



HINO

پیش قدمی

1ST QUARTERLY REPORT 2016



Contents

- Company Information
- Directors' Report
- Condensed Interim Balance Sheet
- Condensed Interim Profit & Loss Account
- Condensed Interim Cash Flow Statement
- Condensed Interim Statement of Changes in Equity
- Notes to and forming part of the Condensed Interim Financial Information

Company Information

BOARD OF DIRECTORS

Mr. Aslam Sanjrani
Chairman

Mr. Tatsuhei Muto
Managing Director & Chief Executive Officer

Mr. Yoshihiro Kondo
Deputy Managing Director

Mr. Takehito Sasaki
Director Production

Mr. Ghafoor Mirza
Independent Director

Mr. Mikio Segawa
Mr. Toyoki Kuno
Mr. Akihito Yamanaka
Mr. Takeshi Yasuda

Fahim Aijaz Sabzwari
Company Secretary

BANKERS

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

AUDITORS

A. F. Ferguson & Co., Chartered Accountants

LEGAL ADVISOR

Sayeed & Sayeed

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AREA OFFICES

Lahore

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, 2016

GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles (truck and bus) of all makes in the country in the quarter (Apr – June) 2275 units – 639 units more than in the same quarter of last year. Compared with the previous quarter (Jan-Mar) the increase is 325 units.

SALES

In line with the increase in the national market, the sale of Hinopak's trucks and buses in the quarter rose to 960 units from 640 units in the same quarter of last year.

SALES REVENUE

The sales revenue for the quarter increased to Rs. 5.61 billion from Rs. 3.87 billion, whereas the gross profit decreased to Rs. 599 million as compared to Rs. 716 million in the corresponding quarter last year.

FINANCE COST

The finance cost stood at Rs. 300 million (including net exchange loss of Rs. 296 million) in comparison with the finance income of Rs. 55 million (including net exchange gain of Rs. 57 million) in the corresponding quarter of the last year.

The Company closed the cash and cash equivalent at Rs. 5.5 billion.

PROFIT & LOSS

The profit after tax stood at Rs. 74 million compared to Rs. 381 million in the last year's corresponding quarter leading to earnings per share of Rs. 5.93. Last year it stood at Rs. 30.75 per share.

OUTLOOK FOR THE SECOND QUARTER

The Company will strive to improve its market leadership by providing quality products. However, fluctuation in exchange rate will play its part in determining the future outlook.

We are thankful to our customers for their continued benefaction of our products. We also acknowledge the efforts of the entire Hinopak team, including our staff, vendors, dealers and all business partners for their untiring efforts.



**Managing Director &
Chief Executive Officer**

Date: 22 July, 2016



Chairman

Condensed Interim Balance Sheet
As At June 30, 2016

	Note	(Unaudited) June 30, 2016	(Audited) March 31, 2016
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,277,210	2,187,347
Intangible assets		17,261	20,374
Long-term investments		72	72
Long-term loans and advances		14,545	13,979
Long-term deposits		7,036	6,541
		<u>2,316,124</u>	<u>2,228,313</u>
Current assets			
Stores, spares and loose tools		24,437	19,555
Stock-in-trade		3,607,175	2,769,839
Trade debts	6	201,929	503,964
Loans and advances		92,451	40,510
Trade deposits and prepayments		178,414	88,822
Refunds due from the government		434,294	66,866
Other receivables		1,419	3,726
Taxation - payment less provision		677,147	271,008
Accrued mark-up		23,187	7,016
Cash and bank balances		5,490,969	3,664,707
		<u>10,731,422</u>	<u>7,436,013</u>
Total assets		<u>13,047,546</u>	<u>9,664,326</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital		124,006	124,006
Reserves		1,932,723	2,964,733
Total capital and reserves		<u>2,056,729</u>	<u>3,088,739</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,191,783	1,199,558
LIABILITIES			
Non-current liabilities			
Deferred taxation		89,739	95,808
Staff retirement benefits - obligations		114,763	145,913
		<u>204,502</u>	<u>241,721</u>
Current liabilities			
Trade and other payables	7	9,594,532	5,134,308
Total liabilities		<u>9,799,034</u>	<u>5,376,029</u>
CONTINGENCIES AND COMMITMENTS	8		
Total equity and liabilities		<u>13,047,546</u>	<u>9,664,326</u>

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



**Managing Director &
Chief Executive Officer**



Chairman

Condensed Interim Profit And Loss Account
For The Quarter Ended June 30, 2016 - Unaudited

	Note	Quarter ended	
		June 30, 2016	June 30, 2015
(Rupees '000)			
Sales - net		5,606,252	3,865,179
Cost of sales		(5,007,521)	(3,148,843)
Gross profit		598,731	716,336
Distribution cost		(85,536)	(89,552)
Administration expenses		(94,903)	(87,988)
Other income		75,544	64,581
Other expenses	9	(15,398)	(45,172)
Profit from operations		478,438	558,205
Finance (cost) / income	10	(299,675)	54,849
Profit before taxation		178,763	613,054
Taxation	11	(105,224)	(231,764)
Profit after taxation		73,539	381,290
Other comprehensive income		-	-
Total comprehensive income		73,539	381,290
Earnings per share - basic and diluted		Rs. 5.93	Rs. 30.75

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



**Managing Director &
Chief Executive Officer**



Chairman

Condensed Interim Cash Flow Statement
For The Quarter Ended June 30, 2016 - Unaudited

	Note	June 30, 2016	June 30, 2015
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	2,465,165	2,028,979
Return on short term deposits and savings accounts		51,959	20,246
Taxes paid		(517,432)	(206,754)
Retirement benefits obligations paid		(44,204)	(6,964)
Increase in long-term loans and advances		(566)	(740)
Decrease in long-term deposits		(495)	240
Net cash generated from operating activities		<u>1,954,427</u>	<u>1,835,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(140,176)	(70,620)
Proceeds from sale of property, plant and equipment		12,039	13,022
Net cash used in investing activities		<u>(128,137)</u>	<u>(57,598)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		(28)	-
Net increase / (decrease) in cash and cash equivalents		<u>1,826,262</u>	<u>1,777,409</u>
Cash and cash equivalents at the beginning of the period		3,664,707	2,665,997
Cash and cash equivalents at the end of the period		<u>5,490,969</u>	<u>4,443,406</u>

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



**Managing Director &
Chief Executive Officer**



Chairman

Condensed Interim Statement Of Changes In Equity
For The Quarter Ended June 30, 2016 - Unaudited

	Share Capital	Reserves - Revenue		Fair Value Reserve	Total
		General	Unappropriated profit		
	(Rupees '000)				
Balance at April 01, 2015	124,006	291,000	2,354,689	230	2,769,925
Dividend for the year ended March 31, 2015 @ 64.91 per share	-	-	(804,920)	-	(804,920)
Impact of deferred tax on surplus of revaluation due to change in tax rate	-	-	(14,506)	-	(14,506)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	7,774	-	7,774
Total comprehensive profit after taxation for the quarter ended June 30, 2015	-	-	381,290	-	381,290
Balance at June 30, 2015	124,006	291,000	1,924,327	230	2,339,563
Balance at April 01, 2016	124,006	291,000	2,673,733	-	3,088,739
Dividend for the year ended March 31, 2016 @ 89.78 per share	-	-	(1,113,324)	-	(1,113,324)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	7,775	-	7,775
Total comprehensive profit after taxation for the quarter ended June 30, 2016	-	-	73,539	-	73,539
Balance at June 30, 2016	124,006	291,000	1,641,723	-	2,056,729

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



**Managing Director &
Chief Executive Officer**



Chairman

Notes To And Forming Part Of The Condensed Interim Financial Information For The Quarter Ended June 30, 2016 - Unaudited

1. COMPANY AND ITS OPERATIONS

Hinopak Motors Limited is incorporated in Pakistan as a public limited company and is listed on the Pakistan stock exchange. The Company's principal activity is the assembly and progressive manufacture and sale of Hino buses and trucks. The registered office of the Company is at D-2, S.I.T.E., Manghopir Road, Karachi.

The Company is a subsidiary of Hino Motors Limited Japan and the ultimate parent of the Company is Toyota Motors Corporation Japan.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended March 31, 2016.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended June 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended March 31, 2016.

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, 2016.

- 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, 2016.

	Note	(Unaudited) June 30, 2016 (Rupees '000)	(Audited) March 31, 2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	2,137,109	2,123,096
Capital work-in-progress		140,101	64,251
		<u>2,277,210</u>	<u>2,187,347</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2016 - Unaudited**

5.1 Additions / disposals

	Additions (at cost)	Quarter ended		Disposals (at net book value)
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees '000)			
Building on leasehold land	3,708	12,847	-	-
Plant and machinery	51,372	14,884	-	-
Furniture and fittings	-	2,248	-	-
Vehicles	7,251	21,065	10,100	8,639
Electrical installations	-	390	-	-
Office and other equipments	1,995	6,064	-	-
	<u>64,326</u>	<u>57,498</u>	<u>10,100</u>	<u>8,639</u>
			(Unaudited) June 30, 2016	(Audited) March 31, 2016
			(Rupees '000)	

6. TRADE DEBTS

Considered good - unsecured

Related party - Indus Motor Company Limited	18,773	26,977
Others	183,156	476,987
	<u>201,929</u>	<u>503,964</u>

Considered good doubtful

Others	16,852	21,327
	<u>218,781</u>	<u>525,291</u>
	(16,852)	(21,327)
	<u>201,929</u>	<u>503,964</u>

Less: Provision for doubtful debts - note 6.1

6.1 Balance at beginning of the period	21,327	30,679
Charge / (reversal) during the period	(4,475)	1,381
Written off against provision	-	(10,733)
Balance at end of the period	<u>16,852</u>	<u>21,327</u>

7. TRADE AND OTHER PAYABLES

These include bills payable to Toyota Tsusho Corporation, Japan - associated company amounting to Rs. 4.07 billion (March 31, 2016: Rs. 1.97 billion) and advances from customers amounting to Rs. 3.20 billion (March 31, 2016: Rs. 1.29 billion).

8. CONTINGENCY AND COMMITMENTS

8.1 Contingency

There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2016

8.2 Commitments

Commitments for capital expenditures as at June 30, 2016 amounted to Rs. 79.40 million (March 31, 2016: Rs. 96.83 million).

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2016 - Unaudited**

(Unaudited)
June 30,
2016
(Rupees '000)

(Unaudited)
June 30,
2015

9. OTHER EXPENSES

Workers' Profits Participation Fund	11,073	32,911
Workers' Welfare Fund	4,125	12,261
Donations	200	-
	<u>15,398</u>	<u>45,172</u>

10. FINANCE COST / (INCOME)

Exchange loss / (gain) - net	296,302	(57,268)
Bank charges and others	3,373	2,419
	<u>299,675</u>	<u>(54,849)</u>

11. TAXATION

This includes a one-time prior year charge of super tax amounting to Rs. 49.6 million imposed for rehabilitation of temporary displaced persons.

(Unaudited)
June 30,
2016
(Rupees '000)

(Unaudited)
June 30,
2015

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	178,763	613,054
------------------------	---------	---------

Add / (less): Adjustments for non cash charges and other items

Depreciation and amortisation	43,326	34,900
Retirement benefits charge	13,054	13,609
Gain on sale of property, plant and equipment	(1,939)	(4,383)
Return on short term deposits and savings accounts	(68,130)	(20,683)
	<u>(13,689)</u>	<u>23,443</u>
Profit before working capital changes	165,074	636,497

Effect on cash flow due to working capital changes

Decrease / (increase) in current assets		
Stores, spares and loose tools	(4,882)	1,060
Stock-in-trade	(837,336)	(319,233)
Trade debts	302,035	1,066,985
Loans and advances	(51,941)	(59,009)
Trade deposits and prepayments	(89,592)	(67,451)
Refunds due from the government - sales tax	(367,428)	(44,852)
Other receivables	2,307	35,632
	<u>(1,046,837)</u>	<u>613,132</u>
Increase / (decrease) in current liabilities		
Trade and other payables	3,346,928	779,350
	<u>2,300,091</u>	<u>1,392,482</u>
	<u>2,465,165</u>	<u>2,028,979</u>

**Notes To And Forming Part Of The Condensed Interim Financial Information
For The Quarter Ended June 30, 2016 - Unaudited**

13. TRANSACTIONS WITH RELATED PARTIES

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

		(Unaudited) June 30, 2016 (Rupees '000)	(Unaudited) June 30, 2015
Relationship	Nature of transactions		
i. Holding company	- Purchase of goods	104,144	107,938
	- Royalty charge	47,453	61,664
	- Technical assistance fee	2,382	-
ii. Associated companies	- Purchase of goods and services	4,017,488	2,221,928
	- Sale of goods	139,256	155,576
	- Purchase of property, plant and equipment	66,246	1,828
iii. Staff retirement funds	- Payments to retirement benefits plan	49,543	13,235
iv. Key Management Personnel	- Salaries and other employee benefits	9,284	9,404
	- Consultancy	675	540

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 22, 2016 by the Board of Directors of the company.



**Managing Director &
Chief Executive Officer**



Chairman

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 2275 یونٹس رہا جو کہ گذشتہ سال اس سہ ماہی کے دوران 639 یونٹس تھا۔ پچھلی سہ ماہی (جنوری - مارچ) کے بمقابلہ یہ حجم 325 یونٹس زیادہ رہا۔

فروخت

قومی منڈی میں ہونے والے اضافہ کے ساتھ ساتھ رواں سہ ماہی بینو پاک کے ٹرک اور بسوں کی فروختگی میں بھی اضافہ دیکھا گیا۔ گذشتہ سال اسی سہ ماہی کی 640 یونٹس کی فروخت کے بمقابلہ رواں سہ ماہی یہ فروخت 960 یونٹس تک جا پہنچی۔

فروخت سے حاصل شدہ آمدنی

رواں سہ ماہی فروخت سے حاصل ہونے والی آمدنی 3.87 بلین روپے سے بڑھ کر 5.61 بلین روپے ہو گئی جبکہ خالص منافع کم ہو کر 599 ملین روپے ہو گیا جو کہ گذشتہ سال اس سہ ماہی کے دوران 716 ملین روپے تھا۔

مالیاتی اخراجات (فنانس کاسٹ)

گذشتہ سال کی اسی سہ ماہی کے دوران ہونے والی 55 ملین روپے کی مالیاتی آمدنی (بشمول زرمبادلہ کی مد میں 55 ملین روپے کا ہونے والا منافع) کے بمقابلہ رواں سہ ماہی مالیاتی اخراجات (بشمول زرمبادلہ کی مد میں 296 ملین روپے کا ہونے والا نقصان) 300 ملین روپے رہے۔

کمپنی کا نقد اور مساوی نقد 5.5 بلین روپے پر بند ہوا۔

نفع اور نقصان

رواں سہ ماہی بعد از ٹیکس منافع 74 ملین روپے رہا جو کہ گذشتہ سال اس سہ ماہی کے دوران 381 ملین روپے تھا جسکی بناء پر فی حصص آمدنی Rs. 5.93 رہی گذشتہ سال فی حصص آمدنی Rs. 30.75 تھی۔

دوسری سہ ماہی کا پیش منظر

کمپنی بہترین مصنوعات کی فراہمی کے ذریعے اپنی مارکیٹ لیڈر شپ کو برقرار رکھنے کی پوری جدوجہد کرے گی۔ تاہم زرمبادلہ کی شرح میں ہونے والا اتار چڑھاؤ مستقبل کے منظر پر اثر انداز ہو سکتا ہے۔

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

武藤

تسو ہی موتو

مینجنگ ڈائریکٹر اینڈ سی ای او

محمد اسلم سحرانی

چیرمین

مؤرخہ 22 جولائی 2016





**D-2, S.I.T.E., Manghopir Road,
P.O. Box No. 10714, Karachi
UAN: 111-25-25-25
Website: www.hinopak.com**