



3rd Quarter Report  
September 2011



**Pak Suzuki Motor Company Limited**

# 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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## 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 - 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

#### Rawalpindi Office:

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 nine months ended September 30, 2011.

During the period January -September 2011, the industry for cars and light commercial vehicles grew by 7% over same period of last year. During the period 122,092 units were sold against 113,825 units same period of last year. The sales volume of Pak Suzuki improved by 17% from 58,138 units in September 2010 to 68,036 units in September 2011. Company increased its market share to 56% in overall sales of cars and light commercial vehicles of industry. To meet demand, Company increased its production volume from 57,917 units to 66,862 units. The level of production represented 59% capacity utilization.

The organized market for motorcycles and three wheelers is also showing improvement. The overall demand increased by 16%. During the period 667,687 units were sold against 576,357 units same period of last year. Pak Suzuki sold 16,063 units during the period against 14,463 units same period of last year.

Company earned net profit Rs. 671.555 million compared to Rs. 388.017 million in same period of last year. Net sales revenues have increased by 22% (Rs. 7.046 billion) from Rs. 31.502 billion (September 2010) to Rs. 38.548 billion (September 2011) mainly due to higher volume and product mix. Gross profit margin improved from 3.1% to 3.78% and in absolute terms by Rs. 473.337 million from Rs. 985.158 million to Rs. 1458.495 million. The improvement was attributable to increase in volume.

Distribution expenses have increased from Rs.159.386 million to Rs. 187.540 million but as a percentage of sales remained at 0.5%. Administration expenses increased from Rs. 473.280 million to Rs. 534.142 million but as a percentage of sales marginally decreased from 1.5% to 1.4%. Other operating income has increased

from Rs. 442.376 million to Rs. 464.328 million. Current period included net exchange gain Rs. 42.881 million. Corresponding period of last year had net exchange loss and it was included in finance cost. Financial cost has decreased from Rs. 19.533 million to Rs. 13.162 million. 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 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 helped to increase sales volume. 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: 26th October, 2011

## Balance Sheet

As at September 30, 2011

	Note	Unaudited September 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	4,071,437	4,226,582
Intangible assets	5	361,960	505,760
		<b>4,433,397</b>	<b>4,732,342</b>
Long-term investments		5,413	5,413
Long-term loans		1,173	1,114
Long-term deposits and prepayments		21,412	28,499
Long-term installment sales receivables		166,554	169,864
		<b>4,627,949</b>	<b>4,937,232</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		94,775	63,916
Stock-in-trade	6	11,686,472	8,748,031
Trade debts		364,663	240,719
Current portion of long-term installment sales receivables		308,367	251,254
Loans, advances and others		86,831	134,963
Trade deposits and short-term prepayments		69,168	43,466
Accrued mark-up income		27,487	8,652
Other receivables		182,729	107,779
Sales tax and excise duty adjustable		470,849	389,453
Income tax refundable - net		2,073,717	1,407,713
Cash and bank balances		7,190,716	2,917,186
		<b>22,555,774</b>	<b>14,313,132</b>
<b>TOTAL ASSETS</b>		<b>27,183,723</b>	<b>19,250,364</b>

	Note	Unaudited September 30, 2011 <small>(Rupees in thousand)</small>	Audited December 31, 2010
<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		14,295,719	13,674,916
		15,118,718	14,497,915
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,682,065	3,080,351
Advance from customers		5,689,980	327,031
Short-term borrowing		75,000	50,000
Deposits against display of vehicles		1,390,232	1,067,839
Security deposits		89,253	88,753
Provision for custom duties and sales tax		138,475	138,475
		12,065,005	4,752,449
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,183,723</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 3rd Quarter ended September 30, 2011 (Unaudited)

	January to September		July to September	
	2011	2010	2011	2010
	(Rupees in thousand)		(Rupees in thousand)	
Turnover-net	38,548,674	31,502,041	15,297,968	9,572,040
Cost of sales	(37,090,179)	(30,516,883)	(14,663,151)	(9,290,878)
Gross profit	1,458,495	985,158	634,817	281,162
Distribution cost	(187,540)	(159,386)	(47,840)	(33,942)
Administrative expenses	(534,142)	(473,280)	(181,278)	(157,248)
Other operating income	464,328	442,376	193,347	130,393
Finance cost	(13,162)	(19,533)	(3,903)	367
Other operating expenses	(87,906)	(54,075)	(41,066)	(13,762)
	(358,422)	(263,898)	(80,740)	(74,192)
Profit before taxation	1,100,073	721,260	554,077	206,970
Taxation				
- Current	433,419	323,371	161,411	98,312
- Prior	(4,901)	9,872	-	-
	428,518	333,243	161,411	98,312
Profit after taxation	671,555	388,017	392,666	108,658
----- Rupees -----				
Earning per share- basic and diluted	8.16	4.71	4.77	1.32

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 3rd Quarter ended September 30, 2011 (Unaudited)

	January to September		July to September	
	2011	2010	2011	2010
	(Rupees in thousand)		(Rupees in thousand)	
Net profit for the period	671,555	388,017	392,666	108,658
Other comprehensive income:	-	-	-	-
Unrealised loss on derivative financial instrument-net of tax	(9,601)	-	(251)	-
Total comprehensive income for the period	661,954	388,017	392,415	108,658

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 3rd Quarter ended September 30, 2011 (Unaudited)

	Note	January to September	
		2011	2010
(Rupees in thousand)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	5,591,518	1,282,412
Finance cost paid		(6,722)	(21,076)
Taxes paid		(1,094,522)	(798,710)
Long-term loans and advances		(59)	2,027
Long-term deposits and prepayments		7,087	(2,502)
Long-term installment sales receivables		3,310	760
Net cash generated from operating activities		4,500,612	462,911
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(524,882)	(245,979)
Acquisition of intangible asset		(14,689)	(346,257)
Sale proceeds on disposal of fixed assets		76,439	21,064
Mark-up received on bank balances		277,393	361,992
Net cash used in investing activities		(185,739)	(209,180)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(41,343)	(41,049)
Net increase in cash and cash equivalents		4,273,530	212,682
Cash and cash equivalents at beginning of the period		2,917,186	3,545,621
Cash and cash equivalents at end of the period		7,190,716	3,758,303

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

## Condensed Interim Statement of Changes in Equity

For the 3rd Quarter ended September 30, 2011 (Unaudited)

	Issued subscribed and paid- up capital	Reserves					Total reserves	Total Equity
		Capital reserves		Revenue reserves				
		Share Premium	Merger reserve	General reserve	Unapp- ropriated profit			
(Rupees in thousand)								
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 @ 5%	-	-	-	-	(41,150)	(41,150)	(41,150)	
Transfer to general reserve	-	-	-	215,000	(215,000)	-	-	
Net profit for the period ended September 30, 2010	-	-	-	-	388,017	388,017	388,017	
Other Comprehensive income	-	-	-	-	-	-	-	
Total Comprehensive income	-	-	-	-	388,017	388,017	388,017	
Balance as at September 30, 2010	822,999	584,002	260,594	12,614,818	390,054	13,849,468	14,672,467	
Balance as at January 01, 2011	822,999	584,002	260,594	12,614,818	215,502	13,674,916	14,497,915	
Cash dividend @ 5%	-	-	-	-	(41,151)	(41,151)	(41,151)	
Transfer to general reserve	-	-	-	170,000	(170,000)	-	-	
Net Profit for the period ended September 30, 2011	-	-	-	-	671,555	671,555	671,555	
Other Comprehensive income	-	-	-	-	(9,601)	(9,601)	(9,601)	
Total Comprehensive income	-	-	-	-	661,954	661,954	661,954	
Balance as at September 30, 2011	822,999	584,002	260,594	12,784,818	666,305	14,295,719	15,118,718	

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 and Forming Part of Financial Statements

For the 3rd Quarter ended September 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 and 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 The interim financial statements are unaudited and are being submitted to the members in accordance with Section 245 of the Companies Ordinance, 1984.

### 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 and Forming Part of Financial Statements

For the 3rd Quarter ended September 30, 2011 (Unaudited)

	Note	Unaudited September 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
<b>4</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	3,676,549	3,954,439
Capital work-in- process	4.2	394,888	272,143
		<b>4,071,437</b>	<b>4,226,582</b>
<b>4.1</b>			
<b>Operating Fixed Assets</b>			
Opening book value		3,954,439	3,792,724
Additions during the period / year	4.1.1	402,138	1,150,401
Disposal during the period / year	4.1.1	(61,043)	(34,150)
Depreciation charged during the period / year		(618,985)	(954,536)
		<b>3,676,549</b>	<b>3,954,439</b>

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
(Rupees in thousand)				
Leasehold land	17,317	-	-	478
Leasehold improvements	-	-	-	2,722
Building on leasehold land				
- Factory	89,935	312	-	-
- Office	-	2,532	-	-
Plant and machinery	171,950	761,949	1,839	3,007
Welding guns	-	1,481	-	-
Permanent and special tools	11,381	4,766	-	85
Dies	4,922	186,369	93	9
Jigs and fixtures	-	2,492	-	-
Electrical installations	42,307	4,048	-	-
Furniture and fittings	201	833	199	657
Vehicles	49,734	173,840	56,928	25,561
Air conditioners and refrigerators	802	1,391	211	26
Office equipments	4,237	5,847	1,769	1,344
Computers	9,352	4,541	4	261
	<b>402,138</b>	<b>1,150,401</b>	<b>61,043</b>	<b>34,150</b>

	Note	Unaudited September 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
<b>4.2</b>			
<b>Capital Work in Process</b>			
Plant and machinery		387,760	243,765
Building		7,128	4,365
Advance for capital expenditure		-	24,013
	4.2.1	<b>394,888</b>	<b>272,143</b>
<b>4.2.1</b>			
<b>Movement in capital work-in-progress</b>			
Opening balance		272,143	891,947
Addition during the period		297,391	344,784
Transferred to operating fixed assets		(174,646)	(964,588)
Closing balance		<b>394,888</b>	<b>272,143</b>

## Notes to and Forming Part of Financial Statements

For the 3rd Quarter ended September 30, 2011 (Unaudited)

	Note	Unaudited September 30, 2011	Audited December 31, 2010
————— (Rupees in thousand) —————			
<b>5. INTANGIBLE ASSETS</b>			
Licence fees and drawings	5.1	349,571	456,204
Software	5.2	12,389	49,556
		<b>361,960</b>	<b>505,760</b>
<b>5.1 Licence fees and drawings</b>			
Opening book value		456,204	248,620
Additions during the period / year		14,689	368,319
Amortisation charged during the period / year		(121,322)	(160,735)
		<b>349,571</b>	<b>456,204</b>
Amortization rate		<b>3 years</b>	<b>3 years</b>
<b>5.2 Software</b>			
Opening book value		49,556	99,112
Amortisation charged during the period / year		(37,167)	(49,556)
		<b>12,389</b>	<b>49,556</b>
Amortization rate		<b>3 years</b>	<b>3 years</b>
<b>6 STOCK IN TRADE</b>			
Raw material and components [Including items in transit Rs 4,848.873 million (2010 : Rs 4,262.260 million) ]		10,177,323	6,598,895
Provision for slow moving and obsolete items:			
- at beginning of the period / year		25,804	20,856
- (Reversal) / provision for the period / year		(1,648)	4,948
		<b>24,156</b>	<b>25,804</b>
		<b>10,153,167</b>	<b>6,573,091</b>
Work-in-process		85,360	30,274
Finished goods		1,297,874	1,885,813
Trading stocks [Including items in transit Rs 16.046 million (2010 : Rs 13.091 million) ]		197,209	307,910
Provision for slow moving and obsolete items:			
- at beginning of the period / year		49,057	39,282
- (Reversal) / provision for the period / year		(1,919)	9,775
		<b>47,138</b>	<b>49,057</b>
		<b>150,071</b>	<b>258,853</b>
		<b>11,686,472</b>	<b>8,748,031</b>

## Notes to and Forming Part of Financial Statements

### For the 3rd Quarter ended September 30, 2011 (Unaudited)

- 6.1 Of the aggregate amount, stocks worth Rs 846.668 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, and Rs 53.652 million)

#### 7. CONTINGENCIES AND COMMITMENTS

- 7.1 Capital expenditure contracted for but not incurred amounted to Rs. 19.386 million (31 December 2010: Rs 163.111 million).
- 7.2 The facilities for opening letters of credit as at September 30, 2011 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 2,912.538 million (31 December 2010: Rs 2,787 million)
- 7.3 Counter guarantees issued by the Company against guarantees issued by various commercial banks on behalf of the Company amounted to Rs 86.277 million (31 December 2010: Rs 113.200 million).

#### 8. TAXATION

Net deferred tax asset of Rs 103 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.

	Note	January to September	
		2011	2010
(Rupees in thousand)			
<b>9. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,100,073	721,260
Adjustments for non cash charges and other items:			
Depreciation		618,984	661,346
Amortisation of intangible asset		158,489	155,896
Provision for doubtful debts		6,974	23,607
Gain on disposal of fixed assets		(15,396)	(1,715)
Mark-up on bank balances		(296,228)	(362,351)
Finance cost		3,085	19,533
		475,908	496,316
Working capital changes	9.1	4,015,537	64,836
		5,591,518	1,282,412

## Notes to and Forming Part of Financial Statements

For the 3rd Quarter ended September 30, 2011 (Unaudited)

9.1 Working capital changes	Note	January to September	
		2011	2010
		(Rupees in thousand)	
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(30,859)	(28,504)
Stock in trade		(2,938,441)	(613,522)
Current portion of long-term installments sales receivables		(57,113)	(38,670)
Trade debts		(130,918)	(117,288)
Loans and advances		48,132	101,474
Trade deposits and prepayments		(25,702)	(15,653)
Other receivables		(77,271)	(50,186)
Sales tax and excise duty adjustable		(81,396)	172,816
		(3,293,568)	(589,533)
Increase / (decrease) in current liabilities			
Security deposits		500	(1,025)
Trade and other payables		1,598,263	324,428
Deposits against display of vehicles		322,393	315,025
Short -term borrowing		25,000	(30,000)
Advance from customers		5,362,949	45,941
		7,309,105	654,369
		4,015,537	64,836

### 10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the holding company and related group companies, staff retirement funds, directors and executives. Material transactions with related parties during the period are given below:

	Holding company	Other related parties	Total
	(Rupees in thousand)		
For the nine months ended September 30, 2011			
Purchases of components	17,988,747	388,285	18,377,032
Purchases of fixed assets	21,002	13,304	34,306
Sales including export sales	457	6,207	6,664
Royalties and technical fee	780,397	-	780,397
Staff retirement benefits	-	19,877	19,877
Sales promotional & development expenses	82	-	82
Key management remuneration	-	63,890	63,890
<b>Balance as on September 30, 2011</b>			
Due from related parties	75,706	-	75,706
Due to related parties	2,830,227	4	2,830,231
Due from executives	-	400	400
	21,696,618	491,967	22,188,585

## Notes to and Forming Part of Financial Statements

For the 3rd Quarter ended September 30, 2011 (Unaudited)

	Holding company	Other related parties	Total
	(Rupees in thousand)		
<b>For the nine months ended September 30, 2010</b>			
Purchases of components	12,879,753	423,181	13,302,934
Purchases of fixed assets	41,579	-	41,579
Sales including export sales	2,728	5,054	7,782
Royalties and technical fee	762,404	-	762,404
Staff retirement benefits	-	16,977	16,977
Sales promotional & development expenses	463	-	463
Key management remuneration	-	40,203	40,203
<b>Balance as on September 30, 2010</b>			
Due from related parties	72,601	1,033	73,634
Due to related parties	1,001,123	7,081	1,008,204
Due from executives	-	751	751
	<b>14,760,651</b>	<b>494,280</b>	<b>15,254,931</b>

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

### 11. SEGMENT ANALYSIS FOR THE QUARTER ENDED 30 SEPTEMBER, 2011

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

	September 30, 2011			September 30, 2010		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	(Rupees in thousand)					
<b>Segment results</b>						
Net sales	37,536,565	1,012,109	38,548,674	30,636,125	865,916	31,502,041
Gross profit/ (loss)	1,583,466	(124,971)	1,458,495	1,093,536	(108,378)	985,158
Distribution costs	137,231	50,309	187,540	119,739	39,647	159,386
Administrative expenses	415,357	118,785	534,142	367,330	105,950	473,280
Operating profit/ (loss)	1,030,878	(294,065)	736,813	606,467	(253,975)	352,492
Finance cost	11,970	1,192	13,162	15,204	4,329	19,533
Other income	386,688	77,640	464,328	379,834	62,542	442,376
Segment result	1,405,596	(217,617)	1,187,979	971,097	(195,762)	775,335
<b>Unallocated corporate expenses</b>						
Operating expenses	-	-	87,906	-	-	54,075
Taxation	-	-	428,518	-	-	333,243
Profit after taxation	-	-	671,555	-	-	388,017







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