



Half Yearly Report  
June 2011



**Pak Suzuki Motor Company Limited**

## Contents

Company Information	0   2
Directors' Report	0   3
Auditor's Report to the Members on Review of Interim Financial Information	0   4
Balance Sheet	0   5
Condensed Interim Profit And Loss Account	0   7
Condensed Interim Statement Of Comprehensive Income	0   8
Condensed Interim Cash Flow Statement	0   9
Condensed Interim Statement of Changes in Equity	1   0
Notes to the Financial Statements	1   1

## Company Information

### Board of Directors

#### Hirofumi Nagao

Chairman & Chief Executive

#### Satoshi Ina

Dy. Managing Director

#### Hidekazu Terada

Director

#### Mumtaz A. Shaikh

Director

#### Jamil Ahmed

Director

#### Wazir Ali Khoja

Director

#### Kenichi Ayukawa

Director

### Audit Committee

#### Hidekazu Terada

Chairman

#### Kenichi Ayukawa

Member

#### Wazir Ali Khoja

Member

#### Abdul Hamid Bhombal

Chief Financial Officer &  
Company Secretary

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Bankers

Bank Alfalah Ltd.  
Bank Al Habib Ltd.

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

### Legal Advisors

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

### Registrar

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

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3rd floor, 112-B Mallahi Plaza  
Murreee 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, 2011.

The industry for cars and light commercial vehicles has witnessed a growth of 6.5% during the period January – June 2011 over same period of last year. During the period 81,580 units were produced compared to 76,639 units same period of last year.

Pak Suzuki produced 45,976 units of cars and light commercial vehicles against 38,386 units same period of last year. The level of production represented 61% capacity utilization. The sales volume improved by 3% from 40,560 units in June 2010 to 41,783 units in June 2011. Company maintained its market share at 53% in overall sales of cars and light commercial vehicles of industry. The organized market for motorcycles and three wheelers has also shown an improvement. The overall demand increased by 15%. During the period 447,240 units were sold against 388,217 units same period of last year. The Company sold 10,557 units during the period against 9,885 units same period of last year.

Company earned after tax profit of Rs278.889 million compared to Rs 279.359 million in same period of last year. Net sales revenues have increased by 6% (Rs 1.321 billion) from Rs 21.93 billion (June 2010) to Rs 23.25 billion (June 2011) mainly due to higher volume and product mix.

Distribution expenses have increased from Rs125.444 million to Rs 139.700 million but as a percentage of sales remained at 0.6%. Administration expenses increased from Rs 316.032 million to Rs 352.864 million and as a percentage of sales marginally increased from 1.4% to 1.5%. The increase in both the expenses was due to general inflation and increase in prices of petrol and utilities. Other operating income has decreased

from Rs311.983 million to Rs 270.981 million. The decrease was due to drop in income from bank deposits which had depleted because of blockade of funds in withholding tax deducted at customs stage. Financial cost has decreased from Rs 19.900 million to Rs 9.259 million. Last year comparative figure included exchange loss of Rs.12.069 million whereas current period had exchange gain of Rs 38.031 million and this was included in operating income. Contributions for Workers' Profit Participation Fund and Workers' Welfare Fund have increased consequential to increase in profit before tax. Expense for income tax represents minimum tax @ 1% of sales as per the income tax law and tax payable under fixed tax regime.

In Federal Budget 2011 the Government reduced rate of sales tax from 17% to 16% and abolished 2.5% Special Excise Duty (SED) with effect from 1st July 2011. Company has passed on the impact of these tax reliefs to the customers by reducing ex-factory selling prices of vehicles. This is a positive step of the Government and will help to increase sales volume. However the unprecedented strength of Japanese currency and weaker Pak Rupee against foreign currencies and demands for commercial imports of older used cars by certain automobile traders 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: 18th August 2011



# 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 30 June 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist 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 interim financial information 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  
18 August, 2011  
Karachi

## Balance Sheet

As at June 30, 2011

ASSETS	Note	Unaudited June 30, 2011	Audited December 31, 2010
NON-CURRENT ASSETS		(Rs 000)	
Fixed assets			
Property, plant and equipment	4	4,149,419	4,226,582
Intangible assets	5	399,693	505,760
		4,549,112	4,732,342
Long-term investments		5,413	5,413
Long-term loans		515	1,114
Long-term deposits and prepayments		24,494	28,499
Long-term installment sales receivables		186,656	169,864
		4,766,190	4,937,232
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		63,140	63,916
Stock-in-trade	6	11,393,473	8,748,031
Trade debts		332,292	240,719
Current portion of long-term installment sales receivables		307,580	251,254
Loans, advances and others		122,040	134,963
Trade deposits and short-term prepayments		65,810	43,466
Accrued markup income		17,143	8,652
Other receivables		88,204	107,779
Sales tax and excise duty adjustable		1,029,346	389,453
Income tax refundable - net		1,922,309	1,407,713
Cash and bank balances		2,451,924	2,917,186
		17,793,261	14,313,132
<b>TOTAL ASSETS</b>		22,559,451	19,250,364

# Balance Sheet

As at June 30, 2011

	Note	Unaudited June 30, 2011	Audited December 31, 2010
		(Rs 000)	
<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		13,903,304	13,674,916
		<b>14,726,303</b>	<b>14,497,915</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,801,413	3,080,351
Advance from customers		4,494,933	327,031
Short-term borrowing		50,000	50,000
Deposits against display of vehicles		1,259,574	1,067,839
Security deposits		88,753	88,753
Provision for custom duties and sales tax		138,475	138,475
		<b>7,833,148</b>	<b>4,752,449</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,559,451</b>	<b>19,250,364</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 Profit And Loss Account

For the Half-Year ended June 30, 2011 (Unaudited)

	Note	Half-year ended		Quarter ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
(Rs 000)					
Turnover - net		23,250,706	21,930,001	10,680,958	11,894,186
Cost of sales		(22,427,028)	(21,226,005)	(10,200,184)	(11,332,052)
<b>Gross profit</b>		<b>823,678</b>	<b>703,996</b>	<b>480,774</b>	<b>562,134</b>
Distribution costs		(139,700)	(125,444)	(68,828)	(56,665)
Administrative expenses		(352,864)	(316,032)	(190,603)	(173,986)
Other operating income		270,981	311,983	139,463	167,718
Finance costs		(9,259)	(19,900)	(4,661)	7,714
Other operating expenses		(46,840)	(40,313)	(30,507)	(36,445)
		(277,682)	(189,706)	(155,136)	(91,664)
<b>Profit before taxation</b>		<b>545,996</b>	<b>514,290</b>	<b>325,638</b>	<b>470,470</b>
Taxation	8				
- Current		(272,008)	(225,059)	(143,075)	(163,630)
- Prior		4,901	(9,872)	4,901	(9,872)
		(267,107)	(234,931)	(138,174)	(173,502)
<b>Profit after taxation</b>		<b>278,889</b>	<b>279,359</b>	<b>187,464</b>	<b>296,968</b>
----- Rupees -----					
<b>Earnings per share - basic and diluted</b>		<b>3.39</b>	<b>3.39</b>	<b>2.28</b>	<b>3.61</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, 2011 (Unaudited)

	Half-year ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rs 000)			
Net profit for the period	278,889	279,359	187,464	296,968
Other comprehensive income				
Unrealized loss on derivative financial instrument - net of tax	(9,350)	-	(6,210)	-
<b>Total comprehensive income for the period</b>	<b>269,539</b>	<b>279,359</b>	<b>181,254</b>	<b>296,968</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, 2011 (Unaudited)

	Note	June 30, 2011	June 30, 2010
		(Rs 000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	561,649	2,349,280
Finance costs paid		(12,882)	(21,422)
Taxes paid		(781,703)	(576,971)
Long-term loans		599	1,639
Long-term deposits and prepayments		4,005	4,174
Long-term installment sales receivables		(16,792)	37,727
Net cash (used in) / generated from operating activities		(245,124)	1,794,427
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(353,555)	(179,474)
Acquisition of intangible assets		-	(327,987)
Proceeds from sale of fixed assets		27,368	12,677
Mark-up received on bank balances		147,373	247,690
Net cash used in investing activities		(178,814)	(247,094)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(41,324)	(40,791)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(465,262)</b>	<b>1,506,542</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>2,917,186</b>	<b>3,545,621</b>
<b>Cash and cash equivalents at end of the period</b>		<b>2,451,924</b>	<b>5,052,163</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, 2011 (Unaudited)

	Issued subscribed and paid- up capital	Reserves				Total reserves	Total Equity
		Capital reserves		Revenue reserves			
		Share Premium	Merger reserve	General	Unapp- ropriated profit		
(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
Net profit for the period	-	-	-	-	279,359	279,359	279,359
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	279,359	279,359	279,359
Cash dividend @ 5%-	-	-	-	-	(41,150)	(41,150)	(41,150)
Transfer to general reserve	-	-	-	215,000	(215,000)	-	-
Balance as at June 30, 2010	822,999	584,002	260,594	12,614,818	281,396	13,740,810	14,563,809
Balance as at January 01, 2011	822,999	584,002	260,594	12,614,818	215,502	13,674,916	14,497,915
Net profit for the period	-	-	-	-	278,889	278,889	278,889
Other comprehensive income / (loss)	-	-	-	-	(9,350)	(9,350)	(9,350)
Total comprehensive income	-	-	-	-	269,539	269,539	269,539
Cash dividend @ 5%	-	-	-	-	(41,151)	(41,151)	(41,151)
Transfer to general reserve	-	-	-	170,000	(170,000)	-	-
Balance as at June 30, 2011	822,999	584,002	260,594	12,784,818	273,890	13,903,304	14,726,303

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, 2011 (Unaudited)

### 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 have 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, 2010.
- 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, 2011 and June 30, 2010.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2010.

The Company has adopted the following new / revised standards, amendments and interpretations to the accounting standards which became effective during the period:

IAS 24 - Related Party Disclosure (Revised)  
IAS 32 - Financial Instruments: Presentation - Classification of Right Issues (Amendment)  
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)  
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in April 2010

IFRS 3 - Business Combinations  
IAS 27 - Consolidated and Separate Financial Statements  
IFRS 7 - Financial Instrument Disclosures  
IAS 1 - Presentation of Financial Statements  
IFRIC 13 - Customer Loyalty Programmes  
IAS 34 - Interim Financial Reporting

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on these condensed interim financial statements.

## Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

	Note	Unaudited June 30, 2011	Audited December 31, 2010
		(Rs 000)	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	3,605,002	3,954,439
Capital work-in-progress	4.2	544,417	272,143
		<b>4,149,419</b>	<b>4,226,582</b>
<b>4.1 Operating fixed assets</b>			
Opening book value		3,954,439	3,792,724
Additions during the period / year	4.1.1	81,281	1,150,401
Disposals during the period / year	4.1.1	(20,488)	(34,150)
Depreciation charged during the period / year		(410,230)	(954,536)
		<b>3,605,002</b>	<b>3,954,439</b>

### 4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
(Rs 000)				
Leasehold land	-	-	-	478
Leasehold improvements	-	-	-	2,722
Buildings on leasehold land				
- Factory	5,750	312	-	-
- Office	-	2,532	-	-
Plant and machinery	15,946	761,949	322	3,007
Welding guns	-	1,481	-	-
Permanent and special tools	3,857	4,766	-	85
Dies	-	186,369	-	9
Jigs and fixtures	-	2,492	-	-
Electrical installations	-	4,048	-	-
Furniture and fittings	201	833	199	657
Vehicles	44,615	173,840	17,993	25,561
Air conditioners and refrigerators	589	1,391	201	26
Office equipments	1,425	5,847	1,769	1,344
Computers	8,898	4,541	4	261
	<b>81,281</b>	<b>1,150,401</b>	<b>20,488</b>	<b>34,150</b>

## Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

	Note	Unaudited June 30, 2011	Audited December 31, 2010
		(Rs 000)	
<b>4.2 Capital work-in-progress</b>			
Plant and machinery		451,348	243,765
Civil works		88,195	4,365
Advance for capital expenditure		4,874	24,013
	4.2.1	<u>544,417</u>	<u>272,143</u>
<b>4.2.1 Movement in capital work-in-progress</b>			
Opening balance		272,143	891,947
Additions during the period / year		297,391	344,784
Transfer to fixed assets		(25,117)	(964,588)
		<u>544,417</u>	<u>272,143</u>
<b>5. INTANGIBLE ASSETS</b>			
License fees and drawings	5.1	374,915	456,204
Software	5.2	24,778	49,556
		<u>399,693</u>	<u>505,760</u>
<b>5.1 License fees and drawings</b>			
Opening book value		456,204	248,620
Additions during the period / year		-	368,319
Amortisation charged during the period / year		(81,289)	(160,735)
		<u>374,915</u>	<u>456,204</u>
<b>5.2 Software</b>			
Opening book value		49,556	99,112
Amortization charged during the period / year		(24,778)	(49,556)
		<u>24,778</u>	<u>49,556</u>

## Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

	Note	Unaudited June 30, 2011	Audited December 31, 2010
		(Rs 000)	
<b>6. STOCK-IN-TRADE</b>			
Raw material and components [including items in transit Rs 3,058.523 million (31 December 2010: Rs. 4,262.260 million)]		7,136,692	6,598,895
(Provision) / reversal for slow moving and obsolete items:			
- at beginning of the period / year		(25,804)	(20,856)
- for the period / year		5,195	(4,948)
		(20,609)	(25,804)
		7,116,083	6,573,091
Work-in-process		59,042	30,274
Finished goods	6.1	4,066,995	1,885,813
Trading stocks [including items in transit Rs 23.850 million (31 December 2010: Rs. 13.091 million)]		199,431	307,910
(Provision) / reversal for slow moving and obsolete items :			
- at beginning of the period / year		(49,057)	(39,282)
- for the period / year		979	(9,775)
		(48,078)	(49,057)
		151,353	258,853
		11,393,473	8,748,031

6.1 Of the aggregate amount, stocks worth Rs 3,412 million (31 December 2010: Rs. 1,625 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. 175.843 million, Rs. 2.192 million and Rs. 71.835 million (31 December 2010: Rs. 210.379 million, Rs. 0.638 million, Rs. 53.652 million) respectively to arrive at net realizable value.

### 7. CONTINGENCIES AND COMMITMENTS

7.1 Capital expenditure contracted for but not incurred amounted to Rs. 31.017 million (31 December 2010: Rs.163.111 million).

7.2 The facilities for opening letters of credits amounted to Rs. 4,050 million (31 December 2010: Rs.4,029 million) of which the amount remaining unutilised at the period end was Rs. 2,945 million (31 December 2010: Rs. 2,787 million).

## Notes To The Condensed Interim Financial Statements

### For the Half-Year ended June 30, 2011 (Unaudited)

7.3 Counter guarantees issued by the Company against guarantees issued by various commercial banks on behalf of the Company amounted to Rs. 114.195 million (31 December 2010: Rs. 113.200 million).

#### 8. TAXATION

Net deferred tax asset of Rs.173 million (31 December 2010: Rs.130 million) has not been recognized in these condensed interim financial statements 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.

#### 9. CASH GENERATED FROM OPERATIONS

	Note	Unaudited June 30, 2011	Unaudited June 30, 2010
		(Rs 000)	
Profit before taxation		545,996	514,290
Adjustments for non-cash charges and other items:			
Depreciation		410,230	436,946
Amortization		106,067	105,177
Gain on disposal of fixed assets		(6,880)	(599)
Mark-up on bank balances		(155,864)	(259,495)
Finance costs		9,259	19,900
		362,812	301,929
Working capital changes	9.1	(347,159)	1,533,061
		561,649	2,349,280
<b>9.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		776	(1,920)
Stock-in-trade		(2,645,442)	864,011
Current portion of long-term installment sales receivables		(56,326)	(53,201)
Trade debts		(91,573)	(82,646)
Loans, advances and others		12,923	85,093
Trade deposits and prepayments		(22,344)	(13,701)
Other receivables		17,253	(10,551)
Sales tax and excise duty adjustable		(639,893)	30,550
		(3,424,626)	817,635
Increase / (decrease) in current liabilities			
Trade and other payables		(1,282,170)	141,626
Advance from customers		4,167,902	389,976
Short-term borrowing		-	(30,000)
Deposits against display of vehicles		191,735	-
Security deposits		-	213,824
		3,077,467	715,426
		(347,159)	1,533,061

## Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

### 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:

Transactions for the period	June 30, 2011 (Unaudited)			June 30, 2010 (Unaudited)		
	Holding company	Other related parties	Total	Holding company	Other related parties	Total
	(Rs 000)					
Purchase of components	10,425,555	252,944	10,678,499	8,552,744	189,870	8,742,614
Purchase of fixed assets	527	-	527	12,268	-	12,268
Sales including export sales	451	4,131	4,582	2,728	2,993	5,721
Royalties and technical fee	444,101	-	444,101	550,515	-	550,515
Staff retirement benefits	-	13,138	13,138	-	11,380	11,380
Sales promotional and development expenses	33	-	33	34	-	34
Remuneration of key management personnel	-	43,283	43,283	-	26,903	26,903
	(Rs 000)					
Balance as at period / year end	June 30, 2011 (Unaudited)			December 31, 2010 (Audited)		
	Holding company	Other related parties	Total	Holding company	Other related parties	Total
Due from related parties	68,701	-	68,701	65,421	1,148	66,569
Due to related parties	883,731	3,072	886,803	1,839,220	6,215	1,845,435
Due from executives	-	334	334	-	578	578

## Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

### 11. SEGMENT ANALYSIS

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

	June 30, 2011 (Unaudited)			June 30, 2010 (Unaudited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rs 000)					
<b>Turnover - net</b>	<b>22,587,405</b>	<b>663,301</b>	<b>23,250,706</b>	21,345,135	584,866	21,930,001
Gross profit / (loss)	893,946	(70,268)	823,678	764,438	(60,442)	703,996
Distribution costs	107,124	32,576	139,700	95,663	29,781	125,444
Administrative expenses	274,102	78,762	352,864	242,258	73,774	316,032
Operating profit / (loss)	512,720	(181,606)	331,114	426,517	(163,997)	262,520
Finance costs	8,454	805	9,259	18,774	1,126	19,900
Other operating income	220,664	50,317	270,981	270,213	41,770	311,983
	<b>724,930</b>	<b>(132,094)</b>	<b>592,836</b>	<b>677,956</b>	<b>(123,353)</b>	<b>554,603</b>

#### Unallocated corporate expenses

Other operating expenses	(46,840)	(40,313)
Taxation	(267,107)	(234,931)
Profit after taxation	<b>278,889</b>	<b>279,359</b>

	June 30, 2011 (Unaudited)			December 31, 2010 (Audited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rs 000)					
<b>Assets</b>						
Segment assets	15,538,336	1,506,776	17,045,112	13,222,645	1,191,523	14,414,168
Unallocated corporate assets	-	-	5,514,339	-	-	4,836,196
	<b>15,538,336</b>	<b>1,506,776</b>	<b>22,559,451</b>	<b>13,222,645</b>	<b>1,191,523</b>	<b>19,250,364</b>
<b>Liabilities</b>						
Segment liabilities	7,775,885	57,263	7,833,148	4,681,621	70,828	4,752,449
Capital expenditure	121,657	231,898	353,555	507,461	-	507,461
	June 30, 2011 (Unaudited)			June 30, 2010 (Unaudited)		
<b>Depreciation</b>	<b>372,784</b>	<b>37,446</b>	<b>410,230</b>	408,702	28,244	436,946

# Notes To The Condensed Interim Financial Statements

For the Half-Year ended June 30, 2011 (Unaudited)

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 18, 2011.

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.



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