

directors' report

The Directors of your Company take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended December 31, 2007.

The **Board of Directors** of the Company as at December 31, 2007 consists of:

Mr. Kunwar Idris

Mr. Hideya Iijima

Mr. Takeshi Ito

Mr. Shinji Fujimoto

Mr. Susumu Hongo

Mr. Muhammad Irfan Shaikh

Mr. Fasihul Karim Siddiqi

Appropriation of Profit

Following are the details of appropriations:

	Year ended December 31, 2007	Year ended December 31, 2006
	Rupees in thousand	
Profit before taxation	904,610	511,763
Taxation	(314,563)	(187,882)
Profit after taxation	590,047	323,881
Transferred from surplus on revaluation of fixed assets / on account of Incremental depreciation	5,864	5,860
Unappropriated profit brought forward	1,007,847	752,509
Profit available for appropriation	1,888,558	1,082,250
Final cash dividend paid for the year 2006: Rs. 10.5 per share (2005: Rs. 6.0 per share)	(130,206)	(74,403)
Unappropriated profit brought forward	1,473,552	1,007,847

For the year ended December 31, 2007, the Board in its meeting held on February 11, 2008 has proposed a final cash dividend of Rs 24.0 per share.

Basic and Diluted Earnings Per Share

The basic and diluted earnings per share for the year is Rupees 47.58 (2006: Rupees 26.12)

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 2008.

Pattern of Shareholding

The pattern of shareholdings as at December 31, 2007 and additional information thereabout required under Code of Corporate Governance is disclosed on page 91 and page 92 respectively.

Holding Company

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

Subsequent Events

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

Compliance With The Best Practices Of Corporate Governance As Per Clause XIX 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 26
- The value of investments of Company's Provident, Gratuity and Pension Funds as on December 31, 2007 was as follows:

	Rupees in thousand
Hinopak Motors Limited Employees' Provident Fund	120,904
Hinopak Motors Limited Employees' Gratuity Fund	50,418
Hinopak Motors Limited Employees' Pension Fund	59,576

Audit of these funds for the year ended June 30, 2007 is in process.

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

Name of Directors	Number of meetings attended
Mr. Kunwar Idris	5
Mr. Keiji Maeda	5
Mr. Hideya Iijima	-
Mr. Takeshi Ito	5
Mr. Shinji Fujimoto	-
Mr. Susumu Hongo	5
Mr. Muhammad Irfan Shaikh	5
Mr. Fasihul Karim Siddiqi	5

During the year, Mr. Keiji Maeda was replaced by Mr. Hideya Iijima in the month of December.

- 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 December 31, 2007.

Chairman's Review

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

By order of the Board



Hideya Iijima
Managing Director & CEO

Dated: February 11, 2008



Kunwar Idris
Chairman