

HINO THE NAME OF

# Quality, Durability & Reliability



1ST QUARTERLY REPORT 2017



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# Company Information

## BOARD OF DIRECTORS

Mr. Muhammad Aslam Sanjrani  
Chairman

Mr. Tatsuhei Muto  
Managing Director & Chief Executive Officer

Mr. Yoshihiro Kondo  
Deputy Managing Director

Mr. Takehito Sasaki  
Director Production

Mr. Ghafoor Mirza  
Independent Director

Mr. Shuichi Kaneko  
Mr. Sachio Yotsukura  
Mr. Mikio Segawa  
Mr. Hiroshi Semba

Mr. Fahim Aijaz Sabzwari  
Company Secretary

## BANKERS

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

## AUDITORS

A. F. Ferguson & Co., Chartered Accountants

## LEGAL ADVISOR

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](http://www.hinopak.com)  
Email: [info@hinopak.com](mailto:info@hinopak.com)

## SHARE REGISTRAR

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

## AREA OFFICES

### Lahore

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Tel: 042-37512003-6  
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Tel: 051-2276234  
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### Peshawar

Hino Peshawar  
Ring Road, Near Kohat Road Bridge  
Peshawar  
Tel: 091-2322530  
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# Directors' Report

For the Quarter Ended June 30, 2017

## GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Apr-Jun quarter of 2017 was 2527 units – 11% higher than in the corresponding quarter of last year.

## SALES

The sale of Hinopak's trucks and buses increased, in line with the market size, to 996 units from 960 units in the corresponding quarter of last year.

## SALES REVENUE

The sales revenue for the quarter is Rs. 6.14 billion from Rs. 5.61 billion, whereas the gross profit increased to Rs. 822 million as compared to Rs. 599 million in the corresponding quarter last year.

## FINANCE COST

The finance cost stood at Rs. 14 million (including net exchange loss of Rs. 6 million) in comparison with the finance cost of Rs. 300 million (including net exchange loss of Rs. 296 million) in the corresponding quarter of the last year.

The Company closed the cash and cash equivalent at Rs. 4.9 billion.

## PROFIT & LOSS

The profit after tax stood at Rs. 382 million compared to Rs. 74 million in the last year's corresponding quarter leading to earnings per share of Rs. 30.79. Last year corresponding quarter it stood at Rs. 5.93 per share.

## OUTLOOK FOR THE SECOND QUARTER

Country's economy is on the course of development and we will make our due contribution by virtue of the resources and the expertise at our disposal. Hinopak, as an Organization will continue its sustainable growth for the stakeholders.

Finally, we would like to appreciate the co-operation received from customers for their continued benefaction of our products. We also acknowledge efforts of entire Hinopak team, including our staff, vendors, dealers and all business partners for their untiring efforts.



**Managing Director &  
Chief Executive Officer**

**Date: 26 July, 2017**



**Director**

# Condensed Interim Balance Sheet

## As At June 30, 2017

	Note	(Unaudited) June 30, 2017	(Audited) March 31, 2017
(Rupees '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,784,771	2,823,965
Intangible assets		14,962	17,733
Long-term investments		72	72
Long-term loans and advances		24,576	23,659
Long-term deposits		7,401	6,921
Staff retirement benefit - prepayment		-	1,967
		<u>2,831,782</u>	<u>2,874,317</u>
<b>Current assets</b>			
Stores, spares and loose tools		26,779	23,335
Stock-in-trade		2,483,212	3,259,661
Trade debts	6	706,080	249,536
Loans and advances		91,614	88,788
Trade deposits and prepayments		116,119	68,547
Refunds due from the government		107,527	253,229
Other receivables		3,259	1,273
Taxation - payment less provision		513,817	369,044
Accrued mark-up		5,650	2,935
Cash and bank balances		4,869,652	2,872,070
		<u>8,923,709</u>	<u>7,188,418</u>
<b>Total assets</b>		<u><u>11,755,491</u></u>	<u><u>10,062,735</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up share capital		124,006	124,006
Reserves		2,536,976	2,984,494
Total capital and reserves		<u>2,660,982</u>	<u>3,108,500</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		1,648,639	1,659,138
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation		110,366	126,270
Staff retirement benefits - obligations		141,725	154,922
		<u>252,091</u>	<u>281,192</u>
<b>Current liabilities</b>			
Trade and other payables	7	7,193,779	5,013,905
Total liabilities		<u>7,445,870</u>	<u>5,295,097</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>Total equity and liabilities</b>		<u><u>11,755,491</u></u>	<u><u>10,062,735</u></u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Managing Director &  
Chief Executive Officer

**Condensed Interim Profit And Loss Account**  
**For The Quarter Ended June 30, 2017 - (Unaudited)**

	Note	Quarter ended	
		June 30, 2017	June 30, 2016
(Rupees '000)			
Sales - net		6,142,169	5,606,252
Cost of sales		(5,320,652)	(5,007,521)
Gross profit		821,517	598,731
Distribution cost		(90,629)	(85,536)
Administration expenses		(96,047)	(94,903)
Other income		43,530	75,544
Other expenses	9	(45,515)	(15,398)
Profit from operations		632,856	478,438
Finance cost	10	(14,366)	(299,675)
Profit before taxation		618,490	178,763
Taxation	11	(236,618)	(105,224)
Profit after taxation		381,872	73,539
Other comprehensive income		-	-
Total comprehensive income		381,872	73,539
Earnings per share - basic and diluted		Rs. 30.79	Rs. 5.93

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



**Chief Financial Officer**



**Director**



**Managing Director &  
Chief Executive Officer**

**Condensed Interim Cash Flow Statement**  
**For The Quarter Ended June 30, 2017 - (Unaudited)**

	Note	June 30, 2017	June 30, 2016
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	2,407,490	2,465,165
Return on short term deposits and savings accounts		27,169	51,959
Taxes paid		(397,295)	(517,432)
Retirement benefits obligations paid		(27,763)	(44,204)
Increase in long-term loans and advances		(917)	(566)
Increase in long-term deposits		(480)	(495)
Net cash generated from operating activities		2,008,204	1,954,427
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(11,978)	(140,176)
Proceeds from sale of property, plant and equipment		1,397	12,039
Net cash used in investing activities		(10,581)	(128,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		(41)	(28)
Net increase in cash and cash equivalents		1,997,582	1,826,262
Cash and cash equivalents at the beginning of the period		2,872,070	3,664,707
Cash and cash equivalents at the end of the period		4,869,652	5,490,969

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Managing Director &  
Chief Executive Officer



**Condensed Interim Statement Of Changes In Equity**  
**For The Quarter Ended June 30, 2017 - (Unaudited)**

	Share Capital	Reserves - Revenue		Total
		General	Unappropriated profit	
	(Rupees '000)			
Balance at April 01, 2016	124,006	291,000	2,673,733	3,088,739
Dividend for the year ended March 31, 2016 @ 89.78 per share	-	-	(1,113,324)	(1,113,324)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	7,775	7,775
Total comprehensive profit after taxation for the quarter ended June 30, 2016	-	-	73,539	73,539
Balance at June 30, 2016	124,006	291,000	1,641,723	2,056,729
Balance at April 01, 2017	124,006	291,000	2,693,494	3,108,500
Dividend for the year ended March 31, 2017 @ 67.73 per share	-	-	(839,890)	(839,890)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	10,500	10,500
Total comprehensive profit after taxation for the quarter ended June 30, 2017	-	-	381,872	381,872
Balance at June 30, 2017	124,006	291,000	2,245,976	2,660,982

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
**Chief Financial Officer**

  
**Director**

  
**Managing Director &  
Chief Executive Officer**

# Notes To And Forming Part Of The Condensed Interim Financial Information For The Quarter Ended June 30, 2017 - Unaudited

## 1. COMPANY AND ITS OPERATIONS

Hinopak Motors Limited is incorporated in Pakistan as a public limited company and is listed on the Pakistan stock exchange. The Company's principal activity is the assembly and progressive manufacture 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.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended March 31, 2017.

## 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended June 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

## 3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended March 31, 2017.

## 4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and areas where assumptions and estimates are significant are the same as those applied to the financial statements as at and for the year ended March 31, 2017.

- 4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended March 31, 2017.

Note	(Unaudited) June 30, 2017	(Audited) March 31, 2017
	(Rupees '000)	

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	2,778,784	2,821,316
Capital work-in-progress		5,987	2,649
		<u>2,784,771</u>	<u>2,823,965</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information  
For The Quarter Ended June 30, 2017 - Unaudited**

**5.1 Additions / disposals**

	Additions (at cost)		Disposals (at net book value)	
	Quarter ended			
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)			
Building on leasehold land	-	3,708	-	-
Plant and machinery	1,547	51,372	-	-
Furniture and fittings	-	-	-	-
Vehicles	3,860	7,251	653	10,100
Electrical installations	3,138	-	-	-
Office and other equipments	95	1,995	-	-
	<u>8,640</u>	<u>64,326</u>	<u>653</u>	<u>10,100</u>
			(Unaudited) June 30, 2017	(Audited) March 31, 2017
			(Rupees '000)	

**6. TRADE DEBTS**

**Considered good - unsecured**

Related party - Indus Motor Company Limited  
Others

20,662	38,599
<u>685,418</u>	<u>210,937</u>
<u>706,080</u>	<u>249,536</u>

**Considered doubtful**

Others

22,879	21,265
<u>728,959</u>	<u>270,801</u>
<u>(22,879)</u>	<u>(21,265)</u>

Less: Provision for doubtful debts - note 6.1

<u>706,080</u>	<u>249,536</u>
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- 6.1** Balance at beginning of the period  
Charge / (reversal) during the period  
Balance at end of the period

21,265	21,327
<u>1,614</u>	<u>(62)</u>
<u>22,879</u>	<u>21,265</u>

**7. TRADE AND OTHER PAYABLES**

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 2.41 billion (March 31, 2017: Rs. 1.59 billion) and advances from customers amounting to Rs. 2.57 billion (March 31, 2017: Rs. 1.73 billion).

**8. CONTINGENCY AND COMMITMENTS**

**8.1 Contingency**

There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2017.

**8.2 Commitments**

Commitments for capital expenditures as at June 30, 2017 amounted to Rs. 18.87 million (March 31, 2017: Rs. 4.47 million).

**Notes To And Forming Part Of The Condensed Interim Financial Information  
For The Quarter Ended June 30, 2017 - Unaudited**

(Unaudited)  
June 30,  
2017  
(Rupees '000)

(Unaudited)  
June 31,  
2016  
(Rupees '000)

**9. OTHER EXPENSES**

Workers' Profits Participation Fund	33,161	11,073
Workers' Welfare Fund	12,354	4,125
Donations	-	200
	<u>45,515</u>	<u>15,398</u>

**10. FINANCE COST**

Exchange loss - net	5,875	296,302
Bank charges and others	8,491	3,373
	<u>14,366</u>	<u>299,675</u>

**11. TAXATION**

This includes a prior year charge of super tax amounting to Rs. 51.2 million (2016: Rs. 49.6 million) imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2016).

(Unaudited)  
June 30,  
2017  
(Rupees '000)

(Unaudited)  
June 31,  
2016  
(Rupees '000)

**12. CASH GENERATED FROM OPERATIONS**

Profit before taxation	618,490	178,763
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**Add / (less): Adjustments for non cash charges and other items**

Depreciation and amortisation	53,291	43,326
Retirement benefits charge	16,533	13,054
Gain on sale of property, plant and equipment	(744)	(1,939)
Return on short term deposits and savings accounts	(29,884)	(68,130)
	<u>39,196</u>	<u>(13,689)</u>
Profit before working capital changes	657,686	165,074

**Effect on cash flow due to working capital changes**

Decrease / (increase) in current assets		
Stores, spares and loose tools	(3,444)	(4,882)
Stock-in-trade	776,449	(837,336)
Trade debts	(456,544)	302,035
Loans and advances	(2,826)	(51,941)
Trade deposits and prepayments	(47,572)	(89,592)
Refunds due from the government - sales tax	145,702	(367,428)
Other receivables	(1,986)	2,307
	<u>409,779</u>	<u>(1,046,837)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,340,025	3,346,928
	<u>1,749,804</u>	<u>2,300,091</u>
	<u>2,407,490</u>	<u>2,465,165</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information  
For The Quarter Ended June 30, 2017 - Unaudited**

**13. TRANSACTIONS WITH RELATED PARTIES**

Disclosure of transactions between the company and the related parties during the period are as follows:

		(Unaudited) June 30, 2017	(Unaudited) June 30, 2016
		(Rupees '000)	
Relationship	Nature of transactions		
i. Holding company	- Purchase of goods	112,062	104,144
	- Royalty charge	75,006	47,453
	- Technical assistance fee	-	2,382
ii. Associated companies	- Purchase of goods and services	2,882,761	4,017,488
	- Sale of goods	176,139	139,256
	- Purchase of property, plant and equipment	2,929	66,246
	- Commission earned	2,061	-
iii. Staff retirement funds	- Payments to retirement benefits plan	34,723	49,543
iv. Key Management Personnel	- Salaries and other employee benefits	11,782	9,284
	- Consultancy	780	675
	- Meeting Fees	375	375

**14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on July 26, 2017 by the Board of Directors of the company.



Chief Financial Officer



Director



Managing Director &  
Chief Executive Officer

# ڈائریکٹر رپورٹ

حصص یافتگان کو تسلیمات

ملک بھر میں فروخت کی جانے والی تمام ٹر برانڈز کی کمرشل وہیکل کی فروخت کی کاٹل حجم رواں سہ ماہی (اپریل - جون) کے دوران 2527 یونٹس رہا جو کہ گزشتہ سال کی اس سہ ماہی کے مقابلے میں 11 فیصد زیادہ رہا۔

فروخت

قومی منڈی میں ہونے والے اضافہ کے ساتھ ساتھ رواں سہ ماہی بینو پاک کے ٹرک اور بسوں کی فروخت میں بھی اضافہ دیکھا گیا۔ گزشتہ سال اسی سہ ماہی کی 960 یونٹس کی فروخت کے بمقابلہ رواں سہ ماہی یہ فروخت 996 یونٹس تک جا پہنچی۔

فروخت سے حاصل شدہ آمدنی

رواں سہ ماہی فروخت سے حاصل ہونے والی آمدنی 5.61 بلین روپے سے بڑھ کر 6.14 بلین روپے ہو گئی جبکہ خالص منافع بڑھ کر 822 بلین روپے ہو گیا جو کہ گزشتہ سال اس سہ ماہی کے دوران 599 بلین روپے تھا۔

مالیاتی اخراجات (فنانس کاسٹ)

گزشتہ سال کی اسی سہ ماہی کے دوران ہونے والے 300 بلین روپے کے مالیاتی اخراجات (بشمول زرمبادلہ کی مد میں 296 بلین روپے کا ہونے والا نقصان) کے بمقابلہ رواں سہ ماہی مالیاتی اخراجات (بشمول زرمبادلہ کی مد میں 6 بلین روپے کا ہونے والا نقصان) 14 بلین روپے رہے۔

کمپنی کا نقد اور مساوی نقد 4.9 بلین روپے پر بند ہوا۔

نفع اور نقصان

رواں سہ ماہی بعد از ٹیکس منافع 382 بلین روپے رہا جو کہ گزشتہ سال اس سہ ماہی کے دوران 74 بلین روپے تھا جسکی بناء پر فی حصص آمدنی Rs. 30.79 رہی گزشتہ سال اس سہ ماہی فی حصص آمدنی Rs. 5.93 تھی

دوسری سہ ماہی کا پیش منظر

ملکی معیشت بہتری کی جانب گامزن ہے اور ہم اس میں اپنے وسائل اور مہارت کے ذریعے اپنا حصہ ڈالیں گے۔ بینو پاک بحیثیت ایک ادارہ اپنی پائیدار ترقی کو اپنے اسٹیک ہولڈرز کے لئے جاری رکھے گا۔

ہم اپنے کسٹمرز کے مشکور ہیں جنہوں نے ہماری مصنوعات کو مسلسل سراہا۔ ہم بینو پاک کی پوری ٹیم کی کوششوں کو سراہتے ہیں اس کے ساتھ ساتھ ہم ملازمین، ویبنڈرز، ڈیلرز اور تمام بزنس پارٹنرز کی انتھک کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

ڈائریکٹر

武 蔣

مینجنگ ڈائریکٹر اینڈ سی ای او

مؤرخہ 26 جولائی 2017



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