

HINO MOTORS, LTD.

# 2000

## ANNUAL REPORT

For The Year Ended March 31, 2000



PROFILE

Hino Motors, Ltd. manufactures and sells trucks, buses and industrial diesel engines. Focusing in particular on medium- and heavy-duty trucks\*, Hino Motors has held the top position in this market for 27 consecutive years. Last year the Company also began making inroads into a new market sector with the release of a light-duty truck\* jointly developed with Toyota Motor Corporation.

On October 1, 1999, Hino Motors merged with Hino Motor Sales, Ltd., formerly the Company's domestic distributor. This milestone in the Company's history was accompanied by the launching of a far-reaching program of restructuring.

\* Light-duty trucks have payloads from 2.0 to less than 4.0 tons; medium-duty trucks have payloads from 4.0 to less than 5.0 tons; heavy-duty trucks have payloads of 5.0 tons and over.

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## FINANCIAL HIGHLIGHTS

Years ended or as of March 31, 1999 and 2000

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Net sales	¥432,284	¥653,288	\$6,154,382
Loss before income taxes and minority interests	(34,870)	(34,818)	(328,007)
Net loss	(36,659)	(21,837)	(205,723)
Property, plant and equipment, net	190,859	335,174	3,157,547
Total assets	392,601	832,555	7,843,189
Shareholders' equity	104,056	107,658	1,014,199
	Yen		U.S. Dollars
Per share amounts:			
Net loss	¥ (101.16)	¥ (59.65)	\$ (0.56)
Cash dividends	—	—	—

Note 1: U.S. dollar amounts here and elsewhere in this Annual Report are translated, for convenience only, at the rate of ¥106.15=\$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 loss 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.

NET SALES (Millions of Yen)			NET INCOME (LOSS) (Millions of Yen)			TOTAL ASSETS (Millions of Yen)		
96		596,791	96		10,736	96		397,789
97		632,716	97		7,237	97		398,959
98		589,209	98		1,649	98		421,363
99		432,284	99		-36,659	99		392,601
00		653,288	00		-21,837	00		832,555



Hiroshi Yuasa,  
President

Iwao Okijima,  
Chairman of the Board

In the previous fiscal year, ended March 31, 1999, Hino Motors recorded its first net loss since its Tokyo Stock Exchange listing. Consequently, the fiscal year just ended saw us step up the pace of reform to remedy this situation.

In fiscal 2000, ended March 31, 2000, domestic demand for medium- and heavy-duty trucks, weighed down by Japan's ongoing economic malaise, dropped from 81,000 units the previous year to approximately 74,000 units. In Asia, home to our key overseas markets, the slump in sales continued as regional economies failed to fully shake off the effects of the Asian currency crisis, although there were some positive signs during the second half of the year. Despite various initiatives to raise earnings, we were unable to withstand the collapse in domestic demand for medium- and heavy-duty trucks. As a result, we regret to report a net loss for the second consecutive fiscal year.

At the Board of Directors' meeting following the general shareholders' meeting on June 27, 2000, Toshimi Onishi, who had served as chairman for 2 years, was appointed to the position of senior advisor to the Board and Iwao Okijima was appointed as our new chairman.

### Results for the Year Ended March 31, 2000

Consolidated net sales increased 51.1% to ¥653,288 million. The bulk of this increase was accounted for by the increase in the number of consolidated subsidiaries from 10 to 69 accompanying the adoption of the new Japanese accounting standards. Last year we also

aggressively reined in costs to raise profitability, reduced the number of production lines, slimmed down our organization and cut staffing levels.

During the year we began exploring the possibility of a business alliance with Isuzu Motors Limited with the aim of rejuvenating bus operations. We also sold additional shares through a private placement to Toyota Motor Corporation, our biggest shareholder as well as a business partner with whom we are involved in overseas joint ventures and mutual supply contracts.

Operating loss was ¥27,459 million, compared with ¥37,593 million in the previous fiscal year, and net loss improved to ¥21,837 million, compared with ¥36,659 million last year. Although losses decreased, it was difficult to return the Company to profitability.

In consideration of the circumstances, dividends were not resumed this year. Our top priority will be to turn around performance through the implementation of various management policies.

### Outlook and Strategy

Confident that making Hino Motors a comprehensive truck and bus manufacturer was the best way forward, last year we began making inroads into the Japanese light-duty truck market. Our full-scale launch into this market went smoothly, and we captured a 6.8% market share. From hereon, we will be positioning our light-duty truck as a core growth driver. As such, we intend to raise our domestic share to 10% in the near future, and are also planning its overseas launch.

Needless to say, we have no intention of losing our grip on the medium- and heavy-duty truck market, where we have been dominant for the past 27 years. In light of the collapse of demand in recent years that has badly affected results, we are implementing measures designed to put in place an earnings structure that can withstanding harsh economic conditions—a structure capable of generating a profit even at the levels of demand we experienced in fiscal 2000.

The fiscal year ending March 31, 2001 will be the first full year of trading since our merger with Hino Motor Sales, Ltd. During the year, we will continue with our extensive program of reform to create new value and build a stronger company. From now on, reform will be an ongoing process. Our mission is to maximize corporate value. This we see as the key to satisfying all stakeholders. We will work tirelessly to accomplish this mission and revitalize Hino Motors.



Iwao Okijima, *Chairman of the Board*



Hiroshi Yuasa, *President*

**Q. In fiscal 1999, Hino Motors recorded the first net loss in its corporate history. In fiscal 2000, you launched various initiatives to improve results. What specific measures have you taken?**

**A.** It would be fair to say that fiscal 2000 was a decisive year in which we took various measures to reform the Company's operating structure. Although we recorded a net loss at the end of the year, this was an unavoidable consequence of the restructuring that took place with a view to achieving renewed growth in the fiscal year ending March 31, 2001.

In restructuring our manufacturing operations, from last year we began to consolidate production facilities and rightsize our workforce. The first step was to reorganize production lines to match required output, which led to a reduction in the number of lines from 6 to 3. We have also successfully raised efficiency, consolidated operations and reduced costs. Efforts to reduce staffing levels cut the number of employees at the parent company from 9,497 as at the end of March 1999 to 9,074 at the end of March 2000, even after the merger. This reduction contributed to lower selling, general and administrative expenses. We also streamlined our organization, taking into consideration the duties of each division. As a result, the number of divisions fell from 86 as of October 1999 to 59 in April 2000, and to 56 in June 2000.

In June 1999, we introduced a new executive officer system to speed up the decision-making process. This

system is designed to facilitate swift and bold decision making amid Japan's rapidly changing socioeconomic environment.

We also strengthened marketing. Accompanying our expansion into the light-duty truck market—an area expected to be a future pillar of earnings—we increased our marketing personnel, partly through transfers from other departments. At the same time, we revamped our sales network by consolidating sales affiliates, reducing the overall number of personnel and promoting more efficient sales practices.

**Q. Fiscal 2000 was clearly a year of great change at Hino Motors. What prompted the alliance with Isuzu Motors Limited?**

**A.** The business alliance with Isuzu in the bus sector is a response to changes in this particular market. Changing trends in tourism have reduced demand for tour buses, and the concentration of the population in cities and the accompanying depopulation of rural areas, along with the development of alternative modes of transport, have reduced demand for regular bus services. The contraction of the market has resulted in structural problems such as excess production capacity. Faced with these problems, bus manufacturers are generally in dire straits. Nevertheless, from the profit point of view, complete withdrawal from the business would not be viable. Consequently, we decided to cooperate with Isuzu rather than try to go it alone. The resultant economies of scale

will yield greater efficiency and lower costs in development, manufacturing and procurement, allowing us to continue to meet customer needs in this sector. As the first step toward this alliance, it was decided that our bus body manufacturing subsidiary Hino Auto Body, Ltd. should be made a wholly owned subsidiary. Through this measure, we intend to establish a fully integrated production structure, from manufacturing to sales. From hereon, we intend to continue with the fundamental realignment of our operating structure as we strive to raise profitability and increase market share.

**Q. In recent years, the environment, economy and safety have become key themes in product development. What is Hino Motors' approach, particularly regarding the environment?**

**A.** Although the large-scale investment required for the development of environmental technology places a considerable financial burden on the Company, particularly in a time of economic recession, we regard this as essential if we are to meet the demands of society and customers. In other words, we must effectively respond to environmental issues if we are to survive as a manufacturer of trucks and buses.

Great hopes are being pinned on Exhaust Gas Recirculation (EGR) systems as a means of reducing exhaust emissions. In September 1999, Hino Motors completed development of the world's first Pulse EGR system. The new system yields approximately a 25%



reduction in nitrogen oxides and a 5–10% decrease in fuel consumption compared with engines without the Pulse EGR system. We have also been marketing trucks and buses featuring our hybrid inverter-controlled motor retarder system (HIMR) diesel/electric hybrid engine, for the last ten years. Currently, there are around 260 Hino low-emission vehicles with HIMR in operation, receiving widespread recognition for their superior environmental attributes. Another example of technology that defies all attempts at imitation is our common rail fuel injection system, which features advanced electronic control. We were the first in the world to adopt this system for truck engines. Hino Motors' natural gas and LPG powered buses and trucks have also met with success.

Hino Motors has the technological prowess to develop some of the finest low-emission engines in the world. We will continue refining this technology to reduce emissions still further and to cut down noise to the lowest possible level. At the same time, we will endeavor to raise cost performance.



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## DOMESTIC MARKET

Japan's economic stagnation continued unabated during the fiscal year ended March 31, 2000. Nevertheless, while pushing on with the restructuring of operations, Hino Motors recorded steady growth in sales volume due to its entry into the light-duty truck market and the launch of buses developed specifically to meet customer requirements. As a result, sales increased 73.2% to ¥204,465 million.

### Diesel Trucks and Buses for the Domestic Market

In May 1999, Hino Motors unveiled the new 2-ton payload truck DUTRO. Jointly developed with Toyota Motor Corporation, the truck embodies the high-level product development technology of both companies. The launch of DUTRO also marks Hino Motors' full-fledged entry into the light-duty truck market, a market 1.5 times the size of the medium- and heavy-duty truck markets. This move strengthens Hino Motors' position as a full-line truck manufacturer.

Based on data from detailed market surveys, development of the DUTRO started by taking into account distribution trends and the features that would benefit customers most. Technology developed over decades of experience with medium- and heavy-duty trucks has also been incorporated, producing a durable, easy to drive truck which has low running costs, enhanced fuel efficiency and excellent payload efficiency.

These features have been well received by the market, raising Hino Motors' share of Japan's light-duty truck market from 3.1% for the year ending

March 1999 to 6.8% in the year under review. The number of vehicles sold increased 103.6% to 6,788 units. Hino Motors aims to increase its share of this market to 10% in the near future.

Domestic demand for medium- and heavy-duty trucks was around 74,000 units, marking a further decline from last year's 81,000 units. Nevertheless, sales volume increased 33.1% to 20,948 units due to large-scale inventory reduction in 1999.

Market contraction and the tightening of exhaust emission regulations is raising the pitch of competition across the industry. As part of its





strategy to prevail in this environment, Hino Motors bolstered its lineup by adding a new 8-ton payload truck to its Short-Cab series in November 1999 and launching a new low-emission series in January 2000. In addition, the PROFIA series underwent a major upgrade in February 2000. Due to the release of products developed with environmental soundness, economy and safety as primary considerations, Hino Motors secured a 28.5% share of the medium- and heavy-duty truck market. This is the 27<sup>th</sup> consecutive year that Hino Motors has been the market leader in this category, based on the number of registrations in Japan.

The domestic market for buses shrank 4.0% year on year to 9,792 units. To increase sales and strengthen its product lineup, Hino Motors introduced new medium-sized and small buses. Hino Motors succeeded in regaining the top market share in medium-sized buses, a position that the Company has not occupied since 1997, selling 2,266 buses, roughly the same as last year.

The bus market in recent years has been characterized by trends closely linked to the direction of people's lifestyles, such as the downsizing from large to medium-sized buses and the proliferation of low-floor buses. In response to these tendencies, Hino Motors unveiled its LIESSE small bus in June 1999 and the Rainbow medium-sized, low-floor bus



series in December 1999. Also, reflecting the tightening of environmental regulations governing exhaust emissions and noise levels, in July 1999 Hino Motors upgraded the LIESSE II, and in August 1999 it began sales of upgraded versions of the large tour bus S'ELEGA, the large city bus/private-use bus Blue Ribbon and the wide-body, small bus MELPHA 7. These efforts ensured that sales of buses remained on a par with the previous year, despite contracting demand in this sector.





### Commissioned Vehicles

In sales of vehicles produced on commission for Toyota Motor Corporation, the start of production of the light-duty truck Dyna, yielded steady sales growth. Exports of the Hilux were hit by the strong yen, with commissioned production falling to 135,459 units. Sales in this category, including sales of spare parts, increased 3.8% to ¥218,403 million.

### Domestic Other Divisions

Domestic sales of industrial diesel engines rose 581.5% to ¥119,924 million due to the inclusion of sales subsidiaries in the Company's consolidated accounts, as well as the inclusion of used engine and repair operations. Domestic sales of parts increased 66.3% to ¥44,989 million. Overall, sales in these divisions increased 269.3% to ¥164,914 million.

## OVERSEAS MARKETS

During the year under review, there were some signs of recovery in Hino Motors' principal export markets of Southeast Asia, namely Thailand and Indonesia. Exports of trucks and buses to Asia as a whole increased 104.1% to 7,493 units. However, sales volumes in Latin America plummeted 71.5% to 800 units, compared with 2,804 in the previous fiscal year. In other primary markets, sales volumes dropped 0.1% to 2,480 units in North America, and climbed 14.2% to 2,589 units in Oceania.

Sales of industrial diesel engines and other overseas sales, including components supplied to overseas manufacturing bases and spare parts for overseas markets, increased 81.4% to ¥19,433 million.

As a result, total overseas vehicle sales increased 8.7% to 14,965 units, and consolidated overseas sales climbed 10.6% to ¥65,506 million.

In preparation for the full recovery of the Asian markets, Hino Motors will continue to support subsidiaries and affiliated companies in the region as they restructure their businesses and reinforce their operations. It is currently formulating a strategy to bring success in the light-duty truck market while creating synergies that will expand market share in medium- and heavy-duty truck operations.



The Hino Motors Group comprises Hino Motors, Ltd., 109 subsidiaries, 24 affiliates, and 1 associated company. The Group's primary business is the manufacture of trucks and buses, and the production of vehicles on commission for Toyota Motor Corporation, as well as related product development, design and service operations. Consolidated financial statements include the accounts of the parent company and 69 consolidated subsidiaries. In addition, 14 affiliated companies are accounted for using the equity method.

The exchange rate at the end of the fiscal year was ¥106.15 to the U.S. dollar, ¥14.40 stronger than a year ago. The average exchange rate for the fiscal year was ¥110.70 to the dollar, compared with ¥128.76 during the previous fiscal year.

## Operating Results

### Net Sales

For the fiscal year ended March 31, 2000, consolidated net sales increased 51.1% to ¥653,288 million (US\$6,154 million). Most of this increase was due to the adoption of new accounting standards that increased the number of consolidated subsidiaries from 10 to 69.

Domestic demand for medium- and heavy-duty trucks, the Company's mainstay product, dropped to approximately 74,000 units, less than half of its peak value. Amid this operating environment, Hino Motors continued the process of inventory reduction started in the previous fiscal year and considerably reduced production. As a result, despite overall soft demand, domestic sales volume of medium- and heavy-duty trucks, light-duty trucks and buses rose 8,653 units year on year to 30,002 units. Overseas

sales volumes increased 1,197 units to 14,965 units as overseas markets such as Thailand and Indonesia began to show signs of recovery.

In vehicles produced on commission for Toyota Motor Corporation, sales of the newly commissioned Dyna light-duty truck expanded steadily, whereas exports of Hilux pickup trucks were hit by the strong yen. Overall, sales volume fell 30,478 units to 135,459 units.

Overseas net sales climbed 10.6% to ¥65,506 million (US\$617 million). The percentage of consolidated net sales accounted for by overseas sales contracted to 10.0%, compared with 13.7% the previous year.

### Net Income

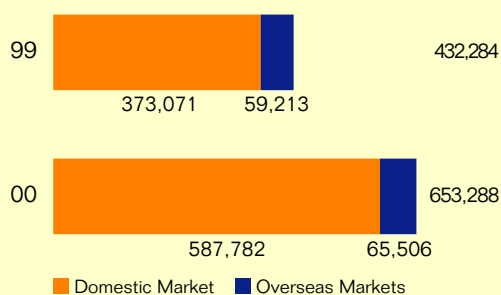
Cost of sales rose 34.7% to ¥576,020 million (US\$5,426 million), and selling, general and administrative expenses increased 147.1% to ¥104,727 million (US\$987 million). Operating loss improved ¥10,134 million to a loss of ¥27,459 million (US\$259 million).

Interest expenses net of interest and dividend income were ¥4,298 million, compared with an expense of ¥1,370 million a year earlier. In addition, gains on the sale of marketable securities decreased and losses on the revaluation of marketable securities increased. As a result of these factors, loss before income taxes was ¥34,818 million (US\$328 million), virtually unchanged from the previous term.

Net loss improved ¥14,822 million to ¥21,837 million (US\$206 million), partly due to the posting of tax adjustments. With net loss per share at ¥59.65 (US\$0.56), against a net loss of ¥101.16 per share last year, the trend is toward recovery.

#### NET SALES

(Millions of Yen)



#### NET LOSS RATIO TO NET SALES

(%)





### R&D Costs

R&D costs for the year were ¥22,996 million (\$217 million). The bulk of this was directed toward the development of environmental technology for cutting exhaust emissions, improving fuel efficiency and reducing pollution, as well as technology to improve safety, quality and performance.

### Investment in Property, Plant and Equipment

Investment in property, plant and equipment decreased 36.3% to ¥22,294 million (US\$210 million). Most of this amount was used to rationalize production facilities, improve the environment, and to renew facilities and improve performance at sales and maintenance divisions.

### Cash Flows

Net decrease in cash and cash equivalents was ¥23,360 million (US\$220 million) as a cut in interest-bearing debt and additions to property, plant and equipment outweighed the increase in notes and accounts payable. However, with the increase in cash and cash equivalents due to the addition of consolidated subsidiaries, cash and cash equivalents at end of year increased 13.1%, or ¥7,985 million, to ¥68,958 million (US\$650 million).

Net cash provided by operating activities increased to ¥41,899 million (US\$395 million) reflecting a substantial decrease in inventories for medium- and heavy-duty trucks and an increase in notes and accounts payable arising as production adjustment came to an end.

Net cash used in investing activities decreased to ¥22,429 million (US\$211 million) as additions to property, plant and equipment relating to the Company's full-scale

entry into the light-duty truck market outweighed proceeds from the sale of marketable and investment securities.

Net cash used in financing activities was ¥42,754 million (US\$403 million). Proceeds from common stock issued upon third party allotment to Toyota Motor Corporation amounted to ¥25,004 million. This was offset by the efforts to reduce interest-bearing debt across the Group, which included the repayment of the 12<sup>th</sup> and 13<sup>th</sup> bond issues amounting to ¥40,000 million, as well as the repayment of short-term bank loans.

### Financial Position

Total assets at the end of the year increased 112.1% to ¥832,555 million (US\$7,843 million) compared with a year earlier. Current assets were 191.3% higher at ¥409,255 million (US\$3,855 million). Cash and cash equivalents increased ¥7,985 million to ¥68,958 million (US\$650 million). Trade receivables increased 809.1% to ¥228,583 million (US\$2,153 million). In fixed assets, tangible fixed assets increased 75.6% to ¥335,174 million (US\$3,158 million).

On the other side of the balance sheet, current liabilities increased 181.3% to ¥541,009 million (US\$5,097 million). Short-term bank loans increased 606.7% to ¥348,538 million (US\$3,283 million). Long-term liabilities increased 85.0% to ¥175,749 million (US\$1,656 million).

Shareholders' equity rose 3.5% to ¥107,658 million (US\$1,014 million). Shareholders' equity per share dropped ¥46.13 to ¥241.01 (US\$2.27), and the equity ratio dropped 13.6 percentage points to 12.9%.

**INTEREST-BEARING DEBT**  
(Millions of Yen)



**SHAREHOLDERS' EQUITY RATIO**  
(%)



# CONSOLIDATED BALANCE SHEETS

March 31, 1999 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	1999	2000	2000
Current assets:			
Cash and cash equivalents	¥ 60,973	¥ 68,958	\$ 649,632
Short-term investments	13,797	18,790	177,007
Trade receivables			
Notes	589	113,196	1,066,382
Accounts	24,556	115,387	1,087,023
Inventories (Note 3)	31,342	75,375	710,084
Deferred income tax assets (Current)	282	6,181	58,228
Prepaid expenses and other current assets	9,363	13,465	126,842
Less allowance for doubtful accounts	(389)	(2,097)	(19,756)
Total current assets	140,513	409,255	3,855,442
Investments and advances:			
Investment securities	30,263	40,567	382,170
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 5)	17,256	6,683	62,959
Long-term loans	306	815	7,676
Deferred income tax assets (Non-current)	—	16,866	158,884
Other investments	10,441	16,150	152,146
Less allowance for doubtful accounts	(1,690)	(5,867)	(55,270)
Total investments and advances	56,576	75,214	708,565
Property, plant and equipment (Note 8):			
Land	18,935	89,130	839,664
Buildings and structures	136,959	244,349	2,301,918
Machinery, equipment and vehicles	279,655	379,184	3,572,156
Tools	60,730	102,452	965,167
Construction in progress	20,917	6,089	57,357
	517,196	821,204	7,736,262
Less accumulated depreciation	(326,337)	(486,030)	(4,578,715)
Net property, plant and equipment	190,859	335,174	3,157,547
Translation adjustments	3,499	6,431	60,587
Other assets	1,154	6,481	61,048
	¥392,601	¥832,555	\$7,843,189

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	2000	2000
Current liabilities:			
Short-term bank loans (Note 6)	¥ 49,317	¥348,538	\$3,283,449
Current portion of long-term debt (Note 6)	45,030	27,783	261,737
Trade payables			
Notes	3,141	35,963	338,796
Accounts	60,983	82,580	777,959
Accrued income taxes	550	841	7,926
Accrued expenses	9,569	19,899	187,459
Other current liabilities	23,767	25,405	239,321
Total current liabilities	192,357	541,009	5,096,647
Long-term liabilities:			
Long-term debt (Note 6)	79,564	153,971	1,450,505
Accrued severance indemnities (Note 7)	15,426	21,571	203,208
Deferred income tax liabilities (Non-current)	—	175	1,646
Other	31	32	305
Total long-term liabilities	95,021	175,749	1,655,664
Minority interests in consolidated subsidiaries	1,167	8,139	76,679
Shareholders' equity:			
Common stock, par value ¥50 per share			
Authorized—1,400,000,000 shares			
Issued—447,299,898 shares in 2000	—	39,325	370,466
Issued—362,391,898 shares in 1999	26,412	—	—
Additional paid-in capital	17,787	31,136	293,319
Retained earnings (Note 15)	59,858	37,287	351,258
Less			
Treasury common stock, at cost:			
2,010 shares in 1999 and 604,168 shares in 2000	(1)	(90)	(844)
Total shareholders' equity	104,056	107,658	1,014,199
	¥392,601	¥832,555	\$7,843,189

# CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended March 31, 1999 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	2000	2000
Net sales (Note 16)	¥432,284	¥653,288	\$6,154,382
Cost of sales (Notes 8 and 12)	427,498	576,020	5,426,473
Gross profit	4,786	77,268	727,909
Selling, general and administrative expenses (Note 8)	42,379	104,727	986,586
Operating loss	(37,593)	(27,459)	(258,677)
Other income (expenses) (Note 8):			
Interest and dividend income	1,890	6,429	60,562
Interest expense	(3,260)	(10,727)	(101,050)
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(3,995)	342	3,218
Other, net	8,088	(3,403)	(32,060)
	2,723	(7,359)	(69,330)
Loss before income taxes and minority interests	(34,870)	(34,818)	(328,007)
Income taxes (Note 10):			
Current	(70)	560	5,282
Deferred	2,226	(10,532)	(99,220)
	2,156	(9,972)	(93,938)
Loss before minority interests	(37,026)	(24,846)	(234,069)
Minority interests in income of consolidated subsidiaries	(367)	(3,009)	(28,346)
Net loss	¥ (36,659)	¥ (21,837)	\$ (205,723)
	Yen		U.S. Dollars (Note 1)
Per share amounts:			
Net loss	¥ (101.16)	¥ (59.65)	\$ (0.56)
Cash dividends	—	—	—

See accompanying Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 1999 and 2000

	Number of shares of common stock (Thousands)	Millions of Yen			Number of shares of Treasury common stock
		Common stock	Additional paid-in capital	Retained earnings	
Balance at March 31, 1998	362,392	¥ 26,412	¥ 17,787	¥ 98,254	1,770
Net loss	—	—	—	(36,659)	—
Cash dividends paid	—	—	—	(1,087)	—
Directors' and statutory auditors' bonuses	—	—	—	(70)	—
Decrease due to the addition of subsidiaries and affiliates accounted for by the equity method	—	—	—	(580)	—
Other	—	—	—	—	240
Balance at March 31, 1999	362,392	26,412	17,787	59,858	2,010
Cumulative effect of change in accounting principle (Note 2 (10))	—	—	—	11,838	—
Net loss	—	—	—	(21,837)	—
Directors' and statutory auditors' bonuses	—	—	—	(6)	—
Decrease due to the addition of subsidiaries and affiliates accounted for by the equity method	—	—	—	(26,667)	—
Merger of Hino Motor Sales, Ltd.	8,208	411	847	14,101	—
Common stock issued upon third party allotment to Toyota Motor Corporation	76,700	12,502	12,502	—	—
Other	—	—	—	—	602,158
Balance at March 31, 2000	447,300	¥ 39,325	¥ 31,136	¥ 37,287	604,168

	Thousands of U.S. Dollars (Note 1)		
	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 1999	\$248,822	\$167,561	\$563,896
Cumulative effect of change in accounting principle (Note 2 (10))	—	—	111,520
Net loss	—	—	(205,723)
Directors' and statutory auditors' bonuses	—	—	(58)
Decrease due to the addition of subsidiaries and affiliates accounted for by the equity method	—	—	(251,219)
Merger of Hino Motor Sales, Ltd.	3,866	7,980	132,842
Common stock issued upon third party allotment to Toyota Motor Corporation	117,778	117,778	—
Other	—	—	—
Balance at March 31, 2000	\$370,466	\$293,319	\$351,258

See accompanying Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 1999 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1999	2000	2000
Operating activities:			
Net loss before income taxes and minority interests	¥(34,870)	¥(34,818)	\$(328,007)
Depreciation and amortization	30,346	44,536	419,553
Provision for severance indemnities less payments	(97)	(898)	(8,456)
Provision for doubtful accounts	(351)	1,911	18,003
Interest and dividend income	(1,889)	(6,428)	(60,562)
Interest charges	3,259	10,726	101,050
Profit on sales of marketable and investment securities	(7,606)	(7,366)	(69,389)
Write-down of marketable and investment securities	2,500	6,658	62,726
Loss on sales and disposal of property, plant and equipment	996	1,141	10,745
Decrease in notes and accounts receivable	49,766	3,138	29,562
Decrease in inventories	6,327	20,836	196,285
(Decrease) increase in notes and accounts payable	(33,876)	12,151	114,470
Directors' and statutory auditors' bonuses	(70)	(6)	(58)
Other, net	(8,748)	(3,888)	(36,623)
Subtotal	5,687	47,693	449,299
Interest and dividends received	1,889	6,428	60,562
Interest paid	(3,310)	(10,791)	(101,660)
Income taxes paid	91	(1,431)	(13,487)
Net cash provided by operating activities	4,357	41,899	394,714
Investing activities:			
Proceeds from sales and disposal of property, plant and equipment	1,479	1,548	14,586
Addition to property, plant and equipment	(36,038)	(36,681)	(345,558)
Net decrease in marketable and investment securities	12,428	10,369	97,684
Payment for purchase of subsidiaries	(595)	—	—
Other, net	(1,653)	2,335	21,995
Net cash used in investing activities	(24,379)	(22,429)	(211,293)
Financing activities:			
Net (decrease) increase in short-term loans	8,633	(32,230)	(303,628)
Proceeds from long-term loans	21,159	41,364	389,673
Repayments of long-term loans	(10,005)	(36,892)	(347,546)
Proceeds from bonds	30,000	—	—
Repayments of bonds	(4,000)	(40,000)	(376,825)
Proceeds from stock issue	—	25,004	235,556
Cash dividends paid	(1,087)	—	—
Net cash (used in) provided by financing activities	44,700	(42,754)	(402,770)
Effect of exchange rate changes on cash and cash equivalents	(24)	(76)	(715)
Net (decrease) increase in cash and cash equivalents	24,654	(23,360)	(220,064)
Cash and cash equivalents at beginning of year	36,273	60,973	574,402
Increase due to the addition of consolidated subsidiaries	46	31,345	295,294
Cash and cash equivalents at end of year	¥ 60,973	¥ 68,958	\$ 649,632

See accompanying Notes to Consolidated Financial Statements.



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

The accompanying consolidated financial statements have been prepared from the accounts maintained by HINO MOTORS, LTD. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Effective the year ended March 31, 2000, the Company was required to prepare a consolidated statement of cash flows as part of its consolidated financial statements for the first time under the Securities and Exchange Law of Japan. Accordingly, the Company prepared its 2000 consolidated statement of cash flows in accordance with "Accounting Standards for Consolidated Statements of Cash Flows" and restated the previously reported consolidated statement of cash flows for 1999.

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 ¥106.15 = \$1, the approximate exchange rate prevailing as of March 31, 2000.

## **Note 2: Summary of Significant Accounting Policies**

### **(1) Consolidation**

Until the year ended March 31, 1999, the consolidated financial statements included the accounts of the Company and its significant subsidiaries and investments in certain unconsolidated subsidiaries and significant affiliates (owned 20% to 50%) were accounted for by the equity method.

In accordance with the revised accounting standards for consolidation, the accompanying consolidated financial statements for the year ended March 31, 2000 include the accounts of the Company and its significant companies controlled directly or indirectly by the Company, and companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation. The

revised accounting standards for consolidation became effective April 1, 1999; however, the adoption of such revised standards had no material impact on the scope of consolidation of the Company for the year ended March 31, 2000.

### **(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 financial statements of overseas subsidiaries are translated into the reporting currency of Japanese yen as follows: all assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; shareholders' equity accounts are translated at historical rates; revenue and expense items are translated at the rate of exchange in effect at the balance sheet date; and cumulative adjustments resulting from translation of all assets and liabilities are presented as "translation adjustments" in the consolidated balance sheet as an asset or a liability.

### **(3) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash deposited with banks and short-term investments with maturities of three months or less.

### **(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 cost 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 is as follows:

Buildings and structures	5 to 75 years
Machinery, equipment and vehicles	3 to 17 years
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 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 8 years and 3 months.

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 when incurred. A new accounting standard for research and development costs become effective the fiscal year ended March 31, 2000. However, the adoption of this new standard had no effect on the consolidated statement of operations for the year ended March 31, 2000.

**(10) Income Taxes**

Effective April 1, 1999, the Company and its consolidated subsidiaries adopted "Accounting Standard for Deferred Income Taxes" issued by the Business Accounting Deliberation Council in October 1998. The standard requires the recognition of deferred income taxes by the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Until the year ended March 31, 1999, deferred income taxes had been recognized only for temporary differences resulting from the elimination of intercompany profits and other consolidation entries.

The cumulative effect of a change in the accounting principle for deferred income taxes was to increase retained earnings at April 1, 1999, by ¥11,838 million (\$111,520 thousand) and decrease net loss for the year ended March 31, 2000, by ¥10,723 million (\$101,018 thousand).

**(11) Revenue Recognition**

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

**(12) Net Loss per Share**

The computation of net loss 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.

**(14) Reclassification**

Certain prior year amounts have been reclassified to conform to the 2000 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

**Note 3: Inventories**

Inventories at March 31, 1999 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Finished products	¥16,654	¥53,225	\$501,418
Work in process	9,241	11,708	110,293
Raw materials and supplies	5,447	10,442	98,373
	¥31,342	¥75,375	\$710,084

**Note 4: Assets Pledged**

At March 31, 2000, assets pledged as collateral for short-term bank loans and long-term debt were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Notes receivable	¥ 68,282	\$ 643,262
Marketable securities	1,595	15,025
Inventories	1,315	12,386
Land	56,033	527,869
Buildings and structures	40,747	383,859
Machinery, equipment, vehicles and tools	7,855	73,999
Investment securities	210	1,981
Other	872	8,210
	¥176,909	\$1,666,592

**Note 5: Advances to Unconsolidated Subsidiaries and Affiliates**

Loans to unconsolidated subsidiaries and affiliates at March 31, 1999 and 2000, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Short-term loans:			
Affiliates	¥ 320	¥ —	\$ —
Long-term loans:			
Unconsolidated subsidiaries	925	910	8,573
Affiliates	1,170	424	3,989
	¥2,095	¥1,334	\$12,562

**Note 6: Short-Term Bank Loans and Long-Term Debt**

The annual interest rates applicable to short-term bank loans outstanding at March 31, 1999 and 2000 were principally 1.375 per cent.

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

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Loans, principally from banks, insurance companies and other institutions, due 1999 to 2026 with interest rates ranging from 0.55% to 16.3%			
Secured	¥ 6,512	¥ 81,685	\$ 769,521
Unsecured	18,082	40,069	377,483
Less amount due within one year	(5,030)	(27,783)	(261,737)
Sub-total	19,564	93,971	885,267
3.45% bonds due 1999	15,000	—	—
Floating-rate bonds due 1999	25,000	—	—
2.0% bonds due 2001	10,000	10,000	94,206
2.2% bonds due 2002	10,000	10,000	94,206
2.5% bonds due 2002	20,000	20,000	188,413
2.6% bonds due 2003	20,000	20,000	188,413
Less amount due within one year	(40,000)	(—)	(—)
	60,000	60,000	565,238
	¥79,564	¥153,971	\$1,450,505

The aggregate annual maturities of long-term debt outstanding at March 31, 2000, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2001	¥ 27,783	\$ 261,737
2002	63,128	594,711
2003	58,574	551,801
2004 and thereafter	32,269	303,993
	¥181,754	\$1,712,242

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.

#### Note 7: Accrued Severance Indemnities and Pension Costs

The charges to income for accrued severance indemnities and pension costs for the years ended March 31, 1999 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Accrued severance indemnities	¥3,256	¥5,281	\$49,749
Pension costs	2,640	4,345	40,931

#### Note 8: Depreciation

Depreciation charges of property, plant and equipment for the years ended March 31, 1999 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Selling, general and administrative expenses	¥ 1,478	¥ 6,766	\$ 63,741
Cost of sales	27,390	37,559	353,834
Other	272	210	1,977

#### Note 9: Leases

Lease expenses and lease income in respect of finance leases, other than those lease agreements which stipulate the transfer of ownership of the leased property at March 31, 1999 and 2000, were as follows:

##### a) Lessee

	Millions of Yen		Thousands of U.S. Dollars
Class of property	1999	2000	2000
Machinery, equipment and vehicles	¥ 6,009	¥11,017	\$103,786
Tools	12,725	13,389	126,132
	18,734	24,406	229,918
Less accumulated depreciation	(9,384)	(13,647)	(128,564)
Net	9,350	10,759	101,354
Future minimum payments			
Due within one year	2,767	3,062	28,843
Due after one year	6,583	7,697	72,511
	9,350	10,759	101,354
Lease expense for the year	3,013	3,612	34,023
Accumulated depreciation	3,013	3,612	34,023

##### b) Lessor

	Millions of Yen		Thousands of U.S. Dollars
Class of property	1999	2000	2000
Machinery, equipment and vehicles	¥ —	¥14,014	\$132,025
Tools	—	1,011	9,520
Other assets	—	234	2,206
	—	15,259	143,751
Less accumulated depreciation	—	(7,774)	(73,240)
Net	—	7,485	70,511
Future minimum income			
Due within one year	—	3,068	28,905
Due after one year	—	4,598	43,310
	—	7,666	72,215
Lease income for the year	—	3,201	30,151
Accumulated depreciation	—	2,744	25,851

**Note 10: 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 statutory tax rates of approximately 46.4 per cent. for 1999 and 42.1 per cent. for 2000. The foreign subsidiaries are subject to taxes based on income at rates ranging from 30.0 per cent. to 42.3 per cent.

However, the effective tax rates in the accompanying statements of operations differ from the above-mentioned income tax rates.

The following table summarizes the significant differences between the statutory tax rate and effective tax rate for consolidated financial statement purposes for the year ended March 31, 2000:

Statutory tax rate	42.1%
Loss carryforwards of consolidated subsidiaries	(7.3)
Accrued severance indemnities	(2.6)
Non-deductible expenses	(1.5)
Non-taxable dividend income	1.0
Per capita inhabitants tax	(0.3)
Consolidation procedures	(3.9)
Other	1.1
Effective tax rate	28.6%

Significant components of the Company and its subsidiaries' deferred tax assets and liabilities as of March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred tax assets:		
Net operating loss carryforwards	¥24,346	\$229,357
Accrued employees' bonus	849	7,995
Accrued severance indemnities	217	2,041
Other	1,366	12,868
Total deferred tax assets	26,778	252,261
Deferred tax liabilities:		
Deferred gains on real properties	(3,906)	(36,794)
Total deferred tax liabilities	(3,906)	(36,794)
Net deferred tax assets	¥22,872	\$215,467

**Note 11: Contingent Liabilities**

Contingent liabilities at March 31, 1999 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1999	2000	2000
Trade notes receivable			
discounted			
with banks	¥ 406	¥ 720	\$ 6,778
Guarantees of housing			
loans of employees			
and for indebtedness			
of unconsolidated			
subsidiaries			
and affiliates	14,006	19,212	180,996

**Note 12: Research and Development Expenses**

Research and development expenses for the year ended March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Research and		
development expenses	¥22,996	\$216,639

**Note 13: Market Value Information**

At March 31, 2000, book value, market value and net unrealized gains of quoted securities of the Company and its subsidiaries were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Book value:		
Current	¥ 5,673	\$ 53,439
Non-current	37,425	352,573
	43,098	406,012
Market value:		
Current	13,316	125,444
Non-current	115,410	1,087,236
	128,726	1,212,680
Net unrealized gains	¥ 85,628	\$ 806,668

**Note 14: Financial Instruments**

The Company and certain of its subsidiaries are exposed to market risk from changes in foreign currency exchange rates and interest rates and periodically enter into forward exchange contracts and interest rate swap agreements for the purpose of reducing such risk. The Company and its subsidiaries do not hold derivative financial instruments for the purpose of trading.

The Company and its subsidiaries are exposed to credit-related losses in the event of non-performance by counterparties to financial instruments and derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are authentic financial institutions.

The estimated fair values of the derivative instruments are as follows:

	Millions of Yen		
	Notional Amounts	Estimated fair values	Unrealized gains (losses)
	2000		
Interest rate swap			
agreements			
Fixed rate to			
floating rate	¥1,390	¥ 16	¥ 16
Floating rate to			
fixed rate	3,000	(30)	(30)
	¥4,390	¥(14)	¥(14)

	Thousands of U.S. Dollars		
	Notional Amounts	Estimated fair values	Unrealized gains (losses)
	2000		
Interest rate swap			
agreements			
Fixed rate to			
floating rate	\$13,095	\$ 151	\$ 151
Floating rate to			
fixed rate	28,262	(283)	(283)
	\$41,357	\$(132)	\$(132)



**Note 15: 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.

**Note 16: 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, 2000			
Millions of Yen			
Overseas sales	Overseas sales (A)	Consolidated sales (B)	(A)/(B)
Asia	¥30,748	—	4.7%
Oceania	11,519	—	1.8%
North America	13,648	—	2.1%
Other areas	¥9,591	—	1.4%
	¥65,506	¥653,288	10.0%

Thousands of U.S. Dollars			
Asia	\$289,666	—	
Oceania	108,513	—	
North America	128,576	—	
Other areas	90,349	—	
	\$617,104	\$6,154,382	

Year ended March 31, 1999			
Millions of Yen			
Overseas sales	Overseas sales (A)	Consolidated sales (B)	(A)/(B)
Asia	¥17,385	—	4.0%
Oceania	12,192	—	2.8%
Other areas	29,636	—	6.9%
	¥59,213	¥432,284	13.7%

**Note 17: Subsequent Event**

On April 28, 2000, the Company agreed to enter into the Stock-Exchange-Contract with Hino Auto Body, Ltd., which is a consolidated subsidiary.

To the Board of Directors of  
HINO MOTORS, LTD.

We have audited the consolidated balance sheets of Hino Motors, Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied 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 accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Hino Motors, Ltd. and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2 to the consolidated financial statements, Hino Motors, Ltd. and consolidated subsidiaries have adopted new accounting standards for consolidation, research and development costs and tax-effect accounting in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*Century Ota Showa & Co.*

Tokyo, Japan  
June 27, 2000

*See note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Hino Motors, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.*

## DIRECTORS AND AUDITORS/EXECUTIVE OFFICERS



**Chairman of the Board**  
Iwao Okijima



**President, Member of the Board**  
Hiroshi Yuasa



**Executive Vice-President,  
Member of the Board**  
Masashi Shigemori



**Executive Vice-President,  
Member of the Board**  
Makoto Masuda



**Senior Managing Director,  
Member of the Board**  
Yoshio Yoshizawa



**Senior Managing Director,  
Member of the Board**  
Kazuhiko Chiba



**Senior Managing Director,  
Member of the Board**  
Tadayoshi Nakane



**Senior Managing Director,  
Member of the Board**  
Hiroshi Ginya



**Senior Managing Director,  
Member of the Board**  
Toshihiro Yamawaki



**Senior Managing Director,  
Member of the Board**  
Hideaki Tobita



**Senior Managing Director,  
Member of the Board**  
Takayuki Suzuki

### DIRECTORS AND AUDITORS

#### Chairman of the Board

Iwao Okijima

#### President, Member of the Board

Hiroshi Yuasa

#### Executive Vice-Presidents, Members of the Board

Masashi Shigemori  
Makoto Masuda

#### Senior Managing Directors, Members of the Board

Yoshio Yoshizawa  
Kazuhiko Chiba

Tadayoshi Nakane  
Hiroshi Ginya  
Toshihiro Yamawaki  
Hideaki Tobita  
Takayuki Suzuki

#### Standing Auditors

Kazuo Kadokura  
Masahiro Shimizu  
Yutaka Kobayashi

#### Auditors

Yoshinori Ueyama  
Fujio Cho

### EXECUTIVE OFFICERS

#### Senior Executive Officers

Isao Joko  
Shoichi Kouno  
Hisanobu Fujita  
Kijiro Onishi  
Mitsuo Kikuchi  
Narai Sugawara  
Hiroyoshi Kako

#### Executive Officers

Bunji Hagiwara  
Taro Yoshimura  
Takeshi Iida  
Shinichiro Sugisaki  
Hideo Mori  
Kanji Fujimoto  
Koichiro Nagaoka  
Ryoichi Inabe  
Atsushi Kuroha

## Number of Shares:

Authorized: 1,400,000,000

Outstanding: 447,299,898

## Paid-in Capital:

¥39,325 million

## Number of Shareholders:

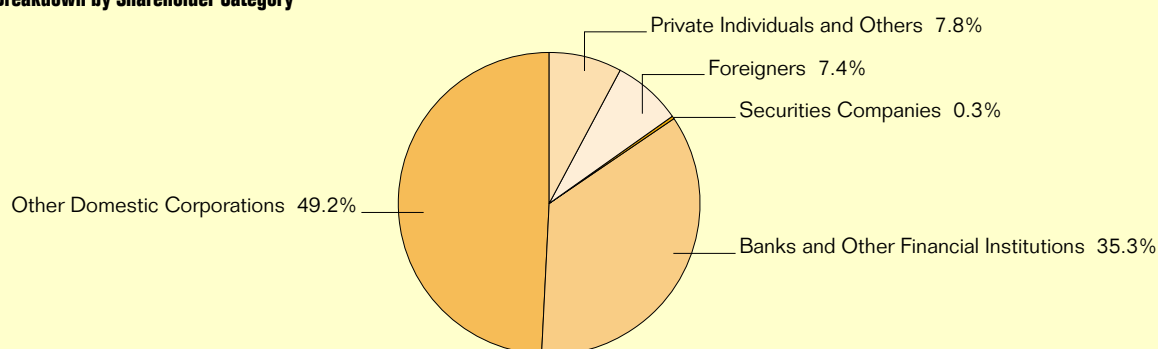
10,935

## Major Shareholders

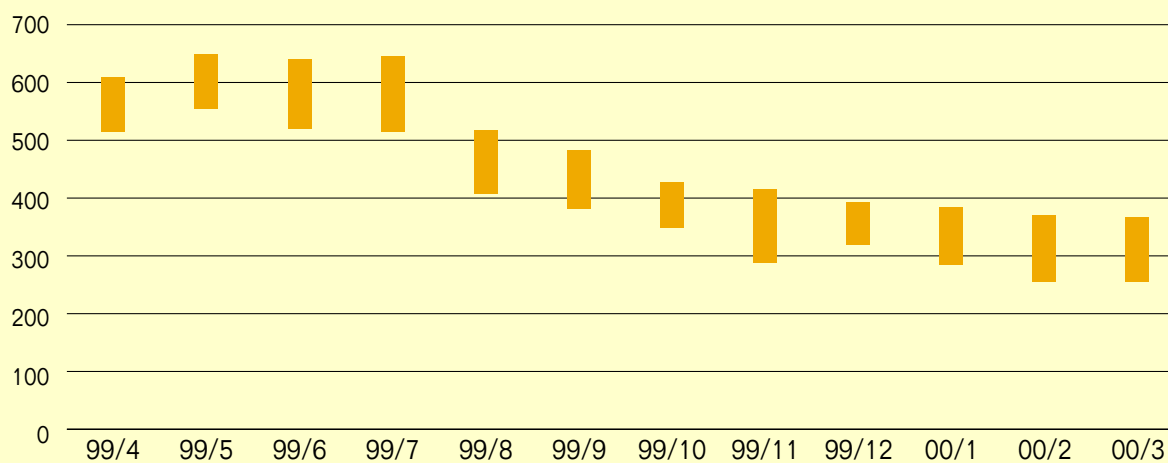
(Unit: Thousand shares)

Name	Number of shares
Toyota Motor Corporation	151,124
Nippon Life Insurance Company	19,489
Asahi Mutual Life Insurance Company	19,127
The Sakura Bank, Ltd.	13,387
The Dai-ichi Kangyo Bank, Ltd.	11,780
The Fuji Bank, Ltd.	11,641
The Mitsui Trust and Banking Co., Ltd.	8,101
The Tokio Marine and Fire Insurance Co., Ltd.	7,005
The Asahi Bank, Ltd.	5,761
Takenaka Corporation	5,562

## Breakdown by Shareholder Category



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



## CONSOLIDATED SUBSIDIARIES AND AFFILIATES

### Domestic

#### Offices and Plants

##### Head Office & Hino Plant:

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

##### Tamachi Office (Overseas Business):

11-3, 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

#### Dealers

##### Subsidiaries

Sapporo Hino Motor Sales, Ltd.

Saitama Hino Motor Sales, Ltd.

Chiba Hino Motor Sales, Ltd.

Tokyo Hino Motor Sales, Ltd.

Yokohama Hino Motor Sales, Ltd.

Osaka Hino Motor Sales, Ltd.

Fukuoka Hino Motor Sales, Ltd.

30 others

##### Affiliates

Shizuoka Hino Motor Sales, Ltd.

Mie Hino Motor Sales, Ltd.

Toyama Hino Motor Sales, Ltd.

Hiroshima Hino Motor Sales, Ltd.

4 others

#### Assembly, Parts and Others

##### Subsidiaries

Hino Auto Body, Ltd.

Riken Forge Co., Ltd.

Fukushima Seikou, Ltd.

Yoshizawa Ironworks Co., Ltd.

Meiyu Kiko Co., Ltd.

Soshin Ltd.

Takebe Tekkosho, Co., Ltd.

Sankyo Radiator Co., Ltd.

Horikiri, Inc.

Nisshou Sangyo Co., Ltd.

Hino Trading Co., Ltd.

Hino Kousan Co., Ltd.

48 others

##### Affiliates

Mitsui Seiki Kogyo Co., Ltd.

Koshin Seikosho, Ltd.

Musashi Pressworking Co., Ltd.

Sawafuji Electric Co., Ltd.

Saitama Kiki, Co., Ltd.

Okamoto Freighters, Ltd.

10 others

### Overseas

#### Subsidiaries and Affiliates

Hino Motors (Thailand) Limited

P.T. Hino Indonesia Manufacturing

Hinopak Motors Limited

Hino Motors Vietnam, Ltd.

Hino Motor Sales Australia Pty Ltd

Hino Diesel Trucks (Canada) Ltd.

Hino Motors International (U.S.A.), Inc.

Hino Motors (Europe) N.V.

Hino Diesel Trucks (U.S.A.), Inc.

Hino Motors (Malaysia) Sdn. Bhd.

2 others

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