



110,000
Units

Sales volume

Rs. 76.5
Billion

Sales Revenue

Rs. 7.3
Billion

Gross profit

Rs. 2.8
Billion

Net profit

Rs. 24.4
Billion

Duties and taxes



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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

- Develop products of superior value by focusing on the customer
- Establish a refreshing and innovative company through teamwork
- Strive for individual excellence through continuous improvement

VITARA



The Game Changer

From its bold styling to its All-Grip 4WD, its Superior Fuel Efficiency to its Safety Features, the Vitara changes everything. Available in an exciting array of colors with a 10.1 inch Infotainment System, it literally tops it all with its Panoramic Roof.

Suzuki Vitara - The Game Changer

3 years/60,000 km
Warranty

Company Information

Board of Directors

Kinji Saito	Chairman
Hirofumi Nagao	Chief Executive
Tetsuya Fujioka	Dy. Managing Director
Toshihiro Suzuki	Director
Minoru Amano	Director
Kazuyuki Yamashita	Director
Shahid Ghaffar	Director

Chief Financial Officer

Yosuke Yamada

Company Secretary

Abdul Nasir

Audit Committee

Shahid Ghaffar	Chairman
Kinji Saito	Member
Minoru Amano	Member

Human Resource and Remuneration (HR & R) Committee

Kinji Saito	Chairman
Hirofumi Nagao	Member
Minoru Amano	Member

Auditors

EY Ford Rhodes
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

Mr. Shahid Ghaffar has been appointed as
Chairman of Audit Committee.

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 Punjab
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Registered Office

DSU-13, Pakistan Steel Industrial
Estate, Bin Qasim, Karachi.
Tel No. (021) 34723551 - 58
Fax No. (021) 34723521 - 22
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

Ciaz

DRIVE EXTRAORDINARY



Drive Extraordinary

Driven to Excel

There are those among us who believe that good enough isn't enough. They have a strong desire to do things differently. The new Ciaz is made for those who are driven to excel. Inspired by the ever-evolving expectations of sedan buyers, the CIAZ is developed as an "Authentic Sedan" which combines a roomy comfortable cabin and great driving performance with excellent fuel efficiency. All of these come with a stylish design that will inspire a pride of ownership.



Company Profile

Location

Downstream Industrial Estate of Pakistan Steel, Karachi

Total Area

259,200 m² (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. 16.395 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

The Code of Conduct shall be applied to all Directors, Officers and Employees of Suzuki Motor Corporation and its consolidated subsidiaries (hereinafter collectively referred to as “Suzuki Group”)

Every Suzuki Group company should fully disseminate this Code of Conduct to its directors, officers and employees and oblige them to observe it in its internal rules and/or employment agreement and in case of their breach of this Code of Conduct, it will be dealt with in accordance with the applicable disciplinary provisions.

FOR OUR CUSTOMERS

(1) Realization of products and services of superior value

Suzuki Group will provide customers with products and services exceeding their expectation as in line with the spirit “Develop products of superior value by focusing on the customer” which is listed as the first item in our “Mission Statement”.

- We will make every effort to provide products and services that will satisfy our customers, by standing in our customers’ place at all times.

(2) Activities on Quality

Suzuki Group will develop and produce high quality products which customers can use in relief and will provide after-sales services considering customers’ safety and security with first priority.

If by any chance a quality related problem occurs, Suzuki Group will devote its sincere efforts to react on customer’s voice, grasp the problem at an early stage and take measures with thorough investigation into the causes so that the customer can continue using Suzuki products in relief.

- We will never neglect any quality related problem on our product that may affect our customers’ safety or security, noticed during development, production or after-sales service.
- We will never lead to a conclusion in our own favour when reacting to indications from our customers related to the quality on our products.
- We will treat aforesaid quality related problems and customers’ indications on quality with utmost sincerity, and will devote our best efforts not to spoil customers’ trust.

FOR A BETTER WORKING ENVIRONMENT

(3) Respect of Human Right

Suzuki Group will be aware of international norms pertaining to human rights and respect fundamental human rights with reference to laws in each country or region.

- We will cooperate with each other as a member of Suzuki Group to create a working environment with no discrimination by personal attributes or harassment.

(4) Occupational Safety - Traffic Safety

Suzuki Group will review the workplace environment to create safe workplace.

Suzuki Group will thoroughly carry out education on safety to prevent occurrence of occupational injury.

- We will strictly obey rules related to safety so that we can maintain safe workplace and prevent occurrence of occupational injury.
- We will immediately report to our supervisors for improvement when we notice any problem related to safety at our workplace.
- We will be conscious that we take part in the automobile industry, observe traffic rules, keep in mind to drive vehicles safely as a social norm, and endeavour to prevent traffic accidents while on duty or in private.

(5) Promoting Kaizen Activities and Observing Basic Business Rules

Suzuki Group encourages employees to come up with inventive ideas to improve the workplace. Suggestions from employees on Kaizen will be evaluated and effective measures will be adopted and widespread amongst Suzuki Group companies for a growth of the entire group.

Suzuki Group will create basic rules on our work for the employees to follow.

- We will always think seriously about our business, take the lead in action and make a proposal to the company when we notice any points of improvement.
- We will thoroughly enforce mutual understanding at our workplace and communicate over and over again until others comprehend sufficiently.

- We will always be conscious of overall optimization and make efforts to share information between departments and companies.
- We will observe the business rules provided from time to time in each workplace.

FOR SHAREHOLDERS AND ALL OTHER STAKEHOLDERS

(6) Compliance

While Suzuki Group acknowledges the existence of difference in laws related to competition such as Antitrust Law and laws related to fair trading by each country or region, Suzuki Group will grasp the difference and carry out training on employees to observe laws and societal norms in their respective countries and regions.

- We will observe the content of the guidance and training provided by the company on laws and societal norms.
- We will immediately consult with our supervisors when we notice any noncompliance or suspected noncompliance by another employee. In case we think it is improper to consult with our supervisors, we will report to the Consultation & Reporting Desk in our company or those provided by Suzuki Motor Corporation.

(7) Environmental Activities

In order to succeed the beautiful earth and affluent society to the next generations, we must all realize that actions of each and every one of us have a great effect on our earth's future therefore Suzuki Group will make every effort to preserve global environment.

- We will endeavour to produce environmentally friendly products that will be required by our customers, by contributing to development and diffusion of environmentally friendly technology.
- We will reduce burden on the environment sourced from our workplace and devote our sincere efforts to maintain the environment of our workplace and local community.

(8) Refusing relations with antisocial forces

- Suzuki Group will thoroughly refuse any relationships with antisocial forces* and organizations which are threatening the order and safety of civil society.
- We will never accept any unreasonable demand from antisocial forces* and organizations on our own decision and will always report to or consult with our supervisors or related department.

* "Antisocial forces" means any group or individuals pursuing illicit financial gain by violence, power and fraudulence.

Questions on Code of Conduct?

In case any query or question arose when following this Code of Conduct, please consult with your supervisor or other responsible person in your company. The person who was consulted must make every effort to correspond to the consulter. In case you could not solve the problem within your departments or within your company, please inform the related department or the Secretariat of Corporate Governance Committee at Suzuki Motor Corporation.

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.



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.

1983

Pak Suzuki as a Public Limited Company incorporated. Industrial Collaboration Agreement executed with SMC - Japan.

1984

The Company started commercial operations.

1985

Mr. Osamu Suzuki, Chairman & CEO of Suzuki Motor Corporation was awarded "Sitara-e-Pakistan" by Government of Pakistan.

1988

1000 cc passenger car SWIFT SA-310, later on called KHYBER introduced through local manufacturing.

1989

Foundation stone of the new plant at Bin Qasim was laid by the then Prime Minister of Pakistan, Mohtarma Benazir Bhutto.

1990

Operation of the first phase of the new plant at Bin Qasim started with engine and transmission assembly.

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.

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.

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%.

1997

The 100,000th vehicle rolled out from the Bin Qasim Plant. 1300 cc BALENO was introduced replacing MARGALLA.

1999

Exports of RAVI pickups to Bangladesh commenced.

2000

1000 cc passenger car SF-310 CULTUS replacing KHYBER was introduced. 1000 cc passenger car ALTO was introduced.

2001

Reborn MEHRAN was introduced. CNG version of MEHRAN, BOLAN and RAVI were launched.

2002

New BALENO was introduced. CNG version of BALENO, ALTO and CULTUS launched. The milestone of 250,000th vehicle from the new plant crossed.

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.

2004

New Plastic Injection Molding Shop commenced production of Bumpers, Instrument Panels, Radiator Grills and Wheel Caps.

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.

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. Plant Capacity Expanded upto 150,000 Vehicles per year.

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.

2016

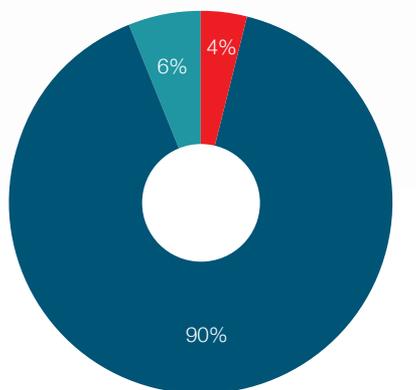
Introduction of Suzuki GS 150 SE. Inauguration of Suzuki Booking Office & Facilitation Centre. Achieving Highest Award from SMC-Japan on completion of 50,000 units to Government of Punjab under "Apna Rozgar Scheme". Introduced Suzuki Cultus Limited Edition. Launched Suzuki Vitara.

Highlights of the Accounts

For the year ended December 31, 2016

	2016	2015	Increase/(Decrease)	
			Amount	%
----- (Rupees in thousands) -----				
Production volume (Nos.)				
- Motorcar	111,979	134,391	(22,412)	(16.7)
- Motorcycle	18,374	19,610	(1,236)	(6.3)
Sales volume (Nos.)				
- Motorcar	110,000	133,952	(23,952)	(17.9)
- Motorcycle	17,946	20,617	(2,671)	(13.0)
Gross Sales	80,181,077	87,704,646	(7,523,569)	(8.6)
Selling Commission	3,665,037	3,155,889	509,148	16.1
as a % of gross sales	4.6	3.6	-	1.0
Net Sales	76,516,040	84,548,757	(8,032,717)	(9.5)
Gross profit	7,348,577	11,487,448	(4,138,871)	(36.0)
as a % of net sales	9.6	13.6	-	(4.0)
Distribution expenses	2,004,285	1,945,832	58,453	3.0
as a % of net sales	2.6	2.3	-	0.3
Administration expenses	1,539,590	1,230,819	308,771	25.1
as a % of net sales	2.0	1.5	-	0.5

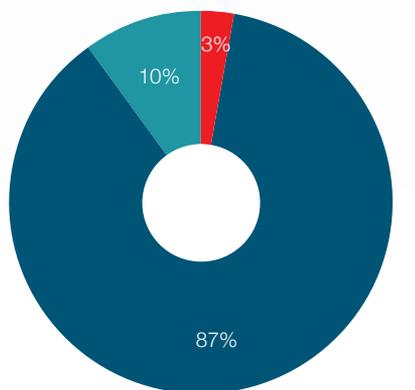
Sales Revenue Breakup - 2016



- Operating Expenses & Others
- Cost of Sales
- Profit before Taxation

	2016	2015	Increase/(Decrease)	
			Amount	%
----- (Rupees in thousands) -----				
Finance Cost	95,775	30,840	64,935	210.6
as a % of net sales	0.1	0.0	-	0.1
Other income	1,039,851	1,058,426	(18,575)	(1.8)
as a % of net sales	1.4	1.3	-	0.1
Other operating expenses (WPPF & WWF)	333,542	653,212	(319,670)	(48.9)
as a % of net sales	0.4	0.8	-	(0.4)
Profit before taxation	4,415,236	8,685,171	(4,269,935)	(49.2)
as a % of net sales	5.8	10.3	-	(4.5)
Profit after taxation	2,772,635	5,842,671	(3,070,036)	(52.5)
as a % of net sales	3.6	6.9	-	(3.3)
Shareholders' equity	26,216,907	24,679,238	1,537,669	6.2
Earnings per share (Rs.)	33.69	70.99	(37.30)	(52.5)
Break-up value per share (Rs.)	318.55	299.87	18.68	6.2
Number of shares issued (000)	82,300	82,300	-	-
Exchange Rate	0.9432	0.8677	0.0755	8.7

Sales Revenue Breakup - 2015



- Operating Expenses & Others
- Cost of Sales
- Profit before Taxation

Highlights of the Accounts Segment Wise

For the year ended December 31, 2016

	Car Division			%
	2016	2015	Increase / (Decrease)	
	----- (Rupees in thousand) -----			
Production volume (Nos.)	111,979	134,391	(22,412)	(16.7)
Sales volume (Nos.)	110,000	133,952	(23,952)	(17.9)
Gross Sales	78,121,853	85,653,198	(7,531,345)	(8.8)
Selling Commission	3,653,885	3,145,262	508,623	16.2
as a % of gross sales	4.7	3.7		1.0
Net Sales	74,467,968	82,507,936	(8,039,968)	(9.7)
Gross profit	7,294,183	11,609,049	(4,314,866)	(37.2)
as a % of net sales	9.8	14.1		(4.3)
Distribution expenses	1,937,848	1,874,122	63,726	3.4
as a % of net sales	2.6	2.3		0.3
Administration expenses	1,313,804	1,089,522	224,282	20.6
as a % of net sales	1.8	1.3		0.5
Finance Cost	94,436	27,773	66,663	240.0
as a % of net sales	0.1	0.0		0.1
Other income	971,705	962,752	8,953	0.9
as a % of net sales	1.3	1.2		0.1
WPPF & WWF	333,542	653,212	(319,670)	(48.9)
as a % of net sales	0.4	0.8		(0.4)
Profit before taxation	4,586,258	8,927,172	(4,340,914)	(48.6)
as a % of net sales	6.2	10.8		(4.6)
Profit after taxation	2,943,657	6,084,672	(3,141,015)	(51.6)
as a % of net sales	4.0	7.4		(3.4)
Earnings per share (Rs.)	35.77	73.93	(38.16)	(51.6)
Number of shares issued (000)	82,300	82,300	-	-

Motorcycle Division				Total			
2016	2015	Increase / (Decrease)	%	2016	2015	Increase / (Decrease)	%
----- (Rupees in thousand) -----				----- (Rupees in thousand) -----			
18,374	19,610	(1,236)	(6.3)	-	-	-	-
17,946	20,617	(2,671)	(13.0)	-	-	-	-
2,059,224	2,051,448	7,776	0.4	80,181,077	87,704,646	(7,523,569)	(8.6)
11,152	10,627	525	4.9	3,665,037	3,155,889	509,148	16.1
0.5	0.5	-	-	4.6	3.6	-	1.0
2,048,072	2,040,821	7,251	0.4	76,516,040	84,548,757	(8,032,717)	(9.5)
54,394	(121,601)	(175,995)	(144.7)	7,348,577	11,487,448	(4,138,871)	(36.0)
2.7	(6.0)	-	8.7	9.6	13.6	-	(4.0)
66,437	71,710	(5,273)	(7.4)	2,004,285	1,945,832	58,453	3.0
3.2	3.5	-	(0.3)	2.6	2.3	-	0.3
225,786	141,297	84,489	59.8	1,539,590	1,230,819	308,771	25.1
11.0	6.9	-	4.1	2.0	1.5	-	0.5
1,339	3,067	(1,728)	(56.3)	95,775	30,840	64,935	210.6
0.1	0.2	-	(0.1)	0.1	0.0	-	0.1
68,146	95,674	(27,528)	(28.8)	1,039,851	1,058,426	(18,575)	(1.8)
3.3	4.7	-	(1.4)	1.4	1.3	-	0.1
-	-	-	-	333,542	653,212	(319,670)	(48.9)
0.0	0.0	-	-	0.4	0.8	-	(0.4)
(171,022)	(242,001)	70,979	(29.3)	4,415,236	8,685,171	(4,269,935)	(49.2)
(8.4)	(11.9)	-	3.5	5.8	10.3	-	(4.5)
(171,022)	(242,001)	70,979	(29.3)	2,772,635	5,842,671	(3,070,036)	(52.5)
(8.4)	(11.9)	-	3.5	3.6	6.9	-	(3.3)
(2.08)	(2.94)	0.86	(29.3)	33.69	70.99	(37.30)	(52.5)
82,300	82,300	-	-	82,300	82,300	-	-

GS 150 SE

Ride & Conquer

Special edition

Style with sporty look



SUZUKI



6 Years at a Glance

	2016	2015	2014	2013	2012	2011
	----- Rupees in thousands -----					
OPERATING RESULTS						
Production volume (Nos.)						
Motorcar	111,979	134,391	80,384	77,142	96,370	92,529
Motorcycle	18,374	19,610	23,871	22,977	21,312	20,120
Sales volume (Nos.)						
Motorcar	110,000	133,952	78,005	77,050	96,100	92,705
Motorcycle	17,946	20,617	23,453	23,117	20,298	21,154
Sales revenue	76,516,040	84,548,757	53,664,947	51,061,333	58,531,137	52,718,563
Gross profit	7,348,577	11,487,448	4,183,699	3,242,513	2,344,871	1,869,410
Profit before taxation	4,415,236	8,685,171	2,623,394	2,353,439	1,498,891	1,365,297
Profit after taxation	2,772,635	5,842,671	1,921,894	1,849,357	977,153	794,421
Dividends	452,649	1,234,498	411,499	329,199	205,750	164,600
Profit retained	2,319,986	4,608,173	1,510,395	1,520,158	771,403	629,821
CAPITAL EMPLOYED						
Share capital	822,999	822,999	822,999	822,999	822,999	822,999
Reserves	22,619,294	18,009,762	16,488,378	14,969,549	14,015,364	13,732,930
Unappropriated profit	2,774,614	5,846,477	1,925,305	1,852,610	979,003	796,450
Shareholders' equity	26,216,907	24,679,238	19,236,682	17,645,158	15,817,366	15,352,379
Current liabilities	11,635,058	12,772,749	9,117,477	6,166,119	5,547,980	8,008,085
	37,851,965	37,451,987	28,354,159	23,811,277	21,365,346	23,360,464
Represented By:						
Fixed assets	6,672,057	4,510,789	4,790,506	4,892,675	3,738,867	4,200,317
Other Non - Current assets	661,665	425,792	456,080	546,237	544,083	515,806
Net current assets	30,518,243	32,515,406	23,107,573	18,372,365	17,082,396	18,644,341
	37,851,965	37,451,987	28,354,159	23,811,277	21,365,346	23,360,464

	2016	2015	2014	2013	2012	2011
PROFITABILITY RATIOS						
Gross profit as a % of net sales	9.6	13.6	7.8	6.4	4.0	3.5
Profit before taxation as a % of net sales	5.8	10.3	4.9	4.6	2.6	2.6
Profit after taxation as a % of net sales	3.6	6.9	3.6	3.6	1.7	1.5
Earning per Share (Rs.)	33.7	71.0	23.4	22.5	11.9	9.7
LIQUIDITY & LEVERAGE RATIOS						
Current ratio	2.62	2.55	2.53	2.98	3.08	2.33
Quick ratio	1.21	1.51	0.88	1.23	1.16	0.71
Liabilities as a % of total assets	31	34	32	26	26	34
Equity as a % of total assets	69	66	68	74	74	66
EFFICIENCY RATIOS						
Inventory turn over ratio	4.2	5.6	3.3	4.5	5.3	3.9
No. of days stock held	86	65	110	82	69	93
No. of days sales in trade debts	5.7	6.7	9.2	7.0	3.9	2.2
Total assets turn over ratio	2.0	2.3	1.9	2.1	2.7	2.3
Net worth turn over ratio	2.9	3.4	2.8	2.9	3.7	3.4
EQUITY RATIOS						
Break up value per share (Rs.)	318.55	299.87	233.74	214.40	192.19	186.54
Cash Dividend as a % of capital	55	150	50	40	25	20
Dividend payout ratio (%)	16	21	21	18	21	21
Plough-back ratio (%)	100	79	79	82	79	79
OTHER DATA						
Permanent employees strength (Nos.)	1,269	1,257	1,272	1,273	1,193	1,029
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

2016 % 2015 % 2014 % 2013 % 2012 % 2011 %
----- Rupees in millions -----

Balance Sheet

Fixed assets	6,745	46.8	4,594	(8.0)	4,996	(1.6)	5,075	25.3	4,051	(10.1)	4,504	(4.8)
Long-term investments	-	-	-	-	-	(100.0)	2	(60.0)	5	25.0	4	(20.0)
Long-term loans	231	2,210.0	10	-	10	66.7	6	500.0	1	(50.0)	2	100.0
Long-term deposits, prepayments and receivables	29	16.0	25	8.7	23	(37.8)	37	(41.3)	63	215.0	21	(28.6)
Long-term installment sales receivables	96	(15.8)	114	(29.6)	162	(4.7)	170	4.3	163	(12.4)	186	9.4
Deferred taxation	234	20.0	195	248.2	56	(62.2)	148	100.0	-	-	-	-
Stores, spares and loose tools	111	12.1	99	20.7	82	24.2	66	(20.5)	83	29.7	64	-
Stock-in-trade	16,289	24.5	13,084	(12.6)	14,976	39.6	10,727	1.6	10,562	(18.3)	12,922	47.7
Trade debts	1,205	(22.9)	1,562	15.5	1,352	37.5	983	56.8	627	94.1	323	34.0
Current portion of long-term installment sales receivables	291	(16.4)	348	(10.3)	388	17.2	331	5.4	314	3.3	304	21.1
Loans, advances and others	201	1.5	198	(61.6)	515	25.0	412	111.3	195	(10.1)	217	60.7
Trade deposits and short term prepayments	77	8.5	71	34.0	53	(15.9)	63	61.5	39	(53.0)	83	93.0
Accrued profit on bank deposits	121	(37.3)	193	1,106.3	16	23.1	13	116.7	6	-	6	(33.3)
Other receivables	129	48.3	87	(35.1)	134	17.5	114	(39.0)	187	(6.0)	199	84.3
Sales tax adjustable and income tax refundable - net	3,546	89.8	1,868	(50.2)	3,750	1.4	3,700	1.5	3,647	7.7	3,386	88.4
Cash and bank balances	8,548	(43.0)	15,006	715.1	1,841	(6.3)	1,964	38.6	1,417	24.4	1,139	(61.0)
Non-current assets classified as held for sale	-	-	-	-	-	-	-	(100.0)	5	100.0	-	0.0
Total assets	37,852.0	1.1	37,452.0	32.1	28,354	19.1	23,811	11.4	21,365	(8.5)	23,360	21.4
Share capital	823	-	823	-	823	-	823	-	823	-	823	-
Reserves	25,394	6.4	23,856	29.6	18,414	9.5	16,822	12.2	14,994	3.2	14,529	6.2
Trade and other payables	6,300	(2.21)	6,442	30.3	4,945	33.8	3,696	37.1	2,695	(16.1)	3,211	4.3
Advances	16,225	(61.5)	4,226	95.7	2,159	243.2	629	(45.0)	1,144	(62.7)	3,065	837.3
Accrued mark-up	-	-	-	(100.0)	9	0.0	-	0.0	-	0.0	-	0.0
Short-term borrowing	-	-	-	-	-	0.0	-	0.0	-	(100.0)	75	50.0
Security deposits	3,673	77.6	2,068	7.9	1,917	12.6	1,703	8.4	1,571	3.5	1,518	31.2
Provision for custom duties and sales tax	36	-	36	(58.1)	86	(37.7)	138	-	138	-	138	-
Total equity and liabilities	37,852.0	1.1	37,452.0	32.1	28,354	19.1	23,811	11.4	21,365	(8.5)	23,360	21.4

Horizontal Analysis of Profit and Loss Account

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
	----- Rupees in millions -----											
Profit and Loss Account												
Sales	76,516	(9.5)	84,549	57.5	53,665	5.1	51,061	(12.8)	58,531	11.0	52,719	23.6
Cost of sales	(69,167)	(5.3)	(73,061)	47.7	(49,481)	3.5	(47,818)	(14.9)	(56,186)	10.5	(50,849)	22.1
Gross profit	7,349	(36.0)	11,487	174.5	4,184	29.0	3,243	38.3	2,345	25.5	1,869	86.2
Distribution cost	(2,004)	3.0	(1,946)	160.9	(746)	33.2	(560)	56.4	(359)	35.1	(264)	34.5
Administrative expenses	(1,540)	25.1	(1,231)	11.7	(1,102)	14.9	(960)	11.6	(859)	16.7	(736)	15.7
Other operating expenses	(334)	(48.9)	(653)	233.2	(196)	12.0	(175)	57.7	(111)	3.7	(107)	91.1
Other income	1,040	(1.7)	1,058	107.5	510	(40.9)	863	74.7	494	(20.3)	620	7.8
Operating profit	4,511	(48.2)	8,716	228.9	2,650	9.9	2,411	59.7	1,510	9.2	1,383	100.7
Finance cost	(96)	209.7	(31)	14.8	(27)	(53.4)	(58)	427.3	(11)	(38.9)	(18)	(14.3)
Profit before taxation	4,415	(49.2)	8,685	231.1	2,623	11.5	2,353	57.0	1,499	9.8	1,365	104.3
Taxation	(1,643)	(42.2)	(2,843)	305.0	(702)	39.3	(504)	(3.4)	(522)	(8.6)	(571)	24.9
Profit after taxation	2,773	(52.5)	5,843	204.0	1,922	3.9	1,849	89.3	977	23.0	794	276.3

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

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
----- Rupees in millions -----												
Balance Sheet												
Fixed assets	6,745	17.8	4,594	12.3	4,996	17.6	5,075	21.3	4,051	19.0	4,504	19.3
Long-term investments	-	0.0	-	0.0	0	0.0	2	0.0	5	0.0	4	0.0
Long-term loans	231	0.6	10	0.0	10	0.0	6	0.0	1	0.0	2.0	0.0
Long-term deposits, prepayments and receivables	29	0.1	25	0.1	23	0.1	37	0.2	63	0.3	21	0.1
Long-term installment sales receivables	96	0.3	114	0.3	162	0.6	170	0.7	163	0.8	186	0.8
Deferred taxation	234	0.6	195	0.5	56	0.2	148	0.6	-	0.0	-	0.0
Stores, spares and loose tools	111	0.3	99	0.3	82	0.3	66	0.3	83	0.4	64	0.3
Stock-in-trade	16,289	43.0	13,084	34.9	14,976	52.8	10,726	45.0	10,562	49.4	12,922	55.3
Trade debts	1,205	3.2	1,562	4.2	1,352	4.8	983	4.1	627	2.9	323	1.4
Current portion of long-term installment sales receivables	291	0.8	348	0.9	388	1.4	331	1.4	314	1.5	304	1.3
Loans, advances and others	201	0.5	198	0.5	515	1.8	412	1.7	195	0.9	217	0.9
Trade deposits and short term prepayments	77	0.2	71	0.2	53	0.2	63	0.3	39	0.2	83	0.4
Accrued profit on bank deposits	121	0.3	193	0.5	16	0.1	13	0.1	6	0.0	6	0.0
Other receivables	129	0.3	87	0.2	134	0.5	114	0.5	187	0.9	199	0.9
Sales tax adjustable	1,651	4.4	278	0.7	1,002	3.5	803	3.4	970	4.5	1,023	4.4
Income tax refundable - net	1,894	5.0	1,590	4.2	2,747	9.7	2,897	12.2	2,677	12.5	2,363	10.1
Cash and bank balances	8,548	22.6	15,006	40.1	1,841	6.5	1,964	8.2	1,417	6.6	1,139	4.9
Non-current assets classified as held for sale	-	-	-	-	-	0.0	-	0.0	5	0.0	-	0.0
Total assets	37,852.0	100.0	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
Equity And Liabilities												
Share capital	823	2.2	823	2.2	823	2.9	823	3.5	823	3.9	823	3.5
Reserves	25,394	67.1	23,856	63.7	18,414	64.9	16,822	70.6	14,994	70.2	14,529	62.2
Total equity	26,217	69.3	24,679	65.9	19,237	67.8	17,645	74.1	15,817	74.0	15,352	65.7
Trade and other payables	6,300	16.6	6,443	17.2	4,946	17.4	3,696	15.5	2,695	12.6	3,211	13.7
Advances	1,625	4.3	4,226	11.3	2,159	7.6	629	2.6	1,144	5.4	3,065	13.1
Accrued mark-up	-	0.0	-	0.0	9	0.0	-	0.0	-	0.0	-	0.0
Short-term borrowing - export refinancing	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	75	0.3
Security deposits	3,673	9.7	2,068	5.5	1,917	6.8	1,703	7.2	1,571	7.4	1,518	6.5
Provision for custom duties and sales tax	36	0.1	36	0.1	86	0.3	138	0.6	138	0.6	138	0.6
Total equity and liabilities	37,852.0	100.0	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

Vertical Analysis of Profit and Loss Account

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
	----- Rupees in millions -----											
Profit And Loss Account												
Sales	76,516	100	84,549	100	53,665	100	51,061	100	58,531	100	52,719	100
Cost of sales	(69,167)	(90.40)	(73,061)	(86.41)	(49,481)	(92.20)	(47,819)	(93.65)	(56,186)	(95.99)	(50,849)	(96.45)
Gross profit	7,349	9.60	11,487	13.59	4,184	7.80	3,243	6.35	2,345	4.01	1,870	3.55
Distribution cost	(2,004)	(2.62)	(1,946)	(2.30)	(746)	(1.39)	(560)	(1.10)	(359)	(0.61)	(264)	(0.50)
Administrative expenses	(1,540)	(2.01)	(1,231)	(1.46)	(1,102)	(2.05)	(960)	(1.88)	(859)	(1.47)	(736)	(1.40)
Other operating expenses	(334)	(0.44)	(653)	(0.77)	(196)	(0.37)	(175)	(0.34)	(111)	(0.19)	(107)	(0.20)
Other income	1,040	1.36	1,058	1.25	510	0.95	863	1.69	494	0.84	620	1.18
Operating profit	4,511	5.90	8,716	10.31	2,650	4.94	2,411	4.72	1,510	2.58	1,383	2.62
Finance cost	(96)	(0.13)	(31)	(0.04)	(27)	(0.05)	(58)	(0.11)	(11)	(0.02)	(18)	(0.03)
Profit before taxation	4,415	5.77	8,685	10.27	2,623	4.89	2,353	4.61	1,499	2.56	1,365	2.59
Taxation	(1,643)	(2.15)	(2,843)	(3.36)	(702)	(1.31)	(504)	(0.99)	(522)	(0.89)	(571)	(1.08)
Profit after taxation	2,773	3.62	5,843	6.91	1,922	3.58	1,849	3.62	977	1.67	794	1.51

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

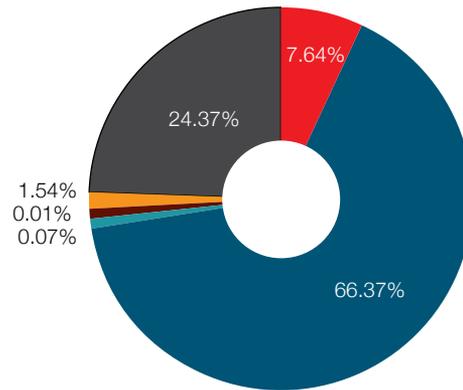
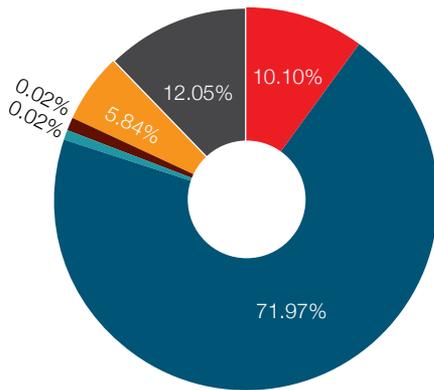
	2016		2015	
	Rs. in thousand	%	Rs. in thousand	%
Wealth Generated				
Total gross revenue and other income	94,920,849		103,560,070	
Bought in materials and services	73,794,353		76,752,812	
	21,126,496	100	26,807,258	100
Wealth distribution to stakeholders				
To Employees				
Salaries, wages ,other cost including retirement benefits and WPPF	2,134,203	10.10	2,049,337	7.64
To Government				
Income tax, sales tax, excise duty, development surcharge,WWF	15,203,788	71.97	17,792,210	66.37
To Society				
Donation toward earthquake victims, IDPs and health	4,057	0.02	18,721	0.07
To Shareholders				
Dividend and bonus	1,234,498	5.84	411,499	1.54
To Providers of finance				
Finance charges for borrowed funds	3,194	0.02	1,515	0.01
To Company				
Depreciation, amortisation and retained profit/ (loss)	2,546,756	12.05	6,533,976	24.37
	21,126,496	100.00	26,807,258	100.00

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.

Wealth Distribution to Stakeholders-2016

Wealth Distribution to Stakeholders-2015



- Employees
- Government
- Society

- Providers of Finance
- Shareholders
- Company

- Employees
- Government
- Society

- Providers of Finance
- Shareholders
- Company



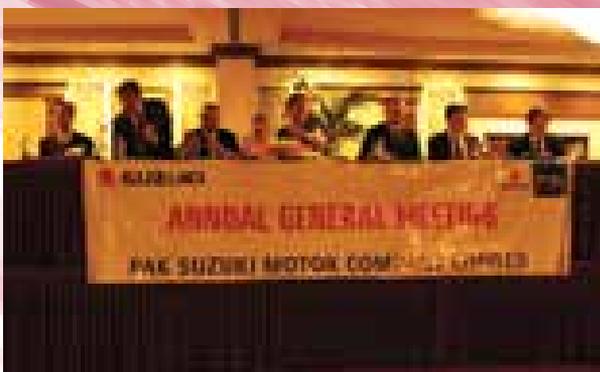
Products Launching & Conferences



Launching Ceremony of Suzuki Vitara



Inauguration of Booking & Facilitation Center



33rd Annual General Meeting



Launching of Suzuki CIAZ



Pakistan Auto Parts Show 2016



Dealers' Convention 2016

Inauguration of Dealerships



Suzuki Gwadar Motors



Alkhair Agencies



Suzuki Bahawalnagar Motors



Suzuki Canal Motors



Suzuki Karakoram Motors



Suzuki Swat Motors



Suzuki Nowshera Motors



Suzuki Nawabshah Motors

Visits & Events



Closing Ceremony of APNA ROZGAR SCHEME



Meeting with Finance Minister



Senators of Senate Standing Committee on Industries and Production and seniors Govt. officials Visited PAK SUZUKI on 20-10-2016



A delegation of 35 different countries junior Foreign Diplomats visited PAK SUZUKI on 23 -12 -2016



Chairman BOI Visited Pak Suzuki on 20-12-2016



Assistant Commissioners (LTU) under Specialized Training Program Visited PAK SUZUKI on 7th Dec 2016

Inhouse Training



Sports Activity



WagonR

Be Practical!

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.



WAGONR



Chairman's Review

It is my privilege to present review on the performance of the Company for the year ended December 31, 2016.

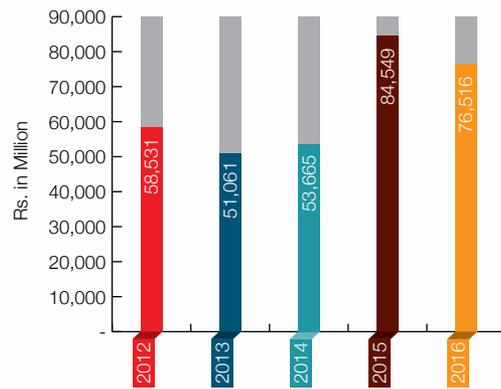
Industry

In year 2016, sales volume of auto industry remained stable. During the year 203,492 units were sold compared to 224,247 units last year, registering a decline of 9.3%. Major reason for decline in sales volume of automobiles was the completion of "Apna Rozgar Scheme" of Government of Punjab in March 2016. In 2015, 45,410 units were sold under "Apna Rozgar Scheme" as compared to 3,802 units delivered in 2016. Sales volume of auto industry excluding tax scheme increased by 11%. The organized market (PAMA member companies) for motorcycles and three wheelers increased by 19.7% from 1,250,553 units to 1,497,036 units.

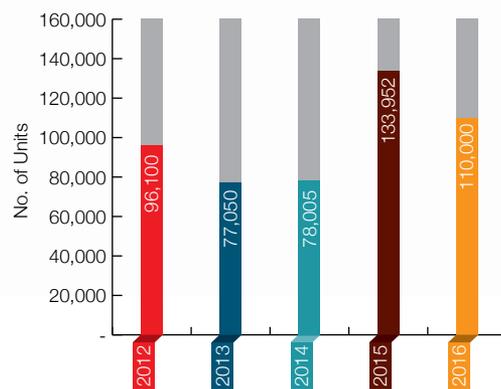
The Government has announced 'Automotive Development Policy (ADP) in March 2016 applicable over a medium-term horizon of 2016-2021. ADP envisages development plan for automobile industry to facilitate higher volumes, attract investment and ensure enhanced competition. Objective of policy is to create balance between industrial growth and tariffs to ensure sustainability for all stakeholders. ADP rationalized the tariff structure for existing Original Equipment Manufacturers (OEMs) by reducing the customs duty on CKD non-localized from 32.5% to 30% and CKD localized from 50% to 45%. Customs duty on sub components increased from 5% to 10%. However, tariff structure for new entrants and non-operational units is significantly lower than tariff structure for existing OEMs. ADP offered concessional rate of custom duty @ 10% on non-localised parts and @ 25% on localised parts for a period of five years to new entrants and three years for non-operational units. Further, new entrants are also allowed duty-free import of plant and machinery for setting up the manufacturing facility. Existing OEM's in Pakistan were looking for new investment opportunities and expecting similar incentives as offered to potential new entrants. We understand that lack of incentive to existing OEMs will affect the desired objective of ADP.

As per State Bank's Circular BPRD Circular No. 2 of 2017 dated February 24, 2017, banks have been directed to obtain 100 percent cash margin on import of CBUs, CKDs and automotive components. The circular is not applicable on investors classified in Automotive Development Policy 2016, i.e., it is applicable only on existing OEMs. CKDs and automotive components are material used in manufacturing of vehicles. Application of 100% margin on imports will adversely affect the operations. It is a discriminative measure solely discouraging the existing OEMs by increasing their cost of doing business. Automotive industry is playing a vital role

Sales Revenue



Sales Volume Motor Cars



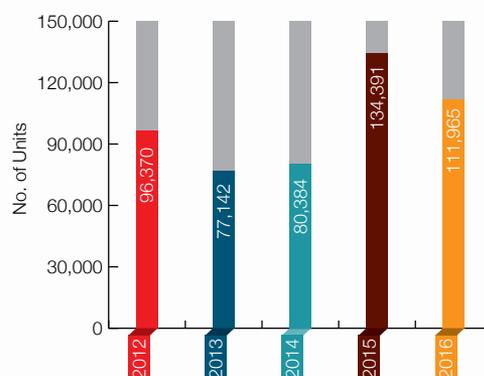
in the industrial and economic growth of country. Besides promoting investment in auto sector from prospective new entrants, Government should also ensure conducive environment for existing OEMs. We strongly demand Ministry of Finance to withdraw the application of this circular on import of CBUs, CKDs and automotive components on existing OEMs.

Operating Results of the Company

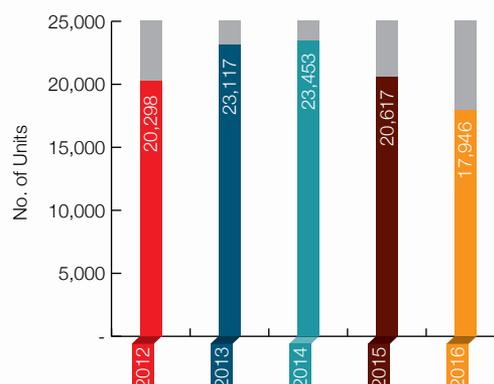
Company earned net profit of Rs 2,773 million against Rs. 5,843 million last year. The net sales revenues declined by 9.5% from Rs. 84,549 million to Rs. 76,516 million. The sales volume of automobiles declined by 17.9% from 133,952 units to 110,000 units, primarily due to completion of Apna Rozgar Scheme. However, sales volume other than taxi scheme improved by 20%, fairly compensating the impact of decline in sales volume after completion of taxi scheme. Motorcycles sales decreased by 13% from 20,617 units to 17,946 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 decreased by 16.7% from 134,391 units to 111,965 units and motorcycles decreased by 6.3% from 19,610 units to 18,374 units. During the year, capacity utilization of automobile plant remained 75%. Because of lower demand of motorcycles, 58% production capacity of motorcycle plant remained un-utilized.

Gross profit decreased in absolute terms by Rs. 4,139 million from Rs. 11,487 million to Rs. 7,348 million. Gross profit margins reduced from 13.6% to 9.6%. The decline in sales volume, higher cost of imported components due to stronger Japanese Yen and change in sales mix adversely affected the gross profit margins in current year. Distribution expenses increased from Rs. 1,946 million to Rs. 2,004 million and as a percentage of sales from 2.3% to 2.6%. Higher advertising and sales promotion expenses due to new products launched in 2016 contributed to increase in distribution expenses. Administration expenses increased from Rs. 1,231 million to Rs. 1,540 million and as percentage of sales increased from 1.5% to 2%. In absolute terms Administration expenses increased by Rs. 309 million that is an increase of 25.1% from last year. Increase was attributable to higher salaries & wages expense, outsource job contractor charges and provision for doubtful debts beside normal impact of inflation. Provision for doubtful debts was provided for receivable from motorcycle dealer, being classified doubtful. Other operating income slightly decreased from Rs. 1,058 million to Rs. 1,040 million. Finance cost increased from Rs. 31 million to Rs. 96 million. The increase was due to higher exchange loss as compared

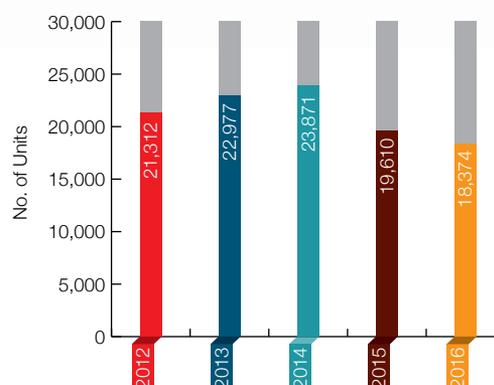
Production Volume Motor Cars



Sales Volume Motor Cycles



Production Volume Motor Cycles



to last year. Other operating expenses represent contributions to workers' profits participation fund and workers' welfare fund. It decreased from Rs. 653 million to Rs. 334 million. The decrease was due to lower contributions consequential to decline in profit as compared to last year. Consequently profit before tax decreased in absolute terms by Rs. 4,270 million from Rs. 8,685 million to Rs. 4,415 million and as a percentage of sales declined from 10.3% to 5.8%. Expense for income tax decreased from Rs. 2,843 million to Rs. 1,643 million. However, as a percentage of net profit before tax, tax expense increased from 32.7% to 37.2%, primarily due to application of super tax of Rs 277 million, being extended in Federal Budget 2016-17 on taxable income of tax year 2016 (accounting year 2015 in case of Pak Suzuki).

Marketing & Exports

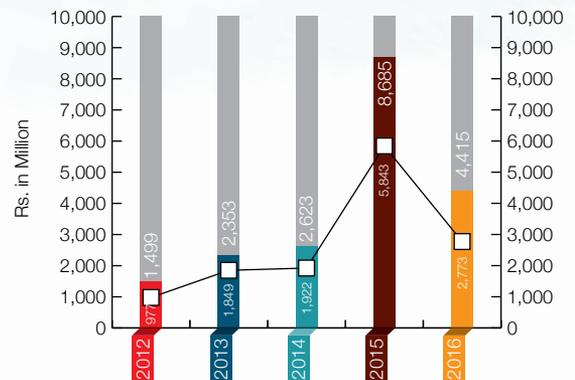
The Company is endeavoring to improve sales, profitability and diversity in its operations by upgrading the existing products and launching new products. Pak Suzuki launched its first crossover 'Suzuki Vitara' on December 21, 2016. Its unique design, 3-year warranty, 6-speed automatic transmission and attractive modern features makes it a distinctive addition in Pakistan's automobile market. Since its launch in international market in 2015, Suzuki Vitara has already bagged a number of prestigious awards for its performance.

Bringing another extra-ordinary driving option for its customers, Pak Suzuki launched its new 1400cc sedan 'Suzuki Ciaz' on February 8, 2017. Ciaz received an overwhelming response from customers due to its drive, sporty design, refined interior, spacious cabin and advanced safety features. Launching of 'Ciaz' and 'Vitara' will help the Company to penetrate in higher segment cars.

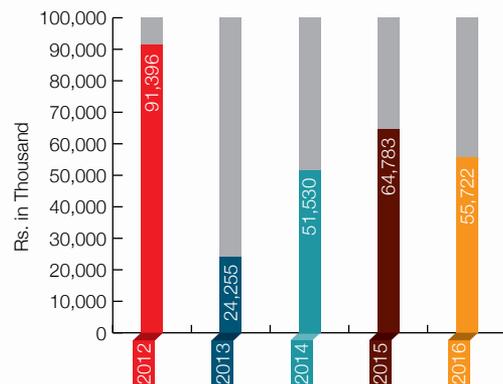
Pak Suzuki intends to provide quality services with convenient access to customers. The Company has strong dealership network spread all over the country. The Company has been continuously enhancing and strengthening the dealership network. As of December 31, 2016 PSMC dealership network expanded to 107 outlets in 46 cities all across Pakistan, where customers are offered wide range of products and support services. The dealerships are classified as Mega, Mini and Micro types depending on the magnitude of business in the area.

The Company initiated the practice of receiving booking of vehicles on partial payment of Rs 2,00,000/-. Further to facilitate the customers, Pak Suzuki opened booking offices at Karachi, Lahore, Islamabad, Multan and Peshawar. Suzuki Booking Offices facilitate customers by giving them the opportunity of booking vehicles with the initial advance payment of Rs. 200,000. This move has been widely appreciated by customers.

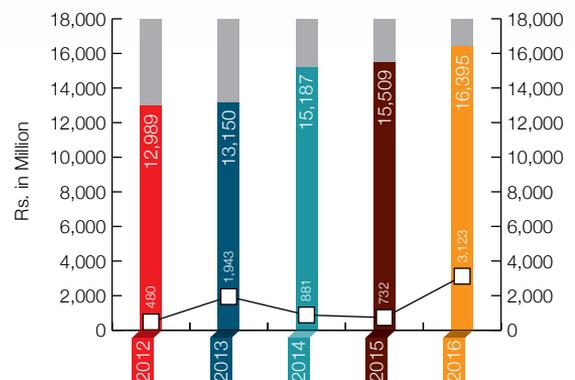
PBT/PAT



Export Sales



Fixed Assets Vs. CAPEX



Pak Suzuki remains the market leader in locally manufactured cars and light commercial vehicles industry by retaining 54% 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.

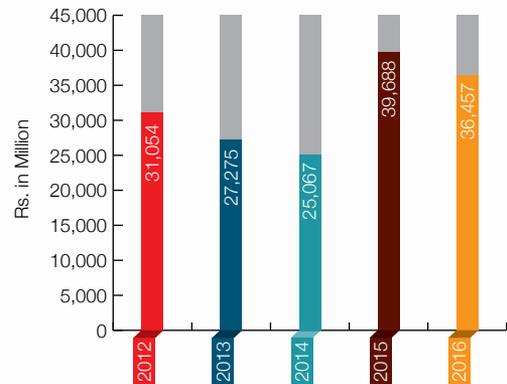
During the year 97 units amounting Rs. 54 million were exported against 146 units, worth Rs. 64 million exported in last year.

Motorcycle market in Pakistan is dominated by motorcycle with engine capacity of 70cc. Pak Suzuki markets motorcycles with engine capacities of 110cc and above. 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. Company is trying to expand its business in this segment. During the year Company introduced Special Edition of Suzuki GS-150 motorcycle on September 23, 2016. This Special Edition offer customers new features as sporty alloy rims, front disc brake, eye-catching graphics, new front fender, wide rear tyre and new front shock absorber.

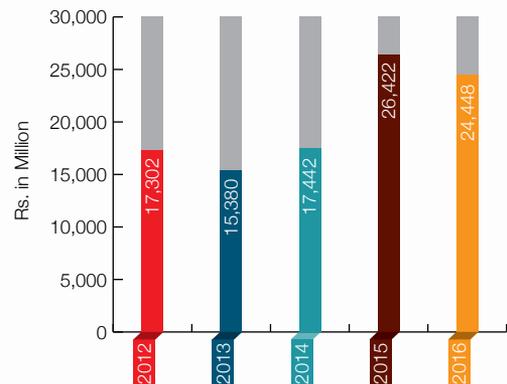
Localization

Pak Suzuki is proud to be the pioneer in the development of auto parts industry. The Company has been 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 products and keep the prices competitive besides saving of foreign exchange. To support vending industry for technology transfer, the Company took initiative and made a strategy to enter into Joint Venture agreement with vendors to provide confidence to Technical Assistance provider. A Joint Venture agreement with Tecno Pack Telecom (Private) Limited for manufacturing automobile glass is the first step in this direction. The Company will make an equity investment of Rs. 344,400,000 by way of purchase of 34,440,000 ordinary shares of Rs.10 each for setting up Tecno Auto Glass Limited, Joint Venture Company. Techno Auto Glass Limited will be a public limited company (unlisted) and an associated company of Pak Suzuki due to 40% shareholding to be held by Pak Suzuki. The technology for setting up the project shall be acquired from Asahi India Solutions Ltd (AIS), who are the leading auto glass producers in India and hold 70% share of the Indian OEM market. Shareholders of Company approved the investment in Tecno Auto Glass Limited in Extraordinary General Meeting

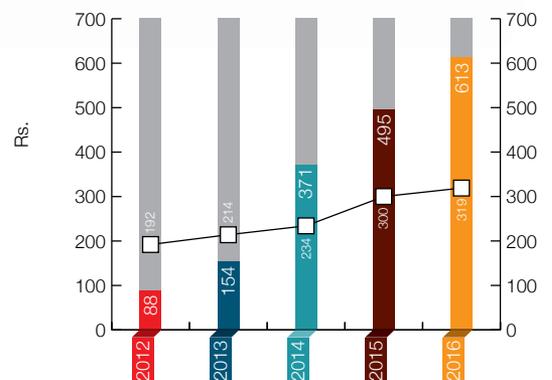
Foreign Exchange Savings



Duties & Taxes



Share Price Vs. Breakup Value



of the Company held on February 16, 2017. This Joint Venture is a first green field project between Pak Suzuki & its vendor. Beside technology transfer and localization of glass for auto industry, the project will contribute significant cost saving to Company and earn reasonable returns on the investment.

Human Resource

Management and employee relations continued to remain cordial and industrial peace prevailed during the year. Human resource development remains one of the key objectives of the Company. 96 employees were sent for training outside Company including 5 employees sent for foreign training. 473 employees participated in in-house training sessions.

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 six years of operations are as follows:

Year (Jan-Dec)	Duties & taxes (Rupees in million)	Foreign exchange Savings * (Rupees in million)
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
2016	24,448	36,457

Duties and taxes paid by Company during the year represent 0.6% of total tax revenues estimated in the Federal Budget for the fiscal year 2016-2017.

*Converted into Pak Rupees at year end exchange rate.

Future Outlook & Conclusion

Macroeconomic indicators of the country are positive. GDP growth rate has been targeted at 5.7% for financial year 2016-17. 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. Development activities

related to CPEC expected to contribute in industrial growth and improved infrastructure in country. Auto policy has been announced primarily allowing incentives to new players in auto industry.

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 2016. The stable Pak Rupee against Japanese Yen and US Dollar will contribute for stable prices of vehicles.

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, 47,766 units of used vehicles were imported during the year as compared to 45,103 units of last year. We expect that launching of new models will attract the customers and they will shift their preferences from used cars to new models.

The auto industry of Pakistan is looking forward to Government for early resolution of issue of trade with India. 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. Consistent Government policies with long term vision are essential for the growth of auto industry.

Improved macroeconomic indicators, law and order situation and decrease in interest rate provided the momentum to auto industry. Stability in selling prices of vehicles and introduction of new models in market also contributed in steady demand for automobiles.

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.

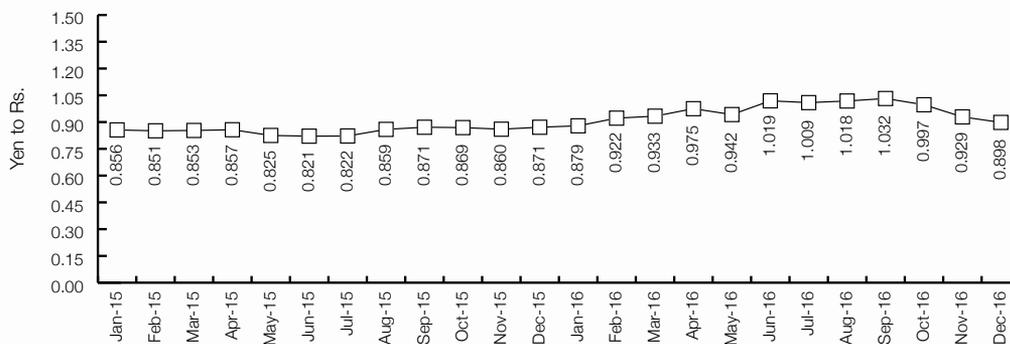


KINJI SAITO
Chairman

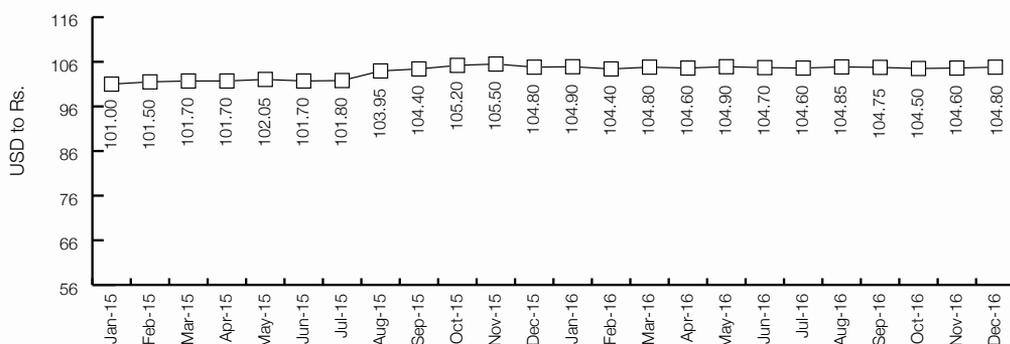
Karachi. March 21, 2017.

Exchange Rates Movement

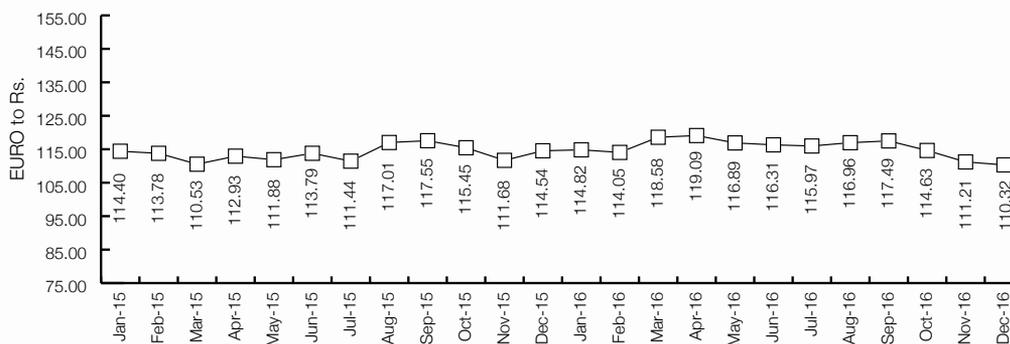
Yen - Rs. Parity



USD - Rs. Parity



EURO - 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, 2016.

Accounts

	(Rs in 000)
Profit before taxation	4,415,236
Taxation	1,642,601
Profit after taxation	2,772,635
Retained earnings of prior years	1,979
Net Profit available for appropriation	2,774,614
<hr/>	
Less: Appropriations	
Transfer to General Reserve	2,320,000
Proposed Cash Dividend @ 55%	452,649
	2,772,649
Retained earning carried forward	1,965

Earnings per share

The earnings per share for the year were Rs. 33.69.

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 give priority to safety and health of its employees. Provide proper medical cover and carry 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 No. 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 16	Dec 15
Provident Fund	749.095 million	630.856 million
Gratuity Fund	421.172 million	367.336 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. Kinji Saito	4
Mr. Hirofumi Nagao	4
Mr. Tetsuya Fujioka	2
Mr. Toshihiro Suzuki	4
Mr. Takashi Iwatsuki	4
Mr. Kazuyuki Yamashita	4
Mr. Wazir Ali Khoja	3

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	3
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

All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. In accordance with the criteria specified in clause (xi) of the Code, two directors of the Company have certification under Directors Training Program, one director of the Company has the exemption from the requirement of Directors' Training Program.

Pattern of shareholdings

The pattern of shareholdings as of December 31, 2016 is given on pages 96 to 99.

Trading in shares of the company by directors and executives

During the year there has been no trade in Company's shares by directors and their spouses and minor children. However, an executive had sold the shares of Company which were duly communicated to Stock Exchange within stipulated time.

Appointment of Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, appointed for the accounting year 2016 has been retired. In pursuance of Section 253 of the Companies Ordinance 1984, Suzuki Motor Corporation, Japan, major shareholder of the Company, nominated M/s. KPMG Taseer Hadi & Co., Chartered Accountants, to be considered for the appointment as auditors of the Company for the year ending December 31, 2017 at the ensuing Annual General Meeting to be held on April 25, 2017. M/s. KPMG Taseer Hadi & Co. has been given satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan. The Audit Committee has reviewed the proposal for change of auditors and duly recommended for appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the year ending December 31, 2017. The Directors endorsed the recommendation of Audit Committee.

Changes in Board, Audit Committee and HR&R Committee

A casual vacancy occurred in the Board and Audit Committee due to the death of Mr. Wazir Ali Khoja on September 17, 2016. Vacancy was filled by the continuing directors within 90 day by appointing Mr. Shahid Ghaffar in his place on the Board and Audit Committee. Mr. Shahid Ghaffar was appointed Chairman Audit Committee in place of late Wazir Ali Khoja.

Subsequent to year end, in January 2017, Mr. Minoru Amano was appointed as member of the Board, Audit Committee and Human Resource and Remuneration Committee in place of Mr. Takashi Iwatsuki 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

Donation of Dialysis Machine to Fatima Kidney Care Hospital

The company donated a Dialysis Machine to Fatima Kidney Care Hospital (FKCH) on 7th March, 2016. Fatima Kidney Care Hospital is a complete general hospital. Team of qualified Doctors, paramedical staff and technicians performs around 480 dialysis treatments a month and also provides facilities like health care services, dialysis treatment, laboratory testing facility, screening services for kidney diseases early detection, care to kidney failure patients, protein diet therapy, creating awareness in public about kidney diseases etc. to around 2 million people; which includes patients from Karachi city as well as from Baluchistan and Khyber Pakhtunkhwa. All services are provided free of cost.



Blood Donation Camp:

Blood Donation Camp was organized in the Company on 14th March, 2016 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 and bi-product, by meeting international standards, to all segments of the society without discrimination. Total 192 donors donated their blood voluntarily. Out of 192 donors, 87 donors were from our nearby vendors.



Donation of Suzuki Bolan Van to Indus Hospital

The company donated a Suzuki Bolan Van on 28th March, 2016 to Indus Hospital. Since 2007, Indus Hospital has been playing a vital role in providing free of cost health care services, medical treatments, surgical procedures and having 150 beds specialized consultancy care, etc.



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 economic and socio development of the nation. Continuing the Education Support Program under CSR, total 55 scholarships were awarded among students of NED University of Engineering & Technology on 22nd July, 2016 which included 12 new students and 43 students from previous years. 24 awardees of 2013 have become engineer in 2016, under Pak Suzuki NED Scholarship program.



Water Cooler Sets installation in Government Schools

The Company installed Water Coolers along with filter & stabilizer in Government Boys Sindhi Primary School Pipri and in Government Boys & Girls Higher Secondary School Haji Natho on 5th September, 2016 for providing the facility of cold & clean drinking water to the students and staff. These schools are providing education to around 2,000 students.

Construction and Renovation of Government School at Razzaqabad;

Under CSR "School Improvement Program", company successfully completed Construction and Renovation Project in Government Girls Primary Community Model School, Razzaqabad. This project includes flooring of classrooms and corridor, renovation of school building and toilets, paint on school building, conversion of additional room into classroom, providing furniture for students and staff, fixing of water cooler and play rides, etc. The project was inaugurated on 17th February, 2017.



Higher Secondary Certificate Scholarship:

Perusing the aim of educating the nation under Company's CSR program, 99 Higher Secondary Certificate Scholarships were awarded to the selected students of nearby Government School's students and Company Employees' children on 27th February, 2017. Plant visit, 5S and Kaizen training sessions were also arranged

for scholarship awardees. The aim of Higher Secondary Certificate Scholarship program is to provide financial assistance to needy students to continue their education after 10 grade till graduation.

ENVIRONMENT

Plantation:

To enhance the beauty of surrounding of Company and the development of Healthy Environment, Plantation project completed on 19th November, 2016. Total 615 Cono-Carpus trees planted adjacent to Pak Suzuki Plant. Fumigation activity for plantation protection and growth was also carried out.

Health, Safety & Environment (HSE) Awareness Session:

Health, Safety & Environment (HSE) Awareness Session conducted on 22nd October, 2016 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. Total 9 children attended the awareness session.

Beach Cleaning Campaign

The Company organized Beach Cleaning Campaign on 29th October, 2016 at Russian Beach, Port Qasim. The theme of activity was to create awareness among employees, to keep our beaches clean for maintaining the natural beauty of beaches and to reduce hazard to marine life. More than 250 employees of Pak Suzuki and of our nearby vendors participated in this event. Around 300 kg of garbage was collected and disposed of properly.



TECHNICAL SUPPORT

Trainings at Vocational Training Institutes

Pak Suzuki has been supporting Vocational Training Institutes (VTIs) in different regions and cities of Pakistan by upgrading their workshops and training facilities with parts, tools and equipment both for automobiles and motorcycles. Pak Suzuki conducted training program for VTI's Motorcycle trade students & teachers in different regions and cities in 2016. The purpose was to enhance the confidence level of VTI's students regarding Suzuki products and give the technical knowledge about Suzuki brand. Total 1,208 participants were given trainings and 32 trainings sessions were conducted.

Quality, Environment, Health & Safety 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 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 ensured to provide 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. Company continuously monitor the waste generated from its activities and wherever required, installed 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 of 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 21, 2017

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.



Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19.24 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, 2016 the Board comprised of the following:

Category	Names
Independent Directors	Mr. Shahid Ghaffar
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 directors 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 death of Mr. Wazir Ali Khoja on September 17, 2016 and it was filled by the continuing directors within 90 day by appointing Mr. Shahid Ghaffar 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. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. In accordance with the criteria specified in clause (xi) of the Code, two directors of the Company have certification under Directors Training Program, one director of the Company has the exemption from the requirement of Directors’ Training Program.
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 as recommended by Human Resource and Remuneration Committee.
11. The Company maintains an updated list of related parties and all transactions with related

- parties are placed before the Audit Committee on quarterly basis. All related party transactions have been reviewed and approved by the Board and are carried out on normal / agreed terms and conditions in accordance with the agreements.
12. 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.
 13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
 14. 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.
 15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
 16. The Board has formed an Audit Committee. As at December 31, 2016 it comprises three (3) members. Chairman of the Committee is independent director and the other two (2) are non-executive directors.
 17. 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.
 18. 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.
 19. 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.
 20. 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.
 21. 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.
 22. 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.
 23. Material/price sensitive information is disseminated among all market participants at once through stock exchange.
 24. The Company has complied with the requirements of Clause 5.19.23 relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion and exclusion of names of persons from the said list.
 25. We confirm that all other material principles enshrined in the CCG have been complied with.



KINJI SAITO
CHAIRMAN

Dated: March 21, 2017

Notice of Meeting

Notice is hereby given that the 34th Annual General Meeting of the shareholders of Pak Suzuki Motor Company Limited will be held at Pearl Continental Hotel, Club Road, Karachi on Tuesday, April 25, 2017 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of Extra-ordinary General Meeting held on February 16, 2017.
2. To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2016, together with Directors' and Auditors' reports thereon.
3. To approve payment of cash dividend @ 55% i.e. Rs. 5.5 per share of Rs. 10/- each.
4. To appoint auditors for the year ending 31st December, 2017 and fix their remuneration. Notice was received from Suzuki Motor Corporation, Japan, principal shareholder of the Company, for change of auditors and proposed to appoint Messrs KPMG Taseer Hadi & Co., Chartered Accountants, as auditor of the Company for the accounting year 2017. The Board of Directors has recommended appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants, to be the auditors of the Company for the year ending 31st December, 2017, at the same fee as paid to the retiring auditors.
5. To consider any other business with the permission of the Chair.

SPECIAL BUSINESS

6. To consider and if deemed fit, pass the following resolution as special resolution:

“Resolved that the Company is allowed to circulate the annual audited accounts i.e. balance sheet, profit and loss account, auditors' report and directors' report etc. to its members through CD/DVD/USB instead of in hard copy at their registered addresses.”

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

BY ORDER OF THE BOARD

ABDUL NASIR
COMPANY SECRETARY
Karachi: April 4, 2017

Notes:

1. The share transfer books of the Company will remain closed from April 19, 2017 to April 25, 2017 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business on April 18, 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 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.50% instead of @ 17.5%, 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.

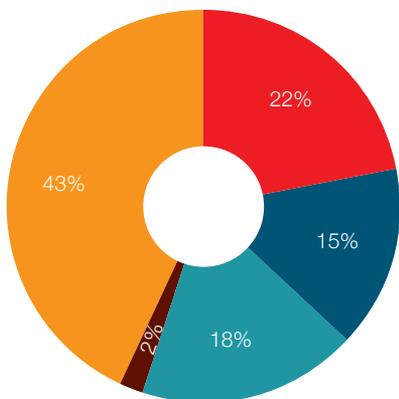
Statement of Material Facts under Section 160(1)(b) of The Companies Ordinance 2001.

Item No. 6 of the Notice

As permitted by Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 470(I)2016, shareholders' approval is being sought to allow the Company to circulate its annual report through CD/DVD/USB to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hard copy of the annual report instead of through CD/DVD/USB, to intimate the Company of their requirement.

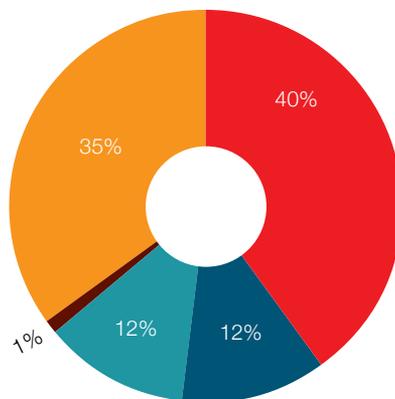
Financial Statements

Assets 2016



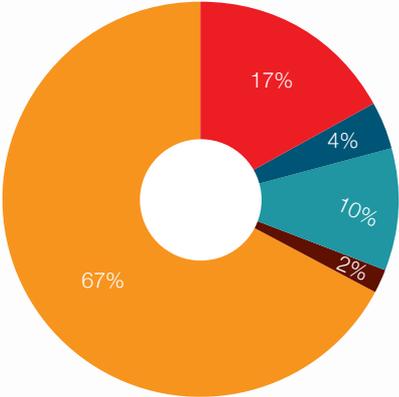
- Cash & Bank Balances
- Other Current Assets
- Property Plant & Equipment
- Other Non Current Assets
- Stock in Trade

Assets 2015



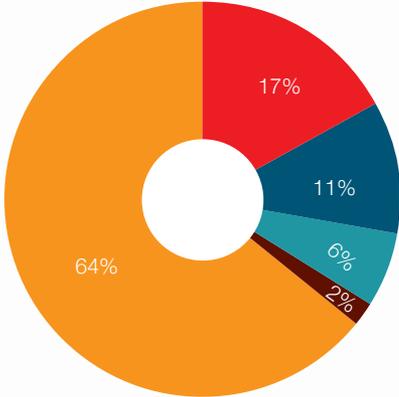
- Cash & Bank Balances
- Other Current Assets
- Property Plant & Equipment
- Other Non Current Assets
- Stock in Trade

Equity & Liabilities 2016



- Trade & Other Payables
- Advances
- Security Deposits & Other
- Paid-up Capital
- Reserves

Equity & Liabilities 2015



- Trade & Other Payables
- Advances
- Security Deposits & Other
- Paid-up Capital
- Reserves

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 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, 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 the 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 of Compliance 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 2016.



Chartered Accountants
Place: Karachi
Dated: March 21, 2017



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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

Auditors' Report to the Members

We have audited the annexed balance sheet of Pak Suzuki Motor Company Limited (the Company) as at 31 December 2016 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 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, gives 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 2016 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
Dated: March 21, 2017
Place: Karachi

BALANCE SHEET

As at December 31, 2016

		2016	2015
	Note	----- (Rupees in '000') -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	6,672,057	4,510,789
Intangible assets	4	72,619	83,288
Long-term investments	5	-	-
Long-term loans	6	1,160	1,053
Long-term deposits, prepayments and other receivables	7	258,103	33,324
Long-term installment sales receivables	8	96,033	113,627
Deferred taxation	9	233,750	194,500
		7,333,722	4,936,581
CURRENT ASSETS			
Stores, spares and loose tools	10	111,006	98,801
Stock-in-trade	11	16,288,608	13,084,447
Trade debts	12	1,205,269	1,561,823
Current portion of long-term installment sales receivables	8	291,254	347,976
Loans and advances	13	163,019	194,932
Trade deposits and short-term prepayments	14	77,129	70,862
Accrued profit on bank accounts		120,761	193,429
Other receivables	15	167,306	89,446
Sales tax and excise duty adjustable		1,651,301	277,801
Income tax – net		1,894,297	1,589,882
Cash and bank balances	16	8,548,293	15,006,007
		30,518,243	32,515,406
TOTAL ASSETS		37,851,965	37,451,987

	2016	2015
Note	----- (Rupees in '000') -----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 150,000,000 ordinary shares of Rs.10/- each	1,500,000	1,500,000
Issued, subscribed and paid-up share capital	17 822,999	822,999
Reserves	25,393,908	23,856,239
	26,216,907	24,679,238
CURRENT LIABILITIES		
Trade and other payables	18 6,300,123	6,441,748
Advances from customers	1,625,472	4,226,341
Security deposits	19 3,673,164	2,068,361
Provision for custom duties and sales tax	20 36,299	36,299
	11,635,058	12,772,749
CONTINGENCIES AND COMMITMENTS		
	21	
TOTAL EQUITY AND LIABILITIES	37,851,965	37,451,987

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, 2016

		2016	2015
	Note	----- (Rupees in '000') -----	
Sales	22	76,516,040	84,548,757
Cost of sales	23	(69,167,463)	(73,061,309)
Gross profit		7,348,577	11,487,448
Distribution costs	24	(2,004,285)	(1,945,832)
Administrative expenses	25	(1,539,590)	(1,230,819)
Other expenses	26	(333,542)	(653,212)
Other income	27	1,039,851	1,058,426
Finance costs	28	(95,775)	(30,840)
		(2,933,341)	(2,802,277)
Profit before taxation		4,415,236	8,685,171
Taxation	29	(1,642,601)	(2,842,500)
Profit after taxation		2,772,635	5,842,671
		----- (Rupees) -----	
Earnings per share - basic and diluted	30	33.69	70.99

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, 2016

	2016	2015
	----- (Rupees in '000') -----	
Profit after taxation	2,772,635	5,842,671
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss account		
Gain on derivative financial instrument – net	-	38,163
Items that may not be reclassified subsequently to profit and loss account		
Remeasurement loss on defined benefit plan - net	(468)	(26,779)
	(468)	11,384
Total comprehensive income for the year	<u>2,772,167</u>	<u>5,854,055</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, 2016

	2016	2015
Note	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations	31 (751,912)	15,371,222
Finance costs paid	(95,782)	(39,830)
Taxes paid	(1,986,266)	(1,842,542)
Long-term loans	(106)	(12)
Long-term deposits, prepayments and other receivables	(224,780)	(1,980)
Long-term installment sales receivables	17,594	48,633
Net cash (used in) / generated from operating activities	(3,041,252)	13,535,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,122,862)	(731,704)
Purchase of intangible assets	(62,236)	(852)
Proceeds from sale of property, plant and equipment	71,716	42,271
Profit received on bank accounts	926,642	729,434
Net cash (used in) / generated from investing activities	(2,186,740)	39,149
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,229,722)	(410,017)
Net (decrease) / increase in cash and cash equivalents	(6,457,714)	13,164,623
Cash and cash equivalents at beginning of the year	15,006,007	1,841,384
Cash and cash equivalents at end of the year	16 8,548,293	15,006,007

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, 2016

	Share capital Issued, subscribed and paid-up	Reserves						Total reserves	Total
		Capital reserves		Revenue reserves					
		Share premium	Reserve on merger	General	Unappropriated profit	Gain / (loss) on derivative financial instrument	Re-measurement loss on defined benefit plan		
----- Rupees in '000' -----									
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 @ 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/ (loss)	-	-	-	-	-	38,163	(26,779)	11,384	11,384
Total comprehensive income for the year	-	-	-	-	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
Final dividend @ 150% for the year ended December 31, 2015	-	-	-	-	(1,234,498)	-	-	(1,234,498)	(1,234,498)
Transferred to general reserve	-	-	-	4,610,000	(4,610,000)	-	-	-	-
Profit after taxation	-	-	-	-	2,772,635	-	-	2,772,635	2,772,635
Other comprehensive loss	-	-	-	-	-	-	(468)	(468)	(468)
Total comprehensive income for the year	-	-	-	-	2,772,635	-	(468)	2,772,167	2,772,167
Balance as at December 31, 2016	822,999	584,002	260,594	21,824,818	2,774,614	-	(50,120)	25,393,908	26,216,907

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, 2016

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. The registered office of the Company is situated at DSU – 13, Pakistan Steel Industrial Estate, Bin Qasim, Karachi.

2. 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 financial statements are in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments and estimates that affects the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Determining the useful lives and residual values of items of property, plant and equipment (note 2.6 and 3)
- Provision for slow moving and obsolete stores and spares (note 2.8 and 10)
- Provision for slow moving and obsolete stock-in-trade (note 2.9 and 11)
- Provision for doubtful trade debts (note 2.10 and 12)

- Provision for retirement benefits (note 2.15 and 18.4)
- Provision for custom duties and sales tax (note 2.14 and 20)
- Provision for taxation (note 2.16, 9 and 29)
- Provision for warranty obligations (note 2.19 and 18.2)
- Contingencies and commitments (note 21).

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 described below:

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

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

Improvements to accounting standards issued by the IASB

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

2.5 Standards 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 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
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

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 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 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, electric installations and vendor tooling 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 available for 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

These are valued at lower of net realizable value and cost, calculated on a weighted average basis. Provision is made for slow moving and obsolete items.

2.9 Stock-in-trade

These 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 for slow moving and obsolete items.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

2.10 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. A general provision at the rate 3.5% of the receivable balance of installment sales to customers is maintained to cater for any bad debts.

2.11 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.

2.12 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-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

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) 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'

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

2.13 Derivative financial instruments and hedge accounting

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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, 2016

2.19 Warranty obligations

The Company accounts for its warranty obligations on accrual basis.

2.20 Cash and cash equivalents

These are stated at cost.

2.21 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.

2.22 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.

2.23 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

	2016	2015
Note	----- (Rupees in '000') -----	
Operating fixed assets	3.1 4,175,966	4,052,264
Capital work-in-progress	3.4 2,496,091	458,525
	<u>6,672,057</u>	<u>4,510,789</u>

3.1 Operating fixed assets

	Cost as at January 01, 2016	Additions / (deletions) / reclassification*	Cost as at December 31, 2016	Accumulated depreciation as at January 01, 2016	Charge for the year / (depreciation on deletions) / reclassification*	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016	Years / rate %
----- (Rupees in `000') -----								
Freehold land	371,514	-	371,514	-	-	-	371,514	-
Leasehold land	806,263	128,357	934,620	106,287	15,017	121,304	813,316	Lease term
Leasehold improvements	27,938	-	27,938	27,938	-	27,938	-	Lease term
Buildings on leasehold land								
- Factory	1,439,493	102,147 738*	1,542,378	962,589	51,928 1,602*	1,016,119	526,259	10 & 20
- Office	5,402	- (2,149)*	3,253	4,299	215 (2,123)*	2,391	862	20
- Test tracks and other buildings	62,052	- 1,411*	63,463	20,827	8,423 521*	29,771	33,692	20
Plant and machinery	7,176,669	113,004 (65,452)	7,224,221	5,955,836	316,228 (65,452)	6,206,612	1,017,609	8 years
Welding guns	356,114	- (1,895)	354,219	304,484	24,624 (1,895)	327,213	27,006	4 years
Waste water treatment plant	120,222	-	120,222	120,222	-	120,222	-	8 years
Permanent and special tools	430,708	7,876 (3,541)	435,043	384,910	19,763 (3,518)	401,155	33,888	4 years
Dies	2,791,459	10,655	2,802,114	2,311,519	168,230	2,479,749	322,365	5 years
Jigs and fixtures	774,330	6,264 (1,335)	779,259	551,782	69,450 (1,296)	619,936	159,323	5 years
Electrical installations	263,787	183	263,970	191,259	15,620	206,879	57,091	8 years
Vendor Tooling (Note 3.1.1)	-	626,561	626,561	-	151,957	151,957	474,604	5 years
Furniture and fittings	17,370	3,312 (181)	20,501	11,826	1,519 (170)	13,175	7,326	20
Vehicles	590,344	45,805 (90,967)	545,182	312,473	57,371 (67,100)	302,744	242,438	20
Air conditioners and Refrigerators	25,080	21,419 (3,470)	43,029	12,436	4,995 (2,933)	14,498	28,531	20
Office equipment	83,014	12,339 (8,824)	86,529	53,391	7,479 (7,574)	53,296	33,233	20
Computers	167,720	7,374 (23,962)	151,132	125,137	22,895 (23,809)	124,223	26,909	50
2016	15,509,479	1,085,296 (199,627)	16,395,148	11,457,215	935,714 (173,747)	12,219,182	4,175,966	

3.1.1 Vendor tooling having book value of Rs. 474.604 million (2015: Nil) are in the possession of seventy three (73) vendors dispersed all over Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

	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	- (4,843)	27,938	32,781	- (4,843)	27,938	-	Lease term
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	

2016 2015
Note ----- (Rupees in '000') -----

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

Cost of goods manufactured	23.1	838,988	882,364
Administrative expenses	25	96,726	97,589
		935,714	979,953

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 exceeding Rs. 50,000							
Vehicles							
Suzuki Car & Motorcycle (110 Vehicles)	66,718	49,902	16,816	58,711	41,895	Company policy	Company employees
Suzuki Car (14 Vehicles)	12,148	8,682	3,466	7,054	3,588	Negotiations	Various parties
Suzuki Car (4 Vehicles)	3,509	1,255	2,254	2,740	486	Insurance claim	EFU
Suzuki Car (3 Vehicles)	2,186	1,690	496	-	(496)	Scrapped	-
Air Conditioners and refrigerators							
Floor Mount AC, Haier 2 ton	77	12	65	-	(65)	Scrapped	-
Office Equipment							
Diesel engine generator model	637	561	76	136	60	Tender	M. Furqan & Brothers
UPS	448	346	102	-	(102)	Scrapped	-
Aggregate value of items where book value is less than Rs. 50,000							
	10,552	9,449	1,103	3,075	1,972	Company policy / Negotiations / Tender	Company employees / Various parties
	103,352	101,850	1,502	-	(1,502)	Scrapped	-
2016	199,627	173,747	25,880	71,716	45,836		
2015	163,333	131,866	31,467	42,271	10,804		

2016
----- (Rupees in '000') -----
2015

3.4 Capital work-in-progress

Plant and machinery	1,889,499	298,768
Civil works	606,592	159,757
	2,496,091	458,525

3.4.1 Movement in capital work-in-progress

Opening balance	458,525	212,480
Additions during the year	2,427,357	669,912
Transferred to operating fixed assets	(389,791)	(423,867)
Closing balance	2,496,091	458,525

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

4. INTANGIBLE ASSETS

	Cost as at January 01, 2016	Additions	Cost as at December 31, 2016	Accumulated amortisation as at January 01, 2016	Charge for the year	Accumulated amortisation as at December 31, 2016	Book value as at December 31, 2016	Years
	----- (Rupees in '000') -----							
License fees and drawings	191,920	-	191,920	117,284	63,973	181,257	10,663	3
Softwares	21,147	62,236	83,383	12,495	8,932	21,427	61,956	3
2016	213,067	62,236	275,303	129,779	72,905	202,684	72,619	
	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
Softwares	43,561	852 (23,266)	21,147	24,807	10,954 (23,266)	12,495	8,652	3
2015	567,749	852 (355,534)	213,067	362,462	122,851 (355,534)	129,779	83,288	

4.1 Amortisation charge has been allocated as under:

	Note	2016 ----- (Rupees in '000') -----	2015 -----
Cost of goods manufactured	23.1	63,973	111,897
Administrative expenses	25	8,932	10,954
		72,905	122,851

5. LONG-TERM INVESTMENTS

Available for sale – unquoted

Arabian Sea Country Club Limited

500,000 (2015: 500,000) fully paid ordinary shares of
Rs. 10/- each (Shareholding 6.45%)
Provision for impairment in the value of investment

5,000
(5,000)

Automotive Testing & Training Centre (Private) Limited

125,000 (2015: 125,000) fully paid ordinary shares of Rs.
10/- each (Shareholding 6.94%)
Provision for impairment in the value of investment

1,250
(1,250)

-
-

		2016	2015
	Note	----- (Rupees in '000')	-----
6. LONG-TERM LOANS – secured, considered good			
Loan to employees	6.1	2,636	2,470
Less: Receivable within one year	13	1,476	1,416
		<u>1,160</u>	<u>1,054</u>

6.1 Represents interest free personal loans to employees. These are repayable in maximum thirty six equal monthly installments.

		2016	2015
	Note	----- (Rupees in '000')	-----
7. LONG-TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits and prepayments		28,747	24,768
Other Receivables			
From employees	15	267,667	11,336
Less: Receivable within one year	7.1	38,311	2,780
		<u>229,356</u>	<u>8,556</u>
		<u>258,103</u>	<u>33,324</u>

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

		2016	2015
	Note	----- (Rupees in '000')	-----
8. LONG-TERM INSTALLMENT SALES RECEIVABLES – secured, considered good			
Installment sales receivables	8.1	441,630	545,303
Less: Unearned finance income		42,740	61,935
		<u>398,890</u>	<u>483,368</u>
Less: Provision for doubtful receivables	8.2	11,603	21,765
		<u>387,287</u>	<u>461,603</u>
Less: Current maturity		291,254	347,976
		<u>96,033</u>	<u>113,627</u>

8.1 Represent balances receivable under various installment sale agreements in equal monthly installments. These include installment sales to customers 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% (2015: 12% 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	Gross amount		Present value	
		2016	2015	2016	2015
		---- (Rupees in '000') ----		---- (Rupees in '000') ----	
Less than one year		323,759	396,243	291,254	347,976
One to five years		117,871	149,060	107,636	135,392
	8.1.1	441,630	545,303	398,890	483,368
Less: Provision for doubtful receivables	8.2	11,603	21,765	11,603	21,765
		430,027	523,538	387,287	461,603

8.1.1 Include overdue portion of installment sales receivables of Rs. 9.265 million (2015: Rs. 13.803 million).

8.2 Provision for doubtful installment sales receivables

	Note	2016	2015
		----- (Rupees in '000') -----	-----
Balance at beginning of the year		21,765	23,436
Reversal of provision during the year	25	(466)	(1,671)
Written-off during the year		(9,696)	-
Balance at end of the year		11,603	21,765

9. DEFERRED TAXATION

Deductible temporary differences arising from:

Provisions	105,500	148,000
Local development costs	38,500	13,500
Accelerated tax depreciation	89,750	33,000
	233,750	194,500

10. STORES, SPARES AND LOOSE TOOLS

Stores	66,607	49,519
Spares	69,558	72,207
Loose tools	19,564	19,310
	155,729	141,036
Less: Provision for slow moving and obsolete items		
- at beginning of the year	42,235	49,152
- provision / (reversal) for the year	23.1	2,488
	44,723	42,235
	111,006	98,801

11. STOCK-IN-TRADE

	2016	2015
	----- (Rupees in '000') -----	
Raw material and components [including items in transit Rs. 2,974.722 million (2015: Rs. 3,393.354 million)]	8,147,650	7,698,641
Less: Provision for slow moving and obsolete items		
- at beginning of the year	35,326	48,046
- provision (reversal) for the year	313	(12,720)
	<u>35,639</u>	<u>35,326</u>
	8,112,011	7,663,315
Work-in-process	83,499	167,365
Finished goods	6,479,613	4,742,602
Trading stocks [including items in transit Rs. 28.639 million (2015: Rs. 38.992 million)]	1,635,225	561,205
Less: Provision for slow moving and obsolete items		
- at beginning of the year	50,040	53,352
- reversal for the year	(28,300)	(3,312)
	<u>21,740</u>	<u>50,040</u>
	1,613,485	511,165
	<u>16,288,608</u>	<u>13,084,447</u>

11.1 Of the aggregate amount, finished goods worth Rs. 5,381.957 million (2015: Rs. 3,368.354 million) were in the custody of one-hundred and ten (110) dealers and vendors dispersed all over Pakistan.

11.2 Raw material and components, work-in-process and finished goods have been written down by Rs. 1.552 million, Rs. 0.037 million and Rs. 2.625 million (2015: Rs. 25.633 million, Rs. 0.540 million and Rs. 16.541 million) respectively to arrive at net realizable value.

	2016	2015
	----- (Rupees in '000') -----	
12. TRADE DEBTS – unsecured		
Considered good	1,205,269	1,561,823
Considered doubtful	88,440	9,371
Less: Provision for doubtful debts	(88,440)	9,371
	<u>-</u>	<u>-</u>
	<u>1,205,269</u>	<u>1,561,823</u>
12.1 Provision for doubtful trade debts		
Balance at the beginning of the year	9,371	4,936
Provision for the year	79,069	4,435
Balance at the end of the year	<u>88,440</u>	<u>9,371</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

		2016	2015
	Note	----- (Rupees in '000') -----	-----
12.2 Ageing of unimpaired trade debts			
Neither past due nor impaired		1,205,269	1,561,823
13. LOANS AND ADVANCES			
Loans – secured, considered good			
Current portion of loans to employees	6	1,476	1,416
Advances – unsecured			
Considered good			
- Suppliers / vendors	13.1	161,034	193,047
- Employees		509	469
		161,543	193,516
		163,019	194,932

13.1 Include advances to vendors of Rs. 12.846 million (2015: Rs. 69.905 million), which carry mark-up ranging from 12% - 12.58% (2015: 12% - 12.58%) per annum.

		2016	2015
	Note	----- (Rupees in '000') -----	-----
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		2,575	2,738
Prepayments:			
Collector of Customs		34,373	29,060
Rent		28,489	29,756
Insurance		2,200	3,148
Others		9,492	6,160
		74,554	68,124
		77,129	70,862
15. OTHER RECEIVABLES - considered good			
Due from related parties	15.1	84,705	24,813
Due from vendors for material / components returned		11,573	19,750
Expenses recoverable from dealers		5,401	6,673
Current portion of other receivables	7	38,311	2,780
Others		27,316	35,430
		167,306	89,446

15.1 Represent receivable from the Holding Company amounting to Rs. 84.011 million (2015: Rs. 24.129 million) and Suzuki Indomobil Company amounting to Rs. 0.694 million (2015: Rs. 0.684 million).

	Note	2016 ----- (Rupees in '000') -----	2015 ----- (Rupees in '000') -----
16. CASH AND BANK BALANCES			
Cash in hand		8,217	10,220
Cheques in hand	16.1	915,784	335,787
Cash at banks:			
in deposit accounts	16.2	6,995,812	14,217,686
in a special deposit account	16.3	96,955	85,955
in current accounts		531,525	356,359
		<u>7,624,292</u>	<u>14,660,000</u>
		<u>8,548,293</u>	<u>15,006,007</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% to 7.2% (2015: 6.3% to 9.6%) 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

2016 (Number of shares)	2015		2016 ---- (Rupees in '000') ----	2015 ---- (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
33,982,450	33,982,450	Issued as fully paid bonus shares	339,825	339,825
<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 (2015: 60,154,091) ordinary shares of Rs. 10/- each, constituting 73.09% (2015: 73.09%) holding in the Company.

	Note	2016 ----- (Rupees in '000') -----	2015 ----- (Rupees in '000') -----
18. TRADE AND OTHER PAYABLES			
Creditors		1,353,778	1,160,016
Bills payable	18.1	1,142,642	1,845,483
Accrued liabilities		1,446,937	1,442,023
Royalties and technical fee payable to the Holding company		593,254	601,798
Dealers' commission payable		618,732	439,186
Provision for Infrastructure Development Cess		487,481	270,377
Provision for unexpired free service and warranty period	18.2	67,862	84,753
Workers' Profits Participation Fund	18.3	17,443	16,876
Workers' Welfare Fund		96,100	185,500
Retention money		3,628	3,421
Unclaimed dividend		14,588	9,812
Deposits from employees against purchase of vehicles		51,603	84,939
Gratuity fund	18.4	61,902	55,117
Un-earned income - extended warranty		101,636	102,902
Others		242,537	139,545
		<u>6,300,123</u>	<u>6,441,748</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

18.1 Include Rs. 776.995 million (2015: Rs. 1,712.140 million) due to the Holding Company.

	Note	2016 ----- (Rupees in '000') -----	2015 ----- (Rupees in '000') -----
18.2			
Provision for unexpired free service and warranty period			
Balance at the beginning of the year		84,753	40,449
(Reversal) / provision for the year	24	(16,891)	44,304
Balance at the end of the year		<u>67,862</u>	<u>84,753</u>
18.3			
Workers' Profits Participation Fund			
Balance at beginning of the year		16,876	140,915
Interest on funds utilised in the Company's business	28	2,601	1,515
Allocation for the year	26	19,477	142,430
		237,442	466,876
Less: Paid during the year		256,919	609,306
Balance at end of the year		239,476	592,430
		17,443	16,876
		<u>61,902</u>	<u>55,117</u>
18.4			
Gratuity fund			
18.4.1			
The latest actuarial valuation was carried out as at December 31, 2016 using the Projected Unit Credit Method.			
18.4.2			
Amount recognised in the balance sheet			
Present value of defined benefit obligations		(483,074)	(422,453)
Fair value of plan assets		421,172	367,336
Deficit		<u>(61,902)</u>	<u>(55,117)</u>
18.4.3			
Expense recognised in the profit and loss account			
Current service cost		35,131	30,424
Interest cost		36,566	35,831
Return on plan assets		(33,060)	(34,556)
		<u>38,637</u>	<u>31,699</u>
18.4.4			
Movement in net liability recognised in the balance sheet			
Opening balance		(55,117)	(27,633)
Expense recognised during the year		(38,637)	(31,699)
Remeasurement loss recognized in other comprehensive income		(468)	(26,779)
Contribution made by the Company during the year		32,320	30,994
Closing balance		<u>(61,902)</u>	<u>(55,117)</u>
18.4.5			
Movement in present value of defined benefit obligations			
Opening balance		422,453	356,737
Current service cost		35,131	30,424
Interest cost		36,566	35,831
Benefit paid		(32,320)	(30,994)
Remeasurement		21,244	30,455
Closing balance		<u>483,074</u>	<u>422,453</u>

	2016	2015
18.4.6 Movement in fair value of plan assets		
Opening balance	367,336	329,104
Contributions	32,320	30,994
Return on plan assets	33,060	34,556
Benefits paid	(32,320)	(30,994)
Remeasurement gain on plan assets	20,776	3,676
Closing balance	<u>421,172</u>	<u>367,336</u>

18.4.7 Principal actuarial assumption used are as follows:

	----- (% per annum) -----	
Discount rate used for profit and loss charge	9.0	10.5
Discount rate used for year-end obligation	8.0	9.0
Expected rate of eligible salaries increase in future years	8.0	9.0

18.4.8 Comparison for past years

	2016	2015	2014	2013	2012
	----- (Rupees in '000') -----				
Present value of defined benefit obligations	483,074	422,453	356,737	313,983	244,552
Fair value of plan assets	421,172	367,336	329,104	293,397	264,483
(Deficit) / surplus	<u>(61,902)</u>	<u>(55,117)</u>	<u>(27,633)</u>	<u>(20,586)</u>	<u>19,931</u>
Experience adjustment on plan liabilities - loss	21,244	30,455	9,429	52,649	10,684
Experience adjustment on plan assets - (gain) / loss	<u>(20,776)</u>	<u>(3,676)</u>	<u>967</u>	<u>(22,821)</u>	<u>7,529</u>
	<u>468</u>	<u>26,779</u>	<u>10,396</u>	<u>29,828</u>	<u>18,213</u>

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

	2016 (Unaudited)	2015 (Audited)
	----- (Rupees in '000') -----	
Government securities	287,446	272,163
Mutual funds	107,157	17,837
Term deposit receipts	26,328	48,910
Bank balances	241	28,426
	<u>421,172</u>	<u>367,336</u>

18.4.10 Sensitivity analysis

	2016			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	----- (Rupees in '000') -----			
Present value of defined benefit obligations	<u>442,226</u>	<u>530,892</u>	<u>530,948</u>	<u>441,407</u>

19. SECURITY DEPOSITS

		2016	2015
	Note	----- (Rupees in '000') -----	
Deposits against display of vehicles	19.1	3,540,609	1,976,356
Dealership deposits	16.3	96,955	85,955
Others		35,600	6,050
		<u>3,673,164</u>	<u>2,068,361</u>

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For the year ended December 31, 2016

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

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 in prior years. 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 in the year 2015. Consequently, the Company filed Reference Application in the Sindh High Court which is pending for adjudication. Further, in 2015, Customs authorities adjusted Rs. 50.02 million against the above demand.

21. CONTINGENCIES AND COMMITMENTS

21.1 Capital expenditure contracted for but not incurred amounted to Rs. 1,344.793 million (2015: Rs. 1,190.948 million).

21.2 The facilities for opening letters of credit amounted to Rs. 12,496 million (2015: Rs. 13,229.6 million) of which the amount remaining unutilised at the year end was Rs. 11,317 million (2015: Rs. 12,186.975 million).

21.3 Counter guarantees issued by the Company against guarantees issued by three commercial banks on behalf of the Company amounted to Rs. 562.503 million (2015: Rs. 344.987 million).

	Note	2016 ----- (Rupees in '000') -----	2015 -----
22. SALES			
Manufactured goods	22.1	74,048,034	82,295,842
Trading stocks	22.2	2,468,006	2,252,915
		<u>76,516,040</u>	<u>84,548,757</u>
22.1 Manufactured goods			
- Vehicles		90,716,888	99,641,325
- Spare parts		410,087	333,407
	22.3	<u>91,126,975</u>	<u>99,974,732</u>
Less: Sales tax		13,225,981	14,521,813
Discounts		197,470	13,094
Sales commission to dealers		3,655,490	3,143,983
		<u>17,078,941</u>	<u>17,678,890</u>
		<u>74,048,034</u>	<u>82,295,842</u>
22.2 Trading stocks			
- Vehicles		611,987	815,914
- Spare parts		2,142,036	1,710,998
		<u>2,754,023</u>	<u>2,526,912</u>
Less: Sales tax		239,106	242,397
Discounts		37,364	19,694
Sales commission to dealers		9,547	11,906
		<u>286,017</u>	<u>273,997</u>
		<u>2,468,006</u>	<u>2,252,915</u>

22.3 These include export sales of Rs. 55.722 million (2015: Rs. 64.783 million).

	Note	2016 ----- (Rupees in '000') -----	2015 -----
23. COST OF SALES			
Manufactured goods			
Finished goods at beginning of the year	23.1	4,742,602	4,546,494
Cost of goods manufactured		68,939,831	71,478,018
Export expenses		3,911	4,629
		<u>73,686,344</u>	<u>76,029,141</u>
Less: Finished goods at end of the year		6,479,613	4,742,602
		<u>67,206,731</u>	<u>71,286,539</u>
Trading stocks			
Stocks at beginning of the year		511,165	434,695
Purchases during the year		3,063,052	1,851,240
		<u>3,574,217</u>	<u>2,285,935</u>
Less: Stocks at end of the year		1,613,485	511,165
		<u>1,960,732</u>	<u>1,774,770</u>
		<u>69,167,463</u>	<u>73,061,309</u>
23.1 Cost of goods manufactured			
Raw materials and components at beginning of the year		7,663,315	9,946,547
Purchases during the year	23.1.1	64,257,884	63,980,788
		<u>71,921,199</u>	<u>73,927,335</u>
Less: Raw materials and components at end of the year		8,112,011	7,663,315
Raw materials and components consumed		<u>63,809,188</u>	<u>66,264,020</u>
Stores and spares consumed		48,559	65,955
Provision / (reversal) of provision for slow moving and obsolete stores, spares and loose tools	10	2,488	(6,917)
Power		311,438	519,094
Vehicle running expenses		21,184	27,532
Salaries, wages and other benefits	23.1.2	1,177,230	1,004,145
Outsourced job contractor charges		765,352	727,830
Rent, rates and taxes		19,403	18,931
Travelling		65,318	57,002
Training		6,295	17,891
Insurance		7,989	9,079
Repairs and maintenance		373,429	360,163
Royalty		850,791	809,436
Technical fee		224,985	255,134
(Reversal) / provision for provincial sales tax on royalty and technical fees		(146,324)	146,324
Depreciation	3.2	838,988	882,364
Amortisation	4.1	63,973	111,897
Conveyance and transportation		258,815	275,442
Communication		3,440	3,102
Hired security guards services		14,630	14,311
Local development costs		161,589	51,072
Printing and stationery		5,818	6,699
Others		6,755	15,361
		<u>5,082,145</u>	<u>5,371,847</u>
		<u>68,891,333</u>	<u>71,635,867</u>
Add: work-in-process at beginning of the year		167,365	48,265
		<u>69,058,698</u>	<u>71,684,132</u>
Less: work-in-process at end of the year		83,499	167,365
		<u>68,975,199</u>	<u>71,516,767</u>
Less: cost of own used vehicles		35,368	38,749
		<u>68,939,831</u>	<u>71,478,018</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

23.1.1 Purchases are stated net of proceeds from the sale of packing materials Rs. 182.265 million (2015: Rs. 295.902 million).

23.1.2 Include Rs. 19.361 million (2015: Rs. 17.288 million) and Rs. 24.422 million (2015: Rs. 20.382 million) in respect of provident fund and gratuity fund respectively.

	Note	2016 ----- (Rupees in '000') -----	2015 -----
24. DISTRIBUTION COSTS			
Transportation and handling charges		1,145,162	1,256,656
Advertising and sales promotion		568,268	407,429
Free service		219,023	168,631
Warranty claims		53,475	31,350
(Reversal) / provision for unexpired free service and warranty period	18.2	(16,891)	44,304
Royalty on trading spare parts		39,615	31,190
(Reversal) / provision for provincial sales tax on royalty and technical fees		(4,367)	6,272
		<u>2,004,285</u>	<u>1,945,832</u>
25. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	25.1	719,531	578,316
Outsourced job contractor charges		147,627	124,913
Travelling		96,856	79,982
Training		3,414	8,149
Hired security guards services		35,364	28,736
Rent, rates and taxes		82,128	56,449
Utilities		21,348	22,571
Vehicle running expense		46,173	48,551
Insurance		13,288	13,400
Repairs and maintenance		36,206	28,366
Depreciation	3.2	96,726	97,589
Amortisation	4.1	8,932	10,954
Auditors' remuneration	25.2	3,056	2,769
Legal and professional charges		25,847	11,704
Conveyance and transportation		42,743	23,364
Celebration of special events		15,070	2,968
Printing and stationery		25,158	20,174
Communication		14,251	14,751
Directors' fees		67	37
(Reversal) / provision for doubtful:			
- installment sales receivables	8.2	(466)	(1,671)
- trade debts	12.1	79,069	4,435
Trade debts written-off		1,724	1,684
Provision for impairment in the value of investments		-	351
Computer software license fees & ERP maintenance charges		11,261	10,868
CSR contributions		4,057	17,885
Others		10,160	23,524
		<u>1,539,590</u>	<u>1,230,819</u>

25.1 Include Rs. 11.581 million (2015: Rs. 9.919 million) and Rs. 14.215 million (2015: Rs. 11.317 million) in respect of provident fund and gratuity fund respectively.

		2016	2015
	Note	----- (Rupees in '000') -----	
25.2 Auditors' remuneration			
Audit fee		1,500	1,350
Fee for half-yearly review		450	425
Fee for CCG review		110	100
Fee for special certifications		878	857
Out of pocket expenses		118	37
		<u>3,056</u>	<u>2,769</u>
26. OTHER EXPENSES			
Workers' Profits Participation Fund	18.3	237,442	466,876
Workers' Welfare Fund		96,100	185,500
Donations		-	836
		<u>333,542</u>	<u>653,212</u>
27. OTHER INCOME			
Income from financial assets			
Profit on bank accounts		853,974	906,523
Finance income on installment sales		61,274	91,421
		<u>915,248</u>	<u>997,944</u>
Income from non-financial assets			
Gain on disposal of fixed assets	3.3	45,836	10,804
Scrap sales		15,987	17,795
Miscellaneous income		62,780	31,883
		<u>124,603</u>	<u>60,482</u>
		<u>1,039,851</u>	<u>1,058,426</u>
28. FINANCE COSTS			
Mark-up on short-term borrowings		593	-
Interest on Workers' Profits Participation Fund	18.3	2,601	1,515
Exchange loss – net		76,356	16,741
Bank charges		16,225	12,584
		<u>95,775</u>	<u>30,840</u>
29. TAXATION			
Current			
- for the year		1,688,000	3,000,000
- prior years		(6,149)	-
Deferred		(39,250)	(157,500)
		<u>1,642,601</u>	<u>2,842,500</u>

29.1 The income tax assessment of the Company for the tax year 2016 have been completed and deemed to be assessed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
Note	----- (Rupees in '000')	-----
29.2 Reconciliation between tax expense and accounting profit		
Accounting profit for the year before taxation	4,415,236	8,685,171
Corporate tax rate	31%	32%
Tax on accounting profit at applicable rate	1,368,723	2,779,255
Tax effects of:		
- prior year	(6,149)	-
- rebates	(79,830)	(32,668)
- expenses that are not allowable in determining taxable income	51,523	21,288
- income assessed under FTR	31,334	2,058
- super tax	277,000	72,567
	<u>1,642,601</u>	<u>2,842,500</u>
30. EARNINGS PER SHARE – basic and diluted		
Profit after taxation	2,772,635	5,842,671
	Number of shares in '000'	
Weighted average number of ordinary shares in issue during the year	82,300	82,300
	----- (Rupees) -----	
Basic earnings per share	33.69	70.99
30.1 Basic earnings per share have no dilution effect.		
31. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	4,415,236	8,685,171
Adjustments for non cash charges and other items:		
Depreciation	935,714	979,953
Amortisation	72,905	122,851
Gain on disposal of fixed assets	(45,836)	(10,804)
Provision for impairment in the value of investments	-	351
Profit on bank accounts	(853,974)	(906,523)
Finance costs	95,775	30,840
	204,584	216,668
Working capital changes	31.1 (5,371,732)	6,469,383
	<u>(751,912)</u>	<u>15,371,222</u>

	2016	2015
	----- (Rupees in '000') -----	
31.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(12,205)	(16,771)
Stock-in-trade	(3,204,161)	1,891,554
Trade debts	356,554	(209,513)
Current portion of long-term installment sales receivables	56,722	39,632
Loans and advances	31,913	317,133
Trade deposits and short-term prepayments	(6,267)	(17,752)
Other receivables	(77,860)	47,594
Sales tax and excise duty adjustable	(1,373,500)	724,544
	(4,228,804)	2,776,421
(Decrease) / increase in current liabilities		
Trade and other payables	(146,862)	1,525,185
Advance from customers	(2,600,869)	2,066,854
Security deposits	1,604,803	150,947
Provision for custom duty and sales tax	-	(50,024)
	(1,142,928)	3,692,962
	(5,371,732)	6,469,383

32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the Holding Company, associates, staff retirement funds, directors and executives. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

2016	Holding Company	Other related Parties	Total
	----- (Rupees in '000') -----		
Purchases of components	25,131,250	5,572,219	30,703,469
Purchases of operating fixed assets	461,079	36,423	497,502
Exports sales	19,168	1,302	20,470
Royalties and technical fee	1,115,391	-	1,115,391
Travelling expenses	2,771	-	2,771
Staff retirement benefits	-	69,579	69,579
Sales promotional expenses	32,824	4,623	37,447
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	6,863	-	6,863
Staff retirement benefits	-	58,908	58,908
Sales promotional expenses	24,004	1,774	25,778

NOTES TO THE FINANCIAL STATEMENTS

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33. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
	(Number of vehicles)	
Plant capacity - Motorcar (double shifts basis)	150,000	150,000
Plant capacity - Motorcycle (double shifts basis)	44,000	44,000
Actual production – Motorcar	111,979	134,391
Actual production – Motorcycle	18,374	19,610

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

34. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000') -----					
Directors fees	-	67	-	-	37	-
Managerial remuneration	13,273	9,032	270,341	11,398	7,613	191,724
Bonus	5,280	3,735	172,048	4,439	1,841	90,210
Retirement benefits	-	-	16,070	-	-	11,567
	<u>18,553</u>	<u>12,834</u>	<u>458,459</u>	<u>15,837</u>	<u>9,491</u>	<u>293,501</u>
Number of persons	<u>1</u>	<u>2</u>	<u>110</u>	<u>1</u>	<u>2</u>	<u>81</u>

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:

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:

	2016	2015
	----- (Rupees in '000') -----	
Installments sales receivables	387,287	461,603
Advances to vendors	12,846	69,905
Bank balances in deposit accounts	7,092,767	14,303,641
	<u>7,492,900</u>	<u>14,835,149</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. Open exposures are vigorously monitored. The Company is exposed to such risk in respect of the following:

	2016	2015
	----- (Rupees in '000') -----	
Bills payable – JPY	888,384	1,969,640
Royalty and technical fees payable to the Holding Company – JPY	502,422	611,120
Due from related parties – JPY	(39,613)	(9,724)
Net exposure – JPY	<u>1,351,193</u>	<u>2,571,036</u>
Net exposure – US\$ (Bills payable)	<u>2,954</u>	<u>1,235</u>
Net exposure – RMB (Bills payable)	<u>2,263</u>	<u>54</u>

At December 31, 2016 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. 14.495 million (2015: Rs. 22.052 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

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	2016	2015
	----- (Rupees in '000') -----	
Installment sales receivables	387,287	461,603
Trade debts	1,205,269	1,561,823
Loans, advances, deposits and other receivables	666,717	389,617
Accrued profit	120,761	193,429
Bank balances	7,624,292	14,660,000
	<u>10,004,326</u>	<u>17,266,472</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:

	2016	2015
	----- (Rupees in '000') -----	
Trade debts		
Customers with no defaults in the past one year	1,205,269	1,561,823
Customers with some defaults in past one year	88,440	9,371
	<u>1,293,709</u>	<u>1,571,194</u>
Installment sales receivables		
Customers with no defaults in the past one year	387,287	461,603
Customers with some defaults in past one year	11,603	21,765
	<u>398,890</u>	<u>483,368</u>
Bank balances		
A1+	4,105,619	12,958,185
A1	3,518,673	1,701,815
	<u>7,624,292</u>	<u>14,660,000</u>

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:

2016	Less than 3 months	3 to 12 months	Total
	(Rupees in '000')		
Trade and other payables	5,172,786	1,127,337	6,300,123
Advances from customers	1,625,472	-	1,625,472
Security deposits	-	3,673,164	3,673,164
	6,798,258	4,800,501	11,598,759

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
Security deposits	-	2,068,361	2,068,361
	10,002,100	2,734,350	12,736,450

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016			2015		
	Automobile	Motorcycle	Total	Automobile	Motorcycle	Total
------(Rupees in '000')-----						
Segment results						
Sales	74,467,968	2,048,072	76,516,040	82,507,936	2,040,821	84,548,757
Gross profit / (loss)	7,294,183	54,394	7,348,577	11,609,049	(121,601)	11,487,448
Distribution costs	(1,937,848)	(66,437)	(2,004,285)	(1,874,122)	(71,710)	(1,945,832)
Administrative expenses	(1,313,804)	(225,786)	(1,539,590)	(1,089,522)	(141,297)	(1,230,819)
Operating profit / (loss)	4,042,531	(237,829)	3,804,702	8,645,405	(334,608)	8,310,797
Other income	971,705	68,146	1,039,851	962,752	95,674	1,058,426
Finance costs	(94,436)	(1,339)	(95,775)	(27,773)	(3,067)	(30,840)
Segment results	4,919,800	(171,022)	4,748,778	9,580,384	(242,001)	9,338,383
Unallocated corporate expenses						
Other expenses			(333,542)			(653,212)
Taxation			(1,642,601)			(2,842,500)
Net profit for the year			2,772,635			5,842,671
Assets						
Segment assets	23,330,467	1,944,101	25,274,568	17,617,615	2,486,087	20,103,702
Unallocated corporate assets	-	-	12,577,397	-	-	17,348,285
	23,330,467	1,944,101	37,851,965	17,617,615	2,486,087	37,451,987
Liabilities						
Segment liabilities	11,593,386	41,672	11,635,058	12,732,921	39,828	12,772,749
	11,593,386	41,672	11,635,058	12,732,921	39,828	12,772,749
Capital expenditure	3,022,847	100,015	3,122,862	614,054	117,648	731,702
Depreciation	798,100	137,614	935,714	839,017	140,936	979,953

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 (2015: Rs. 4,800 million).

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 21, 2017.

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 21, 2017 has recommended a final cash dividend on ordinary shares @ 55%. The Board of Directors has further approved the transfer of Rs. 2,320 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 25, 2017.

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 cash dividend amounting to Rs. 453 million for the year ended December 31, 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company believes that it would not be liable to pay tax on its undistributed reserves as of December 31, 2016.

40. PROVIDENT FUND	2016 ----- (Rupees in '000') -----	2015 ----- (Rupees in '000') -----
40.1 General disclosures	(Unaudited)	(Audited)
Size of the fund	757,255	642,204
Cost of investments	537,706	492,897
Fair value of investments	749,095	630,856
Percentage of investments	98.92%	98.23%

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

	2016		2015	
	(Unaudited) Rupees in '000'	(%)	(Audited) Rupees in '000'	(%)
Bank balances	6,476	0.9	10,604	1.7
National Saving Schemes	411,732	55.0	368,785	58.5
Government securities	73,269	9.8	104,552	16.6
Certificates of Deposit	10,046	1.3	10,519	1.7
Term finance certificates	62,931	8.4	57,332	9.0
Listed securities	184,641	24.6	79,064	12.5
Total	749,095	100	630,856	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 1,269 (2015: 1,255) and the average number of persons employed during the year were 1,303 (2015: 1,258).

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, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
4057	1	to	100	68,442
776	101	to	500	222,222
314	501	to	1000	238,203
278	1001	to	5000	647,367
57	5001	to	10000	424,684
27	10001	to	15000	348,277
16	15001	to	20000	297,864
14	20001	to	25000	323,209
7	25001	to	30000	195,750
4	30001	to	35000	133,617
7	35001	to	40000	267,539
4	40001	to	45000	172,119
10	45001	to	50000	485,869
2	50001	to	55000	107,400
3	55001	to	60000	173,430
3	60001	to	65000	185,500
3	65001	to	70000	203,000
1	70001	to	75000	73,100
2	75001	to	80000	158,000
3	80001	to	85000	248,569
3	85001	to	90000	264,100
1	90001	to	95000	92,150
2	95001	to	100000	200,000
1	100001	to	105000	105,000
1	105001	to	110000	106,700
2	110001	to	115000	227,000
1	115001	to	120000	119,434
1	120001	to	125000	121,600
1	135001	to	140000	136,981
1	155001	to	160000	158,200
2	160001	to	165000	325,100
1	170001	to	175000	171,500
1	180001	to	185000	183,662
1	185001	to	190000	190,000
1	190001	to	195000	193,800
1	195001	to	200000	195,400

No. of Shareholders	Shareholdings' Slab		Total Shares Held	
1	205001	to	210000	209,550
2	210001	to	215000	423,200
2	230001	to	235000	467,150
1	255001	to	260000	255,900
1	265001	to	270000	268,901
1	325001	to	330000	330,000
1	350001	to	355000	354,900
1	380001	to	385000	382,600
1	430001	to	435000	431,100
1	490001	to	495000	494,400
1	545001	to	550000	549,700
1	565001	to	570000	570,000
1	590001	to	595000	591,023
1	610001	to	615000	613,659
1	615001	to	620000	618,500
1	625001	to	630000	626,100
1	675001	to	680000	680,000
1	865001	to	870000	869,125
1	905001	to	910000	907,700
1	915001	to	920000	918,300
1	1160001	to	1165000	1,160,574
1	1290001	to	1295000	1,292,990
1	1365001	to	1370000	1,365,600
1	59250001	to	59255000	60,154,091
5635				82,299,851

PATTERN OF SHAREHOLDING

as at December 31, 2016

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	1	60,154,091	73.09
Executives			
	-	-	-
Public Sector Companies and Corporations			
	9	1,182,096	1.44
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	19	1,274,764	1.55
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,900	0.00
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	25,000	0.03
CDC - TRUSTEE JS LARGE CAP. FUND	1	48,500	0.06
CDC - TRUSTEE MEEZAN BALANCED FUND	1	60	0.00
CDC - TRUSTEE JS ISLAMIC FUND	1	68,800	0.08
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	66,800	0.08
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	10,000	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	4,720	0.01
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	60,000	0.07
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	232,900	0.28
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	211,300	0.26
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	549,700	0.67
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	162,200	0.20
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	112,600	0.14
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	591,023	0.72
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	5,000	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	19,000	0.02
CDC - TRUSTEE PICIC STOCK FUND	1	13,000	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	24,300	0.03
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	4,000	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	22,000	0.03
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	4,000	0.00

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	4,600	0.01
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	44,600	0.05
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	40,000	0.05
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,292,990	1.57
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	21,000	0.03
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	4,700	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	193,800	0.24
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	4,000	0.00
CDC - TRUSTEE PICIC INVESTMENT FUND	1	49,500	0.06
CDC - TRUSTEE PICIC GROWTH FUND	1	73,100	0.09
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	82,000	0.10
CDC - TRUSTEE HBL - STOCK FUND	1	88,400	0.11
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	15,000	0.02
CDC - TRUSTEE ABL STOCK FUND	1	100,000	0.12
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	4,800	0.01
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	100,000	0.12
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	47,000	0.06
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	800	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	800	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	382,600	0.46
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	26,000	0.03
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	10,800	0.01
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	20,000	0.02
General Public			
a. Local	5427	4,071,700	4.95
b. Foreign	3	18,751	0.02
Foreign Companies	50	8,662,518	10.53
Others	80	2,091,519	2.54
Totals	5635	82,299,851	100.00

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



Motorcar Dealers' Network

Azad Kashmir

Kotli	1
Mirpur	1
Muzaffarabad	1

Baluchistan

Gwadar	1
Quetta	2

Khyber Pakhtun Khwa

Abbottabad	1
Dera Ismail Khan	1
Haripur	1
Mansehra	1
Mardan	1
Nowshera	1
Peshawar	4
Swat	1

Punjab

Mandi Bahauddin	1
Bahawalnagar	1
Bahawalpur	1
Chakwal	1
Dera Ghazi Khan	1
Faisalabad	3
Gujranwala	1

Gujrat	1
Islamabad	5
Jhang	1
Kasur	1
Khanewal	1
Lahore	16
Layyah	1
Mianwali	1
Multan	3
Okara	1
Pakpattan	1
Rahim Yar Khan	2
Rawalpindi	3
Sadiqabad	1
Sahiwal	1
Sargodha	1
Sialkot	3
Taxila	1
Vehari	1

Sindh

Hyderabad	3
Karachi	16
Larkana	1
Makli	1
Mirpur Khas	1
Nawabshah	1
Sukkur	1

Total 95

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 34th Annual General Meeting of the Company to be held on 25th day of April 2017 at 11:30 am at Pearl Continental Hotel Karachi and at any adjournment thereof.

As witness my/our hand this _____ day _____ 2017

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.



Pak Suzuki Motor Company Limited

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

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