2012	2013	2012	2013	2012
	Rupees '000					
Managerial remuneration and allowances	6,425	5,154	11,388	8,781	63,804	61,020
Bonus	2,108	1,470	3,699	2,493	20,559	14,287
Retirement benefits	-	-	-	-	10,392	8,416
Rent and utilities	466	2,432	3,355	4,113	23,446	20,393
Leave passage	418	369	768	624	3,636	2,989
Club expenses	-	-	-	-	371	385
Medical expenses	154	146	332	291	3,960	3,215
	9,571	9,571	19,542	16,302	126,168	110,705
Number of persons	1	1	3	2	39	33

32.1 Consultancy fee of Rs. 5.27 million (2012: Rs. 4.58 million) is paid to the Chairman and he is also provided with free use of Company maintained car.

32.2 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.

	2013	2012
	Units	

33. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift without overtime)		
- Chassis	6,000	6,000
- Bodies	1,800	1,800
Actual production		
- Chassis	1,359	2,222
- Bodies	305	1,067

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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

34. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties:

Relationship	Nature of transaction	2013	2012
Rupees '000			
i. Holding company	- Purchase of goods	63,642	129,562
	- Royalty charge	67,279	78,085
	- Technical assistance fee	7,776	10,760
	- Dividend paid	11,404	-
	- Liability written back	9,592	-
ii. Associated companies	- Purchase of goods	4,145,561	5,374,813
	- Sale of goods	728,083	633,451
	- Purchase of property, plant and equipment	21,013	24,941
	- Commission earned	28,068	71,714
	- Dividend paid	5,702	-
iii. Staff retirement funds	- Payments to retirement benefit plans	34,861	37,254

34.1 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.

34.2 Details of compensation to key management personnel comprising of Managing Director and Directors is disclosed in note 32 above.

35. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the Fund as at 31 March 2013 and 2012:

	2013	2012
Rupees '000		
Size of the fund - Total assets	126,504	122,711
Fair value of investments	125,405	122,712
Percentage of investments made	99%	100%

35.1 The cost of above investments amounted to Rs. 112 million (2012: Rs. 113 million).

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

35.2 The break-up of fair value of investments is as follows:

	2013	2012	2013	2012
	Percentage		Rupees '000	
National savings scheme	28%	58%	34,945	70,596
Bank deposits	20%	14%	24,861	17,742
Government securities	25%	25%	31,641	30,416
Debt securities	3%	3%	3,886	3,958
Mutual funds	24%	0%	30,072	-
	100%	100%	125,405	122,712

35.3 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.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Interest / Mark-up bearing			Non Interest / Mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	Rupees '000						
Financial assets and liabilities							
Financial assets							
Available for sale							
Long term investments	-	-	-	-	4,434	4,434	4,434
Loans and receivables							
Loans and advances	-	-	-	4,986	13,704	18,690	18,690
Deposits	-	-	-	11,765	6,025	17,790	17,790
Trade debts	-	-	-	276,904	-	276,904	276,904
Other receivables	-	-	-	9,619	-	9,619	9,619
Cash and bank balances	55,160	-	55,160	118,187	-	118,187	173,347
2013	55,160	-	55,160	421,461	24,163	445,624	500,784
2012	24,738	-	24,738	1,988,312	18,806	2,007,118	2,031,856
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	532,514	-	532,514	532,514
Short-term borrowings	645,948	-	645,948	-	-	-	645,948
Accrued mark-up	-	-	-	32,693	-	32,693	32,693
2013	645,948	-	645,948	565,207	-	565,207	1,211,155
2012	1,238,331	-	1,238,331	1,948,959	-	1,948,959	3,187,290
On balance sheet gap							
2013	(590,788)	-	(590,788)	(143,746)	24,163	(119,583)	(710,371)
2012	(1,213,593)	-	(1,213,593)	39,353	18,806	58,159	(1,155,434)
Off balance sheet financial instruments							
Commitments for capital expenditure							4,077
Letters of credit							291,356
Letters of guarantee							1,376,711
2013							1,672,144
2012							2,700,445

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

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

The Company's interest rate / mark-up risk arises from borrowings as the Company has no significant interest-bearing assets. Borrowings issued at variable rates expose the Company to cash flow interest 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 / mark-up rates. As at March 31, 2013 the Company's interest bearing financial liabilities of Rs. 645.95 million (2012: Rs. 1,238.33 million) represent the short-term borrowings at floating rate to manage the working capital requirements of the Company. These borrowings are repriced at a maximum period of three months. Hence the management believes that the Company is not materially exposed to interest rate changes. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

For the above mentioned interest bearing financial liabilities, had the interest rates varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately lower / higher by Rs. 12.92 million (2012: lower / higher by Rs. 24.77 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 200 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 200 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. 500.43 million (2012: Rs. 2,031.86 million). The Company believes that it is not materially exposed to credit risk as major part of these financial assets comprises of receivable from government institutions and bank balances which represent low credit risk as they are placed with banks and other financial institutions having good credit ratings assigned by credit rating agencies.

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

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

(iii) Liquidity risk

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

(iv) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. As at March 31, 2013 payable exposed to foreign exchange risk is of Rs. 186.38 million (2012: Rs. 1,466.02 million).

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

As at March 31, 2013, if the Pak Rupee had weakened / strengthened by 16% against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 2.61 million (2012: Rs. 234.56 million), mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated financial assets and liabilities.

As at March 31, 2013, if the Pak Rupee had weakened / strengthened by 10% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 17.01 million (2012: Nil), 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.

37. 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.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at March 31 is as follows:

	2013	2012
	Rupees '000	
Total Borrowings	678,641	1,279,620
Cash and Bank	(173,347)	(124,526)
Net debt	505,294	1,155,094
Total equity	1,561,964	1,529,514
Total capital	2,067,258	2,684,608
Gearing ratio	24%	43%

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

Notes to and Forming Part of the Financial Statements For the year ended March 31, 2013

38. NUMBER OF EMPLOYEES

	2013	2012
Number of employees at March 31		
- Permanent	302	289
- Contractual	698	902
Average number of employees during the year		
- Permanent	305	291
- Contractual	752	916

39. SUBSEQUENT EVENTS AND DATE OF AUTHORISATION FOR ISSUE

- 39.1** The Board of Directors in its meeting held on May 23, 2013 proposed a cash dividend of Rs. 1.638 per share (2012: Rs. 1.550 per share) amounting to Rs. 20.31 million (2012: Rs. 19.22 million) subject to the approval of the members at the forthcoming annual general meeting of the Company.
- 39.2** These financial statements were approved and authorised for issue in the Board of Directors meeting held on May 23, 2013.

内海
Managing Director &
Chief Executive Officer

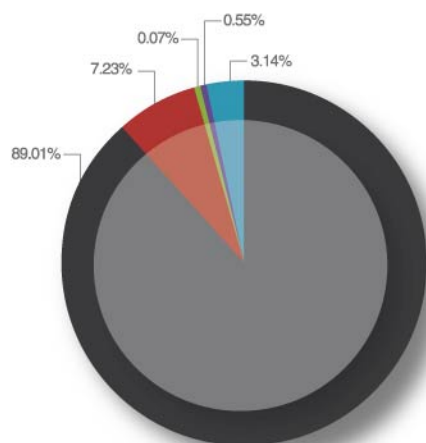
K. Jais
Chairman

Pattern of Shareholding

As at March 31, 2013

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
363	1	100	12,022
571	101	500	97,970
52	501	1000	41,903
47	1001	5000	95,603
3	5001	10000	19,600
5	10001	15000	66,078
2	15001	20000	34,500
2	20001	25000	44,000
1	25001	30000	27,063
1	40001	45000	42,160
1	45001	50000	46,549
1	65001	70000	68,000
1	255001	260000	259,462
1	505001	510000	509,15
1	3675001	3680000	3,678,833
1	7355001	7360000	7,357,665
1,053			12,400,560

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage of Holding
Foreign Investors	3	11,037,498	89.01%
Financial Institutions	9	896,967	7.23%
Insurance Companies	3	67,924	0.55%
Joint Stock Companies	9	8,450	0.07%
Individuals	1,029	389,721	3.14%
Grand Total	1,053	12,400,560	100.00%



Pattern of Shareholding

Foreign investors	
Financial institutions	
Insurance companies	
Joint stock companies	
Individuals	

Pattern of Shareholding

As at March 31, 2013

Shareholders' Category	Number of Shareholders	Number of Shares held
Associated Companies		
Hino Motors Limited, Japan (Hinopak Motors Limited is Toyota Group Company and subsidiary of Hino Motors Ltd. Japan. Toyota Motors Corporation is the ultimate parent of the group)	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
NIT		
National Bank of Pakistan-Trustee Department	4	557,534
Executives		
Mr. Nishat Zafar	1	120
Mr. Muzaffar Anjum	1	120
Mr. Muhammad Owais Muhib Khan	1	120
Mr. Naushad Riaz	1	120
Mr. Irfan Ahmed	1	120
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds		
National Bank of Pakistan	2	259,748
The Bank of Punjab	1	68,000
Jubilee General Insurance Company Limited	1	42,160
Jubilee Life Insurance Company Limited	1	14,623
The Bank of Khyber	1	11,665
Premier Insurance Limited	1	11,141
First Tri-Star Modaraba	1	20
Shareholders Holding 5% or More Voting Interest		
Hino Motors Limited, Japan	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th 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 Monday, June 24, 2013 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, 2013, together with the Reports of the Directors and Auditors.
2. To approve cash dividend at 16.38% (or Rs. 1.638 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.

SPECIAL BUSINESS

1. To consider the amendments in Articles of Association of the Company. Accordingly, if thought fit, to pass the following resolutions as and by way of Special Resolutions namely:

"RESOLVED THAT Article 78 of the Articles of Association be substituted by the following clause:

'The number of Directors shall not in any case be less than seven or the number specified in the Companies Ordinance, 1984 whichever is higher.'

FURTHER RESOLVED THAT Article 107 of the Articles of Association accordingly be amended by deleting the clause (vi).

FURTHER RESOLVED THAT the company secretary be hereby authorised to sign all necessary documents as deemed appropriate by him and to take such further actions/steps as may be deemed necessary by him for the purpose of amending clauses of Articles of Association and all matters ancillary thereto. "

The above amendments in Articles of Association of the Company are being made to bring the same in conformity with the Companies Ordinance, 1984. The aforesaid amendments have been approved by the Board of Directors in their meeting held on May 23, 2013. The Directors of the Company have no interest in these amendments.

By order of the Board
FAHIM AJAZ SABZWARI
Company Secretary

Karachi:
June 01, 2013

Notes

- i. 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.
- ii. The Share Transfer Books of the Company will remain closed from June 18, 2013 to June 24, 2013 (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.
- iii. 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.
- iv. 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.

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 28th Annual General Meeting of the Company to be held on Monday, June 24, 2013 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

First Witness Signature

Name in Block letters and Address

Computerised National Identity Card Number or
Passport Number of Witness

Second Witness Signature

Name in Block letters and Address

Computerised National Identity Card Number or
Passport Number of Witness

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





HINOPAK MOTORS LIMITED

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

