



Half Yearly Report 2019

CONTENTS

- ❑ Company Information
- ❑ Directors' Report
- ❑ Condensed Interim Statement of Financial Position
- ❑ Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
- ❑ Condensed Interim Statement of Changes in Equity
- ❑ Condensed Interim Statement of Cash Flows
- ❑ Notes to the Condensed Interim Financial Information

COMPANY INFORMATION

Board of Directors

Mr. Muhammad Aslam Sanjrani
Chairman

Mr. Yoshihiko Nanami
President & Chief Executive Officer

Mr. Shigeru Tsuchiya
Director & Executive Vice President

Mr. Masahiko Kondo
Director & Vice President

Mr. Mushtaq Malik
Independent Director

Mr. Shuichi Kaneko
Mr. Satoshi Sase
Mr. Koji Nagata
Mr. Masato Nishihara

Syed Junaid Ali
Company Secretary

BANKERS

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

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
E-mail: 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

Second Floor Room No. 31 Al Zain Center,
Zarghoon Road, Quetta
Tel: 081 - 2869174
Fax: 081 - 2869175
Email: hino-quetta@hinopak.com

Peshawar

Hino Peshawar
1.7 Km from G.T. Road to Kohat Road
Ring Road, Peshawar.
Email: hino-peshawar@hinopak.com

DIRECTORS' REPORT

For The Half Year Ended September 30, 2019

GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Apr-Sep first half of 2019 was 2616 units – 48% lower than in the corresponding same period of last year.

SALES

The sale of Hinopak's trucks and buses decreased, to 836 units from 1735 units in the corresponding period of the last year.

SALES REVENUE

The sales revenue for the first half decreased to Rs. 6.52 billion from Rs. 11.07 billion, whereas the gross profit decreased to Rs. (0.29) billion as compared to Rs. 728 million in the corresponding period of last year.

FINANCE COST

The finance cost stood at Rs. 625 million (including net exchange loss of Rs. 163 million) in comparison with the finance cost of Rs. 163 million (including net exchange loss of Rs. 153 million) in the corresponding period of the last year, the increase is due to higher level of borrowing during the period to meet the working capital requirement together with the impact of increase in borrowing rate. As at 30th September cash and cash equivalent stood at Rs. (6.9) billion.

PROFIT & LOSS

The loss after tax stood at Rs. 1,348 million compared to profit of Rs. 95 million in the last year's corresponding period leading to loss per share of Rs. 108.70. Last year it stood at Rs. 7.64 earnings per share.

FUTURE OUTLOOK:

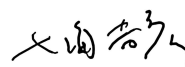
The future is expected to be challenging as Pakistan economy is yet to pick up the momentum after which it is expected that overall size of commercial vehicle industry may increase. The overall macroeconomic indicators of the country are challenging for the industry, it is a challenging task in the current scenario to pass on the cost push which has arisen due to various factors including rupee devaluation, inflation, custom duties and interest cost.

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 in these testing times.



Director

Date: November 28, 2019



Chief Executive Officer



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF HINOPAK MOTORS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Hinopak Motors Limited as at September 30, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended September 30, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2019.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Syed Fahim ul Hasan.

Chartered Accountants

Karachi

Dated: November 29, 2019

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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Note	(Unaudited) September 30, 2019 (Rupees '000)	(Audited) March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,193,204	3,127,741
Intangible assets		4,823	7,769
Long-term investments		-	-
Long-term loans and advances	7	22,799	24,675
Long-term deposits	8	7,338	8,112
Employee benefit prepayment		-	17,190
		<u>3,228,164</u>	<u>3,185,487</u>
Current assets			
Inventories	9	7,089,771	8,038,091
Trade debts - net	10	662,046	959,682
Loans and advances		19,441	22,545
Trade deposits and prepayments	11	57,158	89,789
Refunds due from the government - sales tax		1,068,502	1,112,542
Taxation - payments less provision		874,244	832,857
Cash and bank balances	12	94,056	49,683
		<u>9,865,218</u>	<u>11,105,189</u>
Total assets		<u>13,093,382</u>	<u>14,290,676</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		124,006	124,006
Capital Reserve			
Revaluation surplus on land and buildings		1,782,004	1,810,044
Revenue Reserves			
General reserve		291,000	291,000
Unappropriated profit		11,384	1,335,362
		<u>2,208,394</u>	<u>3,560,412</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation		112,932	116,926
Employee benefit obligations		168,495	181,388
		<u>281,427</u>	<u>298,314</u>
Current liabilities			
Trade and other payables	13	3,204,852	3,343,029
Short-term borrowings - secured	14	7,075,586	6,766,074
Unclaimed dividend		13,441	13,524
Provisions	15	309,682	309,323
		<u>10,603,561</u>	<u>10,431,950</u>
Total liabilities		<u>10,884,988</u>	<u>10,730,264</u>
Contingency and commitments	16		
Total equity and liabilities		<u>13,093,382</u>	<u>14,290,676</u>

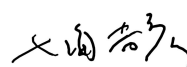
The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

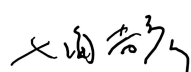
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)**

		Quarter ended		Half year ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		(Rupees '000)			
Revenue from contracts with customers	17	3,208,495	4,410,798	6,515,920	11,070,104
Cost of sales		(3,509,701)	(4,176,586)	(6,801,259)	(10,342,341)
Gross (loss) / profit		(301,206)	234,212	(285,339)	727,763
Distribution cost		(98,368)	(85,150)	(185,524)	(183,611)
Administration expenses		(86,045)	(106,770)	(179,175)	(197,293)
Other income	18	14,978	41,405	21,079	114,489
Other expenses	19	-	(1,554)	-	(21,068)
(Loss) / profit from operations		(470,641)	82,143	(628,959)	440,280
Finance cost	20	(220,092)	(70,130)	(625,193)	(163,477)
(Loss) / profit before income tax		(690,733)	12,013	(1,254,152)	276,803
Income tax expense	21	(49,702)	(36,437)	(93,817)	(182,058)
(Loss) / profit after income tax		(740,435)	(24,424)	(1,347,969)	94,745
Other comprehensive income for the period:					
Items that will not be reclassified to Profit or Loss					
Remeasurement of post employment benefit obligations		-	-	-	-
Impact of deferred tax		-	-	-	-
Gain on revaluation of land and buildings		-	-	-	-
Impact of deferred tax		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss) / income for the period		(740,435)	(24,424)	(1,347,969)	94,745
(Loss) / earnings per share - basic and diluted	22	Rs. (59.71)	Rs. (1.97)	Rs. (108.70)	Rs. 7.64

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Chief Executive Officer

**CONDENSED INTERIM STATEMENT CHANGES IN EQUITY
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)**

	Share Capital	Revenue Reserves		Capital Reserve	Total
		General Reserve	Unappropriated Profit	Revaluation Surplus	
	(Rupees '000)				
Balance as at April 1, 2018	124,006	291,000	3,028,366	1,848,727	5,292,099
Final dividend at Rs. 69.52 per share for the year ended March 31, 2018	-	-	(862,087)	-	(862,087)
Transferred from surplus on revaluation of land and buildings on account of incremental depreciation - net of deferred tax	-	-	23,128	(23,128)	-
Total comprehensive income for the half year ended September 30, 2018					
- Profit for the half year ended September 30, 2018	-	-	94,745	-	94,745
- Other comprehensive income for the half year ended September 30, 2018	-	-	-	-	-
Balance as at September 30, 2018	124,006	291,000	2,284,152	1,825,599	4,524,757
Balance as at April 1, 2019	124,006	291,000	1,335,362	1,810,044	3,560,412
Transferred from surplus on revaluation of land and buildings on account of incremental depreciation - net of deferred tax	-	-	23,991	(28,040)	(4,049)
Total comprehensive income for the half year ended September 30, 2019					
- Loss for the half year ended September 30, 2019	-	-	(1,347,969)	-	(1,347,969)
- Other comprehensive income for the half year ended September 30, 2019	-	-	-	-	-
Balance as at September 30, 2019	124,006	291,000	11,384	1,782,004	2,208,394

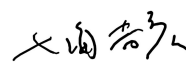
The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

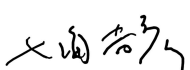
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)

	Note	September 2019	September 2018
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	23	444,679	(3,480,990)
Mark-up paid on short-term borrowings		(365,992)	-
Return on savings accounts and deposits		3,344	100,832
Income taxes paid - net		(143,247)	(431,568)
Employee benefits paid		(34,492)	(31,991)
Decrease / (increase) in long-term deposits		774	(1,310)
Decrease / (increase) in long-term loans and advances		1,876	(3,635)
Net cash used in operating activities		(93,058)	(3,848,662)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(180,049)	(87,738)
Purchase of intangible assets		-	(4,082)
Proceeds from sale of property, plant and equipment		8,051	7,209
Net cash used in investing activities		(171,998)	(84,611)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(83)	(664,998)
Net decrease in cash and cash equivalents		(265,139)	(4,598,271)
Cash and cash equivalents at beginning of the period		(6,716,391)	4,838,879
Cash and cash equivalents at end of the period	24	(6,981,530)	240,608

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Chief Executive Officer

1. THE COMPANY AND ITS OPERATIONS

Hinopak Motors Limited (the Company) is incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange.

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 .

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2019.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

- 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.

The impact of changes laid down by this standard are detailed in note 4.

- 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. The standard does not have any impact on the condensed interim financial statements.

- 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 standard does not have any material impact on the condensed interim financial statements.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended March 31, 2019 except as disclosed in note 4 below.

4. CHANGE IN ACCOUNTING POLICIES

IFRS 9 'Financial Instruments' (effective for reporting periods ending on or after June 30, 2019)

The adoption of IFRS 9 from April 1, 2019 by the Company has resulted in change in accounting policies. The Company has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, it has elected not to restate comparative information as permitted under the transitional provisions of the standard.

On April 1, 2019 (the date of initial application), the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassification as at that date are as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
			(Rupees '000)	
Financial assets				
Loans and advances	Loans and receivables	Amortised cost	37,897	37,897
Deposits	Loans and receivables	Amortised cost	76,024	76,024
Long-term investments	Available for sale	Fair value through OCI	-	-
Trade debts	Loans and receivables	Amortised cost	959,682	959,682
Cash and bank balances	Loans and receivables	Amortised cost	49,683	49,683
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	1,837,974	1,837,974
Short-term borrowings	Amortised cost	Amortised cost	6,766,074	6,766,074
Unclaimed dividend	Amortised cost	Amortised cost	13,524	13,524

The reclassifications of the financial instruments did not result in any changes to measurements.

The standard also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. A simplified approach for ECL is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables). The new ECL model does not have any impact on the financial assets of the Company.

5. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended March 31, 2019.

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, 2019.

	(Unaudited) September 30, 2019 (Rupees '000)	(Audited) March 31, 2019
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - note 6.1	2,996,583	3,069,788
Capital work-in-progress - note 6.2	196,621	57,953
	<u>3,193,204</u>	<u>3,127,741</u>

6.1 Details of additions to and disposals of operating fixed assets are as follows:

	Additions (at cost)		Disposals (at net book value)	
	Half year ended			
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees '000)			
Plant & machinery	22,359	33,988	70	-
Vehicles	11,498	26,672	3,676	5,600
Office and Other equipments	6,882	10,188	69	* -
Furniture & fittings	-	420	-	-
Electrical installation	-	2,821	* -	-
	40,739	74,089	3,815	5,600

* Assets disposed off having nil net book value.

6.2 Capital work-in-progress includes additions to buildings amounting to Rs. 123 million related to the construction of a Company operated 3S (sales, service and spare parts) facility in Multan.

7. LONG-TERM LOANS AND ADVANCES

These loans and advances do not carry mark-up.

8. LONG-TERM DEPOSITS

These deposits do not carry mark-up.

9. INVENTORIES

As at September 30, 2019 raw materials and components costing Rs. 630.67 million (March 31, 2019: Rs. 99.57 million) have been written down by Rs. 140.62 million (March 31, 2019: Rs. 8.69 million) and finished products costing Rs. 388.39 million (March 31, 2019: Rs. 25.38 million) by Rs. 31.06 million (March 31, 2019: Rs. 4.75 million) to arrive at their net realisable values.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)

	(Unaudited) September 30, 2019 (Rupees '000)	(Audited) March 31, 2019
10. TRADE DEBTS - NET		
Considered good - unsecured		
Related party - Indus Motor Company Limited	87,077	78,407
Others	574,969	881,275
	<u>662,046</u>	<u>959,682</u>
Considered doubtful		
Others	36,948	36,948
	<u>698,994</u>	<u>996,630</u>
Less: Provision for doubtful debts	(36,948)	(36,948)
	<u>662,046</u>	<u>959,682</u>
11. TRADE DEPOSITS AND PREPAYMENTS		
These deposits and prepayments do not carry mark-up.		
	(Unaudited) September 30, 2019 (Rupees '000)	(Audited) March 31, 2019
12. CASH AND BANK BALANCES		
Balances with banks:		
- on current accounts	13,771	13,872
- on PLS savings accounts	47,206	22,966
Cheques in hand	33,025	12,793
Cash in hand	54	52
	<u>94,056</u>	<u>49,683</u>
12.1 All bank accounts are maintained under conventional banking system.		
	(Unaudited) September 30, 2019 (Rupees '000)	(Audited) March 31, 2019
13. TRADE AND OTHER PAYABLES		
13.1 These include the following amounts payable to related parties: Bills payable to:		
- Toyota Tsusho Corporation, Japan, group company	644,442	766,018
- Hino Motors Ltd., Japan - holding company	7,009	13,778
- Toyota Tsusho, Asia Pacific PTE Ltd, group company	-	35,641
- Hino Motors Middle East FZE	-	111,662
Royalty payable to Hino Motors, Ltd. Japan, holding company	65,516	21,675
	<u>716,967</u>	<u>948,774</u>

- 13.2** This includes advances from customers amounting to Rs. 1.43 billion (March 31, 2019: Rs. 1.39 billion).

14. SHORT-TERM BORROWINGS - SECURED

Short term running finance under mark-up arrangements have been obtained from commercial banks amounting to Rs. 11.90 billion (March 31, 2019: Rs. 11.90 billion) of which the amount remaining unutilised at the period end was Rs. 4.8 billion (March 31, 2019: Rs. 5.14 billion). The facilities are secured by way of hypothecation charge on inventories of the Company and intra-group guarantees arranged through banks. The rates of mark-up on these facilities range from one month KIBOR plus 0.2% to three month KIBOR plus 1.25% per annum (March 31, 2019: one month KIBOR plus 0.5% to three month KIBOR plus 1.25% per annum).

	(Unaudited) September 30, 2019	(Audited) March 31, 2019
	(Rupees '000)	
15. PROVISIONS		
Balance at beginning of the period	309,323	302,517
Recognised during the year	18,541	33,116
Payments / reversals	(18,182)	(26,310)
Balance at end of the period	<u>309,682</u>	<u>309,323</u>
15.1 Provisions represent:		
Provision for compensated absences	79,589	82,111
Provision for warranty services	48,094	45,213
Provision for infrastructure cess	23,249	23,249
Provision for custom duties	158,750	158,750
	<u>309,682</u>	<u>309,323</u>

16. CONTINGENCY AND COMMITMENTS

16.1 Contingency

There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2019.

16.2 Commitments

Commitments for capital expenditures as at September 30, 2019 amounted to Rs. 85.835 million (March 31, 2019: Rs. 17.83 million).

The facilities for opening the letter of credit and guarantees as at September 30, 2019 amounted to Rs. 13.08 billion (March 31, 2019: Rs. 12.9 billion) of which the amount remaining unutilised as at September 30, 2019 was Rs. 8.15 billion (March 31, 2019: Rs. 9.3 billion).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)**

	September 30, 2019	September 30, 2018
	(Rupees '000)	
17. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from:		
- Manufacturing business	6,997,677	12,845,912
- Part sales	987,418	645,619
	<u>7,985,095</u>	<u>13,491,531</u>
Less: Commission and discounts	(304,423)	(464,517)
Sales tax	(1,164,752)	(1,956,910)
	<u>6,515,920</u>	<u>11,070,104</u>
18. OTHER INCOME		
Income from financial assets		
Return on PLS savings accounts	3,344	39,183
Return on deposit accounts	-	55,401
	<u>3,344</u>	<u>94,584</u>
Income from non-financial assets		
Gain on disposal of property, plant and equipment	4,236	1,609
Others		
Scrap sales	13,210	15,127
Commission from an associated company	-	922
Liabilities no longer required written back	64	537
Others	225	1,710
	<u>13,499</u>	<u>18,296</u>
	<u>21,079</u>	<u>114,489</u>
19. OTHER EXPENSES		
Donations	-	600
Workers' Profits Participation Fund	-	14,860
Workers' Welfare Fund	-	5,536
Impairment of investment	-	72
	<u>-</u>	<u>21,068</u>
20. FINANCE COST		
Exchange loss - net	163,332	153,006
Bank charges and others	14,766	10,325
Mark-up on short-term borrowings	447,095	146
	<u>625,193</u>	<u>163,477</u>
20.1	The Company does not deal in any foreign currency derivative products for hedging or trading purposes.	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)**

	September 30, 2019	September 30, 2018
	(Rupees '000)	
21. INCOME TAX EXPENSE		
Current		
- for the year	101,860	140,591
- for prior year	-	52,486
	<u>101,860</u>	<u>193,077</u>
Deferred	(8,043)	(11,019)
	<u>93,817</u>	<u>182,058</u>
21.1	Current income tax expense has been computed under section 113 of the Income Tax Ordinance, 2001 i.e. minimum tax on turnover for the period at the rate of 1.5% (September 30, 2018: 1.25%).	
22. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
	Quarter ended	Half year ended
	September 30, 2019	September 30, 2018
(LOSS) / EARNINGS PER SHARE		
(Loss) / profit after income tax attributable to ordinary shareholders (Rupees in '000)	<u>(740,435)</u>	<u>(24,424)</u>
	<u>(1,347,969)</u>	<u>94,745</u>
Weighted average number of ordinary shares outstanding at the end of the period (number of shares in '000)	<u>12,401</u>	<u>12,401</u>
(Loss) / earnings per share - basic and diluted (Rupees)	<u>(59.71)</u>	<u>(1.97)</u>
	<u>(108.70)</u>	<u>7.64</u>

There were no convertible dilutive potential ordinary shares in issue as at September 30, 2019 and 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019 - (UNAUDITED)

	September 30, 2019	September 30, 2018
	(Rupees '000)	
23. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / profit before income tax	(1,254,152)	276,803
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	113,074	119,143
Gain on disposal of operating fixed assets	(4,236)	(1,609)
Write-off of property, plant and equipment	643	-
Retirement benefits charge	38,789	33,379
Mark-up on short-term borrowings	447,095	146
Impairment of investment	-	72
Income on PLS savings and deposit accounts	(3,344)	(94,584)
Operating cashflows before working capital changes	(662,131)	333,350
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Inventories	948,320	(1,951,807)
Trade debts	297,636	(238,997)
Loans and advances	3,104	(8,992)
Trade deposits and prepayments	32,631	496
Refunds due from Government - sales tax	44,040	(425,099)
Other receivables	-	(6,943)
	1,325,731	(2,631,342)
(Decrease) / increase in current liabilities		
Trade and other payables	(219,280)	(1,187,623)
Provisions	359	4,625
	1,106,810	(3,814,340)
Cash generated from / (used in) operations	444,679	(3,480,990)
24. CASH AND CASH EQUIVALENTS		
Cash and bank balances	94,056	279,057
Short-term borrowings - secured	(7,075,586)	(38,449)
	(6,981,530)	240,608

25. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	September 30, 2019 (Rupees '000)	September 30, 2018
i. Holding company	Dividend paid	-	371,416
	Purchase of goods	51,955	242,281
	Royalty charge	66,341	100,584
	Technical assistance fee	3,679	-
ii. Associated companies	Purchase of goods and services	3,525,995	8,131,413
	Sale of goods	404,432	632,887
	Dividend paid	-	201,872
	Purchase of property, plant and equipment	28,591	20,535
	Commission earned	-	922
iii. Staff retirement funds	Payments to retirement benefits plans	36,108	51,159
iv. Key management personnel	Salaries and other employee benefits	4,769	16,709
	Consultancy / meeting fee	2,470	2,035

26. DATE OF AUTHORISATION FOR ISSUE

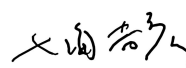
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on November 28, 2019.



Chief Financial Officer



Director



Chief Executive Officer

ڈائریکٹرز رپورٹ

حصص یافتگان کے لئے نیک خواہشات!

فروخت کا حجم

اپریل تا ستمبر یعنی 2019 کی پہلی ششماہی میں ملک میں ہر قسم کی تجارتی گاڑیوں کی مجموعی فروخت 2616 یونٹ رہی جو کہ گزشتہ سال اس ششماہی سے 48 فیصد کم ہے۔

فروخت

رواں ششماہی ہینو پاک کے ٹرکوں اور بسوں کی فروخت کی گزشتہ سال اس ششماہی کے مقابلے میں 1735 یونٹس سے کم ہو کر 836 یونٹس ہو گئی۔

فروخت کی آمدن

پہلی ششماہی میں فروخت 11.07 بلین سے کم ہو کر 6.52 بلین روپے رہ گئی جبکہ خام منافع جو کہ گزشتہ سال اسی مدت میں 728 ملین روپے تھا، کم ہو کر (0.29) بلین روپے رہ گیا۔

مالیاتی لاگت

مالیاتی لاگت 625 ملین روپے (بشمول مبادلہ پر خسارہ 163 ملین) ہو گئی جبکہ گزشتہ سال اسی مدت میں مالیاتی لاگت 163 ملین (بشمول مبادلہ پر خسارہ 153 ملین روپے) تھی۔ مالیاتی لاگت میں اس اضافہ کی وجہ زیر کار سرمائے کی ضرورت کے پیش نظر بڑھتی ہوئی قرضوں کی سطح ہے اس کے علاوہ شرح سود میں اضافہ بھی ایک اہم وجہ ہے۔ کمپنی کے نقد و مساوی نقد (6.9) بلین روپے پر بند ہوئے۔

نفع اور نقصان

رواں ششماہی بعد از ٹیکس خسارہ 1,348 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 95 ملین روپے منافع تھا جس کے نتیجے میں فی حصص خسارہ 108.70 روپے رہ گیا۔ گزشتہ سال یہ 7.64 روپے فی حصص منافع تھا۔

مستقبل کی پیش بینی

پاکستان کی معیشت کو رفتار کے لیے، مستقبل میں ایک بڑا چیلنج متوقع ہے جس کے بعد یہ توقع ہے کہ صنعتی گاڑیوں کی تجارت کا مجموعی حجم بڑھ سکتا ہے۔ ملک کے مجموعی طور پر اقتصادی و معاشرتی اشارے صنعت کے لیے چیلنج بنے ہوئے ہیں۔ موجودہ حالات میں پیداواری لاگت میں اضافہ (جو کہ روپے کی قدر میں کمی، افراط زر، کسٹم ڈیوٹی اور قرضہ جات پر سود سمیت مختلف عوامل کی وجہ سے ہوا ہے) کی وجہ سے قیمت فروخت بڑھانا ایک مشکل کام ہے۔

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

سی ای او

ڈائریکٹر

مؤرخہ 28 نومبر 2019