SUZUKI

Way of Life!

Annual Report 2010

Pak Suzuki Motor Company Limited

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.

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

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.

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.

LIANA 1300 cc

The Suzuki Liana, available in 1300 cc manual 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.

Contents

Strong dealers' net work all over Pakistan, availability of spare parts at economical prices and reliable after-sales service are the strengths of Pak Suzuki which make the Company market leader. Company increased its market share from 48% of last year to 53%.

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 A. Shaikh
Director

Jamil Ahmed
Director

Wazir Ali Khoja
Director

Kenichi Ayukawa
Director

Audit Committee

Hidekazu Terada
Chairman

Kenichi Ayukawa
Member

Wazir Ali Khoja
Member

Abdul Hamid Bhombal
Chief Financial Officer &
Company Secretary

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 Metropoliton Bank Limited
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
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
State Life Building, 1-A Ground Floor,
I.I. Chundrigar Road, Karachi.

Registered Office

DSU-13, Pakistan Steel Industrial
Estate, Bin Qasim, Karachi.
Tel No. (021) 34723551 - 558
Fax No. (021) 34723521 - 523
Website: www.paksuzuki.com.pk

Area Offices

Lahore Office:
7-A, Aziz Avenue,
Canal Bank Road, Gulberg V, Lahore.
Ph. 042-35775456
042-35775457
Fax. 042- 35751953

Rawalpindi Office:
3rd floor, 112-B Mallahi Plaza
Murreee Road, Rawalpindi Cantt
Tel No. (051) 5567518 - 5518073
Fax No. (051) 5585738

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.

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. 11.096 billion

Production Capacity: 150,000 units per annum (double shift)

Motorcycles Plant:
Location: Mauripur Link Road Karachi

Total Area: 4 Acres

Cost: Rs. 0.848 billion

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

In Pakistan motorization level is eight cars per thousand persons as compared to 12 in India, 21 in Indonesia and 30 in Egypt. The overall economic indicators of the country are improving. Auto Industry is on path to recovery after two consecutive years of market recession.

Pak Suzuki Motor Company Limited (PSMCL) 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.

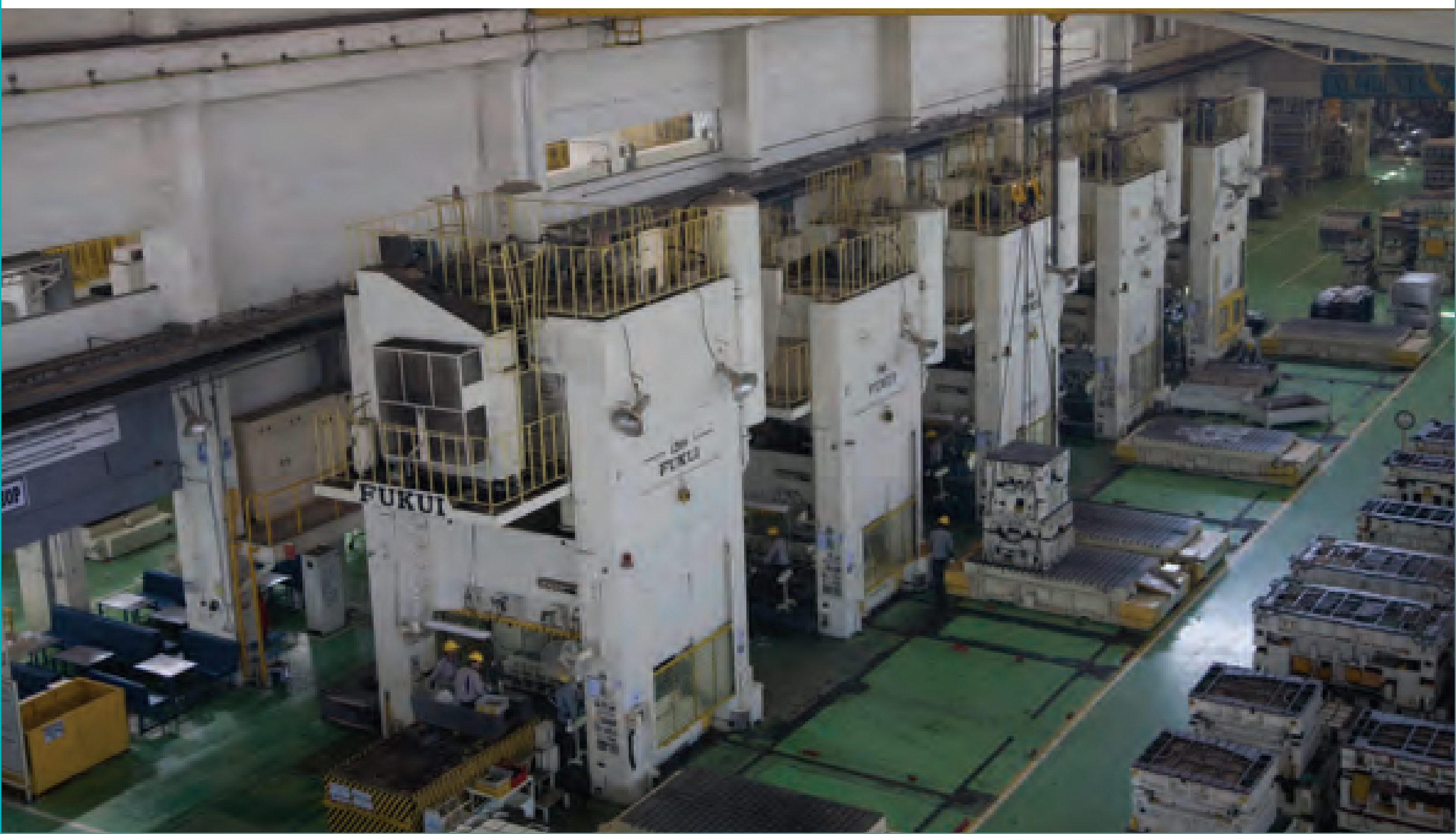
The Suzuki Management immediately after privatization started expansion of the existing plant to increase its installed capacity to 50,000 per annum. The expansion was completed in July 1994.

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 (PSMCL) and Suzuki Motorcycles Pakistan Limited (SMPL) approved Scheme of Arrangement (The Scheme) to amalgamate SMPL into PSMCL 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.

PSMCL 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.

Duties and taxes paid by Company during the year represent 0.8% of total tax estimate forecast in the Federal Budget for the fiscal year 2010-2011.

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.

1983 Pak Suzuki as a public Limited Company incorporated. Industrial Collaboration Agreement executed with SMC - Japan.

1984 The Company started commercial operations.

1985 Mr. Osamu Suzuki, Chairman and CEO of Suzuki Motor Corporation was awarded “Sitara-e-Pakistan” by Government of Pakistan.

1988 1000 cc passenger car SWIFT SA-310, later on called KHYBER introduced through local manufacturing.

1989 Foundation stone of the new plant at Bin Qasim was laid by the then Prime Minister of Pakistan, Mohtarma Benazir Bhutto.

1990 Operation of the first phase of the new plant at Bin Qasim started with engine and transmission assembly

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.

1993 The paid-up capital was doubled with issuance of 100% right shares which increased the capital to Rs. 250 million.

1994 Shifting of Head Office and production of all models to new plant completed.

1995 The paid-up capital was increased again with the issuance of 100% right shares, raising the capital to Rs. 490 million.

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%.

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

1999 Exports of RAVI pickups to Bangladesh commenced.

2000 1000 cc passenger car SF-310 CULTUS replacing KHYBER was introduced. 1000 cc passenger car RA-410 ALTO was introduced.

2001 Reborn MEHRAN was introduced. CNG version of MEHRAN, BOLAN and RAVI were launched.

2002 New BALENO was introduced. CNG version of BALENO, ALTO and CULTUS launched. The milestone of 250,000th vehicle from the new plant crossed.

2003 The Company received ISO 9001 : 2000 certification from AIB-VINCOTTE International Limited Brussels, Belgium, 20th Anniversary Celebrations.

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.

2004 New Plastic Injection Moulding Shop commenced production of Bumpers, Instrument Pannels, Radiator Grills and Wheel Caps.

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.

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.

2007 Suzuki Motorcycles Pakistan Ltd. merged with Pak Suzuki Motor Company.

2009 The 1,000,000th vehicle rolled out from the Pak Suzuki Plant. Cargo Van was introduced.

2010 1300 cc locally manufactured car Swift was introduced.

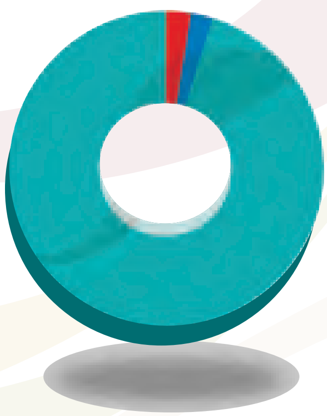
Highlights of the Accounts Combined Automobile & Motorcycle

For the year ended December 31, 2010

	2010	2009	Increase/(Decrease) Amount	%
		(Rupees in thousand)		
Production volume (Nos.)				
- Motorcar	78,840	51,032	27,808	54.5
- Motorcycle	19,618	14,530	5,088	35.0
Sales volume (Nos.)				
- Motorcar	79,138	52,011	27,127	52.2
- Motorcycle	19,013	14,659	4,354	29.7
Gross Sales	43,759,760	27,047,052	16,712,708	61.8
Selling Commission	1,116,998	812,991	304,007	37.4
as a % of gross sales	2.6	3.0		(0.4)
Net Sales	42,642,762	26,234,061	16,408,701	62.5
Gross profit	1,003,787	569,299	434,488	76.3
as a % of gross sales	2.3	2.1	-	0.2
Distribution expenses	197,361	214,550	(17,189)	(8.0)
as a % of gross sales	0.5	0.8	-	(0.3)
Administration expenses	636,332	495,200	141,132	28.5
as a % of gross sales	1.5	1.8	-	(0.3)

Sales Revenue Breakup 2010

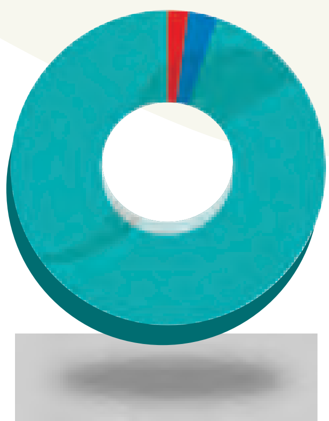
- Commission 2.6%
- Cost of sales 95.1%
- Gross profit 2.3%



	2010	2009	Increase/(Decrease) Amount	%
		(Rupees in thousand)		
Finance Cost	21,349	12,564	8,785	69.9
as a % of gross sales	0.0	0.0	-	-
Other income	575,078	619,572	(44,494)	(7.2)
as a % of gross sales	1.3	2.3	-	(1.0)
Other Operating Exp.(WPPF & WWF)	55,808	38,714	17,094	44.2
as a % of gross sales	0.1	0.1	-	-
Profit before taxation	668,015	427,843	240,172	56.1
as a % of gross sales	1.5	1.6	-	(0.1)
Profit after taxation	211,143	255,219	(44,076)	(17.3)
as a % of gross sales	0.5	0.9	-	(0.4)
Shareholders' equity	14,497,915	14,325,600	172,315	1.2
Earnings per share (Rs.)	2.57	3.10	(0.53)	(17.1)
Break-up value per share (Rs.)	176.16	174.07	2.09	1.2
Number of shares issued (000)	82,300	82,300	-	-
Exchange Rate	0.9445	0.7807	0.1638	21.0

Sales Revenue Breakup 2009

- Commission 3.00%
- Cost of sales 94.90%
- Gross profit 2.10%



Highlights of the Accounts Segment Wise

For the year ended December 31, 2010

	2 0 10		
	Car Division	Motorcycle Division (Rupees in thousand)	Total
Production volume (Nos.)	78,840	19,618	-
Sales volume (Nos.)	79,138	19,013	-
Gross Sales	42,612,256	1,147,504	43,759,760
Selling Commission	1,114,812	2,186	1,116,998
as a % of gross sales	2.6	0.2	2.6
Net Sales	41,497,444	1,145,318	42,642,762
Gross profit	1,185,870	(182,083)	1,003,787
as a % of gross sales	2.8	(15.9)	2.3
Distribution expenses	148,564	48,797	197,361
as a % of gross sales	0.3	4.3	0.5
Administration expenses	489,109	147,223	636,332
as a % of gross sales	1.1	12.8	1.5
Finance Cost	20,172	1,177	21,349
as a % of gross sales	0.0	0.1	0.0
Other income	502,671	72,407	575,078
as a % of gross sales	1.2	6.3	1.3
WPPF & WWF	55,808	-	55,808
as a % of gross sales	0.1	0.0	0.1
Profit before taxation	974,888	(306,873)	668,015
as a % of gross sales	2.3	(26.7)	1.5
Profit after taxation	518,016	(306,873)	211,143
as a % of gross sales	1.2	(26.7)	0.5
Earnings per share (Rs.)	6.29	(3.73)	2.57
Number of shares issued (000)	82,300	82,300	82,300

2009			Increase/(Decrease)					
Car Division	Motorcycle Division	Total	Car Division		Motorcycle Division		Total	
			Amount	%	Amount	%	Amount	%
			(Rupees in thousand)					
51,032	14,530	-	27,808	54.5	5,088	35.0		
52,011	14,659	-	27,127	52.2	4,354	29.7		
26,174,708	872,344	27,047,052	16,437,548	62.8	275,160	31.5	16,712,708	61.8
810,805	2,186	812,991	304,007	37.5	-	-	304,007	37.4
3.1	0.3	3.0		(0.5)		(0.1)		(0.4)
25,363,903	870,158	26,234,061	16,133,541	63.6	275,160	31.6	16,408,701	62.5
634,735	(65,436)	569,299	551,135	86.8	(116,647)	178.3	434,488	76.3
2.4	(7.5)	2.1		0.4		(8.4)		0.2
190,479	24,071	214,550	(41,915)	(22.0)	24,726	102.7	(17,189)	(8.0)
0.7	2.8	0.8		(0.4)		1.5		(0.3)
376,246	118,954	495,200	112,863	30.0	28,269	23.8	141,132	28.5
1.4	13.6	1.8		(0.3)		(0.8)		(0.3)
11,015	1,549	12,564	9,157	83.1	(372)	(24.0)	8,785	69.9
0.0	0.2	0.0		-		(0.1)		-
506,058	113,514	619,572	(3,387)	(0.7)	(41,107)	(36.2)	(44,494)	(7.2)
1.9	13.0	2.3		(0.7)		(6.7)		(1.0)
38,714	-	38,714	17,094	44.2	-		17,094	44.2
0.1	0.0	0.1		-		-		-
524,339	(96,496)	427,843	450,549	85.9	(210,377)	218.0	240,172	56.1
2.0	(11.1)	1.6		0.3		(15.6)		(0.1)
351,715	(96,496)	255,219	166,301	47.3	(210,377)	218.0	(44,076)	(17.3)
1.3	(11.1)	0.9		(0.1)		(15.6)		(0.4)
4.27	(1.17)	3.10	2.02	47.3	(3)	218.8	(1)	(17.1)
82,300	82,300	82,300	-	-	-	-	-	-

6 Years at a Glance

	2010	2009	2008	2007	2006	2005
			Rupees in thousand			
Operating Results						
Production volume (Nos.)						
- Motorcar	78,840	51,032	90,421	120,899	114,214	86,421
- Motorcycle	19,618	14,530	26,692	30,245	20,315	
Sales volume (Nos.)						
- Motorcar	79,138	52,011	93,123	124,233	112,173	86,602
- Motorcycle	19,013	14,659	27,023	30,255	20,201	
Sales revenue	42,642,762	26,234,061	39,669,730	50,844,632	48,203,084	35,374,556
Gross profit	1,003,787	569,299	588,053	4,760,232	5,693,710	3,572,956
Profit before taxation	668,015	427,843	992,176	4,281,263	5,152,044	3,519,541
Profit/(loss) after taxation	211,143	255,219	624,785	2,774,532	3,353,851	2,236,880
Dividends (cash/bonus shares)	41,150	41,150	82,300	411,499	*270,222	270,222
Profit retained	169,993	214,069	542,485	2,363,033	*3,353,851	1,966,658
*Includes bonus shares						
CAPITAL EMPLOYED						
Share capital	822,999	822,999	823,000	823,000	799,433	540,444
Reserves	13,459,414	13,244,414	12,694,414	10,332,053	6,973,570	4,947,297
Unappropriated profit	215,502	258,186	635,267	2,821,982	3,417,673	2,338,403
Shareholders' equity	14,497,915	14,325,600	14,152,681	13,977,035	11,190,676	7,826,144
Deferred liabilities	-	5,000	146,000	99,000	57,939	151,000
Current Liabilities	4,752,449	3,325,134	2,657,462	7,125,302	12,025,474	10,770,697
	19,250,364	17,655,734	16,956,143	21,201,337	23,274,089	18,747,841
Represented By:						
Fixed Assets	4,226,582	4,684,671	4,578,436	4,358,151	3,877,969	3,327,486
Other Non - Current Assets	710,650	543,430	570,095	436,458	270,759	293,266
Net Current Assets	14,313,132	12,427,633	11,807,612	16,215,508	18,982,670	15,127,089
	19,250,364	17,655,734	16,956,143	21,010,117	23,131,398	18,747,841
PROFITABILITY RATIOS						
Gross profit as a % of net sales	2.4	2.2	1.5	9.4	11.8	10.1
Profit before taxation as a % of net sales	1.6	1.6	2.5	8.4	10.7	9.9
Profit/(loss) after taxation as a % of net sales	0.5	1.0	1.6	5.5	7.0	6.3
Earning/(loss) per Share (Rs.)	2.6	3.1	7.6	33.7	41.9	41.4

	2010	2009	2008	2007	2006	2005
LIQUIDITY & LEVERAGE RATIOS						
Current ratio	3.01	3.74	4.44	2.28	1.58	1.40
Quick ratio	0.61	1.07	0.94	0.77	0.68	0.90
Liabilities as a % of total assets	25	19	17	34	52	58
Equity as a % of total assets	75	81	83	66	48	42
EFFICIENCY RATIOS						
Inventory turn over ratio	4.8	3.7	5.1	5.0	4.4	6.4
No. of days stock held	77	98	72	73	83	57
No. of days sales in trade debts	2.1	5.2	2.6	1.3	1.2	1.2
Total assets turn over ratio	2.2	1.5	2.3	2.4	2.1	1.9
Net worth turn over ratio	2.9	1.8	2.8	3.6	4.3	4.5
EQUITY RATIOS						
Break up value per share (Rs.)	176.16	174.07	171.96	169.83	139.98	144.81
Cash Dividend as a % of capital	5	5	10	50	-	50
Stock Dividend as a % of capital	-	-	-	-	50	-
Dividend payout ratio (%)	19	16	13	15	8	12
Plough-back ratio (%)	81	84	87	85	92	88
OTHER DATA						
Permanent employees strength (Nos.)	845	790	841	905	824	632
Number of shares	82,299,851	82,299,851	82,299,851	82,299,851	81,066,567	54,044,378

Events

Roll-Off of the 750,000th 800cc vehicle and launch of Cargo Van

Annual General Meeting

Milad Sharif at Company

Trainnig Sessions of empolyees

Sports activities in Company

Notice of Meeting

Notice is hereby given that the 28th 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 18, 2011 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1- To confirm minutes of Annual General Meeting held on April 19, 2010.

2- To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2010, 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, 2011.

SPECIAL BUSINESS

5- To consider the recommendation of the Board of Directors for transmission of quarterly accounts through website in compliance with Section 245 of the Companies Ordinance 1984 and Securities & Exchange Commission of Pakistan (SECP) circular No. 19 of 2004 and if deemed fit pass the following resolution as an ordinary resolution:

RESOLVED that the Company is hereby authorized to place its quarterly accounts on its website instead of sending the same to members by post, as allowed by the Securities & Exchange Commission of Pakistan (SECP) vide its circular No. 19 of 2004.

6- To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

ABDUL HAMID BHOMBAL
COMPANY SECRETARY

Karachi: March 21, 2011

Notes:

1- The share transfer books of the Company will remain closed from April 12, 2011 to April 18, 2011 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business on April 11, 2011 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 National Identity Cards or Passports for identification purpose.

4- Companies are required to mention computerized national identity card numbers of their shareholders in Form-A which is submitted to SECP annually. Members who have not yet submitted photocopies of their valid computerized national identity cards to the Company are requested to send the same at the earliest directly to its share registrar FAMCO Associates (Pvt) Ltd. State Life Building 1-A, Ground Floor, I.I. Chundrigar Road, Karachi.

Statement Under Section 160(1) (B) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in Agenda No. 5 of the Notice, to be transacted at the 28th Annual General Meeting of the Company to be held On April 18, 2011 at 11.00 A.M. at Pearl Continental Hotel, Club Road, Karachi

Placement of Quarterly Accounts on Website

The Securities & Exchange Commission of Pakistan (SECP) vide Circular No. 19 of 2004 has allowed the listed companies to place the quarterly accounts on their websites instead of sending the same by post. This would ensure prompt disclosure of information to the shareholders, as well as saving of costs associated with printing and dispatch of the accounts by post.

The Company is maintaining its website www.paksuzuki.com.pk and latest accounts are already being placed there for information. Prior permission of the SECP would be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders. The Company, however, will supply the printed copies of accounts to the shareholders on demand at their registered address free of cost.

The Directors of the Company have no interest in the above resolution.

Chairman's Review

Year 2010 was better than last year for Pakistan's automobile industry. The industry for cars and light commercial vehicles witnessed a growth of 38% in sales volume. The industry sold 148,237 units during the year against 107,768 units last year.

It is my pleasure to present review on the performance of the Company for the year ended December 31, 2010.

Industry

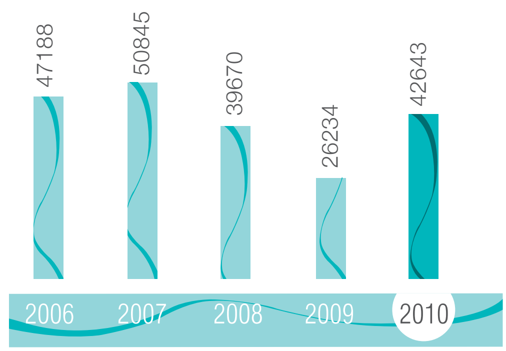
Year 2010 was better than last year for Pakistan's automobile industry. The industry for cars and light commercial vehicles witnessed a growth of 38% in sales volume. The industry sold 148,237 units during the year against 107,768 units last year. Despite the signs of recovery from deep recession the level of demand is still far below than 2007 when industry had sold 200,782 units.

The production volume of automobile increased from 51,032 units to 78,840 units and that of motorcycles from 14,530 units to 19,618 units. Despite increase in production, 47% capacity of automobile plant remained un-utilized.

The organized market for motorcycles and three wheelers has improved by 27% over last year. During the year 776,432 units were sold against 609,744 units last year. The recovery in demand for automobiles is mainly attributed to the better crop of cotton, sugar cane and rice and a small increase in auto financing.

Operating Results Of Company

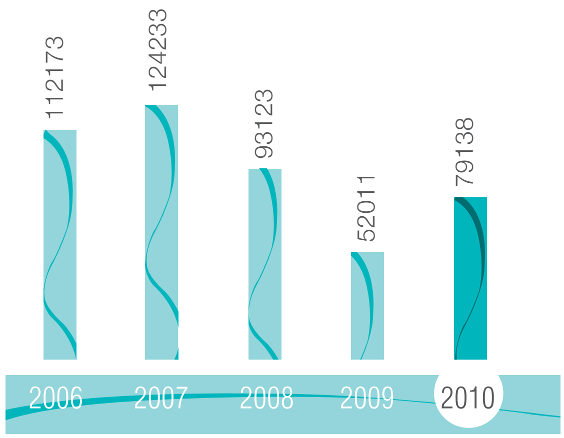
The net sales revenues increased by 62% from Rs.26.234 billion to Rs.42.642 billion by selling 79,138 units of automobiles and 19,013 motorcycles against 52,011 units and 14,659 units respectively in last year. The growth in demand for automobiles was 52% and for motorcycles it was 30%. The production volume of automobile and motorcycles increased by 54% and 35% respectively. The production volume of automobile increased from 51,032 units to 78,840 units and that of motorcycles from 14,530 units to 19,618 units. Despite increase in production, 47% capacity of automobile plant remained un-utilized.



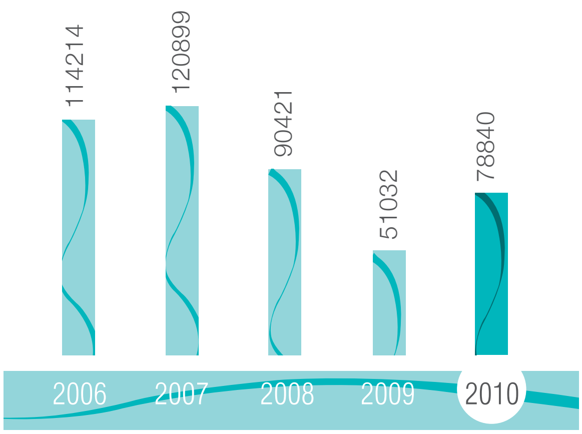
Sales Revenue Rs. In Million

Gross profit margin improved from 2.1% to 2.3% and in absolute terms gross profit increased from Rs.569.299 million to Rs.1,003.787 million. Distribution expenses decreased from Rs.214.550 million to Rs.197.361 million and as a percentage of sales decreased from 0.8% to 0.5%. Saving came from advertising and sales promotion. Administration expenses increased from Rs.495.200 million to Rs.636.332 million but as percentage of sales decreased from 1.8% to 1.5%. The increase was mainly due to depreciation, provision for doubtful receivables & advance to vendor, computer

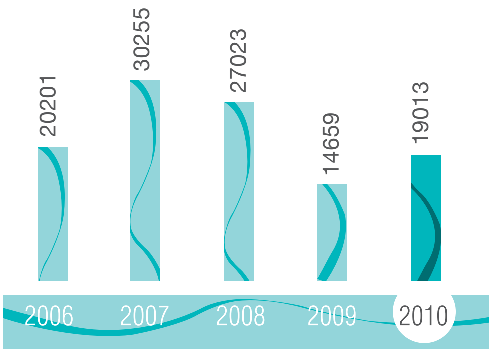
softwares and ERP maintenance charges. Other operating income reduced from Rs.619.572 million to Rs.575.078 million. The decline is mainly because of lesser amount of reversal of provision for mark up on waiting for delivery of vehicles as compared to last year and net exchange gain included last year. Finance cost increased from Rs.12.564 million to Rs.21.349 million. The increase is mainly because of net exchange loss during the year against net exchange gain accrued last year. Other operating



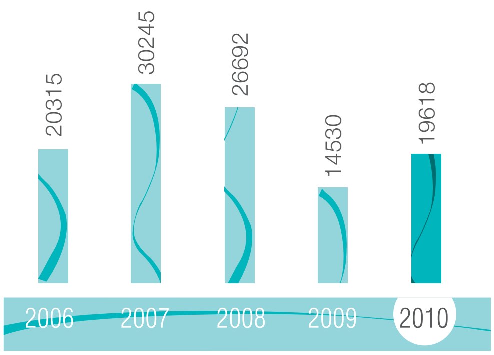
Sales Volume Motor Cars No. of Units



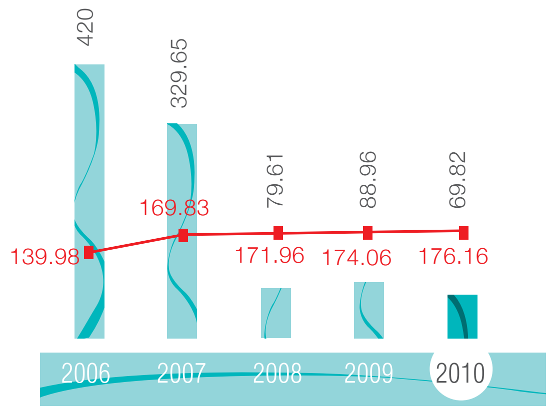
Production Volume Motor Cars No. of Units expenses increased from Rs.38.714 million to Rs.55.808 million. The increase is mainly because of donation to flood victims and higher contributions for workers profit participation fund and workers welfare fund consequential to higher amount of profit before tax. Company earned profit before tax Rs.668.015 million against Rs.427.843 million last year. Higher profit attributed to higher sales volume. The expense for income tax increased from Rs.172.624 million (40.35% of profit) to Rs.456.872 million (68.39% of profit). Higher percentage of tax to profit is due to application of minimum tax (i.e.1% of turnover). Net profit after tax amounted to Rs.211.143 million compared to Rs.255.219 million last year. Had the ratio of tax to profit remained same, the expense for tax would have been lower by Rs.187.328 million and resultantly net profit after tax would have been Rs.398.471million.



Sales Volume Motorcycles No. of Units



Production Volume Motor Cycles No. of Units



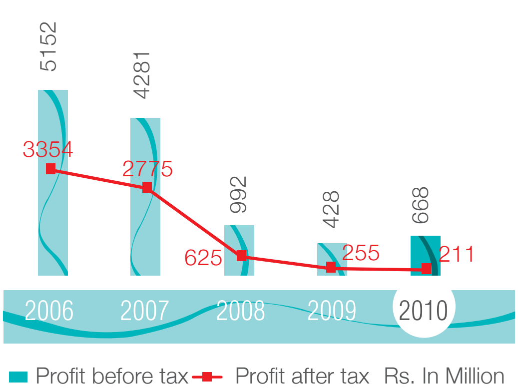
Share Price Vs. Breakup Value Rupees

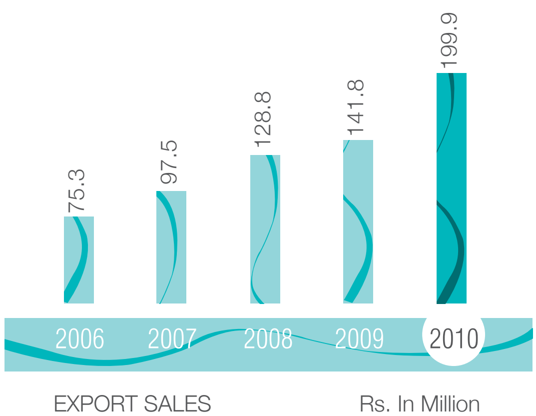
Marketing & Exports

Strong dealers' net work all over Pakistan, availability of spare parts at economical prices and reliable after-sales service are the strengths of Pak Suzuki which make the Company market leader. Company increased its market share from 48% of last year to 53%. In order to maintain its market position Company pursue the policy of continuous up-gradation of existing models and introduction of new high-tech models. The Company launched new 1300cc car (SWIFT) in January 2010. This has been well accepted by the customers. The exports of Suzuki Ravi Pickup to Bangladesh are gradually increasing. During the year five hundred and fifty one (551) units of Suzuki Ravi Pickup and six units of Suzuki Liana worth Rs.190 million were exported. Last year three hundred and sixty units (360) of Suzuki Ravi Pickup worth Rs.117 million were exported. Five units of Suzuki Ravi Pickup and Suzuki Bolan worth Rs.2 million were exported to Suzuki Motor Corporation Japan as well during the year. Sheet metal parts of Suzuki Cultus worth Rs.8 million were exported to Europe during the year against Rs. 22 million last year. The declining trend has been noted in the exports of spare parts due to decrease in population of Suzuki Cultus on the road in Europe.

Localization

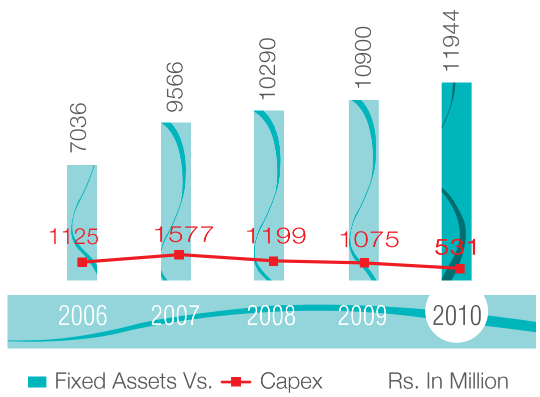
The Company continues to pursue localization in order to reduce the cost of product and keep the prices competitive besides saving of foreign exchange.


5152
4281
992
428
668
3354
2775
625
255
211
2006
2007
2008
2009
2010
Profit before tax
Profit after tax
Rs. In Million


75.3
97.5
128.8
141.8
199.9
2006
2007
2008
2009
2010
EXPORT SALES
Rs. In Million

Human Resource

Management and employee relations continued to remain cordial and industrial peace prevailed during the year. A new charter of demand for a period of two years (2011-2012) has been put up to the management by the CBA and negotiations are in progress. Human resource development remains one of the key objectives of the Company. Seventy six employees were sent for training outside Company including twelve employees sent for foreign training. Three hundred and eighty four employees participated in fifteen in-house training sessions.



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:

Year	Duties & taxes	Foreign exchange Savings *
	(Rupees in billion)	
Jan-Dec 2003	6.286	7.698
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	14.504
Jan-Dec 2010	14.006	29.960

Duties and taxes paid by Company during the year represent 0.8% of total tax estimate forecast in the Federal Budget for the fiscal year 2010-2011.

*Converted into Pak Rupees at year end exchange rate.

Future Outlook & Conclusion

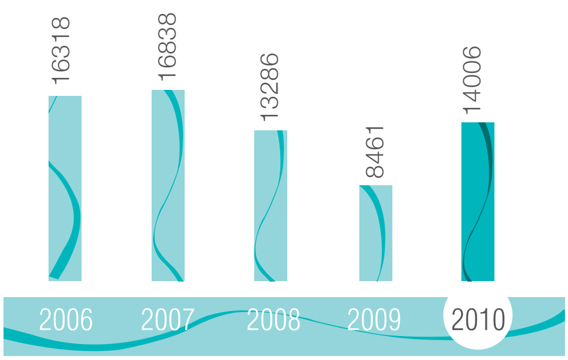
Automobile industry is a major contributor to the GDP of Pakistan. It has enormous potential for growth. In Pakistan motorization level is eight cars per thousand persons as compared to 12 in India, 21 in Indonesia and 30 in Egypt. The overall economic indicators of the country are improving. Auto Industry is on path to recovery after two consecutive years of market recession. I am optimistic that government will provide stable policies and take proactive steps to encourage growth of the local automobile sector which makes healthy contributions to the national exchequer, creates thousands of jobs and enables technology transfer for localization.

Recently Government of Pakistan has relaxed the policy for import of used cars by increasing age limit of imported used cars from 3 years to 5 years. This may adversely affect growth of auto industry on one hand and may dent government revenues on the other hand. It is feared that government may not collect as much revenues from sale of imported used cars as it is collecting from organized OEMs of automobiles. It is looked forward that the Government will provide necessary support for the growth of Auto Industry and revert back the change in used car policy. Weak US Dollar against Japanese currency is a threat for the profitability of the Company. However in spite of all the difficulties, the management will make all efforts to ensure a reasonable return on equity and retain its market share.

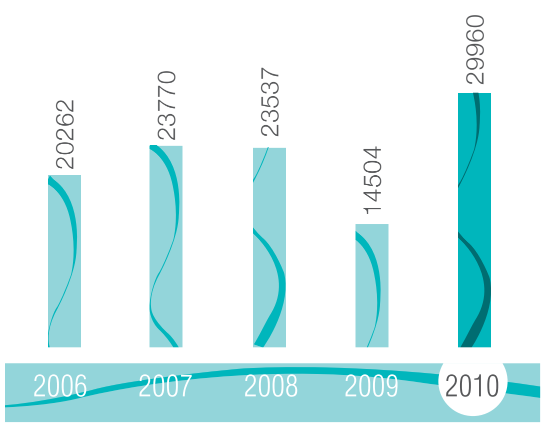
In conclusion, I on behalf of the Board and shareholders would like to express my appreciation to the management, executives, workers, dealers, vendor and Suzuki experts for their efforts and contribution to the affairs of the company. My sincere gratitude also goes out to all the government agencies for their continued support and encouragement.

HIROFUMI NAGAO
Chairman & Chief Executive

Karachi. March 4th, 2011.

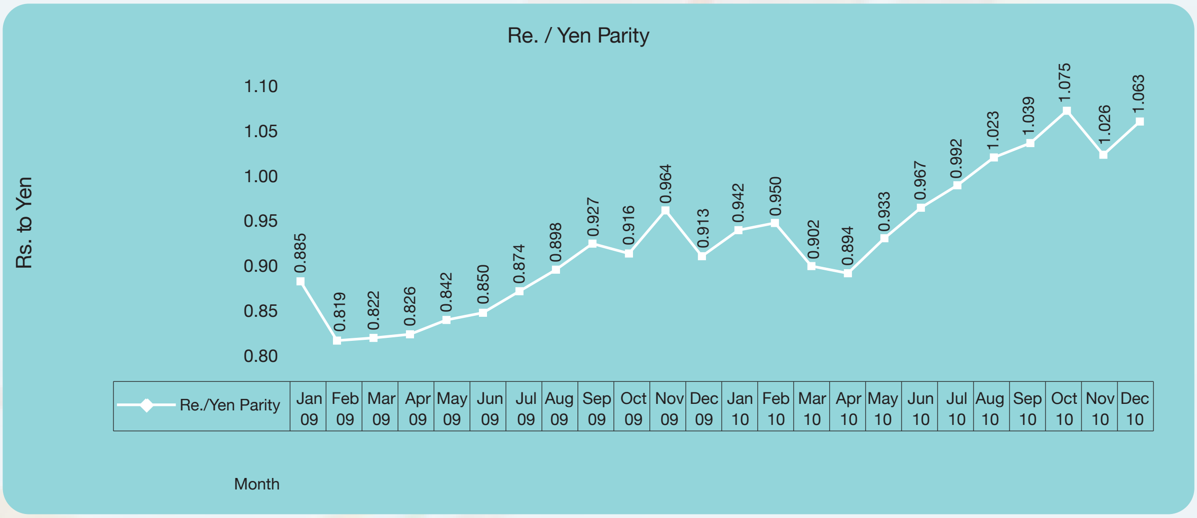


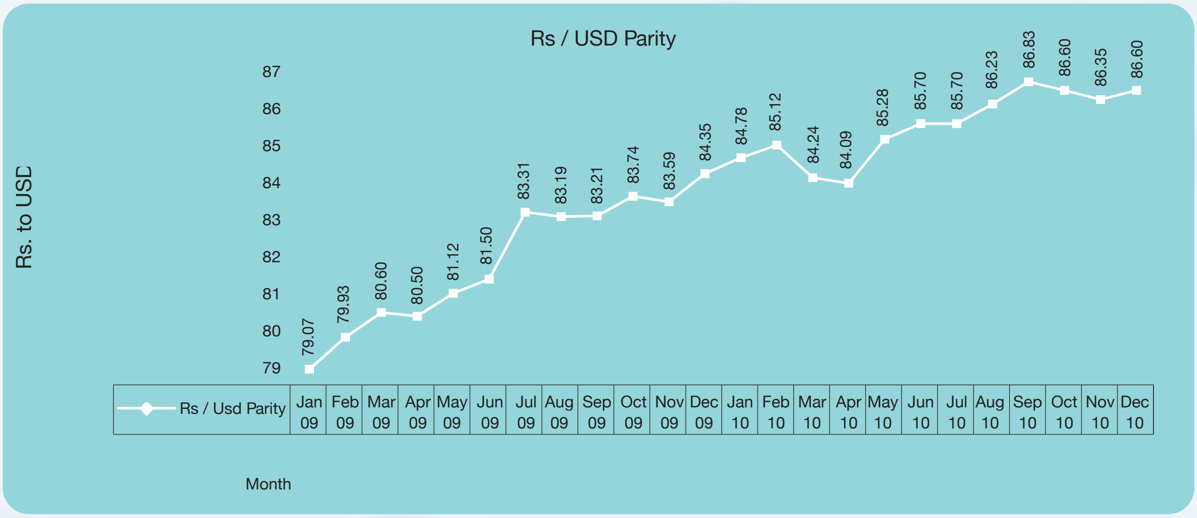
Duties & Taxes Rs. In Million

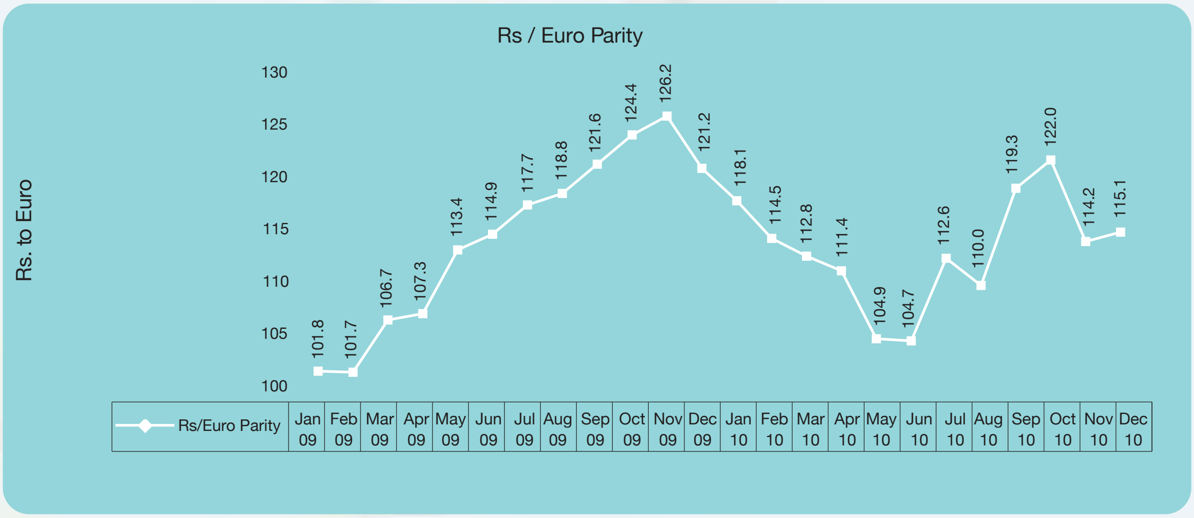


Foreign Exchange Savings Rs. In Million

Exchange rates movement






Rs / Euro Parity
Rs. to Euro
130
125
120
115
110
105
100
101.8
101.7
106.7
107.3
113.4
114.9
117.7
118.8
121.6
124.4
126.2
121.2
118.1
114.5
112.8
111.4
104.9
104.7
112.6
110.0
119.3
122.0
114.2
115.1
Rs/Euro Parity
Jan 09
Feb 09
Mar 09
Apr 09
May 09
Jun 09
Jul 09
Aug 09
Sep 09
Oct 09
Nov 09
Dec 09
Jan 10
Feb 10
Mar 10
Apr 10
May 10
Jun 10
Jul 10
Aug 10
Sep 10
Oct 10
Nov 10
Dec 10

Directors' Report

Company earned profit before tax Rs.668.015 million against Rs.427.843 million last year. Higher profit attributed to higher sales volume.

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, 2010

2. ACCOUNTS (Rs in 000)

Profit before taxation	668,015
Taxation	456,872
Profit after taxation	211,143
Retained earnings of prior years	2,037
Net Profit available for appropriation	213,180
Less: Appropriations	
Transfer to General Reserve	170,000
Proposed Cash Dividend @ %	41,150
	211,150
Retained earnings carried forward	2,030

Mr. Wazir Ali Khoja was appointed as director with effect from 28th September 2010 in place of Mr. M.R. Monem who had resigned.

3. Earnings Per Share
The earnings per share for the year is Rs. 2.57.

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 80.

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.

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 judgement.

- 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 ….. to the annexed audited financial statements.

- The following are the values of investments in respect of retirement benefits fund:

	Dec 10	Dec 09
Provident Fund	388.619 million	361.671 million
Gratuity Fund	236.041 million	233.441 million

- During the year five (5) meetings of the Board of Directors were held. Attendance of each Director is as follows:

	No of meetings attended
Mr. Hirofumi Nagao	5
Mr. Satoshi Ina	4
Mr. Hidekazu Terada	5
Mr. Jamil Ahmed	5
Mr. Kenichi Ayukawa	4
Mr. Mumtaz Ahmed Sheikh	5
Mr. M.R. Monem/	4
Mr. Wazir Ali Khoja	1

Leave of absence was granted to directors who could not attend Board meetings.

8. Board Change

Mr. Wazir Ali Khoja was appointed as director with effect from 28th September 2010 in place of Mr. M.R. Monem who had resigned.

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.

Pak Suzuki Motor Company along with its vendors and dealers donated 25 Ravi Pickups and 125 tents for the flood victims. The employees of Pak Suzuki also voluntarily contributed their one day salary for this noble cause. Collectively altogether Rs.13 million were donated for the noble cause of relief and rehabilitation of flood victims.

Corporate Social Responsibility:

Pak Suzuki Motor Company is committed to conducting business as a socially responsible citizen and continuously makes contributions in the area of corporate social responsibility.

The July 2010 floods, which left more than two million people homeless, remained the focus of our CSR activities in 2010. Pak Suzuki Motor Company along with its vendors and dealers donated 25 Ravi Pickups and 125 tents for the flood victims. The employees of Pak Suzuki also voluntarily contributed their one day salary for this noble cause. Collectively altogether Rs.13 million were donated for the noble cause of relief and rehabilitation of flood victims.

Pak Suzuki Motor Company gives prime importance to the health and wellbeing of its employees. The Company provides free medical facility to its employees and their dependent family members to ensure their good health.

The Company aims to contribute to the development of society in various ways. As a socially responsible citizen, the Company offers apprenticeship scheme for youngsters to provide "On the Job Training", which helps them in getting employment. Company also provides internship programme for university students so that they may have exposure to practical life.

Quality, Environment, Health & Safety Management Systems:

Pak Suzuki Motor Company Limited is committed to continually promote a “Quality, Health & Safety and Environment Culture”. The Company, at regular intervals reviews its QHSE framework and if needed takes concrete steps to improve the system performance.

Quality Management system (QMS):

Quality Management System (ISO 9001:2008) is in place in our company and is audited at regular intervals for compliance. The system is a major tool to improve productivity and quality of our products so as to avoid warranty cost & rework. QMS has helped us to provide top quality products at competitive price to the satisfaction and requirement of our customers

Environmental Management system (EMS):

Pak Suzuki is built on philosophy of Corporate Citizenship and has committed itself to improve Environment. ISO 14001:2004 is in place and it is a key factor in operation of the company. Pak Suzuki continuously monitors the waste generated from its activities and wherever required has Environmental Control Equipment and facilities in place like waste water treatment plant. Company provides clean drinking water (tested by approved and certified laboratories) to all of its employees The Company is complying with applicable regulatory requirement and ensures its effectiveness against National Environment Quality Standard by conducting testing of effluents, emissions, etc through renowned testing laboratories. Hazardous Waste is properly disposed off as per EPA requirement.

Occupational Health and Safety Management System (OHSAS):

Pak Suzuki is committed to provide a system that helps in eliminating unsafe & unhealthy work conditions. Hazard identifications and risk assessment are being performed, reviewed and all necessary preventive measures are taken to minimize the accidents.

Emergency preparedness and response procedures and plans are established to deal with accidents and emergencies. Exercises are periodically carried out in order to check the effectiveness of these plans. Responsibilities and authorities in emergency situation are clearly identified in the procedures.

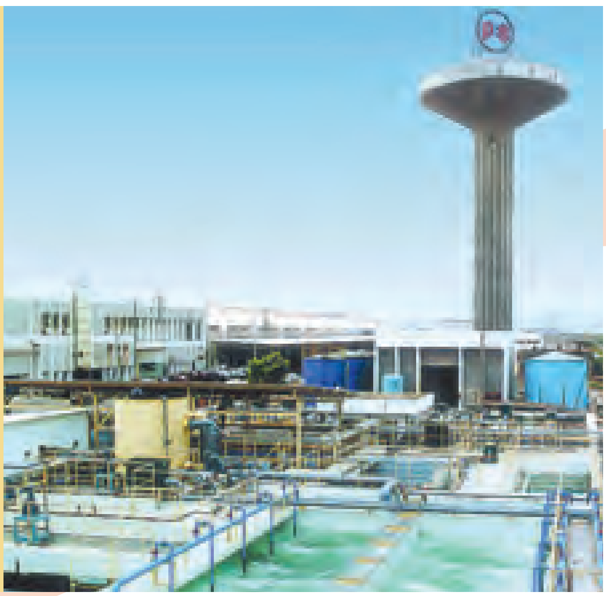
To improve safety measures on continual basis in each area, Pak Suzuki identifies and analyzes potential risks (danger hazards) related to work and Equipment, and to decide measures to be taken via Hiyari Hatto (near miss and narrow escape) activity, an effective Japanese Technique.

By Order of The Board

HIROFUMI NAGAO
Chairman & Chief Executive

Karachi March 4, 2011

Pak Suzuki continuously monitors the waste generated from its activities and wherever required has Environmental Control Equipment and facilities in place like waste water treatment plant. Company provides clean drinking water (tested by approved and certified laboratories) to all of its employees

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

For the year ended December 31, 2010

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 NBFI (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 upto 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. The Company has maintained proper records in respect of related party transactions. All the related party transactions and the related pricing method have been reviewed and approved by the Board.

22. We confirm that all other material principles contained in the Code have been complied with.

(Hirofumi Nagao)
Chairman & Chief Executive

Karachi 4th March 2011.

Ernst & Young Ford Rhodes Sidat Hyder

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pak Suzuki Motor Company Limited (the Company) to comply with the Listing Regulations of Karachi and Lahore 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 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 inquire of the Company's 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 on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval of 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, as applicable to the Company for the year ended 31 December 2010.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
04th March 2011 Karachi

A member firm of Ernst & Young Global Limited

Ernst & Young

Ernst & Young Ford Rhodes Sidat Hyder
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Auditors' Report to the Members

We have audited the annexed balance sheet of Pak Suzuki Motor Company Limited (the Company) as at 31 December 2010 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;

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 2010 and of the profit, its comprehensive income, 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.

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

04th March 2011 Karachi

A member firm of Ernst & Young Global Limited

Balance Sheet
As at December 31, 2010

	Note	2010	2009
		(Rs 000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	4,226,582	4,684,671
Intangible assets	4	505,760	347,732
		4,732,342	5,032,403
Long-term investments	5	5,413	4,449
Long-term loans	6	1,114	3,162
Long-term deposits and prepayments	7	28,499	34,609
Long-term installment sales receivables	8	169,864	153,478
		4,937,232	5,228,101
CURRENT ASSETS			
Stores, spares and loose tools	9	63,916	41,749
Stock-in-trade	10	8,748,031	6,879,729
Trade debts	11	240,719	376,508
Current portion of long-term installment sales receivables	8	251,254	205,680
Loans, advances and others	12	134,963	226,388
Trade deposits and short-term prepayments	13	43,466	31,738
Accrued mark-up income		8,652	7,837
Other receivables	14	107,779	76,685
Sales tax and excise duty adjustable		389,453	255,609
Income tax refundable - net		1,407,713	780,089
Cash and bank balances	15	2,917,186	3,545,621
		14,313,132	12,427,633
TOTAL ASSETS		19,250,364	17,655,734

Balance Sheet
As at December 31, 2010

	Note	2010 (Rs 000)	2009 (Rs 000)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 (2009: 150,000,000) ordinary shares of Rs.10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up share capital	16	822,999	822,999
Reserves		13,674,916	13,502,601
		14,497,915	14,325,600
NON-CURRENT LIABILITY			
Deferred taxation	17	-	5,000
CURRENT LIABILITIES			
Trade and other payables	18	3,080,351	1,853,034
Advances from customers	19	327,031	441,781
Accrued mark-up		-	1,512
Short-term borrowing	20	50,000	80,000
Deposits against display of vehicles	21	1,067,839	723,554
Security deposits	22	88,753	86,778
Provision for custom duties and sales tax	23	138,475	138,475
		4,752,449	3,325,134
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		19,250,364	17,655,734

The annexed notes from 1 to 44 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, 2010

	Note	2010	2009
		(Rs 000)	
Turnover - net	25	42,642,762	26,234,061
Cost of sales	26	(41,638,975)	(25,664,762)
Gross profit		1,003,787	569,299
Distribution costs	27	(197,361)	(214,550)
Administrative expenses	28	(636,332)	(495,200)
Other operating income	29	575,078	619,572
Finance costs	30	(21,349)	(12,564)
Other operating expenses	31	(55,808)	(38,714)
		(335,772)	(141,456)
Profit before taxation		668,015	427,843
Taxation	32	456,872	172,624
Profit after taxation		211,143	255,219
		------- (Rupees) -------	
Earnings per share - basic and diluted	33	2.57	3.10

The annexed notes from 1 to 44 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, 2010

	Note	2010 (Rs 000)	2009 (Rs 000)
Net profit for the year		211,143	255,219
Other comprehensive income			
Unrealised gain on derivative financial instrument - net of tax		2,322	-
Total comprehensive income for the year		213,465	255,219

The annexed notes from 1 to 44 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, 2010

	Note	2010	2009
		(Rs 000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	948,561	2,653,876
Finance costs paid		(16,566)	(15,755)
Taxes paid		(1,089,496)	(659,290)
Long-term loans		2,048	7,916
Long-term deposits and prepayments		6,110	(9,926)
Long-term installment sales receivables		(16,386)	(7,401)
Net cash (used in) / generated from operating activities		(165,729)	1,969,420
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(530,597)	(1,075,128)
Acquisition of intangible assets		(368,319)	(212,837)
Proceeds from sale of fixed assets		29,811	17,164
Mark-up received on bank balances		447,459	429,617
Net cash used in investing activities		(421,646)	(841,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(41,060)	(81,757)
Net (decrease) / increase in cash and cash equivalents		(628,435)	1,046,479
Cash and cash equivalents at beginning of the year		3,545,621	2,499,142
Cash and cash equivalents at end of the year	15	2,917,186	3,545,621

The annexed notes from 1 to 44 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, 2010

	Share Captial	Share premium	Merger reserve	General	Unappro-priated profit	Total reserves	Total
		Reserves					
		Capital reserves		Revenue reserves			
	(Rs '000)						
Balance as at January 01, 2009	822,999	584,002	260,594	11,849,818	635,268	13,329,682	14,152,681
Cash dividend of Re. 1/- per share	-	-	-	-	(82,300)	(82,300)	(82,300)
Transferred to general reserve	-	-	-	550,000	(550,000)	-	-
Net profit for the year	-	-	-	-	255,219	255,219	255,219
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	255,219	255,219	255,219
Balance as at December 31, 2009	822,999	584,002	260,594	12,399,818	258,187	13,502,601	14,325,600
Cash dividend of Re. 0.5/- per share	-	-	-	-	(41,150)	(41,150)	(41,150)
Transferred to general reserve	-	-	-	215,000	(215,000)	-	-
Net profit for the year	-	-	-	-	211,143	211,143	211,143
Other comprehensive income	-	-	-	-	2,322	2,322	2,322
Total comprehensive income for the year	-	-	-	-	213,465	213,465	213,465
Balance as at December 31, 2010	822,999	584,002	260,594	12,614,818	215,502	13,674,916	14,497,915

The annexed notes from 1 to 44 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, 2010

1. CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Pak Suzuki Motor Company Limited (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 holding company. The Company is engaged in the assembling, progressive manufacturing and marketing of Suzuki cars, pickups, vans, 4x4s and motorcycles and related spare parts. 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 (IASB) 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 2.6 and 3)
- Inventories (note 2.8, 2.9, 9 & 10)
- Employees gratuity scheme (note 2.15 and 12.2)
- Provision for custom duty and sales tax (note 2.14 and 23)
- Taxation (note 2.16 and 32)
- Warranty obligations (note 2.20 and 18.2)
- Contingencies (note 24)
- Derivative financial instrument (note 2.13)

Notes to the Financial Statements
For the year ended December 31, 2010

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 32	- Financial Instruments: Presentation - Classification of Rights Issues (Amendment)	01 February 2010
IAS 24	- Related Party Disclosures (Revised)	01 January 2011
IAS 12	- Income Taxes: Deferred Tax Amendment - Recognition of Underlying Assets	01 January 2012
IFRIC 14	- IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC 19	- Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material effect on 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. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Company expects that such improvements to the standards will not have any material effect on the Company's financial statements in the period of initial application.

2.5 Standards or interpretations effective in 2010

The following standards, interpretations and amendments are effective for financial periods beginning on January 1, 2010 but are either not relevant or do not have any material effect on the financial statements of the Company:

IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions
IFRS 3 - Business Combinations (Revised)
IAS 27 - Consolidated and Separate Financial Statements (Amendment)
IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)
IFRIC 17 - Distributions of Non-cash Assets to owners

Notes to the Financial Statements
For the year ended December 31, 2010

In May 2008 and April 2009, the IASB issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

Issued in May 2008
IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

Issued in April 2009
IFRS 2 - Share-based Payments
IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 - Operating Segments
IAS 1 - Presentation of Financial Statements
IAS 7 - Statement of Cash Flows
IAS 17 - Leases
IAS 36 - Impairment of Assets
IAS 38 - Intangible Assets
IAS 39 - Financial Instruments: Recognition and Measurement
IFRIC 9 - Reassessment of Embedded Derivatives
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

2.6 Fixed assets

Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment (if any) except for freehold land which is stated at cost. 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 plant and machinery, welding guns, waste water treatment plant, permanent and special tools, dies, jigs and fixtures and electric installations is charged using the straight line method, whereas depreciation on other assets is charged applying the reducing balance method. The cost of the leasehold land and leasehold improvements is written off over its lease term. 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.

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.

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

Notes to the Financial Statements
For the year ended December 31, 2010

Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and any identified impairment loss, represent the cost of software 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. 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.

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

2.7 Impairment

The carrying value of the fixed assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognized in profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

2.8 Stores, spares and loose tools

Stores, spares and loose tools, except items-in-transit, are valued at lower of net realizable value and 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.

2.9 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. Provision is made annually in the financial statements for slow moving and obsolete items.

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.

Notes to the Financial Statements
For the year ended December 31, 2010

2.10 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.

2.11 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.

2.12 Financial instruments

2.12.1 Financial assets

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, 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, 2010

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.

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.

'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 comprehensive income.

Fair value is determined by reference to quoted market price. Investments for which a quoted market price is not available or the fair value cannot 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.

2.12.2 Financial liabilities

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

2.12.3 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.

2.12.4 Derecognition of financial assets and liabilities

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 expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

Notes to the Financial Statements
For the year ended December 31, 2010

2.13 Derivative financial instruments and hedge accounting

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognised assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect profit and loss account.

2.14 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.

2.15 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.

Notes to the Financial Statements
For the year ended December 31, 2010

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.

2.16 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. The applicable turnover tax rate is 1% of turnover excluding turnover under final tax regime.

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.

Notes to the Financial Statements
For the year ended December 31, 2010

2.17 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. 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.

2.18 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.

Income on bank deposits is accounted for on accrual basis.

Mark-up on installment sales receivables is recognised on the basis of effective interest rate.

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

2.19 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.

2.20 Warranty obligations

The Company accounts for its warranty obligations on accrual basis.

2.21 Cash and cash equivalents

These include cash in hand and balance with banks.

2.22 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.

2.23 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 expensed 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.

Notes to the Financial Statements

For the year ended December 31, 2010

2.24 Functional and presentation currency

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

	Note	2010	2009
		(Rs 000)	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	3,954,439	3,792,724
Capital work-in-progress	3.7	272,143	891,947
		4,226,582	4,684,671

3.1 Operating fixed assets

	Note	Cost as at January 01, 2010	Additions / (deletions)	Cost as at December 31, 2010	Accumulated depreciation as at January 01, 2010	Charge for the year / (depreciation on deletions)	Accumulated depreciation as at December 31, 2010	Book value as at December 31, 2010	Years / Rate %
		(Rs 000)							
Leasehold land		646,726	(656)	646,070	45,100	10,776	55,698	590,372	60 &
						(178)			62.75
									years
Freehold land		373,223	-	373,223	-	-	-	373,223	-
Leasehold improvements		39,637		35,414	34,797	645	33,941	1,473	Lease
			(4,223)			(1,501)			term
Buildings on leasehold land	3.4 & 3.5								
- Factory		1,138,929	312	1,139,241	674,591	51,617	726,208	413,033	10 & 20
- Office		2,063	2,532	4,595	2,063	302	2,365	2,230	20
- Test Tracks and other buildings		13,503	-	13,503	11,618	377	11,995	1,508	20
Plant and machinery	3.4 & 3.5	5,274,475	761,949	5,994,457	3,844,894	482,829	4,288,763	1,705,694	*8 years
			(41,967)			(38,960)			
Welding guns		245,570	1,481	247,051	177,986	41,983	219,969	27,082	*4 years
Waste water treatment plant		134,176	-	134,176	89,555	8,713	98,268	35,908	*8 years
Permanent and special tools		362,108	4,766	366,681	287,286	52,046	339,224	27,457	*4 years
			(193)			(108)			
Dies	3.6	1,353,396	186,369	1,539,034	1,133,835	156,581	1,289,694	249,340	*4-6 years
			(731)			(722)			
Jigs and fixtures		430,639	2,492	433,131	384,560	25,578	410,138	22,993	*4-6 years
Electrical installations	3.4 & 3.5	147,517	4,048	151,565	89,744	15,170	104,914	46,651	*8 years
Furniture and fittings		16,901	833	14,870	10,527	1,300	9,620	5,250	20
			(2,864)			(2,207)			
Vehicles		510,940	173,840	637,506	162,832	89,317	230,436	407,070	20
			(47,274)			(21,713)			
Air conditioners and refrigerators		18,043	1,391	19,303	13,228	1,075	14,198	5,105	20
			(131)			(105)			
Office equipments		73,997	5,847	76,059	43,251	6,736	47,546	28,513	20
			(3,785)			(2,441)			
Computers		117,889	4,541	118,412	101,141	9,491	106,875	11,537	50
			(4,018)			(3,757)			
2010		10,899,732	1,150,401	11,944,291	7,107,008	954,536	7,989,852	3,954,439	
			(105,842)			(71,692)			

Notes to the Financial Statements

For the year ended December 31, 2010

3.1.1* During the year, the Company revised the depreciation method from reducing balance to straight line on certain fixed assets. The management believes that this change reflects a more systematic allocation of the depreciable amount of such assets over their useful lives. This change has been accounted for as a change in accounting estimate in accordance with the requirement of IAS - 8 “Accounting policies, change in accounting estimate and errors”.

Had the estimate not been revised the depreciation charge for the year would have been lower and carrying value of fixed assets would have been higher by Rs. 61.014 million respectively and profit before tax would have been higher by Rs. 56.804 million.

	Note	Cost as at January 01, 2009	Additions / (deletions)	Cost as at December 31, 2009	Accumulated depreciation as at January 01, 2009	Charge for the year / (depreciation on deletions)	Accumulated depreciation as at December 31, 2009	Book value as at December 31, 2009	Years / Rate %
		(Rs 000)							
Leasehold land		646,726	-	646,726	34,321	10,779	45,100	601,626	60 & 62.75 years
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	3.4 & 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	510,940	126,369	47,091	162,832	348,108	20
			(25,948)			(10,628)			
Air conditioners and refrigerators		17,451	843	18,043	12,280	1,038	13,228	4,815	20
			(251)			(90)			
Office equipments		71,053	3,007	73,997	36,040	7,239	43,251	30,746	20
			(63)			(28)			
Computers		112,091	7,048	117,889	89,121	13,157	101,141	16,748	50
			(1,250)			(1,137)			
2 0 0 9		10,290,082	637,162	10,899,732	6,302,760	816,131	7,107,008	3,792,724	
			(27,512)			(11,883)			

	Note	2010	2009
		(Rs 000)	
3.2 Depreciation charge for the year has been allocated as under:			
Cost of goods manufactured	26.1	843,838	743,458
Administrative expenses	28	110,698	72,673
		954,536	816,131

Notes to the Financial Statements

For the year ended December 31, 2010

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

	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
			Rs 000				
Plant and machinery	11,138	8,484	2,654	-	(2,654)	Scrap	-
Vehicles							
Suzuki vehicles (38 vehicles)	26,374	13,411	12,963	13,963	1,000	Company Policy	Company's Employees
Suzuki vehicles (10 vehicles)	5,954	3,063	2,891	3,263	372	Auction	Various
Suzuki vehicles (18 vehicles)	9,112	1,455	7,657	9,423	1,766	Insurance Claim	EFU Insurance, Karachi
Office equipment							
Diesel generator	1,081	750	331	280	(51)	Sales	Mrs. Taranum, Karachi
Lease hold land	656	178	478	874	396	Sales	AL Huda Engineering, Karachi (Company vendor)
Leasehold improvements	4,223	1,501	2,722	-	(2,722)	Write off	-
Aggregate value of items where book value is less than Rs. 50,000	47,304	42,850	4,454	2,008	(2,446)		
2010	105,842	71,692	34,150	29,811	(4,339)		
2009	27,512	11,883	15,629	17,164	1,535		

3.4 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 Honorable 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. However, subsequent to year end, the Honorable High Court of Sindh has dismissed the petition vide its order dated February 22, 2011.

3.5 The immovable assets lying at West Wharf have been impaired by the action of KPT as explained in note 3.4 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.

3.6 Certain dies of book value Rs. 0.127 million (2009: Rs. 0.717 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, 2010

	Note	2010	2009
		(Rs 000)	
3.7 Capital work-in-progress			
Plant and machinery		243,765	891,947
Civil works		4,365	-
Advance for capital expenditure		24,013	-
		272,143	891,947
3.7.1 Movement in capital work-in-progress			
Opening balance		891,947	591,114
Additions during the year		344,784	797,706
Transferred to operating fixed assets		(964,588)	(359,740)
Transferred to development cost		-	(137,133)
Closing balance		272,143	891,947

4. INTANGIBLE ASSETS

	Cost as at January 01, 2010	Additions	Cost as at December 31, 2010	Accumulated amortization as at January 01, 2010	Charge for the year	Accumulated amortization as at December 31, 2010	Book value as at December 31, 2010	Years
	(Rs 000)							
License fees and drawings	479,171	368,319	847,490	230,551	160,735	391,286	456,204	3
Software	148,668	-	148,668	49,556	49,556	99,112	49,556	3
2 0 1 0	627,839	368,319	996,158	280,107	210,291	490,398	505,760	

	Cost as at January 01, 2009	Additions (deletions) / (transfers)*	Cost as at December 31, 2009	Accumulated amortization as at January 01, 2009	Charge for the year / (amortization on deletions)	Accumulated amortization as at December 31, 2009	Book value as at December 31, 2009	Years
	(Rs 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
2 0 0 9	693,287	212,837	627,839	309,479	153,145	280,107	347,732	
		(182,517)			(182,517)			
		* (95,768)						

4.1 During the year, no amortisation has been charged on intangible assets amounting to Rs. 143.142 million (2009: Rs. 114.009 million) as the assets have not yet been available for use.

Notes to the Financial Statements
For the year ended December 31, 2010

		Note	2010	2009
			(Rs 000)	
4.2	Amortisation charge has been allocated as under:			
	Cost of goods manufactured	26.1	160,735	103,589
	Administrative expenses	28	49,556	49,556
			210,291	153,145
5.	LONG-TERM INVESTMENTS			
	Available for sale - unquoted			
	Arabian Sea Country Club Limited			
	500,000 (2009: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
	Equity held 6.45% (2009: 6.45%)			
	Value based on net assets as at June 30, 2010 Rs. 5.569 million (2009: Rs. 4.142 million)			
	Provision for impairment in the value of investments		(1,074)	(1,074)
	Reversal of provision for impairment in the value of investments		1,074	-
			-	(1,074)
			5,000	3,926
	Automotive Testing & Training Centre (Pvt.) Limited			
	125,000 (2009: 125,000) fully paid ordinary shares of Rs. 10/- each		1,250	1,250
	Equity held 6.94% (2009: 6.94%)			
	(Latest audited accounts of June 30, 2010 are not available)			
	Value based on net assets as at June 30, 2009 Rs. 0.413 million			
	Provision for impairment in the value of investments		(837)	(727)
			413	523
			5,413	4,449
6.	LONG-TERM LOANS - secured, considered good			
	Loans to employees		3,125	7,619
	Loans to executives	6.1, 6.2	578	1,322
		6.3	3,703	8,941
	Less: Receivable within one year	12	(2,589)	(5,779)
			1,114	3,162
6.1	Movement of loans to executives			
	Opening balance		1,322	1,909
	Disbursement during the year		163	356
	Repayment during the year		(907)	(943)
			578	1,322

Notes to the Financial Statements
For the year ended December 31, 2010

6.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.262 million (2009: Rs. 2.146 million).

6.3 These represent motorcycle and personal loans granted to executives and employees. These loans are secured against the title documents, personnel guarantees and provident fund balances of the respective employees / executives. These are repayable in ten to forty eight equal monthly installments.

	Note	2010	2009
		(Rs 000)	
7. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits		21,907	22,295
Prepayments		6,592	12,314
		28,499	34,609
8. LONG-TERM INSTALLMENT SALES RECEIVABLES - secured			
Installment sales receivables	8.4 & 8.5	545,771	461,274
Less: Provision for doubtful receivables	8.3	(31,271)	(28,733)
		514,500	432,541
Less: Unearned finance income		(93,382)	(73,383)
		421,118	359,158
Less: Current maturity		(251,254)	(205,680)
		169,864	153,478

8.1

	Note	Gross amount of installment sales receivables 2010	2009	Present value of installment sales receivables 2010	2009
		(Rs 000)			
Less than one year		317,040	257,439	251,254	205,680
One to five year		228,731	203,835	201,135	182,211
	8.2	545,771	461,274	452,389	387,891
Less: Provision for doubtful receivables		(31,271)	(28,733)	(31,271)	(28,733)
		514,500	432,541	421,118	359,158

8.2 Includes an overdue portion of installment sales receivables of Rs. 20.482 million (2009: Rs. 16.032 million).

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

	Note	2010	2009
		(Rs 000)	
Balance at beginning of the year		28,733	28,533
Provision made during the year	28	2,538	775
Written off during the year		-	(575)
		31,271	28,733

Notes to the Financial Statements
For the year ended December 31, 2010

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 entir e dues are realised. Overdue rentals are subject to additional surcharge.

8.5 Mark-up on installment sales receivables ranges from 9% to 28% (2009: 9% to 38.5%) per annum.

	Note	2010	2009
		(Rs 000)	
9. STORES, SPARES AND LOOSE TOOLS			
Stores		23,909	18,668
Spares		59,025	41,914
Loose tools		25,015	19,465
		107,949	80,047
Less:			
Provision for slow moving and obsolete items			
- at beginning of the year		38,298	25,259
- for the year	26.1	5,735	13,039
		44,033	38,298
		63,916	41,749
10. STOCK-IN-TRADE			
Raw material and components [including items in transit Rs. 4,262.260 million (2009: Rs. 1,851.351 million)]		6,598,895	4,916,737
Less:			
Provision for slow moving and obsolete items			
- at beginning of the year		20,856	46,702
- provision / (reversal) for the year		4,948	(25,846)
		25,804	20,856
		6,573,091	4,895,881
Work-in-process		30,274	48,827
Finished goods		1,885,813	1,714,884
Trading stocks [including items in transit Rs. 13.091 million (2009: Rs. 19.146 million)]		307,910	259,419
Less:			
Provision for slow moving and obsolete items			
- at beginning of the year		39,282	52,824
- provision / (reversal) for the year		9,775	(13,542)
		49,057	39,282
		258,853	220,137
		8,748,031	6,879,729

Notes to the Financial Statements
For the year ended December 31, 2010

10.1 Of the aggregate amount, stocks worth Rs. 1,625 million (2009: Rs. 1,341 million) were in the custody of dealers and vendors.

10.2 Raw material and components, work-in-process and finished goods have been written down by Rs. 210.379 million, Rs. 0.638 million and Rs. 53.652 million (2009: Rs. 117.198 million, Rs. 1.316 million, Rs. 36.972 million) respectively to arrive at net realizable value.

	Note	2010	2009
		(Rs 000)	
11. TRADE DEBTS - unsecured			
Considered good			
- Due from Government agencies		25,774	116,374
- Others	11.3	214,945	260,134
		240,719	376,508
Considered doubtful	11.2	16,501	2,706
Less: Provision for doubtful debts		(16,501)	(2,706)
		-	-
		240,719	376,508
11.1 The ageing of trade debts at December 31 is as follows:			
Neither past due nor impaired		219,324	376,508
Past due but not impaired		21,395	-
Past due and impaired		16,501	2,706
		257,220	379,214
11.2 Reconciliation of provision for impairment of trade debts			
Balance at the beginning of the year		2,706	2,706
Provision for the year	28	13,795	-
Balance at the end of the year		16,501	2,706

11.3 Includes Rs. 1.148 million (2009: Rs. 0.999 million) due from Magyar Suzuki Corporation, Hungary - a related party.

Notes to the Financial Statements
For the year ended December 31, 2010

12. LOANS, ADVANCES AND OTHERS

	Note	2010 (Rs 000)	2009 (Rs 000)
Loans - secured, considered good			
Current portion of loans to employees		2,152	4,842
Current portion of loans to executives		437	937
	6	2,589	5,779
Advances - unsecured			
Considered good			
- Suppliers / vendors	12.1	129,499	209,181
- Employees		22	19
		129,521	209,200
Considered doubtful		16,912	-
Less: Provision for doubtful advances		(16,912)	-
		-	-
		129,521	209,200
Others			
- Gratuity fund	12.2.1	2,849	9,737
- Provident fund		4	-
- Workers profit participation fund	18.3	-	1,672
		2,853	11,409
		134,963	226,388

12.1 Includes advances to vendors of Rs. 16.093 million (2009: Rs. 16.809 million), which carry mark-up ranging from 12% - 13.4% (2009: 12% - 15%) per annum.

12.2 Employees gratuity fund

The latest actuarial valuation was carried out as at December 31, 2010 using the Projected Unit Credit Method, according to which present value of gratuity obligation and fair value of plan assets were Rs. 181.436 million and Rs. 236.041 million respectively.

12.2.1 Amount recognised in the balance sheet

	2010 (Rs 000)	2009 (Rs 000)
Present value of defined benefit obligation	(181,436)	(168,986)
Fair value of plan assets	236,041	233,441
Un-recognised actuarial gains	(51,756)	(54,718)
	2,849	9,737

Notes to the Financial Statements
For the year ended December 31, 2010

	2010	2009
	(Rs 000)	
12.2.2 Expense recognised in the profit and loss account		
Current service cost	11,072	10,536
Interest cost	20,278	20,607
Expected return on plan assets	(28,013)	(32,424)
Actuarial gain	(3,137)	(4,915)
Past service cost for new members of Motorcycle Division	-	2,946
	200	(3,250)
12.2.3 Movement asset recognised in the balance sheet		
Opening balance - asset	9,737	8,012
(Expense) / income recognised in the financial statements	(200)	3,250
Contribution made by the Company during the year	14,662	17,475
Payment made to the Company from the fund	(21,350)	(19,000)
	2,849	9,737
12.2.4 Movement in present value of defined benefit obligation		
Opening balance - Present value of defined benefit obligation	168,985	137,380
Current service cost for the year	11,072	10,536
Interest cost for the year	20,278	20,607
Benefit paid during the year	(14,662)	(17,475)
Past service cost for new member of Motorcycle Division	-	2,946
Actuarial (gain) / loss on present value of defined benefit obligation	(4,237)	14,992
	181,436	168,986
12.2.5 Movement in fair value of plan assets		
Opening balance - Fair value of plan assets	233,441	216,158
Expected return on plan assets	28,013	32,424
Contribution during the year	14,662	17,475
Benefit paid during the year	(14,662)	(17,475)
Payment made to the Company from the fund during the year	(21,350)	(19,000)
Actuarial (loss) / gain on plan assets	(4,063)	3,859
	236,041	233,441
12.2.6 Principal actuarial assumption used are as follows		
Valuation discount rate	13% per annum	12% per annum
Expected rate of eligible salaries increase in future years	13% per annum	12% per annum
Expected rate of return on plan assets	12% per annum	12% per annum
12.2.7 Actual return on plan assets		
Expected return on plan assets	28,013	32,424
Actuarial (loss) / gain on plan assets	(4,063)	3,859
Actual return on plan assets	23,950	36,283

Notes to the Financial Statements

For the year ended December 31, 2010

12.2.8 Comparison for past years

As at December 31	2010	2009	2008	2007	2006
	(Rs 000)				
Present value of defined benefit obligation	181,436	168,986	137,380	144,140	128,957
Fair value of plan assets	236,041	233,441	216,158	212,792	181,715
Surplus	(54,605)	(64,455)	(78,778)	(68,652)	(52,758)
Experience adjustment on plan liabilities	(4,237)	14,992	(11,379)	3,843	8,984
Experience adjustment on plan assets	(4,063)	3,859	(1,091)	25,583	15,109
	(8,300)	18,851	(12,470)	29,426	24,093

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

	Note	2010	2009
		(Rs 000)	
Defence Saving Certificate (include accrued interest less Zakat)		170,575	156,405
Mutual Funds (Income based)		3,880	7,067
Term Deposit Receipts'		60,537	47,209
Treasury Bills		-	14,463
Cash at bank		1,049	8,297
		236,041	233,441
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		10,040	4,095
Prepayments		33,426	27,643
		43,466	31,738
14. OTHER RECEIVABLES - considered good			
Due from SMC	14.1	65,421	38,381
Due from vendors for material / components returned		14,753	22,498
Unrealised gain on derivative financial instruments		2,322	-
Duty drawback		19,166	5,139
Others		6,117	10,667
		107,779	76,685

14.1 The maximum aggregate amount due from the holding company at the end of any month during the year was Rs. 72.278 million (2009: Rs. 53.655 million).

Notes to the Financial Statements
For the year ended December 31, 2010

	Note	2010 (Rs 000)	2009 (Rs 000)
15. CASH AND BANK BALANCES			
Cash in hand		7,846	6,363
Cash at bank:			
- on deposit	15.1	2,501,684	3,422,404
- in a special deposit account	15.2	88,753	86,778
- in current accounts		318,903	30,076
		2,909,340	3,539,258
		2,917,186	3,545,621

15.1 The mark-up on funds placed on deposit accounts ranges from 5% to 12% (2009: 5% to 12.4%) per annum.

15.2 A special account is maintained in r espect of security deposits (note 22) in accor dance 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

2010 (Number of shares)	2009 (Number of shares)		2010 (Rs 000)	2009 (Rs 000)
45,517,401	45,517,401	Issued for cash	455,174	455,174
2,800,000	2,800,000	Issued for consideration other than cash	28,000	28,000
33,982,450	33,982,450	Issued as fully paid bonus shares	339,825	339,825
82,299,851	82,299,851		822,999	822,999

16.1 SMC held 60,154,091 (2009: 60,154,091) Ordinary shares of Rs. 10/- each, constituting 73.09% (2009: 73.09%) holding in the Company.

	Note	2010 (Rs 000)	2009 (Rs 000)
17. DEFERRED TAXATION			
Deferred taxation comprise of:			
Difference between accounting and tax depreciation		149,000	156,000
Provisions		(93,000)	(75,000)
Unamortised local development costs		(11,000)	(75,000)
Difference between turnover tax and taxable income		(176,000)	-
Others		1,000	(1,000)
		(130,000)	5,000

Net deferred tax asset has not been recognized in the current year amounting to Rs. 130 million as the Company expects that it will be subject to minimum tax on turnover and FTR in the foreseeable future and hence it cannot be established with reasonable certainty that it will be realized.

Notes to the Financial Statements
For the year ended December 31, 2010

	Note	2010	2009
		(Rs 000)	
18. TRADE AND OTHER PAYABLES			
Creditors		673,289	395,857
Bills payable	18.1	1,415,874	496,399
Accrued liabilities		232,972	249,799
Royalties and technical fee payable to SMC		433,637	308,615
Mark-up on waiting for delivery of vehicles	19	13,661	36,585
Dealers' commission		151,871	238,324
Provision for unexpired warranty period	18.2	24,962	20,300
Workers' profit participation fund	18.3	3,979	-
Workers' welfare fund		15,000	37,500
Retention money		9,157	9,190
Unclaimed dividend		5,108	5,018
Deposits from employees against purchase of vehicles		80,936	31,955
Others		19,905	23,492
		3,080,351	1,853,034

18.1 This includes amount of Rs. 1,405.583 million (2009: Rs. 485.482 million) due to SMC.

18.2 Provision for unexpired warranty period	2010	2009
Balance at the beginning of the year	20,300	32,434
Provision / (reversal) for the year	4,662	(12,134)
Balance at the end of the year	24,962	20,300

18.3 Workers' profit participation fund	Note	2010	2009
Balance at beginning of the year		(1,672)	5,298
Mark-up on funds utilised in the Company's business		-	538
		(1,672)	5,836
Allocation for the year	31	35,979	23,328
		34,307	29,164
Less: Paid during the year		30,328	30,836
Balance at end of the year		3,979	(1,672)

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

Represents export refinance loan from a commercial bank carrying markup rate at State Bank of Pakistan Export Finance Rate + 1% per annum, determined on six monthly basis, payable quarterly. The loan is repayable in August 2011 and is fully secured against the registered charge over stock-in-trade, stores and spares and book debts.

Notes to the Financial Statements
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21. DEPOSITS AGAINST DISPLAY OF VEHICLES

This represents the amount deposited by the dealers as security against the vehicles delivered to them for display.

22. SECURITY DEPOSITS

	Note	2010	2009
		(Rs 000)	
Dealership deposits		77,853	75,353
Deposits against contractual obligation		10,900	11,425
		88,753	86,778

23. PROVISION FOR CUSTOM DUTIES AND SALES TAX

23.1 Includes Rs. 52.152 million (2009: Rs. 52.152 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.

23.2 Includes Rs. 86.323 million (2009: 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.

24. CONTINGENCIES AND COMMITMENTS

24.1 Capital expenditure contracted for but not incurred amounted to Rs. 163.111 million (2009: Rs. 87.646 million).

24.2 The facilities for opening letters of credit amounted to Rs. 4,029 million (2009: Rs. 4,442 million) of which the amount remaining unutilised at the year end was Rs. 2,787 million (2009: Rs. 3,684 million).

24.3 Counter guarantees issued by the Company against guarantees issued by two commercial banks on behalf of the Company amounted to Rs. 113.200 million (2009: Rs. 134.274 million).

Notes to the Financial Statements
For the year ended December 31, 2010

		Note	2010	2009
			(Rs 000)	
25.	**TURNOVER - NET**			
	Manufactured goods	25.1	41,274,618	24,992,413
	Trading stocks	25.2	1,368,144	1,241,648
			42,642,762	26,234,061
25.1	**Manufactured goods**			
	- Vehicles		49,520,316	30,020,568
	- Spare parts		228,215	218,576
		25.3	49,748,531	30,239,144
	Less: Sales tax and special excise duties		7,392,222	4,439,370
	Sales commission to dealers		1,081,691	807,361
			8,473,913	5,246,731
			41,274,618	24,992,413
25.2	**Trading stocks**			
	- Vehicles		869,786	789,713
	- Spare parts		771,504	656,624
		25.3	1,641,290	1,446,337
	Less: Sales tax and special excise duties		237,839	199,059
	Sales commission to dealers		35,307	5,630
			273,146	204,689
			1,368,144	1,241,648

25.3 These include export sales of Rs. 199.955 million (2009: Rs. 141.850 million).

		Note	2010	2009
26.	**COST OF SALES**			
	Manufactured goods:			
	Finished goods at beginning of the year		1,714,884	1,673,510
	Cost of goods manufactured	26.1	40,487,738	24,596,729
	Export expenses		17,922	14,966
			42,220,544	26,285,205
	Less: Finished goods at end of the year		1,885,813	1,714,884
			40,334,731	24,570,321
	Trading stocks:			
	Stocks at beginning of the year		220,137	349,407
	Purchases during the year		1,342,960	969,982
			1,563,097	1,319,389
	Less: Stocks at end of the year		258,853	220,137
			1,304,244	1,099,252
	Reversal of provision for loss on pending orders		-	(4,811)
			41,638,975	25,664,762

Notes to the Financial Statements
For the year ended December 31, 2010

	Note	2010 (Rs 000)	2009 (Rs 000)
26.1 Cost of goods manufactured:			
Raw materials and components at beginning of the year		4,895,881	5,678,589
Purchases during the year	26.1.1	39,123,478	21,378,516
		44,019,359	27,057,105
Less: Raw materials and components at end of the year		6,573,091	4,895,881
Raw materials and components consumed		37,446,268	22,161,224
Stores and spares consumed		122,910	100,027
Provision for slow moving and obsolete stores, spares and loose tools	9	5,735	13,039
Power		179,801	109,702
Vehicle running expenses		11,835	8,769
Salaries, wages and other benefits	26.1.2	307,450	270,986
Outsourced job contractor charges		202,221	140,364
Rent, rates and taxes		11,395	7,517
Travelling		20,077	30,195
Training		2,561	11,420
Insurance		4,184	7,280
Repairs and maintenance		155,116	114,160
Royalty		592,408	224,369
Technical fee		208,366	163,427
Federal Excise Duty on royalty and technical fees		68,878	35,569
Depreciation	3.2	843,838	743,458
Amortisation of intangible assets	4.2	160,735	103,589
Conveyance and transportation		85,012	61,435
Communication		4,057	4,649
Hired security guards services		8,360	4,249
Local development costs		19,809	288,910
Printing and stationery		3,486	2,566
Others		4,683	7,640
		3,022,917	2,453,320
		40,469,185	24,614,544
Add: Work-in-process at beginning of the year		48,827	31,012
		40,518,012	24,645,556
Less: Work-in-process at end of the year		30,274	48,827
		40,487,738	24,596,729

26.1.1 Purchases are stated net of proceeds from the sale of packing materials Rs. 215.977 million (2009: Rs. 124.877 million).

26.1.2 Includes Rs. 7.582 million (2009: Rs. 7.244 million) in respect of defined contributory provident fund.

Notes to the Financial Statements
For the year ended December 31, 2010

	Note	2010	2009
		(Rs 000)	
27. DISTRIBUTION COSTS			
Advertising and sales promotion		111,481	161,338
Free service		38,900	27,726
Warranty claims		3,182	8,853
Provision / (reversal) for unexpired warranty period	18.2	4,662	(12,134)
Transportation and handling charges		21,909	14,555
Royalty on spare parts		15,765	12,920
Federal Excise Duty on royalty		1,462	1,292
		197,361	214,550
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	180,456	163,094
Outsourced job contractor charges		38,085	34,398
Travelling		27,242	25,354
Training		1,268	1,112
Hired security guards services		15,900	10,310
Rent, rates and taxes		39,569	33,030
Utilities		14,044	11,328
Vehicle running expense		47,697	37,880
Insurance		9,141	5,990
Repairs and maintenance		8,766	7,544
Depreciation	3.2	110,698	72,673
Amortisation of intangible assets	4.2	49,556	49,556
Auditors' remuneration	28.2	1,905	2,540
Legal and professional charges		6,584	7,721
Conveyance and transportation		11,215	7,942
Entertainment		2,858	2,147
Printing and stationery		10,632	9,309
Communication		11,040	9,465
Directors' fees		28	28
Provision for doubtful debts	8.3,11.2 & 12	33,245	775
Bad debts written-off / (recovered)		2,042	(293)
Computer software license fees & ERP maintenance charges		12,055	-
Reversal of provision for impairment in the value of investments		(964)	-
Others		3,270	3,297
		636,332	495,200

28.1 Includes Rs. 4.341 million (2009: Rs. 4.054 million) in respect of defined contributory provident fund.

Notes to the Financial Statements
For the year ended December 31, 2010

	Note	2010 (Rs 000)	2009 (Rs 000)
28.2 Auditors' remuneration			
Audit fee		1,000	850
Half-yearly review		300	300
Fee for special certifications and advisory services		543	1,337
Out of pocket expenses		62	53
		1,905	2,540
29. OTHER OPERATING INCOME			
Income from financial assets			
Mark-up on bank balances		448,274	408,022
Finance income on installment sales		80,747	93,649
Exchange gain - net		-	17,456
		529,021	519,127
Income from non-financial assets			
(Loss) / gain on disposal of fixed assets	3.3	(4,339)	1,535
Reversal of provision for mark-up on waiting for delivery of vehicles		22,723	45,725
Gratuity fund		-	3,250
Scrap sales		16,660	16,146
Miscellaneous income		11,013	33,789
		46,057	100,445
		575,078	619,572
30. FINANCE COSTS			
Mark-up on short-term borrowing		4,292	2,777
Mark-up on workers' profit participation fund		-	538
Exchange loss - net		6,496	-
Bank charges		10,561	9,249
		21,349	12,564
31. OTHER OPERATING EXPENSES			
Workers' profit participation fund	18.3	35,979	23,328
Workers' welfare fund	31.1	15,576	15,386
Donations	31.2	4,253	-
		55,808	38,714
31.1 Workers' Welfare Fund			
For the current year		15,000	17,000
For the prior years		576	(1,614)
		15,576	15,386

Notes to the Financial Statements
For the year ended December 31, 2010

31.2 No directors and their spouses had any interest in any donee to which donations are made.

	Note	2010	2009
		(Rs 000)	
32. TAXATION			
- Current	32.1	452,000	301,000
- Prior		9,872	12,624
- Deferred		(5,000)	(141,000)
		456,872	172,624

32.1 Provision for current taxation has been made on the basis of minimum tax on turnover under section 113 of the Income Tax Ordinance and Final Tax Regime. Accordingly, reconciliation of tax expense with the accounting profit is not presented.

33. EARNINGS PER SHARE - BASIC AND DILUTED

	2010	2009
	(Rs 000)	
Net profit for the year	211,143	255,219
	Number of shares in '000'	
Weighted average number of ordinary shares in issue during the year	82,299	82,299
	(Rupees)	
Basic earnings per share	2.57	3.10

33.1 Basic earnings per share have no dilution effect.

	Note	2010	2009
		(Rs 000)	
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		668,015	427,843
Adjustments for non cash charges and other items:			
Depreciation		954,536	816,131
Amortisation of intangible assets		210,291	153,145
Development cost transferred from capital work-in-progress and intangible assets		-	232,901
Reversal of provision for loss on pending orders		-	(4,811)
Loss / (gain) on disposal of fixed assets		4,339	(1,535)
Reversal of provision for impairment in the value of Investment		(964)	-
Mark-up on bank balances		(448,274)	(408,022)
Reversal of provision for mark-up on waiting for delivery of vehicles		(22,723)	(45,725)
Finance costs		14,853	12,564
		712,058	754,648
Working capital changes	34.1	(431,512)	1,471,385
		948,561	2,653,876

Notes to the Financial Statements
For the year ended December 31, 2010

34.1 Working capital changes

	Note	2010 (Rs 000)	2009 (Rs 000)
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(22,167)	52,719
Stock-in-trade		(1,868,302)	852,789
Current portion of long-term installment sales receivables		(45,574)	135,271
Trade debts		135,789	(89,811)
Loans, advances and others		91,425	(98,308)
Trade deposits and short-term prepayments		(11,728)	19,742
Other receivables		(28,772)	21,982
Sales tax and excise duty adjustable		(133,844)	(143,855)
		(1,883,173)	750,529
Increase / (decrease) in current liabilities			
Trade and other payables		1,250,151	587,335
Security deposits		1,975	2,500
Deposits against display of vehicles		344,285	(19,164)
Advance from customers		(114,750)	70,185
Short-term borrowing		(30,000)	80,000
		1,451,661	720,856
		(431,512)	1,471,385

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 (Rs 000)	Other related Parties (Rs 000)	Total (Rs 000)
For the year ended December 31, 2010			
Purchases of components	18,543,826	622,442	19,166,268
Purchases of fixed assets	196,054	-	196,054
Exports sales	2,728	7,263	9,991
Royalties and technical fee	816,539	-	816,539
Initial royalty on intangibles	189,280	-	189,280
Staff retirement benefits	-	12,122	12,122
Sales promotional and development expenses	614	76	690
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
Export 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

Notes to the Financial Statements
For the year ended December 31, 2010

35.1 The outstanding balances due to / from related parties are included in the respective notes to the financial statements.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2010	2009
	(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	78,840	51,032
Actual production - Motorcycle	19,618	14,530

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:

	2010			2009		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs 000)					
Directors fees	-	28	-	-	28	-
Managerial remuneration	4,836	11,284	30,519	4,554	14,148	24,393
Bonus	354	821	2,054	732	2,325	3,366
Retirement benefits	-	745	2,232	-	907	1,791
	5,190	12,878	34,805	5,286	17,408	29,550
Number of persons	1	5	17	1	5	17

37.1 The directors, chief executive and certain executives of the Company ar e 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 risk such as market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpr edictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors overseas the management of these risk which are summarized below:

Notes to the Financial Statements
For the year ended December 31, 2010

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 risk comprises of interest rate risk, currency risk and equity price risk.

(i) 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 is mainly exposed to such risk in respect of short term borrowing and bank balances. 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 (Rs 000)
2010	+2%	72,225
	-2%	(72,225)
2009	+2%	69,185
	-2%	(69,185)

(ii) 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 foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company is mainly exposed to such risk in respect of the following:

	2010	2009
	(Yen 000)	
Bills payables	1,404,901	550,392
Royalty and technical fees payable	430,276	329,137
	1,835,177	879,529

	2010	2009
	(Re)	
The following significant exchange rates have been applied at the reporting dates:		
Exchange rates (1 JPY to PKR)	0.9923	0.9019

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.

Notes to the Financial Statements
For the year ended December 31, 2010

	Change in JPY rate (%)	Effect on profit or (loss)	Effect on equity
		(Rs 000)	
December 31, 2010	+5	(692,802)	(692,802)
	-5	692,802	692,802
December 31, 2009	+5	(427,103)	(427,103)
	-5	427,103	427,103

(iii) 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 ar e 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 cr edit 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:

	2010	2009
	(Rs '000)	
Installment sales receivables	421,118	359,158
Trade debts	240,719	376,508
Loans, advances, deposits and other receivables	275,803	332,625
Accrued markup income	8,652	7,837
Bank balances	2,909,340	3,539,258
	3,855,632	4,615,386

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:

Notes to the Financial Statements

For the year ended December 31, 2010

	2010	2009
	(Rs '000)	
Long term investment		
Counter parties without credit rating	5,413	4,449
Trade debts		
Customers with no defaults in the past one year	219,324	376,508
Customers with some defaults in past one year	21,395	-
	240,719	376,508
Installment sales receivables		
Customers with no defaults in the past one year	400,636	343,126
Customers with some defaults in past one year	20,482	16,032
	421,118	359,158
Bank balances		
A1+	2,909,340	3,536,645
A1	-	2,613
	2,909,340	3,539,258

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 suf ficient 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:

2010	Less than 3 months	3 to 12 months	Total
		(Rs 000)	
Trade and other payables	2,907,643	172,708	3,080,351
Advances from customers	327,031	-	327,031
Short-term borrowing	-	50,000	50,000
Deposits against display of vehicles	-	1,067,839	1,067,839
Security deposits	-	88,753	88,753
	3,234,674	1,379,300	4,613,974

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

Notes to the Financial Statements
For the year ended December 31, 2010

38.3 Capital risk 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 is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long term borrowings.

38.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active market for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2010, the Company has available-for-sale investments and derivative financial instruments measured using level 3 valuation technique.

Notes to the Financial Statements

For the year ended December 31, 2010

39. SEGMENT ANALYSIS

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

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

	2010			2009		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rs '000)					
Segment Results						
Net sales	41,497,444	1,145,318	42,642,762	25,363,903	870,158	26,234,061
Gross profit / (loss)	1,185,870	(182,083)	1,003,787	634,735	(65,436)	569,299
Distribution costs	(148,564)	(48,797)	(197,361)	(190,479)	(24,071)	(214,550)
Administrative expenses	(489,109)	(147,223)	(636,332)	(376,246)	(118,954)	(495,200)
Operating profit / (loss)	548,197	(378,103)	170,094	68,010	(208,461)	(140,451)
Finance costs	(20,172)	(1,177)	(21,349)	(11,015)	(1,549)	(12,564)
Other income	502,671	72,407	575,078	506,058	113,514	619,572
Segment results	1,030,696	(306,873)	723,823	563,053	(96,496)	466,557
Unallocated corporate expenses						
Operating expenses			55,808			38,714
Taxation			456,872			172,624
			512,680			211,338
Profit after taxation			211,143			255,219
Assets						
Segment assets	13,222,645	1,191,523	14,414,168	12,046,290	1,015,839	13,062,129
Unallocated corporate assets	-	-	4,836,196	-	-	4,593,605
	13,222,645	1,191,523	19,250,364	12,046,290	1,015,839	17,655,734
Liabilities						
Segment liabilities	4,681,621	70,828	4,752,449	3,256,117	69,017	3,325,134
Unallocated corporate liabilities	-	-	-	-	-	5,000
	4,681,621	70,828	4,752,449	3,256,117	69,017	3,330,134
Capital expenditure	380,140	150,457	530,597	1,041,728	33,400	1,075,128
Depreciation	866,749	87,787	954,536	749,248	66,883	816,131

Notes to the Financial Statements
For the year ended December 31, 2010

Segment assets do not include long term investment Rs. 5.413 million (2009: Rs. 4.449 million), mark-up accrued Rs. 8.652 million (2009: Rs. 7.837 million), other receivables Rs. 107.779 million (2009: Rs. 76.685 million), sales tax and excise duty adjustable Rs. 389.453 million (2009: Rs. 255.609 million), income tax refundable - net Rs. 1,407.713 million (2009: Rs. 780.089 million), cash and bank balances Rs. 2,917.186 million (2009: Rs. 3,545.621 million) as these assets are managed on a group basis.

Segment liabilities do not include deferred tax liability Nil (2009: Rs. 5 million) as these liabilities are managed on a group basis.

40. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 2,300 million (2009: Rs. 2,100 million).

41. 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 04, 2011.

42. SUBSEQUENT EVENT

The Board of Directors of the Company in its meeting held on March 04, 2011, has proposed cash dividend @ 5% (2009: Cash Dividend @ 5%). 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 18, 2011.

43. CORRESPONDING FIGURES

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

44. 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, 2010

Size of Holding Rs. 10 Shares		No. of Shareholders	No. of Shares
1	100	3,642	70,573
101	500	1,015	292,985
501	1,000	488	381,954
1,001	5,000	440	971,651
5,001	10,000	79	614,738
10,001	15,000	22	265,566
15,001	20,000	13	230,393
20,001	25,000	8	186,577
25,001	30,000	12	332,451
30,001	35,000	6	193,221
35,001	40,000	4	151,587
40,001	45,000	3	126,450
45,001	50,000	4	197,850
50,001	55,000	2	101,756
55,001	60,000	3	176,610
65,001	70,000	1	70,000
75,001	80,000	1	75,500
80,001	85,000	2	163,300
85,001	90,000	1	88,700
90,001	95,000	1	92,150
95,001	100,000	5	491,865
100,001	105,000	1	101,300
110,001	115,000	1	110,150
115,001	120,000	2	236,884
130,001	135,000	2	266,064
135,001	140,000	1	136,400
145,001	150,000	2	300,000
160,001	165,000	1	164,800
185,001	190,000	2	376,872
205,001	210,000	1	207,007
225,001	230,000	2	453,495
230,001	235,000	1	232,000
235,001	240,000	1	238,725
255,001	260,000	1	259,637
265,001	270,000	1	269,533
290,001	295,000	1	294,103
310,001	315,000	1	311,685
365,001	370,000	1	366,500
430,001	435,000	1	433,914
490,001	495,000	1	494,400
495,001	500,000	1	500,000
525,001	530,000	1	529,004
540,001	545,000	1	541,991
585,001	590,000	1	588,488
955,001	960,000	1	955,396
970,001	975,000	1	971,496
1,210,001	1,215,000	1	1,214,960
1,285,001	1,290,000	1	1,289,574
1,435,001	1,440,000	1	1,440,000
1,495,001	1,500,000	1	1,500,000
2,085,001	2,090,000	1	2,085,505
59,250,001	59,255,000	1	60,154,091
	TOTAL	5,788	82,299,851

Categories of Shareholding

As at December 31, 2010

Shareholders Category	Number of Shareholder	Number of Shares	Percentage
Associated Companies, Undertakings and Related Parties	1	60,154,091	73.09
NIT and ICP	1	2,085,505	2.53
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	3,842,268	4.67
Insurance Companies	9	453,965	0.55
Modaraba and Mutual Funds	21	2,757,847	3.35
Others	119	6,779,148	8.24
Individuals	5,616	4,936,973	6.00
TOTAL	5,788	82,299,851	100.00

Motorcar Dealers' Network

Cities	No. of Dealers
Sindh	
Karachi	17
Hyderabad	3
Mirpur Khas	1
Sukkur	1
Punjab	
Lahore	15
Rawalpindi	5
Islamabad	3
Faisalabad	2
Multan	3
D.G. Khan	1
Bahawalpur	1
Kasur	1
Gujranwala	1
Gujrat	1
Taxila	1
Mianwali	1
Chakwal	1

Cities	No. of Dealers
Sahiwal	1
Sargodha	1
Sialkot	1
Vihari	1
Rahimyar Khan	1
Sheikupura	1
Attock	1
Jhelum	1
NWFP	
Peshawar	3
Abbottabad	1
D.I. Khan	1
Mardan	1
Balochistan	
Quetta	2
AJK	
Mirpur	1
Total	75

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 28th Annual General Meeting of the Company to be held on 18th day of April 2011 at 11:00 am at Pearl Continental Hotel, Club Road, Karachi and at any adjourment thereof.

As witness my/our hand this ________ day ________ 2011

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 or if such appointer is a corporation/company either under the common seal of such corporation/company or under the hand of an officer or attorney so authorized.

3. The proxy form shall be witnessed by two persons whose names, 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 Associates (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.

SUZUKI

Pak Suzuki Motor Company Limited
DSU-13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.
Tel: 34723551-558, Fax: 34723521-523
www.paksuzuki.com.pk