



**3rd Quarterly Report 2019**

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# 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. Mushtaq Malik  
Independent Director

Ms. Nargis Ali Akbar Ghaloo  
Independent Director

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

## SHARE REGISTRAR

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

# DIRECTORS' REPORT

For The Nine Months Ended December 31, 2019

## GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Apr-Dec nine months of 2019 was 3726 units – 47% lower than in the corresponding same period of last year.

## SALES

The sale of Hinopak's trucks and buses decreased, to 1277 units from 2435 units in the corresponding period of the last year.

## SALES REVENUE

The sales revenue for the nine months decreased to Rs. 9.96 billion from Rs. 15.39 billion, whereas the gross loss stood at Rs. (325.95) million as compared to gross profit of Rs. 935.33 million in the corresponding period of last year.

## FINANCE COST

The finance cost stood at Rs. 847 million (including net exchange loss of Rs. 154 million) in comparison with the finance cost of Rs. 822 million (including net exchange loss of Rs. 776 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 31<sup>st</sup> December the short term borrowing of the company stood at Rs. 5.5 billion.

## PROFIT & LOSS

The loss after tax stood at Rs. (1,828) million compared to loss of Rs. (593) million in the last year's corresponding period leading to loss per share of Rs. (147.41), last year it stood at Rs. (47.80) loss per share.

## FUTURE OUTLOOK:

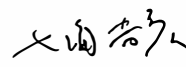
Pakistan's economy is still in difficult situation; the future is expected to remain challenging as economy is yet to pick up the momentum after which it is expected that overall size of commercial vehicle industry may increase, despite all odds the management of the company is endeavoring to improve sales volume and address declining profitability.

Finally, we would like to thank to our parent companies for their continuous support, our customers for their patronage of the company's products. We also acknowledge the efforts of entire Hinopak team, including our staff, vendors, dealers and all business partners for their untiring support in these testing times.



**Director**

Date: January 17, 2020



**Chief Executive Officer**

3rd Quarterly Report 2019

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

|  | Note | (Unaudited)<br>December 31,<br>2019 | (Audited)<br>March 31,<br>2019 |
|--|------|-------------------------------------|--------------------------------|
| ----- (Rupees '000) -----                |      |                                     |                                |
| <b>ASSETS</b>                            |      |                                     |                                |
| <b>Non-current assets</b>                |      |                                     |                                |
| Property, plant and equipment            | 6    | 3,348,241                           | 3,127,741                      |
| Intangible assets                        |      | 3,993                               | 7,769                          |
| Long-term loans and advances             | 7    | 32,909                              | 24,675                         |
| Long-term deposits                       | 8    | 7,300                               | 8,112                          |
| Staff retirement benefit - prepayment    |      | -                                   | 17,190                         |
|  |      | <u>3,392,443</u>                    | <u>3,185,487</u>               |
| <b>Current assets</b>                    |      |                                     |                                |
| Inventories                              | 9    | 5,281,351                           | 8,038,091                      |
| Trade debts                              | 10   | 491,314                             | 959,682                        |
| Loans and advances                       |      | 37,323                              | 22,545                         |
| Trade deposits and prepayments           | 11   | 44,686                              | 89,789                         |
| Refunds due from the government          |      | 805,961                             | 1,112,542                      |
| Taxation - payment less provision        |      | 853,867                             | 832,857                        |
| Cash and bank balances                   | 12   | 60,104                              | 49,683                         |
|  |      | <u>7,574,606</u>                    | <u>11,105,189</u>              |
| <b>Total assets</b>                      |      | <u><b>10,967,049</b></u>            | <u><b>14,290,676</b></u>       |
| <b>EQUITY AND LIABILITIES</b>            |      |                                     |                                |
| <b>SHARE CAPITAL AND RESERVES</b>        |      |                                     |                                |
| Share Capital                            |      | 124,006                             | 124,006                        |
| <b>Capital Reserve</b>                   |      |                                     |                                |
| Revaluation surplus on land and building |      | 1,770,009                           | 1,810,044                      |
| <b>Revenue Reserve</b>                   |      |                                     |                                |
| General Reserve                          |      | 291,000                             | 291,000                        |
| Unappropriated Profit                    |      | (456,699)                           | 1,335,362                      |
|  |      | <u>1,728,316</u>                    | <u>3,560,412</u>               |
| <b>LIABILITIES</b>                       |      |                                     |                                |
| <b>Non-current liabilities</b>           |      |                                     |                                |
| Deferred taxation                        |      | 111,135                             | 116,926                        |
| Employee benefits - obligations          |      | 158,233                             | 181,388                        |
|  |      | <u>269,400</u>                      | <u>298,314</u>                 |
| <b>Current liabilities</b>               |      |                                     |                                |
| Trade and other payables                 | 13   | 3,130,183                           | 3,343,029                      |
| Short-term borrowings - Secured          | 14   | 5,513,478                           | 6,766,074                      |
| Unclaimed dividend                       |      | 13,373                              | 13,524                         |
| Provisions                               | 15   | 312,331                             | 309,323                        |
|  |      | <u>8,969,365</u>                    | <u>10,431,950</u>              |
| <b>Total liabilities</b>                 |      | <u><b>9,238,765</b></u>             | <u><b>10,730,264</b></u>       |
| <b>CONTINGENCIES AND COMMITMENTS</b>     |      |                                     |                                |
|  | 16   |                                     |                                |
| <b>Total equity and liabilities</b>      |      | <u><b>10,967,049</b></u>            | <u><b>14,290,676</b></u>       |

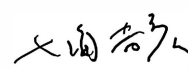
The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

| Note  | Quarter ended        |                      | Nine months ended    |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
|   | (Rupees '000)        |                      |                      |                      |
| Revenue from contracts with customers   | 3,443,236            | 4,318,921            | 9,959,156            | 15,389,025           |
| Cost of sales   | (3,483,851)          | (4,111,353)          | (10,285,110)         | (14,453,694)         |
| Gross (loss) / profit   | (40,615)             | 207,568              | (325,954)            | 935,331              |
| Distribution costs  | (86,272)             | (97,006)             | (271,796)            | (280,618)            |
| Administration expenses   | (88,208)             | (115,305)            | (267,383)            | (312,598)            |
| Other income  | 17 9,167             | 17,218               | 30,246               | 131,707              |
| Other expenses  | 18 -                 | 20,095               | -                    | (972)                |
| (Loss) / profit from operations   | (205,928)            | 32,570               | (834,887)            | 472,850              |
| Finance cost  | 19 (221,383)         | (658,240)            | (846,576)            | (821,716)            |
| Loss before taxation  | (427,311)            | (625,670)            | (1,681,463)          | (348,866)            |
| Taxation  | 20 (52,767)          | (61,874)             | (146,584)            | (243,933)            |
| (Loss) after taxation   | (480,078)            | (687,544)            | (1,828,047)          | (592,799)            |
| <b>Other comprehensive loss for the period</b>                                      |                      |                      |                      |                      |
| <b>Items that will not be reclassified to Profit or Loss</b>                        |                      |                      |                      |                      |
| Loss on remeasurement of post employment benefits obligations - net of deferred tax | -                    | -                    | -                    | -                    |
| Total comprehensive loss  | (480,078)            | (687,544)            | (1,828,047)          | (592,799)            |
| Loss per share - basic and diluted  | Rs. (38.71)          | Rs. (55.44)          | Rs. (147.41)         | Rs. (47.80)          |

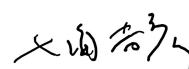
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Chief Financial Officer



Director



Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|  | Share<br>Capital | Reserves - Revenue<br>General | Unappropri-<br>ated Profit | Capital<br>Reserves<br>Revaluation<br>Surplus | Total            |
|--|------------------|-------------------------------|----------------------------|---|------------------|
|  | (Rupees '000)    |                               |                            |   |                  |
| <b>Balance as at April 01, 2018</b>  | 124,006          | 291,000                       | 3,028,366                  | 1,848,727                                     | 5,292,099        |
| Dividend for the year ended<br>March 31, 2018 @ Rs. 69.52 per share  | -                | -                             | (862,086)                  | -   | (862,086)        |
| Transferred from surplus on revaluation<br>of fixed assets on account of incremental<br>depreciation - net of deferred tax | -                | -                             | 35,181                     | (35,181)                                      | -                |
| Total comprehensive income for the<br>nine months ended December 31, 2018  | -                | -                             | (592,799)                  | -   | (592,799)        |
| <b>Balance as at December 31, 2018</b>   | <b>124,006</b>   | <b>291,000</b>                | <b>1,608,662</b>           | <b>1,813,546</b>                              | <b>3,837,214</b> |
| <b>Balance as at April 01, 2019</b>  | 124,006          | 291,000                       | 1,335,362                  | 1,810,044                                     | 3,560,412        |
| Dividend for the year ended<br>March 31, 2019 @ Rs. Nil per share  | -                | -                             | -                          | -   | -                |
| Transferred from surplus on revaluation<br>of fixed assets on account of incremental<br>depreciation - net of deferred tax | -                | -                             | 35,986                     | (40,035)                                      | (4,049)          |
| Total comprehensive loss for the<br>nine months ended December 31, 2019  | -                | -                             | (1,828,047)                | -   | (1,828,047)      |
| <b>Balance as at December 31, 2019</b>   | <b>124,006</b>   | <b>291,000</b>                | <b>(456,699)</b>           | <b>1,770,009</b>                              | <b>1,728,316</b> |

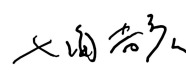
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Chief Financial Officer



Director



Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|  | Note | December 31,<br>2019 | December 31,<br>2018 |
|--|------|----------------------|----------------------|
|  |      | (Rupees '000)        |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                      |                      |
| Cash generated from / (used in) operations               | 21   | 2,517,807            | (6,203,099)          |
| Mark-up paid on short-term borrowings                    |      | (633,844)            | (11,595)             |
| Return on savings accounts and deposits                  |      | 5,078                | 102,276              |
| Income taxes paid - net                                  |      | (177,434)            | (473,766)            |
| Employee benefits paid                                   |      | (62,745)             | (44,661)             |
| Decrease / (Increase) in long-term deposits              |      | 812                  | (3,284)              |
| Decrease / (Increase) in long-term loans and advances    |      | (8,234)              | (1,875)              |
| Net cash generated from / (used in) operating activities |      | 1,641,440            | (6,636,004)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                      |                      |
| Purchase of property, plant and equipment                |      | (395,744)            | (176,761)            |
| Proceeds from sale of property, plant and equipment      |      | 17,472               | 13,584               |
| Net cash used in investing activities                    |      | (378,272)            | (163,177)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                      |                      |
| Dividend paid  |      | (151)                | (1,037,493)          |
| Net (decrease) / increase in cash and cash equivalents   |      | 1,263,017            | (7,836,674)          |
| Cash and cash equivalents at the beginning of the period |      | (6,716,391)          | 4,838,879            |
| Cash and cash equivalents at the end of the period       |      | (5,453,374)          | (2,997,795)          |

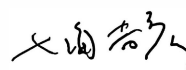
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Chief Financial Officer



Director



Chief Executive Officer



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)

### 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 Changes in accounting standards and interpretations

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

The amendments to following standards have been adopted by the Company for the first time for the financial year beginning on April 1, 2019.

- 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 5.

- 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

- 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 otherwise.

**4. CHANGE IN ACCOUNTING POLICIES**

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not being recycled subsequently.

The standard also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. The ECL model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach 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), unless the assets are considered credit impaired.

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

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 considering there being no material impact of the same.

Furthermore, on April 1, 2019, 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:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|                              | <b>Original<br/>classification<br/>under IAS 39</b> | <b>New<br/>classification<br/>under IFRS 9</b> | <b>Original<br/>amount<br/>under<br/>IAS 39</b> | <b>New<br/>carrying<br/>amount<br/>under<br/>IFRS 9</b> |
|------------------------------|---|--|---|---|
|                              |   |  | <b>(Rupees in '000)</b>                         |   |
| <b>Financial assets</b>      |   |  |   |   |
| Loans and advances           | Loans and receivables                               | Amortised cost                                 | 37,897  | 37,897  |
| Deposits                     | Loans and receivables                               | Amortised cost                                 | 76,024  | 76,024  |
| Trade Debts                  | Loans and receivables                               | Amortised cost                                 | 959,682   | 959,682   |
| Cash and bank balances       | Loans and receivables                               | Amortised cost                                 | 49,683  | 49,683  |
| <b>Financial liabilities</b> |   |  |   |   |
| 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  |

No material differences were noted in prior year figures as a result of applying the new expected credit loss model on adoption of IFRS 9. The reclassifications of the financial instruments also did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves. Furthermore, there is no impact on the 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.

**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.

|   |      | <b>(Unaudited)<br/>December 31,<br/>2019</b> | <b>(Audited)<br/>March 31,<br/>2019</b> |
|---|------|--|---|
|   | Note | <b>(Rupees '000)</b>                         |   |
| <b>6. PROPERTY, PLANT AND EQUIPMENT</b> |      |  |   |
| Operating fixed assets                  | 6.1  | <b>3,013,946</b>                             | 3,069,788                               |
| Capital work-in-progress                |      | <b>334,295</b>                               | 57,953                                  |
|   |      | <b><u>3,348,241</u></b>                      | <b><u>3,127,741</u></b>                 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

**6.1 Additions / disposals**

|                             | Additions<br>(at cost) |                      | Disposals<br>(at net book value) |                      |
|-----------------------------|------------------------|----------------------|----------------------------------|----------------------|
|                             | Nine months ended      |                      |                                  |                      |
|                             | December 31,<br>2019   | December 31,<br>2018 | December 31,<br>2019             | December 31,<br>2018 |
|                             | (Rupees '000)          |                      |                                  |                      |
| Building on leasehold land  | -                      | 4,190                | -                                | -                    |
| Plant and machinery         | 23,788                 | 52,657               | 70                               | 421                  |
| Furniture and fittings      | -                      | 646                  | -                                | -                    |
| Vehicles                    | 88,090                 | 40,823               | 9,186                            | 8,850                |
| Electrical installations    | -                      | 18,998               | *                                | -                    |
| Office and other equipments | 6,882                  | 18,815               | 69                               | 75                   |
|                             | 118,760                | 136,129              | 9,325                            | 9,346                |

\* Assets disposed off having nil net book value

**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 December 31, 2019 raw materials and components costing Rs. 248.33 million (March 31, 2019: Rs. 99.57 million) have been written down by Rs. 131.31 million (March 31, 2019: Rs. 8.69 million) and finished products costing Rs. 185.25 million (March 31, 2019: Rs. 25.38 million) by Rs. 28.74 million (March 31, 2019: Rs. 4.75 million) to arrive at their net realisable values.

|   | (Unaudited)<br>December 31,<br>2019 | (Audited)<br>March 31,<br>2019 |
|---|-------------------------------------|--------------------------------|
|   | (Rupees '000)                       |                                |
| <b>10. TRADE DEBTS</b>                      |                                     |                                |
| <b>Considered good - unsecured</b>          |                                     |                                |
| Related party - Indus Motor Company Limited | 85,347                              | 78,407                         |
| Others                                      | 405,967                             | 881,275                        |
|   | <b>491,314</b>                      | <b>959,682</b>                 |
| <b>Considered doubtful</b>                  |                                     |                                |
| Others                                      | 36,948                              | 36,948                         |
|   | <b>528,262</b>                      | <b>996,630</b>                 |
| Less: Provision for doubtful debts          | (36,948)                            | (36,948)                       |
|   | <b>491,314</b>                      | <b>959,682</b>                 |

**11. TRADE DEPOSITS AND PREPAYMENTS**

These deposits and prepayments do not carry mark-up.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|                                   | (Unaudited)<br>December 31,<br>2019 | (Audited)<br>March 31,<br>2019 |
|-----------------------------------|-------------------------------------|--------------------------------|
|                                   | (Rupees '000)                       |                                |
| <b>12. CASH AND BANK BALANCES</b> |                                     |                                |
| Balances with banks:              |                                     |                                |
| - on current accounts             | 15,697                              | 13,872                         |
| - on PLS savings accounts         | 29,199                              | 22,966                         |
| Cheques in hand                   | 15,170                              | 12,793                         |
| Cash in hand                      | 38                                  | 52                             |
|                                   | <u>60,104</u>                       | <u>49,683</u>                  |

**13. TRADE AND OTHER PAYABLES**

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 0.24 billion (March 31, 2019: Rs. 0.77 billion) and advances from customers amounting to Rs. 1.77 billion (March 31, 2019: Rs. 1.39 billion).

|  | (Unaudited)<br>December 31,<br>2019 | (Audited)<br>March 31,<br>2019 |
|--|-------------------------------------|--------------------------------|
|  | (Rupees '000)                       |                                |
| <b>14. SHORT-TERM BORROWINGS - secured</b> |                                     |                                |
| Short-term loans - note 14.1               | 4,600,000                           | 4,600,000                      |
| Running Finance - note 14.2                | 913,478                             | 2,166,074                      |
|  | <u>5,513,478</u>                    | <u>6,766,074</u>               |

**14.1** The short-term loans have been obtained from various banks and carry mark-up at rates ranging from one month KIBOR + 0.2% per annum to one-month KIBOR + 0.3% per annum (March 31, 2019: one month KIBOR + 0.2% per annum to one-month KIBOR + 0.3% per annum). The loans are repayable by January 23, 2020.

**14.2** The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 11.9 billion (March 31, 2019: Rs. 11.9 billion) of which the amount remaining unutilised at the period end was Rs. 6.4 billion (March 31, 2019: Rs. 5.14 billion). The rates of markup applicable on running finance are based on KIBOR and range from one month KIBOR + 0.5% to three month KIBOR + 1.25% (March 31, 2019: one month KIBOR + 0.5% to three month KIBOR + 1.25%) per annum.

**14.3** The above facilities are secured by way of hypothecation charge on inventories of the Company and intra-group guarantees arranged through banks.

|                                    | (Unaudited)<br>December 31,<br>2019 | (Audited)<br>March 31,<br>2019 |
|------------------------------------|-------------------------------------|--------------------------------|
|                                    | (Rupees '000)                       |                                |
| <b>15. PROVISIONS</b>              |                                     |                                |
| Balance at beginning of the period | 309,323                             | 302,517                        |
| Recognised during the year         | 24,540                              | 33,116                         |
| Expenses against provision         | (21,532)                            | (26,310)                       |
| Balance at end of the period       | <u>312,331</u>                      | <u>309,323</u>                 |



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|   | (Unaudited)<br>December 31,<br>2019<br>(Rupees '000) | (Audited)<br>March 31,<br>2019        |
|---|--|---------------------------------------|
| <b>15.1 Provisions represent:</b>   |  |                                       |
| Provision for compensated absences  | 83,807   | 82,111                                |
| Provision for warranty services   | 46,525   | 45,213                                |
| Provision for infrastructure cess   | 23,249   | 23,249                                |
| Provision for custom duties   | 158,750  | 158,750                               |
|   | <u>312,331</u>                                       | <u>309,323</u>                        |
| <b>16. CONTINGENCY AND COMMITMENTS</b>  |  |                                       |
| <b>16.1 Contingency</b>   |  |                                       |
| There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2019.  |  |                                       |
| <b>16.2 Commitments</b>   |  |                                       |
| Commitments for capital expenditures as at December 31, 2019 amounted to Rs. 35.60 million (March 31, 2019: Rs. 17.83 million).   |  |                                       |
| The facilities for opening the letter of credit and guarantees as at December 30, 2019 amounted to Rs. 13.07 billion (March 31, 2019: Rs. 12.9 billion) of which the amount remaining unutilised as at December 31, 2019 was Rs. 10.06 billion (March 31, 2019: Rs. 9.3 billion). |  |                                       |
|   | (Unaudited)<br>December 31,<br>2019<br>(Rupees '000) | ( Unaudited )<br>December 31,<br>2018 |
| <b>17. OTHER INCOME</b>   |  |                                       |
| <b>Income from financial assets</b>   |  |                                       |
| Return on PLS savings accounts  | 4,672  | 40,627                                |
| Return on deposit accounts  | 406  | 55,401                                |
|   | <u>5,078</u>   | <u>96,028</u>                         |
| <b>Income from non-financial assets</b>   |  |                                       |
| Gain on disposal of non-current assets  | 8,148  | 4,238                                 |
| <b>Others</b>   |  |                                       |
| Scrap sales   | 16,543   | 25,016                                |
| Commission from an associated company   | -  | 922                                   |
| Liabilities no longer required written back   | 64   | 537                                   |
| Others  | 413  | 4,966                                 |
|   | <u>17,020</u>  | <u>31,441</u>                         |
|   | <u>30,246</u>  | <u>131,707</u>                        |
| <b>18. OTHER EXPENSES</b>   |  |                                       |
| Donations   | -  | 900                                   |
| Workers' Profits Participation Fund   | -  | -                                     |
| Workers' Welfare Fund   | -  | -                                     |
| Impairment of investmet   | -  | 72                                    |
|   | <u>-</u>   | <u>972</u>                            |
| <b>19. FINANCE COST</b>   |  |                                       |
| Exchange loss - net   | 154,109  | 775,691                               |
| Bank charges and others   | 17,044   | 15,173                                |
| Mark-up on short-term borrowings  | 675,423  | 30,852                                |
|   | <u>846,576</u>                                       | <u>821,716</u>                        |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

|                               | (Unaudited)<br>December 31,<br>2019 | ( Unaudited )<br>December 31,<br>2018 |
|-------------------------------|-------------------------------------|---------------------------------------|
|                               | (Rupees '000)                       |                                       |
| <b>20. INCOME TAX EXPENSE</b> |                                     |                                       |
| Current                       |                                     |                                       |
| - for the year                | 156,425                             | 198,039                               |
| - for prior year              | -                                   | 52,486                                |
|                               | 156,425                             | 250,525                               |
| Deferred                      | (9,841)                             | (6,592)                               |
|                               | <u>146,584</u>                      | <u>243,933</u>                        |

**20.1** 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%. (December 31, 2018: 1.25%)

|   | (Unaudited)<br>December 31,<br>2019 | ( Unaudited )<br>December 31,<br>2018 |
|---|-------------------------------------|---------------------------------------|
|   | (Rupees '000)                       |                                       |
| <b>21. CASH GENERATED FROM / (USED IN) OPERATIONS</b>                 |                                     |                                       |
| Loss before taxation  | (1,681,463)                         | (348,866)                             |
| <b>Add / (less): Adjustments for non cash charges and other items</b> |                                     |                                       |
| Depreciation and amortisation   | 169,053                             | 179,219                               |
| Gain on disposal of operating fixed assets                            | (8,148)                             | (4,238)                               |
| Write off of property, plant & equipment                              | 643                                 | -                                     |
| Retirement benefits charge  | 56,780                              | 53,100                                |
| Mark-up on short-term borrowings                                      | 675,423                             | 30,852                                |
| Impairment of investment  | -                                   | 72                                    |
| Income on PLS savings and deposit accounts                            | (5,078)                             | (96,028)                              |
|   | <u>888,673</u>                      | <u>162,977</u>                        |
| Loss before working capital changes                                   | (792,790)                           | (185,889)                             |

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

Decrease / (increase) in current assets

|  |                  |                    |
|--|------------------|--------------------|
| Inventories                                  | 2,756,740        | (3,876,508)        |
| Trade debts                                  | 468,368          | 84,598             |
| Loans and advances                           | (14,778)         | (18,493)           |
| Trade deposits and prepayments               | 45,103           | 12,673             |
| Refunds due from the government - sales tax  | 306,581          | (919,291)          |
| Other receivables                            | -                | (13,409)           |
|  | <u>3,562,014</u> | <u>(4,730,430)</u> |
| (Decrease) / increase in current liabilities |                  |                    |
| Trade and other payables                     | (254,425)        | (1,294,058)        |
| Provisions                                   | 3,008            | 7,278              |
|  | <u>3,310,597</u> | <u>(6,017,210)</u> |
|  | <u>2,517,807</u> | <u>(6,203,099)</u> |

**22. CASH AND CASH EQUIVALENTS**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Cash and bank balances          | 60,104             | 277,393            |
| Short-term borrowings - secured | (5,513,478)        | (3,275,188)        |
|                                 | <u>(5,453,374)</u> | <u>(2,997,795)</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 - (UNAUDITED)**

**23. TRANSACTIONS WITH RELATED PARTIES**

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

|                               |   | <b>(Unaudited)<br/>December 31,<br/>2019</b> | <b>( Unaudited )<br/>December 31,<br/>2018</b> |
|-------------------------------|---|--|--|
|                               |   | <b>(Rupees '000)</b>                         |  |
| <b>Relationship</b>           | <b>Nature of transactions</b>               |  |  |
| i. Holding company            | - Dividend Paid                             | -  | 647,987  |
|                               | - Purchase of goods                         | 64,034                                       | 313,674  |
|                               | - Royalty charge                            | 90,266                                       | 105,137  |
|                               | - Technical assistance fee                  | 3,679  | -  |
| ii. Associated Companies      | - Purchase of goods and services            | 4,067,575                                    | 12,063,249                                     |
|                               | - Sale of goods                             | 600,445                                      | 912,559  |
|                               | - Dividend Paid                             | -  | 308,246  |
|                               | - Purchase of property, plant and equipment | 67,185                                       | 25,248   |
|                               | - Commission earned                         | -  | 922  |
| iii. Staff retirement funds   | - Payments to retirement benefits plan      | 52,838                                       | 70,045   |
| iii. Key Management Personnel | - Salaries and other employee benefits      | 6,811  | 22,443   |
|                               | - Consultancy / meeting fee                 | 3,568  | 3,115  |

**24. DATE OF AUTHORISATION FOR ISSUE**

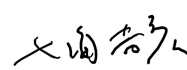
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on January 17, 2020.



**Chief Financial Officer**



**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 نوماہی (اپریل - دسمبر) کے دوران 3726 یونٹس رہا جو کہ گذشتہ سال اس نوماہی سے 47% کم ہے۔

### فروخت

رواں نوماہی ہینو پاک کے ٹرکوں اور بسوں کی فروختگی گذشتہ سال اس نوماہی کے مقابلے میں 2435 یونٹس سے کم ہو کر 1277 یونٹس ہو گئی۔

### فروخت سے حاصل شدہ آمدنی

رواں نوماہی فروخت سے حاصل ہونے والی آمدنی 15.39 ملین روپے سے کم ہو کر 9.96 ملین روپے ہو گئی جبکہ خالص خسارہ گذشتہ سال ہونے والے 935.33 ملین روپے منافع کے بمقابل کم ہو کر 325.95 ملین روپے تک آ پہنچا۔

### مالیاتی اخراجات (فنانس کا سٹ)

گذشتہ سال کی اسی نوماہی کے دوران ہونے والی 822 ملین روپے کی مالیاتی آمدنی (بشمول زرمبادلہ کی مد میں 776 ملین روپے کا ہونے والا نقصان) کے بمقابل رواں نوماہی مالیاتی اخراجات بڑھ کر (بشمول زرمبادلہ کی مد میں 154 ملین روپے کا ہونے والا نقصان) 847 ملین روپے رہے۔ 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 قلیل المیعاد قرضہ جات 5.5 ملین روپے پر بند ہوئے۔

### نفع اور نقصان

رواں نوماہی بعد از ٹیکس خسارہ 1,828 ملین روپے رہا جو کہ گذشتہ سال اس نوماہی کے دوران 593 ملین روپے تھا۔ جسکی بناء پر رواں سال فی حصص خسارہ 147.41 روپے رہا۔ گذشتہ سال فی حصص خسارہ 47.80 رہا۔

### مستقبل کی پیش بینی

پاکستان کی معیشت اب بھی مشکل صورتحال سے دوچار ہے۔ 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۔ تمام تر مشکلات کے باوجود کمپنی کی انتظامیاں سیلز کے حجم میں بہتری لانے اور کم ہونے والے منافع کو دور کرنے میں کوشاں ہے۔

آخر میں ہم اپنی بیئرٹ کمپنیوں کے مستقل تعاون اور اپنے کسٹمرز کی سرپرستی کا شکریہ ادا کرتے ہیں۔ ہم ہینو پاک کے پوری ٹیم کی کوششوں کو سراہتے ہیں اس کے ساتھ ساتھ ہم ملازمین، وینڈرز، ڈیلرز اور تمام بزنس پارٹنرز کی انتھک کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

سی ای او

سی ای او

ڈائریکٹر

ڈائریکٹر

مورخہ 17 جنوری 2020



**HINOPAK MOTORS LIMITED**

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