



HALF YEARLY REPORT  
JUNE 2012



**Pak Suzuki Motor Company Limited**

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# 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 - 522

Website: [www.paksuzuki.com.pk](http://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

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3rd Floor, 112-B Mallahi Plaza

Murree Road, Rawalpindi Cantt

Tel No. (051) 5567518 - 5518073

Fax No. (051) 5585738

## Directors' Report

On behalf of the Board, I present my review on the performance of the Company during the half year ended June 30, 2012.

During the period the industry for cars and light commercial vehicles has witnessed a growth of 24% over same period of last year. The industry sold 97,195 units during the period compared to 78,398 units sold same period of last year. The sales volume of Pak Suzuki improved by 47% from 41,783 units in half year ended June 2011 to 61,638 units in half year ended June 2012. Sales volume of current period included 13,130 units of taxi. Company increased its market share to 63% in overall sales of cars and light commercial vehicles of industry. The Company produced 61,183 units of cars and light commercial vehicles against 45,976 units same period of last year. The level of production represented 82% capacity utilization. The organized market for motorcycles and three wheelers has shown a decline of 8% in sales volume. During the period 410,806 units were sold against 447,240 units same period of last year. The Company sold 12,097 units during the period against 10,557 units same period of last year.

Company earned after tax profit of Rs 1,369.3 million compared to Rs 278.9 million in same period of last year. Net sales revenues have increased by 57% (Rs 13,220.7 million) from Rs 23,250.7 million (June 2011) to Rs 36,471.4 million (June 2012) mainly due to higher volume and product mix. Gross profit increased from Rs 823.7 million to Rs 2,251.9 million due to improvements in gross profit margin and increase in sales volume. Distribution expenses have increased from Rs 139.7 million to Rs 152.6 million but as a percentage of sales declined from 0.6% to 0.4%. Administration expenses increased from Rs 352.9 million to Rs 423.3 million and as a percentage of sales decreased from 1.5% to 1.1%. The increase in both the expenses was due to general inflation and increase in salaries, traveling, prices of petrol and

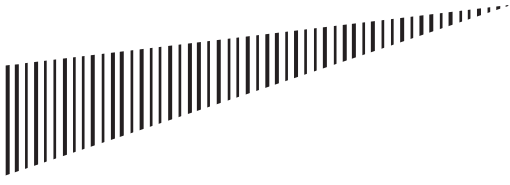
utilities. Other operating income has increased from Rs 270.9 million to Rs 332.3 million. The increase was in income from bank deposits and gain on disposal of fixed assets. Financial cost has decreased from Rs 9.2 million to Rs 6.7 million. Other operating expenses which comprise of contributions for Workers' Profit Participation Fund and Workers' Welfare Fund have increased consequential to increase in profit before tax. Expense for income tax is net after adjusting deferred tax arising from minimum tax paid in previous years.

Stronger Japanese currency and weaker Pak Rupee against foreign currencies ban on producing CNG vehicles and imports of older used cars in large numbers are the threats for the profitability of the Company. Despite all these challenges the management will make efforts to earn reasonable return on equity.



HIROFUMI NAGAO  
Chairman & Chief Executive

Karachi: 24<sup>th</sup> August 2012



## Auditors' Report to the Members on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Pak Suzuki Motor Company Limited as at June 30, 2012 and the related condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial statement'). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review. The figures included in the condensed interim profit and loss account for the quarters ended June 30, 2012 and 2011 and the note forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2012.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of the condensed interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement as of and for the six months period ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Ernst & Young Ford Rhodes Sidat Hyder*

Chartered Accountants

24 August, 2012  
Karachi

# Condensed Interim Balance Sheet

As at June 30, 2012

	Note	June 30, 2012 (Unaudited) <u>(Rupees in 000)</u>	December 31, 2011 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	4,085,536	4,200,317
Intangible assets	5	420,496	303,777
		<u>4,506,032</u>	<u>4,504,094</u>
Long-term investments		4,190	4,190
Long-term loans		1,807	1,523
Long-term deposits and prepayments		23,717	20,487
Long-term installment sales receivables		165,387	185,829
Deferred tax asset		21,000	-
		<u>4,722,133</u>	<u>4,716,123</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		77,130	64,467
Stock-in-trade	6	9,011,561	12,922,396
Trade debts		784,093	322,677
Current portion of long-term installment sales receivables		346,040	303,951
Loans, advances and others		177,174	216,586
Trade deposits and short-term prepayments		70,395	83,271
Accrued markup income		15,969	6,145
Other receivables		282,140	139,948
Sales tax and excise duty adjustable		548,831	1,023,399
Income tax refundable - net		2,251,161	2,362,674
Cash and bank balances		4,464,534	1,139,480
		<u>18,029,028</u>	<u>18,584,994</u>
<b>TOTAL ASSETS</b>		<u>22,751,161</u>	<u>23,301,117</u>

# Condensed Interim Balance Sheet

As at June 30, 2012

	Note	June 30, 2012 (Unaudited) <u>(Rs 000)</u>	December 31, 2011 (Audited) <u>(Rs 000)</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		1,500,000	1,500,000
Issued, subscribed and paid-up share capital		822,999	822,999
Reserves		15,691,712	14,470,033
		<u>16,514,711</u>	<u>15,293,032</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,650,258	3,211,174
Advance from customers		929,677	3,065,406
Short-term borrowing		-	75,000
Deposits against display of vehicles		1,435,843	1,436,833
Security deposits		82,197	81,197
Provision for custom duties, sales tax and others		138,475	138,475
		<u>6,236,450</u>	<u>8,008,085</u>
CONTINGENCIES AND COMMITMENTS	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>22,751,161</b></u>	<u><b>23,301,117</b></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
Hirofumi Nagao  
Chairman & Chief Executive

  
Satoshi Ina  
Deputy Managing Director

# Condensed Interim Profit and Loss Account

For the Half-Year ended June 30, 2012 (Unaudited)

	Note	Half-year ended		Quarter ended	
		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees in 000) -----					
Turnover - net		36,471,418	23,250,706	17,706,853	10,680,958
Cost of sales		(34,219,430)	(22,427,028)	(16,433,354)	(10,200,184)
<b>Gross profit</b>		<b>2,251,988</b>	<b>823,678</b>	<b>1,273,499</b>	<b>480,774</b>
Distribution costs		(152,636)	(139,700)	(92,244)	(68,828)
Administrative expenses		(423,288)	(352,864)	(230,169)	(190,603)
Other operating income		332,264	270,981	205,528	139,463
Finance costs		(6,753)	(9,259)	(2,271)	(4,661)
Other operating expenses		(138,109)	(46,840)	(79,650)	(30,507)
		(388,522)	(277,682)	(198,806)	(155,136)
<b>Profit before taxation</b>		<b>1,863,466</b>	<b>545,996</b>	<b>1,074,693</b>	<b>325,638</b>
Taxation					
- Current		502,000	272,008	302,049	143,075
- Prior		13,129	(4,901)	13,129	(4,901)
- Deferred		(21,000)	-	(21,000)	-
		494,129	267,107	294,178	138,174
<b>Profit after taxation</b>		<b>1,369,337</b>	<b>278,889</b>	<b>780,515</b>	<b>187,464</b>
		Rupees	Rupees	Rupees	Rupees
<b>Earnings per share</b>	8	<b>16.64</b>	<b>3.39</b>	<b>9.48</b>	<b>2.28</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
**Hirofumi Nagao**  
 Chairman & Chief Executive

  
**Satoshi Ina**  
 Deputy Managing Director



# Condensed Interim Statement of Comprehensive Income

For the Half-Year ended June 30, 2012 (Unaudited)

	Half-year ended		Quarter ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	----- (Rupees in 000) -----			
Net profit for the period	1,369,337	278,889	780,515	187,464
<b>Other comprehensive income</b>				
Unrealized gain/(loss) on derivative financial instrument - net of tax	16,942	(9,350)	287,346	(6,210)
<b>Total comprehensive income for the period</b>	<b>1,386,279</b>	<b>269,539</b>	<b>1,067,861</b>	<b>181,254</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
Hirofumi Nagao  
Chairman & Chief Executive

  
Satoshi Ina  
Deputy Managing Director

# Condensed Interim Cash Flow Statement

For the Half-Year ended June 30, 2012 (Unaudited)

	Note	Half-year ended	
		June 30, 2012	June 30, 2011
------(Rupees in 000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	4,136,570	561,649
Finance costs paid		(6,765)	(12,882)
Taxes paid		(403,616)	(781,703)
Long-term loans		(284)	599
Long-term deposits and prepayments		(3,230)	4,005
Long-term installment sales receivables		20,442	(16,792)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,743,117</b>	<b>(245,124)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(348,530)	(353,555)
Acquisition of intangible assets		(193,706)	-
Proceeds from sale of fixed assets		105,317	27,368
Mark-up received on bank balances		182,572	147,373
<b>Net cash used in investing activities</b>		<b>(254,347)</b>	<b>(178,814)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(163,716)	(41,324)
<b>Net cash used in financing activities</b>		<b>(163,716)</b>	<b>(41,324)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,325,054</b>	<b>(465,262)</b>
Cash and cash equivalents at beginning of the period		1,139,480	2,917,186
<b>Cash and cash equivalents at end of the period</b>		<b>4,464,534</b>	<b>2,451,924</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Hirofumi Nagao  
Chairman & Chief Executive



Satoshi Ina  
Deputy Managing Director

# Condensed Interim Statement of Changes in Equity

For the Half-Year ended June 30, 2012 (Unaudited)

	Reserves						Total Equity
	Issued subscribed and paid-up capital	Capital reserve		Revenue reserves		Total reserves	
		Share premium	Merger reserve	General	Unappropriated profit		
----- Rupees in '000' -----							
Balance as at January 01, 2011	822,999	584,002	260,594	12,614,818	215,502	13,674,916	14,497,915
Profit for the period	-	-	-	-	278,889	278,889	278,889
Other comprehensive loss for the period	-	-	-	-	(9,350)	(9,350)	(9,350)
Total comprehensive loss for the period	-	-	-	-	269,539	269,539	269,539
Cash dividend @ 5%	-	-	-	-	(41,151)	(41,151)	(41,151)
Transferred to general reserve	-	-	-	170,000	(170,000)	-	-
<b>Balance as at June 30, 2011</b>	<b>822,999</b>	<b>584,002</b>	<b>260,594</b>	<b>12,784,818</b>	<b>273,890</b>	<b>13,903,304</b>	<b>14,726,303</b>
Balance as at January 01, 2012	822,999	584,002	260,594	12,784,818	840,619	14,470,033	15,293,032
Profit for the period	-	-	-	-	1,369,337	1,369,337	1,369,337
Other comprehensive income for the period	-	-	-	-	16,942	16,942	16,942
Total comprehensive income for the period	-	-	-	-	1,386,279	1,386,279	1,386,279
Cash dividend @ 20%	-	-	-	-	(164,600)	(164,600)	(164,600)
Transferred to general reserve	-	-	-	630,000	(630,000)	-	-
<b>Balance as at June 30, 2012</b>	<b>822,999</b>	<b>584,002</b>	<b>260,594</b>	<b>13,414,818</b>	<b>1,432,298</b>	<b>15,691,712</b>	<b>16,514,711</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
**Hirofumi Nagao**  
 Chairman & Chief Executive

  
**Satoshi Ina**  
 Deputy Managing Director

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

## 1. LEGAL STATUS AND OPERATIONS

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. BASIS OF PREPARATION

2.1 These condensed interim financial statements has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2011.

2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2012 and June 30, 2011.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2012 Unaudited	December 31, 2011 Audited
------(Rupees in 000)-----			
Operating fixed assets	4.1	3,886,977	3,540,365
Capital work-in-progress	4.2	198,559	659,952
		<u>4,085,536</u>	<u>4,200,317</u>
<b>4.1 Movement in operating fixed assets</b>			
Opening book value		3,540,365	3,954,439
Additions during the period / year	4.1.1	809,923	497,681
Disposals during the period / year	4.1.1	(77,274)	(88,376)
Depreciation charged during the period / year		(386,037)	(823,379)
		<u>3,886,977</u>	<u>3,540,365</u>

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

4.1.1 Details of additions and disposals during the period are as follows:

	Additions (at Cost)		Disposals (at net book value)	
	June 30, 2012 Unaudited	Dec. 31, 2011, Audited	June 30, 2012 Unaudited	Dec. 31, 2011, Audited
	----- (Rupees in 000)-----			
Leasehold land	400	17,317	55,025	-
Factory Buildings on leasehold land	26,819	111,147	-	-
Plant and machinery	211,805	202,494	-	7,635
Welding guns	25,096	10,474	-	-
Waste water treatment plant	2,500	-	-	5,906
Permanent and special tools	5,598	14,173	-	-
Dies	362,526	4,922	-	353
Jigs and fixtures	73,291	791	-	44
Electrical installations	9,896	47,590	-	-
Furniture and fittings	600	1,033	-	193
Vehicles	78,818	55,346	21,895	72,250
Air conditioners and refrigerators	935	975	21	210
Office equipments	1,331	5,137	290	1,777
Computers	10,308	26,282	43	8
	<u>809,923</u>	<u>497,681</u>	<u>77,274</u>	<u>88,376</u>

Note      June 30,  
2012  
Unaudited      December 31,  
2011  
Audited

----- (Rupees in 000)-----

## 4.2 Capital Work in Progress

Plant and machinery	194,156	656,426
Civil works	4,157	3,526
Advance for capital expenditure	246	-
	<u>198,559</u>	<u>659,952</u>

4.2.1

### 4.2.1 Movement in capital work-in-progress

Opening balance	659,952	272,143
Additions during the period / year	253,883	885,827
Transfer to operating fixed assets	(715,276)	(466,919)
Transfer to intangible assets	-	(31,099)
	<u>198,559</u>	<u>659,952</u>

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

	Note	June 30, 2012 Unaudited	December 31, 2011 Audited
------(Rupees in 000)-----			
<b>5. INTANGIBLE ASSETS</b>			
License fees and drawings	5.1	407,941	297,677
Software	5.2	12,555	6,100
		<u>420,496</u>	<u>303,777</u>
<b>5.1 License fees and drawings</b>			
Opening book value		297,677	456,204
Additions during the period / year		186,103	39,559
Written off		-	(36,732)
Amortisation charged during the period / year		(75,839)	(161,354)
		<u>407,941</u>	<u>297,677</u>
<b>5.2 Software</b>			
Opening book value		6,100	49,556
Additions during the year		7,603	6,888
Amortization charged during the period / year		(1,148)	(50,344)
		<u>12,555</u>	<u>6,100</u>
<b>6. STOCK-IN-TRADE</b>			
Raw material and components [including items in transit Rs 1,692 million (31 December 2011: Rs. 4,741.210 million)]		6,485,043	10,341,524
Less: Provision / (reversal) for slow moving and obsolete items:			
- at beginning of the period / year		25,441	25,804
- for the period / year		(4,486)	(363)
		<u>20,955</u>	<u>25,441</u>
		<u>6,464,088</u>	<u>10,316,083</u>
Work-in-process		61,667	49,836
Finished goods		2,223,323	2,297,158
Trading stocks [including items in transit Rs 25.296 million (31 December 2011 Rs. 17.059 million)]		309,107	305,382
Less: Provision / (reversal) for slow moving and obsolete items			
- at beginning of the period / year		46,063	49,057
- for the period / year		561	(2,994)
		<u>46,624</u>	<u>46,063</u>
		<u>262,483</u>	<u>259,319</u>
		<u>9,011,561</u>	<u>12,922,396</u>

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

- 6.1 Of the aggregate amount, stocks worth Rs 1,911.70 million (2011: Rs. 2,040 million) were in the custody of dealers and vendors.
- 6.2 Raw material and components, work-in-process and finished goods have been written down by Rs. 175.412 million, Rs. 1.683 million and Rs. 52.733 million (2011: Rs. 158.435 million, Rs. 0.492 million, Rs. 63.830 million) respectively to arrive at net realizable value.

## 7. CONTINGENCIES AND COMMITMENTS

- 7.1 Capital expenditure contracted for but not incurred amounted to Rs. 13.714 million (2011: Rs.12.991 million).
- 7.2 The facilities for opening letters of credit as at June 30, 2012 amounted to Rs. 4,000 million (2011: Rs.4,050 million) of which the amount remaining unutilised at the period end was Rs. 3,584 million (2011: Rs. 3,158 million).
- 7.3 Counter guarantees issued by the Company against guarantees issued by various commercial banks on behalf of the Company amounted to Rs. 88 million (2011: Rs. 85 million).

Half-year ended		Quarter ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees in 000) -----			

## 8. EARNINGS PER SHARE

Net profit for the period (Rupees in thousand)	1,369,337	278,889	780,515	187,464
Weighted average number of ordinary shares in issue during the period (Shares in thousand)	82,300	82,300	82,300	82,300
----- (Rupees) -----				
Earnings per share - basic	16.64	3.39	9.48	2.28

- 8.1 There is no diluted effect on the basic earnings per share.

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

	Note	June 30, 2012	June 30, 2011
		Unaudited	
		----- (Rupees in 000) -----	
<b>9. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,863,466	545,996
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		386,037	410,230
Amortization		76,987	106,067
Gain on disposal of fixed assets		(28,043)	(6,880)
Mark-up on bank balances		(192,396)	(155,864)
Finance costs		6,753	9,259
		249,338	362,812
Working capital changes	9.1	2,023,766	(347,159)
		4,136,570	561,649
<b>9.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(12,663)	776
Stock-in-trade		3,910,835	(2,645,442)
Current portion of long-term installment sales receivables		(42,089)	(56,326)
Trade debts		(461,416)	(91,573)
Loans, advances & others		39,412	12,923
Trade deposits and prepayments		12,876	(22,344)
Other receivables		(125,250)	17,253
Sales tax and excise duty adjustable		474,568	(639,893)
		3,796,273	(3,424,626)
<b>Increase in current liabilities</b>			
Trade and other payables		438,212	(1,282,170)
Advance from customers		(2,135,729)	4,167,902
Short-term borrowing		(75,000)	-
Deposits against display of vehicles		(990)	191,735
Security deposits		1,000	-
		(1,772,507)	3,077,467
		2,023,766	(347,159)



# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

## 10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the Holding Company and related group companies, local associated companies, staff retirement funds, directors and executives. Material transactions with related parties during the half year period are given below:

	June 30, 2012 (Unaudited)			June 30, 2011 (Audited)		
	Holding company	Other related parties	Total	Holding company	Other related parties	Total
	------(Rs 000)-----					
Purchase of components	11,798,517	378,140	12,176,657	10,425,555	252,944	10,678,499
Purchase of fixed assets	-	828	828	527	-	527
Sales including exports	-	2,225	2,225	451	4,131	4,582
Royalties and technical fee	739,872	-	739,872	444,101	-	444,101
Staff retirement benefits	-	16,472	16,472	-	13,138	13,138
Sales promotional and development expenses	61	-	61	33	-	33
Remuneration of key management personnel	-	73,405	73,405	-	43,283	43,283

	June 30, 2012 (Unaudited)			June 30, 2011 (Audited)		
	Holding company	Other related parties	Total	Holding company	Other related parties	Total
	------(Rs 000)-----					
<b>Balance as at period/ year end</b>						
Due from related parties	70,262	1,077	71,339	68,701	-	68,701
Due to related parties	1,681,224	956	1,682,180	883,731	3,072	886,803
Due from executives	-	-	-	-	334	334

# Notes to the Condensed Interim Financial Statements

For the Half-Year ended June 30, 2012 (Un-audited)

## 11. SEGMENT ANALYSIS

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

	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	June 30, 2012 (Unaudited)			June 30, 2011 (Unaudited)		
	----- (Rupees in '000') -----			----- (Rupees in '000') -----		
<b>Segment Results</b>						
Net sales	35,653,232	818,186	36,471,418	22,587,405	663,301	23,250,706
Gross profit / (loss)	2,368,833	(116,845)	2,251,988	893,946	(70,268)	823,678
Distribution costs	117,283	35,353	152,636	107,124	32,576	139,700
Administrative expenses	370,517	52,771	423,288	274,102	78,762	352,864
Operating profit / (loss)	1,881,033	(204,969)	1,676,064	512,720	(181,606)	331,114
Finance costs	6,000	753	6,753	8,454	805	9,259
Other income	279,829	52,435	332,264	220,664	50,317	270,981
	<u>2,154,862</u>	<u>(153,287)</u>	<u>2,001,575</u>	<u>724,930</u>	<u>(132,094)</u>	<u>592,836</u>
<b>Unallocated corporate expenses</b>						
Operating expenses	-	-	(138,109)	-	-	(46,840)
Taxation	-	-	(494,129)	-	-	(267,107)
Profit after taxation	-	-	<u>1,369,337</u>	-	-	<u>278,889</u>
	----- (Rupees in '000') -----			----- (Rupees in '000') -----		
	June 30, 2012 (Unaudited)			December 31, 2011 (Audited)		
<b>Assets</b>						
Segment assets	13,585,193	1,578,143	15,163,336	17,070,426	1,554,855	18,625,281
Unallocated corporate Assets	-	-	7,587,825	-	-	4,675,836
	<u>13,585,193</u>	<u>1,578,143</u>	<u>22,751,161</u>	<u>17,070,426</u>	<u>1,554,855</u>	<u>23,301,117</u>
<b>Liabilities</b>						
Segment liabilities	6,178,189	58,261	6,236,450	7,927,323	80,762	8,008,085
	----- (Rupees in '000') -----			----- (Rupees in '000') -----		
	June 30, 2012 (Unaudited)			June 30, 2011 (Unaudited)		
Capital expenditure	<u>300,215</u>	<u>48,315</u>	<u>348,530</u>	<u>547,064</u>	<u>369,525</u>	<u>918,589</u>
Depreciation	<u>343,067</u>	<u>42,970</u>	<u>386,037</u>	<u>372,784</u>	<u>37,446</u>	<u>410,230</u>

## 12. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on August 24, 2012.

## 13. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



Hirofumi Nagao  
Chairman & Chief Executive



Satoshi Ina  
Deputy Managing Director



## 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.



### **Pak Suzuki Motor Company Limited**

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