



Pak Suzuki Motor Company Limited



ANNUAL REPORT 2015



Gross profit increased by 175% from Rs. 4,184 billion to Rs. 11,488 billion

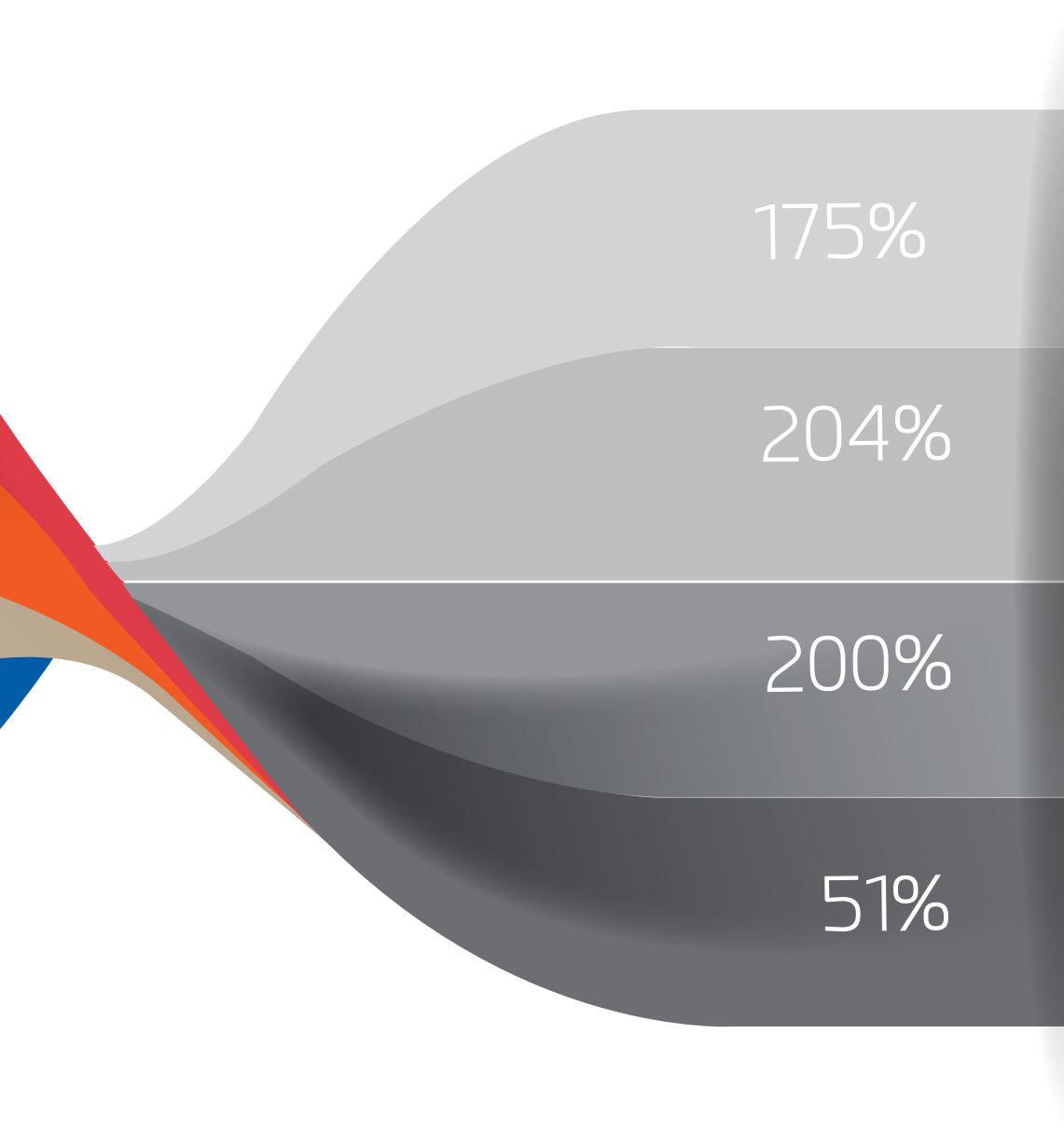
Net profit increased by 204% from Rs. 1,922 billion to Rs. 5,843 billion

Cash dividend increased by 200% from 50% to 150%

Duties & Taxes Paid by the company increased by 51% from Rs. 17,442 billion to Rs. 26,422 billion

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VISION

To be recognized as a leading organization that values customers' needs and provides motoring solutions with strong customer care.



MISSION

Strive to market value packed vehicles that meet customers expectations.

Provide a platform where our stakeholders passionately contribute, invest and excel.

Make valuable contribution to social development of Pakistan.



Precision in



Kizashi

In the Kizashi, sportiness is only half the story. In equal measure, the Kizashi is luxurious and beautifully crafted to expand your view of what a sedan should be. In every control you touch.

Every Move

COMPANY INFORMATION

Board of Directors

Kinji Saito - Chairman
Hirofumi Nagao - Chief Executive
Tetsuya Fujioka - Dy. Managing Director
Toshihiro Suzuki - Director
Takashi Iwatsuki - Director
Kazuyuki Yamashita - Director
Wazir Ali Khoja- Director

Chief Financial Officer

Yosuke Yamada

Company Secretary

Abdul Nasir

Audit Committee

Wazir Ali Khoja - Chairman
Kinji Saito - Member
Takashi Iwatsuki - Member

Human Resource and Remuneration (HR & R) Committee

Kinji Saito - Chairman
Hirofumi Nagao - Member
Takashi Iwatsuki - Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Registrar

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

Legal Advisors

M/s Shahid Anwar Bajwa & Co.
Orr Dignam & Company

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.
Summit Bank Ltd.
The Bank of Panjab
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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.
Tel No. (042) 35775456, (042) 35775457
Fax No. (042) 35775467

Rawalpindi Office:

3rd Floor, 112-B Mallahi Plaza, Murree Road,
Rawalpindi Cantt.
Tel No. (051) 5130230 - (051) 5130229
Fax No. (051) 5130232

Multan Office:

402, 4th Floor United Mall,
Abdali Road Multan.
Tel No. (061)-4586499
Fax No. (061)-4516765

ELECTIONS OF BOARD
OF DIRECTORS WERE
HELD ON
FEBURARY 2, 2015

MR. KINJI SAITO WAS ELECTED AS
CHAIRMAN OF THE BOARD AND
MR. HIROFUMI NAGAO HAS BEEN
RE-ELECTED AS CHIEF EXECUTIVE.

MR. WAZIR ALI KHOJA HAS BEEN
NOMINATED AS CHAIRMAN OF AUDIT
COMMITTEE AND MR. KINJI SAITO AS
CHAIRMAN OF HUMAN RESOURCE
AND REMUNERATION COMMITTEE.





WAGONR

Presenting the New WagonR, the last word in practicality. The very first time for a car to have the K-series engine in Pakistan. K-series brings with it unprecedented fuel efficiency and a drive that is smooth, noiseless and powerful. With a car as fuel efficient as the new WagonR, there will be no reason to stop driving.

Be Practical!

COMPANY PROFILE

Location :	Downstream Industrial Estate of Pakistan Steel, Karachi
Total Area :	259,200 m ² (64 acres)
Facilities :	Press Shop, Welding Shop, Paint Shop, Plastic Shop, Engine and Transmission Assembly Shop, Final Assembly & Hi-Tech Inspection Shop. The Company has also established a modern Waste Water Treatment Plant as its contribution to the preservation of environment.
Cost :	Rs. 15.510 billion
Production Capacity (double shift) :	
Car & LCV's Plant :	150,000 units per annum
Motorcycles Plant :	44,000 units per annum

Pak Suzuki Motor Company Limited (PSMCL) is a public limited company with its shares quoted on Pakistan Stock Exchange. The Company was formed in August 1983 in accordance with the terms of a joint venture agreement between Pakistan Automobile Corporation Limited (representing Government of Pakistan) and Suzuki Motor Corporation (SMC) Japan. The Company started commercial production in January 1984 with the primary objective of progressive manufacturing, assembling and marketing of Cars, Pickups, Vans and 4x4 vehicles in Pakistan. The Company's long term plans inter-alia include tapping of export markets.

The foundation stone laying ceremony of the Company's existing plant located at Bin Qasim was performed in early 1989 by the Prime Minister then in office. By early 1990, on completion of first phase of this plant, in-house assembly of all the Suzuki engines started. In 1992, the plant was completed and production of the Margalla Car commenced.

Under the Government's privatization policy, the Company was privatized and placed under the Japanese management in September 1992. At the time of privatization, SMC increased its equity from 25% to 40%. Subsequently, SMC progressively increased its equity to 73.09% by purchasing remaining shares from PACO. The Suzuki Management immediately after privatization started expansion of the existing plant to increase its installed capacity to 50,000 per annum. The expansion was completed in July 1994.

However the capacity remained substantially under-utilized until 2002 because of economic recession. Thereafter realizing growth in demand, the Company increased capacity in phases. The first phase was completed in January 2005 when capacity was enhanced to 80,000 vehicles. The second phase was completed in January 2006 and capacity was raised to 120,000. The third phase was completed when on 6th February 2007, Prime Minister of Pakistan, Mr. Shaukat Aziz inaugurated 150,000 vehicles capacity expansion facilities.

On 25th April 2007, the Board of Directors of Pak Suzuki Motor Company Limited (PSMCL) and Suzuki Motorcycles Pakistan Limited (SMPL) approved Scheme of Arrangement (The Scheme) to amalgamate SMPL into PSMCL with effect from 1st January 2007. The scheme was approved by the shareholders of the respective Companies at



the Extra - Ordinary General Meeting held on 30th June 2007. The scheme was sanctioned by the Honourable High Court of Sindh (the court) on 17th September 2007. The certified copy of the Order of the Court sanctioning the scheme was filed with the Registrar Companies Karachi on 1st October 2007, from which date the scheme became operative.

PSMCL and Suzuki Motor Corporation (SMC) Japan held 41% and 43% shares in SMPL respectively. Pak Suzuki issued and allotted 1,233,300 ordinary shares of Rs.10/- each to the qualifying shareholders of SMPL @ one ordinary share in Pak Suzuki for every twenty one shares held by SMPL shareholders as on the date of final book closure i.e. 29th October 2007. The trading in shares of SMPL on Karachi and Lahore Stock Exchanges ceased from the same date.

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

The Company continues to be in the fore-front of automobile industry of Pakistan. Over a period of time, the Company has developed an effective and comprehensive network of sales, service and spare parts dealers who cater to the needs of customers and render effective after-sale service country wide.

CODE OF CONDUCT

Pak Suzuki Motor Company Limited conducts its business fairly, in an ethical and proper manner, fully compliant with all applicable laws and regulations. The highest standards of ethical business conduct and integrity are required of Pak Suzuki employees in the performance of their official responsibilities. Employees will not engage in any conduct or activity that may raise questions as to the Company's honesty, reputation or otherwise cause embarrassment to the Company.

Pak Suzuki's Code of Conduct outlines expected behaviours for all of its directors and employees.

Pak Suzuki requires its directors and employees to ensure that:

- They will not engage in any activity that might create a conflict of interest between them and/or the Company. In a situation where any such conflict of interest arises, they will promptly disclose the same.
- They will not take advantage of their position in Pak Suzuki to seek personal gains through the inappropriate use of Pak Suzuki information or abuse their position.
- They will not engage in insider trading.



- They will maintain appropriate level of confidentiality of the information received or came to their knowledge during course of business.
- They will refrain from providing false and/or misleading information.
- They will observe fair dealing and transparency in all of their transactions and interactions.
- They will protect all Company assets and use them only for appropriate Company approved activities.
- Without exception, they will comply with all applicable laws, rules and regulations of the country.
- They will promptly report any illegal or unethical conduct to management or other appropriate authorities.
- They will strictly follow all policies, procedures & instructions issued by the Company from time to time.




Bolan Efi

A Multipurpose Choice

With upgraded features and advanced Euro-II technology, now your Suzuki Bolan is more environment friendly. Now drive extra mile, with high standard engine performance in low fuel consumption and inexpensive maintenance that let your savings augment.

Milestones

1982	Joint Venture Agreement was signed between Suzuki Motor Corporation-Japan and Pakistan Automobile Corporation to set up Pak Suzuki Motor Co. Ltd. Locally assembled Suzuki SS-80 (FX) car launched.	1996	Taking initiative to control environmental pollution, the Company set-up waste water treatment plant at a cost of Rs. 40 million. The Joint Venture Agreement ended, PACO divested its entire shareholding to SMC, raising SMC's equity to 72.8%.
1983	Pak Suzuki as a Public Limited Company incorporated. Industrial Collaboration Agreement executed with SMC - Japan.	1997	The 100,000th vehicle rolled out from the Bin Qasim Plant. 1300 cc BALENO was introduced replacing MARGALLA.
1984	The Company started commercial operations.	1999	Exports of RAVI pickups to Bangladesh commenced.
1985	Mr. Osamu Suzuki, Chairman & CEO of Suzuki Motor Corporation was awarded "Sitara-e-Pakistan" by Government of Pakistan.	2000	1000 cc passenger car SF-310 CULTUS replacing KHYBER was introduced. 1000 cc passenger car ALTO was introduced.
1988	1000 cc passenger car SWIFT SA-310, later on called KHYBER introduced through local manufacturing.	2001	Reborn MEHRAN was introduced. CNG version of MEHRAN, BOLAN and RAVI were launched.
1989	Foundation stone of the new plant at Bin Qasim was laid by the then Prime Minister of Pakistan, Mohtarma Benazir Bhutto.	2002	New BALENO was introduced. CNG version of BALENO, ALTO and CULTUS launched. The milestone of 250,000th vehicle from the new plant crossed.
1990	Operation of the first phase of the new plant at Bin Qasim started with engine and transmission assembly.	2003	The Company received ISO 9001 : 2000 certification from AIB-VINCOTTE International Limited Brussels, Belgium, 20th Anniversary Celebrations. Commencement of Component export to Hungary, Sub-leasing of land to Vendors Industry of Pak Suzuki adjacent to its assembly plant.
1992	New plant commissioned with the production of three box Sedan passenger car initially SF-410 later on SF-413, known as MARGALLA. The Company was privatized with SMC acquiring additional 15% shares from PACO thus enhancing its shareholding to 40% and taking over the management.		
1993	The paid-up capital was doubled with issuance of 100% right shares which increased the capital to Rs. 250 million.	2004	New Plastic Injection Molding Shop commenced production of Bumpers, Instrument Panels, Radiator Grills and Wheel Caps.
1994	Shifting of Head Office and production of all models to new plant completed.		
1995	The paid-up capital was increased again with the issuance of 100% right shares, raising the capital to Rs. 490 million.	2005	Inauguration of first phase of capacity expansion (80,000 vehicles) by the Federal Minister for Production, Industries and Special Initiatives. Achieved milestone of 100,000 online factory fitted CNG Vehicles. The Company received ISO 14001 : 2004 and OHSAS 18001 : 1999 certification from AIB-VINCOTTE International Limited Brussels, Belgium.

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- 2006** Second phase of capacity expansion (120,000 Vehicles) completed. Production of locally manufactured LIANA Car. Production of 100,000 vehicles crossed in a calendar year.
- 2007** Suzuki Motorcycles Pakistan Ltd. merged with Pak Suzuki Motor Company.
- 2009** The 1,000,000th vehicle rolled out from the Pak Suzuki Plant. Cargo Van was introduced.
- 2010** 1300 cc locally manufactured car Swift was introduced.
- 2011** Inauguration of new motorcycle plant at Bin Qasim.
- 2012** Automatic version of Suzuki Swift 1300cc was introduced. New Suzuki Motorcycle "Raider 110cc" was launched replacing "Shogun". Complete range of Suzuki products was upgraded to Euro II technology.
- 2013** Suzuki Gear Oil marketing started. Suzuki motorcycle, GD 110 launched. Suzuki heavy bikes introduced.
- 2014** Suzuki WagonR introduced
Suzuki Motorcycle GD 110S launched
Suzuki Outboard Motors introduced.

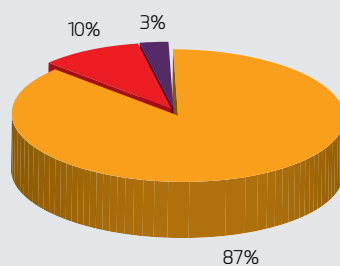
- 2015** 2400cc Suzuki KIZASHI car introduced.
Heavy Bike Suzuki Inazuma Aegis Launched.
Pak Suzuki awarded by Ozone Award from Govt. of Pakistan.
Inauguration of Vendor Development Program II by Federal Minister .
Inauguration of Expansion of Parts Manufacturing Facilities by Federal Minister.
Inauguration of Resumption of CNG Fitted Vehicle (Mehran & Cultus) by Federal Minister.

HIGHLIGHTS OF THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014	Increase/(Decrease)	
			Amount	%
----- (Rupees in thousands) -----				
Production volume (Nos.)				
- Motorcar	134,391	80,384	54,007	67.2
- Motorcycle	19,610	23,871	(4,261)	(17.9)
Sales volume (Nos.)				
- Motorcar	133,952	78,005	55,947	71.7
- Motorcycle	20,617	23,453	(2,836)	(12.1)
Gross Sales	87,704,646	55,883,622	31,821,024	56.9
Selling Commission as a % of gross sales	3,155,889 3.6	2,218,675 4.0	937,214	42.2 (0.4)
Net Sales	84,548,757	53,664,947	30,883,810	57.5
Gross profit as a % of net sales	11,487,448 13.6	4,183,699 7.8	7,303,749	174.6 5.8
Distribution expenses as a % of net sales	1,945,832 2.3	746,304 1.4	1,199,528	160.7 0.9
Administration expenses as a % of net sales	1,230,819 1.5	1,101,650 2.1	129,169	11.7 (0.6)

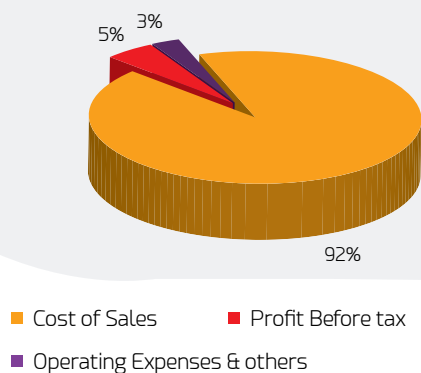
SALES REVENUE BREAKUP - 2015



■ Cost of Sales ■ Profit Before tax
■ Operating Expenses & others

	2015	2014	Increase/(Decrease)	
	(Rupees in thousands)		Amount	%
Finance Cost as a % of net sales	30,840 0.04	26,709 0.05	4,131 -	15.5 (0.01)
Other income as a % of net sales	1,058,426 1.3	510,208 1.0	548,218 -	107.4 0.3
Other operating expenses (WPPF & WWF) as a % of net sales	653,212 0.8	195,850 0.4	457,362 -	233.5 0.4
Profit before taxation as a % of net sales	8,685,171 10.3	2,623,394 4.9	6,061,777 -	231.1 5.4
Profit after taxation as a % of net sales	5,842,671 6.9	1,921,894 3.6	3,920,777 -	204.0 3.3
Shareholders' equity	24,679,238	19,236,682	5,442,556	28.3
Earnings per share (Rs.)	70.99	23.35	47.64	204.0
Break-up value per share (Rs.)	299.87	233.74	66.13	28.3
Number of shares issued (000)	82,300	82,300	-	-
Exchange Rate	0.8677	1.0048	(0.1371)	(13.6)

SALES REVENUE BREAKUP - 2014



HIGHLIGHTS OF THE ACCOUNTS SEGMENT WISE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Car Division			%
	2015	2014	Increase/ (Decrease)	
	(Rupees in thousands)			
Production volume (Nos.)	134,391	77,142	57,249	74.2
Sales volume (Nos.)	133,952	77,050	56,902	73.9
Gross sales	85,653,198	53,737,945	31,915,253	59.4
Selling commission	3,145,262	2,201,754	943,508	42.9
as a % of gross sales	3.7	4.1		(0.4)
Net sales	82,507,936	51,536,191	30,971,745	60.1
Gross profit	11,609,049	4,390,898	7,218,151	164.4
as a % of net sales	14.1	8.5		5.6
Distribution expenses	1,874,122	617,695	1,256,427	203.4
as a % of net sales	2.3	1.2		1.1
Administration expenses	1,089,522	953,869	135,653	14.2
as a % of net sales	1.3	1.9		(0.6)
Finance cost	27,773	22,874	4,899	21.4
as a % of net sales	0.03	0.04		-
Other income	962,752	401,216	561,536	140.0
as a % of net sales	1.2	0.8		0.4
WPPF & WWF	653,212	195,850	457,362	233.5
as a % of net sales	0.8	0.4		0.4
Profit before taxation	8,927,172	3,001,826	5,925,346	197.4
as a % of net sales	10.8	5.8		5.0
Profit after taxation	6,084,672	2,300,326	3,784,346	164.5
as a % of net sales	7.4	4.5		2.9
Earnings per share (Rs.)	73.93	27.95	45.98	164.5
Number of shares issued (000)	82,300	82,300	-	-

Motorcycle Division				Total			
2015	2014	Increase/ (Decrease)	%	2015	2014	Increase/ (Decrease)	%
------(Rupees in thousands)-----				------(Rupees in thousands)-----			
19,610	22,977	(3,367)	(14.7)	-	-	-	-
20,617	23,117	(2,500)	(10.8)	-	-	-	-
2,051,448	2,145,677	(94,229)	(4.4)	87,704,646	55,883,622	31,821,024	56.9
10,627	16,921	(6,294)	(37.2)	3,155,889	2,218,675	937,214	42.2
0.5	0.8	(0.3)	(0.3)	3.6	4.0	(0.4)	(0.4)
2,040,821	2,128,756	(87,935)	(4.1)	84,548,757	53,664,947	30,883,810	57.5
(121,601)	(207,199)	85,598	41.3	11,487,448	4,183,699	7,303,749	174.6
(6.0)	(9.7)	3.7	3.7	13.6	7.8	5.8	5.8
71,710	128,609	(56,899)	(44.2)	1,945,832	746,304	1,199,528	160.7
3.5	6.0	(2.5)	(2.5)	2.3	1.4	0.9	0.9
141,297	147,781	(6,484)	(4.4)	1,230,819	1,101,650	129,169	11.7
6.9	6.9	-	-	1.5	2.1	(0.6)	(0.6)
3,067	3,835	(768)	(20.0)	30,840	26,709	4,131	15.5
0.2	0.2	-	-	0.04	0.05	-	-
95,674	108,992	(13,318)	(12.2)	1,058,426	510,208	548,218	107.4
4.7	5.1	(0.4)	(0.4)	1.3	1.0	0.3	0.3
-	-	-	-	653,212	195,850	457,362	233.5
-	-	-	-	0.8	0.4	0.4	0.4
(242,001)	(378,432)	136,431	36.1	8,685,171	2,623,394	6,061,777	231.1
(11.9)	(17.8)	5.9	5.9	10.3	4.9	5.4	5.4
(242,001)	(378,432)	136,431	36.1	5,842,671	1,921,894	3,920,777	204.0
(11.9)	(17.8)	5.9	5.9	6.9	3.6	3.3	3.3
(2.94)	(4.60)	1.66	36.1	70.99	23.35	47.64	204.0
82,300	82,300	-	-	82,300	82,300	-	-



Suzuki Outbo



Suzuki Outboard Motors

Strong yet light, compact outboard motors designed with Suzuki's exclusive engineering expertise are the right choice for your marine related needs. Suzuki outboard motors offer durable and reliable solutions for security and defense, trade and logistics and gives boating enthusiasts the best technology fitted in high-performance machines.

ard Motors!

6 YEARS AT A GLANCE

	2015	2014	2013	2012	2011	2010
	----- Rupees in thousands -----					
OPERATING RESULTS						
Production volume (Nos.)						
Motorcar	134,391	80,384	77,142	96,370	92,529	78,840
Motorcycle	19,610	23,871	22,977	21,312	20,120	19,618
Sales volume (Nos.)						
Motorcar	133,952	78,005	77,050	96,100	92,705	79,138
Motorcycle	20,617	23,453	23,117	20,298	21,154	19,013
Sales revenue	84,548,757	53,664,947	51,061,333	58,531,137	52,718,563	42,642,762
Gross profit	11,487,448	4,183,699	3,242,513	2,344,871	1,869,410	1,003,787
Profit before taxation	8,685,171	2,623,394	2,353,439	1,498,891	1,365,297	668,015
Profit after taxation	5,842,671	1,921,894	1,849,357	977,153	794,421	211,143
Dividends	1,234,498	411,499	329,199	205,750	164,600	41,150
Profit retained	4,608,173	1,510,395	1,520,158	771,403	629,821	169,993
CAPITAL EMPLOYED						
Share capital	822,999	822,999	822,999	822,999	822,999	822,999
Reserves	18,009,762	16,488,378	14,969,549	14,015,364	13,732,930	13,459,414
Unappropriated profit	5,846,477	1,925,305	1,852,610	979,003	796,450	215,502
Shareholders' equity	24,679,238	19,236,682	17,645,158	15,817,366	15,352,379	14,497,915
Current liabilities	12,772,749	9,117,477	6,166,119	5,547,980	8,008,085	4,752,449
	37,451,987	28,354,159	23,811,277	21,365,346	23,360,464	19,250,364
Represented By:						
Fixed assets	4,510,789	4,790,506	4,892,675	3,738,867	4,200,317	4,226,582
Other Non - Current assets	425,792	456,080	546,237	544,083	515,806	710,650
Net current assets	32,515,406	23,107,573	18,372,365	17,082,396	18,644,341	14,313,132
	37,451,987	28,354,159	23,811,277	21,365,346	23,360,464	19,250,364

	2015	2014	2013	2012	2011	2010
PROFITABILITY RATIOS						
Gross profit as a % of net sales	13.6	7.8	6.4	4.0	3.5	2.4
Profit before taxation as a % of net sales	10.3	4.9	4.6	2.6	2.6	1.6
Profit after taxation as a % of net sales	6.9	3.6	3.6	1.7	1.5	0.5
Earning per Share (Rs.)	71.0	23.4	22.5	11.9	9.7	2.6
LIQUIDITY & LEVERAGE RATIOS						
Current ratio	2.55	2.53	2.98	3.08	2.33	3.01
Quick ratio	1.51	0.88	1.23	1.16	0.71	1.36
Liabilities as a % of total assets	34	32	26	26	34	25
Equity as a % of total assets	66	68	74	74	66	76
EFFICIENCY RATIOS						
Inventory turn over ratio	5.6	3.3	4.5	5.3	3.9	4.8
No. of days stock held	65	110	82	69	93	77
No. of days sales in trade debts	6.7	9.2	7.0	3.9	2.2	2.1
Total assets turn over ratio	2.3	1.9	2.1	2.7	2.3	2.2
Net worth turn over ratio	3.4	2.8	2.9	3.7	3.4	2.9
EQUITY RATIOS						
Break up value per share (Rs.)	299.87	233.74	214.40	192.19	186.54	176.16
Cash Dividend as a % of capital	150	50	40	25	20	5
Dividend payout ratio (%)	22	21	18	21	21	19
Plough-back ratio (%)	78	79	82	79	79	81
OTHER DATA						
Permanent employees strength (Nos.)	1,257	1,272	1,273	1,193	1,029	963
Number of shares	82,299,851	82,299,851	82,299,851	82,299,851	82,299,851	82,299,851

HORIZONTAL ANALYSIS OF BALANCE SHEET

	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
----- Rupees in millions -----												
Balance Sheet												
Fixed assets	4,594	(8.0)	4,996	(1.6)	5,075	25.3	4,051	(10.1)	4,504	(4.8)	4,732	(6.0)
Long-term investments	0	-	0	(100.0)	2	(60.0)	5	25.0	4	(20.0)	5	25.0
Long-term loans	10	-	10	66.7	6	500.0	1	(50.0)	2	100.0	1	(66.7)
Long-term deposits, prepayments and receivables	25	8.7	23	(37.8)	37	(41.3)	63	215.0	21	(28.6)	28	(20.0)
Long-term installment sales receivables	114	(29.6)	162	(4.7)	170	4.3	163	(12.4)	186	9.4	170	11.1
Deferred taxation	195	248.2	56	(62.2)	148	100.0	0	-	-	-	-	-
Stores, spares and loose tools	99	20.7	82	24.2	66	(20.5)	83	29.7	64	-	64	52.4
Stock-in-trade	13,084	(12.6)	14,976	39.6	10,727	1.6	10,562	(18.3)	12,922	47.7	8,748	27.2
Trade debts	1,562	15.5	1,352	37.5	983	56.8	627	94.1	323	34.0	241	(36.1)
Current portion of long-term installment sales receivables	348	(10.3)	388	17.2	331	5.4	314	3.3	304	21.1	251	21.8
Loans, advances and others	198	(61.6)	515	25.0	412	111.3	195	(10.1)	217	60.7	135	(40.3)
Trade deposits and short term prepayments	71	34.0	53	(15.9)	63	61.5	39	(53.0)	83	93.0	44	34.4
Accrued profit on bank deposits	193	1,106.3	16	23.1	13	116.7	6	-	6	(33.3)	9	12.5
Other receivables	87	(35.1)	134	17.5	114	(39.0)	187	(6.0)	199	84.3	108	40.3
Sales tax adjustable and income tax refundable - net	1,590	(57.6)	3,750	1.4	3,700	1.5	3,647	7.7	3,386	88.4	1,797	73.5
Cash and bank balances	15,006	715.1	1,841	(6.3)	1,964	38.6	1,417	24.4	1,139	(61.0)	2,917	(17.7)
Non-current assets classified as held for sale	0	-	0	-	0	(100.0)	5	100.0	0	0.0	0	0.0
Total assets	37,452.0	32.1	28,354	19.1	23,811	11.4	21,365	(8.5)	23,360	21.4	19,250	9.0
Share capital	823	-	823	-	823	-	823	-	823	-	823	-
Reserves	23,856	29.6	18,414	9.5	16,822	12.2	14,994	3.2	14,529	6.2	13,675	1.3
Trade and other payables	6,442	30.3	4,945	33.8	3,696	37.1	2,695	(16.1)	3,211	4.3	3,080	66.2
Advances	4,226	95.7	2,159	243.2	629	(45.0)	1,144	(62.7)	3,065	837.3	327	(26.0)
Accrued mark-up	0	(100.0)	9	0.0	0	0.0	0	0.0	0	0.0	0	(100.0)
Short-term borrowing	0	-	0	0.0	0	0.0	0	(100.0)	75	50.0	50	0.0
Security deposits	2,068	7.9	1,917	12.6	1,703	8.4	1,571	3.5	1,518	31.2	1,157	42.8
Provision for custom duties and sales tax	36	(58.1)	86	(37.7)	138	-	138	-	138	-	138	-
Total equity and liabilities	37,452.0	32.1	28,354	19.1	23,811	11.4	21,365	(8.5)	23,360	21.4	19,250	9.0

HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
----- Rupees in millions -----												
PROFIT AND LOSS ACCOUNT												
Sales	84,549	57.5	53,665	5.1	51,061	(12.8)	58,531	11.0	52,719	23.6	42,643	62.5
Cost of sales	(73,061)	47.7	(49,481)	3.5	(47,818)	(14.9)	(56,186)	10.5	(50,849)	22.1	(41,639)	62.2
Gross profit/ (loss)	11,487	174.5	4,184	29.0	3,243	38.3	2,345	25.5	1,870	86.2	1,004	76.4
Distribution cost	(1,946)	160.9	(746)	33.2	(560)	56.4	(359)	35.6	(264)	34.0	(198)	(8.4)
Administrative expenses	(1,231)	11.7	(1,102)	14.9	(960)	11.6	(859)	16.7	(736)	15.7	(636)	28.5
Other operating expenses	(653)	233.2	(196)	12.0	(175)	57.7	(111)	3.7	(107)	91.1	(56)	43.6
Other income	1,058	107.5	510	(40.9)	863	74.7	494	(20.3)	620	7.8	575	(7.3)
Operating profit/ (loss)	8,716	228.9	2,650	9.9	2,411	59.7	1,510	9.2	1,383	100.7	689	56.6
Finance cost	(31)	14.8	(27)	(53.4)	(58)	427.3	(11)	(38.9)	(18)	(14.3)	(21)	61.5
Profit/(loss) before taxation	8,685	231.1	2,623	11.5	2,353	57.0	1,499	9.8	1,365	104.3	668	56.1
Taxation	(2,843)	305.0	(702)	39.3	(504)	(3.4)	(522)	(8.6)	(571)	24.9	(457)	164.2
Profit/(loss) after taxation	5,843	204.0	1,922	3.9	1,849	89.3	977	23.0	794	274.5	211	(16.8)



Hayabusa

Like its namesake, the Japanese peregrine falcon, hayabusa is for cutting through the air with incredible agility and performance. The resonating feel of pure power evokes an attitude of bold authority from both machine and rider.

VERTICAL ANALYSIS OF BALANCE SHEET

	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
----- Rupees in millions -----												
BALANCE SHEET												
Fixed assets	4,594	12.3	4,996	17.6	5,075	21.3	4,051	19.0	4,504	19.3	4,732	24.6
Long-term investments	-	0.0	0	0.0	2	0.0	5	0.0	4	0.0	5	0.0
Long-term loans	10	0.0	10	0.0	6	0.0	1	0.0	2	0.0	1	0.0
Long-term deposits, prepayments and receivables	25	0.1	23	0.1	37	0.2	63	0.3	21	0.1	28	0.2
Long-term installment sales receivables	114	0.3	162	0.6	170	0.7	163	0.8	186	0.8	170	0.9
Deferred taxation	195	0.5	56	0.2	148	0.6	-	0.0	-	0.0	-	0.0
Stores, spares and loose tools	99	0.3	82	0.3	66	0.3	83	0.4	64	0.3	64	0.3
Stock-in-trade	13,084	34.9	14,976	52.8	10,726	45.0	10,562	49.4	12,922	55.3	8,748	45.4
Trade debts	1,562	4.2	1,352	4.8	983	4.1	627	2.9	323	1.4	241	1.3
Current portion of long-term installment sales receivables	348	0.9	388	1.4	331	1.4	314	1.5	304	1.3	251	1.3
Loans, advances and others	198	0.5	515	1.8	412	1.7	195	0.9	217	0.9	135	0.7
Trade deposits and short term prepayments	71	0.2	53	0.2	63	0.3	39	0.2	83	0.4	44	0.2
Accrued profit on bank deposits	193	0.5	16	0.1	13	0.1	6	0.0	6	0.0	9	0.0
Other receivables	87	0.2	134	0.5	114	0.5	187	0.9	199	0.9	108	0.6
Sales tax adjustable	278	0.7	1,002	3.5	803	3.4	970	4.5	1,023	4.4	389	2.0
Income tax refundable - net	1,590	4.2	2,747	9.7	2,897	12.2	2,677	12.5	2,363	10.1	1,408	7.3
Cash and bank balances	15,006	40.1	1,841	6.5	1,964	8.2	1,417	6.6	1,139	4.9	2,917	15.2
Non-current assets classified as held for sale	-	-	-	0.0	-	0.0	5	0.0	-	0.0	-	0.0
Total assets	37,452.0	100.0	28,354.0	100.0	23,811.0	100.0	21,365.0	100.0	23,360.0	100.0	19,250.0	100.0
Share capital	823	2.2	823	2.9	823	3.5	823	3.9	823	3.5	823	4.3
Reserves	23,856	63.7	18,414	64.9	16,822	70.6	14,994	70.2	14,529	62.2	13,675	71.0
Total equity	24,679	65.9	19,237	67.8	17,645	74.1	15,817	74.0	15,352	65.7	14,498	75.3
Trade and other payables	6,442	17.2	4,945	17.4	3,696	15.5	2,695	12.6	3,211	13.7	3,080	16.0
Advances	4,226	11.3	2,159	7.6	629	2.6	1,144	5.4	3,065	13.1	327	1.7
Accrued mark-up	-	0.0	9	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Short-term borrowing - export refinancing	-	0.0	-	0.0	-	0.0	-	0.0	75	0.3	50	0.3
Security deposits	2,068	5.5	1,917	6.8	1,703	7.2	1,571	7.4	1,518	6.5	1,157	6.0
Provision for custom duties and sales tax	36	0.1	86	0.3	138	0.6	138	0.6	138	0.6	138	0.7
Total equity and liabilities	37,452.0	100.0	28,354.0	100.0	23,811.0	100.0	21,365.0	100.0	23,360.0	100.0	19,250.0	100.0

VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
	----- Rupees in millions -----											
PROFIT AND LOSS ACCOUNT												
Sales	84,549	100	53,665	100	51,061	100	58,531	100	52,719	100	42,643	100
Cost of sales	(73,061)	(86.41)	(49,481)	(92.20)	(47,819)	(93.65)	(56,186)	(95.99)	(50,849)	(96.45)	(41,639)	(97.65)
Gross profit	11,487	13.59	4,184	7.80	3,243	6.35	2,345	4.01	1,870	3.55	1,004	2.35
Distribution cost	(1,946)	(2.30)	(746)	(1.39)	(560)	(1.10)	(359)	(0.61)	(264)	(0.50)	(198)	(0.46)
Administrative expenses	(1,231)	(1.46)	(1,102)	(2.05)	(960)	(1.88)	(859)	(1.47)	(736)	(1.40)	(636)	(1.49)
Other operating expenses	(653)	(0.77)	(196)	(0.37)	(175)	(0.34)	(111)	(0.19)	(107)	(0.20)	(56)	(0.13)
Other income	1,058	1.25	510	0.95	863	1.69	494	0.84	620	1.18	575	1.35
Operating profit	8,716	10.31	2,650	4.94	2,411	4.72	1,510	2.58	1,383	2.62	689	1.62
Finance cost	(31)	(0.04)	(27)	(0.05)	(58)	(0.11)	(11)	(0.02)	(18)	(0.03)	(21)	(0.05)
Profit before taxation	8,685	10.27	2,623	4.89	2,353	4.61	1,499	2.56	1,365	2.59	668	1.57
Taxation	(2,843)	(3.36)	(702)	(1.31)	(504)	(0.99)	(522)	(0.89)	(571)	(1.08)	(457)	(1.07)
Profit after taxation	5,843	6.91	1,922	3.58	1,849	3.62	977	1.67	794	1.51	211	0.50



Intruder

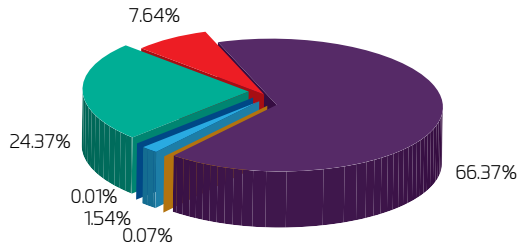
Intruder is a mile eating cruiser and a bike to catch admiring glances where ever it goes. This is a perfect introduction to the world of big-bore cruising and a bike for all to enjoy.

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2015 Rs. in thousand	%	2014 Rs. in thousand	%
Wealth Generated				
Total gross revenue and other income	103,560,070		65,791,510	
Bought in materials and services	76,752,812		51,313,645	
	26,807,258	100	14,477,865	100
Wealth distribution to stakeholders				
To Employees				
Salaries, wages ,other cost including retirement benefits and WPPF	2,049,337	7.64	1,386,593	9.58
To Government				
Income tax, sales tax, excise duty, development surcharge,WWF	17,792,210	66.37	10,153,180	70.13
To Society				
Donations	18,721	0.07	9,114	0.06
To Shareholders				
Dividend	411,499	1.54	205,750	1.42
To Providers of finance				
Finance charges for borrowed funds	1,515	0.01	11,934	0.08
To Company				
Depreciation, amortisation and retained profit	6,533,976	24.37	2,711,294	18.73
	26,807,258	100.00	14,477,865	100.00

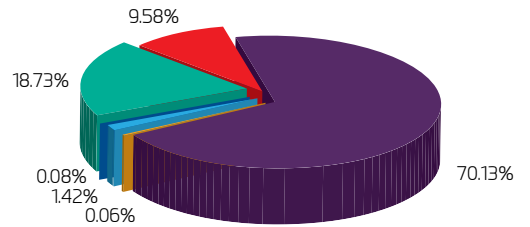


WEALTH DISTRIBUTION TO STAKEHOLDERS - 2015



- Employees
- Society
- Shareholders

WEALTH DISTRIBUTION TO STAKEHOLDERS - 2014



- Government
- Providers of finance
- Company



Mehran Efi

New Passion, New Dynamics, New Energy
 Mehran EFi is the best choice particularly for people who drive every day since it does not only give better mileage but also keeps the environment green. Its new exterior includes the bold and dynamic headlights with distinguished grille and turn signals. Maintenance is easy and economical.

PRODUCTS LAUNCHING & CONFERENCES



Inauguration of Resumption of Factory Fitted CNG Vehicles



Launching of Inazuma Aegis



32nd Annual General Meeting



Launching of Suzuki Kizashi



Dealer Convention



Vendors' Conference

INAUGURATION OF DEALERSHIPS



Haripur Motors



Rajpoot Motors



Sialkot Stallion Motors



Kotli Motors



Tharparkar Motors



Samanabad Motors

VISITS & EVENTS



Pak Suzuki displayed a product range in NUST, Islamabad exhibition on 26th & 27th November, 2015. His Excellency Mr. Mamnoon Hussain, president of Pakistan visited Pak Suzuki exhibit.



Pak Suzuki participated in the PAPS 2015, organized by PAAPAM at Expo Center Karachi from 6th to 8th March, 2015.



40 Acres land for expansion of parts manufacturing facilities of PSMC was inaugurated by Federal Minister for Industries and Production Raees Ghulam Murtaza Khan Jatoi on 14th September, 2015



Pak Suzuki Vendor Development Program Phase II was inaugurated by Federal Commerce Minister Engineer Khurram Dastgir Khan on 25th March, 2015



CEO EDB visited Pak Suzuki plant on 6th October 2015



Shareholders visit of Pak Suzuki Plant



Inhouse Training



Inhouse Training



Inhouse Training



Overseas Training



Sports Activity



Sports Activity



Feel Young,



SWIFT

An eye-catching and dynamic sense of style has always set Swift apart from other compact cars. Swift gives you more of everything without compromising on style or performance. Swift is a young, fun and dynamic car for fun-loving people. With Swift you'll be loving the drive and your life more than you ever thought possible.

Drive Young!

CHAIRMAN'S REVIEW

It is my privilege to present review on the performance of the Company for the year ended December 31, 2015.

Industry

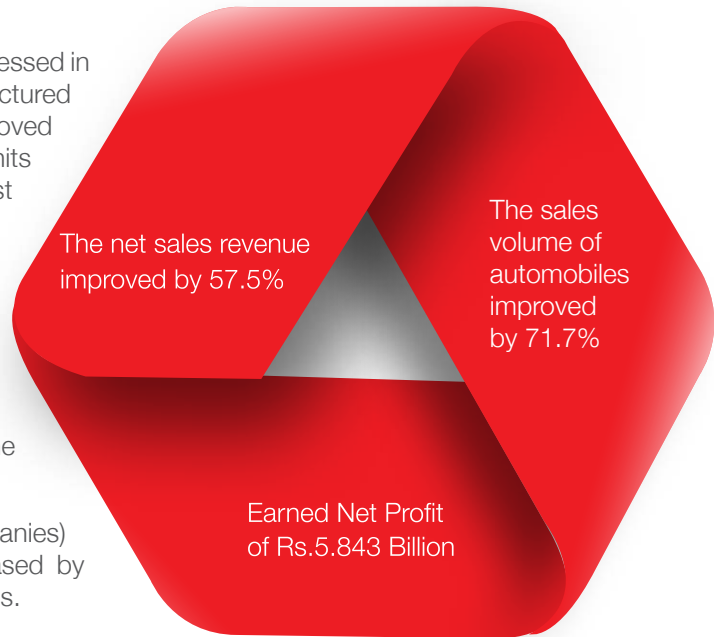
During current year, notable growth was witnessed in auto industry. The industry of locally manufactured cars and light commercial vehicles improved by 56.7%. During the year 224,247 units were sold compared to 143,062 units last year. Government of Punjab's scheme for purchase of 50,000 Suzuki Pickup and Van under 'Apna Rozgar Scheme' and the greater demand for the new models were the major factors for significant growth in auto industry. Improved macro economic indicators, law and order situation and decrease in interest rate provided the momentum to auto industry.

The organized market (PAMA member companies) for motorcycles and three wheelers increased by 17.2% from 860,477 units to 1,008,301 units.

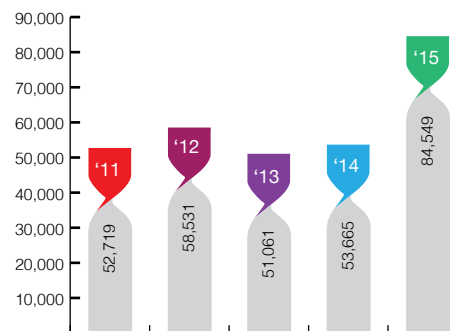
Operating Results of the Company

Company earned net profit of Rs 5,843 million against Rs. 1,922 million last year. The net sales revenues improved by 57.5% from Rs. 53,665 million to Rs. 84,549 million. The sales volume of automobiles improved by 71.7% from 78,005 units to 133,952 units. The growth was primarily driven by Apna Rozgar Scheme. During the year 45,410 units were sold under this scheme. However, motorcycles sales decreased by 12% from 23,453 units to 20,617 units. New entrant in motorcycle segment of higher engine capacity affected the motorcycle sales of Company. The production volume of automobile and motorcycles were adjusted according to the demand. The production volume of automobile increased by 67.2% from 80,384 units to 134,391 units and motorcycles decreased by 17.9% from 23,871 units to 19,610 units. During the year, capacity utilization of automobile plant remained 90%. Because of lower demand of motorcycles, 55.4% production capacity of motorcycle plant remained un-utilized.

Gross profit increased in absolute terms by Rs 7,304 million from Rs. 4,184 million to Rs. 11,487 million. Improved sales volumes, weaker Japanese Yen and stable Pak Rupee contributed in improved gross profit margins from 7.8% to 13.6%. Distribution expenses increased from Rs. 746 million to Rs. 1,946 million and as a percentage of sales from 1.4% to 2.3%. Increase in distribution expenses has been attributed due to implementation of uniform selling prices of vehicles all over the Pakistan with effect from January 1, 2015

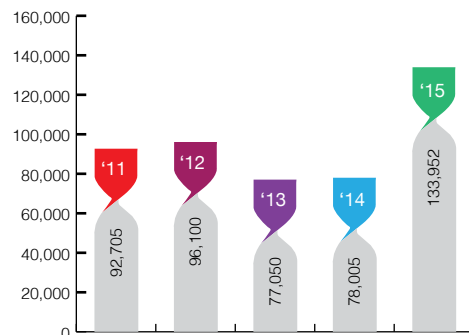


SALES REVENUE



Rupees in thousand

SALES VOLUME MOTOR CARS

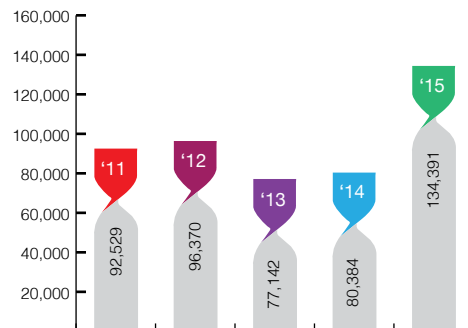


It resulted increase in transportation charges by Rs 1,182 million. Administration expenses increased from Rs. 1,102 million to Rs. 1,231 million and as percentage of sales decreased from 2.1% to 1.5%. In absolute terms Administration expenses increased by Rs. 129 million that is an increase of 11.7% from last year, mainly due to the inflation. Other operating income increased from Rs. 510 million to Rs. 1,058 million. Improved sales volumes and reduction in stock in trade balances contributed to increase in surplus funds, consequently increasing the income on bank deposits. Finance cost increased from Rs. 27 million to Rs. 31 million. The increase was due to higher exchange loss as compared to last year. Other operating expenses represent contributions to workers' profit participation fund and workers' welfare fund. They increased from Rs. 196 million to Rs. 653 million. The increase was due to higher contributions consequential to higher amount of profit. Consequently profit before tax increased in absolute terms by Rs. 6,062 million from Rs. 2,623 million to Rs. 8,685 million and as a percentage of sales improved from 4.9% to 10.3%. Expense for income tax increased from Rs. 702 million to Rs. 2,843 million and as a percentage of profit before tax increased from 26.7% to 32.7%. Higher incidence of tax as a percentage on profit before tax as compared to last year is due to imposition of Super tax Rs. 73 million and lesser tax rebates due to reduced capitalization in plant and machinery in current year as compared to last year.

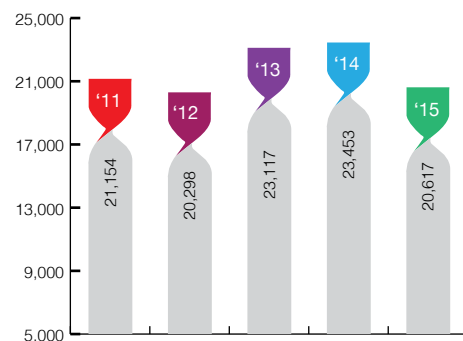
Marketing & Exports

The Company is endeavoring to improve sales, profitability and diversity in its operations by upgrading the existing products and launching new products. The Company launched its top-of-the-line luxury sedan Suzuki Kizashi in February 2015. Suzuki Kizashi is categorized as a premium 2.4L luxury sedan having strong brand identity due to its sophisticated modern design. With the launch of Suzuki Kizashi, the image of Suzuki products will improve and it will help the Company to penetrate in higher segment cars. The Company welcome the government's decision to again allow local car manufacturers to produce factory fitted CNG vehicles. The Company has re-launched its CNG fitted models of Suzuki Mehran and Suzuki Cultus in September 2015.

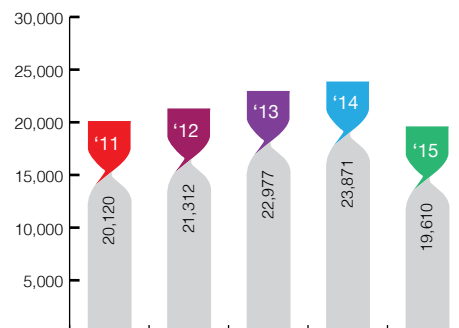
PRODUCTION VOLUME MOTOR CARS



SALES VOLUME MOTORCYCLES



PRODUCTION VOLUME MOTOR CYCLES



Pak Suzuki remains the market leader in locally manufactured cars and light commercial vehicles industry by capturing 60% market share of the total domestic market. Strong dealers' network all over Pakistan, availability of spare parts at economical prices and reliable after-sales service are the strengths of Pak Suzuki. In July 2014, Company entered into an agreement with Bank of Punjab for sale of 50,000 units of Suzuki Bolan and Suzuki Ravi under "Apna Rozgar Scheme" of Government of Punjab. Delivery of vehicles started in December 2014 and agreement has been successfully completed in March 2016.

During the year 145 units of Suzuki Ravi Pickup and one unit of Suzuki Bolan Van, worth Rs. 64 million were exported against 120 units of Suzuki Ravi Pickup, worth Rs. 52 million in last year.

Motorcycle market in Pakistan is dominated by motorcycle with engine capacity of 70cc. Pak Suzuki markets motorcycles with engine capacities of 110cc and above. Company is trying to expand its business in this segment. The Company expects that motorcycle demand in Pakistan will gradually shift towards higher engine capacity like other countries in the region and market for Suzuki motorcycles will improve. During the year Company introduced locally manufactured model, Inazuma Aegis GW 250cc. With the launch of Inazuma Aegis GW 250, Company entered into local manufacturing of heavy bikes.

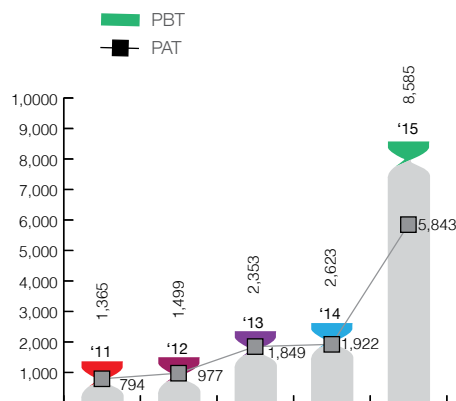
Localization

Pak Suzuki is proud to be the pioneer in the development of auto parts industry. The Company striving for localization of components through vendors' network and in-house manufacturing of components. The company also contributes in the socio-economic development of the country by creating job opportunities and technology transfer to vending industry. The Company continues to pursue localization in order to reduce the cost of product and keep the prices competitive besides saving of foreign exchange.

Human Resource

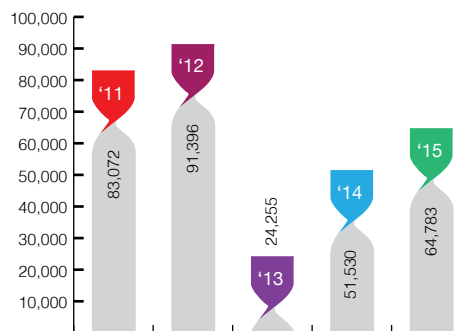
Management and employee relations continued to remain cordial and industrial peace prevailed during the year. A new charter of demand was negotiated with CBA in a congenial atmosphere and an agreement was entered in to for a period of two years (2015-2016). Human resource development remains one of the key objectives of the Company. 98 employees were sent for training outside Company including 47 employees sent for foreign training. 377 employees participated in in-house training sessions.

PBT/PAT



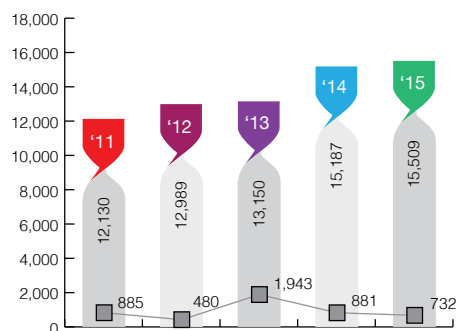
Rupees in thousand

EXPORT SALES



Rupees in thousand

FIXED ASSETS Vs. CAP EX



Rupees in thousand

Economic Contribution

The Company has a distinctive position in the automobile industry as a leading contributor to the public exchequer. The duties and taxes paid and the foreign exchange saved by the Company in its last five years of operations are as follows:

Year (Jan-Dec)	Duties & taxes (Rupees in billion)	Foreign exchange Savings * (Rupees in billion)
2011	17.012	39.390
2012	17.302	31.054
2013	15.380	27.275
2014	17.442	25.067
2015	26.422	39.688

Duties and taxes paid by Company during the year represent 0.8% of total tax revenues estimated in the Federal Budget for the fiscal year 2015-2016.

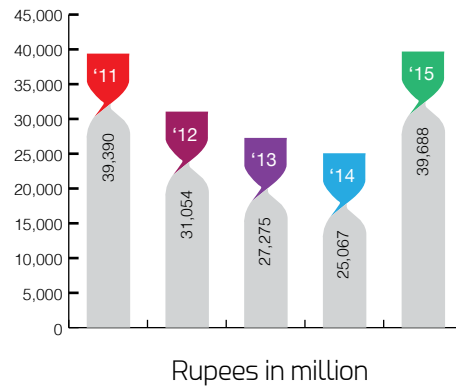
*Converted into Pak Rupees at year end exchange rate.

Future Outlook & Conclusion

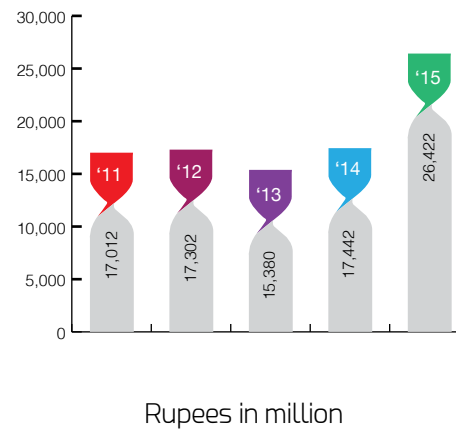
Sustainable economic growth is anticipated owing to improved economic indicators. Due to completion of Apna Rozgar Scheme in March 2016, growth in sales volumes of auto industry will be insignificant in next year. Under the scheme, 45,410 units were delivered in 2015 out of total volume of 50,000 units. However, steady sales volumes are expected for auto industry. Lower inflation supports in maintaining the all-time low discount rate. Consequently, auto financing at lower rates is being offered by financial institutions to the customers which is contributing in improved sales volumes.

Due to high element of imported components in total cost of products, forex rates play an important role in pricing of products. Pak rupee to US dollar parity remained stable in first half of 2015 but it has depreciated during second half of 2015. The stable Pak Rupee and weaker Japanese Yen against US Dollar will contribute for stable prices of vehicles.

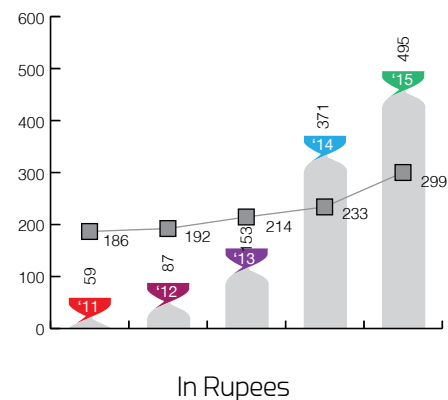
FOREIGN EXCHANGE SAVINGS



DUTIES & TAXES



SHARE PRICE Vs. BREAKUP VALUE



Government of Pakistan has announced mini budget in November 2015 and increased the rate by 1% on all custom duty slabs. Although the government provided exemptions to the import of plant and machinery as well as raw material for certain industries, the exemptions do not cover the local automobile industry. We appeal to Government of Pakistan to withdraw the additional 1% duty on CKD kits and imported goods classified as 'raw material' for the automobile industry and allowed the relief as available to certain industries.

The import of used vehicles in big number is hindering the growth of industry. Despite the restriction on age limit of imported used vehicles for 3 years, about 45,000 units of used vehicles were imported during the year as compared to 35,000 units of last year. In mini budget, regulatory duty has been increased on used imported cars of above 1,000cc by 10%. The segment of small cars upto 1000cc constituted major part of imported used cars. On the one hand additional 1% duty has been imposed on the imported raw material for local manufacturing of small cars and no consequential duties were imposed on similar segment of used cars. We strongly appeal to Government to rectify the anomaly in duty structure for small cars.

The auto industry of Pakistan is looking forward to Government for early resolution of issue of trade with India and finalization of second Auto Industry Policy. The auto parts are in negative list for trade between India and Pakistan. The Company reiterates that if import of auto parts is allowed from India it will be advantageous as the imports will be cheaper due to lower prices and freight advantage. The Government is expected to announce much awaited 'Auto Industry Policy' in near future, providing regulatory framework for the automobile sector for next five years. Application of new auto policy can also stimulate growth in the sector if it protects local players. Consistent Government policies with long term vision are essential for the growth of auto industry.

In Federal Budget 2015, the Government announced 10% tax on undistributed reserves. It is double taxation as it is levied on reserves which were accumulated from after tax profits. As per sound business practice, companies should be managed to make profit and major part of such profit, after income tax and dividends payment, should be reinvested for expansion of business. Pak Suzuki is notable example that achieved the expansion in plant capacity and development of new models through own resources.

We strongly appeal to Government of Pakistan to abolish newly introduced tax on reserves, being counter-productive for further business expansions.

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

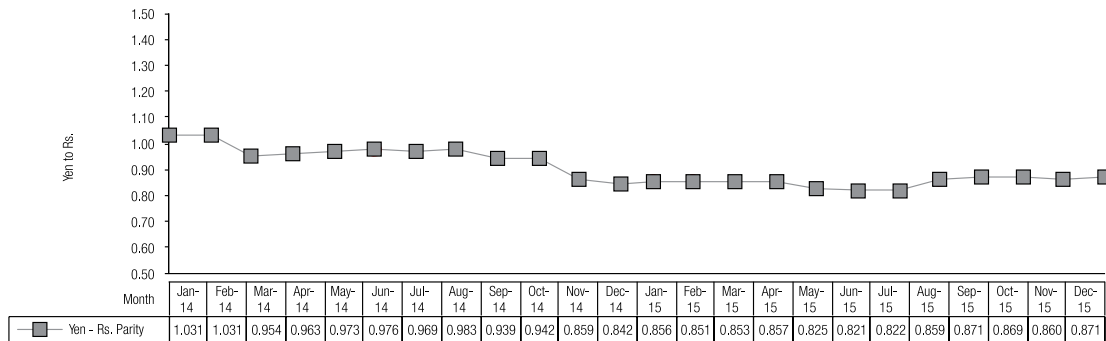


KINJI SAITO
Chairman

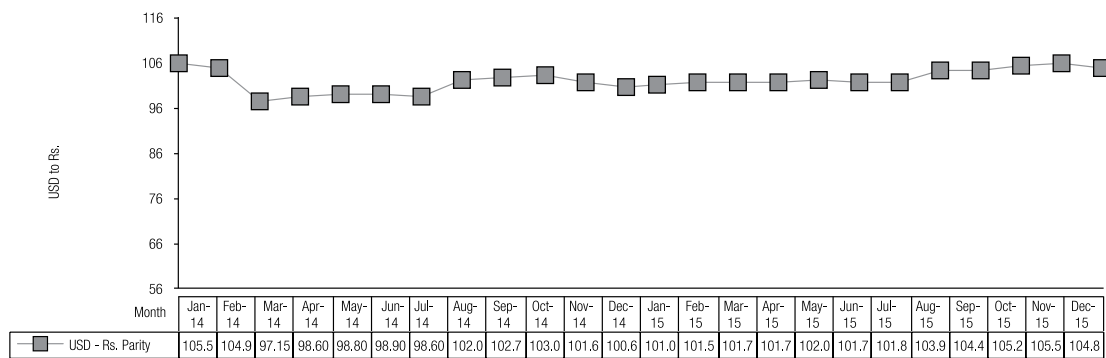
Karachi. March 15, 2016.

EXCHANGE RATES MOVEMENT

YEN - RS. PARITY



USD - RS. PARITY



Suzuki GD - 110S is an upgrade version of existing Suzuki GD 110 Series. Suzuki GD-110S has attractive features including electric self-start headlight cowling, aluminium alloy wheels. Its is the only product in Pakistan having electric self-start in 110-125cc segment.

DIRECTORS' REPORT

The Directors of the Company are pleased to submit their report together with audited financial statements and Auditors' Report thereon, for the year ended December 31, 2015.

Accounts

(Rs in 000)

Profit before taxation	8,685,171
Taxation	2,842,500
Profit after taxation	5,842,671
Retained earnings of prior years	3,806
Net Profit available for appropriation	5,846,477
Less: Appropriations	
Transfer to General Reserve	4,610,000
Proposed Cash Dividend @150%	1,234,498
	5,844,498
Retained earnings carried forward	1,979

Earnings per share

The earnings per share for the year were Rs. 70.99.

Holding company

Suzuki Motor Corporation, incorporated in Japan, is the holding company of Pak Suzuki Motor Company Limited with 73% shares.

Chairman's Review

The Chairman's review on page 36 to 40 deals with the year's activities and the directors of the Company endorse contents of the same.

Corporate governance

The management of the Company is committed to good corporate governance and compliance with its best practices. As required under Code of Corporate Governance, Directors are pleased to state as follows:-

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- Appropriate whistleblower protection mechanism is in place.
- Company gives priority to safety and health of its employees, provides proper medical cover and carries out periodical medical screening of employees.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Key operating and financial data

The key operation and financial data of the Company for six years are summarized on page 22.

Government taxes

Outstanding taxes and levies have been explained in note 20 to the annexed audited financial statements.

Investments of employees' retirement funds

The following were the values of investments held by employees' retirement benefits fund at the year-end:

	Dec 15	Dec 14
Provident Fund	622.480 million	583.435 million
Gratuity Fund	367.336 million	329.104 million

Board of Directors meetings

During the year four (4) meetings of the Board of Directors were held. Attendance of each Director was as follows

	No of meetings attended
Mr. Hirofumi Nagao	4
Mr. Tetsuya Fujioka	2
Mr. Toshihiro Suzuki	4
Mr. Takashi Iwatsuki	4
Mr. Kinji Saito	4
Mr. Takanori Suzuki / Kazuyuki Yamashita	4
Mr. Wazir Ali Khoja	4

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

Audit Committee meetings

During the year four (4) meetings of the Audit Committee were held. Attendance of each Director is as follows:

No of meetings attended

Mr. Wazir Ali Khoja	4
Mr. Kinji Saito	4
Mr. Takashi Iwatsuki	4

Human Resource & Remuneration Committee meetings

During the year two (2) meetings of the Human Resource & Remuneration Committee were held. Attendance of each Director is as follows:

No of meetings attended

Mr. Kinji Saito	2
Mr. Hirofumi Nagao	2
Mr. Takashi Iwatsuki	2

Directors' training program

During the year one director has acquired certification under Directors' Training Program. Exemption was granted to a director by Securities Exchange Commission of Pakistan for Directors' Training Program as he fulfilled the criteria for exemption as per Code of Corporate Governance.

Pattern of shareholdings

The pattern of shareholdings as of December 31, 2015 is given on pages 98 to 100.

Trading in shares of the company by directors and executives

During the year there has been no trade in Company's shares by directors, executives and their spouses and minor children.

Appointment of Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and offer themselves for re-appointment. The Audit Committee has recommended for their re-appointment for the year ending December 31, 2016. The Directors endorse recommendation of Audit Committee.

Changes in Board, Audit Committee and HR&R Committee

As at December 31, 2014 the Board comprised of the following directors who retired on completion of their term on 6th February 2015:

Mr. Hirofumi Nagao
Mr. Tetsuya Fujioka
Mr. Yosuke Yamada
Mr. Kinji Saito
Mr. Jamil Ahmed
Mr. Mumtaz Ahmed Shaikh
Mr. Wazir Ali Khoja

Elections of Board were held on February 2, 2015 and following persons were elected as directors of the Company for the period of three (3) years with effect from February 7, 2015:

Mr. Hirofumi Nagao
Mr. Tetsuya Fujioka
Mr. Toshihiro Suzuki
Mr. Takashi Iwatsuki
Mr. Kinji Saito
Mr. Takanori Suzuki
Mr. Wazir Ali Khoja

Mr. Hirofumi Nagao has been re-elected as Chief Executive and Mr. Kinji Saito was elected as Chairman of the board. Consequently, the Audit Committee and Human Resource and Remuneration Committee have been reorganized and Board nominated the following directors as member of Audit Committee and Human Resource and Remuneration Committee:

Audit Committee:

1. Mr. Wazir Ali Khoja;
2. Mr. Kinji Saito; &
3. Mr. Takashi Iwatsuki.

Human Resource and Remuneration Committee:

1. Mr. Kinji Saito;
2. Mr. Hirofumi Nagao; &
3. Mr. Takashi Iwatsuki.

Further, Mr. Wazir Ali Khoja has been nominated as Chairman of Audit Committee and Mr. Kinji Saito as Chairman of Human Resource and Remuneration Committee.

Mr. Kazuyuki Yamashita was appointed as members of the Board on September 15, 2015 in place of Mr. Takanori Suzuki who had resigned.

Corporate Social Responsibility (CSR)

Pak Suzuki being responsible corporate citizen is committed to well-being of the society through its contribution in the field of education, health, environment as a whole to improve quality of life of underprivileged people.

COMMUNITY HEALTH

Blood Donation Camp:

Blood Donation Camp was organized in the company on 2nd March, 2015 in collaboration with Indus Hospital. The Indus Hospital Blood Center is the first centralized regional blood center of Pakistan with a vision to provide safest possible blood by meeting international standards, to all segments of the society without discrimination. Total 167 donors donated their blood voluntarily. Out of 167 donors, 82 donors were from our nearby vendors and 1 from dealer.



Donation of Water cooler, Filter, Stabilizer & Refrigerator to Koohi Goth Women Hospital:

The company donated water cooler with filter, stabilizer and refrigerator to Koohi Goth Women Hospital on

24th June, 2015 to facilitate hospital officials and patients. Koohi Goth Women Hospital has been serving the disadvantaged community free of cost since 2006. The hospital provides rehabilitation services to underprivileged women mostly from Sindh and Baluchistan, especially fistula patients with urology diseases due to childbirth complications. This is the only charity fistula treatment centre in South Asia that provides state-of-the-art laparoscopy surgery and fistula management training.

Donation for Earthquake Victims:



On 26th October, 2015 an Earthquake of magnitude 8.1 on Richter scale struck the different parts of Pakistan, those are Shangala, Chitral, Swat, Bajaur, Mansehra, Charsadda, Malakand, etc. Around 220 people were reported died, 1,000 got injured and around 9,029 homes damaged. Pak Suzuki along with its vendors and authorized dealers donated 20 ambulances with all accessories and 300 tents for earthquake affected people in December, 2015 to Major General Asghar Nawaz, Chairman NDMA, he received the donation on behalf of His Excellency Mian Muhammad Nawaz Sharif, Prime Minister of Pakistan.

EDUCATION



Scholarship for NED students:

NED University of Engineering and Technology is one of the most reputable institution of Pakistan, serving the nation since 1922. The company is committed to support higher education in Pakistan in order to contribute in the socio economic development of the nation. Continuing the Education Support Program under CSR, total 47 scholarships were awarded among students of NED University of Engineering & Technology on 28th May, 2015 which included 11 new students and 36 students from previous years.

Construction and Renovation of Government School at Razzaqabad:

Under CSR "School Improvement Program", company successfully completed Construction and Renovation Project in Government Girls Primary School, Razzaqabad, in association with Town Education Office of Bin Qasim Town. This project includes flooring of assembly area, renovation of school building and toilets, providing furniture for students and staff, fixing of water cooler along with filter and stabilizer, sound system, play rides and plantation, etc. The project was inaugurated on 2nd September, 2015.



Donation of Suzuki Bolan Vans:

The company donated a Suzuki Bolan Van to Mirpurkhas Sports Welfare Association, Gulistan-e-Mazooreen on 5th June, 2015. Gulistan-e-Mazooreen is providing education and technical skills (like Computer Literacy, English Language, Hand Embroidery, Tailoring, Type Writing, etc) to handicapped persons of Mirpurkhas and nearby areas in helping them to become self-reliant.

Another Suzuki Bolan Van donated to JS (Jahangir Siddiqui) Academy for the Deaf on 11th December, 2015. JS Academy is the project of Noor-e-Ali Trust providing education and developing skills (like Computer Literacy, Painting, Wooden Craft, Calligraphy, Sewing, Physical Exercises, Sign Language, etc) to the deaf students of Karachi and other parts of country so that they serve the country as responsible citizen. JS Academy providing education and training from Kindergarten to Graduation Level almost free of cost.



Higher Secondary Certificate Scholarship:

Perusing the aim of educating the nation under company's CSR program, 90 Higher Secondary Certificate Scholarships were awarded to the selected students of nearby Government School's students and Company Employee's children on 31st December, 2015. Plant visit, 5S and Kaizen training sessions were also arranged for scholarship awardees.

ENVIRONMENT

Plantation:

To enhance the beauty of surrounding of company and the development of Healthy Environment, Plantation project completed on 29th September, 2015. Total 1000 Cono-Carpus trees planted along with Western Side of the company.

Donation to Custom House:

The company donated Rs. 5 lac to Government of Pakistan Model Custom Collectorate of Preventive Custom House Karachi, for the renovation of Edulji Dinshaw Road Project on 27th October, 2015. The renovation project includes redesigning, reconstructing and beautification of the area to stream line traffic, ease of congestion and to turn the street into fun place and social hub.

Health, Safety & Environment (HSE) Awareness Session:

Health, Safety & Environment (HSE) Awareness Session conducted on 31st October, 2015 for company employee's children; in which importance of safety & security, environmental issues and tips to stay healthy were highlighted. Plant visit was also arranged for participants.

Health, Safety & Environment (HSE) Awareness Session:

Health, Safety & Environment (HSE) Awareness Session was conducted on 1st November, 2014 for employees of the company and nearby vendors' children in which importance of safety & security, environmental issues and tips to stay healthy were highlighted.

TECHNICAL SUPPORT

Trainings and Support to Vocational Training Institutes:

Pak Suzuki has been supporting Vocational Training Institutes (VTI) in different regions and cities of Pakistan by upgrading their workshops and training facilities with parts, tools and equipment both for 4 wheeler and 2 wheeler facilities. VTI's of Bahawlpur and Khanbela were upgraded by providing complete Motorcycle GD110 for practical training, Motorcycle GD110 Chassis Assembly for Display Board, Motorcycle Lift, Working Table, General Tool Board with Counter, Parts Trolley, Technical Charts, Service Manuals (All Models), Suzuki special tool kit, Motorcycle lab / workshop paint with Suzuki logo. Pak Suzuki conducted training program for VTI's Motorcycle trade students in different regions and cities in 2015. The purpose was to enhance the confidence level of VTI's students regarding Suzuki and give the technical knowledge about Suzuki brand. Total 479 participants were given trainings.

Quality, Environment, Health & Safety (QHSE) Management Systems:

Consistent quality of products is prime objective of the company. We are committed to continually promote a "Quality, Health & Safety and Environment Culture". The Company, at regular intervals reviews its QHSE framework and if needed takes concrete steps to improve the system performance.

Quality Management System (QMS):

Quality Management System (ISO 9001:2008) is in place in our company and is audited at regular intervals for compliance. The system is a major tool to improve productivity and quality of our products so as to avoid warranty cost & rework. QMS has helped us to provide top quality products at competitive price to the satisfaction and requirement of our customers.

Environmental Management System (EMS):

As our commitment to Corporate Citizenship we endeavor to improve Environment. (ISO 14001:2004) is in place and is a key factor in operations of the company. We continuously monitor the waste generated from its activities and wherever required, Environmental Control Equipment and facilities like waste water treatment plant. Company provides clean drinking water (tested by approved and certified laboratories) to all of its employees. The Company is complying with applicable regulatory requirement and ensures its effectiveness against National Environment Quality Standard by conducting testing of effluents, emissions, etc through renowned testing laboratories. Hazardous Waste is properly disposed off as per EPA requirement.

Occupational Health and Safety Management System (OHSAS):

The company is committed to provide a system that helps in eliminating unsafe & unhealthy work conditions. Hazard identifications and risk assessment are being performed, reviewed and all necessary preventive measures are taken to minimize the accidents.

Emergency preparedness and response procedures and plans are established to deal with accidents and emergencies. Exercises are periodically carried out in order to check the effectiveness of these plans. Responsibilities and authorities in emergency situation are clearly identified in the procedures.

To improve safety measures on continual basis in each area, the company identifies and analyzes potential risks (danger/hazards) related to work and equipment, and decides measures to be taken by implementing Hiyari Hatto (near miss and narrow escape) activity, an effective Japanese Technique.

BY ORDER OF THE BOARD



HIROFUMI NAGAO
Chief Executive

Karachi
March 15, 2016



Inazuma 250

With the clean and crisp handling and the sense of quality makes it a bike for all to enjoy – whether on the tough city streets or out on the open road.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation of Pakistan Stock Exchange Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors (the Board). As at December 31, 2015 the Board comprised of the following:

Category	Names
Independent Director	Mr. Wazir Ali Khoja
Executive Directors	Mr. Hirofumi Nagao Mr. Tetsuya Fujioka
Non-Executive Directors	Mr. Kinji Saito Mr. Toshihiro Suzuki Mr. Takashi Iwatsuki Mr. Kazuyuki Yamashita

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Pak Suzuki (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board due to resignation of Mr. Takanori Suzuki on September 15, 2015 and it was filled by the continuing directors same day by appointing Mr. Kazuyuki Yamashita in his place.
5. The Company has prepared a "Code of Conduct" and has appropriately disseminated it along with its supporting policies and procedures throughout the Company through e-mail and it is also placed on Company's Intranet Portal.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive director, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two directors acquired certification under Directors Training Program during the year.
10. The board has approved appointments of CFO, Company Secretary and Head of Internal Audit, including their remunerations and terms and conditions of the employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. As at December 31, 2015 it comprises three (3) members. Chairman of the Committee is independent director and the other two (2) are non-executive Directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises three (3) members including two non-executive directors one of whom is also chairman of the Committee.
18. The Board has set-up an effective internal audit department which comprises of suitably qualified and experienced staff who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which could materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information is disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



(Hirofumi Nagao)
Chief Executive

Dated: March 15, 2016

NOTICE OF MEETING

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of Pak Suzuki Motor Company Limited will be held at Pearl Continental Hotel, Club Road, Karachi on Thursday, April 28, 2016 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1- To confirm minutes of Annual General Meeting held on April 24, 2015.
- 2- To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2015, together with Directors' and Auditors' reports thereon.
- 3- To approve payment of cash dividend @ 150% i.e. Rs.15.00 per share of Rs. 10/- each.
- 4- To appoint Auditors and fix their remuneration for the year ending December 31, 2016.
- 5- To consider any other business with the permission of the Chair.

SPECIAL BUSINESS

- 6- To consider and if thought fit, pass a special resolution to amend the Articles of Association of the Company to increase the remuneration paid to the non-executive independent director for attending board of directors meetings.
- 7- To consider and if thought fit, pass a special resolution to amend the Articles of Association of the Company to set out the members' right to exercise their votes by electronic means.

A Statement of Material Facts under Section 160(1)(b) of The Companies Ordinance 2001 covering the above mentioned special businesses is being sent to the shareholders along with a copy of this notice.

BY ORDER OF THE BOARD

ABDUL NASIR
COMPANY SECRETARY

Karachi: April 7, 2016

Notes:

- 1- The share transfer books of the Company will remain closed from April 22, 2016 to April 28, 2016 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business on April 21, 2016 will be accepted for transfer.
- 2- A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- 3- Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to bring their original Computerized National Identity Cards (CNIC) or Passports for identification purpose.
- 4- SECP vide its SRO 779(1)/2011 dated August 18, 2011 has made it mandatory for the companies to provide CNIC numbers of the shareholders on dividend warrants. Therefore members who have not yet submitted photocopies of their valid CNICs to the Company are again requested to immediately submit the same directly to Company's share registrar Central Depository Company of Pakistan Ltd., CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi. Dividend Warrants of the shareholders who will not submit the copies of their CNICs will be withheld by the Company.
- 5- The Government of Pakistan, through Finance Act 2015, has made certain amendments in Section 150 of The Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on amount of dividend paid to shareholders. These tax rates are as under

- | | |
|---|--------|
| a. For filers of income tax returns | 12.50% |
| b. For non-filers of income tax returns | 17.50% |

To enable the Company to make tax deduction on the amount of cash dividend @ 12.50% instead of @ 17.50%, all the shareholders whose names are not included in the Active Taxpayers' List (ATL) available on the website of FBR despite of being filers are advised to make sure that their names are added in ATL before the start of book closure.

Statement of Material Facts under Section 160(1)(b) of The Companies Ordinance 2001.

Item No. 6 of the Notice

Amendment in Articles of Association regarding Remuneration paid to Non-Executive Directors

A fee of Rs. 500 (Rupees five hundred) per meeting is paid to non-executive independent director of the Company for attending board of directors meetings. It was fixed at the time of incorporation of Company in 1984 and has not been revised since then. It is proposed that the following special resolution be passed to amend Article 9.10 of the Articles of Association

"Resolved that "Rs. 500/- (Rupees five hundred)" appearing in Article 9.10 of Articles of Association of the Company is hereby replaced with "Rs. 20,000/- (Rupees twenty thousand only)".

Item No. 7 of the Notice

Amendment in Articles of Association regarding E-Voting

SECP has issued The Companies (E-Voting) Regulations, 2016. These Regulations provide members with a right to vote at general meetings through electronic means, subject to satisfaction of certain conditions, including the amendment of Articles of Association so as to stipulate that in case of E-Voting both members and non-members can be appointed as proxy.

For the purpose of incorporating the facility of E-Voting in the Articles of Association of the Company, it is proposed that the following special resolution be passed to amend Articles of Association

"Resolved that

- a. Article 8.19 be replaced with

Votes may be cast either, personally or by proxy or electronically, provided that no company shall vote by proxy unless a resolution of its board in accordance with Section 162 of the Ordinance is in force. A non-member may be appointed as proxy for the purpose of E-Voting."

- b. "The following new Article 8.22A be and hereby inserted after Article 8.22

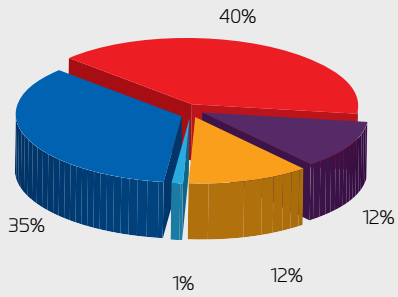
Notwithstanding Article 8.21, an instrument appointing a proxy for the purpose of E-Voting shall be in following form, and shall be deposited in writing with the Company at its registered office or through email at the email address of the Company provided for this purpose, at least ten (10) days prior to the date of general meeting.

PAK SUZUKI MOTOR COMPANY LIMITED

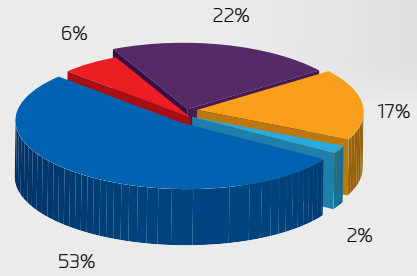
I/We, _____ of _____, being a member of Pak Suzuki Motor Company Limited, holder of _____ ordinary share(s) as per registered folio/CDC investor account number _____ hereby opt for E-Voting through intermediary and hereby consent the appointment of exertion officer _____ as proxy and will exercise E-Voting as per The Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email."

ASSETS - 2015

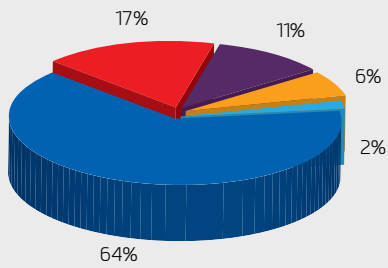


ASSETS - 2014

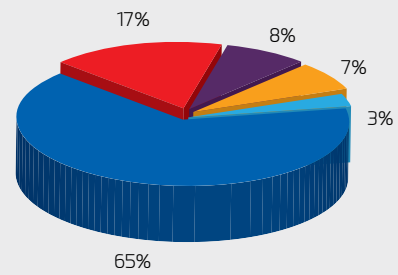


- Cash & Bank Balances
- Other Current Assets
- Property Plant & Equipment
- Other Non Current Assets
- Stock in Trade

EQUITIES & LIABILITIES - 2015



EQUITIES & LIABILITIES - 2014



- Trade & Other Payables
- Advances
- Security Deposits & Other Current Liabilities
- Paid Up Capital
- Reserves



FINANCIAL STATEMENTS



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

REVIEW REPORT TO THE MEMBERS

on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pak Suzuki Motor Company Limited (the Company) for the year ended **31 December 2015** to comply with the requirements of Listing Regulation of Pakistan Stock Exchange Limited, where the Company is Listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended **31 December 2015**.

Chartered Accountants

Date: 15 March 2016

Place: Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pak Suzuki Motor Company Limited (the Company) as at 31 December 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.4 to the financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 15 March 2016
Place: Karachi

BALANCE SHEET

As at December 31, 2015

ASSETS

NON-CURRENT ASSETS

	Note	2015 ----- (Rupees in '000') -----	2014 -----
Property, plant and equipment	3	4,510,789	4,790,506
Intangible assets	4	83,288	205,287
Long-term investments	5	-	351
Long-term loans	6	9,609	9,597
Long-term deposits and other receivables	7	24,768	22,788
Long-term installment sales receivables	8	113,627	162,260
Deferred taxation	9	194,500	55,797
		<u>4,936,581</u>	<u>5,246,586</u>

CURRENT ASSETS

Stores, spares and loose tools	10	98,801	82,030
Stock-in-trade	11	13,084,447	14,976,001
Trade debts	12	1,561,823	1,352,310
Current portion of long-term installment sales receivables	8	347,976	387,608
Loans and advances	13	197,712	514,845
Trade deposits and short-term prepayments	14	70,862	53,110
Accrued profit on bank accounts		193,429	16,340
Other receivables	15	86,666	134,260
Sales tax and excise duty adjustable		277,801	1,002,345
Income tax – net		1,589,882	2,747,340
Cash and bank balances	16	15,006,007	1,841,384
		<u>32,515,406</u>	<u>23,107,573</u>

TOTAL ASSETS

	<u>37,451,987</u>	<u>28,354,159</u>
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EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised share capital
150,000,000 (2014: 150,000,000) ordinary shares of
Rs.10/- each

Issued, subscribed and paid-up share capital

Reserves

CURRENT LIABILITIES

Trade and other payables

Accrued markup on short term borrowings

Advances from customers

Security deposits

Provision for custom duties and sales tax

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

	2015 Note	2014 (Rupees in '000')
	-----	-----
	1,500,000	1,500,000
	17	
	822,999	822,999
	23,856,239	18,413,683
	24,679,238	19,236,682
	18	
	6,441,748	4,945,271
	-	8,982
	4,226,341	2,159,487
	19	
	2,068,361	1,917,414
	20	
	36,299	86,323
	12,772,749	9,117,477
	21	
	37,451,987	28,354,159

The annexed notes from 1 to 41 form an integral part of these financial statements.



Kinji Saito
Chairman



Hirofumi Nagao
Chief Executive

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2015

	2015	2014
Note	(Rupees in '000')	
Sales	22 84,548,757	53,664,947
Cost of sales	23 (73,061,309)	(49,481,248)
Gross profit	11,487,448	4,183,699
Distribution costs	24 (1,945,832)	(746,304)
Administrative expenses	25 (1,230,819)	(1,101,650)
Other expenses	26 (653,212)	(195,850)
Other income	27 1,058,426	510,208
Finance costs	28 (30,840)	(26,709)
	(2,802,277)	(1,560,305)
Profit before taxation	8,685,171	2,623,394
Taxation	29 (2,842,500)	(701,500)
Profit after taxation	5,842,671	1,921,894
	----- (Rupees) -----	
Earnings per share - basic and diluted	30 70.99	23.35

The annexed notes from 1 to 41 form an integral part of these financial statements.


Kinji Saito
 Chairman


Hirofumi Nagao
 Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

	2015	2014
	----- (Rupees in '000') -----	
Profit after taxation	5,842,671	1,921,894
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit and loss account		
Gain on derivative financial instrument – net	38,163	9,225
Items that may not be reclassified subsequently to profit and loss account		
Remeasurement loss on defined benefit plan - net	(26,779)	(10,396)
	11,384	(1,171)
Total comprehensive income for the year	<u>5,854,055</u>	<u>1,920,723</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.


Kinji Saito
 Chairman


Hirofumi Nagao
 Chief Executive

CASH FLOW STATEMENT

For the year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2015 (Rupees in '000')	2014
Cash generated from operations	31	15,371,222	1,448,069
Finance costs paid		(39,830)	(17,730)
Taxes paid		(1,842,542)	(465,342)
Long-term loans		(12)	(3,333)
Long-term deposits and receivables		(1,980)	14,189
Long-term installment sales receivables		48,633	7,992
Net cash generated from operating activities		13,535,491	983,845

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(731,704)	(880,880)
Purchase of intangible assets		(852)	(197,744)
Proceeds from sale of property, plant and equipment		42,271	64,170
Profit received on bank accounts		729,434	234,931
Net cash generated from / (used in) investing activities		39,149	(779,523)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid		(410,017)	(327,297)
Net increase / (decrease) in cash and cash equivalents		13,164,623	(122,975)
Cash and cash equivalents at beginning of the year		1,841,384	1,964,359
Cash and cash equivalents at end of the year	16	15,006,007	1,841,384

The annexed notes from 1 to 41 form an integral part of these financial statements.



Kinji Saito
Chairman



Hirofumi Nagao
Chief Executive

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Reserves							Total reserves	Total
	Share capital	Capital reserves		Revenue reserves					
		Issued, subscribed and paid-up	Share premium	Reserve on merger	General	Unappropriated profit	Gain / (loss) on derivative financial instrument		
----- Rupees in '000' -----									
Balance as at December 31, 2013	822,999	584,002	260,594	14,184,818	1,852,610	(47,388)	(12,477)	16,822,159	17,645,158
Final dividend on ordinary shares @ 40% for the year ended December 31, 2013	-	-	-	-	(329,199)	-	-	(329,199)	(329,199)
Transferred to general reserve	-	-	-	1,520,000	(1,520,000)	-	-	-	-
Profit after taxation	-	-	-	-	1,921,894	-	-	1,921,894	1,921,894
Other comprehensive income	-	-	-	-	-	9,225	(10,396)	(1,171)	(1,171)
Total comprehensive income	-	-	-	-	1,921,894	9,225	(10,396)	1,920,723	1,920,723
Balance as at December 31, 2014	822,999	584,002	260,594	15,704,818	1,925,305	(38,163)	(22,873)	18,413,683	19,236,682
Final dividend on ordinary shares @ 50% for the year ended December 31, 2014	-	-	-	-	(411,499)	-	-	(411,499)	(411,499)
Transferred to general reserve	-	-	-	1,510,000	(1,510,000)	-	-	-	-
Profit after taxation	-	-	-	-	5,842,671	-	-	5,842,671	5,842,671
Other comprehensive income	-	-	-	-	-	38,163	(26,779)	11,384	11,384
Total comprehensive income	-	-	-	-	5,842,671	38,163	(26,779)	5,854,055	5,854,055
Balance as at December 31, 2015	822,999	584,002	260,594	17,214,818	5,846,477	-	(49,652)	23,856,239	24,679,238

The annexed notes from 1 to 41 form an integral part of these financial statements.


Kinji Saito
Chairman


Hirofumi Nagao
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Pak Suzuki Motor Company Limited (the Company) was incorporated in Pakistan as a public limited company in August 1983 and started commercial production in January 1984. The 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 (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 Company is listed on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at DSU – 13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- Fixed assets (note 2.6 and 3)
- Inventories (note 2.8, 2.9, 10 & 11)
- Employees gratuity scheme (note 2.16 and 18.4)
- Provision for custom duties and sales tax (note 2.15 and 20)
- Taxation (note 2.17, 9 and 29)
- Warranty obligations (note 2.20 and 18.2)
- Derivative financial instruments (note 2.14)

2.4 Standards adopted during the year

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

The Company has adopted the following standards which became effective for the year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above standards did not have any material effect on the financial statements.

2.5 Standards that are not yet effective

The following standards would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Effective date (annual periods beginning on or after)
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Company expects that the adoption of the above standards will not affect the Company's financial statements in the period of initial application.

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

2.6 Fixed assets

Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment (if any) except for freehold land which is stated at cost. Items of fixed assets costing Rs. 10,000/- or less are not recognised and charged off in the year of purchase.

Capital work-in-progress is stated at cost less impairment (if any) and represents expenditures incurred and advances made in respect of specific assets during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

Depreciation on plant and machinery, welding guns, waste water treatment plant, permanent and special tools, dies, jigs and fixtures and electric installations is charged using the straight line method, whereas depreciation on other assets is charged applying the reducing balance method. The cost of the leasehold land and leasehold improvements is written off over its lease term. Depreciation on additions is charged

for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

Maintenance and normal repairs are charged to income as and when incurred. Gain or loss on sale or retirement of fixed assets is included in income currently.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Intangible assets

These represent costs which are capitalized when it is probable that future economic benefits attributable to them will flow to the Company. These are stated at cost less accumulated amortisation and any identified impairment loss.

Amortisation is charged to income on the straight line method. Amortisation on additions is charged from the month in which an asset comes into operation while no amortisation is charged for the month in which the asset is written off.

The assets' residual values, useful lives and amortization methods are reviewed and adjusted if appropriate, at each financial year end.

2.7 Impairment

The carrying value of the fixed assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognized in profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

2.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of net realizable value and cost, calculated on a weighted average basis. Provision is made annually in the financial statements for slow moving and obsolete items.

2.9 Stock-in-trade

Stocks, are valued at the lower of cost and net realizable value. Cost is calculated on a weighted average or specific consignment basis, depending upon their categories. Stocks-in-transit are stated at invoice value plus other charges accrued thereon to the balance sheet date. Vehicles on wheels are taken as work-in-process until they are approved by the quality control department. After such approval the vehicles are classified as finished goods. The engines assembled are included in raw material. The cost of engines assembled, work-in-process and finished goods consists of landed cost of imported materials, average local material cost, factory overhead and direct labour. Provision is made annually in the financial statements for slow moving and obsolete items.

Net realisable value is determined by considering the prevailing selling prices of products in the ordinary course of business less estimated cost of completion and cost necessary to be incurred in order to make the sale. The net realisable values are determined on the basis of each line of product.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

2.10 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

The Company measures its non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2.11 Trade debts and installment sales receivables

Trade debts are recognised and carried at original value of invoice amount less any part payment and provision for doubtful debts. Installment sales receivables are recognised at original invoice amount and are subsequently reduced by the principal portion of installments received. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Known bad debts are written-off when they are identified.

2.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Company.

2.13 Financial instruments

i) Financial assets

Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity, or (c) financial assets at fair value through profit or loss.

Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. In case of financial assets carried at fair value through profit or loss, relevant transaction costs are taken directly to the profit and loss account.

Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to other comprehensive income.

Fair value is determined by reference to quoted market price. Investments for which a quoted market price is not available or the fair value cannot be reasonably calculated, are measured at cost, subject to review for impairment at each balance sheet date.

b) 'Loans and receivables' and 'held to maturity'

'Loans and receivables' and 'held to maturity' financial assets are carried at amortised cost.

ii) Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recorded at fair value and subsequently measured at amortised cost.

iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

iv) Derecognition of financial assets and liabilities

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.14 Derivative financial instruments and hedge accounting

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognised assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect profit and loss account.

2.15 Provisions

Provisions are recognised in the balance sheet where the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.16 Employees' benefit schemes

Gratuity scheme

The Company operates an approved and funded gratuity scheme for all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Provident fund

The Company operates an approved defined contributory provident fund scheme for all permanent employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10 percent of basic salary.

Compensated absences

The Company accounts for employees' compensated absences on the basis of unavailed earned leave balance of each employee as at the end of the year and the last drawn salary.

2.17 Taxation

Current

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method, on major temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that the temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except, where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of assets or as part of the expense item as applicable.

2.18 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to profit and loss account currently.

2.19 Revenue recognition

Revenue is recognised when goods are sold and services are rendered. Goods are treated as sold when they are delivered and invoiced. Warranty and insurance claims are recognised when the claims in respect thereof are lodged with the respective parties. Indenting and agency commission is recognised when the shipments are made by the principal.

Profit on bank accounts is accounted for on accrual basis.

Mark-up on installment sales receivables is recognised on the basis of effective interest rate.

Dividend income is recognised when the Company's right to receive such dividend is established.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

2.20 Warranty obligations

The Company accounts for its warranty obligations on accrual basis.

2.21 Cash and cash equivalents

These are carried at cost and include cash / cheques in hand and balance with banks.

2.22 Dividend and appropriation to reserves

Dividend declared and appropriations to reserves made subsequent to balance sheet are considered non-adjusting events and are recognised in the financial statements in the period in which they are approved.

2.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed out in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.24 Functional and presentation currency

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

3. PROPERTY, PLANT AND EQUIPMENT

Note	2015 ----- (Rupees in '000') -----	2014 -----
3.1	4,052,264	4,578,026
3.4	458,525	212,480
	<u>4,510,789</u>	<u>4,790,506</u>

Operating fixed assets
Capital work-in-progress

3.1 Operating fixed assets

	Cost as at January 01, 2015	Additions / (deletions) / reclassification	Cost as at December 31, 2015	Accumulated depreciation as at January 01, 2015	Charge for the year / (depreciation on deletions) / reclassification	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015	Years / Rate %
----- (Rupees in '000') -----								
Freehold land	371,514	-	371,514	-	-	-	371,514	-
Leasehold land	805,783	480	806,263	92,109	14,178	106,287	699,976	Lease term
Leasehold improvements	32,781	-	27,938	32,781	-	27,938	-	Lease term
		(4,843)			(4,843)			
Buildings on leasehold land								
- Factory	1,412,994	26,499	1,439,493	908,602	53,987	962,589	476,904	10 & 20
- Office	5,402	-	5,402	4,024	275	4,299	1,103	20
- Test tracks and other buildings	13,556	49,907 (1,411)	62,052	12,899	8,449 (521)	20,827	41,225	20
Plant and machinery	7,068,109	136,808 (23,610) (4,638)	7,176,669	5,666,920	312,719 (23,610) (193)	5,955,836	1,220,833	8 years
Welding guns	360,601	2,497 (11,622) 4,638	356,114	284,600	31,313 (11,622) 193	304,484	51,630	4 years
Waste water treatment plant	120,222	-	120,222	117,964	2,258	120,222	-	8 years
Permanent and special tools	409,997	20,741 (30)	430,708	364,800	20,140 (30)	384,910	45,798	4 years
Dies	2,684,403	109,000 (1,944)	2,791,459	2,031,472	281,991 (1,944)	2,311,519	479,940	4 years
Jigs and fixtures	731,911	42,419	774,330	409,570	142,212	551,782	222,548	4 years
Electrical installations	263,787	-	263,787	173,640	17,619	191,259	72,528	8 years
Furniture and fittings	14,268	3,179 (77)	17,370	10,872	1,017 (63)	11,826	5,544	20
Vehicles	616,631	41,593 (67,880)	590,344	282,999	68,843 (39,369)	312,473	277,871	20
Air conditioners and refrigerators	24,082	3,854 (2,856)	25,080	12,007	2,674 (2,245)	12,436	12,644	20
Office equipment	80,185	11,363 (8,534)	83,014	54,407	6,173 (7,189)	53,391	29,623	20
Computers	170,929	37,317 (40,526)	167,720	149,462	16,105 (40,430)	125,137	42,583	50
2015	15,187,155	485,657 (163,333)	15,509,479	10,609,128	979,953 (131,866)	11,457,215	4,052,264	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Cost as at January 01, 2014	Additions / (deletions)	Cost as at December 31, 2014	Accumulated depreciation as at January 01, 2014	Charge for the year / (depreciation on deletions)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014	Years / Rate %
----- (Rupees in `000') -----								
Freehold land	371,514	-	371,514	-	-	-	371,514	-
Leasehold land	591,973	213,810	805,783	80,436	11,673	92,109	713,674	Lease term
Leasehold improvements	32,781	-	32,781	32,723	58	32,781	-	Lease term
Buildings on leasehold land								
- Factory	1,286,554	126,440	1,412,994	855,592	53,010	908,602	504,392	10 & 20
- Office	5,402	-	5,402	3,679	345	4,024	1,378	20
- Test tracks and other buildings	13,556	-	13,556	12,735	164	12,899	657	20
Plant and machinery	6,356,529	740,076 (28,496)	7,068,109	5,342,741	352,184 (28,005)	5,666,920	1,401,189	8 years
Welding guns	290,390	75,401 (5,190)	360,601	263,209	26,581 (5,190)	284,600	76,001	4 years
Waste water treatment plant	120,222	-	120,222	111,340	6,624	117,964	2,257	8 years
Permanent and special tools	401,326	39,828 (31,157)	409,997	381,038	14,385 (30,622)	364,800	45,197	4 years
Dies	2,059,465	637,002 (12,064)	2,684,403	1,736,493	307,043 (12,064)	2,031,472	652,931	4 years
Jigs and fixtures	515,207	337,001 (120,297)	731,911	469,907	59,961 (120,298)	409,570	322,341	4 years
Electrical installations	215,464	48,323	263,787	155,038	18,601	173,640	90,147	8 years
Furniture and fittings	14,398	691 (821)	14,268	10,736	749 (612)	10,872	3,395	20
Vehicles	591,461	120,673 (95,501)	616,631	275,617	66,389 (59,007)	282,999	333,633	20
Air conditioners and refrigerators	26,661	5,651 (8,230)	24,082	17,322	2,370 (7,685)	12,007	12,075	20
Office equipment	83,482	6,872 (10,169)	80,185	57,617	5,833 (9,042)	54,407	25,778	20
Computers	173,809	9,149 (12,029)	170,929	143,812	17,534 (11,884)	149,462	21,467	50
2014	13,150,194	2,360,917 (323,956)	15,187,155	9,950,035	943,504 (284,411)	10,609,128	4,578,026	

Note 2015 2014
---- (Rupees in '000') ----

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

Cost of goods manufactured	23.1	882,364	847,411
Administrative expenses	25	97,589	96,093
		979,953	943,504

3.3 Disposal of operating fixed assets

	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	----- Rupees in '000' -----						
Aggregate value of items where book value having book value exceeding Rs. 50,000							
Vehicles							
Suzuki Vehicles Two & Four Wheelers (68 Vehicles)	53,067	30,977	22,090	32,446	10,356	Company policy	Company employees
Suzuki Vehicles Four Wheelers (15 Vehicles)	12,358	6,552	5,806	7,126	1,320	Company policy	Various parties
Suzuki Vehicles Four Wheelers (1 Vehicles)	360	306	54	-	(54)	Scrapped	-
Leasehold Improvements							
Office space planning, Interior design and construction of Showroom	1,325	462	863	-	(863)	Scrapped	-
Office Equipment							
Various items	5,589	4,626	963	-	(963)	Scrapped	-
Air conditioners and refrigerators							
Panasonic Split AC 1.5tons model 18NKH with inverter	96	42	54	54	-	Company policy	Company employees
Panasonic Refrigerator 18CFT (2 qty)	211	102	109	109	-	Company policy	Company employees
Aggregate value of items where book value is less than Rs. 50,000							
	11,994	10,995	999	2,536	1,537	Company policy	Company employees
	78,333	77,804	529	-	(529)	Scrapped	-
2015	163,333	131,866	31,467	42,271	10,804		
2014	323,956	284,411	39,545	64,170	24,625		

3.4 Capital work-in-progress

	2015	2014
	----- (Rupees in '000') -----	
Plant and machinery	298,768	170,535
Civil works	159,757	41,945
	<u>458,525</u>	<u>212,480</u>

3.4.1 Movement in capital work-in-progress

Opening balance	212,480	1,692,516
Additions during the year	669,912	734,830
Transferred to operating fixed assets	(423,867)	(2,214,866)
Closing balance	<u>458,525</u>	<u>212,480</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

4. INTANGIBLE ASSETS

	Cost as at January 01, 2015	Additions / (written-off)	Cost as at December 31, 2015	Accumulated amortisation as at January 01, 2015	Charge for the year / (written-off)	Accumulated amortisation as at December 31, 2015	Book value as at December 31, 2015	Years
----- (Rupees in '000') -----								
License fees and drawings	524,188	- (332,268)	191,920	337,655	111,897 (332,268)	117,284	74,636	3 years
Softwares	43,561	852 (23,266)	21,147	24,807	10,954 (23,266)	12,495	8,652	3 years
2015	567,749	852 (355,534)	213,067	362,462	122,851 (355,534)	129,779	83,288	
	Cost as at January 01, 2014	Additions	Cost as at December 31, 2014	Accumulated amortisation as at January 01, 2014	Charge for the year	Accumulated amortisation as at December 31, 2014	Book value as at December 31, 2014	Years
----- (Rupees in '000') -----								
License fees and drawings	332,267	191,921	524,188	173,588	164,067	337,655	186,533	3 years
Softwares	37,738	5,823	43,561	13,779	11,028	24,807	18,754	3 years
2014	370,005	197,744	567,749	187,367	175,095	362,462	205,287	

4.1 Amortisation charge has been allocated as under:

	Note	2015 ----- (Rupees in '000') -----	2014 -----
Cost of goods manufactured	23.1	111,897	164,067
Administrative expenses	25	10,954	11,028
		<u>122,851</u>	<u>175,095</u>
5. LONG-TERM INVESTMENTS			
Available for sale – unquoted			
Arabian Sea Country Club Limited			
500,000 (2014: 500,000) fully paid ordinary shares of Rs. 10/- each (Shareholding 6.45%)		5,000	5,000
Provision for impairment in the value of investment	5.1	(5,000)	(4,649)
		-	351
Automotive Testing & Training Centre (Private) Limited			
125,000 (2014: 125,000) fully paid ordinary shares of Rs. 10/- each (Shareholding 6.94%)		1,250	1,250
Provision for impairment in the value of investment	5.1	(1,250)	(1,250)
		-	-
		-	351

5.1 Provision for impairment in the value of investments

	2015	2014
Note	(Rupees in '000')	
Balance at the beginning of the year	5,899	4,056
Provision for the year	351	1,843
Balance at the end of the year	6,250	5,899

6. LONG-TERM LOANS – secured, considered good

Loans to employees	6.1	13,805	13,565
Less: Receivable within one year	13	4,196	3,968
		9,609	9,597

6.1 Represents interest free loans for motorcars, motorcycle and personal loans. These loans are secured against the personnel guarantees and provident fund balances of the respective employees. These are repayable in maximum sixty equal monthly installments.

7. LONG-TERM DEPOSITS AND OTHER RECEIVABLES

	2015	2014
Note	(Rupees in '000')	
Deposits	24,768	22,788
Receivable against disposal of land	-	10,459
Less: Current portion	-	10,459
	24,768	22,788

8. LONG-TERM INSTALLMENT SALES RECEIVABLES – secured, considered good

Installment sales receivables	8.1	545,303	666,543
Less: Unearned finance income		61,935	93,239
		483,368	573,304
Less: Provision for doubtful receivables	8.2	21,765	23,436
		461,603	549,868
Less: Current maturity		347,976	387,608
		113,627	162,260

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

8.1 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, vehicles are lien marked and registered in joint names of customer and the Company. Such documents are retained in Company's custody and transferred in the name of customers after the entire dues are cleared. Mark-up on installment sales receivables ranges from 12% to 28% (2014: 9% to 28%) per annum, excluding up to 12 months installment sales which are subject to 0% markup. However, overdue rentals are subject to additional surcharge. The gross amount and the present value of the installment sales receivables are as follows:

	Note	Gross amount		Present value	
		2015	2014	2015	2014
		----- (Rupees in '000') -----		----- (Rupees in '000') -----	
Less than one year		396,243	457,791	347,976	387,573
One to five years		149,060	208,752	135,392	185,731
	8.1.1	545,303	666,543	483,368	573,304
Less: Provision for doubtful receivables	8.2	21,765	23,436	21,765	23,436
		523,538	643,107	461,603	549,868

8.1.1 Includes an overdue portion of installment sales receivables of Rs. 13.803 million (2014: Rs. 7.987 million).

8.2 Provision for doubtful installment sales receivables

	Note	2015	2014
		----- (Rupees in '000') -----	
Balance at beginning of the year		23,436	27,854
(Reversal) / provision during the year	25	(1,671)	5,030
Written-off during the year		-	(9,448)
Balance at end of the year		21,765	23,436

9. DEFERRED TAXATION

Deductible temporary differences arising from:

Provisions	148,000	91,000
Local development costs	13,500	17,000
Unrealized loss on derivative financial instrument	-	18,797
Accelerated tax depreciation	33,000	-
	194,500	126,797

Taxable temporary differences arising from:

Accelerated tax depreciation	-	(71,000)
	194,500	55,797

	2015	2014
Note	(Rupees in '000')	

10. STORES, SPARES AND LOOSE TOOLS

Stores	49,519	40,238
Spares	72,207	70,276
Loose tools	19,310	20,668
	<u>141,036</u>	<u>131,182</u>
Less: Provision for slow moving and obsolete items		
- at beginning of the year	49,152	49,834
- reversal for the year	(6,917)	(682)
	<u>42,235</u>	<u>49,152</u>
	<u>98,801</u>	<u>82,030</u>

11. STOCK-IN-TRADE

Raw material and components [including items in transit Rs. 3,393.354 million (2014: Rs. 2,612.965 million)]	7,698,641	9,994,593
Less: Provision for slow moving and obsolete items		
- at beginning of the year	48,046	67,705
- reversal for the year	12,720	19,659
	<u>35,326</u>	<u>48,046</u>
	<u>7,663,315</u>	<u>9,946,547</u>
Work-in-process	167,365	48,265
Finished goods	4,742,602	4,546,494
Trading stocks [including items in transit Rs. 38.992 million (2014: Rs. 19.132 million)]	561,205	488,047
Less: Provision for slow moving and obsolete items		
- at beginning of the year	53,352	47,080
- (reversal) / provision for the year	(3,312)	6,272
	<u>50,040</u>	<u>53,352</u>
	<u>511,165</u>	<u>434,695</u>
	<u>13,084,447</u>	<u>14,976,001</u>

11.1 Of the aggregate amount, stocks worth Rs. 3,368.354 million (2014: Rs. 3,109.097 million) were in the custody of dealers and vendors.

11.2 Raw material and components, work-in-process and finished goods have been written down by Rs. 25.633 million, Rs. 0.540 million and Rs. 16.541 million (2014: Rs. 269.592 million, Rs. 0.068 million and Rs. 99.660 million) respectively to arrive at net realizable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
Note	(Rupees in '000')	
12. TRADE DEBTS – unsecured		
Considered good	1,561,823	1,352,310
Considered doubtful	9,371	4,936
Less: Provision for doubtful debts	9,371	4,936
	-	-
	<u>1,561,823</u>	<u>1,352,310</u>
12.1 Provision for doubtful trade debts		
Balance at the beginning of the year	4,936	5,096
Provision / (reversal) for the year	4,435	(160)
Balance at the end of the year	<u>9,371</u>	<u>4,936</u>
12.2 Ageing of unimpaired trade debts		
Neither past due nor impaired	<u>1,561,823</u>	<u>1,352,310</u>
13. LOANS AND ADVANCES		
Loans – secured, considered good		
Current portion of loans to employees	4,196	3,968
Advances – unsecured		
Considered good		
- Suppliers / vendors	193,047	510,539
- Employees	469	338
	<u>193,516</u>	<u>510,877</u>
	<u>197,712</u>	<u>514,845</u>
13.1		
Include advances to vendors of Rs. 69.905 million (2014: Rs. 390.359 million), which carry mark-up ranging from 12% - 12.58% (2014: 12% - 12.58%) per annum.		

	2015	2014
	(Rupees in '000')	
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	2,738	4,510
Prepayments:		
Collector of Customs	29,060	15,626
Rent	29,756	14,792
Insurance	3,148	3,139
Others	6,160	15,043
	<u>68,124</u>	<u>48,600</u>
	<u>70,862</u>	<u>53,110</u>

	2015	2014
Note	----- (Rupees in '000') -----	----- (Rupees in '000') -----

15. OTHER RECEIVABLES - considered good

Current portion of long term receivable against disposal of land		-	10,459
Due from related parties	15.1	24,813	25,558
Due from vendors for material / components returned		19,750	7,491
Expenses recoverable from dealers		6,673	74,350
Others		35,430	16,402
		<u>86,666</u>	<u>134,260</u>

15.1 Represents receivable from the Holding Company amounting to Rs. 24.129 million (2014: Rs. 18.967 million) and Suzuki Indomobil Company amounting to Rs. 0.684 million (2014: Rs. 6.591 million).

	2015	2014
Note	----- (Rupees in '000') -----	----- (Rupees in '000') -----

16. CASH AND BANK BALANCES

Cash in hand		10,220	11,654
Cheques in hand	16.1	335,787	208,650
Cash at banks:			
In deposit accounts	16.2	14,217,686	976,716
in a special deposit account	16.3	85,955	85,955
in current accounts		356,359	558,409
		<u>14,660,000</u>	<u>1,621,080</u>
		<u>15,006,007</u>	<u>1,841,384</u>

16.1 Represent cheques that were received on the last day and were deposited on the next working day.

16.2 These carry profits rates ranging from 6.3% to 9.6% (2014: 6% to 9.85%) per annum.

16.3 A special account is maintained in respect of security deposits (note 19) in accordance with the requirements of Section 226 of the Companies Ordinance, 1984.

17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each

2015	2014		2015	2014
(Number of shares)	(Number of shares)		----- (Rupees in '000') -----	----- (Rupees in '000') -----
45,517,401	45,517,401	Issued for cash	455,174	455,174
2,800,000	2,800,000	Issued for consideration other than Cash	28,000	28,000
<u>33,982,450</u>	<u>33,982,450</u>	Issued as fully paid bonus shares	<u>339,825</u>	<u>339,825</u>
<u>82,299,851</u>	<u>82,299,851</u>		<u>822,999</u>	<u>822,999</u>

17.1 The Holding Company held 60,154,091 (2014: 60,154,091) ordinary shares of Rs. 10/- each, constituting 73.09% (2014: 73.09%) holding in the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
Note	----- (Rupees in '000') -----	
18. TRADE AND OTHER PAYABLES		
Creditors	1,160,016	615,198
Bills payable	1,845,483	2,170,011
Accrued liabilities	1,712,400	1,066,295
Royalties and technical fee payable to the Holding Company	601,798	361,900
Dealers' commission payable	439,186	204,446
Provision for unexpired free service and warranty period	84,753	40,449
Workers' Profits Participation Fund	16,876	140,915
Workers' Welfare Fund	185,500	54,000
Retention money	3,421	5,265
Unclaimed dividend	9,812	8,330
Deposits from employees against purchase of vehicles	84,939	83,313
Unrealised loss on derivative financial instruments	-	56,960
Payable to gratuity fund	55,117	27,633
Un-earned income - extended warranty	102,902	75,226
Others	139,545	35,330
	<u>6,441,748</u>	<u>4,945,271</u>

18.1 Include Rs. 1,712.140 million (2014: Rs. 1,779.100 million) due to the Holding Company.

	2015	2014
Note	----- (Rupees in '000') -----	
18.2 Provision for unexpired free service and warranty period		
Balance at the beginning of the year	40,449	40,570
Provision / (reversal) for the year	44,304	(121)
Balance at the end of the year	<u>84,753</u>	<u>40,449</u>
18.3 Workers' Profits Participation Fund		
Balance at beginning of the year	140,915	11,429
Interest on funds utilised in the Company's business	1,515	751
	<u>142,430</u>	<u>12,180</u>
Allocation for the year	466,876	140,915
	<u>609,306</u>	<u>153,095</u>
Less: Paid during the year	592,430	12,180
Balance at end of the year	<u>16,876</u>	<u>140,915</u>
18.4 Gratuity fund	<u>55,117</u>	<u>27,633</u>

18.4.1 The latest actuarial valuation was carried out as at December 31, 2015 using the Projected Unit Credit Method.

18.4.2 Amount recognised in the balance sheet

	2015	2014
	----- (Rupees in '000') -----	
Present value of defined benefit obligation	(422,453)	(356,737)
Fair value of plan assets	367,336	329,104
Deficit	<u>(55,117)</u>	<u>(27,633)</u>

18.4.3 Expense recognised in the profit and loss account

Current service cost	30,424	26,489
Interest cost on defined benefit obligation	35,831	37,341
Return on plan assets	(34,556)	(36,674)
	<u>31,699</u>	<u>27,156</u>

18.4.4 Movement in net liability recognised in the balance sheet

Opening balance	(27,633)	(20,586)
Expense recognised during the year	(31,699)	(27,156)
Remeasurement loss recognized in other comprehensive income	(26,779)	(10,396)
Contribution made by the Company during the year	30,994	30,505
Closing balance	<u>(55,117)</u>	<u>(27,633)</u>

18.4.5 Movement in present value of defined benefit obligation

Opening balance	356,737	313,983
Current service cost	30,424	26,489
Interest cost on defined benefit obligation	35,831	37,341
Benefit paid	(30,994)	(30,505)
Remeasurement loss on defined benefit obligation	30,455	9,429
Closing balance	<u>422,453</u>	<u>356,737</u>

18.4.6 Movement in fair value of plan assets

Opening balance	329,104	293,397
Contributions	30,994	30,505
Return on plan assets	34,556	36,674
Benefits paid	(30,994)	(30,505)
Remeasurement gain / (loss) on plan assets	3,676	(967)
Closing balance	<u>367,336</u>	<u>329,104</u>

18.4.7 Principal actuarial assumption used are as follows:

	----- (% per annum) -----	
Discount rate used for profit and loss charge	10.5	10.5
Discount rate used for year end obligation	9.0	10.5
Expected rate of eligible salaries increase in future years	9.0	10.5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	----- (Rupees in '000') -----	
Expected return on plan assets	30,994	36,674
Remeasurement gain / (loss) on plan assets	3,676	(967)
	<u>34,670</u>	<u>35,707</u>

18.4.8 Actual return on plan assets

18.4.9 Comparison for past years

	2015	2014	2013	2012	2011
	----- (Rupees in '000') -----				
Present value of defined benefit obligation	422,453	356,737	313,983	244,552	223,112
Fair value of plan assets	367,336	329,104	293,397	264,483	260,011
(Deficit) / surplus	<u>(55,117)</u>	<u>(27,633)</u>	<u>(20,586)</u>	<u>19,931</u>	<u>36,899</u>
Experience adjustment on plan liabilities					
- loss	30,455	9,429	52,649	10,684	13,860
Experience adjustment on plan assets					
- (gain) / loss	<u>(3,676)</u>	<u>967</u>	<u>(22,821)</u>	<u>7,529</u>	<u>(484)</u>
	<u>26,779</u>	<u>10,396</u>	<u>29,828</u>	<u>18,213</u>	<u>13,376</u>

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

	2015	2014
Note	----- (Rupees in '000') -----	
Government securities	272,163	245,923
Mutual funds	17,837	12,734
Term deposit receipts	48,910	66,799
Bank balances	28,426	3,648
	<u>367,336</u>	<u>329,104</u>

19. SECURITY DEPOSITS

Deposits against display of vehicles	19.1	1,976,356	1,825,909
Dealership deposits	16.3	85,955	85,955
Others		6,050	5,550
		<u>2,068,361</u>	<u>1,917,414</u>

19.1 Represent amount deposited by the dealers as security against the vehicles delivered to them for display.

20. PROVISION FOR CUSTOM DUTIES AND SALES TAX

	2015	2014
Note	----- (Rupees in '000') -----	
Opening balance	86,323	138,475
Payment made during the year	(50,024)	(52,152)
Closing balance	<u>36,299</u>	<u>86,323</u>

20.1 Revenue Receipts Auditors – Government of Pakistan conducted an audit in the year 2001 and alleged that the Company short paid Rs. 120 million on account of custom duties and sales tax against royalty during the period from July 1997 to February 1999. According to clause 2(d) of Section 25 of the Customs Act, 1969, payment in the nature of royalty without which goods cannot be legitimately imported and sold or used in Pakistan are to be included in value for import purpose. The Company paid Rs. 33.677 million after reconciliation with the Collector - Customs. Despite reconciliation, Deputy Collector – Customs adjudicated to pay balance amount of Rs. 86.323 million. The Company filed an appeal before the Customs Appellate Tribunal which was disallowed during the year. Consequently, the Company filed Reference Application in the Sindh High Court which is pending for adjudication. Further, during the year the Customs Authorities adjusted Rs. 50.02 million against the above amount.

21. CONTINGENCIES AND COMMITMENTS

21.1 Capital expenditure contracted for but not incurred amounted to Rs. 1,190.948 million (2014: Rs. 208.142 million).

21.2 The facilities for opening letters of credit amounted to Rs. 13,229.600 million (2014: Rs. 12,900 million) of which the amount remaining unutilised at the year end was Rs. 12,186.975 million (2014: Rs. 3,112 million).

21.3 Counter guarantees issued by the Company against guarantees issued by three commercial banks on behalf of the Company amounted to Rs. 344.987 million (2014: Rs. 161.144 million).

	Note	2015 ----- (Rupees in '000') -----	2014 -----
22. SALES			
Manufactured goods	22.1	82,295,842	51,899,500
Trading stocks	22.2	2,252,915	1,765,447
		<u>84,548,757</u>	<u>53,664,947</u>
22.1 Manufactured goods			
- Vehicles		99,641,325	63,032,722
- Spare parts		333,407	285,052
	22.3	<u>99,974,732</u>	<u>63,317,774</u>
Less: Sales tax		14,521,813	9,207,673
Discounts		13,094	-
Sales commission to dealers		3,143,983	2,210,601
		<u>17,678,890</u>	<u>11,418,274</u>
		<u>82,295,842</u>	<u>51,899,500</u>
22.2 Trading stocks			
- Vehicles		815,914	532,114
- Spare parts		1,710,998	1,431,414
		<u>2,526,912</u>	<u>1,963,528</u>
Less: Sales tax		242,397	190,007
Discounts		19,694	-
Sales commission to dealers		11,906	8,074
		<u>273,997</u>	<u>198,081</u>
		<u>2,252,915</u>	<u>1,765,447</u>

22.3 Include export sales of Rs. 64.783 million (2014: Rs. 51.530 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	2015 ----- (Rupees in '000') -----	2014 -----
23. COST OF SALES			
Manufactured goods			
Finished goods at beginning of the year		4,546,494	2,914,774
Cost of goods manufactured	23.1	71,478,018	49,717,428
Export expenses		4,629	4,076
		<u>76,029,141</u>	<u>52,636,278</u>
Less: Finished goods at end of the year		4,742,602	4,546,494
		<u>71,286,539</u>	<u>48,089,784</u>
Trading stocks			
Stocks at beginning of the year		434,695	412,636
Purchases during the year		1,851,240	1,413,523
		<u>2,285,935</u>	<u>1,826,159</u>
Less: Stocks at end of the year		511,165	434,695
		<u>1,774,770</u>	<u>1,391,464</u>
		<u>73,061,309</u>	<u>49,481,248</u>
23.1 Cost of goods manufactured			
Raw materials and components at beginning of the year		9,946,547	7,350,082
Purchases during the year	23.1.1	63,980,788	48,486,805
		<u>73,927,335</u>	<u>55,836,887</u>
Less: Raw materials and components at end of the year		7,663,315	9,946,547
Raw materials and components consumed		<u>66,264,020</u>	<u>45,890,340</u>
Stores and spares consumed		65,955	41,285
Reversal of provision for slow moving and obsolete stores, spares and loose tools	10	(6,917)	(682)
Power		519,094	322,206
Vehicle running expenses		27,532	34,140
Salaries, wages and other benefits	23.1.2	1,004,145	866,456
Outsourced job contractor charges		727,830	412,586
Rent, rates and taxes		18,931	14,169
Travelling		50,139	35,177
Training		17,891	9,612
Insurance		9,079	8,171
Repairs and maintenance		360,163	247,251
Royalty		809,436	530,759
Technical fee		255,134	172,165
Travelling expenses of supervisors		6,863	4,476
Provincial sales tax on royalty and technical fees		146,324	-
Depreciation	3.2	882,364	847,411
Amortisation	4.1	111,897	164,067
Conveyance and transportation		275,442	164,012
Communication		3,102	2,564
Hired security guards services		14,311	10,628
Local development costs,		51,072	25,282
Printing and stationery		6,699	4,687
Others		15,361	3,435
		<u>5,371,847</u>	<u>3,919,857</u>
		<u>71,635,867</u>	<u>49,810,197</u>
Add: work-in-process at beginning of the year		48,265	48,965
		<u>71,684,132</u>	<u>49,859,162</u>
Less: work-in-process at end of the year		167,365	48,265
		<u>71,516,767</u>	<u>49,810,897</u>
Less: cost of own used vehicles		38,749	93,469
		<u>71,478,018</u>	<u>49,717,428</u>

23.1.1 Purchases are stated net of proceeds from the sale of packing materials Rs. 295.902 million (2014: Rs. 241.528 million).

23.1.2 Include Rs. 17.288 million (2014: Rs. 14.797 million) and Rs. 20.382 million (2014: Rs. 16.869 million) in respect of provident fund and gratuity fund respectively.

	Note	2015 ----- (Rupees in '000')	2014 -----
24. DISTRIBUTION COSTS			
Transportation and handling charges		1,256,656	74,539
Advertising and sales promotion		407,429	506,678
Free service		168,631	111,396
Warranty claims		31,350	29,094
Provision / (reversal) for unexpired free service and warranty period	18.2	44,304	(121)
Royalty on trading spare parts		31,190	24,718
Provincial sales tax on royalty and technical fees		6,272	-
		<u>1,945,832</u>	<u>746,304</u>
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	578,316	520,137
Outsourced job contractor charges		124,913	92,004
Travelling		79,982	58,180
Training		8,149	14,206
Hired security guards services		28,736	25,153
Rent, rates and taxes		56,449	53,425
Utilities		22,571	18,367
Vehicle running expense		48,551	55,348
Insurance		13,400	15,109
Repairs and maintenance		28,366	20,192
Depreciation	3.2	97,589	96,093
Amortisation	4.1	10,954	11,028
Auditors' remuneration	25.2	2,769	2,537
Legal and professional charges		11,704	13,175
Conveyance and transportation		23,364	38,696
Entertainment		49	247
Celebration of special events		2,968	11,134
Printing and stationery		20,174	15,293
Communication		14,751	16,775
Directors' fees		37	17
(Reversal) / provision for doubtful:			
- installment sales receivables	8.2	(1,671)	5,030
- trade debts	12.1	4,435	(160)
- advances		-	(16,912)
Trade debts written-off		1,684	3,404
Provision for impairment in the value of investments	5.1	351	1,843
Computer software license fees & ERP maintenance charges		10,868	16,923
CSR contributions		17,885	8,179
Others		23,475	6,227
		<u>1,230,819</u>	<u>1,101,650</u>

25.1 Include Rs. 9.919 million (2014: Rs. 8.882 million) and Rs. 11.317 million (2014: Rs. 10.287 million) in respect of provident fund and gratuity fund respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	2015 ----- (Rupees in '000') -----	2014 -----
25.2 Auditors' remuneration			
Audit fee		1,350	1,350
Fee for half-yearly review		425	425
Fee for corporate governance certificate		100	100
Fee for special certifications		857	567
Out of pocket expenses		37	95
		<u>2,769</u>	<u>2,537</u>
26. OTHER EXPENSES			
Workers' Profit Participation Fund	18.3	466,876	140,915
Workers' Welfare Fund	26.1	185,500	54,000
Donations		836	935
		<u>653,212</u>	<u>195,850</u>
26.1 None of the directors or their spouses held any interest in any of the donees.			
27. OTHER INCOME			
Income from financial assets			
Profit on bank accounts		906,523	238,255
Finance income on installment sales		91,421	103,536
Interest on Government securities		-	3,609
Gain on redemption of investments		-	60,131
		<u>997,944</u>	<u>405,531</u>
Income from non-financial assets			
Gain on disposal of fixed assets	3.3	10,804	24,625
Scrap sales		17,795	31,992
Miscellaneous income		31,883	48,060
		<u>60,482</u>	<u>104,677</u>
		<u>1,058,426</u>	<u>510,208</u>
28. FINANCE COSTS			
Mark-up on short-term borrowings		-	11,183
Interest on Workers' Profits Participation Fund	18.3	1,515	751
Exchange loss – net		16,741	5,929
Bank charges		12,584	8,846
		<u>30,840</u>	<u>26,709</u>
29. TAXATION			
Current		3,000,000	615,000
Deferred		(157,500)	86,500
		<u>2,842,500</u>	<u>701,500</u>
29.1 The income tax assessment of the Company for the tax year 2015 have been completed or deemed to be assessed.			

29.2 Reconciliation between tax expense and accounting profit

	2015 ----- (Rupees in '000') -----	2014
Accounting profit for the year before taxation	8,685,171	2,623,394
Corporate tax rate	32%	33%
Tax on accounting profit at applicable rate	2,779,255	865,720
Tax effects of:		
- rebates	(32,668)	(189,015)
- expenses that are not allowable in determining taxable income	21,288	20,006
- income assessed under FTR	2,058	4,789
- super tax	72,567	-
	<u>2,842,500</u>	<u>701,500</u>
30. EARNINGS PER SHARE – basic and diluted		
Profit after taxation	<u>5,842,671</u>	<u>1,921,894</u>
	Number of shares in '000'	
Weighted average number of ordinary shares in issue during the year	<u>82,300</u>	<u>82,300</u>
	----- (Rupees) -----	
Basic earnings per share	<u>70.99</u>	<u>23.35</u>
30.1 Basic earnings per share have no dilution effect.		
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	8,685,171	2,623,394
Adjustments for non cash charges and other items:		
Depreciation	979,953	943,504
Amortisation	122,851	175,095
Gain on disposal of fixed assets	(10,804)	(24,625)
Provision for impairment in the value of investments	351	1,843
Profit on bank accounts	(906,523)	(238,255)
Finance costs	30,840	26,709
	216,668	884,271
Working capital changes	31.1 <u>6,469,383</u>	<u>(2,059,596)</u>
	<u>15,371,222</u>	<u>1,448,069</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	----- (Rupees in '000') -----	
31.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(16,771)	(15,751)
Stock-in-trade	1,891,554	(4,249,544)
Trade debts	(209,513)	(369,037)
Current portion of long-term installment sales		
Receivables	39,632	(57,104)
Loans and advances	317,133	(103,222)
Trade deposits and short-term prepayments	(17,752)	9,825
Other receivables	47,594	(20,115)
Sales tax and excise duty adjustable	724,544	(199,568)
	<u>2,776,421</u>	<u>(5,004,516)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,525,185	1,252,140
Advance from customers	2,066,854	1,530,212
Security deposits	150,947	214,720
Provision for custom duty and sales tax	(50,024)	(52,152)
	<u>3,692,962</u>	<u>2,944,920</u>
	<u>6,469,383</u>	<u>(2,059,596)</u>

32. 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. Amount due from and to related parties and remuneration of directors and executives are disclosed in the relevant notes to the financial statements. Other material transactions with related parties are given below:

2015	Holding Company	Other Related Parties	Total
	----- (Rupees in '000') -----		
Purchases of components	27,227,020	2,420,790	29,647,810
Purchases of operating fixed assets	34,236	86	34,322
Exports sales	4,139	294	4,433
Royalties and technical fee	1,095,760	-	1,095,760
Travelling expenses of supervisors	6,863	-	6,863
Staff retirement benefits	-	58,908	58,908
Sales promotional expenses	24,004	1,774	25,778

2014	Holding Company	Other Related Parties	Total
	(Rupees in '000')		
Purchases of components	20,244,018	3,981,263	24,225,281
Purchases of operating fixed assets	26,181	24,904	51,085
Purchases of intangible assets	191,920	-	191,920
Exports sales	265	648	913
Royalties and technical fee	727,654	-	727,654
Travelling expenses of supervisors	4,476	-	4,476
Staff retirement benefits	-	49,904	49,904
Sales promotional expenses	469	-	469

33. PLANT CAPACITY AND ACTUAL PRODUCTION

2015
(Number of vehicles)

	2015	2014
Plant capacity - Motorcar (double shifts basis)	150,000	150,000
Plant capacity - Motorcycle (double shifts basis)	44,000	37,000
Actual production – Motorcar	134,391	80,384
Actual production – Motorcycle	19,610	23,871

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

34. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executives	Directors	Executives
	(Rupees in '000')					
Directors fees	-	37	-	-	17	-
Managerial remuneration	11,398	7,613	191,724	9,621	19,763	137,491
Bonus	4,439	1,841	90,210	3,762	4,514	55,282
Retirement benefits	-	-	11,567	-	1,339	8,835
	15,837	9,491	293,501	13,383	25,633	201,608
Number of persons	1	2	81	1	4	68

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and equity price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the balance sheet date, the Company had following interest bearing financial instruments:

	2015	2014
	----- (Rupees in '000') -----	
Installments sales receivables	461,603	549,868
Advances to vendors	69,905	390,359
Bank balances in deposit accounts	14,303,641	1,062,671
	<u>14,835,149</u>	<u>2,002,898</u>

The interest rates in above financial instruments were fixed, and accordingly the Company is not exposed to interest rate risk.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. It arises where receivables and payables exist due to transactions in foreign currency. The Company manages its exposure against foreign currency risk by entering into foreign exchange options whenever considered necessary. Open exposures are vigorously monitored. The Company is exposed to such risk in respect of the following:

	2015	2014
	----- (Rupees in '000') -----	
Bills payable – JPY	1,969,640	1,326,001
Royalty and technical fees payable to the holding company – JPY	611,120	348,716
Due from related parties – JPY	(9,724)	(15,382)
Net exposure – JPY	<u>2,571,036</u>	<u>1,659,335</u>
Net exposure – US\$ (Bills payable)	<u>1,235</u>	178
Net exposure – RMB (Bills payable)	<u>54</u>	-

At December 31, 2015 if Pak Rupee had depreciated / appreciated by 1% against JPY, US\$ and RMB with all other variables held constant, the Company's profit before tax would have been Rs. 22.052 million (2014: Rs. 22.990 million) higher / lower as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

(iii) Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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

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

	2015	2014
	----- (Rupees in '000') -----	----- (Rupees in '000') -----
Installment sales receivables	461,603	549,868
Trade debts	1,561,823	1,352,310
Loans, advances, deposits and other receivables	364,849	711,812
Accrued profit on bank accounts	193,429	16,340
Bank balances	14,660,000	1,621,080
	<u>17,241,704</u>	<u>4,251,410</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2015	2014
	----- (Rupees in '000') -----	----- (Rupees in '000') -----
Trade debts		
Customers with no defaults in the past one year	1,561,823	1,352,310
Customers with some defaults in past one year	9,371	4,936
	<u>1,571,194</u>	<u>1,357,246</u>
Installment sales receivables		
Customers with no defaults in the past one year	461,603	549,868
Customers with some defaults in past one year	21,765	23,436
	<u>483,368</u>	<u>573,304</u>
Bank balances		
A1+	12,958,185	1,619,961
A1	1,701,815	1,119
	<u>14,660,000</u>	<u>1,621,080</u>

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For the year ended December 31, 2015

35.2 Liquidity risk

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

2015	Less than 3 months	3 to 12 months	Total
	----- (Rupees in '000') -----		
Trade and other payables	5,775,759	665,989	6,441,748
Advances from customer	4,226,341	-	4,226,341
Deposits against display of vehicles	-	1,976,356	1,976,356
Security deposits	-	92,005	92,005
	<u>10,002,100</u>	<u>2,734,350</u>	<u>12,736,450</u>
2014	Less than 3 months	3 to 12 months	Total
	----- (Rupees in '000') -----		
Trade and other payables	4,558,765	386,506	4,945,271
Advances from customer	2,159,487	-	2,159,487
Deposits against display of vehicles	-	1,825,909	1,825,909
Security deposits	-	91,505	91,505
	<u>6,718,252</u>	<u>2,303,920</u>	<u>9,022,172</u>

35.3 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company is currently financing its operations through equity.

35.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. SEGMENT ANALYSIS

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

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

	2015			2014		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
------(Rupees in '000')-----						
Segment results						
Sales	82,507,936	2,040,821	84,548,757	51,536,191	2,128,756	53,664,947
Gross profit / (loss)	11,609,049	(121,601)	11,487,448	4,390,898	(207,199)	4,183,699
Distribution costs	(1,874,122)	(71,710)	(1,945,832)	(617,695)	(128,609)	(746,304)
Administrative expenses	(1,089,522)	(141,297)	(1,230,819)	(953,869)	(147,781)	(1,101,650)
Operating profit / (loss)	8,645,405	(334,608)	8,310,797	2,819,334	(483,589)	2,335,745
Other income	962,752	95,674	1,058,426	401,216	108,992	510,208
Finance costs	(27,773)	(3,067)	(30,840)	(22,874)	(3,835)	(26,709)
Segment results	9,580,384	(242,001)	9,338,383	3,197,676	(378,432)	2,819,244
Unallocated corporate expenses						
Other expenses			(653,212)			(195,850)
Taxation			(2,842,500)			(701,500)
Net profit for the year			5,842,671			1,921,894
Assets						
Segment assets	17,617,615	2,486,087	20,103,702	19,893,951	2,662,391	22,556,342
Unallocated corporate assets	-	-	17,348,285	-	-	5,797,817
	17,617,615	2,486,087	37,451,987	19,893,951	2,662,391	28,354,159
------(Rupees in '000')-----						
Liabilities						
Segment liabilities	12,732,921	39,828	12,772,749	9,091,812	25,665	9,117,477
Unallocated corporate liabilities	-	-	-	-	-	-
	12,732,921	39,828	12,772,749	9,091,812	25,665	9,117,477
Capital expenditure	614,055	117,648	731,703	773,062	107,818	880,880
Depreciation	839,017	140,936	979,953	821,203	122,301	943,504

37. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 4,800 million (2014: Rs. 4,550 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company in its meeting held on March 15, 2016.

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

39.1 The Board of Directors in its meeting held on March 15, 2016 has recommended a final cash dividend on ordinary shares @150%. The Board of Directors has further approved the transfer of Rs.4,610,000 million from unappropriated profit to general reserves. The approval of the members for the said appropriations will be obtained at the Annual General Meeting of the Company to be held on April 28, 2016.

39.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed a final cash dividend amounting to Rs 1,234,498 million in their meeting held on March 15, 2016 for the financial year 2015 and tax year 2016 which exceeds (or meets) the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of 31 December 2015.

2015 2014
----- (Rupees in '000') -----

40. PROVIDENT FUND

40.1 General disclosure

	(Unaudited)	(Audited)
Size of the fund	633,799	592,775
Cost of investments	485,136	496,803
Fair value of investments	622,480	583,435
Percentage of investments	98.21%	98.42%

40.2 Categories of investments as a percentage of total assets of provident fund:

	2015		2014	
	Rupees in '000'	(%)	Rupees in '000'	(%)
Bank balances	2,843	0.5	34,146	5.9
National Saving Schemes	367,817	59.1	297,225	50.9
Government securities	104,551	16.8	143,494	24.6
Certificates of Deposit	10,110	1.6	10,110	1.7
Term finance certificates	57,332	9.2	61,277	10.5
Listed securities	79,827	12.8	37,183	6.4
Total	622,480	100	583,435	100

40.3 Investments of provident fund have been made in accordance with the provisions of the section 227 of

the Companies Ordinance, 1984 and the rules formulated for this purpose.

41. GENERAL

- 41.1 Number of persons employed as at year end were 1,255 (2014: 1,272) and the average number of persons employed during the year were 1,258 (2014: 1,284).
- 41.2 Figures in these financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.



Kinji Saito
Chairman



Hirofumi Nagao
Chief Executive

PATTERN OF SHAREHOLDING

As at December 31, 2015

No. of Shareholders	Shareholdings' Slab			Total Shares Held
4144	1	to	100	67,499
841	101	to	500	238,201
346	501	to	1000	264,833
345	1001	to	5000	822,581
76	5001	to	10000	592,365
26	10001	to	15000	323,734
23	15001	to	20000	420,714
10	20001	to	25000	238,109
7	25001	to	30000	193,392
8	30001	to	35000	271,060
5	35001	to	40000	190,839
3	40001	to	45000	124,819
3	45001	to	50000	140,350
2	50001	to	55000	109,000
4	55001	to	60000	229,930
1	60001	to	65000	62,300
3	65001	to	70000	205,187
1	70001	to	75000	75,000
2	75001	to	80000	153,700
3	80001	to	85000	248,089
3	85001	to	90000	263,175
1	90001	to	95000	92,150
1	95001	to	100000	100,000
1	100001	to	105000	104,300
2	105001	to	110000	215,200
1	110001	to	115000	114,800
1	115001	to	120000	116,200
1	120001	to	125000	122,900
1	135001	to	140000	140,000
1	145001	to	150000	150,000
4	150001	to	155000	607,772
1	160001	to	165000	164,860
2	170001	to	175000	347,000
1	175001	to	180000	175,200
1	180001	to	185000	183,662
2	185001	to	190000	372,900
3	195001	to	200000	599,750
1	215001	to	220000	218,600
1	220001	to	225000	224,250
1	240001	to	245000	242,900
1	260001	to	265000	262,900
1	325001	to	330000	330,000
1	350001	to	355000	354,900
1	420001	to	425000	420,900
1	490001	to	495000	494,400
1	515001	to	520000	520,000
1	530001	to	535000	530,723
1	615001	to	620000	615,927
1	625001	to	630000	626,100
1	675001	to	680000	680,000
1	685001	to	690000	688,600
1	715001	to	720000	720,000
1	785001	to	790000	788,700
1	890001	to	895000	891,600
1	1160001	to	1165000	1,160,574
1	1490001	to	1495000	1,492,790
1	2040001	to	2045000	2,040,325
1	59250001	to	59255000	60,154,091
5901				82,299,851

PATTERN OF SHAREHOLDING

As at December 31, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. HIROFUMI NAGAO	1	119	0.00
Associated Companies, undertakings and related parties			
SUZUKI MOTOR CORPORATION, JAPAN	1	60,154,091	73.09
Executives	-	-	-
Public Sector Companies and Corporations	9	1,362,096	1.66
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	33	2,794,781	3.40
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	520,000	0.63
MCBFSL - TRUSTEE JS VALUE FUND	1	173,800	0.21
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	33,000	0.04
CDC - TRUSTEE JS LARGE CAP. FUND	1	187,200	0.23
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	140,000	0.17
CDC - TRUSTEE MEEZAN BALANCED FUND	1	34,060	0.04
CDC - TRUSTEE JS ISLAMIC FUND	1	175,200	0.21
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	75,200	0.09
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	242,900	0.30
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	4,670	0.01
CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	8,000	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	83,689	0.10
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	615,927	0.75
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	40,000	0.05
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	262,900	0.32
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	70,000	0.09
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	891,600	1.08
CDC - TRUSTEE NAFA STOCK FUND	1	153,600	0.19
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	46,900	0.06
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	68,100	0.08
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	85,700	0.10
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	11,000	0.01
MC FSL - TRUSTEE JS GROWTH FUND	1	420,900	0.51
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	122,900	0.15
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	78,500	0.10
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	530,723	0.64
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	4,000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	116,200	0.14
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	36,300	0.04
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	35,000	0.04
CDC - TRUSTEE PICIC STOCK FUND	1	18,500	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	23,500	0.03
CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	1,000	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	39,400	0.05
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	15,400	0.02
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,000	0.00
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	41,400	0.05

PATTERN OF SHAREHOLDING

As at December 31, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	19,200	0.02
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	45,600	0.06
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	60,000	0.07
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,492,790	1.81
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	35,000	0.04
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	54,000	0.07
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	105,400	0.13
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	9,700	0.01
CDC - TRUSTEE HBL MUSTAHEKUM SARMAVA FUND 1	1	11,000	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	153,300	0.19
CDC - TRUSTEE NITIPF EQUITY SUB-FUND	1	5,400	0.01
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	7,200	0.01
General Public			
a. Local	5674	3,954,414	4.80
b. Foreign	2	13,750	0.02
Foreign Companies	28	4,548,980	5.53
Others	104	2,063,861	2.51
Totals	5901	82,299,851	100.00

Share holders holding 5% or more	Shares Held	Percentage
SUZUKI MOTOR CORPORATION, JAPAN	60,154,091	73.09

Form of Proxy

I/We _____
of _____

(Full Address)

being member(s) of Pak Suzuki Motor Co. Limited and holder of _____ shares under Folio No. _____ and/or CDC participant I.D. No. _____ and Sub Account No. _____ hereby appoint _____ of _____

(Full Address)

Folio No. _____ and/or CDC participant I.D. No. _____ and Sub Account No. _____ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on 28th day of April 2016 at 11:00 am at Pearl Continental Hotel Karachi and at any adjournment thereof.

As witness my/our hand this _____ day _____ 2016

Signed by the Said _____

Witnesses:

Signature _____

Name _____

Address _____

CNIC No./Passport No. _____

(Signature should agree with the SPECIMEN signature registered with the Company)

Notes:

1. A member entitled to attend and vote at the annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation/company either under the common seal of such corporation/company or under the hand of an officer or attorney so authorized.
3. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
6. The proxy form, duly completed, must be deposited with the Company's registrar, Central Depository Company of Pakistan Ltd. CDC House, 99 - B, Block "B", S.M.C.H.S, Main Shahrah-e-Faisal Karachi, not less than 48 hours before the time for holding the meeting.

AFFIX
CORRECT
POSTAGE

Company Secretary:
Pak Suzuki Motor Company Limited
DSU-13, Pakistan Steel Industrial Estate,
Bin Qasim, Karachi.

Motorcar Dealers' Network

Sindh

Karachi	19
Hyderabad	2
Mirpur Khas	1
Sukkur	1
Larkana	1
Makli	1

Punjab

Lahore	15
Rawalpindi	3
Islamabad	4
Faisalabad	2
Multan	3
Kasur	1
Sargodha	1
Saalkot	2
Gujranwala	1
Sahiwal	1
Jhelum	1
Vehari	1
Jhang	1
Chakwal	1
Khanewal	1
R.Y. Khan	2

Sadiqabad	1
Okara	1
Gujrat	1
Attock	1
D.G.Khan	1
Bahawalpur	1
Taxila	1
Mianwali	1

Khyber Pakhtunkhwa

Peshawar	4
Abbottabad	1
D.I. Khan	1
Mardan	1
Haripur	1

Balochistan

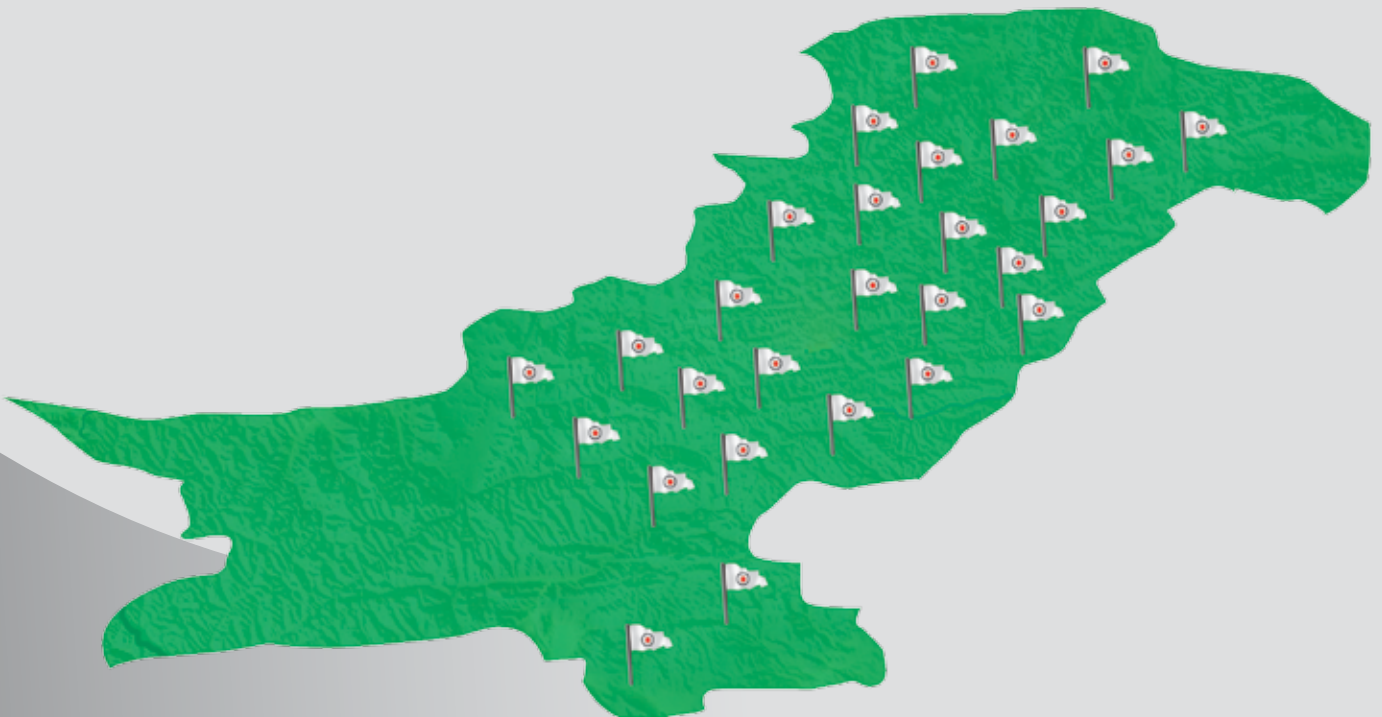
Quetta	2
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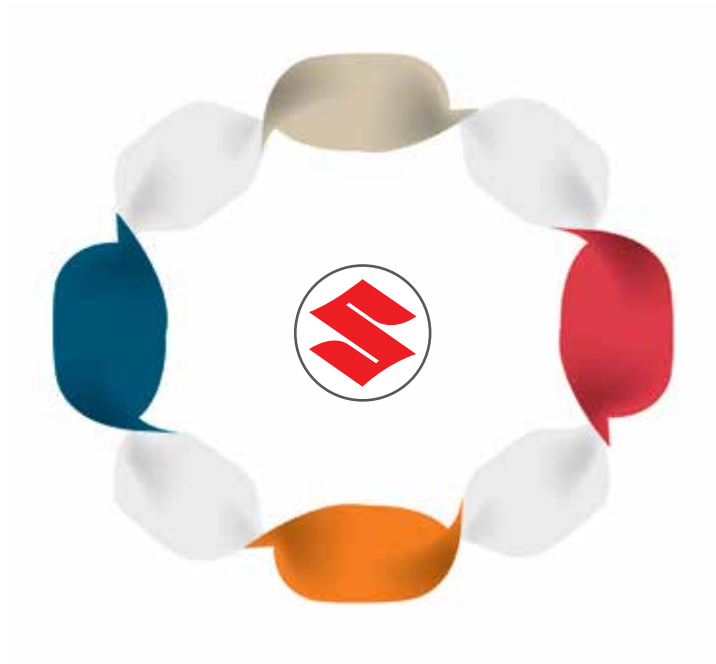
Azad Kashmir

Mirpur	1
Muzaffarabad	1
Kotli	1

Total

86





Pak Suzuki Motor Company Limited

DSU-13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

Tel: 34723551-558, Fax: 34723521-523

www.paksuzuki.com.pk