SUZUKI
Way of Life!

ANNUAL REPORT 2011

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

CULTUS 1000 cc

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

MEHRAN 800 cc

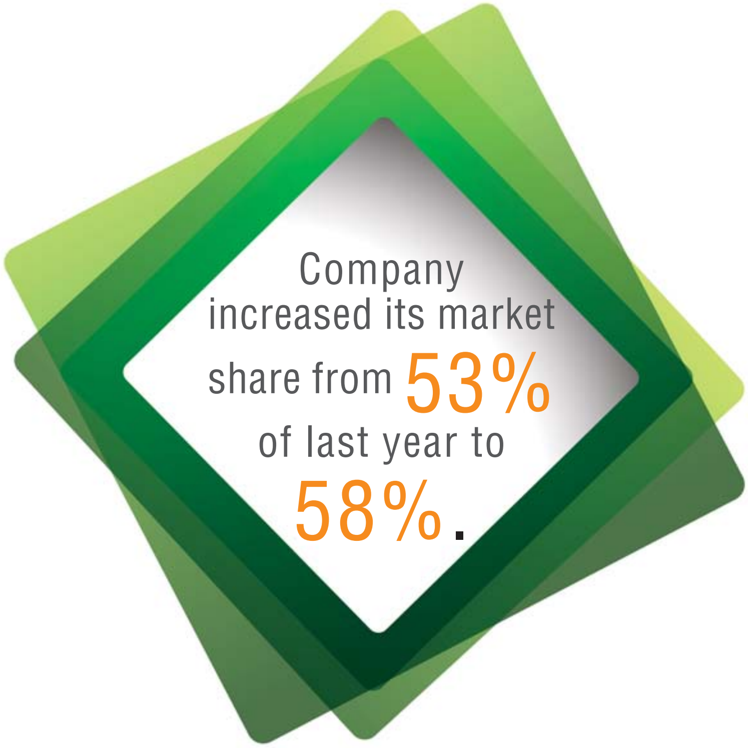
Mehran has bright roomy and comfortable cabin which keeps body relaxed and has a strong and lighter body shell resulting in smooth drive due to reduction of unpleasant noise harshness and vibration.

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.

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.


Company
increased its market
share from 53%
of last year to
58%.

Contents

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 Ahmed Shaikh
Director

Jamil Ahmed
Director

Wazir Ali Khoja
Director

Kenichi Ayukawa
Director

Audit Committee

Hidekazu Terada
Chairman

Kenichi Ayukawa
Member

Wazir Ali Khoja
Member

Chief Financial Officer & Company Secretary
Abdul Hamid Bhombal

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Citibank N.A.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Limited
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hong kong and Shanghai Banking Corp. Ltd.

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

Registrar
Central Depository Company of Pakistan Ltd. CDC House,
99 - B, Block “B”, S.M.C.H.S,
Main Shahrah-e-Faisal Karachi.

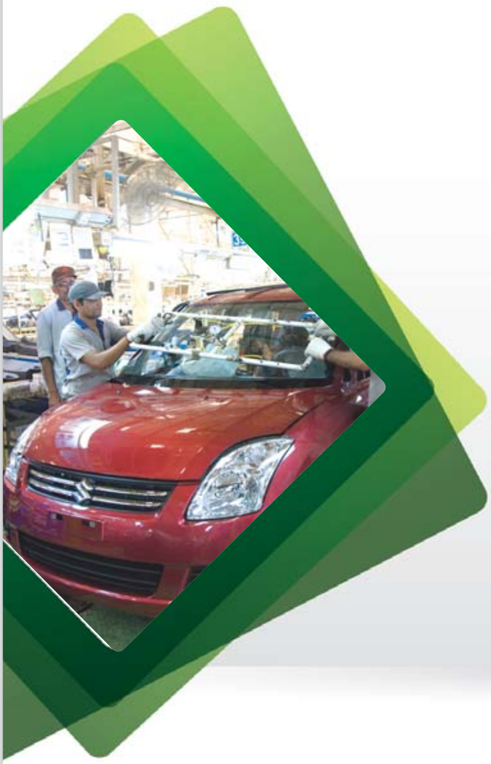
Registered Office
DSU-13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.
Tel No. (021) 34723551 - 558
Fax No. (021) 34723521 - 523
Website: www.paksuzuki.com.pk

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
Murree Road, Rawalpindi Cantt
Tel No. (051) 5567518 - 5518073
Fax No. (051) 5585738

Company Profile



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. 12.130 billion

Production Capacity (double shift)**:**
Car & Lcvs Plant: 150,000 units per annum
Motorcycles Plant: 37,000 units per annum

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 includes tapping of export markets.

The Company setup new plant for motorcycles at Bin Qasim. All the operations of motorcycles have been shifted to the new plant effective July 2011.

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 is 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 setup new plant for motorcycles at Bin Qasim. All the operations of motorcycles have been shifted to the new plant effective July 2011.

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 are fundamentally inconsistent with business codes of Company.

2. Pak Suzuki believes in compliance to regulatory obligations.

3. Pak Suzuki believes in free and fair business practices and open competitive markets. Developing any association with competitors to distort the pricing and supply of products is contradictory to Company's business code of conduct.

4. Pak Suzuki believes in transparency in business transactions and they are to be recorded accurately and fairly in books of accounts in accordance with standard procedures.

5. Pak Suzuki expects its employees to act in Company's best interest while holding confidential information. Company expects its employees neither to solicit internal information from others nor to disclose Company's data or any other material information to any un- authorised person/body.

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

7. Pak Suzuki does not believe in political affiliation.

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.

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 & 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 shareholding 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.

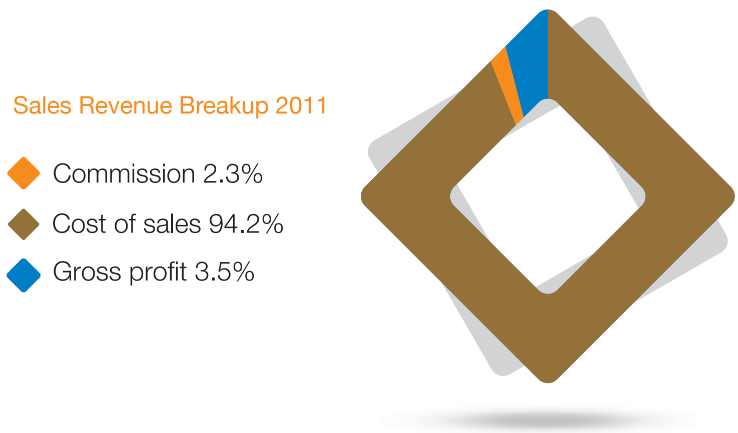
2010 1300 cc locally manufactured car Swift was introduced.

2011 Inaugration of new motorcyle plant at Bin Qasim

Highlights of the Accounts
For the year ended December 31, 2011

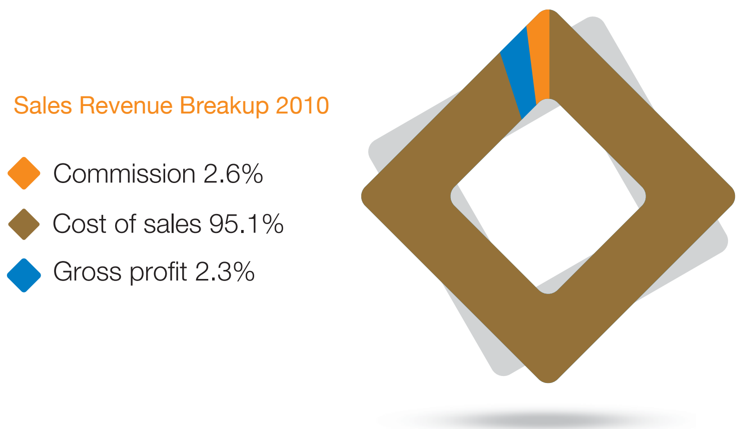
	2011	2010	Increase/(Decrease) Amount	%
	------------ (Rupees in thousand) -----------			
Production volume (Nos.)				
- Motorcar	92,529	78,840	13,689	17.4
- Motorcycle	20,120	19,618	502	2.6
Sales volume (Nos.)				
- Motorcar	92,705	79,138	13,567	17.1
- Motorcycle	21,154	19,013	2,141	11.3
Gross Sales	53,962,940	43,759,760	10,203,180	23.3
Selling Commission	1,244,377	1,116,998	127,379	11.4
as a % of gross sales	2.3	2.6	-	(0.3)
Net Sales	52,718,563	42,642,762	10,075,801	23.6
Gross profit	1,869,410	1,003,787	865,623	86.2
as a % of gross sales	3.5	2.3	-	1.2
Distribution expenses	263,651	197,361	66,290	33.6
as a % of gross sales	0.5	0.5	-	-
Administration expenses	735,935	636,332	99,603	15.7
as a % of gross sales	1.4	1.5	-	(0.1)

Sales Revenue Breakup 2011



	2011	2010	Increase/(Decrease) Amount	%
	------------ (Rupees in thousand) -----------			
Finance Cost	17,845	21,349	(3,504)	(16.4)
as a % of gross sales	-	0.0	-	-
Other income	620,390	575,078	45,312	7.9
as a % of gross sales	1.1	1.3	-	(0.2)
Other operating expenses (WPPF & WWF)	107,072	55,808	51,264	91.9
as a % of gross sales	0.2	0.1	-	0.1
Profit before taxation	1,365,297	668,015	697,282	104.4
as a % of gross sales	2.5	1.5	-	1.0
Profit after taxation	794,421	211,143	583,278	276.2
as a % of gross sales	1.5	0.5	-	1.0
Shareholders' equity	15,293,032	14,497,915	795,117	5.5
Earnings per share (Rs.)	9.65	2.57	7.08	275.5
Break-up value per share (Rs.)	185.82	176.16	9.66	5.5
Number of shares issued (000)	82,300	82,300	-	-
Exchange Rate	1.0605	0.9445	0.1160	12.3

Sales Revenue Breakup 2010



Highlights of the Accounts Segment Wise

For the year ended December 31, 2011

	2011		
	Car Division	Motorcycle Division	Total
	----------------- (Rupees in thousand) -----------------		
Production volume (Nos.)	92,529	20,120	-
Sales volume (Nos.)	92,705	21,154	-
Gross Sales	52,612,001	1,350,939	53,962,940
Selling Commission	1,238,137	6,240	1,244,377
as a % of gross sales	2.4	0.5	2.3
Net Sales	51,373,864	1,344,699	52,718,563
Gross profit	2,042,636	(173,226)	1,869,410
as a % of gross sales	3.9	(12.8)	3.5
Distribution expenses	204,390	59,261	263,651
as a % of gross sales	0.4	4.4	0.5
Administration expenses	580,983	154,952	735,935
as a % of gross sales	1.1	11.5	1.4
Finance Cost	16,361	1,484	17,845
as a % of gross sales	0.0	0.1	0.0
Other income	515,609	104,781	620,390
as a % of gross sales	1.0	7.8	1.1
WPPF & WWF	107,072		107,072
as a % of gross sales	0.2	0.0	0.2
Profit before taxation	1,649,439	(284,142)	1,365,297
as a % of gross sales	3.1	(21.0)	2.5
Profit after taxation	1,078,563	(284,142)	794,421
as a % of gross sales	2.1	(21.0)	1.5
Earnings per share (Rs.)	13.11	(3.45)	9.65
Number of shares issued (000)	82,300	82,300	82,300

2 0 10			Increase/(Decrease)					
Car Division	Motorcycle Division	Total	Car Division		Motorcycle Division		Total	
---------- (Rupees in thousand) ---------			Amount	%	Amount	%	Amount	%
78,840	19,618	-	13,689	17.4	502	2.6	-	-
79,138	19,013	-	13,567	17.1	2,141	11.3	-	-
42,612,256	1,147,504	43,759,760	9,999,745	23.5	203,435	17.7	10,203,180	23.3
1,114,812 2.6	2,186 0.2	1,116,998 2.6	123,325	11.1 (0.2)	4,054	185.5 0.3	127,379	11.4 (0.3)
41,497,444	1,145,318	42,642,762	9,876,420	23.8	199,381	17.4	10,075,801	23.6
1,185,870 2.8	(182,083) (15.9)	1,003,787 2.3	856,766	72.2 1.1	8,857	(4.9) 3.1	865,623	86.2 1.2
148,564 0.3	48,797 4.3	197,361 0.5	55,826	37.6 0.1	10,464	21.4 0.1	66,290	33.6 -
489,109 1.1	147,223 12.8	636,332 1.5	91,874	18.8 -	7,729	5.2 (1.3)	99,603	15.7 (0.1)
20,172 0.0	1,177 0.1	21,349 0.0	(3,811)	(18.9) -	307	26.1 -	(3,504)	(16.4) -
502,671 1.2	72,407 6.3	575,078 1.3	12,938	2.6 (0.2)	32,374	44.7 1.5	45,312	7.9 (0.2)
55,808 0.1	- 0.0	55,808 0.1	51,264	91.9 0.1	-	 -	51,264	91.9 0.1
974,888 2.3	(306,873) (26.7)	668,015 1.5	674,551	69.2 0.8	22,731	(7.4) 5.7	697,282	104.4 1.0
518,016 1.2	(306,873) (26.7)	211,143 0.5	560,547	108.2 0.9	22,731	(7.4) 5.7	583,278	276.2 1.0
6.29	(3.73)	2.57	6.82	108.4	0.28	(7.5)	7.08	275.5
82,300	82,300	82,300	-	-	-	-	-	-

6 Years at a Glance

	2011	2010	2009	2008	2007	2006
	----------------------------		(Rupees in thousand)			----------------------------
Operating Results						
Production volume (Nos.)						
- Motorcar	92,529	78,840	51,032	90,421	120,899	114,214
- Motorcycle	20,120	19,618	14,530	26,692	30,245	20,315
Sales volume (Nos.)						
- Motorcar	92,705	79,138	52,011	93,123	124,233	112,173
- Motorcycle	21,154	19,013	14,659	27,023	30,255	20,201
Sales revenue	52,718,563	42,642,762	26,234,061	39,669,730	50,844,632	48,203,084
Gross profit	1,869,410	1,003,787	569,299	588,053	4,760,232	5,693,710
Profit before taxation	1,365,297	668,015	427,843	992,176	4,281,263	5,152,044
Profit/(loss) after taxation	794,421	211,143	255,219	624,785	2,774,532	*3,353,851
Dividends (cash/bonus shares)	164,600	41,150	41,150	82,300	411,499	*270,222
Profit retained	629,821	169,993	214,069	542,485	2,363,033	3,353,851
*Includes bonus shares						
CAPITAL EMPLOYED						
Share capital	822,999	822,999	822,999	823,000	823,000	799,433
Reserves	13,629,414	13,459,414	13,244,414	12,694,414	10,332,053	6,973,570
Unappropriated profit	840,619	215,502	258,187	635,267	2,821,982	3,417,673
Shareholders' equity	15,293,032	14,497,915	14,325,600	14,152,681	13,977,035	11,190,676
Deferred liabilities	-	-	5,000	146,000	99,000	57,939
Current Liabilities	8,008,085	4,752,449	3,325,134	2,657,462	7,125,302	12,025,474
	23,301,117	19,250,364	17,655,734	16,956,143	21,201,337	23,274,089
Represented By:						
Fixed Assets	4,200,317	4,226,582	4,684,671	4,578,436	4,358,151	3,877,969
Other Non - Current Assets	515,806	710,650	543,430	570,095	436,458	270,759
Net Current Assets	18,584,994	14,313,132	12,427,633	11,807,612	16,215,508	18,982,670
	23,301,117	19,250,364	17,655,734	16,956,143	21,010,117	23,131,398
PROFITABILITY RATIOS						
Gross profit as a % of net sales	3.5	2.4	2.2	1.5	9.4	11.8
Profit before taxation as a % of net sales	2.6	1.6	1.6	2.5	8.4	10.7
Profit/(loss) after taxation as a % of net sales	1.5	0.5	1.0	1.6	5.5	7.0
Earning/(loss) per Share (Rs.)	9.7	2.6	3.1	7.6	33.7	41.4

	2011	2010	2009	2008	2007	2006
LIQUIDITY & LEVERAGE RATIOS						
Current ratio	2.32	3.01	3.74	4.44	2.28	1.58
Quick ratio	0.70	1.16	1.66	1.50	0.98	0.77
Liabilities as a % of total assets	34	25	19	17	34	52
Equity as a % of total assets	66	75	81	83	66	48
EFFICIENCY RATIOS						
Inventory turnover ratio	3.9	4.8	3.7	5.1	5.0	4.4
No. of days stock held	93	77	98	72	73	83
No. of days sales in trade debts	2.2	2.1	5.2	2.6	1.3	1.2
Total assets turnover ratio	2.3	2.2	1.5	2.3	2.4	2.1
Net worth turnover ratio	3.4	2.9	1.8	2.8	3.6	4.3
EQUITY RATIOS						
Breakup value per share (Rs.)	185.82	176.16	174.07	171.96	169.83	139.98
Cash Dividend as a % of capital	20	5	5	10	50	-
Stock Dividend as a % of capital	-	-	-	-	-	50
Dividend payout ratio (%)	21	19	16	13	15	8
Plough-back ratio (%)	79	81	84	87	85	92
OTHER DATA						
Permanent employees strength (Nos.)	1029	963	906	990	905	824
Number of shares	82,299,851	82,299,851	82,299,851	82,299,851	82,299,851	81,066,567

Pak Suzuki CSR Activities

Career Assistance Programe for Employees' Children.

Computer literacy courses for Employees' Children.

Free Medical Camp for the People of Pir Sarhandi Goth, Bin Qasim Situated near Company.

Fatimid Foundation Blood Donation Camp in the Company.

Pak Suzuki Employees Activities

Sports Activities of Company Employees

Training Sessions for Employees

Sports Activities of Company Employees

Training Sessions for Employees

Customer Care

Free Service Campaigns

Dealers' Development

Strategic Service Management training for dealers' service managers

Pak Suzuki conducted training for instructors of Vocational Training Institutes

Customer Relationship Officer (CRO) Skill Contest was conducted for dealers' CROs

Skill Contest was conducted for dealers' technicians

Chairman's Review

The industry for locally manufactured cars and light commercial vehicles witnessed a growth of 8% in sales volume.

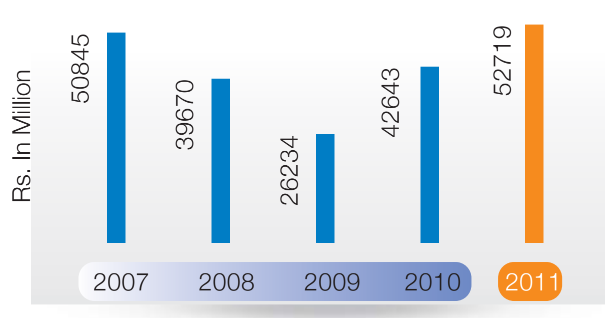
Industry

The signs of recovery which had started last year continued during the year. The industry for locally manufactured cars and light commercial vehicles witnessed a growth of 8% in sales volume. The industry sold 160,342 units during the year against 148,237 units last year. The industry is yet to recover to the level of 2007 when 200,782 units were sold. The organized market for motorcycles and three wheelers has improved by 12% over last year. During the year 866,327 units were sold against 776,432 units last year. The recovery in demand for automobiles is mainly attributed to the better economic indicators and increase in auto financing.

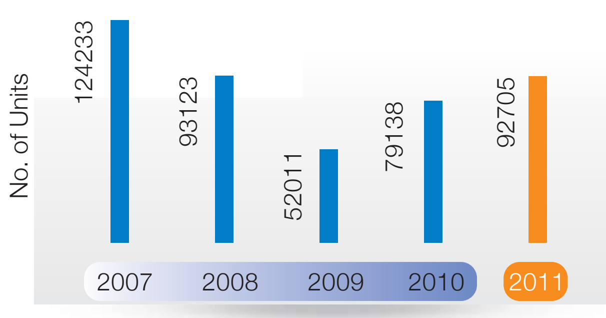
Operating Results of Company

The net sales revenues increased by 24% from Rs. 42.642 billion to Rs. 52.718 billion by selling 92,705 units of automobiles and 21,154 units of motorcycles against 79,138 units and 19,013 units sold respectively in last year. The growth in demand for automobiles was 17% and for motorcycles it was 11%. The production volume of automobile and motorcycles increased by 17% and 3% respectively. The production volume of automobile increased from 78,840 units to 92,529 units and that of motorcycles from 19,618 units to 20,120 units. Despite increase in production, 38% capacity of automobile plant remained un-utilized.

Sales Revenue



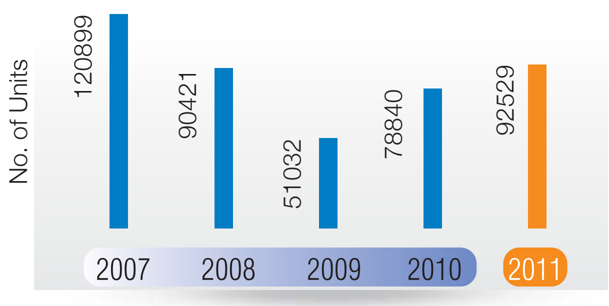
Sales Volume Motor Cars



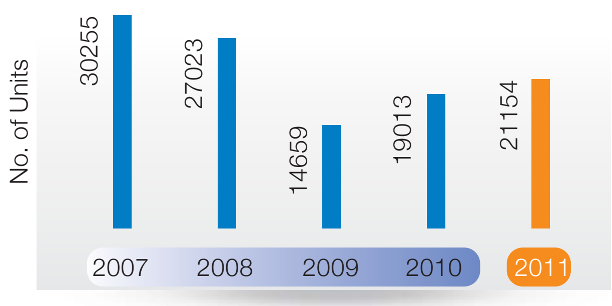
The net sales revenues increased by 24% from Rs. 42.642 billion to Rs. 52.718 billion by selling 92,705 units of automobiles and 21,154 units of motorcycles against 79,138 units and 19,013 units sold respectively in last year.

Gross profit margin improved from 2.3% to 3.5% and in absolute terms gross profit increased from Rs. 1,003.787 million to Rs. 1,869.410 million. Distribution expenses as a percentage of sales remained at 0.5% but in absolute terms increased from Rs. 197.361 million to Rs. 263.651 million. The increases arose in advertising, sales promotion, free service and transporting motorcycles to showrooms. Administration expenses as percentage of sales decreased from 1.5% to 1.4% but in absolute terms increased from Rs. 636.332 million to Rs. 735.935 million. The increase was mainly in salaries and travelling. Other operating income increased from Rs. 575.078 million to Rs. 620.390 million. The increase was mainly because of net exchange gain of Rs. 43.874 million in current year against net exchange loss Rs. 6.496 million reported in last year under finance cost. Finance cost decreased from Rs. 21.349 million to Rs. 17.845 million. The decrease was due to net exchange loss of Rs. 6.496 million in last year. Other operating expenses represent contributions to workers' profit participation fund, workers' welfare fund and donations. They increased from Rs. 55.808 million to Rs. 107.072 million. The increase was mainly due to 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. 1,365.297 million against Rs. 668.015 million last year. Higher profit attributed to higher sales volume and better margin. The expense for income tax increased from Rs. 456.872 million (68.39% of profit) to Rs. 570.876 million (41.81% of profit). The ratio of tax to profit in last year was higher due to application of minimum tax (i.e.1% of turnover). Net profit after tax amounted to Rs. 794.421 million compared to Rs. 211.143 million last year.

Production Volume Motor Cars



Sales Volume Motorcycles



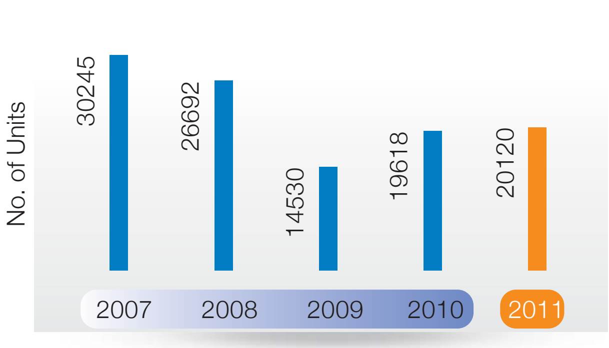
New motorcycle plant

The Company has set up new plant for motorcycles at Bin Qasim and production has started from July 2011. The negotiation with the potential buyer for disposing the old factory is in progress.

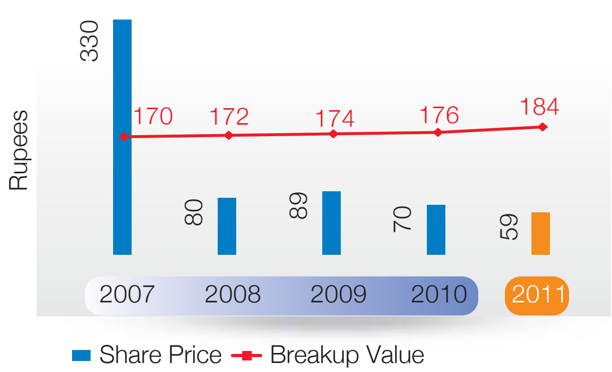
Marketing & Exports

The share of Pak Suzuki in the total domestic market increased from 53% to 58% which manifests continuous confidence of the customers in the Company's products. Strong dealers' network all

Production Volume Motor Cycles



Share Price Vs. Breakup Value



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.

The share of Pak Suzuki in the total domestic market increased from 53% to 58% which manifests continuous confidence of the customers in the Company s' products.

The Bank of Punjab has placed an order for providing 20,000 taxis. By December 2011, 6870 units were invoiced and the remaining units will be invoiced during 2012.

During the year two hundred and twenty five (225) units of Suzuki Ravi Pickup worth Rs. 74 million were exported to Bangladesh. Last year five hundred and fifty one units (551) of Suzuki Ravi Pickup and six units of Suzuki Liana aggregate worth Rs. 190 million were exported. Sheet metal parts of Suzuki Cultus worth Rs. 9 million were exported to Europe during the year against Rs. 8 million last year.

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.

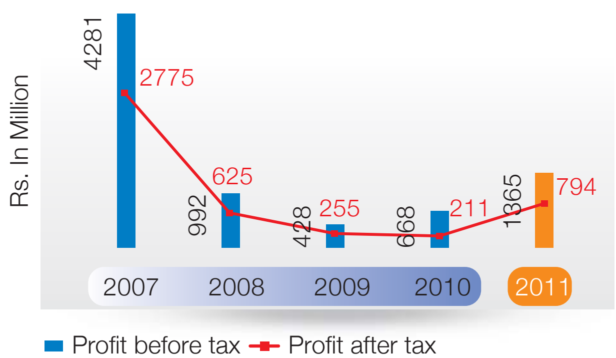
Human Resource

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) had been negotiated with the CBA in a congenial atmosphere. Human resource development remains one of the key objectives of the Company. Seventy eight employees were sent for training outside Company including seven employees sent for foreign training. Three hundred employees participated in in-house training sessions.

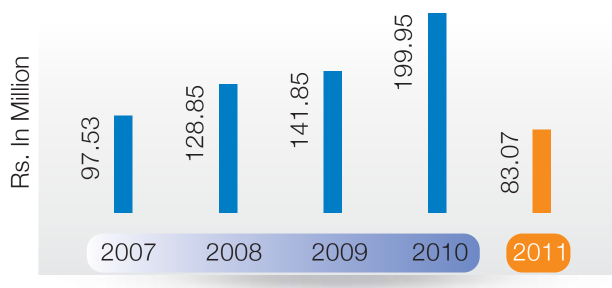
Economic Contribution

The Company has a distinctive position in the automobile industry as a leading contributor to the

Profit before tax and Profit after tax



Export Sales



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:

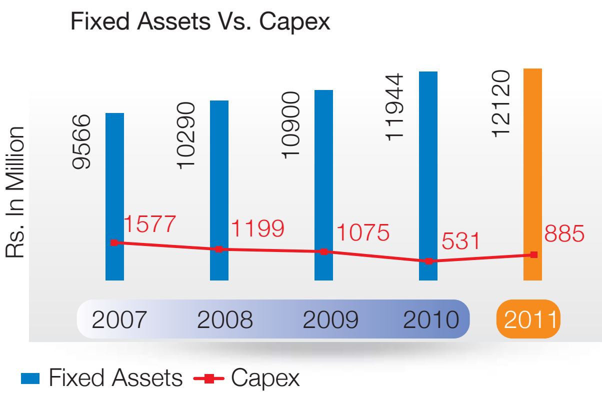
Year (Jan-Dec)	Duties & taxes	Foreign exchange Savings * (Rupees in billion)
2006	16.318	20.262
2007	16.838	23.770
2008	13.286	23.537
2009	8.461	14.503
2010	14.006	29.960
2011	17.012	39.390

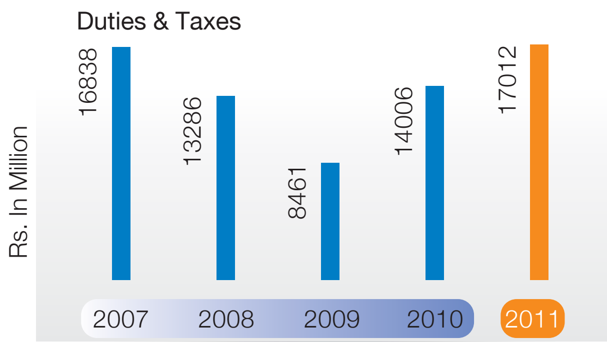
Duties and taxes paid by Company during the year represent 0.8% of total tax estimate forecast in the Federal Budget for the fiscal year 2011-2012.

*Converted into Pak Rupees at year end exchange rate.

Future Outlook & Conclusion

In December 2010 Government of Pakistan had relaxed the policy for import of used cars by increasing age limit of imported used cars from 3 years to 5 years. This is hurting the growth of local auto industry. Since relaxation nearly 30,000 vehicles were imported. This is equal to 20% of sales of locally manufactured cars.





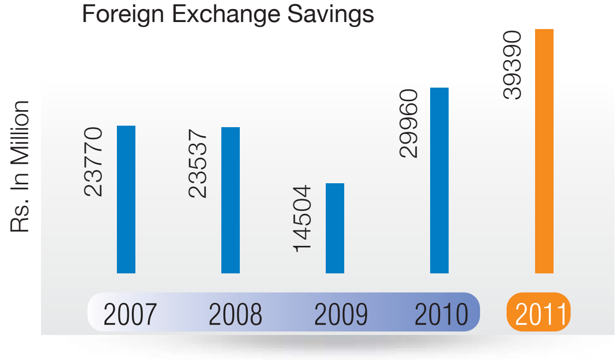
In December 2010 Government of Pakistan had relaxed the policy for import of used cars by increasing age limit of imported used cars from 3 years to 5 years. This is hurting the growth of local auto industry. Since relaxation nearly 30,000 vehicles were imported.

The recent ban on manufacture of CNG fitted vehicles and import of CNG kits and cylinders will initially have negative impact on demand of vehicles in the country. It is expected that after some time, the people will reconcile to the situation and sales will normalize.

The company has taken up the above issues with the Government directly and through Pakistan Automotive Manufacturers Association (PAMA). The Company is poised well to face these challenges and expects that the Government will revisit its policy framework to assist the industry for its continued growth.

The Governments of Pakistan and India are in talks for liberalizing the trade between the two countries and if import of CKD and auto parts is allowed, it will provide a much needed relief to the industry as the cost of imported parts from India will be cheaper as compared to far eastern countries due to lower prices and freight advantage. But import of CBU vehicles from India will remain a challenge.

Foreign Exchange Savings



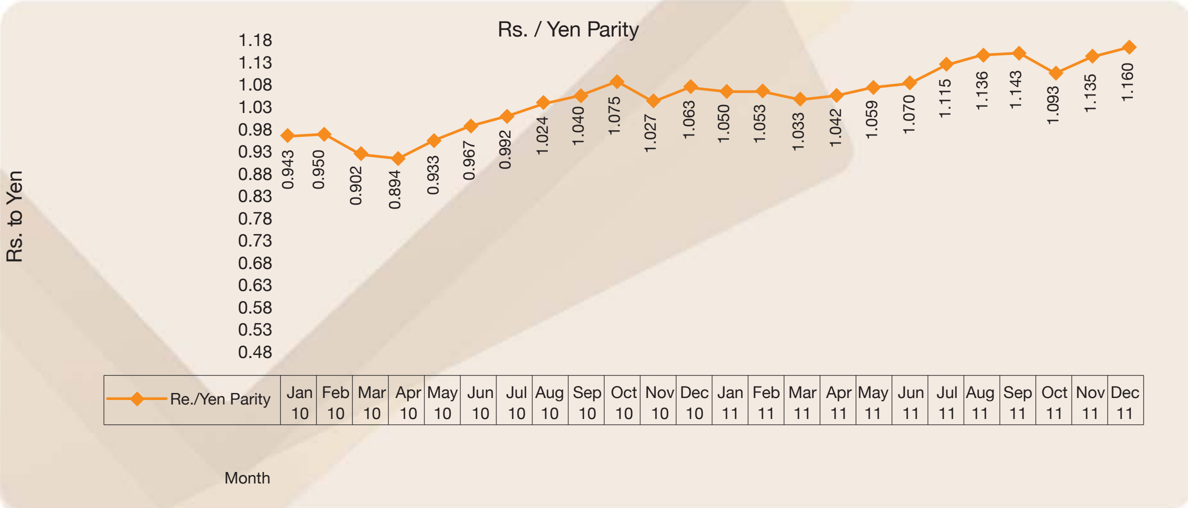
Pakistan auto industry is on the path of recovery after deep market recession in recent past. The industry has enormous potential for growth. In Pakistan motorization level is eight cars per thousand persons as compared to 12 in India, 21 in Indonesia and 30 in Egypt. I am optimistic that government 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.

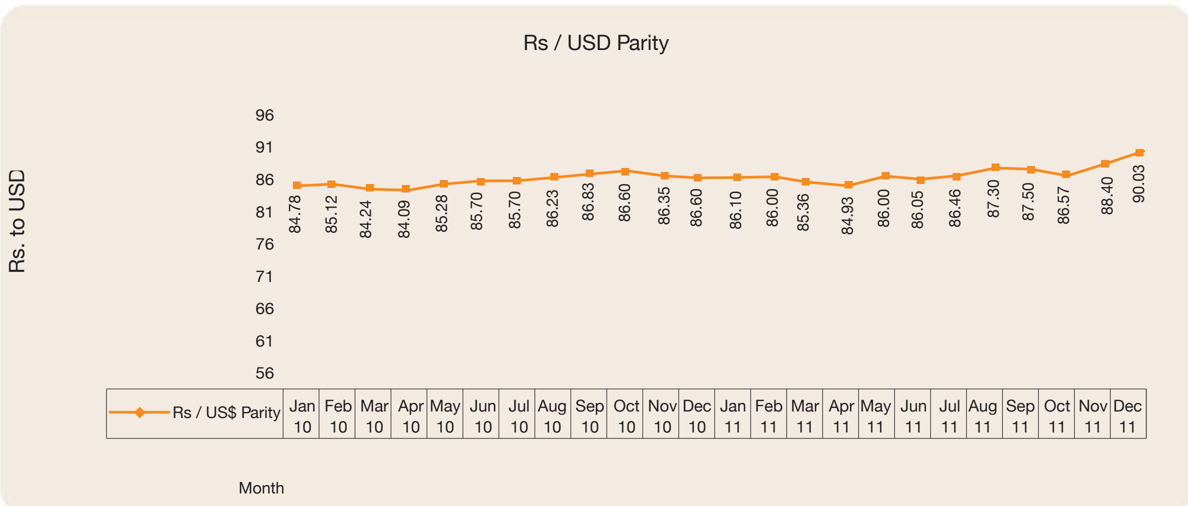
In conclusion, I on behalf of the Board and shareholders would like to express my appreciation to the management, executives, workers, dealers, vendor and Suzuki experts for their efforts and contribution to the affairs of the company. My sincere gratitude also goes out to all the government agencies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

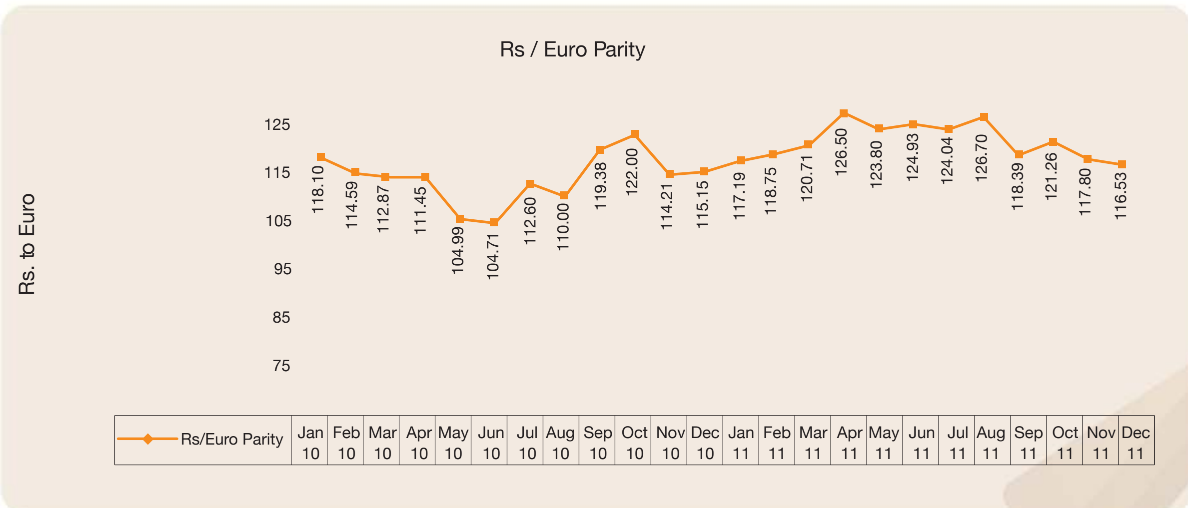
HIROFUMI NAGAO
Chairman & Chief Executive

Karachi. March 19, 2012.

Exchange rates movement







Rs / Euro Parity
Rs. to Euro
125
115
105
95
85
75
118.10
114.59
112.87
111.45
104.99
104.71
112.60
110.00
119.38
122.00
114.21
115.15
117.19
118.75
120.71
126.50
123.80
124.93
124.04
126.70
118.39
121.26
117.80
116.53
Rs/Euro Parity
Jan 10
Feb 10
Mar 10
Apr 10
May 10
Jun 10
Jul 10
Aug 10
Sep 10
Oct 10
Nov 10
Dec 10
Jan 11
Feb 11
Mar 11
Apr 11
May 11
Jun 11
Jul 11
Aug 11
Sep 11
Oct 11
Nov 11
Dec 11

Directors' Report

Company earned profit before tax **Rs. 1,365.297 million** against **Rs. 668.015 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, 2011

2. **Accounts**

	(Rs in 000)
Profit before taxation	1,365,297
Taxation	570,876
Profit after taxation	794,421
Retained earnings of prior years	2,030
Net Profit available for appropriation	796,451
Less: Appropriations	
Transfer to General Reserve	630,000
Proposed Cash Dividend @ 20 %	164,600
	794,600
Retained earnings carried forward	1,851

3. **Earnings Per Share**
   The earnings per share for the year is Rs. 9.65.

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 86.

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.

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.

On February 1st 2012, the election of directors were held. All the directors were reelected unopposed.

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- The system of internal controls is sound in design and is continuously reviewed by internal audit and other monitoring procedures. The process of review will continue as ongoing 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 23 to the annexed audited financial statements.

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

	Dec 11	Dec 10
Provident Fund	441.641 million	388.619 million
Gratuity Fund	260.011 million	236.041 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	5
Mr. Hidekazu Terada	5
Mr. Jamil Ahmed	5
Mr. Kenichi Ayukawa	5
Mr. Mumtaz Ahmed Sheikh	5
Mr. Wazir Ali Khoja	2

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

8. Election of Directors

On February 1st 2012, the election of directors was held. All the directors were reelected unopposed.

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.

Company had conducted two days free medical camp for the people of Pir Sarhandi Goth, Bin Qasim situated near Company. Company's doctor attended the patients and free medicines were provided.

Corporate Social Responsibility (CSR):

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.

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.

Company had conducted two days free medical camp for the people of Pir Sarhandi Goth, Bin Qasim situated near Company. Company's doctor attended the patients and free medicines were provided.

Fatimid Foundation held their blood donation camps in the Company twice during the year. Many employees vehemently donated their blood.

Computer literacy courses were conducted to impart skill to the children of employees. During the year 102 students attended the classes. On the completion of training certificates were awarded.

Computer literacy courses were conducted to impart skill to the children of employees. During the year 102 students attended the classes. On the completion of training certificates were awarded.

Quality, Environment, Health & Safety Management Systems:

Consistent quality of products is prime objective of the Company. 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 of 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 19, 2012

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.

Dealer’s Showroom

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

For the year ended December 31, 2011

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 March 19, 2012.

Notice of Meeting

Notice is hereby given that the 29th 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 23, 2012 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS

1- To confirm minutes of Extra-Ordinary General Meeting held on February 1, 2012.

2- To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2011, together with Directors' and Auditors' reports thereon.

3- To approve payment of cash dividend @ 20% i.e. Rs. 2 per share of Rs. 10/- each.

4- To appoint Auditors and fix their remuneration for the year ending December 31, 2012.

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

BY ORDER OF THE BOARD

ABDUL HAMID BHOMBAL
COMPANY SECRETARY

Karachi: March 26, 2012

Notes:

1- The share transfer books of the Company will remain closed from April 17, 2012 to April 23, 2012 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business on April 16, 2012 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 Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

Financial Statements

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

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 2011.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

March 19, 2012 Karachi

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

Auditors' Report to the Members

We have audited the annexed balance sheet of Pak Suzuki Motor Company Limited (the Company) as at 31 December 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 to the financial statements, with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2011 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.

Ernst + Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

March 19, 2012 Karachi

Balance Sheet
As at December 31, 2011

	Note	2011	2010
		(Rs 000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	4,200,317	4,226,582
Intangible assets	4	303,777	505,760
		4,504,094	4,732,342
Long-term investments	5	4,190	5,413
Long-term loans	6	1,523	1,114
Long-term deposits and prepayments	7	20,487	28,499
Long-term installment sales receivables	8	185,829	169,864
Deferred taxation	9	-	-
		4,716,123	4,937,232
CURRENT ASSETS			
Stores, spares and loose tools	10	64,467	63,916
Stock-in-trade	11	12,922,396	8,748,031
Trade debts	12	322,677	240,719
Current portion of long-term installment sales receivables	8	303,951	251,254
Loans, advances and others	13	216,586	134,963
Trade deposits and short-term prepayments	14	83,271	43,466
Accrued mark-up income		6,145	8,652
Other receivables	15	139,948	107,779
Sales tax and excise duty adjustable		1,023,399	389,453
Income tax refundable - net		2,362,674	1,407,713
Cash and bank balances	16	1,139,480	2,917,186
		18,584,994	14,313,132
TOTAL ASSETS		23,301,117	19,250,364

Balance Sheet

As at December 31, 2011

	Note	2011	2010
		(Rs 000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 (2010: 150,000,000) ordinary shares of Rs.10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up share capital	17	822,999	822,999
Reserves		14,470,033	13,674,916
		15,293,032	14,497,915
CURRENT LIABILITIES			
Trade and other payables	18	3,211,174	3,080,351
Advances from customers	19	3,065,406	327,031
Short-term borrowing	20	75,000	50,000
Deposits against display of vehicles	21	1,436,833	1,067,839
Security deposits	22	81,197	88,753
Provision for custom duties and sales tax	23	138,475	138,475
		8,008,085	4,752,449
CONTINGENCIES AND COMMITMENTS	24	-	-
TOTAL EQUITY AND LIABILITIES		23,301,117	19,250,364

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, 2011

	Note	2011	2010
		(Rs 000)	
Turnover - net	25	52,718,563	42,642,762
Cost of sales	26	(50,849,153)	(41,638,975)
Gross profit		1,869,410	1,003,787
Distribution costs	27	(263,651)	(197,361)
Administrative expenses	28	(735,935)	(636,332)
Other operating income	29	620,390	575,078
Finance costs	30	(17,845)	(21,349)
Other operating expenses	31	(107,072)	(55,808)
		(504,113)	(335,772)
Profit before taxation		1,365,297	668,015
Taxation	32	570,876	456,872
Profit after taxation		794,421	211,143
		------- (Rupees) -------	
Earnings per share - basic and diluted	33	9.65	2.57

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, 2011

	2011	2010
	(Rs 000)	
Net profit for the year	794,421	211,143
Other comprehensive income		
Unrealised gain on derivative financial instrument - net of tax	41,847	2,322
Total comprehensive income for the year	836,268	213,465

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, 2011

	Note	2011	2010
		(Rs 000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	255,178	948,561
Finance costs paid		(17,866)	(16,566)
Taxes paid		(1,525,837)	(1,089,496)
Long-term loans		(409)	2,048
Long-term deposits and prepayments		8,012	6,110
Long-term installment sales receivables		(15,965)	(16,386)
Net cash used in operating activities		(1,296,887)	(165,729)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(885,490)	(530,597)
Acquisition of intangible assets		(46,447)	(368,319)
Proceeds from sale of fixed assets		104,010	29,811
Mark-up received on bank balances		388,458	447,459
Net cash used in investing activities		(439,469)	(421,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(41,350)	(41,060)
Net decrease in cash and cash equivalents		(1,777,706)	(628,435)
Cash and cash equivalents at beginning of the year		2,917,186	3,545,621
Cash and cash equivalents at end of the year	15	1,139,480	2,917,186

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, 2011

		Reserves					
		Capital reserves		Revenue reserves			
	Share Capital	Share premium	Merger reserve	General	Unappro-priated profit	Total reserves	Total
	(Rs '000)						
Balance as at January 01, 2010	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
Cash dividend of Re. 0.5 per share	-	-	-	-	(41,151)	(41,151)	(41,151)
Transferred to general reserve	-	-	-	170,000	(170,000)	-	-
Net profit for the year	-	-	-	-	794,421	794,421	794,421
Other comprehensive income	-	-	-	-	41,847	41,847	41,847
Total comprehensive income for the year	-	-	-	-	836,268	836,268	836,268
Balance as at December 31, 2011	822,999	584,002	260,594	12,784,818	840,619	14,470,033	15,293,032

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, 2011

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 judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgments, estimates and assumption 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, 10 & 11)
- Employees gratuity scheme (note 2.15 and 13.2)
- 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, 2011

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 1 -	Presentation of Financial Statements - Presentation of items of comprehensive income	01 July 2012
IAS 12 -	Income Taxes (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 19 -	Employee Benefits - (Amendments)	01 January 2013

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application other than the amendments to IAS-19 ' Employee Benefits'. Such amendments range from fundamental changes to simple clarifications and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Company is currently assessing the impact of the above amendments which are effective from 1 January 2013 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 2.15 to the financial statements.

In addition to the above, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 7	- Financial Instruments : Disclosures - (Amendments)	01 July 2011
	- Amendments enhancing disclosures about transfers of financial assets	
	- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	- Consolidated Financial Statements	01 January 2013
IFRS 11	- Joint Arrangements	01 January 2013
IFRS 12	- Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	- Fair Value Measurement	01 January 2013

2.5 Standards or interpretations effective in 2011

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following revised and amended IFRSs and related interpretations which became effective during the year:

IAS 24 - Related Party Disclosure (Revised)

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment) Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In May 2010, the IASB issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 3 - Business Combinations
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests
- Un-replaced and voluntarily replaced share-based payment awards

IFRS 7 - Financial Instruments: Disclosures
- Clarification of disclosures

IAS 1 - Presentation of Financial Statements
- Clarification of Statements of changes in equity

IAS 27 - Consolidated and Separate Financial Statements
- Transition requirements for amendments made as a result of revision in IAS 27 "Consolidated and Separate Financial Statements"

IAS 34 - Interim Financial Reporting
- Significant events and transactions

IFRIC 13 - Customer Loyalty Programmes
- Fair value of award credits

The adaptation of the above standards, amendments, improvements and interpretations did not have any material effect on these financial statements.

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.

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 of.

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 is 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.

Notes to the Financial Statements

For the year ended December 31, 2011

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.

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.

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.

Notes to the Financial Statements

For the year ended December 31, 2011

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.

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.

Notes to the Financial Statements

For the year ended December 31, 2011

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.

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.

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.

Notes to the Financial Statements

For the year ended December 31, 2011

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.

2.24 Functional and presentation currency

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

	Note	2011	2010
		(Rs 000)	
3 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	3,540,365	3,954,439
Capital work-in-progress	3.7	659,952	272,143
		4,200,317	4,226,582

Notes to the Financial Statements

For the year ended December 31, 2011

3.1 Operating fixed assets

	Note	Cost as at January 01, 2011	Additions / (deletions)	Cost as at December 31, 2011	Accumulated depreciation as at January 01, 2011	Charge for the year / (depreciation on deletions)	Accumulated depreciation as at December 31, 2011	Book value as at December 31, 2011	Years / Rate %
					(Rs 000)				
Leasehold land		646,070	17,317	663,387	55,698	10,910	66,608	596,779	60 & 62.75 years
Freehold land		373,223	-	373,223	-	-	-	373,223	-
Leasehold improvements		35,414	-	35,414	33,941	368	34,309	1,105	Lease term
Buildings on leasehold land	3.4 & 3.5								
- Factory		1,139,241	111,147 (18,659)	1,231,729	726,208	50,065 (18,659)	757,614	474,115	10 & 20
- Office		4,595	-	4,595	2,365	446	2,811	1,784	20
- Test Tracks and other buildings		13,503	-	13,503	11,995	302	12,297	1,206	20
Plant and machinery	3.4 & 3.5	5,994,457	202,494 (133,466)	6,063,485	4,288,763	459,043 (125,831)	4,621,975	1,441,510	8 years
Welding guns		247,051	10,474	257,525	219,969	20,283	240,252	17,273	4 years
Waste water treatment plant		134,176	- (13,954)	120,222	98,268	7,872 (8,048)	98,092	22,130	8 years
Permanent and special tools		366,681	14,173	380,854	339,224	20,971	360,195	20,659	4 years
Dies	3.6	1,539,034	4,922 (20,509)	1,523,447	1,289,694	122,529 (20,156)	1,392,067	131,380	4-6 years
Jigs and fixtures		433,131	791 (332)	433,590	410,138	11,266 (288)	421,116	12,474	4-6 years
Electrical installations	3.4 & 3.5	151,565	47,590 (3,585)	195,570	104,914	17,723 (3,585)	119,052	76,518	8 years
Furniture and fittings		14,870	1,033 (1,450)	14,453	9,620	1,087 (1,257)	9,450	5,003	20
Vehicles		637,506	55,346 (114,866)	577,986	230,436	82,414 (42,616)	270,234	307,752	20
Air conditioners and Refrigerators		19,303	975 (855)	19,423	14,198	1,111 (645)	14,664	4,759	20
Office equipments		76,059	5,137 (4,146)	77,050	47,546	5,852 (2,369)	51,029	26,021	20
Computers		118,412	26,282 (180)	144,514	106,875	11,137 (172)	117,840	26,674	50
2011		11,944,291	497,681 (312,002)	12,129,970	7,989,852	823,379 (223,626)	8,589,605	3,540,365	

Notes to the Financial Statements
For the year ended December 31, 2011

	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 (178)	55,698	590,372	60 & 62.75 years
Freehold land		373,223	-	373,223	-	-	-	373,223	-
Leasehold improvements		39,637	(4,223)	35,414	34,797	645 (1,501)	33,941	1,473	Lease 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 (41,967)	5,994,457	3,844,894	482,829 (38,960)	4,288,763	1,705,694	8 years
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 (193)	366,681	287,286	52,046 (108)	339,224	27,457	4 years
Dies	3.6	1,353,396	186,369 (731)	1,539,034	1,133,835	156,581 (722)	1,289,694	249,340	4-6 years
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 (2,864)	14,870	10,527	1,300 (2,207)	9,620	5,250	20
Vehicles		510,940	173,840 (47,274)	637,506	162,832	89,317 (21,713)	230,436	407,070	20
Air conditioners and Refrigerators		18,043	1,391 (131)	19,303	13,228	1,075 (105)	14,198	5,105	20
Office equipments		73,997	5,847 (3,785)	76,059	43,251	6,736 (2,441)	47,546	28,513	20
Computers		117,889	4,541 (4,018)	118,412	101,141	9,491 (3,757)	106,875	11,537	50
2010		10,899,732	1,150,401 (105,842)	11,944,291	7,107,008	954,536 (71,692)	7,989,852	3,954,439	

	Note	2011	2010
		(Rs 000)	

3.2 Depreciation charge for the year has been allocated as under:

	Note	2011	2010
Cost of goods manufactured	26.1	718,661	843,838
Administrative expenses	28	104,718	110,698
		823,379	954,536

Notes to the Financial Statements

For the year ended December 31, 2011

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

	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
			Rs 000				
Plant and machinery	28,078	20,808	7,270	2,372	(4,898)	Auction	Outsider
Vehicles							
Suzuki Vehicles (161 Vehicles)	99,751	37,858	61,893	77,120	15,227	Company policy	Company Employees
Suzuki Vehicles (1 Vehicle)	1,093	91	1,002	1,002	-	Charged to local development	
Suzuki Vehicles (24 Vehicles)	12,814	3,894	8,920	13,087	4,167	Insurance claim	EFU
Office equipment							
Diesel generator	984	203	781	226	(555)	Auction	Outsider
Automatic Voltage Regulator	1,774	1,037	737	473	(264)	Auction	Outsider
Dies							
Moulds	3,009	2,741	268	943	675	Auction	Outsider
Waste Water Treatment Plant							
Equipment of affluent treatment plant	13,853	7,991	5,862	4,983	(879)	Auction	Outsider
Aggregate value of items where book value is less than Rs. 50,000							
Electric Installations ,Building, Plant & Machinery at West Wharf Plot	49,340	49,340	-	-	-		
Others	101,306	99,663	1,643	3,804	2,161		
2011	312,002	223,626	88,376	104,010	15,634		
2010	105,842	71,692	34,150	29,811	(4,339)		

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 Sindh Engineering (Private) Limited and Republic Motors (Private) Limited respectively, both subsidiary companies of PACO. Despite persistent efforts, KPT had 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 during the year, the High Court of Sindh has dismissed the petition vide its order dated February 22, 2011. The Company did not file appeal before the Honorable Supreme Court.

3.5 The immovable assets lying at West Wharf had been impaired by the action of KPT as explained in note 3.4 above. Such assets were included in buildings, electric installations and immovable plant. The book value of these assets as on June 30, 1998 was Rs. 14.604 million (Cost Rs.49.340 million and accumulated depreciation Rs 34.736 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.During the year the cost and the accumulated depreciation of the relevant assets have been deleted from the books. This did not have any impact on the profit and loss account for the year because the book value had already been written off in books.

Notes to the Financial Statements
For the year ended December 31, 2011

3.6 Certain dies of book value Rs. Nil (2010: Rs. 0.127 million) were lying with vendor for production of components to be supplied to the Company.

	2011	2010
	(Rs 000)	
3.7 Capital work-in-progress		
Plant and machinery	656,426	243,765
Civil works	3,526	4,365
Advance for capital expenditure	-	24,013
	659,952	272,143
3.7.1 Movement in capital work-in-progress		
Opening balance	272,143	891,947
Additions during the year	885,827	344,784
Transferred to operating fixed assets	(466,919)	(964,588)
Transferred to intangible assets	(31,099)	-
Closing balance	659,952	272,143

4 INTANGIBLE ASSETS

	Cost as at January 01, 2011	Additions (deletions) / (transfers)*	Cost as at December 31, 2011	Accumulated amortization as at January 01, 2011	Charge for the year	Accumulated amortization as at December 31, 2011	Book value as at December 31, 2011	Years
	(Rs 000)							
License fees and drawings	847,490	39,559 *(36,732)	850,317	391,286	161,354	552,640	297,677	3
Software	148,668	6,888	155,556	99,112	50,344	149,456	6,100	3
2 0 1 1	996,158	46,447 *(36,732)	1,005,873	490,398	211,698	702,096	303,777	

	Cost as at January 01, 2010	Additions (deletions) / (transfers)*	Cost as at December 31, 2010	Accumulated amortization as at January 01, 2010	Charge for the year / (amortization on deletions)	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	

Notes to the Financial Statements

For the year ended December 31, 2011

4.1 During the year, no amortisation has been charged on intangible assets amounting to Rs. 145.969 million (2010: Rs. 143.142 million) as the assets have not yet been available for use.

	Note	2011	2010
		(Rs 000)	
4.2 Amortisation charge has been allocated as under:			
Cost of goods manufactured	26.1	161,354	160,735
Administrative expenses	28	50,344	49,556
		211,698	210,291
5 LONG-TERM INVESTMENTS			
Available for sale – unquoted			
Arabian Sea Country Club Limited			
500,000 (2010: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
Equity held 6.45% (2010: 6.45%)			
Value based on net assets as at June 30, 2011 Rs. 3.95 million (2010: Rs. 5.569 million)			
Provision for impairment in the value of investments		(1,050)	(1,074)
Reversal of provision for impairment in the value of investments		-	1,074
		(1,050)	-
		3,950	5,000
Automotive Testing & Training Centre (Pvt.) Limited			
125,000 (2010: 125,000) fully paid ordinary shares of Rs. 10/- each		1,250	1,250
Equity held 6.94% (2010: 6.94%)			
Value based on net assets as at June 30, 2011 Rs. 0.239 million			
Provision for impairment in the value of investments		(1,010)	(837)
		240	413
		4,190	5,413
6 LONG-TERM LOANS – secured, considered good			
Loans to employees		3,171	3,125
Loans to executives	6.1, 6.2	304	578
	6.3	3,475	3,703
Less: Receivable within one year	12	1,952	2,589
		1,523	1,114

		2011	2010
		(Rs 000)	
6 .1	Movement of loans to executives		
	Opening balance	578	1,322
	Disbursement during the year	271	163
	Repayment during the year	(545)	(907)
		304	578

6.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.766 million (2010: Rs. 1.262 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	2011	2010
			(Rs 000)	
7	LONG-TERM DEPOSITS AND PREPAYMENTS			
	Deposits		19,082	21,907
	Prepayments		1,405	6,592
			20,487	28,499
8	LONG-TERM INSTALLMENT SALES RECEIVABLES – secured			
	Installment sales receivables	8.4 & 8.5	612,680	545,771
	Less: Unearned finance income		(100,976)	(93,382)
			511,704	452,389
	Less: Provision for doubtful receivables	8.3	(21,924)	(31,271)
			489,780	421,118
	Less: Current maturity		(303,951)	(251,254)
			185,829	169,864

8.1

	Note	Gross amount of installment sales receivables 2011	Gross amount of installment sales receivables 2010	Present value of installment sales receivables 2011	Present value of installment sales receivables 2010
		(Rs 000)			
Less than one year		378,835	317,040	303,951	251,254
One to five year		233,845	228,731	207,753	201,135
	8.2	612,680	545,771	511,704	452,389
Less: Provision for doubtful receivables		(21,924)	(31,271)	(21,924)	(31,271)
		590,756	514,500	489,780	421,118

8.2 Includes an overdue portion of installment sales receivables of Rs. 9.021 million (2010: Rs. 20.482 million).

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

	Note	2011	2010
		(Rs 000)	
Balance at beginning of the year		31,271	28,733
Provision made during the year	28	4,684	2,538
Written off during the year		(14,031)	-
		21,924	31,271

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

8.5 Mark-up on installment sales receivables ranges from 14% to 28% (2010: 14% to 28%) per annum.

9. DEFERRED TAXATION

	Note	2011	2010
		(Rs 000)	
Deferred taxation comprise of:			
Difference between accounting and tax depreciation		87,500	149,000
Provisions		(100,000)	(93,000)
Unamortised local development costs		(26,000)	(11,000)
Difference between turnover tax and taxable income		(154,500)	(176,000)
Others		-	1,000
		(193,000)	(130,000)

Net deferred tax asset has not been recognized in the current year amounting to Rs. 193 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.

10. STORES, SPARES AND LOOSE TOOLS

	Note	2011	2010
		(Rs 000)	
Stores		30,466	23,909
Spares		47,700	59,025
Loose tools		23,753	25,015
		101,919	107,949
Less: (Reversal) / provision for slow moving and obsolete items			
- at beginning of the year		44,033	38,298
- for the year	26.1	(6,581)	5,735
		37,452	44,033
		64,467	63,916

	2011	2010
	(Rs 000)	
11 STOCK-IN-TRADE		
Raw material and components [including items in transit Rs. 4,741.210 million (2010: Rs. 4,462.260 million)]	10,341,524	6,598,895
Less: (Reversal) / provision for slow moving and obsolete items		
- at beginning of the year	25,804	20,856
- for the year	(363)	4,948
	25,441	25,804
	10,316,083	6,573,091
Work-in-process	49,836	30,274
Finished goods	2,297,158	1,885,813
Trading stocks [including items in transit Rs. 17.059 million (2010: Rs. 13.091 million)]	305,382	307,910
Less: (Reversal) / provision for slow moving and obsolete items		
- at beginning of the year	49,057	39,282
- for the year	(2,994)	9,775
	46,063	49,057
	259,319	258,853
	12,922,396	8,748,031

11.1 Of the aggregate amount, stocks worth Rs. 2,040 million (2010: Rs. 1,625 million) were in the custody of dealers and vendors.

11.2 Raw material and components, work-in-process and finished goods have been written down by Rs. 158.435 million, Rs. 0.492 million and Rs. 63.830 million (2010: Rs. 210.379 million, Rs. 0.638 million, Rs. 53.652 million) respectively to arrive at net realizable value.

	Note	2011	2010
		(Rs 000)	
12 TRADE DEBTS – unsecured			
Considered good			
- Due from Government agencies		125,960	25,774
- Others	12.3	196,717	214,945
		322,677	240,719
Considered doubtful	12.2	15,304	16,501
Less: Provision for doubtful debts		(15,304)	(16,501)
		-	-
		322,677	240,719

Notes to the Financial Statements

For the year ended December 31, 2011

		Note	2011	2010
			(Rs 000)	
12.1	The ageing of trade debts at December 31 is as follows			
	Neither past due nor impaired		322,677	219,324
	Past due but not impaired		-	21,395
	Past due and impaired		15,304	16,501
			337,981	257,220
12.2	Reconciliation of provision for impairment of trade debts			
	Balance at the beginning of the year		16,501	2,706
	(Reversal) / provision for the year	28	(1,197)	13,795
	Balance at the end of the year		15,304	16,501

12.3 Includes Rs. 1.066 million (2010: Rs. 1.148 million) due from Magyar Suzuki Corporation, Hungary - a related party.

		Note	2011	2010
			(Rs 000)	
13.	LOANS, ADVANCES AND OTHERS			
	Loans – secured, considered good,			
	Current portion of loans to employees		1,648	2,152
	Current portion of loans to executives		304	437
		6	1,952	2,589
	Advances - unsecured			
	Considered good			
	- Suppliers / vendors	13.1	210,227	129,499
	- Employees		2,180	22
			212,407	129,521
	Considered doubtful		18,390	16,912
	Less: Provision for doubtful advances		(18,390)	(16,912)
			-	-
			212,407	129,521
	Others			
	- Gratuity fund	13.2.1	1,335	2,849
	- Provident fund		892	4
			2,227	2,853
			216,586	134,963

Notes to the Financial Statements

For the year ended December 31, 2011

13.1 Includes advances to vendors of Rs. 74.873 million (2010: Rs. 16.093 million), which carry mark-up ranging from 12% - 14.52% (2010: 12% - 13.4%) per annum.

13.2 Employees gratuity fund

The latest actuarial valuation was carried out as at December 31, 2011 using the Projected Unit Credit Method, according to which present value of gratuity obligation and fair value of plan assets were Rs. 223.112 million and Rs. 260.011 million respectively.

	2011	2010
	(Rs 000)	
13.2.1 Amount recognised in the balance sheet		
Present value of defined benefit obligation	(223,112)	(181,436)
Fair value of plan assets	260,011	236,041
Un-recognised actuarial gains	(35,564)	(51,756)
	1,335	2,849
13.2.2 Expense recognised in the profit and loss account		
Current service cost	12,726	11,072
Interest cost	23,587	20,278
Expected return on plan assets	(30,686)	(28,013)
Actuarial gain	(2,816)	(3,137)
	2,811	200
13.2.3 Movement asset recognised in the balance sheet		
Opening balance – asset	2,849	9,737
(Expense) / income recognised in the financial statements	(2,811)	(200)
Contribution made by the Company during the year	8,497	14,662
Payment made to the Company from the fund	(7,200)	(21,350)
	1,335	2,849
13.2.4 Movement in present value of defined benefit obligation		
Opening balance – Present value of defined benefit obligation	181,436	168,985
Current service cost for the year	12,726	11,072
Interest cost for the year	23,587	20,278
Benefit paid during the year	(8,497)	(14,662)
Actuarial loss/(gain) on present value of defined benefit obligation	13,860	(4,237)
	223,112	181,436

Notes to the Financial Statements

For the year ended December 31, 2011

13.2.5 Movement in fair value of plan assets

	2011 (Rs 000)	2010 (Rs 000)
Opening balance – Fair value of plan assets	236,041	233,441
Expected return on plan assets	30,686	28,013
Contribution during the year	8,497	14,662
Benefit paid during the year	(8,497)	(14,662)
Payment made to the Company from the fund during the year	(7,200)	(21,350)
Actuarial gain / (loss) on plan assets	484	(4,063)
	260,011	236,041

13.2.6 Principal actuarial assumptions used are as follows

	2011	2010
Valuation discount rate	12.5% per annum	13% per annum
Expected rate of eligible salaries increase in future years	12.5% per annum	13% per annum
Expected rate of return on plan assets	12.5% per annum	12% per annum

13.2.7 Actual return on plan assets

	2011	2010
Expected return on plan assets	30,686	28,013
Actuarial gain / (loss) on plan assets	484	(4,063)
Actual return on plan assets	31,170	23,950

13.2.8 Comparison for past years

As at December 31	2011	2010	2009 (Rs 000)	2008	2007
Present value of defined benefit obligation	223,112	181,436	168,986	137,380	144,140
Fair value of plan assets	260,011	236,041	233,441	216,158	212,792
Surplus	(36,899)	(54,605)	(64,455)	(78,778)	(68,652)
Experience adjustment on plan liabilities	13,860	(4,237)	14,992	(11,379)	3,843
Experience adjustment on plan assets	484	(4,063)	3,859	(1,091)	25,583
	14,344	(8,300)	18,851	(12,470)	29,426

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

	2011 (Rs 000)	2010 (Rs 000)
Defence Saving Certificates (included accrued interest less Zakat)	187,085	170,575
Mutual Funds (Income based)	-	3,880
Term Deposit Receipts'	65,914	60,537
Cash at bank	7,012	1,049
	260,011	236,041

Notes to the Financial Statements

For the year ended December 31, 2011

	Note	2011	2010
		(Rs 000)	
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		15,755	10,040
Prepayments:			
Collector of Customs		26,222	503
Others		41,294	32,923
		67,516	33,426
		83,271	43,466
15. OTHER RECEIVABLES - considered good			
Due from SMC	15.1	77,788	65,421
Due from vendors for material / components returned		10,325	14,753
Unrealised gain on derivative financial instrument		41,847	2,322
Duty drawback		2,164	19,166
Others		7,824	6,117
		139,948	107,779

15.1 The maximum aggregate amount due from the holding company at the end of any month during the year was Rs. 94.111 million (2010: Rs. 72.278 million).

	Note	2011	2010
		(Rs 000)	
16. CASH AND BANK BALANCES			
Cash in hand		9,147	7,846
Cheques in hand	16.1	506,273	-
Cash at bank:			
on deposit	16.2	234,061	2,501,684
in a special deposit account	16.3	89,253	88,753
in current accounts		300,746	318,903
		624,060	2,909,340
		1,139,480	2,917,186

16.1 Represents cheques that were received in last two days but could not be deposited due to closure of banks on weekend. These were deposited in next working day on January 2012.

16.2 The mark-up on funds placed on deposit accounts ranges from 5% to 12.75% (2010: 5% to 12%) per annum.

Notes to the Financial Statements
For the year ended December 31, 2011

16.3 A special account is maintained in respect of security deposits (note 22) in accordance with the requirements of Section 226 of the Companies Ordinance, 1984.

17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each

2011	2010		2011	2010
(Number of shares)			(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

17.1 SMC held 60,154,091 (2010: 60,154,091) ordinary shares of Rs. 10/- each, constituting 73.09% (2010: 73.09%) holding in the Company.

18. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rs 000)	
Creditors		779,632	673,289
Bills payable		1,116,686	1,415,874
Accrued liabilities	18.1	345,742	232,972
Royalties and technical fee payable to SMC		563,717	433,637
Mark-up on waiting for delivery of vehicles		3,720	13,661
Dealers' commission	19	219,206	151,871
Provision for unexpired warranty period		35,018	24,962
Workers' profit participation fund	18.2	3,525	3,979
Workers' welfare fund	18.3	32,415	15,000
Retention money		5,220	9,157
Unclaimed dividend		4,909	5,108
Deposits from employees against purchase of vehicles		84,475	80,936
Others		16,909	19,905
		3,211,174	3,080,351

18.1 This includes amount of Rs. 1,087 million (2010: Rs. 1,405.583 million) due to SMC.

Notes to the Financial Statements

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	Note	2011	2010
		(Rs 000)	
18.2 Provision for unexpired warranty period			
Balance at the beginning of the year		24,962	20,300
Provision for the year		10,056	4,662
Balance at the end of the year		35,018	24,962
18.3 Workers' profit participation fund			
Balance at beginning of the year		3,979	(1,672)
Mark-up on funds utilised in the Company's business		245	-
		4,224	(1,672)
Allocation for the year	31	73,525	35,979
		77,749	34,307
Less: Paid during the year		74,224	30,328
Balance at end of the year		3,525	3,979

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 Refinance Finance Rate + 1% per annum, determined on six monthly basis, payable quarterly. The loan is repayable in August 2012 and is fully secured against the registered charge over stock-in-trade, stores and spares and book debts.

21. DEPOSITS AGAINST DISPLAY OF VECHICLES

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

	2011	2010
	(Rs 000)	
22. SECURITY DEPOSITS		
Dealership deposits	74,897	77,853
Deposits against contractual obligation	6,300	10,900
	81,197	88,753

Notes to the Financial Statements
For the year ended December 31, 2011

23. PROVISION FOR CUSTOM DUTIES AND SALES TAX

23.1 Includes Rs. 52.152 million (2010: 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 (2010: 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. 12.991 million (2010: Rs. 163.111 million).

24.2 The facilities for opening letters of credit amounted to Rs. 4,050 million (2010: Rs. 4,029 million) of which the amount remaining unutilised at the year end was Rs. 3,158 million (2010: Rs. 2,787 million).

24.3 Counter guarantees issued by the Company against guarantees issued by two commercial banks on behalf of the Company amounted to Rs. 85 million (2010: Rs. 113.200 million).

	Note	2011	2010
		(Rs 000)	
25. TURNOVER – NET			
Manufactured goods	25.1	51,486,943	41,274,618
Trading stocks	25.2	1,231,620	1,368,144
		52,718,563	42,642,762

Notes to the Financial Statements

For the year ended December 31, 2011

		Note	2011	2010
			(Rs 000)	
25.1	**Manufactured goods**			
	- Vehicles		61,610,309	49,520,316
	- Spare parts		231,679	228,215
		25.3	61,841,988	49,748,531
	Less: Sales tax and special excise duties		9,120,339	7,392,222
	Sales commission to dealers		1,234,706	1,081,691
			10,355,045	8,473,913
			51,486,943	41,274,618
25.2	**Trading stocks**			
	- Vehicles		710,157	869,786
	- Spare parts		735,947	771,504
		25.3	1,446,104	1,641,290
	Less: Sales tax and special excise duties		204,813	237,839
	Sales commission to dealers		9,671	35,307
			214,484	273,146
			1,231,620	1,368,144

25.3 These include export sales of Rs. 83.072 million (2010: Rs. 199.955 million).

26. COST OF SALES

	Note	2011	2010
		(Rs 000)	
Manufactured goods:			
Finished goods at beginning of the year		1,885,813	1,714,884
Cost of goods manufactured	26.1	50,131,030	40,487,738
Export expenses		9,713	17,922
		52,026,556	42,220,544
Less: Finished goods at end of the year		2,297,158	1,885,813
		49,729,398	40,334,731
Trading stocks:			
Stocks at beginning of the year		258,853	220,137
Purchases during the year		1,120,221	1,342,960
		1,379,074	1,563,097
Less: Stocks at end of the year		259,319	258,853
		1,119,755	1,304,244
		50,849,153	41,638,975

Notes to the Financial Statements

For the year ended December 31, 2011

	Note	2011	2010
		(Rs 000)	
26.1 Cost of goods manufactured:			
Raw materials and components at beginning of the year		6,573,091	4,895,881
Purchases during the year	26.1.1	50,305,951	39,241,206
		56,879,042	44,137,087
Less: Raw materials and components at end of the year		10,316,083	6,573,091
Raw materials and components consumed		46,562,959	37,563,996
Stores and spares consumed		21,965	5,182
(Reversal of provision) / provision for slow moving and obsolete stores, spares and loose tools	10	(6,581)	5,735
Power		204,108	179,801
Vehicle running expenses		17,937	11,835
Salaries, wages and other benefits	26.1.2	402,381	307,450
Outsourced job contractor charges		312,133	202,221
Rent, rates and taxes		11,709	11,395
Travelling		26,473	20,077
Training		9,157	2,561
Insurance		4,461	4,184
Repairs and maintenance		234,690	155,116
Royalty		772,339	592,408
Technical fee and related travel cost		265,919	208,366
Federal Excise Duty on royalty and technical fees		102,142	68,878
Depreciation	3.2	718,661	843,838
Amortisation of intangible assets	4.2	161,354	160,735
Compensation to vendors		70,584	-
Conveyance and transportation		134,730	85,012
Communication		3,582	4,057
Hired security guards services		8,526	8,360
Local development costs		102,061	19,809
Printing and stationery		6,045	3,486
Others		3,257	4,683
		3,587,633	2,905,189
		50,150,592	40,469,185
Add: work-in-process at beginning of the year		30,274	48,827
		50,180,866	40,518,012
Less: work-in-process at end of the year		49,836	30,274
		50,131,030	40,487,738

26.1.1 Purchases are stated net of proceeds from the sale of packing materials Rs. 319.605 million (2010: Rs. 215.977 million).

Notes to the Financial Statements

For the year ended December 31, 2011

26.1.2 Includes Rs. 8.558 million (2010: Rs. 7.582 million) in respect of defined contributory provident fund.

	Note	2011	2010
		(Rs 000)	
27. DISTRIBUTION COSTS			
Advertising and sales promotion		160,894	111,481
Free service		46,282	38,900
Warranty claims		2,491	3,182
Provision for unexpired warranty period	18.2	10,056	4,662
Transportation and handling charges		30,846	21,909
Royalty on spare parts		11,893	15,765
Federal Excise Duty on royalty		1,189	1,462
		263,651	197,361
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	247,624	180,456
Outsourced job contractor charges		51,504	38,085
Travelling		41,710	27,242
Training		1,797	1,268
Hired security guards services		17,380	15,900
Rent, rates and taxes		34,841	39,569
Utilities		19,171	14,044
Vehicle running expense		51,868	47,697
Insurance		15,115	9,141
Repairs and maintenance		14,897	8,766
Depreciation	3.2	104,718	110,698
Amortisation of intangible assets	4.2	50,344	49,556
Auditors' remuneration	28.2	1,385	1,905
Legal and professional charges		7,916	6,584
Conveyance and transportation		19,531	11,215
Entertainment		1,642	2,858
Printing and stationery		13,196	10,632
Communication		11,892	11,040
Directors' fees		17	28
Provision for doubtful debts	8.3,12.2 & 13	4,965	33,245
Bad debts written-off		3,794	2,042
Computer software license fees & ERP maintenance charges		15,836	12,055
Provision/ (Reversal of provision) for impairment in the value of investments		1,223	(964)
Others		3,569	3,270
		735,935	636,332

Notes to the Financial Statements
For the year ended December 31, 2011

28.1 Includes Rs. 5.737 million (2010: Rs. 4.341 million) in respect of defined contributory provident fund.

	Note	2011	2010
		(Rs 000)	
28.2 Auditors' remuneration			
Audit fee		1,000	1,000
Half-yearly review		300	300
Fee for special certifications and advisory services		60	543
Out of pocket expenses		25	62
		1,385	1,905

29. OTHER OPERATING INCOME

	Note	2011	2010
Income from financial assets			
Mark-up on bank balances		385,951	448,274
Finance income on installment sales		98,723	80,747
Exchange gain - net		43,874	-
		528,548	529,021
Income from non-financial assets			
Gain/(loss) on disposal of fixed assets	3.3	15,634	(4,339)
Reversal of provision for mark-up on waiting for delivery of vehicles		9,920	22,723
Scrap sales		22,656	16,660
Miscellaneous income		43,632	11,013
		91,842	46,057
		620,390	575,078

30. FINANCE COSTS

	Note	2011	2010
Mark-up on short-term borrowing		5,164	4,292
Exchange loss – net		-	6,496
Mark-up on works' profit participation fund		245	-
Bank charges		12,436	10,561
		17,845	21,349

31. OTHER OPERATING EXPENSES

	Note	2011	2010
Work profit participation fund	18.3	73,525	35,979
Workers' welfare fund	31.1	31,655	15,576
Donations	31.2	1,892	4,253
		107,072	55,808

Notes to the Financial Statements
For the year ended December 31, 2011

	2011	2010
	(Rs 000)	
31.1 Workers' Welfare Fund		
For the current year	32,415	15,000
For the prior years'	(760)	576
	31,655	15,576

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

	Note	2011	2010
		(Rs 000)	
32. TAXATION			
- Current	32.1 & 32.2	585,000	452,000
- Prior		(14,124)	9,872
- Deferred		-	(5,000)
		570,876	456,872

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.

32.2 Include amount of Rs. 25.302 million (2010: Rs. Nil) in respect of flood surcharge tax.

33. EARNINGS PER SHARE - BASIC AND DILUTED

	2011	2010
	(Rs 000)	
Net profit for the year	794,421	211,143
	(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	9.65	2.57

33.1 Basic earnings per share have no dilution effect.

Notes to the Financial Statements

For the year ended December 31, 2011

	Note	2011	2010
		(Rs 000)	
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,365,297	668,015
Adjustments for non cash charges and other items:			
Depreciation		823,379	954,536
Amortisation of intangible assets		211,698	210,291
Development cost transferred from intangible assets		36,732	-
(Gain) / loss on disposal of fixed assets		(15,634)	4,339
Provision / (reversal) for impairment in the value of Investment		1,223	(964)
Mark-up on bank balances		(385,951)	(448,274)
Reversal of provision for mark-up on waiting for delivery of vehicles		(9,920)	(22,723)
		17,845	14,853
		679,372	712,058
Working capital changes	34.1	(1,789,491)	(431,512)
		255,178	948,561

34.1 Working capital changes

	2011	2010
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(551)	(22,167)
Stock-in-trade	(4,174,365)	(1,868,302)
Current portion of long-term installment sales Receivables	(52,697)	(45,574)
Trade debts	(81,958)	135,789
Loans, advances and others	(81,623)	91,425
Trade deposits and short-term prepayments	(39,805)	(11,728)
Other receivables	9,678	(28,772)
Sales tax and excise duty adjustable	(633,946)	(133,844)
	(5,055,267)	(1,883,173)
Increase / (decrease) in current liabilities		
Trade and other payables	140,963	1,250,151
Security deposits	(7,556)	1,975
Deposits against display of vehicles	368,994	344,285
Advance from customers	2,738,375	(114,750)
Short-term borrowing	25,000	(30,000)
	3,265,776	1,451,661
	(1,789,491)	(431,512)

Notes to the Financial Statements

For the year ended December 31, 2011

35. TRANSACTIONS WITH RELATED PARTIES

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

	Holding Company	Other related Parties	Total
		(Rs 000)	
For the year ended December 31, 2011			
Purchases of components	24,331,360	601,961	24,933,321
Purchases of fixed assets	294,459	30,804	325,263
Exports sales	457	8,338	8,795
Royalties and technical fee	1,050,151	-	1,050,151
Staff retirement benefits	-	17,108	17,108
Sales promotional and development expenses	259	-	259
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

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

	2011	2010
	(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	92,529	78,840
Actual production – Motorcycle	20,120	19,618

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

Notes to the Financial Statements
For the year ended December 31, 2011

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:

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs 000)					
Directors fees	-	17	-	-	28	-
Managerial remuneration	5,328	12,432	52,567	4,836	11,284	30,519
Bonus	743	1,724	5,550	354	821	2,054
Retirement benefits	-	822	3,769	-	745	2,232
	6,071	14,995	61,886	5,190	12,878	34,805
Number of persons	1	5	31	1	5	17

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

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risk such as market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors oversees the management of these risk which are summarized below:

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)
2011	+2%	60,541
	-2%	(60,541)
2010	+2%	72,225
	-2%	(72,225)

(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:

	2011	2010
	(Yen 000)	
Bills payable	1,184,246	1,404,901
Royalty and technical fees payable	597,821	430,276
	1,782,067	1,835,177

	2011	2010
	(Rs.)	
The following significant exchange rates have been applied at the reporting dates:		
Exchange rates (1 JPY to PKR)	1.0605	0.9923

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

	Change in JPY rate (%)	Effect on profit or (loss)	Effect on equity
		(Rs 000)	
December 31, 2011	+5	(1,398,352)	(1,398,352)
	-5	1,398,352	1,398,352
December 31, 2010	+5	(1,145,072)	(1,145,072)
	-5	1,145,072	1,145,072

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

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

	2011	2010
	(Rs 000)	
Installment sales receivables	489,780	421,118
Trade debts	322,677	240,719
Loans, advances, deposits and other receivables	439,805	275,803
Accrued markup income	6,145	8,652
Bank balances	624,060	2,909,340
	1,882,467	3,855,632

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:

	Note	2011 (Rs 000)	2010 (Rs 000)
Long term investment			
Counter parties without credit rating		4,190	5,413
Trade debts			
Customers with no defaults in the past one year		307,373	219,324
Customers with some defaults in the past one year		15,304	21,395
		322,677	240,719
Installment sales receivables			
Customers with no defaults in the past one year		480,758	400,636
Customers with some defaults in the past one year		9,022	20,482
		489,780	421,118
Bank balances			
A1+		621,406	2,909,340
A1		2,654	-
		624,060	2,909,340

38.2 Liquidity risk

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

2011	Less than 3 months	3 to 12 months	Total
	(Rs 000)		
Trade and other payables	3,028,508	182,666	3,211,174
Advances from customers	3,065,406	-	3,065,406
Short-term borrowing	-	75,000	75,000
Deposits against display of vehicles	-	1,436,833	1,436,833
Security deposits	-	81,197	81,197
	6,093,914	1,775,696	7,869,610

2010	Less than 3 months	3 to 12 months (Rs 000)	Total
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

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 2011, the Company has available-for-sale investments and derivative financial instruments measured using level 3 valuation technique.

Notes to the Financial Statements

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

	2011 Automobile	2011 Motorcycle	2011 Total	2010 Automobile	2010 Motorcycle	2010 Total
	(Rs '000)					
Segment Results						
Net sales	51,373,864	1,344,699	52,718,563	41,497,444	1,145,318	42,642,762
Gross profit / (loss)	2,042,636	(173,226)	1,869,410	1,185,870	(182,083)	1,003,787
Distribution costs	(204,390)	(59,261)	(263,651)	(148,564)	(48,797)	(197,361)
Administrative expenses	(580,983)	(154,952)	(735,935)	(489,109)	(147,223)	(636,332)
Operating profit / (loss)	1,257,263	(387,439)	869,824	548,197	(378,103)	170,094
Finance costs	(16,361)	(1,484)	(17,845)	(20,172)	(1,177)	(21,349)
Other income	515,609	104,781	620,390	502,671	72,407	575,078
Segment results	1,756,511	(284,142)	1,472,369	1,030,696	(306,873)	723,823
Unallocated corporate expenses						
Operating expenses			107,072			55,808
Taxation			570,876			456,872
			677,948			512,680
Profit after taxation			794,421			211,143
Assets						
Segment assets	17,070,426	1,554,855	18,625,281	13,222,645	1,191,523	14,414,168
Unallocated corporate assets	-	-	4,675,836	-	-	4,836,196
	17,070,426	1,554,855	23,301,117	13,222,645	1,191,523	19,250,364
Liabilities						
Segment liabilities	7,927,323	80,762	8,008,085	4,681,621	70,828	4,752,449
Unallocated corporate liabilities	-	-	-	-	-	-
	7,927,323	80,762	8,008,085	4,681,621	70,828	4,752,449
Capital expenditure	547,064	369,525	916,589	380,140	150,457	530,597
Depreciation	734,011	89,368	823,379	866,749	87,787	954,536

Notes to the Financial Statements
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Segment assets do not include long term investment Rs. 4.190 million (2010: Rs. 5.413 million), mark-up accrued Rs. 6.145 million (2010: Rs. 8.652 million), other receivables Rs. 139.948 million (2010: Rs. 107.779 million), sales tax and excise duty adjustable Rs. 1,023.399 million (2010: Rs. 389.453 million), income tax refundable - net Rs. 2,362.674 million (2010: Rs. 1,407.713 million), cash and bank balances Rs. 1,139.480 million (2010: Rs. 2,917.186 million) as these assets 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 (2010: Rs. 2,300 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 19, 2012.

42. SUBSEQUENT EVENT

The Board of Directors of the Company in its meeting held on March 19, 2012, has proposed cash dividend @ 20% (2010: 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 23, 2012.

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, 2011

Size of Holding Rs. 10 Shares		No. of Shareholders	No. of Shares
1	100	3672	63,851
101	500	903	254,930
501	1000	406	308,734
1001	5000	363	787,372
5001	10000	67	528,779
10001	15000	19	228,261
15001	20000	6	105,546
20001	25000	7	159,323
25001	30000	10	281,228
30001	35000	2	66,300
35001	40000	6	230,175
40001	45000	2	83,950
45001	50000	5	244,583
50001	55000	2	104,550
55001	60000	2	116,138
65001	70000	1	70,000
75001	80000	1	78,980
80001	85000	2	163,300
85001	90000	1	88,700
90001	95000	1	92,150
95001	100000	5	489,154
100001	105000	1	101,300
105001	110000	1	107,128
110001	115000	1	110,150
115001	120000	1	116,400
130001	135000	2	266,064
145001	150000	1	150,000
160001	165000	2	329,524
185001	190000	2	378,825
190001	195000	2	385,327
225001	230000	1	228,125
230001	235000	1	232,000
235001	240000	1	238,725
310001	315000	1	311,685
365001	370000	1	366,500
465001	470000	1	466,000
490001	495000	1	494,400
510001	515000	1	514,416
560001	565000	1	561,225
610001	615000	1	614,122
1215001	1220000	1	1,218,137
1285001	1290000	1	1,289,574
1495001	1500000	1	1,500,000
2315001	2320000	1	2,315,737
2485001	2490000	1	2,487,910
2815001	2820000	1	2,816,482
59250001	59255000	1	60,154,091
		5513	82,299,851

Categories of Shareholding

As at December 31, 2011

Shareholders Category	Number of Shareholder	Number of Shares	Percentage
Associated Companies, Undertakings and Related Parties	1	60,154,091	73.09
NIT and ICP	4	2,488,208	3.02
Directors, CEO and Their Spouses	1	119	0.00
Executives	-	-	-
Public Sector Companies and Corporations	6	3,796,740	4.61
Banks, Development Finance Institutions, Non-Banking Finance Institutions	9	1,018,371	1.24
Insurance Companies	9	441,868	0.54
Modarabas and Mutual Funds	12	758,301	0.92
Others	85	2,074,305	2.52
Individuals	5,386	11,567,848	14.06
TOTAL	5,513	82,299,851	100.00

Motorcar Dealers' Network

Cities	No. of Dealers
Sindh	
Karachi	18
Hyderabad	3
Mirpur Khas	1
Sukkur	1
Punjab	
Lahore	14
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
Sahiwal	1
Sargodha	1
Vihari	1
Rahimyar Khan	1
Sheikupura	1
Attock	1
Jhelum	1
Khybar Pakhtoon Khwa	
Peshawar	3
Abbottabad	1
D.I. Khan	1
Mardan	1
Balochistan	
Quetta	2
AJK	
Mirpur	1
Total	74

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 29th Annual General Meeting of the Company to be held on 23rd day of April 2012 at 12:30 pm at Pearl Continental Hotel, Club Road, Karachi and at any adjourment thereof.

As witness my/our hand this ________ day ________ 2012

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, Central Depository Company of Pakistan Ltd. CDC House, 99 - B, Block "B", S.M.C.H.S, Main Shahrah-e-Faisal 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

www.paksuzuki.com.pk

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

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