



Suzuki
Suzuki
Suzuki
Suzuki
Suzuki

- ▶ The 1st in Pakistan
- ▶ Pioneer in Pakistan Automobile Industry
- ▶ Largest Dealership Network
- ▶ Highest Market Share
- ▶ Has Become a Household name



Swift 1300 cc

The European-inspired exterior gives the Swift a distinctive look. A unique, stylish design that will turn heads wherever you go. The spirited engine makes for an exhilarating drive and gives you ultimate freedom wherever the road takes you.





MEHRAN 800 cc

Mehran has bright roomy and comfortable cabin which keeps body relaxed and has a strong and lighter body shell resulting in smooth drive due to reduction of unpleasant noise harshness and vibration.



ALTO 1000 cc

Alto has bright, roomy and comfortable cabin which keeps body relaxed and has a strong and lighter body shell resulting in smooth drive due to reduction of unpleasant noise harshness and vibration. Its small turning radius and compact body make parking a breeze.



CULTUS 1000 cc

Cultus is a blend of space and craft. Its trim body conceals ample space & flexibility for both passengers and storage. Suzuki Cultus assures everyone, exceptional value and quality.



LIANA 1300 cc and 1600 cc

The Suzuki Liana, available in 1300 cc manual transmission and 1600 cc automatic transmission takes you out of the ordinary and into a realm. Liana is entirely different car, its style, dimension and comfort will inspire you to see everyday as an open door to a new age.

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Suzuki products remain popular. Despite sluggish market demand for automobile, Pak Suzuki remained market leader with 48% market share. The Company launched new 1300cc car (SWIFT) in January 2010.

Vision

Excellence in all respects



Our Mission

Our mission to realize this vision is:

- To provide automobile of international quality at competitive price.
- To improve skills of valued employees by imparting training and inculcating in them a sense of participation.
- To achieve maximum indigenization and promote Pakistan's automobile vending industry.
- To make valuable contribution to social development of Pakistan through development of industry in general and automobile industry in particular.

Company Information



Board of Directors
Hirofumi Nagao
Chairman & Chief Executive

Satoshi Ina
Dy. Managing Director

Hidekazu Terada
Director

Mumtaz Sheikh
Director

Jamil Ahmed
Director

M.R. Monem
Director

Kenichi Ayukawa
Director

Audit Committee
Hidekazu Terada
Chairman

Kenichi Ayukawa
Member

M.R. Monem
Member

**Chief Financial Officer &
Company Secretary**
Abdul Hamid Bhombal

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Citibank N.A.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Limited
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank
(Pakistan) Ltd.



The Royal Bank of Scotland
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai
Banking Corp. Ltd.

Legal Advisors

Obaid-ur-Rahman & Co.
Syed Qamaruddin Hassan
Orr Dignam & Company

Registrar

FAMCO Associates (Pvt) Limited
4th Floor, State Life Building
No. 2A, I.I. Chundrigar Road,
Karachi.

Registered Office

DSU-13, Pakistan Steel Industrial
Estate, Bin Qasim,
Karachi.
Tel No. (021) 34750788 - 795
Fax No. (021) 34750101 - 103
Website: www.paksuzuki.com.pk

Area Offices

Lahore Office:
7-A, Aziz Avenue,
Canal Bank Road, Gulberg V,
Lahore.
Ph. 042-3577 5456
042-3577 5457
Fax. 042- 3577 5467

Rawalpindi Office:
20, Services Club Building,
Shahrah-e-Quaid-e-Azam,
Rawalpindi.
Tel No. (051) 5567518
Fax No. (051) 5585738

Company Profile

Cars & Lcvs Plant:

Location : Downstream Industrial Estate of Pakistan Steel Karachi

Total Area : 259,200 m2 (64 acres)

Facilities : Press Shop, Welding Shop, Paint Shop, Plastic Shop, Engine and Transmission Assembly Shop, Final Assembly & Hi-Tech Inspection Shop. The Company has also established a modern Waste Water Treatment Plant as its contribution to the environment.

Cost : Rs. 10.247 billion Production Capacity : 150,000 units per annum (double shift)

Motorcycles Plant:

Location: Mauripur Link Road Karachi

Total Area: 4 Acres

Cost : Rs. 0.653 billion

Production Capacity : 37,000 units per annum (double shift)

Pak Suzuki Motor Company Limited (PSMC) is public limited company with its shares quoted on Stock Exchanges in Pakistan. The Company was formed in August 1983 in accordance with the terms of a joint venture agreement between Pakistan Automobile Corporation Limited (representing Government of Pakistan) and Suzuki Motor Corporation (SMC) - Japan. The Company started commercial production in January 1984 with the primary objective of progressive manufacturing, assembling and marketing of Cars, Pickups, Vans and 4 x 4 vehicles in Pakistan. The Company's long term plans inter-alia include tapping of export markets.

The foundation stone laying ceremony of the Company's existing plant located at Bin Qasim was performed in early 1989 by the Prime Minister then in office. By early 1990, on completion of first phase of this plant, in-house assembly of all the Suzuki engines started. In 1992, the plant was completed and production of the Margalla Car commenced. Presently the entire range of Suzuki products currently marketed in Pakistan are being produced at this plant. Under the Government's privatization policy, the Company was privatized and placed under the Japanese management in September 1992. At the time of privatization, SMC increased its equity from 25%

to 40%. Subsequently, SMC progressively increased its equity to 73.09% by purchasing remaining shares from PACO.

The Suzuki Management immediately after privatization started expansion of the existing plant to increase its installed capacity to 50,000 per annum. The expansion was completed in July 1994.

However capacity remained substantially under- utilized until 2002 because of economic recession. Thereafter realizing growth in demand, the Company increased capacity in phases. The first phase was completed in January



2005 when capacity was enhanced to 80,000 vehicles. The second phase was completed in January 2006 and capacity was raised to 120,000. The third phase was completed when on 6th February 2007 Prime Minister of Pakistan Mr. Shaukat Aziz inaugurated 150,000 vehicles capacity expansion facilities.

On 25th April 2007, the Board of Directors of Pak Suzuki Motor Company Limited (PSMC) and Suzuki Motorcycles Pakistan Limited (SMPL) approved Scheme of Arrangement (The Scheme) to amalgamate SMPL into PSMC with effect from 1st January 2007. The scheme was

approved by the shareholders of the respective Companies at the Extra-Ordinary General Meeting held on 30th June 2007. The scheme was sanctioned by the Honourable High Court of Sindh (the court) on 17th September 2007. The certified copy of the Order of the Court sanctioning the scheme was filed with the Registrar Companies Karachi on 1st October 2007, from which date the scheme became operative.

PSMC and Suzuki Motor Corporation (SMC) Japan held 41% and 43% shares in SMPL respectively. Pak Suzuki issued and allotted 1,233,300 ordinary shares of Rs. 10/- each to the qualifying shareholders of SMPL

@ one ordinary share in Pak Suzuki for every twenty one shares held by SMPL shareholders as on the date of final book closure i.e. 29th October 2007. The trading of shares of SMPL on Karachi and Lahore Stock Exchanges ceased from the same date.

The Company continues to be in the fore-front of automobile industry of Pakistan. Over a period of time, the Company has developed an effective and comprehensive network of sales, service and spare parts dealers who cater to the needs of customers and render effective after-sale service country wide.

Statement of Ethics and Business Practices



1. Pak Suzuki insists on integrity and honesty of its employees in doing business. Any unfair or corrupt practices to solicit business is fundamentally inconsistent with business codes of Company.
2. Pak Suzuki believes in compliance to regulatory obligations.
3. Pak Suzuki believes in free and fair business practices and open competitive markets. Developing any association with competitors to distort the pricing and supply of products is contradictory to

Company's business code of conduct.

4. Pak Suzuki believes in transparency in business transactions and they are to be recorded accurately and fairly in books of accounts in accordance with standard procedures.
5. Pak Suzuki expects its employees to act in Company's best interest while holding confidential information. Company expects its employees neither to solicit internal information from others

nor to disclose Company's data or any other material information to any un- authorised person/body.

6. Pak Suzuki believes in individuals respect and growth. Its employment policies do not discriminate on the basis of race, religion, gender or any other factor.
7. Pak Suzuki does not believe in political affiliation.

Milestones

- | | | | |
|------|---|---|--|
| 1982 | Joint Venture Agreement was signed between Suzuki Motor Corporation-Japan and Pakistan Automobile Corporation to set up Pak Suzuki Motor Co. Ltd. Locally assembled Suzuki SS-80 (FX) car launched. | increased the capital to Rs. 250 million. | Limited Brussels, Belgium, 20th Anniversary Celebrations. |
| 1983 | Pak Suzuki as a public Limited Company incorporated. Industrial Collaboration Agreement executed with SMC - Japan. | 1994 Shifting of Head Office and production of all models to new plant completed. | Commencement of Component export to Hungary, Sub-leasing of land to Vendors for setting up Vendor Industry of Pak Suzuki adjacent to its assembly plant. |
| 1984 | The Company started commercial operations. | 1995 The paid-up capital was increased again with the issuance of 100% right shares, raising the capital to Rs. 490 million. | 2004 New Plastic Injection Moulding Shop commenced production of Bumpers, Instrument Pannels, Radiator Grills and Wheel Caps. |
| 1985 | Mr. Osamu Suzuki, Chairman and CEO of Suzuki Motor Corporation was awarded "Sitara-e-Pakistan" by Government of Pakistan. | 1996 Taking initiative to control environmental pollution, the Company set-up waste water treatment plant at a cost of Rs. 40 million. The Joint Venture Agreement ended, PACO divested its entire share holding to SMC, raising SMC's equity to 72.8%. | 2005 Inauguration of first phase of capacity expansion (80,000 vehicles) by the Federal Minister for Production, Industries and Special Initiatives. Achieved milestone of 100,000 online factory fitted CNG Vehicles. The Company received ISO 14001 : 2004 and OHSAS 18001 : 1999 certification from AIB-VINCOTTE International Limited Brussels, Belgium. |
| 1988 | 1000 cc passenger car SWIFT SA-310, later on called KHYBER introduced through local manufacturing. | 1997 The 100,000th vehicle rolled out from the Bin Qasim Plant. 1300 cc passenger car SY-413 known as BALENO was introduced replacing MARGALLA | |
| 1989 | Foundation stone of the new plant at Bin Qasim was laid by the then Prime Minister of Pakistan, Mohtarma Benazir Bhutto. | 1999 Exports of RAVI pickups to Bangladesh commenced. | |
| 1990 | Operation of the first phase of the new plant at Bin Qasim started with engine and transmission assembly | 2000 1000 cc passenger car SF-310 CULTUS replacing KHYBER was introduced. 1000 cc passenger car RA-410 ALTO was introduced. | 2006 Second phase of capacity expansion (120,000 vehicles) completed. Production of locally manufactured LIANA Car. Production of 100,000 vehicles crossed in a calendar year. |
| 1992 | New plant commissioned with the production of three box Sedan passenger car initially SF-410 later on SF-413, known as MARGALLA. The company was privatized with SMC acquiring additional 15% shares from PACO thus enhancing its shareholding to 40% and taking over the management. | 2001 Reborn MEHRAN was introduced. CNG version of MEHRAN, BOLAN and RAVI were launched. | 2007 Suzuki Motorcycles Pakistan Ltd. merged with Pak Suzuki Motor Company. |
| 1993 | The paid-up capital was doubled with issuance of 100% right shares which | 2002 New BALENO was introduced. CNG version of BALENO, ALTO and CULTUS launched. The milestone of 250,000th vehicle from the new plant crossed. | 2009 The 1,000,000th vehicle rolled out from the Pak Suzuki Plant. Cargo Van was introduced. |
| | | 2003 The Company received ISO 9001 : 2000 certification from AIB-VINCOTTE International | |

Highlights of the Accounts Combined Automobile & Motorcycle

For the year ended December 31, 2009

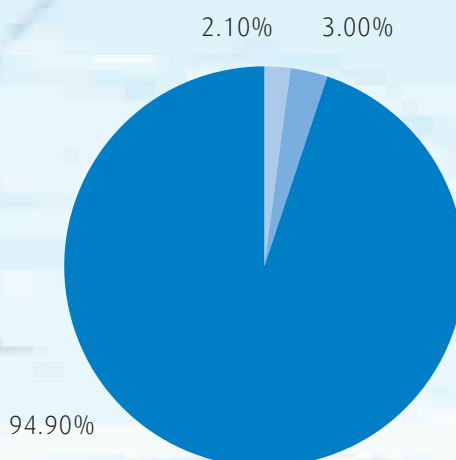
	2009	2008	Increase/(Decrease) Amount (Rupees in thousand)	%
Production volume (Nos.)				
- Motorcar	51,032	90,421	(39,389)	(43.6)
- Motorcycle	14,530	26,692	(12,162)	(45.6)
Sales volume (Nos.)				
- Motorcar	52,011	93,123	(41,112)	(44.1)
- Motorcycle	14,659	27,023	(12,364)	(45.8)
Gross Sales	27,047,052	41,114,659	(14,067,607)	(34.2)
Selling Commission as a % of gross sales	812,991 3.0	1,444,929 3.5	(631,938)	(43.7) (0.5)
Net Sales	26,234,061	39,669,730	(13,435,669)	(33.9)
Gross profit as a % of gross sales	569,299 2.1	588,053 1.4	(18,754) -	(3.2) 0.7
Distribution expenses as a % of gross sales	214,550 0.8	309,458 0.8	(94,908) -	(30.7) -
Administration expenses as a % of gross sales	495,200 1.8	506,160 1.2	(10,960) -	(2.2) 0.6

Sales Revenue Breakup 2009

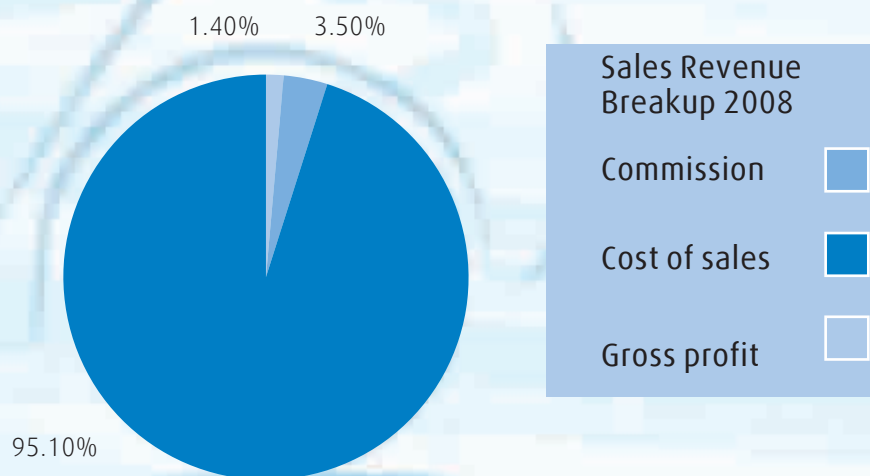
Commission

Cost of sales

Gross profit



	2009	2008	Increase/(Decrease) Amount (Rupees in thousand)	%
Finance Cost as a % of gross sales	12,564 0.0	53,470 0.1	(40,906) -	(76.5) (0.1)
Other income as a % of gross sales	619,572 2.3	1,347,009 3.3	(727,437) -	(54.0) (1.0)
WPPF & WWF as a % of gross sales	38,714 0.1	73,798 0.2	(35,084) -	(47.5) (0.1)
Profit before taxation as a % of gross sales	427,843 1.6	992,176 2.4	(564,333) -	(56.9) (0.8)
Profit after taxation as a % of gross sales	255,219 0.9	624,785 1.5	(369,566) -	(59.2) (0.6)
Shareholders' equity	14,325,600	14,152,681	172,919	1.2
Earnings per share (Rs.)	3.10	7.59	(4.49)	(59.2)
Break-up value per share (Rs.)	174.07	171.96	2.11	1.2
Number of shares issued (000)	82,300	82,300	-	-



Highlights of the Accounts Segment Wise

For The Year Ended December 31, 2009

	Car Division	2009 Motorcycle Division (Rupees in thousand)	Total
Production volume (Nos.)	51,032	14,530	-
Sales volume (Nos.)	52,011	14,659	-
Gross Sales	26,174,708	872,344	27,047,052
Selling Commission as a % of gross sales	810,805 3.1	2,186 0.3	812,991 3.0
Net Sales	25,363,903	870,158	26,234,061
Gross profit as a % of gross sales	634,735 2.4	(65,436) (7.5)	569,299 2.1
Distribution expenses as a % of gross sales	190,479 0.7	24,071 2.8	214,550 0.8
Administration expenses as a % of gross sales	376,246 1.4	118,954 13.6	495,200 1.8
Finance Cost as a % of gross sales	11,015 0.0	1,549 0.2	12,564 0.0
Other income as a % of gross sales	506,058 1.9	113,514 13.0	619,572 2.3
WPPF & WWF as a % of gross sales	38,714 0.1	- 0.0	38,714 0.1
Profit before taxation as a % of gross sales	524,339 2.0	(96,496) (11.1)	427,843 1.6
Profit after taxation as a % of gross sales	351,715 1.3	(96,496) (11.1)	255,219 0.9
Earnings per share (Rs.)	4.27	(1.17)	3.10
Number of shares issued (000)	82,300	82,300	82,300

Car Division	2008 Motorcycle Division	Total	Increase/(Decrease)					
			Car Division Amount	%	Motorcycle Division Amount	%	Total Amount	%
90,421	26,692	-	(39,389)	(43.6)	(12,162)	(45.6)		
93,123	27,023	-	(41,112)	(44.1)	(12,364)	(45.8)		
39,808,720	1,305,939	41,114,659	(13,634,012)	(34.2)	(433,595)	(33.2)	(14,067,607)	(34.2)
1,431,613	13,316	1,444,929	(620,808)	(43.4)	(11,130)	(83.6)	(631,938)	(43.7)
3.6	1.0	3.5		(0.5)		(0.7)		(0.5)
38,377,107	1,292,623	39,669,730	(13,013,204)	(33.9)	(422,465)	(32.7)	(13,435,669)	(33.9)
799,892	(211,839)	588,053	(165,157)	(20.6)	146,403	(69.1)	(18,754)	(3.2)
2.0	(16.2)	1.4		0.4		8.7		0.7
231,717	77,741	309,458	(41,238)	(17.8)	(53,670)	(69.0)	(94,908)	(30.7)
0.6	6.0	0.8		0.1		(3.2)		-
360,763	145,397	506,160	15,483	4.3	(26,443)	(18.2)	(10,960)	(2.2)
0.9	11.1	1.2		0.5		2.5		0.6
50,522	2,948	53,470	(39,507)	(78.2)	(1,399)	(47.5)	(40,906)	(76.5)
0.1	0.2	0.1		(0.1)		-		(0.1)
1,125,216	221,793	1,347,009	(619,158)	(55.0)	(108,279)	(48.8)	(727,437)	(54.0)
2.8	17.0	3.3		(0.9)		(4.0)		(1.0)
73,798	-	73,798	(35,084)	(47.5)	-	-	(35,084)	(47.5)
0.2	0.0	0.2		(0.1)		-		(0.1)
1,208,308	(216,132)	992,176	(683,969)	(56.6)	119,636	(55.4)	(564,333)	(56.9)
3.0	(16.5)	2.4		(1.0)		5.4		(0.8)
840,917	(216,132)	624,785	(489,202)	(58.2)	119,636	(55.4)	(369,566)	(59.2)
2.1	(16.5)	1.5		(0.8)		5.4		(0.6)
10.22	(2.63)	7.59	(5.95)	(58.2)	1	(55.5)	(4)	(59.2)
82,300	82,300	82,300	-	-	-	-	-	-

6 Years at a Glance

	2009	2008	2007	2006	2005	2004
	Rupees in thousand					
Operating Results						
Production volume (Nos.)						
- Motorcar	51,032	90,421	120,899	114,214	86,421	66,369
- Motorcycle	14,530	26,692	30,245	20,315	-	-
Sales volume (Nos.)						
- Motorcar	52,011	93,123	124,233	112,173	86,602	65,120
- Motorcycle	14,659	27,023	30,255	20,201	-	-
Sales revenue	26,234,061	39,669,730	50,844,632	48,203,084	35,374,556	24,461,966
Gross profit	569,299	588,053	4,760,232	5,693,710	3,572,956	2,416,663
Profit before taxation	427,843	992,176	4,281,263	5,152,044	3,519,541	2,139,816
Profit/(loss) after taxation	255,219	624,785	2,774,532	3,353,851	2,236,880	1,403,572
Dividends (cash/bonus shares)	41,150	82,300	411,499	270,222*	270,222	49,131*
Profit retained	214,069	542,485	2,363,033	3,353,851	1,966,658	1,403,572

*Includes bonus shares

Capital Employed

Share capital	823,000	823,000	823,000	799,433	540,444	491,312
Reserves	13,244,414	12,694,414	10,332,053	6,973,570	4,947,297	3,580,185
Unappropriated profit	258,186	635,267	2,821,982	3,417,673	2,338,403	1,404,221
Shareholders' equity	14,325,600	14,152,681	13,977,035	11,190,676	7,826,144	5,475,718
Deferred liabilities	5,000	146,000	99,000	57,939	151,000	-
Current Liabilities	3,325,134	2,657,462	7,125,302	12,025,474	10,770,697	7,972,559
	17,655,734	16,956,143	21,201,337	23,274,089	18,747,841	13,448,277

Represented By:

Fixed Assets	4,684,671	4,578,436	4,358,151	3,877,969	3,327,486	2,203,452
Other Non - Current Assets	543,430	570,095	436,458	270,759	293,266	211,274
Net Current Assets	12,427,633	11,807,612	16,215,508	18,982,670	15,127,089	11,033,551
	17,655,734	16,956,143	21,010,117	23,131,398	18,747,841	13,448,277

Profitability Ratios

Gross profit as a % of net sales	2.2	1.5	9.4	11.8	10.1	9.9
Profit before taxation as a % of net sales	1.6	2.5	8.4	10.7	9.9	8.7
Profit/(loss) after taxation as a % of net sales	1.0	1.6	5.5	7.0	6.3	5.7
Earnings/(loss) per Share (Rs.)	3.1	7.6	33.7	41.9	41.4	28.6

2009 2008 2007 2006 2005 2004
Rupees in thousand

LIQUIDITY & LEVERAGE RATIOS

Current ratio	3.74	4.44	2.28	1.58	1.40	1.38
Quick ratio	1.07	0.94	0.77	0.68	0.90	0.84
Liabilities as a % of total assets	19	17	34	52	58	59
Equity as a % of total assets	81	83	66	48	42	41

Efficiency Ratios

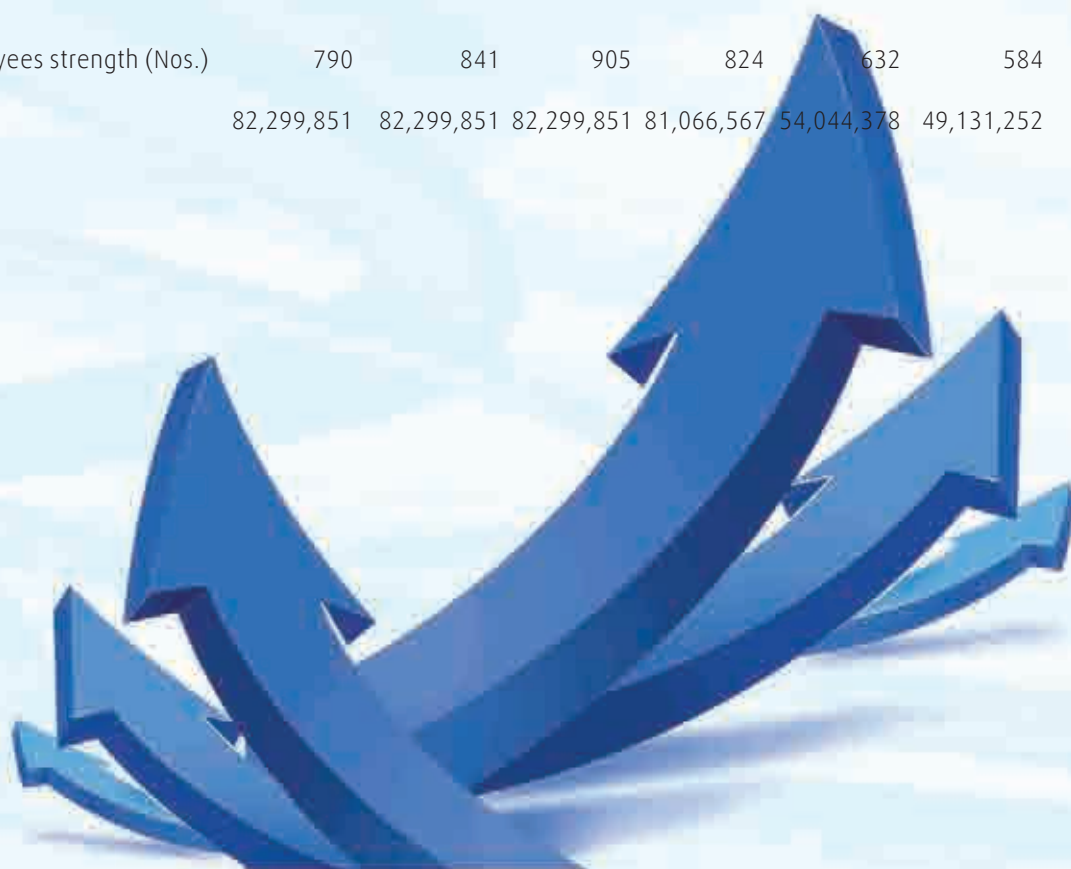
Inventory turn over ratio	3.7	5.1	5.0	4.4	6.4	5.9
No. of days stock held	98	72	73	83	57	62
No. of days sales in trade debts	5.2	2.6	1.3	1.2	1.2	2.1
Total assets turn over ratio	1.5	2.3	2.4	2.1	1.9	1.8
Net worth turn over ratio	1.8	2.8	3.6	4.3	4.5	4.5

EQUITY RATIOS

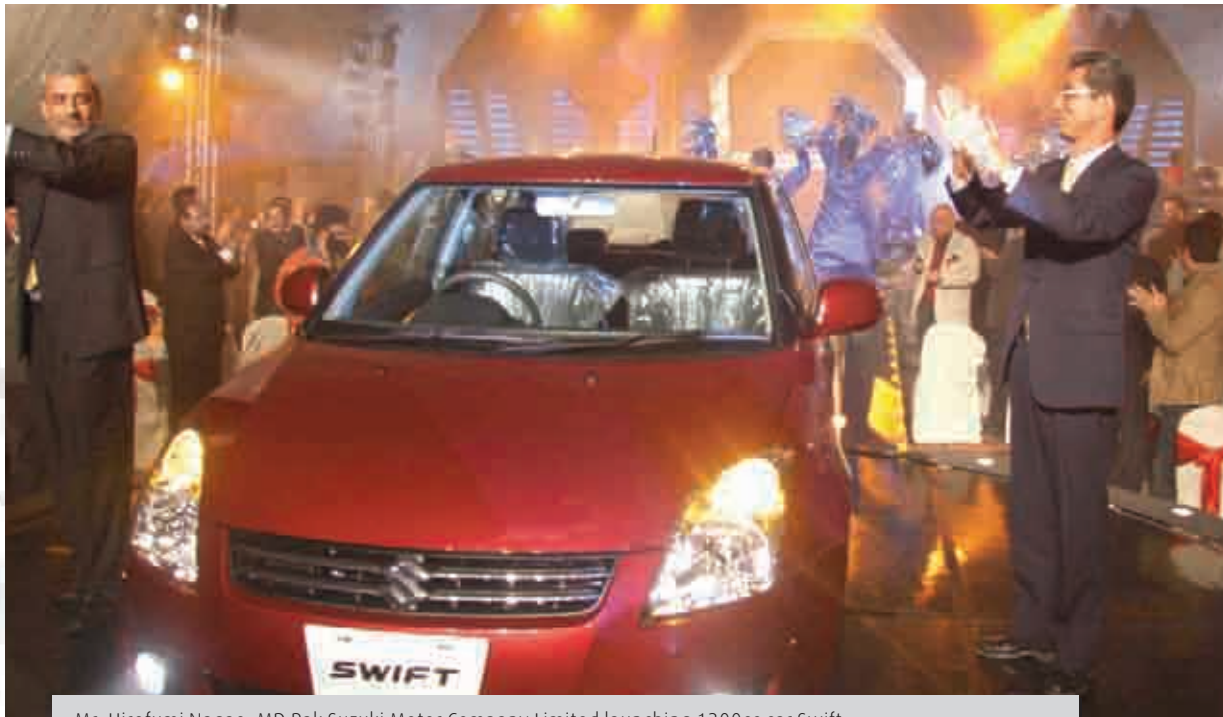
Break up value per share (Rs.)	174.07	171.96	169.83	139.98	144.81	111.45
Cash Dividend as a % of capital	5	10	50	-	50	-
Stock Dividend as a % of capital	-	-	-	50	-	10
Dividend payout ratio (%)	16	13	15	8	12	4
Plough-back ratio (%)	84	87	85	92	88	96

Other Data

Permanent employees strength (Nos.)	790	841	905	824	632	584
Number of shares	82,299,851	82,299,851	82,299,851	81,066,567	54,044,378	49,131,252



Launching & Achievement



Mr. Hirofumi Nagao, MD Pak Suzuki Motor Company Limited launching 1300cc car Swift.



On August 1st, 2009 His Excellency Mr. Yousuf Raza Gilani, the Prime Minister of Islamic Republic of Pakistan and other respected guests at inauguration ceremony of one million vehicles production and launching of Cargo Van.

Events



Training Program on Teamwork & Collaboration held for officers.

In-house Training on eRINGI Management System (Electronic Management Approval System).



Prize Distribution ceremony of inter department cricket tournament.

Pak Suzuki Sports Festival



Dealers' Technicians Skill Contest 2009.

After Sales services at Suzuki's Dealers.



Notice of Meeting

Notice is hereby given that the 27th Annual General Meeting of the shareholders of Pak Suzuki Motor Company Limited will be held at Pearl Continental Hotel, Club Road, Karachi on Monday, April 19, 2010 at 11.30 A.M. to transact the following business:

Ordinary Business

- 1- To confirm minutes of Annual General Meeting held on April 15, 2009.
- 2- To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2009, together with Directors' and Auditors' reports thereon.
- 3- To approve payment of cash dividend @ 5% i.e. Re. 0.50 per share of Rs. 10/- each
- 4- To appoint Auditors and fix their remuneration for the year ending December 31, 2010.
- 5- To consider any other business with the permission of the Chair.

By Order of the Board

ABDUL HAMID BHOMBAL
COMPANY SECRETARY

Karachi: March 22, 2010

Notes:

- 1- The share transfer books of the Company will remain closed from April 13, 2010 to April 19, 2010 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business on April 12, 2010 will be accepted for transfer.
- 2- A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- 3- Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to bring their original Computerized National Identity Card (CNIC) or Passport for identification purpose.



Chairman's Review

Year 2009 was very bad for Pakistan's automobile industry. The industry for cars and light commercial vehicles experienced 29% decline in sales volume. The industry sold 107,768 units during the year against 151,517 units last year.

It is my pleasure to present review on the performance of the Company for the year ended December 31, 2009

Industry

Year 2009 was very bad for Pakistan's automobile industry. The industry for cars and light commercial vehicles experienced 29% decline in sales volume. The industry sold 107,768 units during the year against 151,517 units last year. The demand had remained depressed during the year due to cost push inflation resulting from depreciation of Pak Rupee, limited financing by banks / leasing companies and general economic recession.

First half of the year (January-June) was the worst. Sales volume during this period had dropped by 53% compared to same period of last year. Second half year was better than the first half year as the industry grew by 33% over first half year.

The market size for motorcycles has marginally improved by 2% over last year in the organized sector. During the year 593,479 units were sold against 580,604 units last year. But in the first half year demand was 25% lower than same period of last year. However this loss of demand was offset by the increased demand in the latter half year.

Operating Results

The Company earned after tax profit

Rs. 255.219 million against Rs. 624.785 million last year. The main reasons for reduced profit were drop in volume and unfavourable exchange rate. Sales volume of cars and LCVs dropped by 44% from 93,123 units sold last year to 52,011 units sold during the year. Company produced 51,032 units against 90,421 units produced last year. Capacity utilization was just thirty four percent.

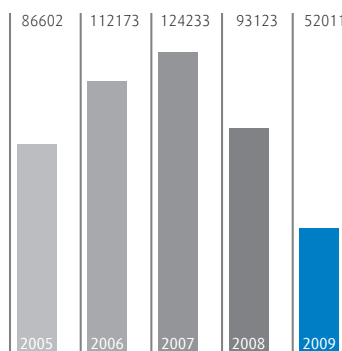
The numbers of motorcycles sold by the Company during the year were 46% lower than last year. During the year Company sold 14,659 units against 27,023 units last year.

Sales revenues decreased by 34% (Rs.14.067 billion) due to lower

Sales volume of cars and LCVs dropped by 44% from 93,123 units sold last year to 52,011 units sold during the year.

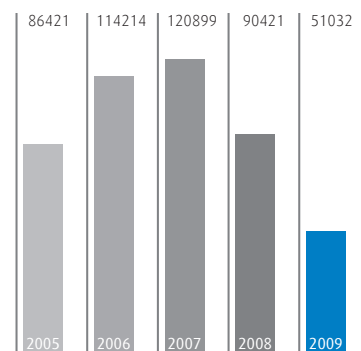
Sales Volume Motor Cars

No. of Units



Production Volume Motor Cars

No. of Units





Chairman's Review

volume. Gross profit decreased from Rs. 588.053 million to Rs. 569.299 million. Gross profit margin improved from 1.4% to 2.1%. The demand for Company's products is very much price sensitive. Therefore in order to maintain volume Company has to compromise profitability. Though Company increased selling prices but could not pass on full impact of cost.

Distribution expenses decreased by Rs. 94.908 million from Rs. 309.458 million to Rs. 214.550 million. The saving was recorded in free service and warranty claims. Administration expenses also marginally decreased from Rs. 506.160 million to Rs. 495.200 million.

Financial charges decreased from Rs. 53.470 million to Rs. 12.564 million.

Preceding year included Rs.38.062 million for exchange loss. Other income decreased from Rs. 1,347.009 million to Rs. 619.572 million. The other income is lower because last year included reversals of prior years' provisions for custom

duty and sales tax aggregating Rs. 438.206 million. Contributions for Workers' Profit Participation Fund, Workers' Welfare Fund and expense for income tax have decreased consequential to decrease in profit.

Marketing & Exports

Suzuki products remain popular. Despite sluggish market demand for automobile, Pak Suzuki remained market leader with 48% market share. The Company launched new 1300cc car (SWIFT) in January 2010. This has been well accepted by the customers. Imported used cars do not really pose any threat to Suzuki products. Availability of spare parts at economic prices and reliable after sales service are the strength of Suzuki products. The exports of Suzuki Ravi Pickup to Bangladesh and exports of sheet metal parts of Suzuki Cultus to Europe are going well. During the year three hundred and sixty units of Suzuki Ravi Pickup and parts worth Rs.120 million and Rs. 22 million respectively were exported.

Localization

The Company continues to pursue localization in order to reduce the cost of product and keep the prices competitive besides saving foreign exchange.

Human Resource

Management and employee relations continued to remain cordial and industrial peace prevailed during the year. A new charter of demand was negotiated in a congenial atmosphere and an agreement was entered in to for a period of two years (2009-2010). Human resource development remains one of the key objectives of the Company. Company spent Rs. 12.5 million on foreign and local training of its employees.

Economic Contribution

The Company has a distinctive position in the automobile industry as a leading contributor to the public exchequer. The duties and taxes paid and the foreign exchange saved by the Company in its last six years of operations are as follows:

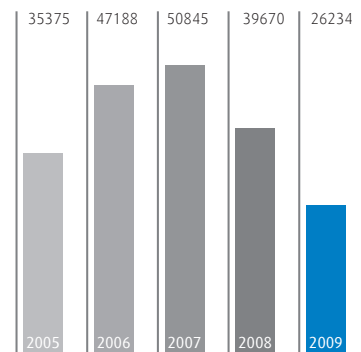
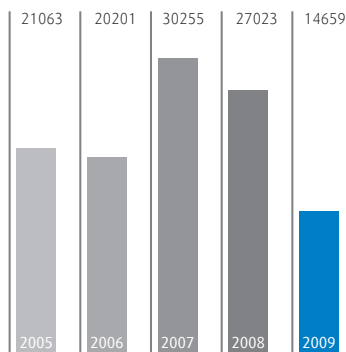
During the year Company sold 14,659 units of motorcycles against 27,023 units last year.

Sales Volume Motorcycles

No. of Units

Sales Revenue

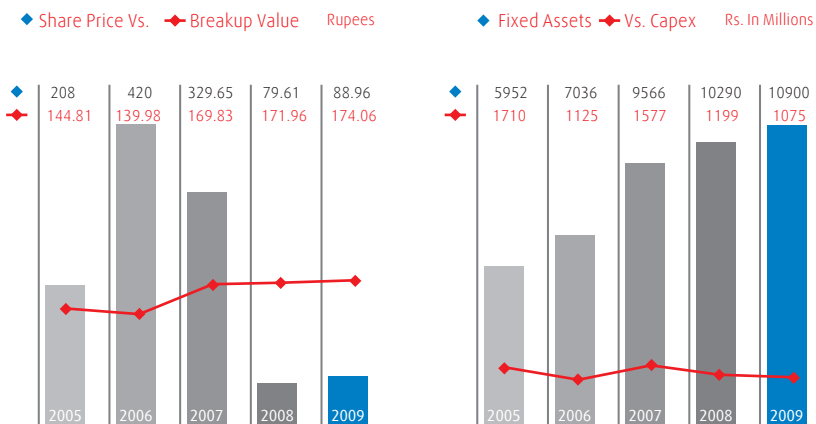
Rs. In Million



During the year three hundred and sixty units of Suzuki Ravi Pickup and parts worth Rs.120 million and Rs. 22 million respectively were exported.



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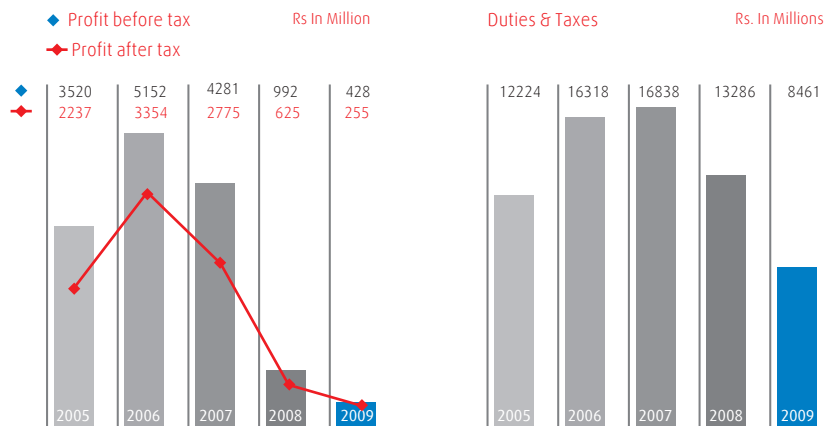




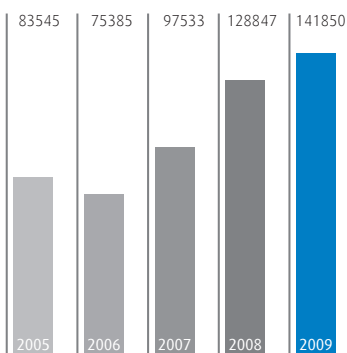
Year	Duties & taxes	Foreign exchange Savings*
	(Rupees in billion)	
Jan-Dec 2004	8.473	13.162
Jan-Dec 2005	12.224	14.983
Jan-Dec 2006	16.318	20.262
Jan-Dec 2007	16.838	23.770
Jan-Dec 2008	13.286	23.537
Jan-Dec 2009	8.461	14.503

* Converted in to Pak Rupees at year ended exchange rate.

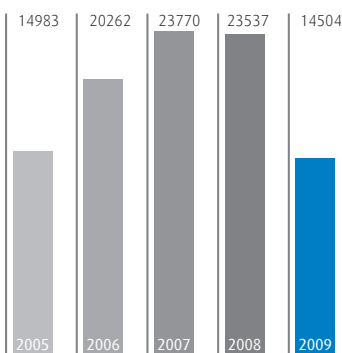
Duties and taxes paid by Company during the year represent 0.6% of total tax estimate forecast in the Federal Budget for the fiscal year 2009-2010.



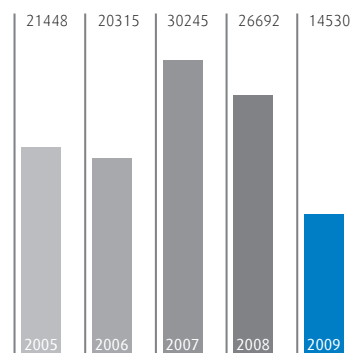
Export Sales Rs In Thousands



Foreign Exchange Savings Rs. In Millions



Production Volume Motor Cycles No. of Units



Duties and taxes paid by Company during the year represent 0.6% of total tax estimate forecast in the Federal Budget for the fiscal year 2009-2010. Company's contribution has reduced from 1.06% in last year because of lower sales volume

Future Outlook & Conclusion

The management is optimistic that economic indicators are improving. However it feels that difficult business environments are likely to continue for some time and the profitability will remain under pressure. The management will make all efforts to ensure a reasonable return on equity and retain its market share. Automobile industry has been a major contributor to GDP. It has enormous potential for growth. In

Pakistan motorization level is eight cars per thousand persons as compared to 12 in India, 21 in Indonesia and 30 in Egypt. In the recent past the automobile assemblers and vendors had made substantial investments for capacity expansions and had generated employment opportunities. Current situation of under-utilization of capacities has stuck up their capital. They are looking towards the Government for some bail-out package in order to protect their investment. The withdrawal of 5% Federal Excise duty as announced by the Government in Federal Budget 2009 was a positive move of the Government which really helped recover sales volumes. In conclusion, I on behalf of the Board and shareholders would like to express my appreciation to the

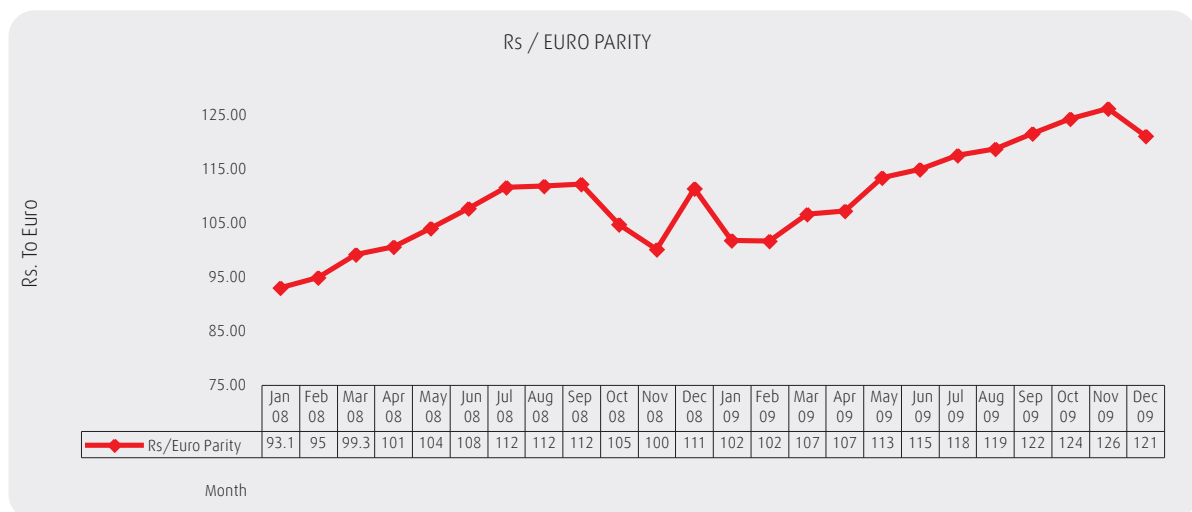
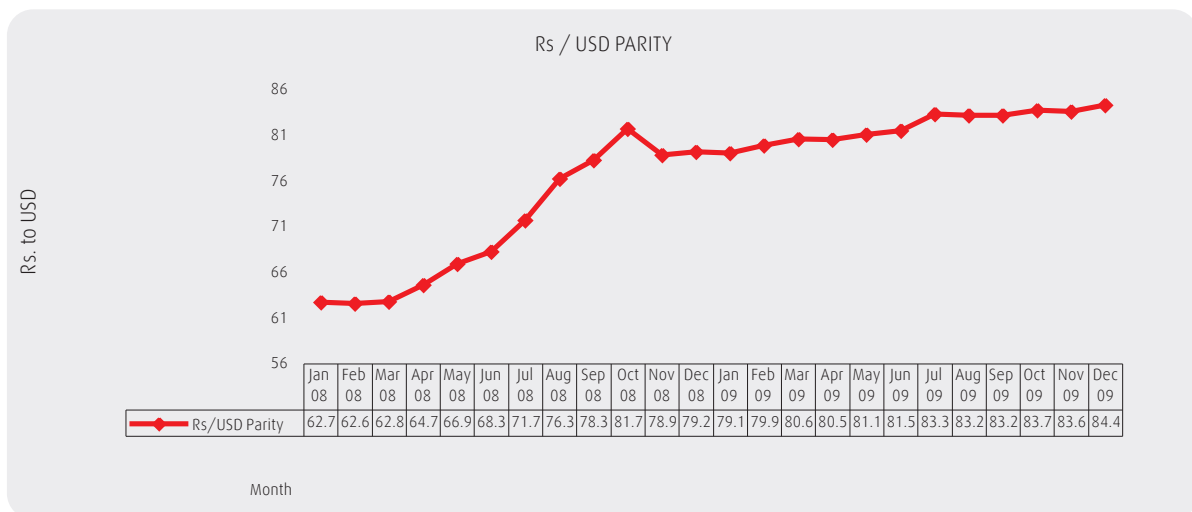
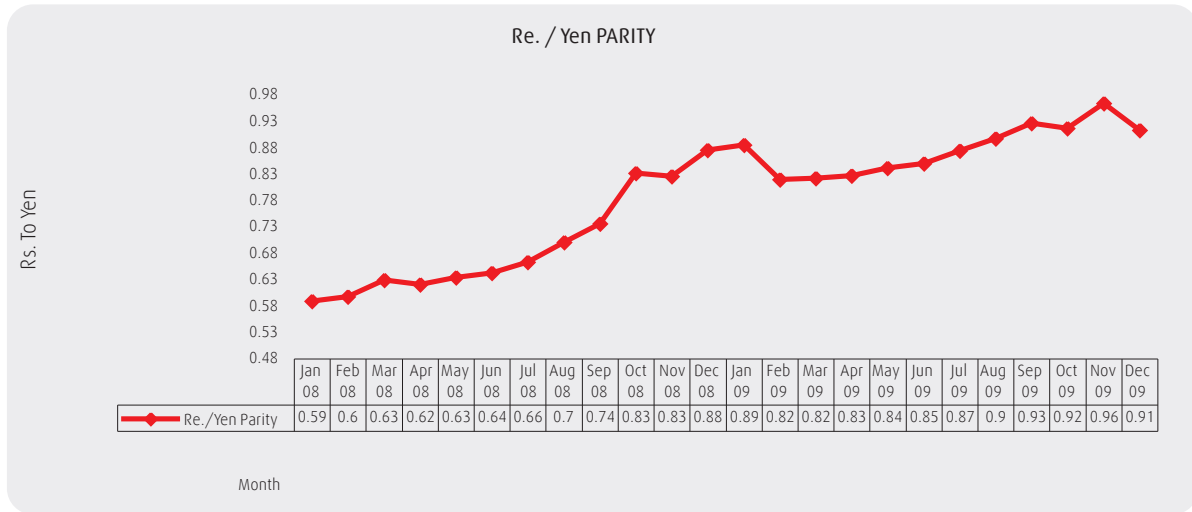
management, executives, workers, dealers, vendors and Suzuki experts for their efforts and contribution to the affairs of the Company. My sincere gratitude also goes out to all the Government agencies for their continued support and encouragement.

HIROFUMI NAGAO
Chairman & Chief Executive

Karachi 1st March 2010.



Exchange rates movement





Directors' Report

The Company earned after tax profit Rs. 255.219 million against Rs. 624.785 million last year. The main reasons for reduced profit were drop in volume and unfavourable exchange rate.

1. The Directors of the Company take pleasure in submitting their report together with audited financial statements and Auditors' Report thereon, for the year ended December 31, 2009

2. ACCOUNTS (Rs in 000)

Profit before taxation	427,843
Taxation	172,624
Profit after taxation	255,219
Retained earnings of prior year	2,967
Net Profit available for appropriation	258,186
Less: Appropriations	
Transfer to General Reserve	215,000
Proposed Cash Dividend @ 5%	41,150
	256,150
Retained earnings carried forward	2,036

3. Earnings Per Share

The earnings per share for the year is Rs. 3.10.

4. Holding Company

Suzuki Motor Corporation, incorporated in Japan, is the holding company of Pak Suzuki Motor Company Limited.

5. Chairman's Review

The Chairman's review on page 20 to 25 deals with the year's activities and the directors of the Company endorse contents of the same.

6. Pattern of Shareholding

The pattern of shareholdings is given on page 84.

7. Corporate Governance

We are pleased to report that your Company is fully compliant to the provisions of the Code of Corporate Governance as incorporated in the Listing Rules of the Stock Exchanges.



Directors' Report

The following are Statements on Corporate and Financial Reporting Frame Work:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and is continuously reviewed by internal audit and other monitoring procedures. The process of review will continue as on going process with the objective to further improvement in the system.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operation and financial data of the Company for six years are included in this report.
- Outstanding taxes and levies have been explained in note 22 to the annexed audited financial statements.
- The following are the values of investments in respect of retirement benefits fund:

	Dec 09	Dec 08
Provident Fund	361.671 million	327.947 million
Gratuity Fund	233.441 million	216.158 million

- During the year four (4) meetings of the Board of Directors were held. Attendance of each Director is as follows:



	No of meetings attended
Mr. Hirofumi Nagao	4
Mr. Masaki Sakai/Satoshi Ina	3
Mr Akira Utsumi/Hidekazu Terada	4
Mr. Jamil Ahmed	4
Mr. Kenichi Ayukawa	3
Mr. Abdul Majeed Sheikh/Mumtaz Ahmed Sheikh	4
Mr. M.R. Monem	4

Leave of absence was granted to directors who could not attend Board meetings. Attendance includes meeting attended by alternate directors.

8. Board Change

On 3rd February 2009, election of directors was held. All the retiring directors were re-elected. Subsequently Mr. Satoshi Ina, Mr. Hidekazu Terada and Mr. Mumtaz Ahmed Shaikh were appointed as directors in place of Mr. Masaki Sakai, Mr. Akira Utsumi and Mr. Abdul Majeed Sheikh respectively.

9. Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and offer themselves for re-appointment. The Audit Committee has recommended for their re-appointment.

By Order of The Board



HIROFUMI NAGAO
Chairman & Chief Executive

Karachi 1st March 2010.



Statement of Compliance with the Code of Corporate Governance [See Clause (Xlv)]

FOR THE YEAR ENDED DECEMBER 31, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

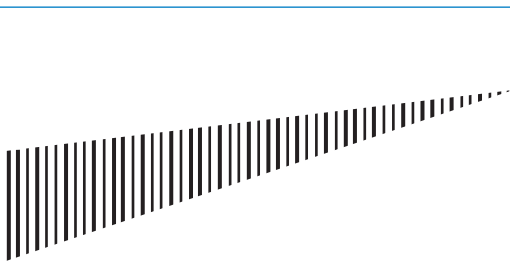
1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes one independent non-executive director representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including Pak Suzuki.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI (Development Financial Institutions) or an NBF (Non-Banking Financial Institution).
4. None of the directors or their spouses is engaged in business of stock brokerage.
5. Casual vacancies occurred in the Board during the year, were timely filled by the continuing directors.
6. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the resident directors and employees up to the grade of Deputy Manager of the Company.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO (Chief Executive Officer) and other executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.
10. The Board comprises senior corporate executives and professionals who are fully aware of their duties and responsibilities. Therefore no need was felt by the directors for any orientation course.
11. The Board has approved appointment of CFO/Company Secretary including his remuneration, terms and conditions of employment as determined by the CEO. There was no new appointment of Head of Internal Audit during the year.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company except as disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit department which comprises of suitably qualified and experienced staff who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



(Hirofumi Nagao)
Chairman & Chief Executive

Karachi 1st March 2010.



ERNST & YOUNG

Ernst & Young Ford Rhodes Siddiqi Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3566 0001
Fax: +9221 3578 1965
www.ey.com

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2009, prepared by the Board of Directors of Pak Suzuki Motor Company Limited (the Company) to comply with the Listing Regulations of respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

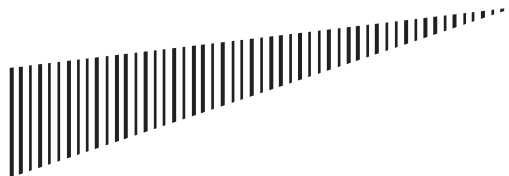
As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement of internal controls covers all risk and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulation requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code.

Ernst & Young Ford Rhodes Siddiqi Hyder

Chartered Accountants
01 March 2010 Karachi



ERNST & YOUNG

Ernst & Young Ford Rhodes Siddiqi Hyder
Chartered Accountants
Progressive Plaza, Beaufort Road
P.O. Box 35541, Karachi 75530, Pakistan
Tel: +9221 3565 0001
Fax: +9221 3568 1965
www.ey.com

Auditors' Report to the Members

We have audited the annexed balance sheet of Pak Suzuki Motor Company Limited (the Company) as at 31 December 2009 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 to the financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Siddiqi Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

1 March 2010 Karachi

Balance Sheet

As at December 31, 2009

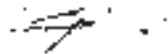
	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	4,684,671	4,578,436
Intangible assets	4	347,732	383,808
		5,032,403	4,962,244
Long-term investments	5	4,449	4,449
Long-term loans	6	3,162	11,078
Long-term deposits and prepayments	7	34,609	24,683
Long-term installment sales receivables	8	153,478	146,077
		5,228,101	5,148,531
CURRENT ASSETS			
Stores, spares and loose tools	9	41,749	94,468
Stock-in-trade	10	6,879,729	7,732,518
Trade debts	11	376,508	286,697
Current portion of long-term receivables	8	205,680	340,951
Loans and advances	12	226,388	128,080
Trade deposits and short-term prepayments	13	31,738	51,480
Mark-up accrued		7,837	29,432
Other receivables	14	76,685	98,667
Sales tax and excise duty adjustable		255,609	111,754
Income tax refundable – net		780,089	434,423
Cash and bank balances	15	3,545,621	2,499,142
		12,427,633	11,807,612
TOTAL ASSETS		17,655,734	16,956,143

Balance Sheet

As at December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 (2008: 150,000,000) ordinary shares of Rs.10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up share capital	16	823,000	823,000
Reserves		13,502,600	13,329,681
		14,325,600	14,152,681
NON-CURRENT LIABILITY			
Deferred tax liability	17	5,000	146,000
CURRENT LIABILITIES			
Trade and other payables	18	1,853,034	1,315,584
Advances from customers	19	441,781	371,596
Accrued mark-up		1,512	-
Short-term borrowing	20	80,000	-
Deposits against display of vehicles		723,554	742,718
Security deposits	21	86,778	84,278
Provision for custom duties, sales tax and others	22	138,475	143,286
		3,325,134	2,657,462
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		17,655,734	16,956,143

The annexed notes from 1 to 43 form an integral part of these financial statements.



Hirofumi Nagao
Chairman & Chief Executive



Satoshi Ina
Deputy Managing Director

Profit And Loss Account

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
Turnover – net	25	26,234,061	39,669,730
Cost of sales	26	(25,664,762)	(39,081,677)
Gross profit		569,299	588,053
Distribution costs	27	(214,550)	(309,458)
Administrative expenses	28	(495,200)	(506,160)
Other operating income	29	619,572	1,347,009
Finance costs	30	(12,564)	(53,470)
Other operating expenses	31	(38,714)	(73,798)
		(141,456)	404,123
Profit before taxation		427,843	992,176
Taxation	32	172,624	367,391
Profit after taxation		255,219	624,785
		----- (Amount in Rupees) -----	
Earnings per share - Basic and diluted	33	3.10	7.59

The annexed notes from 1 to 43 form an integral part of these financial statements.



Hirofumi Nagao
Chairman & Chief Executive



Satoshi Ina
Deputy Managing Director

Statement Of Comprehensive Income

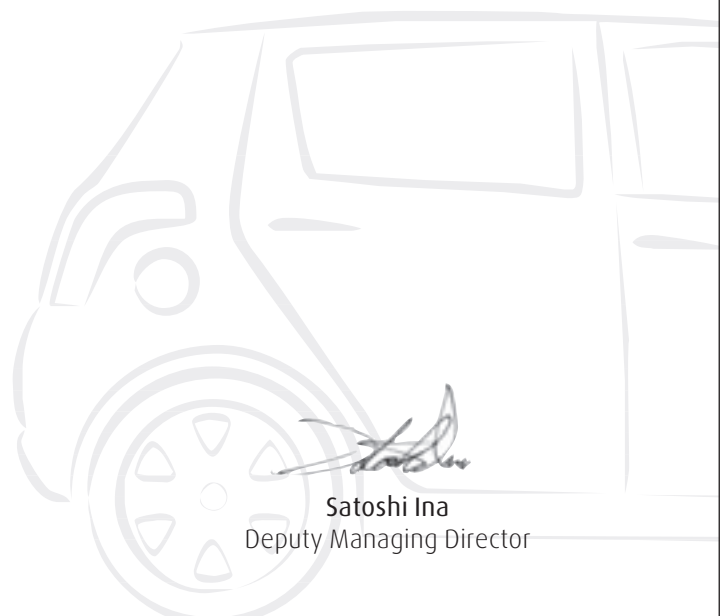
For the year ended December 31, 2009

	2009 (Rupees in '000)	2008 (Rupees in'000)
Profit for the year	255,219	624,785
Other comprehensive income:		
Gain realized on disposal of available for sale investment	-	(37,639)
Total comprehensive income for the year	255,219	587,146

The annexed notes from 1 to 43 form an integral part of these financial statements.



Hirofumi Nagao
Chairman & Chief Executive




Satoshi Ina
Deputy Managing Director

Cash Flow Statement

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	34	2,653,876	(1,465,559)
Finance costs paid		(15,755)	(9,787)
Taxes paid		(659,290)	(729,752)
Long-term loans		7,916	6,937
Long-term deposits and prepayments		(9,926)	1,658
Long-term receivables		(7,401)	45,143
Net cash generated from / (used in) operating activities		1,969,420	(2,151,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,075,128)	(1,199,999)
Expenditure on intangible assets		(212,837)	(73,297)
Proceeds from sale of investments		-	143,923
Proceeds from sale of property, plant and equipment		17,164	14,384
Mark-up on cash deposits with banks		429,617	691,571
Net cash used in investing activities		(841,184)	(423,418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(81,757)	(410,132)
Net increase / (decrease) in cash and cash equivalents		1,046,479	(2,984,910)
Cash and cash equivalents at beginning of the year		2,499,142	5,484,052
Cash and cash equivalents at end of the year	15	3,545,621	2,499,142

The annexed notes from 1 to 43 form an integral part of these financial statements.


Hirofumi Nagao
Chairman & Chief Executive


Satoshi Ina
Deputy Managing Director

Statement Of Changes In Equity

For the year ended December 31, 2009

	Reserves							
	Capital reserves			Revenue reserves				
	Share capital	Share premium	Merger reserve	General	Unrealised gain on available for sale investments	Unappropriated profit	Total reserves	Total
	(Rupees in '000')							
Balance as at January 01, 2008	823,000	584,002	260,594	9,449,818	37,639	2,821,982	13,154,035	13,977,035
Profit for the period	-	-	-	-	-	624,785	624,785	624,785
Other comprehensive income	-	-	-	-	(37,639)	-	(37,639)	(37,639)
Total comprehensive income	-	-	-	-	(37,639)	624,785	587,146	587,146
Cash dividend @ 50%	-	-	-	-	-	(411,500)	(411,500)	(411,500)
Transferred to general reserve	-	-	-	2,400,000	-	(2,400,000)	-	-
Balance as at December 31, 2008	823,000	584,002	260,594	11,849,818	-	635,267	13,329,681	14,152,681
Balance as at January 01, 2009	823,000	584,002	260,594	11,849,818	-	635,267	13,329,681	14,152,681
Profit for the period	-	-	-	-	-	255,219	255,219	255,219
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	255,219	255,219	255,219
Cash dividend @ 10%	-	-	-	-	-	(82,300)	(82,300)	(82,300)
Transferred to general reserve	-	-	-	550,000	-	(550,000)	-	-
Balance as at December 31, 2009	823,000	584,002	260,594	12,399,818	-	258,186	13,502,600	14,325,600

The annexed notes from 1 to 43 form an integral part of these financial statements.


Hirofumi Nagao
 Chairman & Chief Executive


Satoshi Ina
 Deputy Managing Director

Notes To The Financial Statements

For the year ended December 31, 2009

1. CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

The Company was incorporated in Pakistan as a public limited company in August 1983 and started commercial production in January 1984. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges.

The Company was formed in accordance with the terms of a joint venture agreement concluded between Pakistan Automobile Corporation Limited (PACO) and Suzuki Motor Corporation, Japan (SMC) – the principal shareholder of the Company, for the purposes of assembling, progressive manufacturing and marketing of Suzuki cars, pickups, vans and 4x4s.

As on January 01, 2007 Suzuki Motorcycles Pakistan Limited (SMPL) was amalgamated into the Company. SMPL was principally engaged in the manufacturing, assembling and sale of Suzuki motorcycles and related spare parts, which business has been transferred to the Company.

The Company is a subsidiary of SMC – Japan. The registered office of the Company is situated at DSU – 13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Significant accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements;

- Useful life and residual values of fixed assets (note 2.7)
- Employees benefit schemes (note 2.16)
- Taxation (note 2.17)
- Provision for custom duty, sales tax and others (note 2.15 and 22)
- Warranty obligations (note 2.21)

Notes To The Financial Statements

For the year ended December 31, 2009

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 24 – Related Party Disclosures (Revised)	January 1, 2011
IAS 27 - Consolidated and Separate Financial Statements (Amendment)	July 1, 2009
IAS 32 - Financial Instruments: Presentation – Classification of Right Issues (Amendment)	February 1, 2010
IAS 39 - Financial Instruments: Recognition and measurement: Eligible hedged items (Amendment)	July 1, 2009
IFRS 2 – Share-based Payments: Amendments relating to Group Cash-Share-based Payment Transactions	January 1, 2010
IFRS 3 – Business Combinations (Revised)	July 1, 2009
IFRIC 14 – IAS 19 – The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 1, 2011
IFRIC 17 – Distributions of Non-cash Assets to owners	July 1, 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.5 Changes in accounting policies and disclosures as a result of adoption of new and amended accounting standards

During the current year, the Company has adopted the following new and amended IFRSs as of January 01, 2009, which has resulted in extended presentation and disclosure changes as described below:

IAS 1 - Presentation of Financial Statements (Revised)
 IAS 23 - Borrowings Costs (Revised)
 IFRS 7 - Financial Instruments: Disclosures
 IFRS 8 – Operating Segments

Notes To The Financial Statements

For the year ended December 31, 2009

IAS 1 - "Presentation of Financial Statements"

The revised IAS 1 was issued in September 2007 and became effective for financial years beginning on or after January 01, 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard has introduced the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. Accordingly, the Company has added a separate statement of comprehensive income in these financial statements. Comparative information has also been re-presented to bring it in conformity with the revised standard.

The revised IAS 1 also requires that when the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, it should present a restated financial position (balance sheet) as at beginning of comparative period in addition to the current requirement of presenting the balance sheet as at the end of the current and the comparative period.

As the change in accounting policy impacts only the presentation aspects, there is no impact on the earnings of the Company.

IAS 23 - "Borrowing Costs (Revised)"

The revised IAS 23 was issued in April 2007 and became effective for accounting periods beginning on or after January 01, 2009. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense out borrowing costs as they were incurred. In accordance with the transitional provision of the amended IAS 23, the Company has adopted the standard on a prospective basis. The Company has adopted the policy to capitalise borrowing cost on qualifying assets with a commencement date on or after January 1, 2009. However, the change in accounting policy had no impact on the earnings of the Company during the year ended December 31, 2009 as there were no eligible qualifying assets or attributable borrowing costs.

IFRS 7 - "Financial Instruments: Disclosures"

IFRS 7 requires extensive disclosures about the significance of financial instruments for an entity's financial position and results of operations, and qualitative and quantitative disclosures on the nature and extent of risks arising from financial instruments. It combines disclosure requirements from IAS-32, 'Financial Instruments: Presentation', and IAS-30, 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions', and also adds new disclosure requirements. Adoption of this IFRS has resulted in additional disclosures which have been included in the relevant notes to the financial statements and, accordingly, there is no impact on the earnings of the Company.

IFRS 8 - "Operating Segments"

IFRS 8 replaces IAS 14 - 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this IFRS has resulted in additional disclosures which have been included in these financial statements and, accordingly, there is no impact on the earnings of the Company.

2.6 Standards or interpretations effective in 2009 but not relevant to the Company

The following standards and interpretations are effective for financial periods beginning on or after January 1, 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Company:

Notes To The Financial Statements

For the year ended December 31, 2009

- IAS 27 – Consolidated and Separate Financial Statements (Revised)
- IAS 32 – Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
- IFRS 2 – Share Based Payment – Amendments regarding Vesting Conditions and Cancellations
- IFRS 4 – Insurance Contracts
- IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amended)
- IFRIC 13 – Customer loyalty programs
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 – Transfers of Assets from Customers

2.7 Fixed assets

Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation, except for freehold land. Items of fixed assets costing Rs. 10,000/- or less are not recognised and charged off in the year of purchase.

Capital work-in-progress is stated at cost less impairment, if any, and represents expenditures incurred and advances made in respect of specific assets during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

Depreciation on all operating fixed assets, except leasehold land, is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Leasehold land is depreciated using the straight line method whereby the cost of the leasehold land is written off over its lease term.

The assets' residual values, useful lives and methods are reviewed and adjusted if appropriate, at each financial year end.

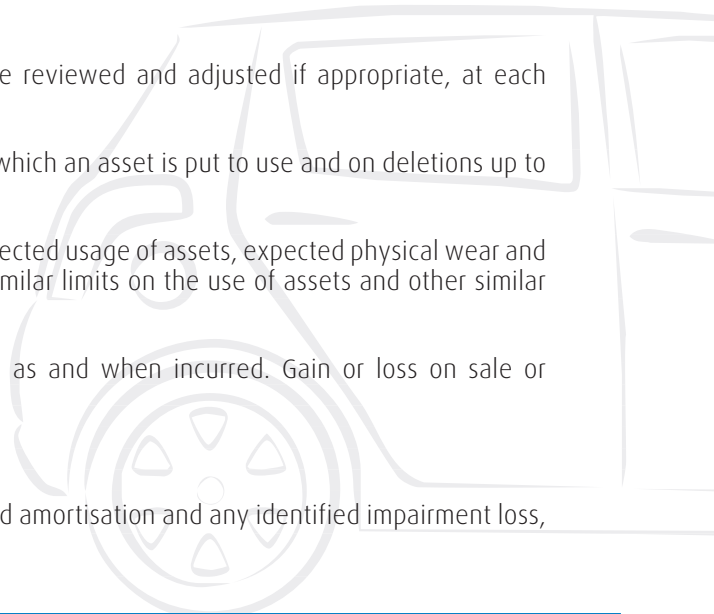
Depreciation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

Useful life is determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

Maintenance and normal repairs are charged to income as and when incurred. Gain or loss on sale or retirement of fixed assets is included in income currently.

Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and any identified impairment loss,



Notes To The Financial Statements

For the year ended December 31, 2009

represent the cost of software licenses, licenses and technical drawings to manufacture certain components and licenses for the right to manufacture Suzuki vehicles in Pakistan.

Amortisation is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset comes into operation while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged at the rate given in note 4.

The Company continually assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

2.8 Impairment

The carrying amounts of the fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognised in the profit and loss account currently.

2.9 Stores, spares and loose tools

Stores, spares and loose tools, except items-in-transit, are valued at cost calculated on a weighted average basis.

Items in-transit are valued at cost comprising invoice value plus other charges accrued thereon to the balance sheet date. Provision is made annually in the financial statements for slow moving and obsolete items.

2.10 Stock-in-trade

Stocks, including in transit, are valued at the lower of cost and net realizable value. Cost is calculated on a weighted average or specific consignment basis, depending upon their categories. Stocks-in-transit are stated at invoice value plus other charges accrued thereon to the balance sheet date. The Company assumes title to stocks-in-transit after shipments.

Vehicles on wheels are taken as work-in-process until they are approved by the quality control department. After such approval the vehicles are classified as finished goods. The engines assembled are included in raw material. The cost of engines assembled, work-in-process and finished goods consists of landed cost of imported materials, average local material cost, factory overhead and direct labour.

Net realisable value is determined by considering the prevailing selling prices of products in the ordinary course of business less estimated cost of completion and cost necessary to be incurred in order to make the sale. The net realisable values are determined on the basis of each line of product. Provision is made annually in the financial statements for slow moving and obsolete items.

Notes To The Financial Statements

For the year ended December 31, 2009

2.11 Trade debts and installment sales receivables

Trade debts are recognised and carried at original value of invoice amount less any part payment and provision for doubtful debts. Installment sales receivables are recognised at original invoice amount and are subsequently reduced by the principal portion of installments received. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Known bad debts are written-off as incurred. A general provision at the rate 3.5% of the balance of installment receivables is maintained to cater for any bad debts.

2.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.13 Long term loans, deposits and prepayments

These are stated at cost.

2.14 Financial instruments

2.14.1 Financial assets

2.14.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity, or (c) financial assets at fair value through profit or loss.

Notes To The Financial Statements

For the year ended December 31, 2009

2.14.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.14.1.3 Subsequent measurement.

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Subsequent to initial recognition, available for sale financial assets are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to shareholders' equity.

Fair value is determined by reference to quoted market price. Investments for which a quoted market price is not available or the fair value can not be reasonably calculated, are measured at cost, subject to review for impairment at each balance sheet date.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

2.14.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment loss on all financial assets is recognised in the profit and loss account. In arriving at the provision in respect of any diminution in long-term financial assets, consideration is given only if there is a permanent impairment in the value of the financial assets.

2.14.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.14.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Notes To The Financial Statements

For the year ended December 31, 2009

2.14.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.15 Provisions

Provisions are recognised in the balance sheet where the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.16 Employees benefit schemes

Gratuity scheme

The Company operates an approved and funded gratuity scheme for all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses exceed ten percent of the higher of defined benefit obligation and the fair value of plan assets as of the end of previous reporting period. These gains or losses are recognised over the expected remaining working lives of the employees participating in the scheme.

Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If benefits have already vested, immediately following the introduction of, or change to the scheme, past service costs are recognised immediately.

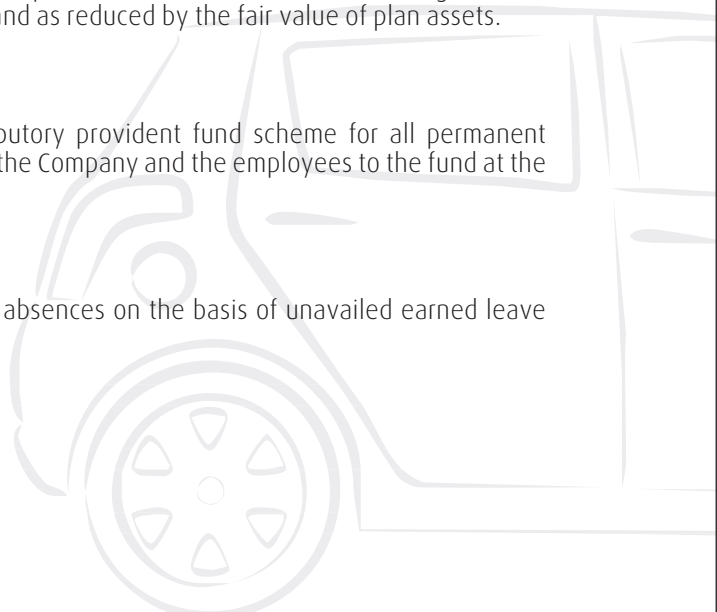
The amount recognised in balance sheet represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses and as reduced by the fair value of plan assets.

Provident fund

The Company operates an approved defined contributory provident fund scheme for all permanent employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10 percent of basic salary.

Compensated absences

The Company accounts for employees' compensated absences on the basis of unavailed earned leave balance of each employee as at the end of the year.



Notes To The Financial Statements

For the year ended December 31, 2009

2.17 Taxation

Current

Provision for current taxation in the financial statements is based on taxable income at the current rate of taxation after taking into account tax credits and tax rebates available, if any, and under final tax regime of the Income Tax Ordinance, 2001 on commercial imports and export sales. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is recognised using the balance sheet liability method, on major temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that the temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except, where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of assets or as part of the expense item as applicable.

2.18 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end spot foreign exchange rates and in case of forward contracts at the committed rates. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

2.19 Revenue recognition

Revenue is recognised when goods are sold and services are rendered. Goods are treated as sold when they are specified and invoiced. Warranty and insurance claims are recognised when the claims in respect thereof are lodged with the respective parties. Indenting and agency commission is recognised when the shipments are made by the principal.

Return on bank deposits is accounted for on accrual basis.

Profit on Term Deposit Receipts (TDR's) are recognised on constant rate of return to maturity.

Dividend income is recognised when the Company's right to receive such dividend is established.

Notes To The Financial Statements

For the year ended December 31, 2009

2.20 Transactions with related parties

The Company enters into transactions with related parties for sale / purchase of goods and these are priced on arm's length basis using Transactional Net Margin Method. Royalty and fee for technical services are accounted for at the rates mentioned in the respective agreements, duly registered with the State Bank of Pakistan.

2.21 Warranty obligations

The Company accounts for its warranty obligations on accrual basis.

2.22 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at banks net off book overdrafts and short-term running finances.

2.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved, and dividend distribution to shareholders of the Company is accounted for as a liability when the dividend is declared.

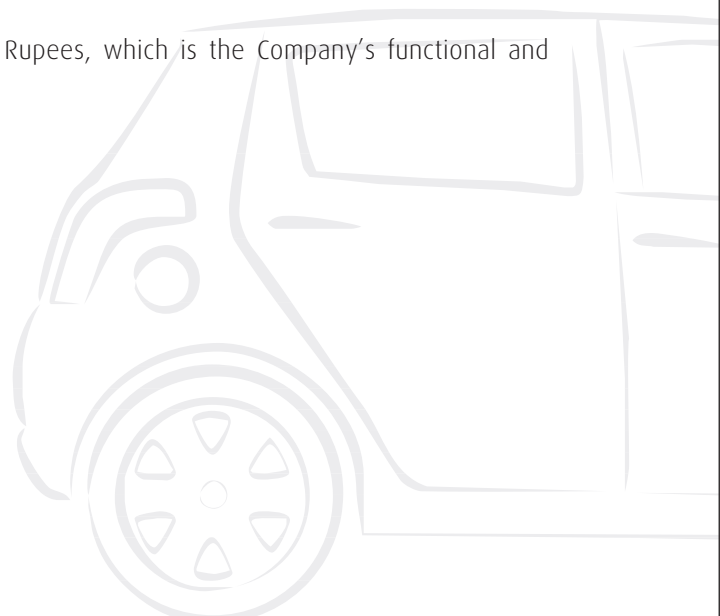
2.24 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expenses out in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

The Company capitalises borrowing costs for all eligible assets where construction commenced on or after January 01, 2009.

2.25 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.



Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	3,792,724	3,987,322
Capital work-in-progress	3.8	891,947	591,114
		4,684,671	4,578,436

3.1 Operating Fixed Assets

	Note	Cost as at January 01, 2009	Additions / (deletions)	Cost as at December 31, 2009	Accumulated depreciation as at January 01, 2009 (Rupees in '000')	Charge for the year / (depreciation on deletions)	Accumulated depreciation* as at December 31, 2009	Book value as at December 31, 2009	Years / Rate %
Leasehold land		646,726	-	646,726	34,321	10,779	45,100	601,626	60 & 62.75
Freehold Land		373,223	-	373,223	-	-	-	373,223	-
Leasehold Improvements		39,637	-	39,637	33,726	1,071	34,797	4,840	Lease term
Buildings on leasehold land	3.5								
- Factory		1,123,969	14,960	1,138,929	616,351	58,240	674,591*	464,338	10 & 20
- Office		2,063	-	2,063	2,063	-	2,063	-	20
- Test Tracks and other buildings		13,503	-	13,503	11,147	471	11,618	1,885	20
Plant and machinery	3.5 & 3.6	4,989,442	285,033	5,274,475	3,384,785	460,109	3,844,894*	1,429,581	25 & 35
Welding guns		228,059	17,511	245,570	144,815	33,171	177,986*	67,584	35
Waste water treatment plant		134,176	-	134,176	74,682	14,873	89,555	44,621	25
Permanent and special tools		354,820	7,288	362,108	248,586	38,700	287,286*	74,822	10, 35 & 40
Dies	3.7	1,300,564	52,832	1,353,396	1,041,574	92,261	1,133,835*	219,561	35 & 40
Jigs and fixtures		420,761	9,878	430,639	362,531	22,029	384,560*	46,079	35 & 40
Electrical installations	3.5 & 3.6	146,450	1,067	147,517	75,390	14,354	89,744	57,773	20
Furniture and fittings		16,632	269	16,901	8,979	1,548	10,527	6,374	20
Vehicles		299,462	237,426 (25,948)	510,940	126,369	47,091 (10,628)	162,832	348,108	20
Air conditioners and refrigerators		17,451	843 (251)	18,043	12,280	1,038 (90)	13,228	4,815	20
Office equipments		71,053	3,007 (63)	73,997	36,040	7,239 (28)	43,251	30,746	20
Computers		112,091	7,048 (1,250)	117,889	89,121	13,157 (1,137)	101,141*	16,748	50
2009		10,290,082	637,162 (27,512)	10,899,732	6,302,760	816,131 (11,883)	7,107,008	3,792,724	

Notes To The Financial Statements

For the year ended December 31, 2009

Note	Cost as at January 01, 2008	Additions / (deletions)	Cost as at December 31, 2008	Accumulated depreciation as at January 01, 2008 (Rupees in '000')	Charge for the year / (depreciation on deletions)	Accumulated depreciation* as at December 31, 2008	Book value as at December 31, 2008	Years / Rate %	
Leasehold land	643,807	2,919	646,726	23,567	10,754	34,321	612,405	60 & 62.75	
Freehold Land	-	373,223	373,223	-	-	-	373,223	-	
Leasehold Improvements	39,637	-	39,637	31,494	2,232	33,726	5,911	Lease term	
Buildings on leasehold land	3.5								
- Factory	1,078,995	44,974	1,123,969	552,631	63,720	616,351*	507,618	10 & 20	
- Office	2,063	-	2,063	2,063	-	2,063	-	20	
- Test Tracks and other buildings	13,503	-	13,503	10,558	589	11,147	2,356	20	
Plant and machinery	3.5 & 3.6	4,800,618	189,128 (304)	4,989,442	2,861,757	523,323 (295)	3,384,785*	1,604,657	25 & 35
Welding guns		220,126	7,933	228,059	102,069	42,746	144,815*	83,244	35
Waste water treatment plant		120,222	13,954	134,176	56,035	18,647	74,682	59,494	25
Permanent and special tools		321,416	33,404	354,820	199,473	49,113	248,586*	106,234	10, 35 & 40
Dies	3.7	1,272,924	27,640	1,300,564	907,872	133,702	1,041,574*	258,990	35 & 40
Jigs and fixtures		420,385	376	420,761	330,890	31,641	362,531*	58,230	35 & 40
Electrical installations	3.5 & 3.6	135,971	10,479	146,450	58,707	16,683	75,390	71,060	20
Furniture and fittings		16,124	508	16,632	7,156	1,823	8,979	7,653	20
Vehicles		293,732	38,918 (33,188)	299,462	104,663	42,042 (20,336)	126,369	173,093	20
Air conditioners and refrigerators		16,955	802 (306)	17,451	11,318	1,186 (224)	12,280	5,171	20
Office equipments		63,871	7,250 (68)	71,053	28,278	7,776 (14)	36,040	35,013	20
Computers		106,078	8,181 (2,168)	112,091	70,549	19,887 (1,315)	89,121*	22,970	50
2008		9,566,427	759,689 (36,034)	10,290,082	5,359,080	965,864 (22,184)	6,302,760	3,987,322	

*Includes accumulated impairment loss amounting to Rs. 43.363 million (2008: Rs. 43.363 million)

Note	2009 (Rupees in '000)	2008 (Rupees in '000)	
3.2 Reconciliation of carrying amount:			
Carrying amount at beginning of the year	3,987,322	4,207,347	
Additions during the year	637,162	759,689	
Depreciation for the year	(816,131)	(965,864)	
Disposals during the year at carrying amount	(15,629)	(13,850)	
	3,792,724	3,987,322	
3.3 Depreciation charge for the year has been allocated as under:			
Cost of goods manufactured	26.1	743,458	890,295
Administrative expenses	28	72,673	75,569
		816,131	965,864

Notes To The Financial Statements

For the year ended December 31, 2009

- 3.4 Particulars of operating fixed assets having written down value (WDV) exceeding Rs. 50,000 disposed of during the year are as follows:

	Cost	Accumulated depreciation	WDV	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
			------(Rupees in '000')-----				
Vehicles							
Suzuki Vehicles (30 Vehicles)	20,196	8,724	11,472	11,546	74	Company Policy	Company Employees
Suzuki Vehicles (4 Vehicles)	736	530	206	437	231	Sales	Outsider
Suzuki Vehicles (9 Vehicle)	4,971	1,347	3,624	4,771	1,147	Insurance Claim	EFU Insurance, Karachi
AC and refrigerator							
1.5 Ton Spilt A/C	71	20	51	51	-	Company Policy	Company Employees
Computers							
Note Book	802	719	83	87	4	Insurance Claim	EFU Insurance, Karachi
Note Book	240	219	21	120	99	Company Policy	Company Employees
Aggregate value of items where							
WDV is less than Rs. 50,000	496	324	172	152	(20)		
2009	27,512	11,883	15,629	17,164	1,535		
2008	36,034	22,184	13,850	14,384	534		

- 3.5 The buildings on leasehold land at West Wharf are situated at three plots numbered 16, 20 and 21. These plots are owned by Karachi Port Trust (KPT). The lease tenures of plots numbered 16, 20 and 21 expired on July 31, 1998, March 31, 1998 and September 30, 1998 respectively. Except for plot No. 20, lease agreements of plot Nos. 16 and 21 are registered in the name of Sind Engineering (Private) Limited and Republic Motors (Private) Limited respectively, both subsidiary companies of PACO. Despite persistent efforts, KPT has not issued mutation letter in respect of plot No. 20 neither have they effected transfer and / or renewed leases in respect of plot Nos. 16 and 21. On the other hand KPT without any notice, intimation or warning forcibly took possession of plot Nos. 20 and 21. The Company had filed writ petitions in the Honourable High Court of Sindh praying for restoration of possession and renewal of leases in favour of the Company. Status quo had been granted and notices issued to the respondents by the Court in this respect. No formal hearing has been conducted to-date.

- 3.6 The immovable assets lying at West Wharf have been impaired by the action of KPT as explained in note 3.5 above. Such assets included buildings, electric installations and immovable plant. The book value of these assets was Rs. 14.604 million. This impairment had necessitated charging off the entire book value of these assets to the said extent and accordingly it was fully charged in the year 1998.

- 3.7 Certain dies of book value Rs. 0.717 million (2008: Rs. 1.055 million) were lying with vendor for production of components to be supplied to the Company.

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
3.8 Capital work-in-progress			
Plant and machinery		891,947	569,676
Advance for capital expenditure		-	21,438
		891,947	591,114
3.8.1 Movement in capital work-in-progress			
Opening balance		591,114	150,804
Additions during the year		797,706	1,199,999
Transferred to fixed assets		(359,740)	(759,689)
Transferred to development cost	26.1.3	(137,133)	-
Closing balance		891,947	591,114

4. INTANGIBLE ASSETS

	Cost as at January 01, 2009	Additions / (deletions) / (Transfers)*	Cost as at December 31, 2009	Accumulated amortisation as at January 01, 2009	Charge for the year / (amortisation on deletions)	Accumulated amortisation as at December 31, 2009	Book value as at December 31, 2009	Years
	----- (Rupees in '000) -----							
License fees and drawings	618,746	138,710	479,171	309,479	103,589	230,551	248,620	3
		(182,517)			(182,517)			
		*(95,768)						
Software	74,541	74,127	148,668	-	49,556	49,556	99,112	3
2009	693,287	212,837	627,839	309,479	153,145	280,107	347,732	
		(182,517)			(182,517)			
		*(95,768)						

* Refer Note 26.1.3

	Cost as at January 01, 2008	Additions / (deletions)	Cost as at December 31, 2008	Accumulated amortisation as at January 01, 2008	Charge for the year / (amortisation on deletions)	Accumulated amortisation as at December 31, 2008	Book value as at December 31, 2008	Years
	----- (Rupees in '000) -----							
License fees and drawings	552,651	70,933	618,746	238,050	76,267	309,479	309,267	3
		(4,838)			(4,838)			
Software	72,178	2,363	74,541	-	-	-	74,541	3
2008	624,829	73,296	693,287	238,050	76,267	309,479	383,808	
		(4,838)			(4,838)			

Notes To The Financial Statements

For the year ended December 31, 2009

4.1 During the year, no amortisation has been charged on intangible assets amounting to Rs. 114.009 million (2008: Rs. 286.809 million) as the assets have not yet been put to use.

4.2 Amortisation charge has been allocated as under:

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
Cost of goods manufactured	26.1	103,589	76,267
Administrative expenses	28	49,556	-
		153,145	76,267
5. LONG-TERM INVESTMENTS			
Others - available for sale			
Unquoted			
Arabian Sea Country Club Limited			
500,000 (2008: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
Equity held 6.45% (2008: 6.45%)			
Value based on net assets as at June 30, 2009 Rs. 4.124 million (2008: Rs. 3.926 million)			
Less: Provision for impairment in the value of investment		1,074	1,074
		3,926	3,926
Automotive Testing & Training Centre (Pvt.) Limited (AT & TC)			
125,000 (2008: 125,000) fully paid ordinary shares of Rs. 10/- each		1,250	1,250
Equity held 6.94% (2008: 6.94%)			
Value based on net assets as at June 30, 2009 Rs. 0.412 million (2008: Rs. 0.523 million)			
Less: Provision for impairment in the value of investment		727	727
		523	523
		4,449	4,449
6. LONG-TERM LOANS - secured, considered good			
Loans to employees		7,619	19,353
Loans to executives	6.1, 6.2	1,322	1,909
	6.3 - 6.6	8,941	21,262
Less: Receivable within one year	12	5,779	10,184
		3,162	11,078
6.1 Movement of loans to executives			
Opening balance		1,909	1,887
Disbursement during the year		356	976
Repayment during the year		(943)	(954)
		1,322	1,909

Notes To The Financial Statements

For the year ended December 31, 2009

- 6.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.146 million (2008: Rs. 1.909 million).
- 6.3 These represent motorcycle and personal loans granted to executives and employees. These are granted in accordance with the terms of their employment and are secured against their balances of the provident fund.
- 6.4 Rs. 8.503 million (2008: Rs. 20.666 million) is given against personal guarantees of any two employees of the Company or against balance of provident fund. These loans are repayable in ten to forty eight equal monthly installments free of any finance cost.
- 6.5 Rs. 0.039 million (2008: Rs. 0.561 million) is given against personal guarantees of any two employees of the Company markup is charged at the rate of 15% after the recovery of first ten installments.
- 6.6 Rs. 0.399 million (2008: Rs. 0.035 million) given to employees for purchase of motorcycle. As security, the Company retains the title and registers the document in its name. Markup is charged at the rate ranging from 9% to 10%.

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
7. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits		22,295	20,398
Prepayments		12,314	4,285
		34,609	24,683
8. LONG-TERM INSTALLMENT SALES RECEIVABLES – secured			
Installment sales receivables	8.4 & 8.5	461,274	613,269
Less: Provision for doubtful receivables	8.3	(28,733)	(28,533)
		432,541	584,736
Less: Unearned finance income		(73,383)	(97,708)
		359,158	487,028
Less: Current maturity		(205,680)	(340,951)
		153,478	146,077

8.1	Note	Gross amount of installment sales receivables		Present value of installment sales receivables	
		2009	2008	2009	2008
		----- (Rupees in '000') -----			
Less than one year		257,439	421,992	205,680	340,951
One to five year		203,835	191,277	182,211	174,610
	8.2	461,274	613,269	387,891	515,561
Less: Provision for doubtful receivables		(28,733)	(28,533)	(28,733)	(28,533)
		432,541	584,736	359,158	487,028

- 8.2 Includes an overdue portion of installment sales receivables of Rs. 16.032 million (2008: 15.751 million).

Notes To The Financial Statements

For the year ended December 31, 2009

8.3 The movement in provision against doubtful installment sales receivables during the year is as follows:

	2009 (Rupees in '000)	2008 (Rupees in'000)
Balance at beginning of the year	28,533	19,856
Provision made during the year	775	8,677
Written off during the year	(575)	-
	28,733	28,533

8.4 Represents balances receivable under various installment sale agreements in equal monthly installments. As a security, the Company retains the title and registers the documents of such motorcycles in its name. Such documents are transferred in the name of customers after the entire dues are realised. Overdue rentals are subject to additional surcharge.

8.5 Mark-up on installment sales receivables ranges from 9% to 38.5% (2008: 20% to 38.5%) per annum.

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
9. STORES, SPARES AND LOOSE TOOLS			
Stores		18,668	30,550
Spares		41,914	67,461
Loose tools		19,465	21,716
		80,047	119,727
Less:			
Provision for slow moving and obsolete items			
- at beginning of the year		25,259	25,092
- for the year	26.1	13,039	167
		38,298	25,259
		41,749	94,468

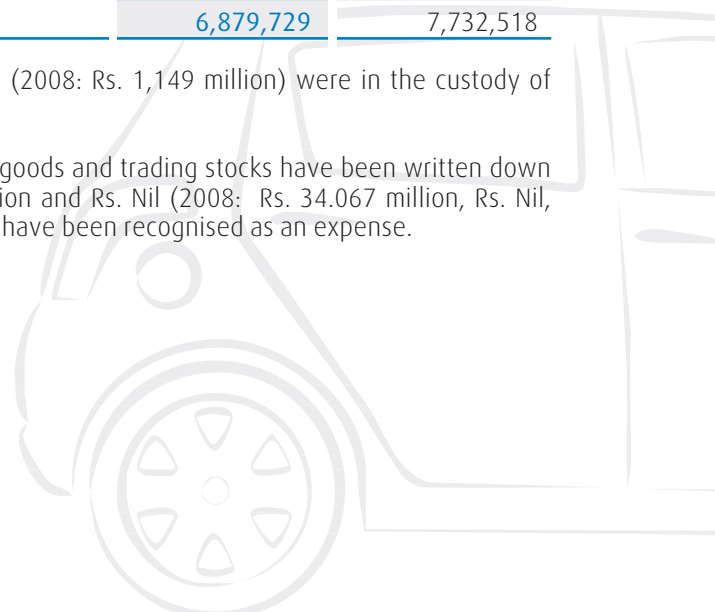
Notes To The Financial Statements

For the year ended December 31, 2009

Note	2009 (Rupees in '000)	2008 (Rupees in'000)
10. STOCK-IN-TRADE		
Raw material and components [including items in transit Rs. 1,851.351 million (2008: Rs. 888.487 million)]	4,916,737	5,725,291
Less:		
Provision for slow moving and obsolete items		
- at beginning of the year	46,702	46,011
- (reversal) / provision for the year - net	(25,846)	691
	20,856	46,702
	4,895,881	5,678,589
Work-in-process	48,827	31,012
Finished goods	1,714,884	1,673,510
Trading stocks [including items in transit Rs.19.146 million (2008: Rs. 62.184 million)]	259,419	402,231
Less:		
Provision for slow moving and obsolete items		
- at beginning of the year	52,824	26,491
- (reversal) / provision for the year - net	(13,542)	26,333
	39,282	52,824
	220,137	349,407
	6,879,729	7,732,518

10.1 Of the aggregate amount, stocks worth Rs. 1,341 million (2008: Rs. 1,149 million) were in the custody of dealers and vendors.

10.2 Raw material and components, work-in-process, finished goods and trading stocks have been written down by Rs. 117.198 million, Rs. 1.316 million, Rs. 36.972 million and Rs. Nil (2008: Rs. 34.067 million, Rs. Nil, Rs. 8.711 million and Rs. 12.338 million). The write downs have been recognised as an expense.



Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
11. TRADE DEBTS - unsecured			
Considered good			
- Due from Government Agencies		116,374	17,770
- Others		260,134	268,927
	11.3	376,508	286,697
Considered doubtful		2,706	2,706
Less: Provision for doubtful debts		(2,706)	(2,706)
		-	-
		376,508	286,697
11.1 The ageing of trade debts at December 31 is as follows			
Neither past due nor impaired		376,508	286,697
Past due and impaired		2,706	2,706
		379,214	289,403
11.2 Reconciliation of provision for impairment of trade debts			
Balance at the beginning of the year		2,706	4,538
Reversal for the year		-	(1,832)
Balance at the end of the year		2,706	2,706

11.3 Includes Rs. 0.999 million (2008: Rs. 4.188 million) due from Magyar Suzuki Corporation - Hungary and Rs. Nil (2008: Rs. 0.065 million) due from Maruti Suzuki India Limited - all related parties.

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
12. LOANS AND ADVANCES - considered good			
Loans:			
Current portion of loans to employees		4,842	9,234
Current portion of loans to executives		937	950
	6	5,779	10,184
Advances to:			
- Suppliers / vendors	12.1	209,181	109,847
- Gratuity fund	12.2.1	9,737	8,012
- Workers profit participation fund	18.3	1,672	-
- Employees		19	37
		226,388	128,080

Notes To The Financial Statements

For the year ended December 31, 2009

12.1 Includes advances to vendors of Rs. 16.809 million (2008: Rs. 33.221 million), which carry mark-up ranging from 12% - 15% per annum (2008: 13% - 15%) per annum.

12.2 Employees gratuity fund

The latest actuarial valuation was carried out as at December 31, 2009 using the Projected Unit Credit Method, according to which present value of gratuity obligation and fair value of plan assets were Rs. 168.985 million and Rs. 233.440 million respectively.

	2009 (Rupees in '000)	2008 (Rupees in'000)
12.2.1 Amount recognised in the balance sheet		
Present value of defined benefit obligation	(168,986)	(137,380)
Fair value of plan assets	233,441	216,158
Un-recognised actuarial gains	(54,718)	(70,766)
	9,737	8,012
12.2.2 Expense recognised in the profit and loss account		
Current service cost	10,536	7,000
Interest cost	20,607	14,414
Expected return on plan assets	(32,424)	(21,279)
Actuarial gain	(4,915)	(4,355)
Past service cost for new members of Motorcycle Division	2,946	-
	(3,250)	(4,220)
12.2.3 Movement asset recognised in the balance sheet		
Opening balance - asset	8,012	3,819
Income recognised in the financial statements	3,250	4,220
Contribution made by the Company during the year	17,475	19,473
Payment made to the Company from the fund	(19,000)	(19,500)
	9,737	8,012
12.2.4 Movement in present value of defined benefit obligation		
Opening balance - Present value of defined benefit obligation	137,380	144,140
Current service cost for the year	10,536	7,000
Interest cost for the year	20,607	14,414
Benefit paid during the year	(17,475)	(16,795)
Past service cost for new member of Motorcycle Division	2,946	-
Actuarial loss on present value of defined benefit obligation	14,992	(11,379)
	168,986	137,380

Notes To The Financial Statements

For the year ended December 31, 2009

	2009 (Rupees in '000)	2008 (Rupees in'000)
12.2.5 Movement in fair value of plan assets		
Opening balance – Fair value of plan assets	216,158	212,792
Expected return on plan assets	32,424	21,279
Contribution during the year	17,475	19,473
Benefit paid during the year	(17,475)	(16,795)
Payment made to the Company from the fund during the year	(19,000)	(19,500)
Actuarial loss on plan assets	3,859	(1,091)
	233,441	216,158
12.2.6 Principal actuarial assumption used are as follows		
Valuation discount rate	12% per annum	15% per annum
Expected rate of eligible salaries increase in future years	12% per annum	15% per annum
Expected rate of return on plan assets	12% per annum	10% per annum
12.2.7 Actual return on plan assets		
Expected return on plan assets	32,424	21,279
Actuarial gain on plan assets	3,859	(1,091)
Actual return on plan assets	36,283	20,188

12.2.8 Comparison for past years

As at December 31	2009	2008	2007	2006	2005
	----- (Rupees in '000') -----				
Present value of defined benefit obligation	168,986	137,380	144,140	128,957	106,417
Fair value of plan assets	233,441	216,158	212,792	181,715	151,593
Surplus	(64,455)	(78,778)	(68,652)	(52,758)	(45,176)
Experience adjustment on plan liabilities	14,992	(11,379)	3,843	8,984	(3,824)
Experience adjustment on plan assets	3,859	(1,091)	25,583	15,109	10,187
	18,851	(12,470)	29,426	24,093	6,363

Notes To The Financial Statements

For the year ended December 31, 2009

12.2.9 Major categories / composition of plan assets are as follows:

Note	2009 (Rupees in '000)	2008 (Rupees in'000)
Defence Saving Certificate (include accrued interest less Zakat)	156,405	73,056
Mutual Funds (Income based)	7,067	39,089
Term Deposit Receipts'	47,209	104,000
Treasury Bills	14,463	-
Cash at bank	8,297	13
	233,441	216,158
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	4,095	4,715
Prepayments	27,643	46,765
	31,738	51,480
14. OTHER RECEIVABLES - considered good		
Due from Suzuki Motor Corporation, Japan holding company	14.1 38,381	43,559
Due from vendors for material / components returned	22,498	25,066
Others	15,806	30,042
	76,685	98,667

14.1 The maximum aggregate amount due from the holding company at the end of any month during the year was Rs. 53.655 million (2008: Rs. 43.559 million).

Note	2009 (Rupees in '000)	2008 (Rupees in'000)
15. CASH AND BANK BALANCES		
Cash in hand	6,363	7,092
Cash at bank:		
On deposit	15.1 - 15.2 3,422,404	2,344,532
In a special deposit account	15.2 - 15.3 86,778	84,278
In current accounts	15.1 30,076	63,240
	3,539,258	2,492,050
	3,545,621	2,499,142

Notes To The Financial Statements

For the year ended December 31, 2009

- 15.1 The above balances are net of book overdraft amounting to Rs. 9.626 million (2008: Rs. 27.135 million).
- 15.2 The mark-up on funds placed on deposit accounts ranges from 5% to 12.4% (2008: 5% to 17%) per annum.
- 15.3 A special account is maintained in respect of security deposits (note 21) in accordance with the requirements of Section 226 of the Companies Ordinance, 1984.

16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each

2009 (Number of shares)			2009 ---- (Rupees in '000') ----	
2008			2008	
45,517,401	45,517,401	Issued for cash	455,174	455,174
		Issued for consideration other than cash	28,000	28,000
2,800,000	2,800,000	Issued as bonus shares	339,826	339,826
33,982,450	33,982,450		367,826	367,826
36,782,450	36,782,450		823,000	823,000
82,299,851	82,299,851			

- 16.1 Suzuki Motor Corporation, Japan (holding company) held 60,154,091 (2008: 60,154,091) Ordinary shares of Rs. 10/- each, constituting 73.09% holding in the Company.

	2009 (Rupees in '000)	2008 (Rupees in'000)
16.2 Reserves		
Capital Reserves		
Share premium	584,002	584,002
Merger reserve	260,594	260,594
	844,596	844,596
Revenue Reserves		
General	12,399,818	11,849,818
Unappropriated profit	258,186	635,267
	12,658,004	12,485,085
	13,502,600	13,329,681

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
17. DEFERRED TAXATION			
Deferred taxation comprise of:			
Difference between accounting and tax depreciation		156,000	228,000
Provision for custom duty and sales tax		(48,000)	(48,000)
Provision for compensated absences		(9,000)	(10,000)
Provision for warranty claims		(7,000)	(12,000)
Unamortised local development costs		(75,000)	-
Provision for doubtful debts		(11,000)	(11,000)
Others		(1,000)	(1,000)
		5,000	146,000
18. TRADE AND OTHER PAYABLES			
Creditors		395,857	189,356
Bills payable	18.1	496,399	115,402
Accrued liabilities:			
Accrued expenses		249,799	247,969
Royalties and technical fee payable to			
SMC Japan - holding company		308,615	259,834
Mark-up on waiting for delivery of vehicles		36,585	85,501
Dealers' commission		238,324	304,887
Provision for unexpired warranty period	18.2	20,300	32,434
Workers' profit participation fund	18.3	-	5,298
Workers' welfare fund		37,500	20,500
		891,123	956,423
Retention money		9,190	12,157
Unclaimed dividend		5,018	4,475
Others		55,447	37,771
		69,655	54,403
		1,853,034	1,315,584

18.1 This includes amount of Rs. 485.482 million (2008: Rs. 23.284 million) due to SMC - Japan.

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
18.2 Provision for unexpired warranty period			
Balance at the beginning of the year		32,434	38,189
Reversal for the year		(12,134)	(5,755)
Balance at the end of the year		20,300	32,434
18.3 Workers' profit participation fund			
Balance at beginning of the year		5,298	229,955
Mark-up on funds utilised in the Company's business	30	538	2,599
		5,836	232,554
Allocation for the year	31	23,328	53,298
		29,164	285,852
Less: Paid during the year		30,836	280,554
Balance at end of the year		(1,672)	5,298

19. ADVANCES FROM CUSTOMERS

Mark-up is payable for delayed period if the delivery is made after sixty days from the date of booking. The rate of mark-up varies from month to month subject to weighted average rate of last three months treasury bills.

20. SHORT-TERM BORROWING - secured

This represents export refinance facility arranged by the Company from a commercial bank repayable by January 03, 2010. The loan carries mark-up at State Bank of Pakistan (SBP) Export Finance Rate + 1% determined on six monthly basis and payable quarterly, and is secured against the registered charge over stock-in-trade, stores and spares and book debts, aggregating to Rs. 80 million.

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
21. SECURITY DEPOSITS			
Dealership deposits		75,353	71,853
Deposits against contractual obligation		11,425	12,425
		86,778	84,278
22. PROVISION FOR CUSTOM DUTIES, SALES TAX AND OTHERS			
Provision for custom duties and sales tax	22.1 - 22.3	138,475	138,475
Provision for loss on pending orders	26	-	4,811
		138,475	143,286

Notes To The Financial Statements

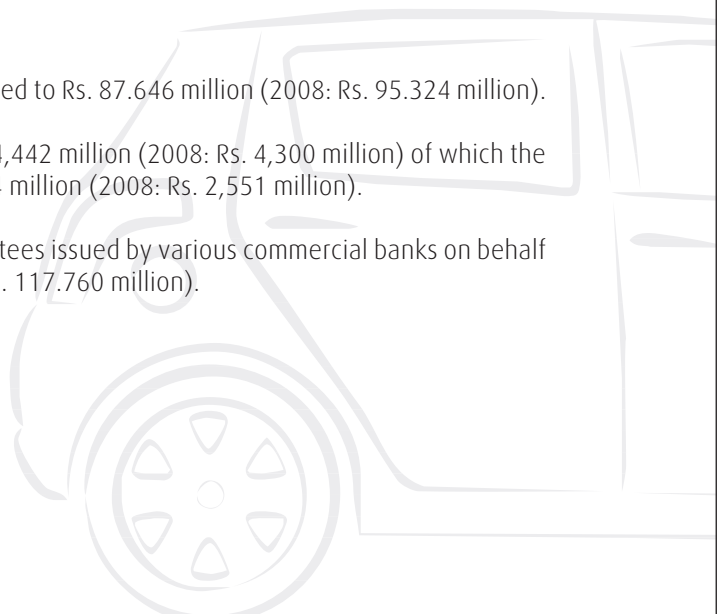
For the year ended December 31, 2009

- 22.1** Includes Rs. 52.153 million (2008: Rs. 52.153 million) being provision against demand raised by the Custom Authorities on account of alleged short payment of custom duties. The Company's appeal against the order passed in above case is pending at the High Court of Sindh. In view of the inherent delays that are associated and the element of uncertainty inherent in legal matters, provision has been continued as a matter of prudence.
- 22.2** Includes Rs. 86.323 million (2008: Rs. 86.323 million) for custom duty and sales tax against royalty. Revenue Receipts Auditors – Government of Pakistan conducted an audit in the year 2001 and alleged that the Company short paid Rs. 120 million on account of custom duties and sales tax against royalty during the period from July 1997 to February 1999. According to clause 2(d) of Section 25 of the Customs Act, 1969, payment in the nature of royalty without which goods cannot be legitimately imported and sold or used in Pakistan are to be included in value for import purpose. Subsequent to audit observation the Company paid Rs. 33.677 million after reconciliation with the Collector of Customs. Despite reconciliation, Deputy Collector – Customs has adjudicated to pay balance amount of Rs. 86.323 million. Though the Company disputes calculation of the amount, provision has been continued, as a matter of prudence in view of the inherent uncertainties in such matters.

	2009 (Rupees in '000)	2008 (Rupees in'000)
22.3 The movement in provision for custom duties, and sales tax is as under:		
Balance brought forward	138,475	667,346
Payment made during the year - custom duty	-	(76,784)
Reversal of provision during the year		
- Custom duty	-	(378,237)
- Sales tax on imported components	-	(13,881)
- Sales tax against transportation charges	-	(59,969)
	138,475	138,475

23. CONTINGENCIES AND COMMITMENTS

- 23.1** Capital expenditure contracted for but not incurred amounted to Rs. 87.646 million (2008: Rs. 95.324 million).
- 23.2** The facilities for opening letters of credit amounted to Rs. 4,442 million (2008: Rs. 4,300 million) of which the amount remaining unutilised at the year end was Rs. 3,684 million (2008: Rs. 2,551 million).
- 23.3** Counter guarantees issued by the Company against guarantees issued by various commercial banks on behalf of the Company amounted to Rs. 134.274 million (2008: Rs. 117.760 million).



Notes To The Financial Statements

For the year ended December 31, 2009

24. FINANCING FACILITIES

Habib Bank Limited

The facility for running finance / bank guarantee available to Company Rs. 1,000 million (2008: Rs. 1,000 million). The facility is secured by registered joint pari passu hypothecation charge over stocks and book debts. The mark-up rate is base rate plus 100 basis points (2008: Base rate plus 150 basis points). Base rate is one month Karachi Inter Bank Offer Rate (KIBOR). Base rate is to be reset on monthly basis as prevailing on last working day of every month. The facility is for one year and is renewable on agreed terms. The facility availed at the balance sheet date was Rs. Nil (2008: Rs. Nil).

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The facility for running finance available to Company Rs. 300 million (2008: Rs. 300 million). The facility is secured by registered joint pari passu hypothecation charge over stocks and book debts. The mark-up rate is base rate plus 100 basis points (2008: base rate plus 100 basis points). Base rate is six months average KIBOR. The facility is for one year and is renewable on agreed terms. The facility availed at the balance sheet date was Rs. 80 million (2008: Rs. Nil). (Refer Note 20)

Bank Al Habib Limited

The facility for running finance / bank guarantee available to Company Rs. 800 million (2008: Rs. 1,000 million). The facility is secured by registered joint pari passu hypothecation charge over stocks and book debts. The mark-up rate is base rate plus 150 basis points (2008: 100 basis points). Base rate is one month KIBOR. Base rate is to be reset on monthly basis as prevailing on last working day of every month. The facility is for one year and is renewable on agreed terms. The facility availed at the balance sheet date was Rs. Nil (2008: Rs. Nil).

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
25. TURNOVER			
Manufactured goods	25.1	24,995,571	37,998,717
Trading stocks	25.2	1,238,490	1,671,013
		26,234,061	39,669,730
25.1 Manufactured goods			
- Vehicles		30,020,568	46,032,922
- Spare parts		221,734	247,612
	25.3	30,242,302	46,280,534
Less: Sales tax and excise duties		4,439,370	6,847,258
Commission paid to selling agents		807,361	1,434,559
		5,246,731	8,281,817
		24,995,571	37,998,717

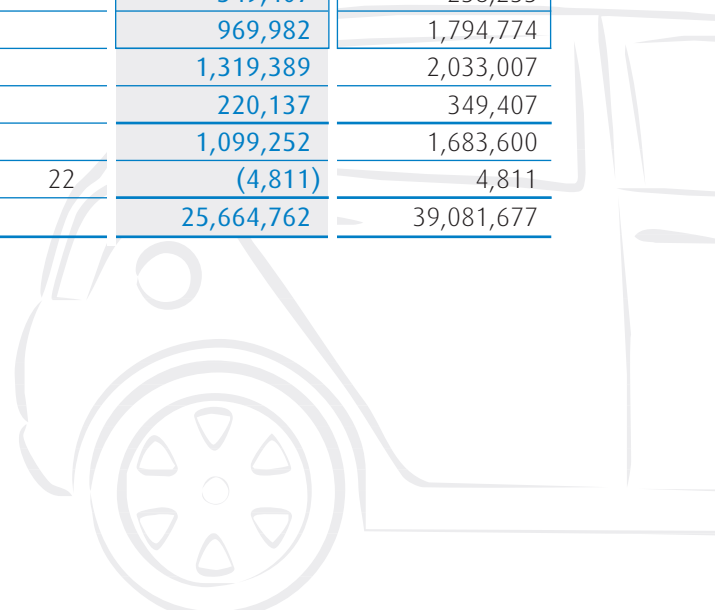
Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
25.2 Trading stocks			
- Vehicles		789,713	1,207,333
- Spare parts		653,466	752,816
	25.3	1,443,179	1,960,149
Less: Sales tax and excise duties		199,059	278,766
Commission paid to selling agents		5,630	10,370
		204,689	289,136
		1,238,490	1,671,013

25.3 These include export sales of Rs. 141.850 million (2008: Rs. 128.847 million).

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
26. COST OF SALES			
Manufactured goods:			
Finished goods at beginning of the year		1,673,510	2,309,295
Cost of goods manufactured	26.1	24,596,729	36,733,847
Export expenses		14,966	23,634
		26,285,205	39,066,776
Less: Finished goods at end of the year		1,714,884	1,673,510
		24,570,321	37,393,266
Trading stocks:			
Stocks at beginning of the year		349,407	238,233
Purchases during the year		969,982	1,794,774
		1,319,389	2,033,007
Less: Stocks at end of the year		220,137	349,407
		1,099,252	1,683,600
(Reversal) / provision for loss on pending orders	22	(4,811)	4,811
		25,664,762	39,081,677



Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
26.1 Cost of goods manufactured:			
Raw materials and components at beginning of the year		5,678,589	6,546,400
Purchases during the year	26.1.1	21,378,516	32,894,113
		27,057,105	39,440,513
Less: Raw materials and components at end of the year		4,895,881	5,678,589
Raw materials and components consumed		22,161,224	33,761,924
Stores and spares consumed		100,027	170,669
Provision for slow moving and obsolete stocks	9	13,039	167
Power		109,702	152,176
Vehicle running expenses		8,769	15,044
Salaries, wages and other benefits	26.1.2	270,986	276,141
Outsourced job contractor charges		140,364	158,283
Rent, rates and taxes		7,517	5,999
Travelling		30,195	43,016
Training		11,420	8,747
Insurance		7,280	8,455
Repairs and maintenance		114,160	231,698
Royalty charges		224,369	423,112
Technical fee		163,427	233,895
Federal Excise Duty on royalty and technical fees		35,569	56,168
Depreciation	3.3	743,458	890,295
Amortisation of intangible assets	4.2	103,589	76,267
Compensation to vendor		-	13,201
Conveyance and transportation		61,435	98,030
Communication		4,649	6,841
Hired security guards services		4,249	5,016
Local development costs	26.1.3, 3.8.1 & 4	288,910	26,190
Printing and stationery		2,566	10,216
Others		7,640	5,218
		2,453,320	2,914,844
		24,614,544	36,676,768
Add: work-in-process at beginning of the year		31,012	88,091
		24,645,556	36,764,859
Less: work-in-process at end of the year		48,827	31,012
		24,596,729	36,733,847

26.1.1 Purchases are stated net of proceeds from the sale of packing materials Rs. 124.877 million (2008: Rs. 263.688 million).

26.1.2 Includes Rs. 7.244 million (2008: Rs. 7.067million) in respect of defined contributory provident fund.

26.1.3 Includes cost of Rs. 268.072 million incurred on account of development of a new model which has been abandoned in the current year due to absence of commercial feasibility.

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
27. DISTRIBUTION COSTS			
Advertising and sales promotion		161,338	170,595
Free service		27,726	56,759
Warranty claims		8,853	54,313
Reversal of provision for unexpired warranty period	18.2	(12,134)	(5,755)
Transportation and handling charges		14,555	18,656
Royalty on spare parts		12,920	13,537
Federal Excise Duty on royalty		1,292	1,353
		214,550	309,458
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	163,094	182,328
Outsourced job contractor charges		34,398	31,785
Travelling		25,354	38,199
Training		1,112	312
Hired security guards services		10,310	8,814
Rent, rates and taxes		33,030	30,954
Utilities		11,328	9,891
Vehicle running expense		37,880	36,230
Insurance		5,990	7,664
Repairs and maintenance		7,544	12,339
Depreciation	3.3	72,673	75,569
Amortisation of intangible assets	4.2	49,556	-
Auditors' remuneration	28.2	2,540	1,349
Legal and professional charges		7,721	7,888
Conveyance and transportation		7,942	12,662
Entertainment		2,147	3,831
Printing and stationery		9,309	11,033
Communication		9,465	11,304
Directors' fees		28	22
Donations	28.3	-	621
Provision for doubtful debts	8.3 & 11.2	775	6,845
Provision for impairment in the value of investment		-	1,213
Bad debts (recovered) / written-off		(293)	2,387
Security deposit written-off		-	1,086
Others		3,297	11,834
		495,200	506,160

28.1 Includes Rs. 4.054 million (2008: Rs. 3.813 million) in respect of defined contributory provident fund.

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
28.2 Auditors' remuneration			
Audit fee		850	700
Code of corporate governance review		50	50
Half-yearly review		400	300
Fee for special certifications and advisory services		711	285
Fee for tax services		529	-
Out of pocket expenses		-	14
		2,540	1,349
28.3	No donations were made during the current year.		
29. OTHER OPERATING INCOME			
Income from financial assets			
Mark-up on cash deposits with banks		408,022	671,793
Finance income on installment sales		93,649	112,770
Exchange gain - net		17,456	-
Gain on sale of available for sale investments		-	43,920
		519,127	828,483
Income from non-financial assets			
Gain on disposal of fixed assets	3.4	1,535	534
Reversal of provision for mark-up on waiting for delivery of vehicles		45,725	25,815
Reversal of provision for custom duty	22.3	-	378,237
Reversal of provision for sales tax	22.3	-	59,969
Gratuity fund	12.2.2	3,250	4,220
Miscellaneous income		49,935	49,751
		100,445	518,526
		619,572	1,347,009
30. FINANCE COSTS			
Mark-up on bank overdraft		2,777	280
Mark-up on workers' profit participation fund	18.3	538	2,599
Exchange loss - net		-	38,062
Bank charges		9,249	12,529
		12,564	53,470

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
31. OTHER OPERATING EXPENSES			
Work profit participation fund	18.3	23,328	53,298
Workers' welfare fund	31.1	15,386	20,500
		38,714	73,798
31.1 Workers' Welfare Fund			
For the current year		17,000	20,500
For the prior years'		(1,614)	-
		15,386	20,500
32. TAXATION			
For the year:			
- Current		301,000	330,000
- Deferred		(141,000)	47,000
		160,000	377,000
For prior years' - current		12,624	(9,609)
	32.1	172,624	367,391
32.1 Reconciliation of tax charge for the year:			
Accounting profit		427,843	992,176
Corporate tax rate		35%	35%
Tax on accounting profit at applicable rate		149,745	347,262
Tax effect of income assessed under Final Tax Regime		18,754	35,137
Tax effect of expenses that are not allowable in determining taxable income		1,750	7,423
Net effect of income tax provision relating to prior years		12,624	(9,609)
Tax effect of reversal of provision for loss on pending orders		(1,684)	-
Capital gain on sale of investment being exempt from tax		-	(15,372)
Net effect of WWF relating to prior years		(565)	-
Tax effect of adjustments in respect of deferred taxation		(8,000)	2,550
		172,624	367,391

Notes To The Financial Statements

For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in'000)
33. EARNINGS PER SHARE (EPS) - BASIC AND DILUTED			
Net profit for the year		255,219	624,785
		Number of shares in '000'	
Weighted average number of ordinary shares in issue during the year		82,300	82,300
		----- (Rupees) -----	
Basic earnings per share		3.10	7.59
33.1 Basic earnings per share have no dilution effect.			
34. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		427,843	992,176
Adjustments for non cash charges and other items:			
Depreciation		816,131	965,864
Amortisation of intangible assets		153,145	76,267
Reversal of custom duties and sales tax	22.3	-	(452,087)
Development cost transferred from capital work-in-progress and intangible assets	3.8.1 & 4	232,901	-
(Reversal) / provision for loss on pending orders		(4,811)	4,811
Reversal of provision for unexpired warranty period	18.2	(12,134)	(5,755)
Gain on disposal of fixed assets		(1,535)	(534)
Provision for impairment in the value of investment		-	1,213
Mark-up on cash deposits with banks		(408,022)	(671,793)
Reversal of prior years' provision for mark-up on waiting for delivery of vehicles		(45,725)	(25,815)
Gain on sale of short-term investment		-	(43,920)
Finance costs		12,564	15,408
		742,514	(136,341)
Working capital changes	34.1	1,483,519	(2,321,394)
		2,653,876	(1,465,559)

Notes To The Financial Statements

For the year ended December 31, 2009

Note	2009 (Rupees in '000)	2008 (Rupees in'000)
34.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	52,719	(19,914)
Stock-in-trade	852,789	1,449,501
Current portion of long-term receivables	135,271	15,287
Trade debts	(89,811)	(100,958)
Loans and advances	(98,308)	26,487
Trade deposits and short-term prepayments	19,742	(27,911)
Other receivables	21,982	(59,281)
Sales tax adjustable	(143,855)	391,380
	750,529	1,674,591
Increase / (decrease) in current liabilities		
Trade and other payables	599,469	(1,833,391)
Security deposits	2,500	8,300
Deposits against display of vehicles	(19,164)	(56,288)
Advance from customers	70,185	(2,037,822)
Short-term borrowing	80,000	-
Payment for custom duty	-	(76,784)
	732,990	(3,995,985)
	1,483,519	(2,321,394)



Notes To The Financial Statements

For the year ended December 31, 2009

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include Suzuki Motor Corporation – Japan (holding company) and related group companies, local associated companies, staff retirement funds, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amount due from and to related parties, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes to the financial statements. Other material transactions with related parties are given below:

	Holding company	Other related Parties	Total
	----- (Rupees in '000) -----		
For the year ended December 31, 2009			
Purchases of components	9,633,313	397,442	10,030,755
Purchases of fixed assets	19,428	-	19,428
Exports sales	92	21,812	21,904
Royalties and technical fee	400,716	-	400,716
Staff retirement benefits	-	11,298	11,298
Sales promotional and development expenses	10,101	20,104	30,205
Balance as on 31 December 2009			
Due from related parties	38,381	1,189	39,570
Due to related parties	794,097	-	794,097
For the year ended December 31, 2008			
Purchases of components	12,907,344	850,730	13,758,074
Purchases of fixed assets	139,239	-	139,239
Export sales	142	24,364	24,506
Royalties and technical fee	670,544	-	670,544
Staff retirement benefits	-	6,784	6,784
Sales promotional and development expenses	8,038	32,499	40,537
Balance as on 31 December 2008			
Due from related parties	43,559	4,726	48,285
Due to related parties	283,118	43,548	326,666

The above transactions with related parties were entered into at arm's length determined in accordance with approved valuation method.

Notes To The Financial Statements

For the year ended December 31, 2009

36. PLANT CAPACITY AND ACTUAL PRODUCTION	2009	2008
	(Number of vehicles)	
Plant capacity - Motorcar (double shifts basis)	150,000	150,000
Plant capacity - Motorcycle (double shifts basis)	37,000	37,000
Actual production - Motorcar	51,032	90,421
Actual production - Motorcycle	14,530	26,692

36.1 Under utilization of capacity was due to lower demand of certain products.

37. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the directors, chief executive and executives of the Company are given below:

	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000') -----					
Directors fees	-	28	-	-	22	-
Managerial remuneration	4,554	14,148	24,393	4,526	10,749	30,667
Bonus	732	2,325	3,366	1,647	3,612	7,463
Retirement benefits	-	907	1,791	-	630	1,716
	5,286	17,408	29,550	6,173	15,013	39,846
Number of persons	1	5	17	1	5	19

37.1 The directors, chief executive and certain executives of the Company are provided with free use of Company maintained cars. Medical facility is also provided as per Company's policy.

37.2 Executive means an employee whose annual basic salary exceeds five hundred thousand as defined in the Companies Ordinance, 1984.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has loans, advances and other receivables, trade debts, and cash and bank balances and short-term deposits that arrive directly from its operations. The Company also holds available-for-sale investments.

The Company's Board of Directors oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Notes To The Financial Statements

For the year ended December 31, 2009

38.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

38.1.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings and balance with bank in deposit account with the commercial banks with floating interest rates. All the borrowings of the Company are obtained in the functional currency.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in interest rates	Effect on profit before tax (Rupees in '000')
2009	+2%	69,185
	-2%	(69,185)
2008	+2%	59,513
	-2%	(59,513)

38.1.2. Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

Notes To The Financial Statements

For the year ended December 31, 2009

	2009 (Yen in '000)	2008 (Yen in'000)
Bills payables	550,392	131,692
Royalty payable	329,137	278,707
	879,529	410,399
The following significant exchange rates have been applied at the reporting dates:		
Exchange Rates	0.9019	0.8763

The management continuously watches foreign exchange market and when it considers appropriate enter into foreign option.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the JPY exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in JPY rate (%)	Effect on profit or (loss) ----- (Rupees in '000') -----	Effect on equity
December 31, 2009	+5	(427,103)	(427,103)
	-5	427,103	427,103
December 31, 2008	+5	(658,383)	(658,383)
	-5	658,383	658,383

38.1.3 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy, allowing advances to vendors / suppliers who have long standing with Company and placing deposits with banks with good rating. The maximum exposure to credit risk at the reporting date is:

Notes To The Financial Statements

For the year ended December 31, 2009

	Carrying Values 2009 (Rupees in '000)	Carrying Values 2008 (Rupees in'000)
Long-term investments	4,449	4,449
Long-term loans	3,162	11,078
Long-term deposits and prepayments	34,609	24,683
Long-term installment sales receivables	153,478	146,077
Current portion of long-term installment sales receivables	205,680	340,951
Trade debts	376,508	286,697
Loans and advances	226,388	128,080
Trade deposits and short term prepayments	31,738	51,480
Interest accrued	7,837	29,432
Other receivables	76,685	98,667
Bank balances	3,539,258	2,492,050
	4,659,792	3,613,644

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values 2009 (Rupees in '000)	Carrying Values 2008 (Rupees in'000)
Long term investment		
Counter parties without credit rating	4,449	4,449
Trade debts		
Customers with no defaults in the past one year	376,508	286,697
Customers with some defaults in past one year	2,706	2,706
	379,214	289,403
Installment sales receivables		
Customers with no defaults in the past one year	369,765	504,692
Customers with some defaults in past one year	18,126	10,869
	387,891	515,561
Bank balances		
A1+	3,536,645	2,490,754
A1	2,613	1,296
	3,539,258	2,492,050

Notes To The Financial Statements

For the year ended December 31, 2009

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Year ended December 31, 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees in '000')					
Trade and other payables	-	1,688,994	164,040	-	-	1,853,034
Accrued mark-up	-	1,512	-	-	-	1,512
Deposits against display of vehicles	-	-	723,554	-	-	723,554
Short term borrowing	-	-	80,000	-	-	80,000
Security deposits	-	-	86,778	-	-	86,778
Advances from customers	-	441,781	-	-	-	441,781
	-	2,132,287	1,054,372	-	-	3,186,659

Year ended December 31, 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees in '000')					
Trade and other payables	-	1,149,882	165,702	-	-	1,315,584
Deposits against display of vehicles	-	-	742,718	-	-	742,718
Security deposits	-	-	84,278	-	-	84,278
Advances from customers	-	371,596	-	-	-	371,596
	-	1,521,478	992,698	-	-	2,514,176

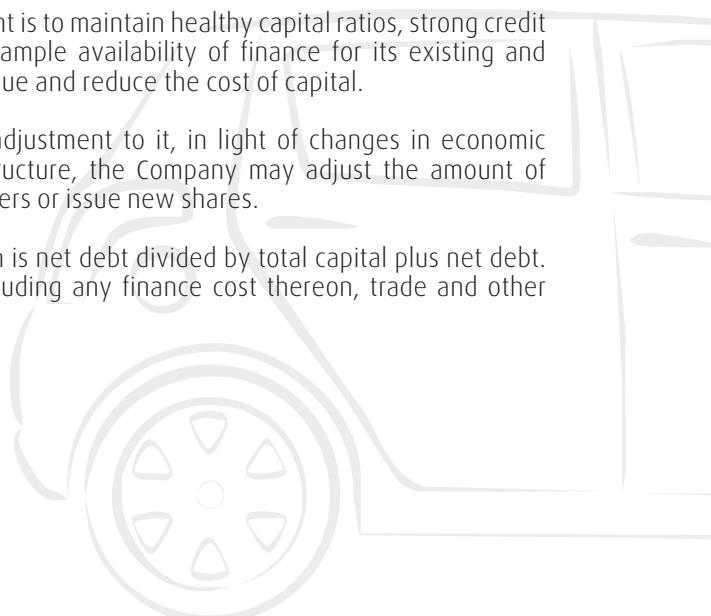
38.3 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments.

The Company has no gearing for the year 2009 and 2008.



Notes To The Financial Statements

For the year ended December 31, 2009

39. SEGMENT ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2009

The activities of the Company have been grouped into two segments of related products i.e., automobile and motorcycles as follows:

- The Automobile segment includes sales of own manufactured vehicles and spare parts and trading vehicles and spare parts.
- The Motorcycles segment includes sales of own manufactured vehicles and spare parts and trading vehicles and spare parts.

	2009			2008		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
----- (Rupees in '000') -----						
Segment Results						
Net sales	25,363,903	870,158	26,234,061	38,377,107	1,292,623	39,669,730
Gross profit / (loss)	634,735	(65,436)	569,299	799,892	(211,839)	588,053
Distribution costs	(190,479)	(24,071)	(214,550)	(231,717)	(77,741)	(309,458)
Administrative expenses	(376,246)	(118,954)	(495,200)	(360,763)	(145,397)	(506,160)
Operating profit / (loss)	68,010	(208,461)	(140,451)	207,412	(434,977)	(227,565)
Finance cost	(11,015)	(1,549)	(12,564)	(50,522)	(2,948)	(53,470)
Other income	506,058	113,514	619,572	1,125,216	221,793	1,347,009
Segment results	563,053	(96,496)	466,557	1,282,106	(216,132)	1,065,974
Unallocated corporate expenses						
WPPF and WWF			38,714			73,798
Taxation			172,624			367,391
			211,338			441,189
Profit after taxation			255,219			624,785
Assets						
Segment assets	12,046,290	1,015,839	13,062,129	12,525,820	1,351,123	13,876,943
Unallocated corporate assets	-	-	4,593,605	-	-	3,079,200
	12,046,290	1,015,839	17,655,734	12,525,820	1,351,123	16,956,143
Liabilities						
Segment liabilities	3,256,117	69,017	3,325,134	2,596,721	60,741	2,657,462
Unallocated corporate liabilities	-	-	5,000	-	-	146,000
	3,256,117	69,017	3,330,134	2,596,721	60,741	2,803,462
Capital expenditure	1,041,728	33,400	1,075,128	1,025,707	174,292	1,199,999
Depreciation	749,248	66,883	816,131	879,626	86,238	965,864

Segment assets do not include long term investment Rs. 4.449 million (2008: Rs. 4.449 million), mark up accrued Rs. 7.837 million (2008: Rs. 29.432 million), other receivables Rs. 76.685 million (2008: Rs. 98.667 million), sales tax and excise duty adjustable Rs. 255.609 million (2008: Rs. 111.754 million), taxation - net Rs. 780.089 million (2008: Rs. 434.423 million), cash and bank balances Rs. 3,545.621 million (2008: Rs. 2,499.142 million) as these assets are managed on a group basis.

Segment liabilities do not include deferred tax liability Rs. 5 million (2008: Rs. 146 million) as these liabilities are managed on a group basis.

Notes To The Financial Statements

For the year ended December 31, 2009

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company in its meeting held on March 01, 2010.

41. SUBSEQUENT EVENT

In their meeting held on March 01, 2010 the Board of Directors of the Company have proposed 5% cash dividend (2008: Cash Dividend @ 10%). The approval of the members for the said appropriation will be obtained at the Annual General Meeting to be held on at Pearl Continental Hotel, Club Road, Karachi on April 19, 2010.

42. CORRESPONDING FIGURES

There were no material reclassifications that could affect the financial statements materially.

43. GENERAL

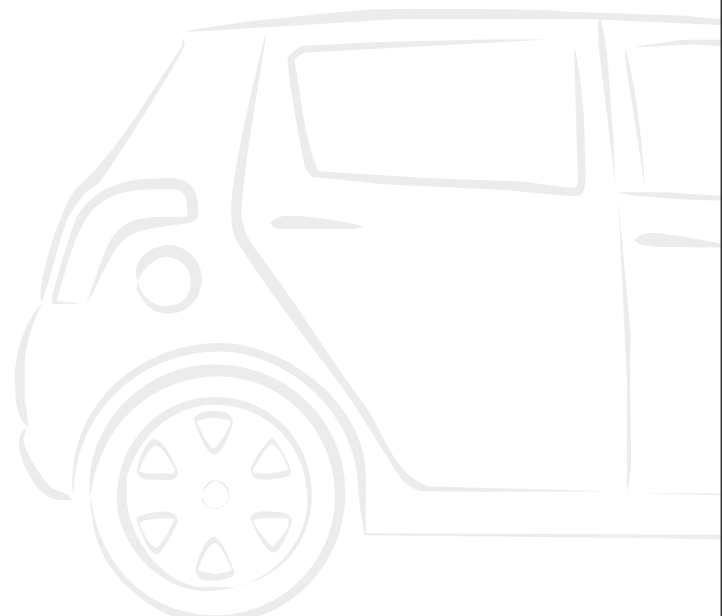
Figures in these financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.



Hirofumi Nagao
Chairman & Chief Executive



Satoshi Ina
Deputy Managing Director



Pattern of Shareholding

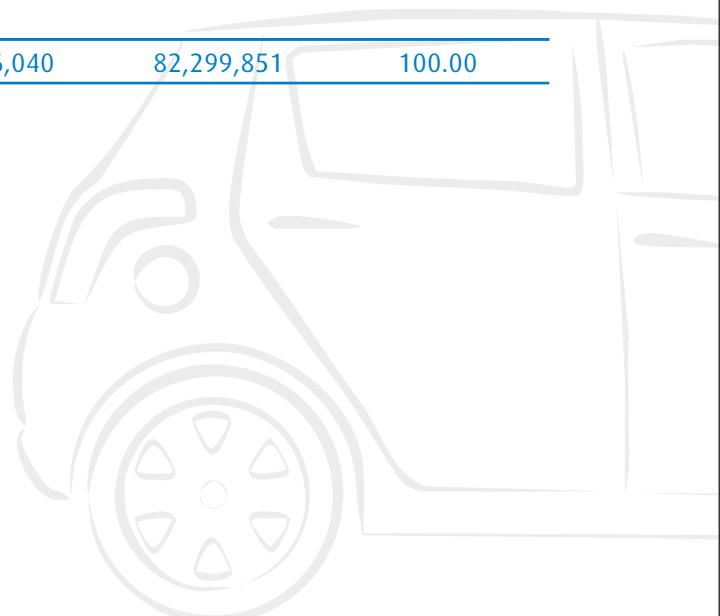
As at December 31, 2009

	Size of Holding Rs. 10 Shares	Number of Shareholders	Number of Shares
	1	3,662	75,154
	101	1,135	337,151
	501	520	409,658
	1,001	490	1,110,869
	5,001	95	731,454
	10,001	22	268,169
	15,001	14	254,915
	20,001	16	367,881
	25,001	6	171,825
	30,001	7	229,884
	35,001	4	149,120
	40,001	2	83,950
	45,001	6	291,850
	50,001	2	106,114
	55,001	3	173,230
	60,001	2	127,500
	65,001	2	136,800
	70,001	1	73,600
	75,001	1	77,939
	80,001	2	163,300
	85,001	2	177,525
	90,001	3	274,450
	95,001	4	393,500
	100,001	1	101,300
	110,001	2	221,544
	120,001	1	124,000
	125,001	1	128,100
	130,001	3	399,864
	135,001	1	140,000
	140,001	1	142,000
	145,001	1	145,980
	150,001	1	153,773
	160,001	2	325,665
	180,001	1	182,100
	200,001	1	201,400
	225,001	1	228,125
	230,001	2	462,800
	235,001	1	238,725
	240,001	1	244,305
	275,001	2	555,170
	310,001	1	311,685
	325,001	1	329,249
	330,001	1	333,500
	335,001	1	338,349
	370,001	1	370,910
	380,001	1	383,592
	385,001	1	389,000
	390,001	1	394,776
	490,001	1	494,400
	545,001	1	546,313
	635,001	1	638,488
	980,001	1	985,000
	1,005,001	1	1,005,396
	1,285,001	1	1,289,574
	4,154,001	1	4,154,839
	60,154,001	1	60,154,091
	TOTAL	6,040	82,299,851

Categories Of Shareholding

As at December 31, 2009

Shareholder's Category	Number of Shareholder	Number of Shares	Percentage
Associated Companies, Undertakings and Related Parties	1	60,154,091	73.09
NIT and ICP	2	4,155,048	5.05
Directors, CEO and Their Spouses	1	119	0.00
Executives	-	-	-
Public Sector Companies and Corporations	4	1,289,935	1.57
Banks, Development Finance Institutions,	-	-	-
Non-Banking Finance Institutions	16	1,238,008	1.51
Insurance Companies	9	348,965	0.42
Modaraba and Mutual Funds	35	5,994,364	7.28
Others	128	3,299,390	4.01
Individuals	5,844	5,819,931	7.07
TOTAL	6,040	82,299,851	100.00



Motorcar Dealers' Network

Cities	No. of Dealers	Cities	No. of Dealers
Sindh		Sahiwal	1
Karachi	18	Sargodha	1
Hyderabad	3	Sialkot	1
Mirpur Khas	1	Vihari	1
Punjab		Rahimyar Khan	1
Lahore	15	Sheikupura	1
Rawalpindi	5	NWFP	
Islamabad	3	Peshawar	2
Faisalabad	2	Abbottabad	1
Multan	3	D.I. Khan	1
D.G. Khan	1	Mardan	1
Bahawalpur	1	Balochistan	
Kasur	1	Quetta	2
Gujranwala	1	AJK	
Gujrat	1	Mirpur	1
Taxila	1	Total	72
Mianwali	1		
Chakwal	1		



Form of Proxy

I/We _____
of _____

(Full Address)

being member(s) of Pak Suzuki Motor Co. Limited and holder of _____ shares under Folio No. _____
and/or CDC participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____
of _____

(Full Address)

Folio No. _____ and/or CDC participant I.D. No. _____ and Sub Account No. _____

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on 19th day of April 2010 at 11:30 am at Pearl Continental Hotel, Club Road, Karachi and at any adjourment thereof.

As witness my/our hand this _____ day _____ 2010

Signed by the Said _____

Witnesses:

Signature _____

Name _____

Address _____

CNIC No./Passport No. _____

(Signature should agree with the SPECIMEN
signature registered with the Company)

Notes:

1. A member entitled to attend and vote at the annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney of if such appointer is a corporation/company either under the common seal such corporation/company or under the hand of an officer or attorney so authorized.
3. The proxy form shall be witnessed by two person whose name, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
6. The proxy form, duly completed, must be deposited with the Company's registrar, FAMCO Associated (Pvt) Ltd. State Life Building 2-A, 4th Floor, I.I Chundrigar Road, Karachi not less than 48 hours before the time for holding the meeting.

AFFIX
CORRECT
POSTAGE

Company Secretary:
Pak Suzuki Motor Company Limited
DSU-13, Pakistan Steel Industrial Estate,
Bin Qasim, Karachi.



Pak Suzuki Motor Company Limited

DSU-13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

Tel: 34750788-795, Fax: 34750101-103

www.paksuzuki.com.pk

