

Pak Suzuki Motor Company Limited

Financial Statements

For the period ended 31 March 2023

DIRECTORS' REPORT

On behalf of the Board, I present my review on the performance of the Company during first quarter ended March 31, 2023.

The Economy

Pakistan is experiencing severe economic crises, facing the challenges of high inflation, low growth and low levels of official foreign exchange reserves. Ongoing geo-political tussle gave rise to increase in commodity prices and global monetary policy tightening. Unprecedented depreciation of Pak Rupee, increased freight charges, hike in interest rate, political instability, rise in inflation, uncertainty over external financing and government's actions to control imports had adversely impacted the economy of Pakistan. Floods in country further aggravated the economic outlook. While fiscal accounts are under immense pressure on account of heavy interest payments and rehabilitation spending.

Economic indicators of the country are not encouraging. Large scale manufacturing (LSM) sector witnessed decline by 3.7% during the period Jul - Dec 2022 as compared to same period of last year (SPLY). During the period Jul 2022 – Jan 2023, exports worth US\$ 16.4 billion were achieved as compared to exports of US\$ 17.7 billion in SPLY. Textiles and textile articles remained the principal contributor for exports of country. Remittances also reduced due to prevailing uncertainty in forex rates. During the period July 2022 – February 2023, total remittances of US\$ 17.9 billion were received against US\$ 20.1 billion in SPLY. Imports also declined from US\$ 42.3 billion to US\$ 33.5 billion due to stringent import restrictions imposed by the State Bank of Pakistan. Consequently, Trade deficit reduced to US\$ 17 billion for the period Jul 2022 – Jan 2023 as compared to US\$ 24.6 billion in SPLY, i.e., decrease by 31% year on year basis. Similarly, Pakistan's current account deficit (CAD) also reduced to US\$ 3.8 billion during the period Jul 22 – Jan 23 against a deficit of US\$ 11.6 billion in SPLY. Despite positive development in CAD, debt servicing coupled with uncertainty over external financing adversely impacted the PKR and resulted in downslide in Pak Rupee to all-time low parity with US\$, exceeding PKR 280 in March 2023. The impact of higher global commodity prices and recent PKR depreciation have begun to reflect in higher inflation. Average inflation during the period Jul 22 – Feb 23 arrives at 31.5% YoY vis-à-vis 12.24%. Incessant depreciation of Pak Rupee and persistent shortages in essential crops due to floods preventing inflation to settle down. State Bank of Pakistan (SBP) is following a contractionary monetary policy to contain inflationary pressure with progressive increase in policy rate. Policy rate increased to 20% in 'Monetary Policy' announced in March 2023 with 3% increase.

Industry Outlook

Sales volume adversely impacted from later half of 2022, primarily due to import restrictions imposed by State Bank of Pakistan (SBP) on import of CKDs of vehicles. Unabated import restrictions hindering the production in year 2023 as well and OEMs are forced to opt for 'Non Production Days'. During the period (January – March 2023), sales volume of auto industry for cars and light commercial vehicles was recorded at 26,289 units compared to 69,405 units in corresponding period of last year, registering massive decline of 62%. Sales volume of Company during the quarter January - March 2023 declined by 74% from 36,753 units to 9,553 units. The company achieved 36% market share for cars and light commercial vehicles within PAMA member companies. The company produced 8,950 units in the current quarter due to import restrictions and realized 24% capacity utilization.

During the period under review, sales volume for motorcycles and three wheelers within PAMA member companies remained at 296,868 units as compared to 438,926 units in the same period of last year. Reduction of 142,058 units represents 32% decline in sales volume. In the current quarter, company sold 6,173 units as compared to sales volume of 9,699 units in corresponding period of last year, registering decline of 36%.

Operating Results of the Company

Company incurred net loss of Rs 12,916 million compared to net loss of Rs 460 million in same period of last year. Prevailing economic situation of the country is adversely impacting the profitability of company. Net sales revenues decreased by 54% (Rs 25,897 million) from Rs 47,736 million (Jan-Mar 2022) to Rs 21,839 million (Jan- Mar 2023) due to decline in sales volume. Gross profit increased in absolute terms by Rs 634 million from Rs 1,349 million (Jan-Mar 2022) to Rs 1,983 million (Jan-Mar 2023). Gross profit margins as a percentage of net sales recorded at 9% in current period as compared to 3% in same period of last year. Financial charges increased by Rs 11,790 million from Rs 1,031 million (Jan-Mar 2022) to Rs 12,821 million (Jan- Mar 2023), primarily due to the exchange loss of Rs 11,864 million recorded in current period.

Future Outlook & Conclusion

Government is striving to maintain forex reserves and stability in exchange rate through fiscal consolidation. Macroeconomic indicators of the country becoming challenging for the auto industry. Automobile industry provided import substitution for local consumption with development of engineering base in country, providing direct and indirect employment to over 500,000 people and contributes significantly to the national exchequer. Government must play their role in economic development of country.

Automobile industry expects reduction in duties & taxes and relaxation on import restrictions to overcome prevailing difficult phase. My sincere hope is that all the government departments enhance their support to the automobile industry failing which it will result in huge loss to the economy and increased unemployment thereof.



KINJI SAITO
Chairman

Karachi: April 18, 2023.

Pak Suzuki Motor Company Limited
Condensed Interim Statement of Financial Position
As at 31 March 2023

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,597,282	14,877,495
Intangible assets		416,356	444,620
Right-of-use assets		105,461	118,174
Long-term investments	6	4,551	84,551
Long-term loans		6,498	7,498
Long-term deposits, prepayments and other receivables	7	1,049,747	1,034,659
Long-term installment sales receivables	8	140,575	514,788
Deferred taxation-net		7,345,367	7,345,367
		<u>23,665,837</u>	<u>24,427,152</u>
Current assets			
Stores, spares and loose tools		423,786	482,775
Stock-in-trade	9	40,805,530	33,031,769
Trade debts		380,003	385,303
Loans and advances		1,656,718	1,194,060
Trade deposits and short-term prepayments	10	32,784,028	31,621,137
Current portion of long-term installment sales receivables	8	2,440,744	2,516,531
Other receivables	11	896,646	945,748
Taxation - net		5,732,602	5,500,362
Sales tax and excise duty		7,072,267	6,275,912
Cash and bank balances	12	453,892	3,703,619
		<u>92,646,216</u>	<u>85,657,216</u>
TOTAL ASSETS		<u>116,312,053</u>	<u>110,084,368</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital of 500,000,000 (31 December 2021: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital		822,999	822,999
Capital reserves		844,596	844,596
Revenue reserves		5,187,187	18,102,953
		<u>6,854,782</u>	<u>19,770,548</u>
Non-current liabilities			
Payable against purchase of assets		39,228	38,085
Security deposits		313,327	304,201
Lease liabilities		96,304	98,252
Long term loan		1,725,806	1,763,301
Deferred Government Grant		607,981	620,389
Employee Benefit Obligations		823,372	815,063
		<u>3,605,018</u>	<u>3,639,291</u>
Current liabilities			
Trade and other payables	13	89,264,997	64,925,458
Lease liabilities		32,292	42,792
Current portion of long term loan		116,808	114,666
Current portion of deferred government grant		134,389	136,389
Short term finance		11,500,000	11,321,638
Advance from customers		812,129	5,835,895
Security deposits		3,686,872	3,991,412
Provision for custom duties and sales tax		285,049	285,049
Unclaimed / unpaid dividend		19,717	21,230
		<u>105,852,253</u>	<u>86,674,529</u>
TOTAL LIABILITIES		<u>109,457,271</u>	<u>90,313,820</u>
TOTAL EQUITY AND LIABILITIES		<u>116,312,053</u>	<u>110,084,368</u>

Contingencies and commitments

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The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chairman


Chief Financial Officer


Chief Executive Officer

Pak Suzuki Motor Company Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the three months period ended 31 March 2023

	<i>Note</i>	<u>Three months period ended</u>	
		<u>31 March</u>	<u>31 March</u>
		<u>2023</u>	<u>2022</u>
		----- (Rupees in '000) -----	
Sales	15	21,839,384	47,736,081
Cost of sales	16	<u>(19,856,227)</u>	<u>(46,386,780)</u>
Gross profit		1,983,157	1,349,301
Distribution and marketing expenses		<u>(878,446)</u>	<u>(732,149)</u>
Administrative expenses		<u>(919,832)</u>	<u>(740,057)</u>
Provision of impairment losses		<u>-</u>	<u>(3,528)</u>
		<u>(1,798,278)</u>	<u>(1,475,734)</u>
		184,879	(126,433)
Other income	17	73,759	527,333
Finance costs	18	<u>(12,820,546)</u>	<u>(1,031,107)</u>
Share of loss of equity accounted investee		<u>(80,000)</u>	<u>(18,000)</u>
Loss before taxation		<u>(12,641,908)</u>	<u>(648,207)</u>
Taxation	19	<u>(273,858)</u>	187,980
Loss profit after taxation		<u><u>(12,915,766)</u></u>	<u><u>(460,227)</u></u>
		----- (Rupees) -----	
Loss earnings per share - basic and diluted		<u><u>(156.94)</u></u>	<u><u>(5.59)</u></u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Pak Suzuki Motor Company Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the three months period ended 31 March 2023

	Three months period ended	
	31 March 2023	31 March 2022
	----- (Rupees in '000) -----	
Loss for the period	(12,915,766)	(460,227)
Other comprehensive loss		
<i>Items that will never be reclassified to statement of profit or loss</i>		
Re-measurement loss on defined benefit plan	-	(2,190)
Total comprehensive loss for the period	<u>(12,915,766)</u>	<u>(462,417)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Pak Suzuki Motor Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the three months period ended 31 March 2023

	Share Capital Issued, subscribed and paid-up capital	Reserves			Total reserves	Total
		Capital reserves Share premium	Reserve on merger	Revenue reserves		
----- (Rupees in '000) -----						
Balances as at 1 January 2022	822,999	584,002	260,594	25,158,602	26,003,198	26,826,197
Total comprehensive income for the period ended 31 March 2022						
Loss for the period	-	-	-	(460,227)	(460,227)	(460,227)
Other comprehensive loss	-	-	-	(2,190)	(2,190)	(2,190)
	-	-	-	(462,417)	(462,417)	(462,417)
Balance as at 31 March 2022	822,999	584,002	260,594	24,696,185	25,540,781	26,363,780
Balances as at 1 January 2023	822,999	584,002	260,594	18,102,953	18,947,549	19,770,548
Total comprehensive loss for the period ended 31 March 2023						
Loss for the period	-	-	-	(12,915,766)	(12,915,766)	(12,915,766)
Other comprehensive loss	-	-	-	-	-	-
	-	-	-	(12,915,766)	(12,915,766)	(12,915,766)
Balance as at 31 March 2023	822,999	584,002	260,594	5,187,187	6,031,783	6,854,782

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Pak Suzuki Motor Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the three months period ended 31 March 2023

	Note	31 March 2023	31 March 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in from operations	20	(2,240,251)	(400,742)
Markup paid on loans and borrowings		(362,792)	(14,723)
Income tax payment		(506,098)	(1,070,049)
Long-term loans - net		1,000	(1,512)
Payments to retirement benefit obligations		(3,200)	(4,864)
Markup paid on late delivery of vehicle		(900)	(529,053)
Long-term deposits, prepayments and other receivables		(15,088)	12,981
Long-term installment sales receivables		374,213	(137,590)
Net cash (used in) / generated from operating activities		(2,753,116)	(2,145,551)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(664,504)	(687,756)
Acquisition of intangible assets		-	(309,039)
Proceeds from disposal of property, plant and equipment		-	11,303
Profit received on bank deposits		54,253	392,986
Net cash used in investing activities		(610,251)	(592,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(13,448)	(10,598)
Loan (paid) / received		(11,371,399)	25,213
Dividend paid		(1,513)	(74)
		(11,386,360)	14,541
Net decrease in cash and cash equivalents		(14,749,728)	(2,723,516)
Cash and cash equivalents at beginning of the period		3,703,619	23,271,041
Cash and cash equivalents at end of the period		(11,046,109)	20,547,525
Cash and cash equivalents comprise of			
Cash and bank balances		453,892	20,547,525
Short term finance		(11,500,000)	-
		(11,046,109)	20,547,525

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Chief Executive Officer

Pak Suzuki Motor Company Limited

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2023

1. STATUS AND NATURE OF BUSINESS

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 Company was formed in accordance with the terms of a joint venture agreement concluded between Pakistan Automobile Corporation Limited ("PACO") and Suzuki Motor Corporation (SMC), Japan (the Holding Company) having registered address of 300 Takatsuka-Cho, Minami-Ku, Hamamatsu City. In 1996, the joint venture agreement was ended & PACO divested its entire shareholding to SMC. The Company is engaged in the assembling, progressive manufacturing and marketing of Suzuki cars, pickups, vans, 4x4s and motorcycles and related spare parts. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at DSU – 13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

Tecno Auto Glass Limited

Tecno Auto Glass Limited ("TAG") is a Company incorporated in Pakistan as a public limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 16 March 2017. The registered office of the Company is situated at 255 A, Block 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi. The manufacturing plant of TAG is set up at Bin Qasim National Industrial Parks - Special Economic Zone for manufacturing of auto glass. The Company had entered into a technical assistance agreement with Asahi India Glass Limited ("AIS") under which AIS has granted to the company a right and license to use technical information to manufacture its products.

TAG is a subsidiary of Tecno Pack Telecom (Private) Limited, which owns 60% of the shares of TAG, while remaining 40% of the shares were acquired by Pak Suzuki Motor Company Limited.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34 "Interim Financial Reporting " issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provision of and directives issued under the Companies Act, 2017 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 audited financial statements for the year ended 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 annual audited financial statements of the Company as at and for the year ended 31 December 2022.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements as at and for the year ended 31 December 2022.

5. PROPERTY, PLANT AND EQUIPMENT

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		(Rupees in '000)	
Operating fixed assets		12,535,074	13,455,163
Capital work in progress	5.1	<u>2,062,208</u>	<u>1,422,332</u>
		<u>14,597,282</u>	<u>14,877,495</u>

5.1 Capital Work in Progress

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		(Rupees in '000)	
Plant and machinery		1,988,294	1,372,297
Civil works		<u>73,914</u>	<u>50,035</u>
		<u>2,062,208</u>	<u>1,422,332</u>

During current period, additions to capital work-in-progress amounted to Rs. 664 million (31 March 2022: Rs. 1,270 million) and transfer to fixed assets amounted to Rs. 24 million (31 March 2022: Rs. 4,943 million).

5.2 The following are the additions and disposals of property, plant and equipment during the period:

	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
Additions / transfer from CWIP		
Jigs and fixtures	-	1,125,278
Plant and machinery	2,275	995,574
Vehicles	-	15,767
Dies	22,346	2,174,125
Buildings on leasehold land - factory building	-	7,713
Electrical installations	-	23,602
Welding guns	-	9,916
Permanent and special tools	-	9,490
	<u>24,621</u>	<u>4,361,465</u>
Disposal - at book value		
Vehicles	-	9,160
Air conditioners and refrigerators	-	150
Office equipments	-	138
	<u>-</u>	<u>9,448</u>

5.1.1 Dies include assets having book value of Rs. 3,153.9 million (31 December 2022: Rs.3,504.3 million) which are in the possession of vendors for contract manufacturing of components.

6. LONG TERM INVESTMENTS

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Note	(Rupees in '000)	
Investment in related party (equity accounted)		
Investment in joint venture - unquoted		
Tecno Auto Glass Limited (TAG)	4,551	84,551
Other long term investments		
Equity securities - at FVOCI		
	<u>4,551</u>	<u>84,551</u>

7. LONG-TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits	84,966	59,883
Other receivable from employees at amortised cost	7.1 1,178,516	1,188,511
Less: Receivable within one year	(213,735)	(213,735)
	964,781	974,776
	<u>1,049,747</u>	<u>1,034,659</u>

7.1 This represents receivable against vehicles given to employees under the Vehicle Ownership Employee Scheme. These receivables are interest free and secured against the personnel guarantees and provident/gratuity fund balances of the respective employees. These are receivable in maximum eighty-four equal monthly installments.

8. LONG TERM INSTALLMENT SALES RECEIVABLES

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		(Rupees in '000)	
Gross amount of Installment sales receivables	8.1	2,936,406	3,386,166
Less: Unearned finance income		<u>(4,397)</u>	<u>(4,397)</u>
Gross amount of installment sales receivables		2,932,009	3,381,769
Less: Impact of discounting		<u>(276,718)</u>	<u>(276,478)</u>
Installment Sales Receivables		2,655,291	3,105,291
Less: Provision of impairment allowance on receivables		<u>(73,972)</u>	<u>(73,972)</u>
		2,581,319	3,031,319
Less: Current maturity		<u>(2,440,744)</u>	<u>(2,516,531)</u>
		<u>140,575</u>	<u>514,788</u>

8.1 This represent balances receivable under various installment sale agreements in equal monthly installments. It includes installment sales to customers (motorcycles) and registered vendors of the Company. In case of installment sales to customers, Company retains the title and registers the documents of the motorcycles in its name as a security. For installment sales to vendors, no mark-up is charged on 12 months installment sales and mark-up is charged at 12% per annum on installment sales exceeding 12 month period (2022: 12% per annum). Further, vehicles are lien marked in joint names of vendor and the Company. Title documents retained in the Companys' custody are transferred in the name of customer / vendor after the entire dues are cleared. Overdue rentals are subject to additional surcharge.

9. STOCK IN TRADE

Raw material and components [including items in transit Rs. 6,183 million (2022: Rs. 10,490.8 million)]		33,338,587	26,218,302
Less: Provision for slow moving and obsolescence			
- at beginning of the period		<u>355,536</u>	<u>357,594</u>
- provision during the period		<u>-</u>	<u>(2,058)</u>
		355,536	355,536
		32,983,051	25,862,766
Work-in-process		168,081	-
Finished goods		6,713,377	5,978,162
Trading stocks [including items in transit Rs. 223.2 million (2022: Rs. 223.2 million)]		<u>1,011,344</u>	<u>1,261,164</u>
Less: Provision for slow moving and obsolescence			
- at beginning of the period		<u>70,323</u>	<u>88,931</u>
- provision during the period		<u>-</u>	<u>(18,608)</u>
		70,323	70,323
		941,021	1,190,841
		<u>40,805,530</u>	<u>33,031,769</u>

9.1 Of the aggregate amount, stocks worth Rs. 3,272 million (2022: Rs. 4,827 million) were in the custody of dealers and vendors dispersed all over Pakistan.

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	31 March 2023 (Unaudited) Note	31 December 2022 (Audited)
	(Rupees in '000)	
Trade deposits	46,866	56,866
Margin held with banks against letter of credits and imports	<u>31,784,700</u>	<u>30,618,799</u>
	31,831,566	30,675,665
Advance Payments		
- Collector of custom	<u>903,006</u>	<u>889,741</u>
- Rent	<u>38,966</u>	<u>34,341</u>
- Insurance	<u>3,910</u>	<u>3,910</u>
- Others	<u>6,580</u>	<u>17,480</u>
	<u>952,462</u>	<u>945,472</u>
	<u>32,784,028</u>	<u>31,621,137</u>

11 OTHER RECIEVABLES

Due from related parties	652,387	652,387
Due from vendors for material and components returned	21,425	24,215
Expenses recoverable from dealers	190	190
Current portion of long term other receivables	213,735	213,735
Accrued profit on bank deposits	-	15,115
Others	<u>8,909</u>	<u>40,106</u>
	<u>896,646</u>	<u>945,748</u>

12. CASH AND BANK BALANCES

Cash in hand	12,199	106,625
Cash at banks:		
- in deposit accounts - conventional	<u>130,640</u>	<u>3,437,055</u>
- in deposit accounts - islamic	<u>643</u>	<u>-</u>
- in a special deposit account - conventional	<u>131,955</u>	<u>133,212</u>
- in current accounts	<u>178,455</u>	<u>26,727</u>
	441,693	3,596,994
	<u>453,892</u>	<u>3,703,619</u>

12.1 These carry profits rates ranging from 18.25% to 18.75% (2022: 14.25% to 15,75%) per annum.

12.2 A special account is maintained in respect of security deposits in accordance with the requirements of Section 217 of the Companies Act, 2017.

13. TRADE AND OTHER PAYABLES	Note	2023	2022
(Rupees in '000)			
Trade creditors - foreign	13.1	64,706,989	42,169,324
Trade creditors - local		4,700,798	4,514,254
Royalties and technical fee payable to the Holding Company - related party		6,779,600	5,783,491
Mark-up on delayed delivery of vehicles		2,676,083	2,637,795
Accrued liabilities		1,406,428	1,544,995
Demurrage and detention		1,387,343	1,060,396
Dividend payable to holding company - related party		371,452	371,452
Payable to dealers		561,143	688,834
Accrued markup on short term borrowing		346,407	145,343
Retention money		32,895	32,895
Payable to directors		1,583	1,583
Un-earned income - extended warranty		134,970	134,970
Payable against purchase of asset		175,738	189,738
Provision for unexpired free service and warranty		406,098	406,098
Provision for Sindh Infrastructure Development Cess		4,016,229	3,824,980
Others		1,561,241	1,419,310
		<u>89,264,997</u>	<u>64,925,458</u>

13.1 This includes Rs. 48,296 million (2022: Rs. 32,577 million) due to the Holding Company and Rs. 11,295 million (2022: Rs. 8,732 million) due to other related parties.

14. CONTINGENCIES AND COMMITMENTS

14.1 Capital expenditure contracted for but not incurred amounted to Rs. 823 million (2022: Rs. 7,596 million) at period ended.

14.2 The facilities for opening letters of credit as at reporting date, amounted to Rs. 12,800 million (2022: Rs. 12,800 million) of which the amount remaining unutilised at the period end was Rs. 11,371 million (2022: Rs. 10,593 million).

14.3 The facilities for opening letters of guarantee as at reporting date, amounted to Rs. 13,000 million (2022: Rs. 13,000 million) of which the amount remaining unutilised at the period end was Rs. 6,977 million (2022: Rs. 7,868 million).

14.4 The Company has issued a corporate guarantee on behalf of Tecno Auto Glass Limited, an associated company, amounting to Rs. 1,000 million (2022: Rs. 1,000 million) from Meezan Bank Limited in relation to borrowing facilities granted to the associated company.

15. SALES

		Three months period ended	
		31 March	31 March
		2023	2022
		(Rupees in '000)	
	<i>Note</i>		
Manufactured goods	15.1	21,000,614	46,848,514
Trading stock	15.2	869,105	1,015,421
Extended warranty income		-	5,086
Less: Free service		(30,335)	(58,736)
Less: Markup on discounting of financial assets		-	(74,204)
		<u>21,839,384</u>	<u>47,736,081</u>

15.1 Manufactured goods

Vehicles		22,276,493	51,740,752
Spare parts		111,418	167,441
		<u>22,387,911</u>	<u>51,908,193</u>
Less: Discounts		1,561	2,942,798
Sales commission to dealers		1,385,736	2,116,881
		<u>1,387,297</u>	<u>5,059,679</u>
		<u>21,000,614</u>	<u>46,848,514</u>

15.2 Trading stock

Vehicles		17,741	95,622
Spare parts		851,909	921,902
		<u>869,650</u>	<u>1,017,524</u>
Less: Discounts		5	623
Sales commission to dealers		540	1,480
		<u>545</u>	<u>2,103</u>
		<u>869,105</u>	<u>1,015,421</u>

16. COST OF SALES

		Three months period ended	
		31 March	31 March
		2023	2022
		(Rupees in '000)	
Manufactured goods:			
Finished goods at beginning of the period		5,978,162	3,001,546
Cost of goods manufactured		4,922,645	52,291,545
Export expenses		-	54,080
		<u>10,900,807</u>	<u>55,347,171</u>
Less: Finished goods at end of the period		6,713,377	9,740,523
		<u>17,614,184</u>	<u>65,087,694</u>
Trading stock:			
Stock at beginning of the period		1,190,841	942,358
Purchases during the period		110,181	1,047,580
		<u>1,301,022</u>	<u>1,989,938</u>
Less: Stock at end of the period		941,021	1,209,806
		<u>2,242,043</u>	<u>3,199,744</u>
		<u>19,856,227</u>	<u>68,287,438</u>

17. OTHER INCOME

		<u>Three months period ended</u>	
		<u>31 March</u>	<u>31 March</u>
		<u>2023</u>	<u>2022</u>
		(Rupees in '000)	
	Note		
Income from Financial Assets			
Profit on bank balances		39,138	392,986
Commission income	17.1	-	1,250
Exchange gain - net		-	34
Income from unwinding of installment sales receivable		-	55,890
Finance income on installment sales		-	1,167
		<u>39,138</u>	<u>451,327</u>
Income from non financial Assets			
Gain on disposal of fixed assets		-	1,854
Scrap sales		4,991	9,914
Miscellaneous income		29,630	64,238
		<u>34,621</u>	<u>76,006</u>
		<u><u>73,759</u></u>	<u><u>527,333</u></u>

18. FINANCE COSTS

Markup on lease liability		-	3,030
Mark-up on long term loan		15,067	10,655
Demurrage and Detention charges		525,826	-
Exchange loss - net		11,864,174	-
Mark-up on short term loan		362,792	-
Markup on late delivery		38,927	1,004,741
Bank charges		13,760	12,681
		<u>12,820,546</u>	<u>1,031,107</u>

19. TAXATION

- Current	19.1	(273,858)	(597,398)
- Deferred		-	785,378
		<u>(273,858)</u>	<u>187,980</u>

19.1 This represent turnover tax at the rate of 1.25% under section 113 of the Income Tax Ordinance.

20. CASH/(USED IN) GENERATED FROM OPERATIONS

	Note	Three months period ended	
		31 March 2023	31 March 2022
		(Rupees in '000)	
Loss before taxation		(12,641,908)	(648,207)
<i>Adjustments for non cash charges and other items:</i>			
Depreciation		944,717	890,047
Amortisation of intangible assets		28,265	42,474
Depreciation - right-of-use assets		12,713	10,343
Gain on disposal of fixed assets		-	(1,854)
Share of loss of equity accounted investee		80,000	18,000
Profit on bank balances		(39,138)	(392,986)
Markup on lease liability		-	3,030
Markup on short term loans		362,792	-
Markup on late delivery		38,927	1,004,741
Markup on long term loans		15,067	10,655
		1,443,343	1,584,450
Working capital changes	20.1	8,958,314	(1,336,985)
		<u>(2,240,251)</u>	<u>(400,742)</u>
20.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		58,989	(59,864)
Stock in trade		(7,773,761)	(11,068,519)
Trade debts		5,300	5,817
Current portion of long-term installment sales receivables		75,787	(5,684)
Loans and advances		(462,658)	(402,605)
Trade deposits and short term prepayments		(1,162,891)	(4,936,060)
Other receivables		49,102	51,877
Sales tax and excise duty adjustable		(796,355)	(1,289,251)
		<u>(10,006,487)</u>	<u>(17,704,289)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		24,283,981	1,961,142
Provision for custom duties and sales tax		-	(1,226,615)
Short term finance		-	-
Security deposits		(295,414)	37,600
Advances from customers		(5,023,766)	15,595,177
		<u>18,964,801</u>	<u>16,367,304</u>
		<u>8,958,314</u>	<u>(1,336,985)</u>

21. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

For the three months period ended 31 March 2023	Holding company	Other related parties	Total
----- (Rupees in '000) -----			
Transactions			
Purchases of components	7,856,602	709,952	8,566,554
Sales including exports sales	-	-	-
Royalty and technical fee	573,654	-	573,654
Other Supervision fee	-	12,183	12,183
Purchase of operating fixed assets including supervisc	9,350	-	9,350
Remuneration to Key Management Personnel	-	23,464	23,464
Staff retirement benefits	-	57,823	57,823

For three months period ended 31 March 2022

Transactions

	Holding company	Other related parties	Total
	----- (Rupees in '000') -----		
Purchases of components	17,808,143	9,967,728	27,775,871
Purchase of operating fixed assets	6,501	-	6,501
Sales including exports sales	1,188	12,961	14,149
Royalty and technical fee	1,070,551	-	1,070,551
Commission income from Corporate Guarantee	1,250	-	1,250
Staff retirement benefits	-	47,075	47,075
	-	64,040	64,040

22. SEGMENT ANALYSIS

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

	31 March 2023 (Unaudited)			31 March 2022 (Unaudited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	----- (Rupees in '000') -----					
Segment results						
Sales	<u>20,360,633</u>	<u>1,478,751</u>	<u>21,839,384</u>	<u>45,881,053</u>	<u>1,855,028</u>	<u>47,736,081</u>
Gross profit	1,958,854	24,303	1,983,157	1,235,473	113,828	1,349,301
Distribution and marketing expenses	(815,947)	(62,499)	(878,446)	(703,491)	(28,658)	(732,149)
Administrative expenses	(797,130)	(122,702)	(919,832)	(638,366)	(101,691)	(740,057)
(Provision) / reversal of impairment losses	-	-	-	2,094	(5,622)	(3,528)
Operating income / (loss)	345,777	(160,898)	184,879	(104,290)	(22,143)	(126,433)
Other income	39,138	34,621	73,759	414,207	113,126	527,333
Finance cost	(12,721,944)	(98,602)	(12,820,546)	(1,028,079)	(3,028)	(1,031,107)
	<u>(12,337,029)</u>	<u>(224,879)</u>	<u>(12,561,908)</u>	<u>(718,162)</u>	<u>87,955</u>	<u>(630,207)</u>
Unallocated corporate expenses						
Share of loss of equity accounted investee			(80,000)			(18,000)
Taxation			(273,858)			187,980
Loss after taxation			<u>(12,915,766)</u>			<u>(460,227)</u>

	31 March 2023 (Unaudited)			31 December 2022 (Audited)		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
	----- (Rupees in '000') -----					
Assets						
Segment assets	<u>65,006,821</u>	<u>5,273,338</u>	<u>70,280,159</u>	<u>53,867,230</u>	<u>5,070,589</u>	<u>58,937,819</u>
Unallocated corporate assets	-	-	46,031,894	-	-	51,146,549
	<u>65,006,821</u>	<u>5,273,338</u>	<u>116,312,053</u>	<u>53,867,230</u>	<u>5,070,589</u>	<u>110,084,368</u>
Liabilities						
Segment liabilities	<u>108,993,616</u>	<u>312,738</u>	<u>109,306,354</u>	<u>89,888,469</u>	<u>284,307</u>	<u>90,172,776</u>
Unallocated corporate liabilities	-	-	150,917	-	-	141,044
	<u>108,993,616</u>	<u>312,738</u>	<u>109,457,271</u>	<u>89,888,469</u>	<u>284,307</u>	<u>90,313,820</u>

23. GENERAL

23.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

23.2 Corresponding figures have been arranged or reclassified, wherever necessary, for the purpose of comparison and better presentation.

24. DATE OF AUTHORISATION FOR ISSUE

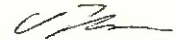
These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company in its meeting held on April 18, 2023.



Chairman



Chief Financial Officer



Chief Executive Officer