



**A GLOBAL BRAND FOR
ALL CUSTOMERS**

1ST QUARTERLY REPORT 2018

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Company Information

BOARD OF DIRECTORS

Mr. Muhammad Aslam Sanjrani
Chairman

Mr. Tatsuei Muto
Managing Director & Chief Executive Officer

Mr. Shigeru Tsuchiya
Deputy Managing Director

Mr. Takehito Sasaki
Director Production

Mr. Shuichi Kaneko
Mr. Makoto Sensui
Mr. Satoshi Sase
Mr. Hiroshi Semba

Syed Junaid Ali
Company Secretary

BANKERS

Allied Bank Limited
Bank Alfalah Limited
Citibank, N.A.
Habib Metropolitan Bank Ltd.
Habib Bank Ltd.
National Bank of Pakistan
Bank Al-Habib
Standard Chartered Bank (Pakistan) Limited
MUFG Bank Ltd.
MCB Bank Limited

AUDITORS

A. F. Ferguson & Co., Chartered Accountants

LEGAL ADVISOR

Sayeed & Sayeed

REGISTERED OFFICE

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

SHARE REGISTRAR

M/s. FAMCO Associates (Pvt.) Ltd,
8-F, Near Hotel Faran, Nursery, Block 6,
P.E.C.H.S., Shahra-e-Faisal, Karachi
Tel: 021-34380101-05, Fax: 021-34380106
Email: info.shares@famco.com.pk

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

Directors' Report

For the Quarter Ended June 30, 2018

GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Apr-Jun quarter of 2018 was 2881 units – 14% higher than in the corresponding quarter of last year.

SALES

The sale of Hinopak's trucks and buses stood at 980 units in comparison with the sale of 996 units in the corresponding quarter of last year.

SALES REVENUE

The sales revenue for the quarter is Rs. 6.66 billion from Rs. 6.14 billion, whereas the gross profit stood at Rs. 494 million in comparison with the sales revenue of Rs. 822 million in the corresponding quarter last year.

FINANCE COST

The finance cost stood at Rs. 93 million (including net exchange loss of Rs. 87 million) in comparison with the finance cost of Rs. 14 million (including net exchange loss of Rs. 6 million) in the corresponding quarter of the last year.

The Company closed the cash and cash equivalent at Rs. 5.3 billion.

PROFIT & LOSS

The profit after tax stood at Rs. 119 million compared to Rs. 382 million in the last year's corresponding quarter leading to earnings per share of Rs. 9.61. Last year it stood at Rs. 30.79 per share.

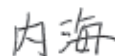
OUTLOOK FOR THE SECOND QUARTER

The continued decline of Pak rupee to the dollar along with the introduction of Filer concept for the purpose of booking / registration of vehicle may have an impact on the bottom line of the financial performance however, the company is committed to provide top notch quality products and serves in order to maintain its market leadership.

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.



Director
Date: July 30, 2018



Managing Director &
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

	Note	(Unaudited) June 30, 2018	(Audited) March 31, 2018
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,092,813	3,096,033
Intangible assets		10,834	13,335
Long-term investments		72	72
Long-term loans and advances		19,614	21,452
Long-term deposits		7,905	7,770
		<u>3,131,238</u>	<u>3,138,662</u>
Current assets			
Stores, spares and loose tools		24,764	20,718
Stock-in-trade		5,048,034	4,914,595
Trade debts	6	647,617	714,935
Loans and advances		35,103	23,274
Trade deposits and prepayments		146,555	97,616
Refunds due from the government		418,626	295,743
Other receivables		1,120	438
Taxation - payment less provision		589,526	418,426
Accrued mark-up		16,033	6,248
Cash and bank balances	7	5,331,381	4,838,879
		<u>12,258,759</u>	<u>11,330,872</u>
Total assets		<u>15,389,997</u>	<u>14,469,534</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital		124,006	124,006
Reserves		2,587,418	3,319,366
Revaluation surplus on land and building		1,837,758	1,848,727
		<u>4,549,182</u>	<u>5,292,099</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation		107,865	123,436
Staff retirement benefits - obligations		166,022	168,377
		<u>273,887</u>	<u>291,813</u>
Current liabilities			
Trade and other payables	8	9,210,458	8,393,894
Unclaimed dividend		10,929	10,997
Unpaid dividend	9	1,040,301	178,214
Provisions		305,240	302,517
		<u>10,566,928</u>	<u>8,885,622</u>
Total liabilities		<u>10,840,815</u>	<u>9,177,435</u>
CONTINGENCIES AND COMMITMENTS			
	10		
Total equity and liabilities		<u>15,389,997</u>	<u>14,469,534</u>

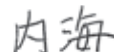
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Managing Director &
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED**

	Note	Quarter ended June 30, 2018	June 30, 2017
		(Rupees '000)	
Sales - net		6,659,306	6,142,169
Cost of sales		<u>(6,165,755)</u>	<u>(5,320,652)</u>
Gross profit		493,551	821,517
Distribution cost		<u>(98,461)</u>	<u>(90,629)</u>
Administration expenses		<u>(90,523)</u>	<u>(96,047)</u>
Other income		73,084	43,530
Other expenses	11	<u>(19,514)</u>	<u>(45,515)</u>
Profit from operations		358,137	632,856
Finance cost	12	<u>(93,347)</u>	<u>(14,366)</u>
Profit before taxation		264,790	618,490
Taxation	13	<u>(145,621)</u>	<u>(236,618)</u>
Profit after taxation		119,169	381,872
Other comprehensive income		-	-
Total comprehensive income		<u>119,169</u>	<u>381,872</u>
Earnings per share - basic and diluted		<u>Rs. 9.61</u>	<u>Rs. 30.79</u>

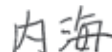
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Chief Financial Officer



Director



Managing Director &
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED**

	Note	June 30, 2018	June 30, 2017
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	843,859	2,407,490
Return on short term deposits and savings accounts		52,324	27,169
Taxes paid		(332,292)	(397,295)
Retirement benefits obligations paid		(19,775)	(27,763)
Increase in long-term loans and advances		1,838	(917)
Decrease in long-term deposits		(135)	(480)
Net cash generated from operating activities		545,819	2,008,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(54,349)	(11,978)
Proceeds from sale of property, plant and equipment		1,099	1,397
Net cash used in investing activities		(53,250)	(10,581)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(67)	(41)
Net increase in cash and cash equivalents		492,502	1,997,582
Cash and cash equivalents at the beginning of the period		4,838,879	2,872,070
Cash and cash equivalents at the end of the period		5,331,381	4,869,652

The annexed notes 1 to 16 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, 2018 - UNAUDITED

	Share Capital	Reserves - Revenue		Capital Reserve	Total
		General	Unappropriated profit	Revaluation Surplus	
	(Rupees '000)				
Balance at April 01, 2017	124,006	291,000	2,693,494	1,659,138	4,767,638
Dividend for the year ended March 31, 2017 @ Rs. 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 income for the quarter ended June 30, 2017	-	-	381,872	-	381,872
Balance at June 30, 2017	124,006	291,000	2,245,976	1,648,638	4,309,620
Balance at April 01, 2018	124,006	291,000	3,028,366	1,848,727	5,292,099
Dividend for the year ended March 31, 2018 @ Rs. 69.52 per share	-	-	(862,086)	-	(862,086)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	10,969	(10,969)	-
Total comprehensive income for the quarter ended June 30, 2018	-	-	119,169	-	119,169
Balance at June 30, 2018	124,006	291,000	2,296,418	1,837,758	4,549,182

The annexed notes 1 to 16 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, 2018 - UNAUDITED

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended June 30, 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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, 2018.

2.1 CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE BUT RELEVANT

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

Notes To And Forming Part Of The Condensed Interim Financial Information FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended March 31, 2018.

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, 2018.

- 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, 2018.

Note	(Unaudited) June 30, 2018 (Rupees '000)	(Audited) March 31, 2018
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5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	2,979,026	2,997,017
Capital work-in-progress		113,787	99,016
		<u>3,092,813</u>	<u>3,096,033</u>

5.1 Additions / disposals

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Rupees '000)			
Building on leasehold land	-	-	-	-
Plant and machinery	15,217	1,547	-	-
Furniture and fittings	421	-	-	-
Vehicles	12,935	3,860	851	653
Electrical installations	2,330	3,138	-	-
Office and other equipments	8,675	95	-	-
	<u>39,578</u>	<u>8,640</u>	<u>851</u>	<u>653</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED**

	(Unaudited) June 30, 2018 (Rupees '000)	(Audited) March 31, 2018
6. TRADE DEBTS		
Considered good - unsecured		
Related party - Indus Motor Company Limited	59,031	60,457
Others	<u>588,586</u>	<u>654,478</u>
	<u>647,617</u>	<u>714,935</u>
Considered doubtful		
Others	<u>23,706</u>	<u>21,956</u>
	<u>671,323</u>	<u>736,891</u>
Less: Provision for doubtful debts - note 6.1	<u>(23,706)</u>	<u>(21,956)</u>
	<u>647,617</u>	<u>714,935</u>
6.1 Balance at beginning of the period	21,956	21,265
Charge during the period	1,750	1,740
Write off against provision	-	(1,049)
Balance at end of the period	<u>23,706</u>	<u>21,956</u>
7. CASH AND BANK BALANCES		
Balances with banks:		
- on term deposit accounts	3,050,000	2,300,000
- on current accounts	20,564	39,276
- on PLS savings accounts	2,260,417	2,414,162
Cheques in hand	-	85,070
Cash in hand	<u>400</u>	<u>371</u>
	<u>5,331,381</u>	<u>4,838,879</u>
8. TRADE AND OTHER PAYABLES		
These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 5.29 billion (March 31, 2018: Rs. 4.67 billion) and advances from customers amounting to Rs. 2.71 billion (March 31, 2018: Rs. 1.76 billion).		
9. UNPAID DIVIDEND		
This mainly includes dividend amounting to Rs. 0.86 billion for the year ended March 31, 2018.		
10. CONTINGENCY AND COMMITMENTS		
10.1 Contingency		
There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2018.		
10.2 Commitments		
Commitments for capital expenditures as at June 30, 2018 amounted to Rs. 55.65 million (March 31, 2018: Rs. 40.04 million).		

**Notes To And Forming Part Of The Condensed Interim Financial Information
FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED**

	(Unaudited) June 30, 2018	(Unaudited) June 30, 2017
	(Rupees '000)	
11. OTHER EXPENSES		
Workers' Profits Participation Fund	14,217	33,161
Workers' Welfare Fund	5,297	12,354
	<u>19,514</u>	<u>45,515</u>
12. FINANCE COST		
Exchange loss - net	87,499	5,875
Bank charges and others	5,848	8,491
	<u>93,347</u>	<u>14,366</u>
13. TAXATION		
This includes a prior year charge of super tax amounting to Rs. 52.5 million (2017: Rs. 51.2 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, 2018	(Unaudited) June 30, 2017
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	264,790	618,490
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	59,219	53,291
Retirement benefits charge	17,420	16,533
Gain on sale of property, plant and equipment	(248)	(744)
Return on short term deposits and savings accounts	(62,109)	(29,884)
	<u>14,282</u>	<u>39,196</u>
Profit before working capital changes	279,072	657,686
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(4,046)	(3,444)
Stock-in-trade	(133,439)	776,449
Trade debts	67,318	(456,544)
Loans and advances	(11,829)	(2,826)
Trade deposits and prepayments	(48,939)	(47,572)
Refunds due from the government - sales tax	(122,883)	145,702
Other receivables	(682)	(1,986)
	<u>(254,500)</u>	<u>409,779</u>
Increase / (decrease) in current liabilities		
Trade and other payables	816,564	1,341,202
Provisions	2,723	(1,177)
	<u>564,787</u>	<u>1,749,804</u>
	<u>843,859</u>	<u>2,407,490</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
FOR THE QUARTER ENDED JUNE 30, 2018 - UNAUDITED**

15. TRANSACTIONS WITH RELATED PARTIES

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

		(Unaudited) June 30, 2018	(Unaudited) June 30, 2017
		(Rupees '000)	
Relationship	Nature of transactions		
i. Holding company	- Purchase of goods	106,758	112,062
	- Royalty charge	61,542	75,006
ii. Other related parties	- Purchase of goods and services	4,137,253	2,882,761
	- Sale of goods	336,504	176,139
	- Purchase of property, plant and equipment	12,299	2,929
	- Commission earned	922	2,061
	- Payments to retirement benefits plan	26,217	34,723
iii. Key Management Personnel	- Salaries and other employee benefits	8,197	11,782
	- Consultancy	955	780
	- Meeting Fees	150	375

16. DATE OF AUTHORISATION FOR ISSUE

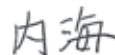
This condensed interim financial information was authorised for issue on July 30, 2018 by the Board of Directors of the company.



Chief Financial Officer



Director



Managing Director &
Chief Executive Officer

ڈائریکٹر رپورٹ

حصص یافتگان کو تسلیمات

ملک بھر میں فروخت کی جانے والی تمام تر برانڈز کی کمرشل وہیکل کی فروختگی کا کل حجم رواں سہ ماہی (اپریل - جون) کے دوران 2881 یونٹس رہا جو کہ گذشتہ سال کی اس سہ ماہی کے مقابلے میں 14 فیصد زیادہ رہا۔

فروخت

گذشتہ سال کے اسی سہ ماہی کے دوران ہونے والی بیٹوپاک کے ٹرک اور بسوں کی فروختگی 996 یونٹس کے بمقابلہ رواں سہ ماہی فروخت 960 یونٹس رہی۔

فروخت سے حاصل شدہ آمدنی

رواں سہ ماہی فروخت سے حاصل ہونے والی آمدنی 6.14 ملین روپے سے بڑھ کر 6.66 ملین روپے ہو گئی جبکہ خالص منافع 822 ملین کے بمقابلہ 494 ملین رہا۔

مالیاتی اخراجات (فنانس کا سٹ)

گذشتہ سال کی اسی سہ ماہی کے دوران ہونے والے 14 ملین روپے کے مالیاتی اخراجات (بشمول زرمبادلہ کی مد میں 6 ملین روپے کا ہونے والا نقصان) کے بمقابلہ رواں سہ ماہی مالیاتی اخراجات (بشمول زرمبادلہ کی مد میں 87 ملین روپے کا ہونے والا نقصان) 93 ملین روپے رہے۔

کمپنی کا نقد اور مساوی نقد 5.3 ملین روپے پر بند ہوا۔

نفع اور نقصان

رواں سہ ماہی بعد از ٹیکس منافع 119 ملین روپے رہا جو کہ گذشتہ سال اس سہ ماہی کے دوران 382 ملین روپے تھا جسکی بناء پر فی حصص آمدنی Rs. 9.61 رہی گذشتہ سال اس سہ ماہی فی حصص آمدنی Rs. 30.79 تھی۔

دوسری سہ ماہی کا پیش منظر

کمپنی کی مالیاتی کارکردگی، وہیکلز رجسٹریشن رینگ کے لیے فائبر ہونے کی شرط اور ڈالر کے مقابلے میں روپے کی قدر میں مسلسل گراؤ سے اثر انداز ہو سکتی ہے۔

تاہم کمپنی اپنی معیاری مصنوعات و خدمات کی فراہمی کے ذریعے اپنی مارکیٹ لیڈر شپ کو برقرار رکھنے کے لیے پرعزم ہے۔

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

武藤

مینجنگ ڈائریکٹر اینڈ سی ای او

ڈائریکٹر

مؤرخہ 30 جولائی 2018