



# HINO MOTORS, LTD. ANNUAL REPORT 1998

For The Year Ended March 31, 1998



## PROFILE

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Hino Motors, Ltd. makes full use of its world-class diesel engine technology to manufacture and market diesel trucks, buses and industrial and marine engines. In the domestic market for medium- and heavy-duty trucks,\* the Company has commanded the top market share for 25 consecutive years.

The Japanese automotive industry today is facing a harsh operating environment amid a prolonged downturn in domestic economic activity. Hino Motors is responding by accelerating the development of engines and products that meet customer needs. The Company also plans full-fledged entry into the light-duty truck market.

*\*Medium-duty trucks have payloads from 3.5 to less than 5.0 tons; heavy-duty trucks have payloads of 5.0 tons and over.*

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# CONSOLIDATED FINANCIAL HIGHLIGHTS

YEARS ENDED OR AS OF MARCH 31, 1997 AND 1998

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Net sales .....	¥632,716	<b>¥589,209</b>	<b>\$4,460,326</b>
Income before income taxes .....	10,611	<b>2,567</b>	<b>19,432</b>
Net income .....	7,237	<b>1,649</b>	<b>12,483</b>
Property, plant and equipment—net.....	172,247	<b>186,356</b>	<b>1,410,719</b>
Total assets .....	398,959	<b>421,363</b>	<b>3,189,727</b>
Shareholders' equity .....	141,648	<b>142,452</b>	<b>1,078,364</b>
	Yen		U.S. Dollars
Per share amounts:			
Net income .....	¥19.97	<b>¥4.55</b>	<b>\$0.03</b>
Cash dividends .....	6.00	<b>6.00</b>	<b>0.05</b>

Note 1: U.S. dollar amounts here and elsewhere in this Annual Report are translated, for convenience only, at the rate of ¥132.10=\$1.

Note 2: The years stated in the text are fiscal years which run from April 1 of the previous year through March 31 of the following year.

Note 3: Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

Note 4: Cash dividends per share represents the cash dividends declared as applicable to the respective year.

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# HINO MOTORS IS RESPONDING TO A HISTORIC DOWNTURN IN THE BUSINESS ENVIRONMENT.

Fiscal year 1998, ended March 31, 1998, was characterized by a dramatic deterioration in the business environment. The domestic automotive industry felt the full brunt of these conditions, and truck manufacturers were forced to focus on competitive strengths and concentrate resources on product areas with growth potential. Despite these efforts, business results fell below expectations.

With due consideration to the fiscal year's performance, Hino Motors has clarified its management strategy for the years ahead. We ask for the support of our shareholders as we position Hino Motors for future growth and value creation.

## MARKETS AND PERFORMANCE

In the fiscal year under review, the Japanese economy entered a period of severity that was unprecedented in the post-war era. Consumer sentiment was adversely affected by a hike in the consumption tax, and curbs on both public spending and private-sector capital investment led to continued economic weakness. These factors were compounded in the second half of the term when non-performing loan difficulties at financial institutions resurfaced amid a sharp rise in corporate bankruptcies.

In the market for medium- and heavy-duty trucks, our mainstay products, domestic demand fell due to the economic slowdown, which was led by cuts in public works spending and a slump in housing investment. In the overseas market, although exports were supported by the yen's continued depreciation, economic conditions weakened in our principal export market of Southeast Asia as a result of the currency crisis and economic turmoil in the region. Consequently, demand declined substantially overseas as well as in Japan.



*Toshimi Onishi, Chairman (left) and  
Hiroshi Yuasa, President*

# AGGRESSIVELY

During the term, Hino Motors launched vehicles incorporating new technology, bolstered its product lineup and aggressively boosted its R&D and marketing programs. However, the effects of these measures were overwhelmed by the extreme deterioration of market conditions. As a result, overall unit sales of diesel trucks and buses declined 16.1% compared with the previous term to 70,868 units.

In Japan, unit sales of medium-duty trucks fell 13.6% to 19,841 units and declined 14.5% on a value basis to ¥56,224 million. In heavy-duty trucks, unit sales were down 10.8% to 17,880 units, and sales decreased 11.7% on a value basis to ¥116,740 million. Sales of buses recorded a 3.0% decline in unit sales to 2,739 units and a 5.5% drop in value to ¥29,052 million. Overall domestic sales of diesel vehicles, including 3.0- to 3.5-ton trucks and 2-ton trucks, which posted a relatively strong performance during the year, declined 8.5% to 46,412 units, or 10.4% to ¥212,832 million. Overseas sales in this category, however, dropped 27.5% to 24,456 units, or 20.9% in value to ¥76,406 million. In addition, commissioned small vehicle production for Toyota Motor Corporation declined 20.3% to 248,019 units, or 2.3% to ¥170,578 million, mainly the result of a slump in knockdown production for the Southeast Asian region.

Consolidated net sales for the year declined 6.9% to ¥589,208 million. The Company responded with aggressive countermeasures to support earnings, including stepped up efforts to reduce costs. These efforts, however, were insufficient to offset falling sales, and operating income fell 93.1% to ¥728 million, with net income down 77.2% to ¥1,649 million.

## OUTLOOK AND STRATEGY

Although the government implemented a broad economic stimulus package, the economy is unlikely to turn upward in the near future. In the domestic medium- and heavy-duty truck market, we do not expect an early recovery in the structural downturn in construction-related demand, and depressed demand for cargo transport is also likely to be prolonged.

Consequently, we do not foresee an increase in demand in the near term. Overseas, the timing of an economic recovery in Southeast Asia, our key overseas market, remains uncertain, and further declines in export volume have been incorporated into our forecasts.

Hino Motors will therefore concentrate on creating a corporate structure that enables it to develop, manufacture and distribute high-quality products at a low cost, while fostering aggressive management to maintain the Company's earning power and market presence in the 21st century. To achieve these objectives, we are committed to maintaining our position as number one in the domestic market for medium- and heavy-duty trucks, which we have held for the past 25 years. At the same time, we aim to reinvigorate our bus business, proceed with preparations for our full-fledged entry into the light-duty truck market, and attain growth as a comprehensive truck and bus manufacturer.

As the leading manufacturer of diesel trucks and buses, we fully understand the importance of environmental conservation, and this is our highest priority in product development, manufacturing and other business processes. These efforts to protect the environment are valuable activities in the sense of making qualitative improvements to products, such as enhancing combustion efficiency, and we believe they hold the key to the Company's growth.

At the Board of Directors' meeting following the general shareholders' meeting on June 26, 1998, Kaneyoshi Kusunoki, who had served with distinction as chairman for many years, was appointed to the position of senior adviser to the Board, and Toshimi Onishi was appointed as our new chairman.

We ask for the continued support of our shareholders.

大西利美

Toshimi Onishi, Chairman

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Hiroshi Yuasa, President

# TO MAINTAIN STRONG EARNING PO IN A HARSH ENVIRONMENT, HINO STRUCTURE TO PURSUE AGGRESSIVE MANAGE CUSTOMERS WITH HIGH-QUALITY PRODUCTS

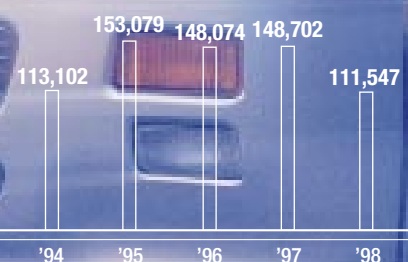
The domestic medium- and heavy-duty diesel truck market has borne the brunt of the prolonged economic downturn, and market conditions have become increasingly severe. In addition, the countries of Southeast Asia, our principal export market, are mired in a currency crisis. Consequently, both domestic and export demand has worsened considerably with no sign of an end to this industrywide stagnation.

Total domestic demand for medium- and heavy-duty diesel trucks, which is a clear indicator of trends in the domestic market, declined 25.0% from 148,702 units in fiscal 1997 to 111,547 units in fiscal 1998. In fiscal 1999, despite the expected effects of the government's economic stimulus package, harsh market conditions are expected with further declines in domestic demand.

Under such conditions, rather than adopt a defensive stance, Hino Motors is developing an aggressive management style tuned to the needs of product development, production and marketing. We aim to implement specific measures in the following three core areas:

- *Enhancing product quality and extending our record as the leader in the domestic market*
- *Expanding aggressively in overseas markets*
- *Fully entering the light-duty truck market*

Total Domestic Demand for Medium- and Heavy- Duty Trucks (units)





# LEADERSHIP AND MARKET PRESENCE

## HINO MOTORS IS CREATING A CORPORATE ENVIRONMENT INITIATIVES AND PROVIDE AT A LOW COST.



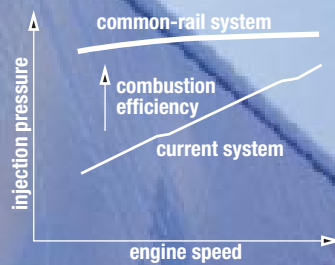
### ENHANCING PRODUCT QUALITY AND EXTENDING OUR RECORD AS THE LEADER IN THE DOMESTIC MARKET

Outstanding customer loyalty and product competitiveness is demonstrated by 25 years as the domestic market leader in medium- and heavy-duty diesel trucks. However, instead of resting on past achievements, Hino Motors is enthusiastic about accepting new challenges. We aim to extend our leadership position to 26 years and beyond by placing the highest priority on meeting customer expectations.

Hino Motors has consistently been a technological pioneer. We have led the industry in our responses to deregulation. We have enthusiastically embraced environmental protection through reduced emissions, lower noise levels and active recycling in our operations. And we have made an unwavering commitment to improving vehicle safety. Outstanding technological strength is evident in every Hino Motors vehicle.

As we begin our second quarter century at the apex of the

Combustion Efficiency of the Common-Rail System



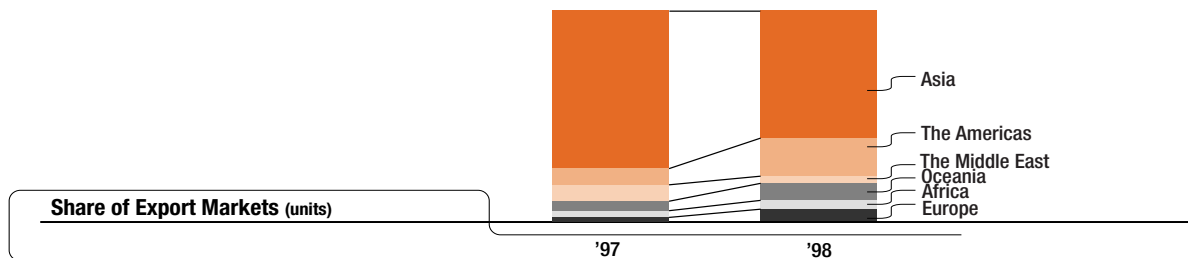
industry, we have renewed our flagship strategic series, SUPER DOLPHIN PROFIA heavy-duty trucks. In May 1998, new models were launched with enhanced environmental features, economy and safety.

The new series is distinguished by a common-rail, electronically controlled, high-pressure fuel injection system in a in-line six cylinder turbo intercooler engine, which was originally incorporated in our medium-duty truck series to strong acclaim. The system works by supplying fuel from the fuel pump to each injector through a common rail and integrating the electronic control of injection pressure, timing and amounts. This process enables high-pressure fuel injection, from low to high speeds adjusted for different loads. As a result, we have achieved superior fuel economy by substantially improving combustion cleanliness and efficiency.

This development marks a world first for adopting such a system to heavy-duty trucks with a gross vehicle weight of 20 tons or more, again exemplifying our industry leadership.



Hong Kong is expected to be a market of growing importance to Hino Motors.



## EXPANDING AGGRESSIVELY IN OVERSEAS MARKETS

Hino Motors had previously focused on expanding its operations in Southeast Asia, beginning with Thailand. However, our export volume declined dramatically in fiscal 1998 because of the sudden downturn in economic conditions in Southeast Asia. In fiscal 1997, the Company's exports to Thailand amounted to 14,257 units, or 42.3% of total exports of 33,728 units. In fiscal 1998, exports to the country plunged 73.9% to a 3,727 units. Moreover, export volume to Southeast Asian countries fell sharply across the board. On the other hand, an increase in export volume was recorded in Taiwan and Hong Kong, with respective gains of 50.2% to 3,398 units and 92.3% to 1,198 units. We also substantially boosted the volume of exports to Australia and the United States. In light of these results, Hino Motors is making efforts in each region, outlined as follows:

### (1) ASIA, EXCLUDING CHINA

As this region will continue to be an important market, we will follow up on previous measures to establish local production and to implement marketing strategies in tune with local needs. After constructing a new factory at our joint venture company in Taiwan and taking an equity stake in a distributor there, we established Hino Motors Vietnam, Ltd. as a joint venture in 1996 to manufacture and market products in Vietnam. This company commenced production in November 1997.

We will adopt the following initiatives in response to adverse conditions in the Southeast Asian market:

- Streamlining and boosting the efficiency of our overseas production network;
- Transferring surplus staff to neighboring countries and Japan;
- Making full use of production bases for re-exporting, including exports to Japan; and
- Expanding the local procurement of components to take advantage of the weakness of local currencies.





We have launched an aggressive marketing program in the North American market.

## (2) CHINA

Hino Motors views China as a promising market and will explore the possibility of entering the market in various ways, beginning with the establishment of joint ventures.

## (3) THE UNITED STATES, AUSTRALIA, THE MIDDLE EAST AND AFRICA

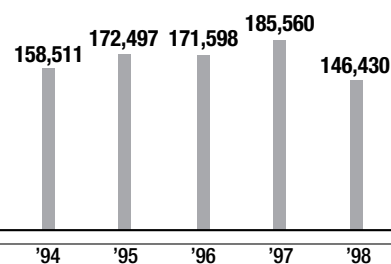
The United States is an attractive market and we will focus efforts on bolstering our product lineup as well as our marketing and service networks. Australia is a crucial market for us along with Asia, and we will aggressively expand our truck business there through Hino Motor Sales Australia (HMSA) Pty Ltd, a wholly owned subsidiary established in 1994. In the Middle East and Africa, although demand is declining in such promising markets as Pakistan and Saudi Arabia, we will strive to uncover substantial potential demand in this region.

## FULL-SCALE ENTRY INTO THE LIGHT-DUTY TRUCK MARKET

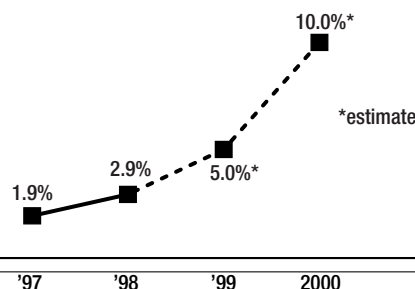
Until recently, Hino Motors has concentrated on expanding its medium- and heavy-duty truck business, while its share of 2-ton vehicle production has been limited to approximately 3%. However, the so-called light-duty truck market, encompassing 2.0- to 3.5-ton trucks, is even larger than the medium- and heavy-duty truck market. At present, to make full-scale market entry, we are jointly developing new light-duty trucks with Toyota Motor Corporation, which we plan to launch in 1999.

Light-duty trucks are strategically vital for future expansion, and we are targeting a domestic market share of 5% in fiscal 1999 and 10% in fiscal 2000. We plan to begin exporting these vehicles immediately after their launch in the domestic market.

Total Domestic Demand for Light-Duty Trucks (units)



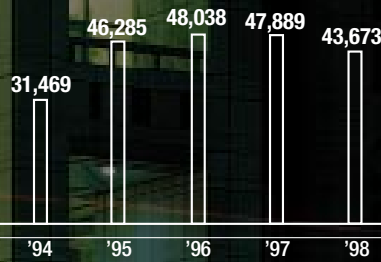
Hino Motors' Market Share in Light-Duty Trucks





# **SALES OF MAINLINE MEDIUM- AND HEAVY DUTY DIESEL TRUCKS**

Sales of Trucks in the Domestic Market (units)



## DIESEL TRUCKS FOR THE DOMESTIC MARKET

Domestic demand for medium- and heavy-duty trucks, Hino Motors' main product category, declined sharply during the term under review. Adverse factors included the impact of the consumption tax hike, cuts in public works expenditures, a slump in housing investment and general economic uncertainty. Signs of a recovery in demand have yet to appear.

Owing to the steep decline in overall demand, sales in the segment, excluding light-duty trucks, decreased in terms of both volume and value, falling 8.8% to 43,673 units and 11.1% to ¥183,780 million.

Amid an extremely harsh environment, we strove to stimulate demand through aggressive and finely tuned product development. In the heavy-duty diesel truck class, we expanded our SUPER DOLPHIN PROFIA L series with gross vehicle weight of 22 tons and 25 tons, which was developed in response to the relaxation of gross vehicle weight regulations in Japan, by adding a 20-kiloliter petroleum tank

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Hino Motors is developing industry-leading technology for our SUPER DOLPHIN PROFIA series in the highly competitive domestic heavy-duty truck market.

lorry specialty vehicle and a low-bed four-axle truck with all tires of the same size. In the medium-duty class, we raised the maximum payload for all of our RISING RANGER series, increased the number of vehicle-type series and introduced a new liquefied petroleum gas (LPG) vehicle in the bedless-cab FB series. In the RANGER 2 series of light-duty trucks, we also extended the scope of engine types and upgraded standard specifications. As a result, Hino Motors maintained the top position in domestic medium- and heavy-duty trucks, representing 25 consecutive years of market leadership.

### **DIESEL BUSES FOR THE DOMESTIC MARKET**

Overall domestic demand for diesel buses remained weak during the term. Sales fell 3.0% to 2,739 units and 5.5% in value to ¥29,052 million.

In addition, the market structure is changing with a decrease in the number of overall passengers and an increase in the proportion of elderly passengers. These trends are driving changes in the types of vehicles and specifications required.

Hino Motors developed and launched new buses that precisely meet market needs. To improve the convenience of boarding and deboarding, we launched the RAINBOW series, which eliminates different deck levels, and the LIÉSSE series, which features a mechanical step for passengers in wheelchairs. In addition, we developed a diesel/electric hybrid system for hill-climbing and high-speed cruising, which has already demonstrated a low level of environmental impact for busses in urban areas and national parks. This system was incorporated in SÉLEGA, a large tour bus that was launched during the fiscal year in review. The system boosts the running performance of new engine types on roads in mountainous and hilly areas and allows

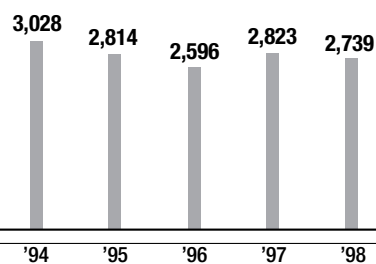
# BUSES DECLINED 0 VALUE BASIS. HOW



We introduced a new series of buses designed for more comfortable cruising and advanced environmental protection.

cleaner operation through the elimination of a sub-engine for the air-conditioning system. In February 1998, Hino buses using this system owned by Matsumoto Electric Railway Company, Ltd. played an active role in transporting competitors and spectators at the Nagano Winter Olympics.

Sales of Buses in the Domestic Market (units)



## COMMISSIONED VEHICLES

Hino Motors produces vehicles on commission for Toyota Motor Corporation. In September 1997, full model changes were introduced for the Hilux pickup truck and the Hilux Surf recreational vehicle, each of which posted strong sales performance. However, as knockdown exports bound for Southeast Asia declined, overall production of commissioned vehicles fell 20.3% to 248,019 units. Including the supply of parts and other products to Toyota, sales in this category edged down 0.1% to ¥220,855 million.

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EVER, WE MADE



Demand for industrial diesel engines was adversely affected by Japan's weakening economy.

## OTHER DIVISIONS

Domestic sales volume of industrial diesel engines declined 14.8% to 9,391 units, as previously strong demand for models equipped with emission control devices for generators and compressors declined.

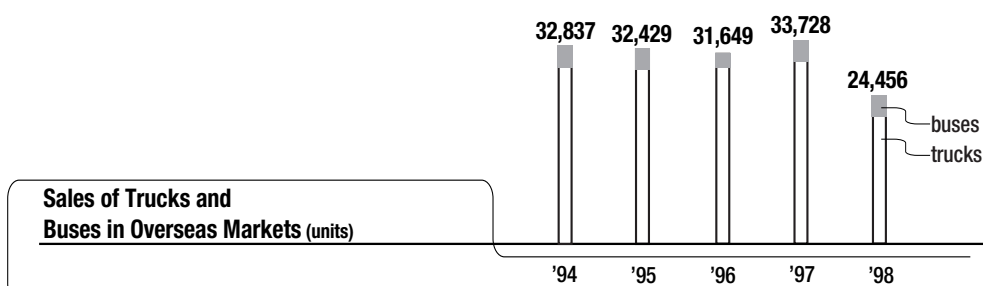
Sales of parts supplied to the domestic market were depressed by such factors as restrained private-sector capital investment and fell 6.0% to ¥31,563 million. Overall sales of other divisions rose 2.4% to ¥62,130 million.

## OVERSEAS MARKETS

As in fiscal 1997, Hino Motors endeavored to reinforce its product strength by expanding the new Super F series and launching vehicles that conform with such vehicle emission regulations as Euro I and EPA98. As a result, we boosted sales volume in the United States, Central and South America and Australia. However, as conditions worsened in our principal export markets of Southeast Asia, overall export volume fell below the previous term's level, dropping 27.5% to 24,456 units.

Exports of industrial diesel engines to China and the United States were buoyant and in October 1997, we began full-fledged exports of engines for generators to Taiwan. Consequently, overall sales of industrial diesel engines soared 63.8% to 2,100 units.

However, as shipments of overseas OEM (original equipment manufacturing) components to South Korea declined substantially because of the economic turmoil

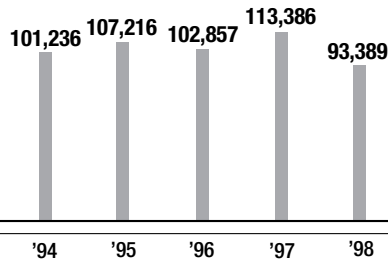


Only 1994 figure is on a nonconsolidated basis.

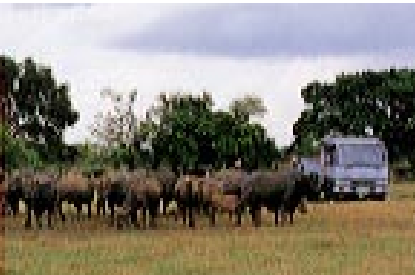
# STRONG EFFORTS OURSELVES FROM



#### Sales in Overseas Markets (¥ millions)



Only 1994 figure is on a nonconsolidated basis.



We continue to reinforce our operations in Thailand.

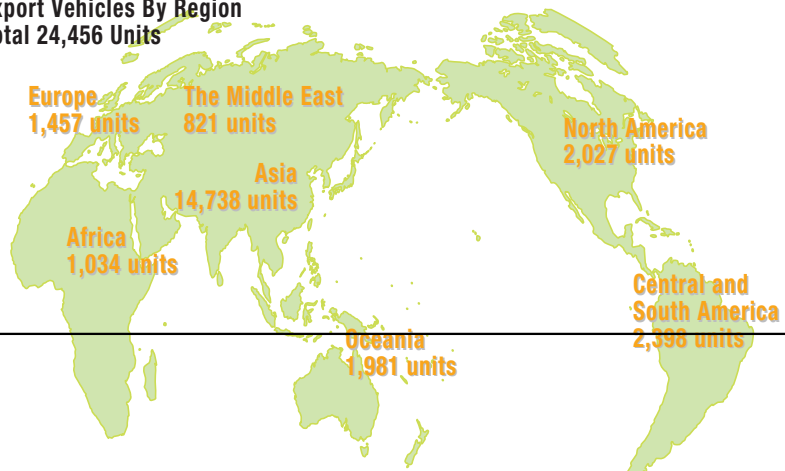
in the country, aggregate sales of overseas OEM components and parts supplied to overseas markets edged down 0.1% to ¥13,197 million.

As a result of these factors, total overseas sales decreased 17.6% to ¥93,388 million.

During the fiscal year, the financial crisis in Southeast Asia led our joint venture in Thailand, Thai Hino Industry Co., Ltd., to completely close down its production lines in January 1998, the first time this had occurred since the venture was established in 1964. In June, however, it resumed truck production. To bolster our product lineup in Thailand, in February 1998 we began a mutual OEM supply arrangement with Toyota for our 5-ton trucks and Toyota's 2-ton trucks.

Further, November 1997 saw the start of operations at the factory of Hino Motors Vietnam, Ltd., which we established in 1996 to develop a new market in Vietnam.

#### Export Vehicles By Region Total 24,456 Units



# TO DIFFERENTIATE THE COMPETITION.

## FINANCIAL SECTION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### SCOPE OF CONSOLIDATION AND EQUITY METHOD

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In accordance with generally accepted accounting principles in Japan, the consolidated financial statements include the accounts of Hino Motors, Ltd. and seven consolidated subsidiaries, including three subsidiaries that were included in the consolidated accounts for the first time during the fiscal year ended March 31, 1998. In addition, 17 affiliated companies were accounted for using the equity method, compared with 14 companies during the previous term.

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#### NET SALES

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For the fiscal year ended March 31, 1998, consolidated net sales declined 6.9% to ¥589,209 million (US\$4,460 million), reflecting harsh conditions in domestic and overseas markets. Total domestic sales, which include vehicles produced on commission for Toyota Motor Corporation, were down 4.5% to ¥495,820 million (US\$3,753 million). Overseas sales fell 17.6% to ¥93,389 million (US\$707 million). The overseas sales ratio was 15.8%, compared with 17.9% during the previous fiscal year.

Domestic sales of diesel trucks and buses declined 11.6% to ¥206,347 million (US\$1,562 million). Of this amount, heavy-duty truck sales were ¥116,740 million (US\$884 million), a decline of 11.7% from the previous term, and medium-duty truck sales were ¥56,224 million (US\$426 million), down 14.5%. Domestic bus sales were down 5.5% to ¥29,053 million (US\$220 million). Domestic sales of 2-ton trucks, however, climbed 60.5% to ¥6,486 million (US\$49 million).

Owing largely to adverse operating conditions in the Company's chief export markets of Southeast Asia, overseas sales of diesel trucks and buses decreased 20.9% to ¥76,407 million (US\$578 million), or 13.0% of net sales.

Sales of pickup trucks and recreational vehicles produced on commission for Toyota, and related parts and others, edged down 0.1% to ¥220,856 million (US\$1,672 million), accounting for 37.5% of total net sales. Of this amount, vehicle sales were ¥170,578 million (US\$1,291 million), 2.3% below the previous fiscal year.

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#### NET INCOME

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Lower sales led to a 25.0% decline in gross profit to ¥40,656 million (US\$308 million). The gross profit margin deteriorated 1.7 percentage points to 6.9%, while the ratio of selling, general and administrative expenses to net sales was 6.8%, a slight improvement of 0.1 percentage point. The operating income margin was 0.1%. Consequently, operating income fell 93.1% to ¥728 million (US\$6 million).

Interest expenses net of interest and dividend income was ¥37 million (US\$0.3 million), compared with ¥32 million a year earlier. However, with other income, net of ¥1,876 million (US\$14 million), which included a gain on the sale of marketable securities, the Company recorded other income, net of other income, of ¥1,839 million (US\$14 million), compared with net expenses of ¥15 million in the previous term.

The above factors resulted in income before income taxes of ¥2,567 million (US\$19 million), a decline of 75.8%. Following equity in losses of unconsolidated subsidiaries of ¥1,047 million (US\$8 million) and other items, net income was ¥1,649 million (US\$12 million), or 77.2% below the previous term. Net income per share was ¥4.55 (US\$0.03), with cash dividends maintained at ¥6.00 (US\$0.05).

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#### **CASH FLOWS AND FINANCIAL POSITION**

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Net cash used in operating activities was ¥4,914 million (US\$37 million), compared with net cash provided by operating activities of ¥76,235 million during the previous term. Although the total of net income and depreciation and amortization was ¥29,346 million (US\$222 million), this was offset by other factors, especially a decrease in notes and accounts payable of ¥17,956 million (US\$136 million).

Net cash used in investing activities was ¥43,021 million (US\$326 million), a slight decrease from the previous term. The largest use of cash in this category was addition to property, plant and equipment of ¥50,668 million (US\$384 million).

Net cash provided by financing activities was ¥42,532 million (US\$322 million), compared with net cash used in financing activities of ¥24,506 million during the previous term. The largest source of cash in this category was proceeds from long-term debt of ¥32,843 million (US\$249 million), followed by a net increase in short-term loans of ¥14,561 million (US\$110 million).

In aggregate, cash and cash equivalents at end of year decreased ¥5,403 million (US\$41 million) to ¥36,273 million (US\$275 million).

Interest-bearing debt (short-term bank loans, the current portion of long-term debt and long-term debt) increased ¥44,846 million to ¥125,153 million (US\$947 million). Long-term debt increased ¥19,022 million to ¥73,930 million (US\$560 million), including bond issuances of ¥10,000 million (US\$76 million) and ¥20,000 million (US\$151 million) at 2.2% and 2.6%, respectively. The current portion of long-term debt increased ¥11,263 million to ¥13,406 million (US\$101 million).

Total assets grew ¥22,404 million to ¥421,363 million (US\$3,190 million). The equity ratio was 33.8%, compared with 35.5% a year earlier.

# CONSOLIDATED BALANCE SHEETS

MARCH 31, 1997 AND 1998

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
<b>Current assets:</b>			
Cash and cash equivalents .....	¥ 41,676	¥ 36,273	\$ 274,587
Short-term investments .....	11,517	13,667	103,460
Trade receivables			
Notes .....	1,234	1,058	8,009
Accounts .....	71,217	73,376	555,458
Inventories (Note 3) .....	27,379	34,044	257,714
Prepaid expenses and other current assets .....	6,768	9,657	73,104
Less allowance for doubtful accounts .....	(819)	(717)	(5,428)
Total current assets .....	158,972	167,358	1,266,904
<b>Investments and advances:</b>			
Investment securities .....	33,953	34,014	257,487
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 4) .....	25,990	24,627	186,427
Long-term loans .....	430	355	2,687
Other investments .....	10,170	10,154	76,866
Less allowance for doubtful accounts .....	(2,870)	(1,680)	(12,718)
Total investments and advances .....	67,673	67,470	510,749
<b>Property, plant and equipment (Note 7) :</b>			
Land .....	16,640	17,888	135,413
Buildings and structures .....	120,588	129,899	983,338
Machinery and equipment .....	235,100	252,149	1,908,774
Vehicles and tools .....	59,965	71,686	542,665
Construction in progress .....	21,059	17,462	132,187
	453,352	489,084	3,702,377
Less accumulated depreciation .....	(281,105)	(302,728)	(2,291,658)
Net property, plant and equipment .....	172,247	186,356	1,410,719
<b>Other assets</b> .....	67	179	1,355
	¥ 398,959	¥ 421,363	\$ 3,189,727

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
<b>Current liabilities:</b>			
Short-term bank loans (Note 5) .....	¥ 23,256	¥ 37,817	\$ 286,276
Current portion of long-term debt (Note 5) .....	2,143	13,406	101,484
Trade payables			
Notes .....	6,969	5,666	42,892
Accounts .....	108,605	91,952	696,079
Accrued income taxes (Note 9) .....	4,010	455	3,444
Accrued expenses .....	12,542	11,574	87,615
Other current liabilities .....	28,529	28,210	213,550
Total current liabilities .....	186,054	189,080	1,431,340
 <b>Long-term liabilities:</b>			
Long-term debt (Note 5) .....	54,908	73,930	559,652
Accrued severance indemnities (Note 6) .....	15,749	15,523	117,509
Other .....	29	24	182
Total long-term liabilities .....	70,686	89,477	677,343
<b>Translation adjustments</b> .....	203	—	—
<b>Minority interests in consolidated subsidiaries</b> .....	368	354	2,680
 <b>Shareholders' equity:</b>			
Common stock, par value ¥50 per share			
Authorized—1,000,000,000 shares			
Issued—362,391,898 shares in 1997 and 1998 .....	26,412	26,412	199,939
Additional paid-in capital .....	17,787	17,787	134,648
Legal reserve (Note 11) .....	6,603	6,603	49,985
Retained earnings (Note 12) .....	90,846	91,651	693,800
Less			
Treasury common stock, at cost:			
176 shares in 1997 and 1,770 shares in 1998 .....	(0)	(1)	(8)
Total shareholders' equity .....	141,648	142,452	1,078,364
	¥398,959	¥421,363	\$3,189,727

# CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 1997 AND 1998

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
<b>Net sales</b> (Note 14) .....	¥632,716	<b>¥589,209</b>	<b>\$4,460,326</b>
<b>Cost of sales</b> (Note 7) .....	578,537	<b>548,553</b>	<b>4,152,559</b>
Gross profit .....	54,179	<b>40,656</b>	<b>307,767</b>
<b>Selling, general and administrative expenses</b> (Note 7) .....	43,553	<b>39,928</b>	<b>302,256</b>
Operating income .....	10,626	<b>728</b>	<b>5,511</b>
<b>Other income (expenses)</b> (Note 7):			
Interest and dividend income .....	2,314	<b>1,999</b>	<b>15,132</b>
Interest expenses .....	(2,346)	<b>(2,036)</b>	<b>(15,413)</b>
Other, net .....	17	<b>1,876</b>	<b>14,201</b>
	(15)	<b>1,839</b>	<b>13,921</b>
<b>Income before income taxes</b> .....	10,611	<b>2,567</b>	<b>19,432</b>
<b>Income taxes</b> (Note 9):			
Current .....	5,174	<b>488</b>	<b>3,694</b>
Deferred .....	167	<b>(426)</b>	<b>(3,225)</b>
	5,341	<b>62</b>	<b>469</b>
<b>Income before items as shown below</b> .....	5,270	<b>2,505</b>	<b>18,963</b>
<b>Minority interests in income of consolidated subsidiaries</b> .....	(8)	<b>191</b>	<b>1,446</b>
<b>Amortization</b> .....	(0)	<b>(0)</b>	<b>(0)</b>
<b>Equity in (losses) earnings of unconsolidated subsidiaries and affiliates</b> .....	1,975	<b>(1,047)</b>	<b>(7,926)</b>
<b>Net income</b> .....	<b>¥ 7,237</b>	<b>¥ 1,649</b>	<b>\$ 12,483</b>
<b>Per share amounts:</b>			
	Yen		U.S. Dollars
Net income .....	¥ 19.97	<b>¥ 4.55</b>	<b>\$ 0.03</b>
Cash dividends .....	6.00	<b>6.00</b>	<b>0.05</b>

See accompanying Notes to Consolidated Financial Statements.



# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 1997 AND 1998

	Number of shares of common stock (Thousands)	Millions of Yen				Number of shares of Treasury common stock
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings	
<b>Balance at March 31, 1996</b> .....	362,392	¥26,412	¥17,787	¥6,603	¥88,588	(1,429)
Net income .....	—	—	—	—	7,237	—
Cash dividends paid .....	—	—	—	—	(2,174)	—
Directors' and statutory auditors' bonuses .....	—	—	—	—	(140)	—
Decrease due to the exemption of an affiliate accounted for by the equity method .....	—	—	—	—	(2,665)	—
Other .....	—	—	—	—	—	1,253
<b>Balance at March 31, 1997</b> .....	<b>362,392</b>	<b>26,412</b>	<b>17,787</b>	<b>6,603</b>	<b>90,846</b>	<b>(176)</b>
Net income .....	—	—	—	—	1,649	—
Cash dividends paid .....	—	—	—	—	(2,174)	—
Directors' and statutory auditors' bonuses .....	—	—	—	—	(140)	—
Increase due to the addition of an affiliate accounted for by the equity method .....	—	—	—	—	1,470	—
Other .....	—	—	—	—	—	(1,594)
<b>Balance at March 31, 1998</b> .....	<b>362,392</b>	<b>¥26,412</b>	<b>¥17,787</b>	<b>¥6,603</b>	<b>¥91,651</b>	<b>(1,770)</b>

	Thousands of U.S. Dollars			
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
<b>Balance at March 31, 1997</b> .....	<b>\$199,939</b>	<b>\$134,648</b>	<b>\$49,985</b>	<b>\$687,706</b>
Net income .....	—	—	—	12,483
Cash dividends paid .....	—	—	—	(16,457)
Directors' and statutory auditors' bonuses .....	—	—	—	(1,060)
Increase due to the addition of an affiliate accounted for by the equity method .....	—	—	—	11,128
<b>Balance at March 31, 1998</b> .....	<b>\$199,939</b>	<b>\$134,648</b>	<b>\$49,985</b>	<b>\$693,800</b>

See accompanying Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 1997 AND 1998

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
<b>Operating activities:</b>			
Net income .....	¥ 7,237	¥ 1,649	\$ 12,483
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	26,795	27,697	209,667
Provision for doubtful accounts .....	(138)	(102)	(772)
Provision for severance indemnities less payments .....	(421)	(226)	(1,711)
Loss on sales and disposal of property, plant and equipment .....	516	625	4,731
(Decrease) increase in minority interests .....	6	(14)	(106)
Changes in operating assets and liabilities:			
Notes and accounts receivable .....	17,483	(1,983)	(15,011)
Inventories .....	1,040	(6,665)	(50,454)
Prepaid expenses and other current assets .....	2,200	(2,889)	(21,870)
Notes and accounts payable .....	7,514	(17,956)	(135,927)
Accrued income taxes .....	3,873	(3,555)	(26,911)
Accrued expenses and other current liabilities .....	10,130	(1,495)	(11,317)
Net cash (used in) provided by operating activities .....	76,235	(4,914)	(37,198)
<b>Investing activities:</b>			
(Increase) decrease in short-term investments .....	654	(2,150)	(16,276)
Net decrease (increase) in investments in unconsolidated subsidiaries and affiliates .....	(3,252)	2,833	21,446
Net increase in investment in securities .....	(2,725)	(61)	(462)
Net decrease in long-term loans .....	102	75	568
Addition to property, plant and equipment .....	(49,207)	(50,668)	(383,558)
Proceeds from sales and disposal of property, plant and equipment .....	11,717	4,478	33,899
Other .....	(896)	2,472	18,713
Net cash used in investing activities .....	(43,607)	(43,021)	(325,670)
<b>Financing activities:</b>			
Net increase (decrease) in short-term loans .....	(650)	14,561	110,227
Proceeds from long-term debt .....	1,370	32,843	248,622
Repayments of long-term debt .....	(22,912)	(2,558)	(19,364)
Cash dividends paid and directors' and statutory auditors' bonuses .....	(2,314)	(2,314)	(17,517)
Net cash provided by (used in) financing activities .....	(24,506)	42,532	321,968
<b>Net (decrease) increase in cash and cash equivalents .....</b>	<b>8,122</b>	<b>(5,403)</b>	<b>(40,900)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>33,554</b>	<b>41,676</b>	<b>315,487</b>
<b>Cash and cash equivalents at end of year .....</b>	<b>¥ 41,676</b>	<b>¥ 36,273</b>	<b>\$ 274,587</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for:			
Interest expense .....	¥ 3,145	¥ 1,971	\$ 14,921
Income taxes .....	¥ 1,322	¥ 4,170	\$ 31,567

See accompanying Notes to Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1: Basis of Consolidated Financial Statements' Presentation

The accompanying consolidated financial statements of HINO MOTORS, LTD. (the "Company") and its consolidated subsidiaries have been prepared in accordance with accounting principles and practices generally accepted in Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to the accompanying consolidated financial statements prepared domestically in Japan in order to present these statements in a format which is more familiar to readers outside Japan. In addition, the accompanying notes include additional information, which is not required under accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts included herein are solely for the convenience of readers outside Japan and have been translated from the Japanese yen amounts at the rate of ¥132.10=\$1, the approximate exchange rate prevailing as of March 31, 1998.

### Note 2: Summary of Significant Accounting Policies

#### (1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in unconsolidated subsidiaries and affiliates are stated at cost and certain unconsolidated affiliates are accounted for by the equity method.

#### (2) Foreign Currency Translation

Foreign currency translation of the accounts of the Company and its subsidiaries are as follows:

Current receivables and payables in foreign currencies are translated at the rate of exchange in effect at the balance sheet date or at the rates of any applicable forward exchange contract. Non-current receivables and payables are translated at historical exchange rates.

The accounts of the consolidated foreign subsidiary are translated into yen at the rate of exchange in effect at the balance sheet date.

#### (3) Statements of Cash Flows

For the presentation of the statements of cash flows, the Company considers cash, time deposits and all other highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### (4) Inventories

##### The Company:

Finished products are stated at cost, which is determined by the identified cost method. Work in process, raw materials and supplies are stated at cost, which is determined by the moving average cost method.

##### Subsidiaries:

Inventories are principally stated at cost, which is determined by the moving average method or at the latest purchase price.

#### (5) Marketable Securities and Investment Securities

Marketable securities and investment securities are carried at cost, which is determined by the moving average cost method.

#### (6) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining balance method based on the estimated useful lives of the respective assets.

The range of useful lives are as follows:

Buildings and structures	5 to 75 years
Machinery and equipment	4 to 12 years
Vehicles and tools	2 to 15 years

#### (7) Severance Indemnities and Pension Plans

Employees who terminate their services with the Company and its subsidiaries are entitled to a lump-sum severance payment determined by reference to their current basic rate of pay and length of service. The Company and its subsidiaries generally provide for this liability to the extent of 40 per cent. of the amount (equal to the maximum amount allowable for income tax purposes) which would be required to be paid if all employees voluntarily terminated their services at the balance sheet date.

The Company has a non-contributory pension plan for employees. An employee who terminates employment with the Company at age 50 or more receives 10 per cent. (mandatory retirement at age 60 entitles an employee to receive 100 per cent.) of such retirement benefits by a lump-sum payment or by annuity payments from this pension plan, and the remainder by a lump-sum payment from the unfunded retirement plan (as described above). Payments to the pension fund are charged to income when made. The past service costs relating to the pension plan are being funded over a period of 20 years.

The consolidated subsidiaries have various kinds of pension plans.

#### (8) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on the estimated amount of probable bad debts and the maximum amount which can be charged to income under Japanese income tax laws.

#### (9) Research and Development Costs

Research and development costs are charged to income as incurred.

### (10) Income Taxes

Income taxes are provided for based on amounts currently payable for each year. No tax effect is recognized by the Company and its domestic subsidiaries for timing differences which arise as a result of the differences in the recognition of certain income and expenses for tax and for financial reporting purposes.

The foreign consolidated subsidiaries recognizes deferred income tax for such timing differences.

### (11) Revenue Recognition

Sales of products are recognized in the accounts upon shipment to customers.

### (12) Net Income per Share

The computation of net income per share is based on the weighted average number of shares outstanding during the period.

### (13) Leases

Finance leases, other than those lease agreements which stipulate the transfer of ownership of the leased property, are accounted for as operating leases.

### Note 3: Inventories

Inventories at March 31, 1997 and 1998 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Finished products .....	¥13,201	¥17,341	\$131,272
Work in process .....	11,203	13,377	101,264
Raw materials and supplies .....	2,975	3,326	25,178
	¥27,379	¥34,044	\$257,714

### Note 4: Advances to Unconsolidated Subsidiaries and Affiliates

Loans to unconsolidated subsidiaries and affiliates at March 31, 1997 and 1998, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Long-term loans:			
Unconsolidated subsidiaries .....	¥952	¥940	\$7,116
Affiliates .....	32	0	0
	¥984	¥940	\$7,116

### Note 5: Short-Term Bank Loans and Long-Term Debt

The annual interest rates applicable to short-term bank loans outstanding at March 31, 1997 and 1998 were principally 1.625 per cent.

Long-term debt at March 31, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Loans, principally from banks, insurance companies and other institutions, due 1998 to 2026 with interest rates ranging from 1.15% ~ 5.51%			
Secured .....	¥ 5,529	¥ 4,830	\$ 36,563
Unsecured .....	7,522	8,506	64,391
Less amount due within one year .....	(2,143)	(9,406)	(71,204)
	10,908	3,930	29,750
7.0% bonds due 1998 .....	4,000	4,000	30,280
3.45% bonds due 1999 .....	15,000	15,000	113,550
Floating-rate bonds due 1999 .....	25,000	25,000	189,251
2.2% bonds due 2002 .....	—	10,000	75,700
2.6% bonds due 2003 .....	—	20,000	151,400
Less amount due within one year .....	—	(4,000)	(30,280)
	44,000	70,000	529,901
	¥54,908	¥73,930	\$559,652

The aggregate annual maturities of long-term debt outstanding at March 31, 1998, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
1999 .....	¥13,406	\$101,484
2000 .....	42,306	320,257
2001 .....	1,020	7,721
2002 and thereafter .....	30,604	231,673
	¥87,336	\$661,135

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees for present and future indebtedness will be given upon request of the bank with reasonable and probable cause, and that the bank shall have the right to offset cash deposited with it against any obligation that has become due or, in the event of default, against all obligations due to the bank. The Company has never been requested to give any additional collateral or guarantee.

On January 17, 1995, the Company entered into debt assumption agreements with certain financial institutions for the full redemption of the 6.9 per cent. bonds due 1999 and eliminated the bonds from liabilities.

Under these agreements the debt was assigned as follows:

Assignee	Millions of Yen	Thousands of U.S. Dollars
The Sakura Bank		
—London Branch .....	¥10,000	\$ 75,700
The Fuji Bank		
(Luxembourg) S.A. ....	5,000	37,850
The Dai-Ichi Kangyo Bank		
—London Branch .....	5,000	37,850
	¥20,000	\$151,400

The Company retains a legal obligation as the primary obligator on the issuance of the bonds and consequently, has a contingent liability of ¥20,000 million (US\$151,400 thousand) until the final redemption is made.

#### Note 6: Accrued Severance Indemnities and Pension Costs

The charges to income for accrued severance indemnities and pension costs for the years ended March 31, 1997 and 1998 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Accrued severance			
indemnities .....	¥3,331	¥3,729	\$28,229
Pension costs .....	1,512	1,621	12,271

#### Note 7: Depreciation

Depreciation charges of property, plant and equipment for the years ended March 31, 1997 and 1998 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Selling, general and			
administrative expenses .....	¥ 1,167	¥ 1,296	\$ 9,811
Cost of sales .....	24,124	24,859	188,183
Other .....	535	397	3,005

#### Note 8: Leases

Lease expenses in respect of finance leases, other than those lease agreements which stipulate the transfer of ownership of the leased property, were as follows:

	Year ended March 31, 1998	
Class of property	Millions of Yen	Thousands of U.S. Dollars
Machinery and equipment .....	¥ 5,889	\$44,580
Vehicles and tools .....	11,908	90,144
Others .....	26	197
	17,823	134,921
Less accumulated depreciation ....	(6,887)	(52,135)
Net .....	10,936	82,786
Future minimum payments		
1999 .....	2,921	22,112
2000 and thereafter .....	8,015	60,674
	10,936	82,786
Lease expenses .....	2,070	15,670
Accumulated depreciation .....	2,070	15,670

#### Note 9: Income Taxes

The Company and its domestic subsidiaries are subject to corporate income tax, enterprise tax and prefectural and municipal inhabitants taxes, based on income, which in the aggregate result in a statutory tax rate of approximately 52 per cent. However, the effective tax rates in the accompanying statements of income differ from the above-mentioned income tax rate. The principal reasons for such differences are (a) the accounting policy of not providing for deferred income taxes arising from timing differences between financial and tax reporting, and (b) certain expenses which are not deductible for income tax purposes.

#### Note 10: Contingent Liabilities

Contingent liabilities at March 31, 1997 and 1998 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1997	1998	1998
Trade notes receivable			
discounted with banks .....	¥ 456	¥ 643	\$ 4,868
Guarantees of housing			
loans of employees and			
for indebtedness of			
consolidated subsidiaries			
and affiliates .....	15,578	14,866	112,536

In addition, the Company retains an obligation in respect of bonds of ¥20,000 million (US\$151,400 thousand) which were assumed by third parties on January 17, 1995 (See Note 5).

**Note 11: Legal Reserve**

The Commercial Code of Japan provides that an amount equal to at least 10 per cent. of cash dividends and other cash appropriations of retained earnings be appropriated as a legal reserve until such reserve equals 25 per cent. of common stock. This legal reserve is not available for dividends, but may be used to reduce a deficit by resolution of stockholders or may be transferred to capital stock by resolution of the Board of Directors.

**Note 12: Retained Earnings and Dividends**

The amount of retained earnings available for dividends under the Commercial Code of Japan is based on the amount stated in the statutory financial statements of the Company.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividend is applicable. In addition, a semi-annual interim dividend payment may be made by a resolution of the Board of Directors subject to certain limitations imposed by the Commercial Code.

**Note 13: Subsequent Event**

On June 26, 1998, the shareholders of the Company approved the following appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Appropriations:		
Cash dividends .....	¥1,087	\$8,229
Bonuses to directors and statutory auditors .....	70	530
	¥1,157	\$8,759

**Note 14: Segment Information**

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of automobiles, particularly diesel trucks and buses.

Business segment information is not required to be disclosed as both sales and operating income of the automobile business exceed 90 per cent. of total sales and of operating income of all segments not incurring an operating loss.

Geographical segment information is not required to be disclosed as sales outside Japan are less than 10 per cent. of consolidated net sales.

	Year ended March 31, 1998			Thousands of U.S. Dollars
	Millions of Yen			
Overseas sales	Asia	Other areas	Total	Total
Overseas sales (A) .....	¥53,844	¥39,545	¥ 93,389	\$ 706,949
Consolidated sales (B) ...	—	—	¥589,209	\$4,460,318
(A)/(B) .....	9.1%	6.7%	15.8%	

	Year ended March 31, 1997	
	Millions of Yen	Thousands of U.S. Dollars
Overseas sales	Total	Total
Overseas sales (A) .....	¥113,386	\$ 913,666
Consolidated sales (B) .....	¥632,716	\$5,098,437
(A)/(B) .....	17.9%	



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**To the Board of Directors of  
HINO MOTORS, LTD.**

We have examined the consolidated balance sheets of Hino Motors, Ltd. and its consolidated subsidiaries as of March 31, 1997 and 1998 and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of Hino Motors, Ltd. at March 31, 1997 and 1998 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

The accompanying consolidated financial statements with respect to the year ended March 31, 1998 have been translated into U.S. dollars solely for the convenience of the reader. We have reviewed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan  
June 26, 1998



SHOWA OTA & CO.  
Certified Public Accountants

## DIRECTORS AND AUDITORS

### Chairman



*Toshimi Onishi*

### President



*Hiroshi Yuasa*

### Executive Vice-Presidents



*Toshiki Amano*



*Masashi Shigemori*

### Senior Managing Directors



*Yoshio Yoshizawa*



*Masahiro Ishikawa*



*Masamichi Yoshimizu*



*Shohei Kakizoe*



*Kazuhiko Chiba*



*Tadayoshi Nakane*

### Chairman

Toshimi Onishi

### President

Hiroshi Yuasa

### Executive Vice-Presidents

Toshiki Amano

Masashi Shigemori

### Senior Managing Directors

Yoshio Yoshizawa

Masahiro Ishikawa

Masamichi Yoshimizu

Shohei Kakizoe

Kazuhiko Chiba

Tadayoshi Nakane

### Managing Directors

Shinichi Funakubo

Tadashi Shimizu

Isao Joko

Yoshitaka Nakamura

Hideaki Tobita

Takayuki Suzuki

Hisanobu Fujita

### Directors

Akihiro Wada

Kunihiko Kaneko

Hiromitsu Tanaka

Yutaka Kobayashi

Tsuyoshi Ohsumi

Norimitsu Miyazawa

Kijiro Onishi

Masataka Matsukata

Masaharu Ito

Masaharu Shibata

Hisaaki Uga

Masayoshi Hara

Mitsuo Kikuchi

Hiroyoshi Kako

Bunji Hagiwara

Taro Yoshimura

### Standing Auditors

Kazuyoshi Ohsaki

Kazuo Uesugi

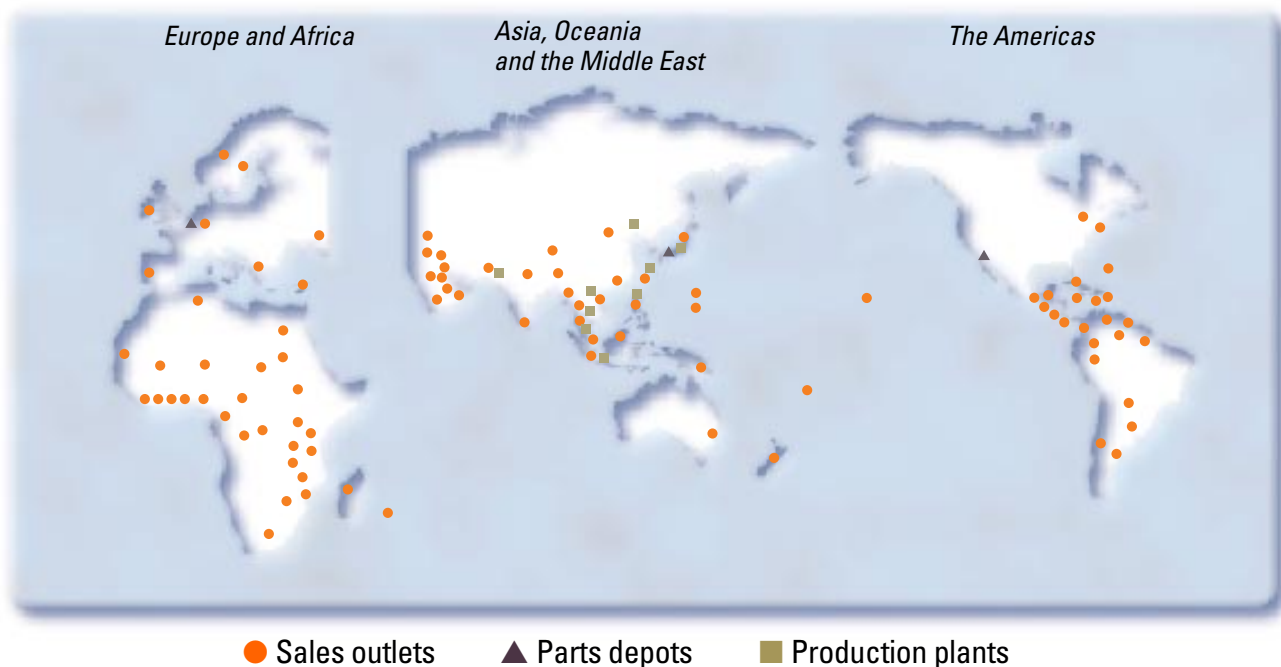
Kazuo Kadokura

### Auditors

Yoshinori Ueyama

Fujio Cho

# HINO'S INTERNATIONAL NETWORK



## DOMESTIC OFFICES AND PLANTS

### Head Office & Hino Plant:

1-1, Hinodai 3-chome, Hino-shi, Tokyo  
191-8660

### Nihonbashi Office (Overseas Business):

7-17, Nihonbashi 1-chome, Chuo-ku, Tokyo  
103-8256

### Tamachi Office

(Engines and Components Business):

11-1, Shiba 4-chome, Minato-ku, Tokyo  
108-0014

### Hamura Plant:

1-1, Midorigaoka 3-chome, Hamura-shi,  
Tokyo 205-8660

### Nitta Plant:

10-1, Hayakawa, Nitta-machi,  
Nitta-gun, Gunma 370-0344

## OVERSEAS AFFILIATES AND OFFICE

### Thailand

THAI HINO INDUSTRY CO., LTD.  
99 Moo3, Teparak Road, Tambol Teparak,  
Amphur Muang, Samutprakarn 10270  
THAI HINO MOTOR SALES, LTD.  
No. 45/13 Vibhavadi Ragsit Road, Laksi,  
Donmuang, Bangkok 10210

### The Philippines

PILIPINAS HINO INC.  
E. de los Santos Avenue Corner Madison  
Street, Mandaluyong, Metro Manila

### Malaysia

HINO MOTORS (MALAYSIA) SDN. BHD.  
Lot P.T. 24, Jalan 223, Section 51A, Petaling  
Jaya, Selangor

### Indonesia

P.T. HINO INDONESIA  
MANUFACTURING  
Jl. Raya Bekasi Km18 Kawasan, Industri  
Pulogadung, Jakarta Timur

### Vietnam

HINO MOTORS VIETNAM, LTD.  
Hoang Liet Hamlet, Thanh Tri District, Hanoi

### Taiwan

KUOZUI MOTORS, LTD.  
12F, No. 121, Sung Chiang Road,  
Taipei

### HO-TAI MOTOR CO., LTD.

13F, No. 121, Sung Chiang Road,  
Taipei

### China

LONG RI BUS CORPORATION  
No. 70 Cheng Xiang Road Daoli Dist, Harbin  
BEIJING OFFICE  
Room No.1017 Beijing Fortune Building,  
Beijing

### Pakistan

HINOPAK MOTORS LIMITED  
D-2, S.I.T.E. Manghopir Road, Karachi 75700  
P.O. Box 10714

### Australia

HINO MOTOR SALES AUSTRALIA PTY  
LTD  
2-10 Parraweena Road, Taren Point, NSW  
2229

### The United States of America

HINO DIESEL TRUCKS (U.S.A.), INC.

■ 25 Corporate Drive, Orangeburg, N.Y.  
10962

■ 1802 Kettering Street, Irvine, California  
92714

HINO ENGINE SERVICE (U.S.A.)  
CORPORATION  
25 Corporate Drive, Orangeburg,  
N.Y. 10962

### Canada

HINO DIESEL TRUCKS (CANADA) LTD.  
7040 Davand Drive, Mississauga, Ontario L5T  
1J5

## PARTS DEPOTS

### The United States of America

HINO MOTORS INTERNATIONAL  
(U.S.A.), INC.

451B North Cota Street, Corona, California  
91720

### Belgium

HINO MOTORS (EUROPE) N.V.  
Blarenberglaan 2800 Mechelen

For further information, please contact

### Public Relations Division

7-17, Nihonbashi 1-chome, Chuo-ku,  
Tokyo 103-8256, Japan  
Telephone: 3-3272-1891  
Facsimile: 3-3272-4822

# CORPORATE DATA

**Number of Shares:**

Authorized: 1,000,000,000

Outstanding: 362,391,898

**Paid-in Capital:** ¥26,412 million

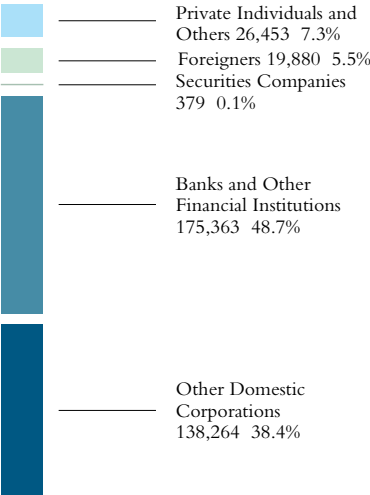
**Number of Shareholders:** 12,091

**Major Shareholders** (Unit: Thousand shares)

Name	Number of shares
Toyota Motor Corporation .....	72,764
Nippon Life Insurance Company .....	19,079
Asahi Mutual Life Insurance Company .....	18,648
The Sakura Bank, Ltd. ....	13,319
The Fuji Bank, Ltd. ....	11,606
The Dai-Ichi Kangyo Bank, Ltd. ....	11,547
The Mitsui Trust and Banking Co., Ltd. ....	10,277
The Tokio Marine and Fire Insurance Co., Ltd. ....	6,800
The Asahi Bank, Ltd. ....	5,761
The Sumitomo Trust & Banking Co., Ltd. ....	5,722

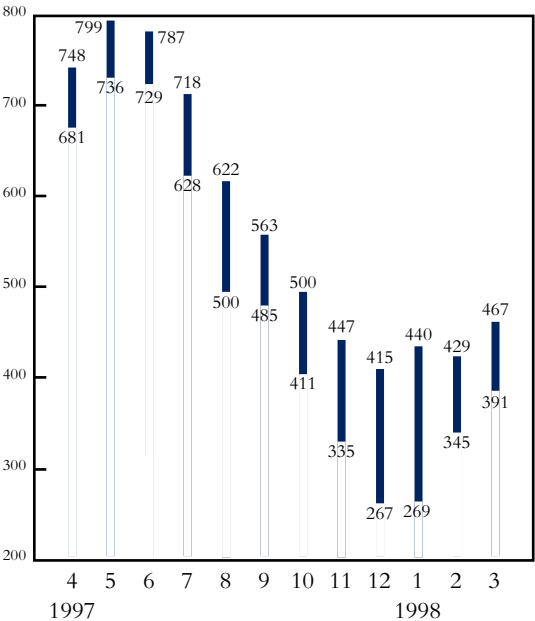
**Breakdown by Shareholder Category**

(Unit: Thousand shares)



**Hino Motors' Stock Price on the Tokyo Stock Exchange**

(Unit: Yen) (Face value: ¥50)







# Hino Motors, Ltd.

1-1, Hinodai 3-chome, Hino-shi, Tokyo 191-8660