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PROXY FORM	

VISION

To acquire market leadership and contribute to the society by providing high quality and environment friendly Isuzu Vehicle in Pakistan market.

MISSION

- To assist the society in fight against pollution hazards by introducing environment friendly vehicles.
- To maximize share of Isuzu in Pakistan.
- To be a market & customer oriented organization.
- To provide effective & efficient after sales services to the customers.
- To enhance performance in all operating areas, ensuring growth of the company and optimum return to the stakeholders.
- To create conducive operational environments for optimum productivity, job satisfaction, carrier development and well being of employees.

BOARD OF DIRECTORS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Mr. Mushtaq Ahmed Khan (FCA)	Director
Dr. Parvez Hassan	Director
Mr. Jamil Ahmed Shah	Director
Ch. Sher Muhammad	Director

SECRETARY

Mr. Iftikhar A. Khan

AUDITORS

Hameed Chaudhri & Co.
Chartered Accountants

AUDIT COMMITTEE

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan (FCA)	Member
Mr. Jamil Ahmed Shah	Member

LEGAL ADVISORS

Syed Iqbal Ahmad Barrister at Law
S. Abid Shirazi & Co.
Syed Qamaruddin Hassan

BANKERS

Bank Al-Habib Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Tokyo - Mitsubishi UFJ, Limited
The Bank of Khyber
NIB Bank Limited
Faysal Bank Limited

REGISTERED OFFICE

F-3, Hub Chauki Road, S.I.T.E.,
Post Box No.2706,
Karachi-75730

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.

NOTICE OF 46TH ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 01:00 P.M on Wednesday, 28th October, 2009 at F-3, Hub Chauki Road, S.I.T.E., Karachi to transact the following business:-

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting of the company held on April 10, 2009.

2. To receive, consider and approve the Annual Audited Accounts of the Company for the year ended June 30, 2009, along with Directors' and Auditors' reports thereon.

3. To appoint auditors for financial year ending June 30, 2010 and to fix their remuneration. The retiring Auditors M/s. Hameed Chaudhri & Company, Chartered Accountants, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

4. To seek consent of shareholders of the company for purchase of new office premises at Islamabad Stock Exchange building from its holding company Bibojee Services (private) Limited and if deemed fit pass the following special resolution with or without modification.

   "RESOLVED THAT consent of the shareholders be and is hereby accorded in terms of Section 172 of the Companies Ordinance 1984, to purchase a portion of Islamabad Stock Exchange building from its holding company Bibojee Services (Private) Limited for new office premises, measuring 9,349 square feet at a price of Rs.140.235 million.

   "FURTHER RESOLVED THAT the Chief Executive and a director jointly be and are herby authorized to carry out necessary formalities in this regard.

5. Any other business with the permission of the Chair.

Notes:

1. The Statement under Clause (b) of Sub-Section (1) of Section 160 of the Companies Ordinance 1984, is attached along with the Notice circulated to the members of the Company and is considered an integral part hereof.

2. The Share Transfer books of the Company shall remain closed from October 19, 2009 to October 28, 2009 (both days inclusive).

3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

4. CDC shareholders or their proxies are required to bring with them their original National Identity Card, Account, Sub Account Number and Participant's Number in the Central Depository System for identification purposes for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

5. Members are requested to immediately notify any change in their mailing addresses, if any.

By Order of the Board

Iftikhar Ahmed Khan
Company Secretary

October 7, 2009

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE 1984.

This statement is annexed as an integral part of the Notice of 46th Annual General Meeting of Ghandhara Industries Limited to be held on 28th October at 01:00 P.M. and sets out the material facts concerning the :Special Resolution: to be transacted at the meeting.

Purchase of new office premises at Islamabad Stock Exchange Building.

The Board of Directors of the Company has decided in their meeting held on 3rd October 2009 to purchase a portion of Islamabad Stock Exchange building from its holding company Bibojee Services (Private) Limited for its new office premises. As the Company's institutional business is mostly linked with Isamabad and adjourning areas, it is therefore considered feasible to establish an office in Islamabad. Islamabad Stock Exchange building is ideally located. It therefore suits the company to have an office in Islamabad stock Exchange building. It will also facilitate smooth flow of operations of the Company. This new office will be registered in the name of the Company which is expected to yield desired result for the Company and its stakeholders.

In this context the Company is required to obtain consent of shareholders to purchase office premises measuring 9,349 square feet at a price on the basis of value determined by an independent valuer.

The Directors of the Company have no interest in the proposed resolution of the Company.

DIRECTORS REPORT

The Directors of your company take pleasure in presenting to you the Annual Accounts for the year ended on 30th June 2009.

Financial Results

The Financial Results for the year ended on 30th June 2009 are summarized below:

	2009	2008
	(Rupees in '000')	
Net Sales	1,313,808	1,857,058
Cost of Sales	1,184,506	1,714,057
Gross Profit	129,302	143,001
Operating Expenses	200,899	98,536
Other operating Income	14,676	11,522
Financial Cost	83,506	26,525
(Loss)/Profit before Taxation	(140,427)	29,462
Taxation	(2,942)	11,330
Net (loss)/Profit for the Year before taxation	(137,485)	18,132

Auditors' Report to the Members

The position in regard to Auditor report at (e) is clarified as under:

In view of the legal opinion obtained by the management coupled with the constitutional petitions pending adjudication in Sind High Court the Board is of the view that the company is not liable for Workers Profit Participation Fund.

Operational Performance

Your company produced 617 Vehicles during the year under review as against 1004 Vehicles produced during the corresponding period last year. This shows a downfall of 38.5 % as compared to the year, 2007-2008.

The company sold 630 Vehicles during the year ended on 30th June 2009, which is 43 % lower compared to last years sale of 1110 vehicles.

Financial performance

Net Sales recorded during the year were Rs.1, 313 million as against sales of Rs. 1,857 million for the year 2007-2008. This shows a decrease of Rs 544 million in sales. The decline is attributed to recession in the automobile industry and slowdown of the domestic as well as international economy.

The Gross Profit of Rs. 129.3 million for the period under review is 9.8 % of Sales as against gross profit of 143 million, which is 7.7% of Sales for the last year.

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The Distribution cost and Administration expenses for the year under review amounted to Rs. 83.91 million as against last year's expenses of Rs. 94.63 million, expenses were curtailed by 11.3 million.

Operating profit for the period under review was Rs. 45.39 million, which is 3.46 % of sales as against last years operating profit of Rs. 48.38 million, 2.60 % of Sales.

The other operating expenses for the year were Rs. 116.992 million which were mainly due to Exchange Loss of Rs.116.825 million as against last years operating expenses of Rs.3.9 million. The company had to bear this exchange loss due to unprecedented appreciation of the yen against Pak Rupee from 0.6419 Paisa a yen on 30th June 2008 to 0.8790 Paisa a yen on 31st December 2008. The company was opening 120 days usance letter of credit for import of CKDs and the payment for the goods received in Pakistan were effected three months later when the yen had appreciated considerably as stated above.

Loss before tax for the year under review was Rs. 140.43 million as against last year's pre- tax profit of Rs.29.4 million. The loss is mainly due to the exchange loss but lower sales volume has also contributed to some extent.

Earnings per share amounted to Rs (6.45) as against Rs.0.85 last year.

Future Prospects

The recession, which hit the world last year and affected Pakistan Auto industry negatively, is still continuing. Japanese Yen is constantly appreciating against dollar and Pak Rupee making the CKD imports ever costlier. Steel Prices are again on the rise. Buyers of medium and heavy-duty trucks mostly hail from NWFP where the war on terror is continuing. Buyers are therefore hesitant to invest their money. Banks and leasing companies are reluctant to finance trucks and buses. The management of your company is well aware of these challenges and making all out efforts to pull the company out of losses. The management has selected new model in Isuzu N series. It is also concentrating on introduction of CNG buses. Some big Contracts for supply of 4x4 trucks with value addition are in the pipeline. It is hoped that there will be improvement in sales and profitability in 2009-2010.

Audit Committee

Following are the members of the audit committee working in accordance with the Code of Corporate Governance:

Lt General ® Ali Kuli Khan Khattak	- Chairman
Mr. Mushtaq Ahmad Khan FCA	- Member
Mr. Jamil Ahmad Shah	- Member

Board Meetings

During the year 05 Board meetings were held for approval of Accounts and other important matters. Attendance at the Board meetings was as below:

Name of Director	**No. of Meetings attended**
Mr. Raza Kuli Khan Khattak	4
Lt. Gen. ® Ali Kuli Khan Khattak	4
Mr. Ahmad Kuli Khan Khattak	5
Mr. Mushtaq Ahmad Khan	2
Dr. Pervez Hassan	1
Mr. Jamil Ahmad Shah	5
Ch. Sher Muhammad	1

Market Share Price at Karachi Stock Exchange

The maximum and minimum share price at the Karachi Stock Exchange during the year under review was Rs.27.03 and Rs.6.75 respectively.

Auditors

M/s Hameed Chaudhri & Co, Chartered Accountants, the present Auditors of the company, retire and being eligible offer themselves for re-appointment. As required by the Code of Corporate Governance the Board Audit Committee has recommended their appointment as Auditors of the company for the year 2009-2010.

Key Operating and Financial Data

The key operating and financial data for the last six years is annexed.

Statement of compliance with best practices on transfer pricing

The company has fully complied with the best practices as contained in the listing regulations of the stock exchange.

Pattern of Shareholding

The pattern of shareholding as on 30th June 2009 is enclosed.

Subsequent Events

No material changes or commitments affecting the financial position of the company have taken place between the end of the financial year and date of the report.

For and on behalf of the Board of Directors

Ahmad Kuli Khan Khattak
Chief Executive
Karachi
Dated: October 3, 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation No.37 of the Karachi Stock Exchange 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.

1. The Company encourages representation of independent non-executive Directors on its Board of Directors. At present, the Board includes six independent non-executive Directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the Directors of the Company are registered as tax payers in Pakistan and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Company has prepared "Statement of Ethics and Business Practices", which has been signed by the Directors and employees of the Company.

5. The Company has a vision/mission statement and overall corporate strategy. All policies of the Company are governed by the "Corporate Governance Charter" which has been approved by BOD.

6. 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 Chief Executive, CFO / Company Secretary, have been taken by the Board.

7. 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, alongwith agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

8. The Board of Directors is in the process of arranging orientation courses for its directors to further apprise them of their duties and responsibilities.

9. No new appointment of CFO / Company Secretary and Head of Internal Audit has been made during the year.

10. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by the CEO and the CFO, before approval of the Board.

12. 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.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an Audit Committee. It comprises three members, all are non-executive Directors.

15. The meetings of the Audit Committee were held at least once every quarter prior to the approval of quarterly, half yearly and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

16. The Board has set up an effective Internal Audit Function.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 the Institute of Chartered Accountants of Pakistan.

18. 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.

19. We confirm that all other material principles contained in the Code have been complied with.

20. The Company has fully complied with the best practices on Transfer Pricing as contained in the regulation No.38 of the Karachi Stock Exchange.

For and on behalf of the Board of Directors

Ahmad Kuli Khan Khattak
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

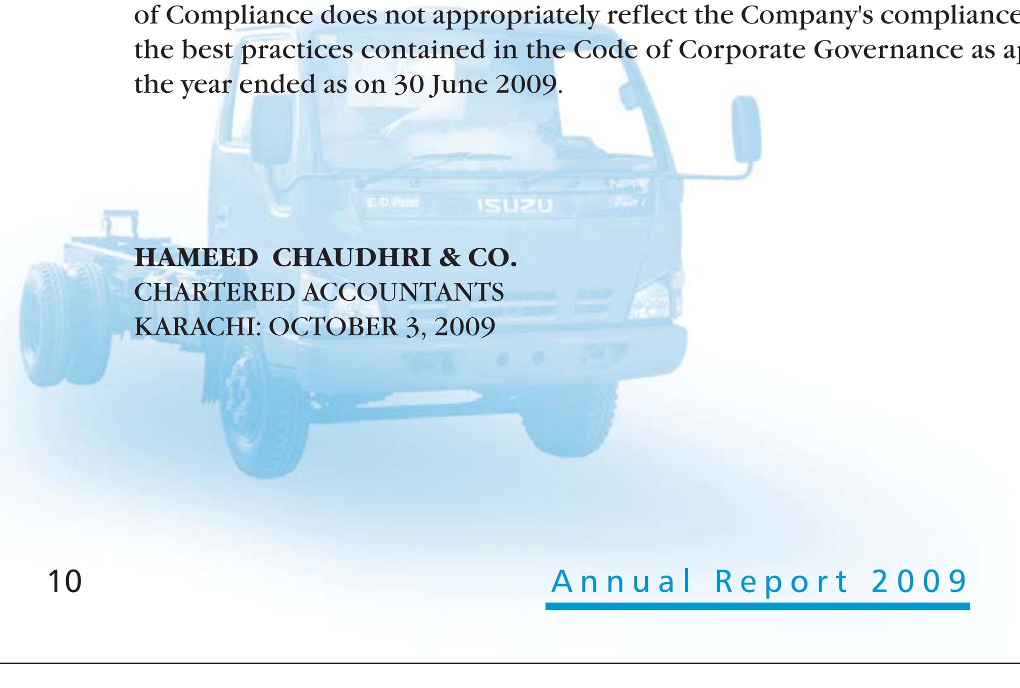
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Ghandhara Industries Limited ("the Company") to comply with the listing regulations of Karachi and Lahore Exchanges.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the Company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to enquiries of the Company's personnel and review of various documents prepared by the Company to comply with 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-regulation (xiii a) of listing regulation No. 35 (previously regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 19 January, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price.

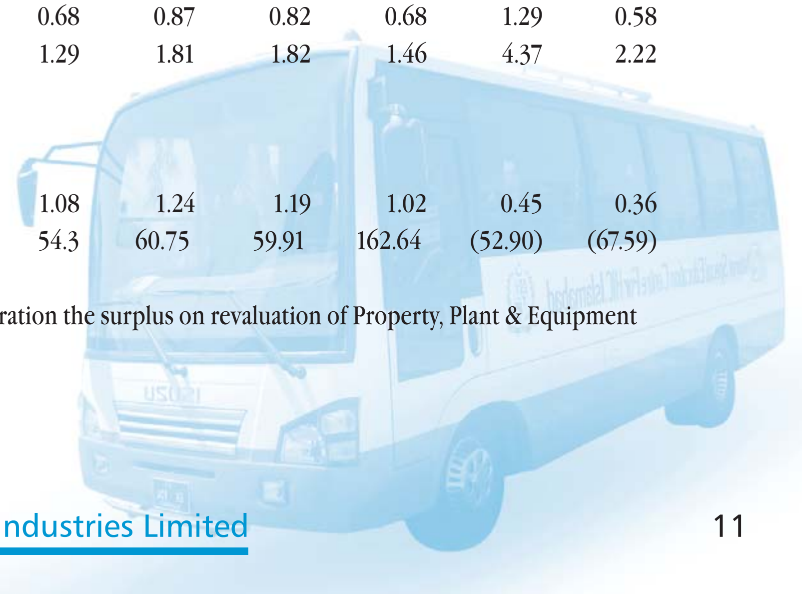
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended as on 30 June 2009.



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI: OCTOBER 3, 2009

KEY OPERATING AND FINANCIAL DATA

Particulars	2009	2008	2007	2006	2005	2004
Net Sales	1,313,808	1,857,058	1,908,051	1,528,611	1,014,582	640,675
Gross Profit/ (Loss)	129,302	143,027	340,923	248,444	97,065	70,574
Porfit / (Loss before tax	(140,427)	29,462	201,243	558,225	(4,042)	50,319
Porfit / (Loss after tax	(137,485)	18,132	126,482	520,732	96,288	49,411
Share Capital	213,044	213,044	213,044	65,553	65,553	65,553
Shareholders equity	1,156,927	1,294,413	1,276,281	1,066,220	(346,790)	(443,078)
Fixed Assets - Net	1,018,986	1,028,798	1,028,668	1,033,099	230,383	288,305
Total Assets	1,923,441	2,143,311	2,286,358	2,222,937	782,918	1,106,458
Units Produced	617	1,004	1,128	1,012	804	359
Units Sold	630	1,110	1,072	1,010	755	443
Dividend- Cash **	-	-	-	35 %	-	-
Dividend - (Bonus)	-	-	-	-	-	-
Ratios						
Profitability						
Gross profit margin	9.84%	7.70%	17.87%	16.25%	9.57%	11.02%
Profit before tax (inculding Extra ordinary items)	-	1.59%	10.54%	36.52%	0.00%	7.85%
Profit after tax (inculding Extra ordinary items)	-	0.98%	6.63%	34.06%	9.49%	7.71%
Return to Shareholders:						
Return on Equity (BT)	-	2.28%	15.77%	52.35%	-	-
Return on Equity (AT)	-	1.40%	9.90%	48.84%	-	-
Earning pershare (BT)-Rs.	-	1.38%	9.44%	85.15	-	7.68
Earning pershare (AT)-Rs.	-	0.85%	5.94%	79.44	14.67	7.54
Activity						
Sales to total assets -Times	0.68	0.87	0.82	0.68	1.29	0.58
Sales to fixed assets - Times	1.29	1.81	1.82	1.46	4.37	2.22
Liquidity						
Current ratio - Times	1.08	1.24	1.19	1.02	0.45	0.36
Break -up value per share - Rs.	54.3	60.75	59.91	162.64	(52.90)	(67.59)



* Breakup Value and Shareholders Equity takes into consideration the surplus on revaluation of Property, Plant & Equipment & Investment Properties

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2009

Number of Shareholders	From	Categories	To	Number of Shares Held	Percentage
3311	1	-	100	62,201	0.29%
637	101	-	500	190,159	0.89%
233	501	-	1,000	200,283	0.94%
321	1,001	-	5,000	800,079	3.76%
71	5,001	-	10,000	543,661	2.55%
23	10,001	-	15,000	286,016	1.34%
7	15,001	-	20,000	125,309	0.59%
8	20,001	-	25,000	186,469	0.88%
5	25,001	-	30,000	143,000	0.67%
4	30,001	-	35,000	127,692	0.60%
1	35,001	-	40,000	37,000	0.17%
2	40,001	-	45,000	83,622	0.39%
2	45,001	-	50,000	100,000	0.47%
2	55,001	-	60,000	119,000	0.56%
1	70,001	-	75,000	74,500	0.35%
1	75,001	-	80,000	80,000	0.38%
1	95,001	-	100,000	97,000	0.46%
1	100,001	-	105,000	100,700	0.47%
1	170,001	-	175,000	173,658	0.82%
1	225,001	-	230,000	230,000	1.08%
1	255,001	-	260,000	258,577	1.21%
1	265,001	-	270,000	266,357	1.25%
1	295,001	-	300,000	300,000	1.41%
1	385,001	-	390,000	386,500	1.81%
1	1,181,001	-	1,185,000	1,184,148	5.56%
1	1,645,001	-	1,650,000	1,638,926	7.69%
1	2,255,001	-	2,260,000	2,258,242	10.60%
1	5,165,001	-	5,170,000	5,166,168	24.25%
1	6,085,001	-	6,090,000	6,085,155	28.56%
4642				**21,304,422**	**100.00%**

Shareholders Category	Number of Shareholders	Number of Share Held	Percentage of Holding
Individuals	4581	3,849,726	18.07%
Associated Companies	7	14,823,821	69.58%
Financial Institutions	9	527,202	2.47%
Investment Companies	6	9,481	0.04%
ICP	1	4,414	0.02%
Insurance Companies	5	176,458	0.83%
Joint Stock Companies	22	257,883	1.21%
Modarabas Management Companies	1	8,400	0.04%
Cooperative Societies	1	2,000	0.01%
Charitable Trusts	1	5,000	0.02%
Private Companies	7	1,639,950	7.70%
Others	1	87	0.00%
	4642	**21,304,422**	**100.00%**

CATEGORIES OF SHAREHOLDERS
As at June 30, 2009

Categories of Shareholders
As at June 30, 2009

SHARES HELD BY:	SHARE HELD
Individual	3,849,726
Associated Companies, Undertakings & Related Parties	
Bibojee Services (Pvt) Ltd.	8,343,397
Ghandhara Nissan Limited	5,166,168
Universal Insurance Co. Ltd.	1,192,148
The General Tyre & Rubber Co. of Pakistan Ltd.	100,700
Bibojee Investment (Pvt) Ltd.	21,408
ICP	
Investment Corporation of Pakistan	4,414
Directors, CEO, their Spouses & Minor Childern	
Mr. Ahmad Kuli Khan Khattak	12,000
Mr. Raza Kuli Khan Khattak	10,000
Lt. Gen. (R) Ali Kuli Khan Khattak	9
Mr. Mushtaq Ahmed Khan	52
Dr. Parvez Hassan	4
Mr. Jamil Ahmed Shah	400
Mr. Sher Muhammad	2,024
Banks, Development Financial Institutions, Non-banking Financial Institutions, Modaraba & Mutual Funds etc.	
National Bank Of Pakistan (T-Dept.)	259,127
NBP Trustee - NI(U) T (LOC) Fund	266,357
National Bank Of Pakistan F.T.Centre	371
National Bank Of Pakistan	252
United Bank Limited	313
Muslim Commercial Bank Limited	139
Allied Bank Of Pakistan Limited	388
The American Express International Banking Corporation	2
National Industrial Co-Op..Bank Ltd.	255
National Industrial Co-Op. Finance Corporation Ltd.	7,400
Combined Investment (Pvt) Ltd..	228
Sherian F. Irani Investment (Trust) Ltd.	6
Pak-Libya Holding Co. Ltd.	200
Pakistan Masonic Institution	1,645
Premier Insurance Co. Of Pakistan	500
E F U General Insurance Limited	100
Central Insurance Corporation	1,700
Pakistan Re-Insurance Company Ltd.	173,658
State Life Insurance Corporation	500
Trustees Moosa Lawai Foundation	5,000

Sultan Textile Mills Karachi Limited	2,000
Moosa, Noor Mohammad, Shahzada & Co. Pvt. Ltd.	3,000
AMZ Securities (Pvt) Ltd.	2,132
Prudential Securities (Private) Limited	100
Ali Husain Rajabali Ltd.	9,000
Moosani Securities (Pvt) Ltd.	16,509
Sultan Textile Mills (K) Limited	16,000
Azee Securities (Private) Limited	5,000
Fateh Textile Mills Limited	100
N. H. Securities (Pvt) Ltd.	200
M. H. Investments (Pvt) Ltd.	20
Mazhar Hussain Securities (Pvt) Ltd.	500
Sat Securities (Pvt) Ltd.	8,000
Capital Vision Securities (Pvt) Ltd.	1,000
Time Securities (Pvt) Ltd.	12,000
B & B Securities (Priavate) Limited	27,700
Cliktrade Limited	1,500
Durvesh Securities (Pvt.) Limited	43,122
Darson Securities (Pvt) Ltd.	1,000
Hum Securities Limited	74,500
Bhayani Securities (Pvt) Ltd.	30,000
Ismail Iqbal Securities (Private) Limited	500
Stock Master Securities (Private) Limited	6,000
First Prudential Modaraba	8,400
Islamabad Stock Exchange (G) Limited	87
PRIVATE COMPANIES	
Pakistan Shipping Agency Ltd.	3
The Alamgir Rayon Mills (Pvt) Ltd.	266
The Imperial Electric Co. Ltd.	227
Globe Automobile (Pvt) Ltd.	215
The Cloth Merchants Asso(Karachi)	113
Zam Zam (Pvt) Ltd.	200
Essar Asset Management (Pvt) Ltd.	1,638,926
TOTAL	**21,304,422**

VOTING INTEREST IN THE COMPANY

	Shares	**% age**
Bibojee Services (Pvt) Limited	8,343,397	39.16%
Ghandhara Nissan Limited	5,166,168	24.25%

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ghandhara Industries Limited ("the Company") as at 30 June 2009 and the related profit and loss account, 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 purpose 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;

  (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, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the profit, its 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

(e) Without qualifying our opinion, we draw attention to the note 26.1 (iv) to the financial statements, the company has written back in the financial statements for the year ended as on June 30, 2007 provision for Workers' Profit Participation Fund for the year ended 30 June 2006 based on a legal opinion and in a view of constitutional petition pending adjudication in the Sindh High Court on this matter.

If it is established that the provisions of the the Companies Profits (Workers' Participation) Act, 1968 are applicable to the Company, provision in respect of year ended 30 June 2006 amounting to Rs. 7.722 million including any penalties may be become payable.

Date: 03 October 2009
KARACHI

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	**1,018,986**	1,028,798
Investment Properties	6	**90,914**	91,173
Long term Investments	7	**1,400**	1,400
Long term loans and advances	8	**262**	461
Long term deposits	9	**4,182**	3,999
CURRENT ASSETS			
Stores spares parts and loose tools	10	**15**	21
Stock-in-trade	11	**373,852**	468,052
Trade debts	12	**103,203**	56,903
Loans and advances	13	**68,477**	178,340
Deposits and Prepayments	14	**62,607**	150,662
Other receivables	15	**178,033**	140,583
Cash and Bank balances	16	**21,510**	22,919
		807,697	1,017,480
		1,923,441	2,143,311
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
50,000,000 ordinary shares of Rs. 10 each		**500,000**	500,000
Issued, subscribed and paid-up capital	17	**213,044**	213,044
Reserves	18	**43,200**	43,200
Accumulated Loss		**(172,514)**	(38,378)
		83,730	217,866
SURPLUS ON REVALUATION OF FIXED ASSETS AND INVESTMENT PROPERTIES	19	**1,073,197**	1,076,546
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	20	**2,452**	8,165
Deferred Liabilities	21	**16,519**	17,935
CURRENT LIABILITIES			
Trade and other payable	22	**396,773**	583,403
Accrued mark up/ Interest	23	**17,114**	9,520
Running Finance and Borrowings	24	**327,552**	90,339
Current maturity of liabilities against assets subject to finance leases	20	**6,104**	7,989
Provision for taxation	25	**-**	131,548
		747,543	822,799
CONTINGENT LIABILITIES & COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**1,923,441**	2,143,311

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive　　　　Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
Net sales	27	**1,313,808**	1,857,058
Cost of sales	28	**1,184,506**	1,714,057
Gross profit		**129,302**	143,001
Distribution cost	29	**48,596**	52,387
Administrative expenses	30	**35,311**	42,239
Operating profit		**45,395**	48,375
Other operating expenses	31	**116,992**	3,910
Other operating income	32	**14,676**	11,522
Finance cost	33	**83,506**	26,525
(Loss) / Profit before taxation		**(140,427)**	29,462
Taxation	34	**(2,942)**	11,330
Net (loss) / profit for the year after taxation		**(137,485)**	18,132
(Loss) / Earnings per share - basic and diluted	35	**(6.45)**	0.85

The annexed notes from 1 to 44 form an integral part of these financial statements

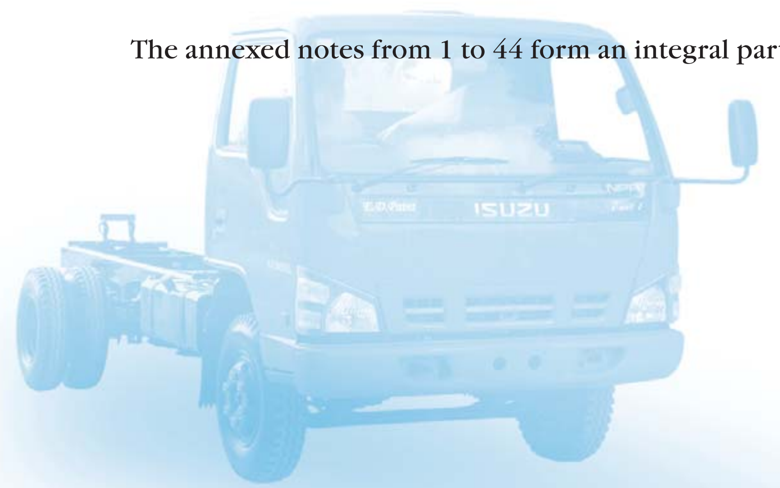
Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**(131,347)**	(2,932)
Gratuity paid		**(36)**	-
Interest paid		**(74,916)**	(22,674)
Income tax paid (including tax deducted at source)		**(18,201)**	(61,400)
Long-term loans and advances		**199**	174
Long-term deposits		**(183)**	(153)
Net cash (outflows) from operating activities		**(224,484)**	(86,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(6,000)**	(18,179)
Sale proceeds on disposal of fixed assets		**1,646**	239
Interest received		**142**	651
Net cash outflows from investing activities		**(4,212)**	(17,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(12)**	(495)
Payment of lease rentals		**(9,914)**	(8,913)
Net cash (outflows) from financing activities		**(9,926)**	(9,408)
Net decrease in cash and bank balances		**(238,622)**	(113,682)
Cash and cash equivalents at beginning of the year		**(67,420)**	46,262
Cash and bank balances at the end of the year	37	**(306,042)**	(67,420)

The annexed notes from 1 to 44 form an integral part of these financial statements



Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2009

	Share Capital	Capital Reserves					
	Issued, subscribed and paid-up	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	Revenue Reserve	Accumulated Loss	Total
				Rupees in Thousand			
Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(60,022)	196,222
Profit for the year						18,132	18,132
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for year						3,512	3,512
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(38,378)	217,866
Loss for the year						(137,485)	(137,485)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for year						3,349	3,349
Balance as at 30 June 2009	**213,044**	**5,500**	**10,000**	**25,300**	**2,400**	**(172,514)**	**83,730**

The annexed notes from 1 to 44 form an integral part of these financial statements

Chief Executive

Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2009

1 CORPORATE INFORMATION

Ghandhara Industries Limited was incorporated on 23 February 1963. The Company's shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is assembly and progressive manufacture of Isuzu trucks and buses.

2 STATEMENT OF COMPLIANCE

2.1 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, provision of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to the published approved accounting standards that are effective in 2008 - 2009

The following standards, interpretations and amendments have been published that are mandatory and relevant for the company's accounting periods beginning on or after July 1, 2008 or later periods:

IFRS 7 'Financial instruments-Disclosures' -The Securities & Exchange Commission of Pakistan (SECP) vide SRO 411(I)/2008 dated April 28, 2008 notified the adoption of IFRS 7 which is mandatory for the company's accounting periods beginning on or after the date of notification i.e. April 28, 2008. IFRS 7 has superseded International Accounting Standard (IAS) 30 - Disclosures in the 'Financial Statements of Banks and similar Financial Institutions' and disclosure requirements of IAS 32 - 'Financial Instruments: Presentation'. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

International Financial Reporting Interpretation Committee (IFRIC) Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation provides guidance on assessing the limit in IAS 19 - 'Employee benefits' on the amount of surplus that can be recognized as an asset. It also explains how the defined benefit asset or liability may be affected by a statutory or contractual minimum funding requirement. The funded and unfunded gratuity schemes of the company are not subject to any minimum funding requirements and the requirements of this interpretation have only been applied to assess the surplus arising in the company's books under the funded gratuity scheme.

2.3 Standards, amendments to published standards and interpretations effective in 2008-2009 but not relevant:

There are certain new standards, amendments to published standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore not disclosed in these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards and interpretations not yet effective

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised) 'Presentation of Financial Statements' introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits':

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The distinction between short term and long term employee benefits will be based whether benefits are due to be settled within or after twelve months of employee service being rendered. Adoption of this amendment will only impact the presentation of the financial statements.

- IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Revised) 'Borrowing Costs' removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 36 (Amendment), 'Impairment of assets'. As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 38 (Amendment), 'Intangible assets'. The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect of the company's financial statements.

IFRS 8 'Operating Segments' introduces the "management approach" to segment reporting. IFRS 8, requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the company's decision makers in order to assess each segment's performance and to allocate resources to them. This IFRS will have no impact on the financial statements of the company.

IFRS 2 (Amendment) 'Share-based Payment - Vesting Conditions and Cancellations' clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will have no impact on the company's financial statements as the company has no such share based payments.

IFRS 3 (Revised) 'Business Combination' which effective for annual periods beginning on or after July 1, 2009, broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than the share and debt issue costs to be expensed, any pre existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction by transaction basis. However, it has no impact on the company's financial statements.

IAS 27 (Amended) 'Consolidated and Separate Financial Statements (2008)' requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27 will have no impact on these financial statements.

IAS 32 (Amendment) 'Financial Instruments'. Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments will have no impact on financial statements of the company.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the company's operations and are therefore not detailed in these financial statements.

3 BASIS OF PREPARATION

3.1 MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for revaluation of certain fixed assets and investment properties, certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- Accounting for retirement benefit obligations
- Recognition of provision for current taxation (current and prior years) and deferred taxation
- Accrued liabilities
- Determining the recoverable amounts, useful lives and residual values of property, plant and equipment
- Provision for doubtful receivables and slow moving inventories

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees which is the company's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are stated at cost or valuation less accumulated depreciation and any identified impairment loss. Property, plant & equipment acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses.

Capital work-in-progress is stated at cost accumulated up to the balance sheet date.

Depreciation on all operating assets, except leasehold land, is charged to profit on a straight line method so as to write off the cost or valuation of an asset less its estimated salvage value over its useful life. Depreciation is charged at the annual rates mentioned in note 5 to these accounts.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Any surplus arising on revaluation of leasehold land, building on leasehold land, plant and machinery is credited to the surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. An amount equivalent to difference between depreciation based on the revalued carrying amount of the assets and depreciation based on original cost is transferred from Surplus on revaluation and deferred taxation to unappropriated profit and Profit and loss account respectively.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gain/losses on sale of property, plant and equipment are charged to profit and loss account currently, except that the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Maintenance and normal repairs are charged to expenses as and when incurred. Major renewals and improvements are capitalised and are depreciated over the remaining useful life of the related asset.

4.2 INVESTMENT

Investment properties

Property held for capital appreciation and rental yield, which is not in use of the company is classified as investment property. Investment properties comprise of leasehold land and buildings.

Investment properties are carried at cost or valuation (i.e. deemed cost) less accumulated depreciation and impairment if any.

Investment properties are depreciated on straight line method at the annual rates mentioned in note 6 to these accounts, depending upon the class of assets.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and repairs are capitalised.

If an investment property becomes owner occupied, it is reclassified as fixed asset.

In shares

Investments held by the company other than investments in subsidiary are classified as being available for sale and stated at fair value.

Investment in subsidiary is stated at cost

All purchases and sales are recognised on the trade dates. Realised gains and losses are included in the period in which they arise.

4.3 LONG TERM DEPOSITS

These are stated at cost which represents the fair value of the consideration given.

4.4 STORES, SPARES AND LOOSE TOOLS

These are valued at the lower of cost computed principally on a first-in-first-out basis and net realizable value. Items in transit are stated at cost accumulated to balance sheet date.

4.5 STOCK IN TRADE

Stock-in-trade is valued at the lower of cost and net realizable value except for goods in transit which are stated at invoice values plus other charges paid thereon. Cost in relation to raw materials and components and trading stock (except for parts and accessories included in trading stock which are valued on average basis) is arrived at principally on first in first out basis. Cost of work in process and manufactured stocks including components includes direct wages and applicable manufacturing overheads.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

4.6 TRADE DEBTS AND OTHER RECEIVABLES

These are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of age analysis of outstanding debts. Debts considered irrecoverable are written off.

4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents are comprise of cash in hand, cash at banks and running finances which are payable on demand.

4.8 TAXATION

Current

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.9 TRADE AND OTHER PAYABLES

Trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.10 REVENUE RECOGNITION

Sales are recognized when goods are invoiced and dispatch to customers. Rental and interest income is recorded on accrual basis.

4.11 BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are those assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are dealt with income in the period in which they are incurred.

4.12 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into pak rupees at the exchange rates prevailing on the balance sheet date.

Exchange gain and losses are recognised in the income currently.

4.13 FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the company become a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be.

4.14 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liability is set-off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.15 PROVISIONS AND CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.16 WARRANTY

The company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date to the extent of non-reimbursable portion from the principal.

4.17 DIVIDEND

Dividend distribution to the shareholders is accounted for as a liability in the period in which it is approved by the shareholders.

4.18 INTEREST / MARK-UP BEARING LOANS AND BORROWINGS

Loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the periods in which they arise.

4.19 RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at arm's length price determined in accordance with the methods prescribed in the Companies Ordinance, 1984. Royalty is stated in accordance with Technical agreement duly registered with the State Bank of Pakistan .

	Note	2009	2008
		(Rupees in '000')	

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
Operating fixed assets	5.1	**1,018,536**	1,028,573
Capital work in progress		**450**	225
		1,018,986	1,028,798

5.1 Operating fixed assets

	OWNED										LEASED	TOTAL
	Leasehold land	Building on lease hold land	Plant & Machinery	Permanent tools	Furniture & fixtures	Motor vehicles	Lift trucks	Office machines & equipments	Computers	Jigs and special tools	Motor vehicles	
	(Rupees in '000)											
At June 30, 2007												
Cost	946,500	68,450	47,112	3,023	935	14,053	3,123	4,613	1,893	25,630	25,323	1,140,655
Accumulated depreciation	13,719	5,322	46,564	3,022	921	12,417	3,122	3,622	1,274	19,346	2,658	111,987
Book value	932,781	63,128	548	1	14	1,636	1	991	619	6,284	22,665	1,028,668
Year ended June 30, 2008												
Additions	-	-	719	141	1,573	4,482	6,096	4,444	499	-	933	18,887
Disposals:												
- Cost	-	-	-	-	-	263	-	-	-	-	-	263
- depreciation	-	-	-	-	-	(263)	-	-	-	-	-	(263)
	932,781	63,128	1,267	142	1,587	6,118	6,097	5,435	1,118	6,284	23,598	1,047,555
Depreciation charge	-	5,322	117	1	30	1,067	394	350	210	6,284	5,207	18,982
Net book value as at June 30, 2008	932,781	57,806	1,150	141	1,557	5,051	5,703	5,085	908	-	18,391	1,028,573
Year ended June 30, 2009												
Additions	-	-	192	33	468	4,247	-	318	517	-	1,320	7,095
Disposals:												
- Cost	-	-	311	-	-	2,351	-	49	-	-	-	2,711
- depreciation	-	-	(311)	-	-	(538)	-	(49)	-	-	-	(898)
	932,781	57,806	1,342	174	2,025	7,485	5,703	5,403	1,425	-	19,711	1,033,855
Depreciation charge	-	5,323	154	21	129	2,022	1,219	735	299	-	5,417	15,319
Net book value at June 30, 2009	932,781	52,483	1,188	153	1,896	5,463	4,484	4,668	1,126	-	14,294	1,018,536
As at June 30, 2008												
Cost	946,500	68,450	47,831	3,164	2,508	18,272	9,219	9,057	2,392	25,630	26,256	1,159,279
Accumulated depreciation	13,719	10,644	46,681	3,023	951	13,221	3,516	3,972	1,484	25,630	7,865	130,706
Book value	932,781	57,806	1,150	141	1,557	5,051	5,703	5,085	908	-	18,391	1,028,573
As at June 30, 2009												
Cost	946,500	68,450	47,712	3,197	2,976	20,168	9,219	9,326	2,909	25,630	27,576	1,163,663
Accumulated depreciation	13,719	15,967	46,524	3,044	1,080	14,705	4,735	4,658	1,783	25,630	13,282	145,127
Book value	932,781	52,483	1,188	153	1,896	5,463	4,484	4,668	1,126	-	14,294	1,018,536
Depreciation rate %	1.47	2.5 to 6.25	10	12.5	6 to 6.25	20	20	12.5	20	33	20	

	Note	2009	2008
		(Rupees in '000')	
5.2 Depreciation for the year is allocated as follows:			
Cost of goods manufactured	28.1	**6,455**	11,401
Distribution expenses	29	**2,495**	2,819
Administrative expenses	30	**6,369**	4,762
		15,319	18,982

5.3 The company's leasehold land and buildings thereon were revalued on 31 March 1971, 27 June 1992 and 30 June 1995 (including plant and machinery). The leasehold land was again revalued on 30 June 1996. The latest valuation was carried out by Yunus Mirza & Co. (Pvt) Limited, Incorporated Architects, Engineers, Town Planner and Bank's Approved Surveyors on 30 June, 2006. The valuation of leasehold land was based on current market trends and prevailing value in the vicinity of the plot and valuation of buildings was based on current construction cost minus the accumulated depreciation.

5.4

Assets	Cost	Accumulated depreciation	Written Down Value	Sale Proceeds	Gain / (Loss) on sale	Mode of disposal	Particulars of buyers
	(Rupees in '000')						
Motor Vehicles							
Rexton	2,300	537	1,763	1,600	(163)	Negotiation	Mr. Muhammad Kamran S/O Mr. Nisar Ahmed Sheikh
Honda Motorcycle CD - 70	51	1	50	46	(4)	Insurance Claim	Universal Insurance Company Ltd., (Associated Company)
	2,351	538	1,813	1,646	(167)		
Aggregate values of items where WDV is less than Rs.50,000	360	360	-	-	-	Write off	-
2009	**2,711**	**898**	**1,813**	**1,646**	**(167)**		
2008	263	263	-	239	239		

5.5 The dates and amounts of revaluation surplus included in the book value of fixed assets as at 30 June 2008 is given below:

		Leasehold land	Buildings on leasehold land	Plant & machinary	Total
			(Rupees in '000')		
(a)	At march 31,1971				
	Revaluation surplus	3,000	2,792	-	5,792
	Less: Depreciation surplus	30	140	-	170
		2,970	2,652	-	5,622
(b)	At June 27, 1992				
	Revaluation surplus	91,891	32,734	-	124,625
	Less: Depreciation surplus	1,138	3,493	-	4,631
		90,753	29,241	-	119,994
(c)	At June 27, 1995				
	Revaluation surplus	88,723	14,834	23,474	127,031
	Less: Depreciation surplus	1,141	1,886	23,474	26,501
		87,582	12,948	-	100,530
(d)	At 30 June 1996				
	Revaluation surplus	11,782	-	-	11,782
	Less: Depreciation surplus	154	-	-	154
		11,628	-	-	11,628
(e)	At 30 June 2006				
	Revaluation surplus	751,104	11,279	-	762,383
	Less: Depreciation surplus	11,256	4,786	-	16,042
		739,848	6,493	-	746,341
	Total cost or revaluation	946,501	68,450	47,831	1,062,782
	Less: Depreciation there on	13,719	10,645	46,681	71,045
	Net Book Value	932,782	57,805	1,150	991,737

5.6 Had there been no revaluation, the book value of buildings on leasehold land and plant and machinery as on 30 June 2009 would have been as under:

	Cost	Accumulated Depreciation	Book Value
		(Rupees in '000')	
Building on Leasehold Land	6,810	511	6,299
Plant and Machinery	24,446	23,258	1,188

6 INVESTMENT PROPERTIES

	Leasehold land	Buildings on leasehold land	Total
		(Rupees in '000')	
At June 30, 2007			
Cost	97,392	416	97,808
Accumulated depreciation	6,070	306	6,376
Book value	91,322	110	91,432
Year ended June 30, 2008			
Depreciation charge	243	16	259
Net book value as at June 30, 2008	91,079	94	91,173
Year ended June 30, 2009			
Depreciation charge	243	16	259
Net book value at June 30, 2009	90,836	78	90,914
As at June 30, 2008			
Cost	97,392	416	97,808
Accumulated depreciation	6,313	322	6,635
Book value	91,079	94	91,173
As at June 30, 2009			
Cost	97,392	416	97,808
Accumulated depreciation	6,556	338	6,894
	90,836	78	90,914

6.1 Depreciation for the year is allocated as follows:

	Note	2009	2008
		(Rupees in '000')	
Administrative expenses	30	**259**	259

6.2 The execution of a lease deed for land at Haroonabad in Sindh Industrial Trading Estate, Karachi has not been finalised.

6.3 The company's leasehold land and buildings thereon were revalued on 27 June 1992 and 30 June 1995. The leasehold land was again revalued on 30 June 1996. The latest revaluation was carried out by Iqbal A. Nanjee & Co. Valuation Consultants on 30 June 1996. The valuation was based on current market values.

6.4 The Market value as on 30 June, 2009 was Rs.376 million (2008: Rs. 377 million).

6.5 The dates and amounts of revaluation surplus included in the book value of investment properties as at 30 June 2009 is given below:

		Leasehold land	Buildings on leasehold land	Total
			(Rupees in '000')	
(a)	At June 27 1992			
	Revaluation surplus	47,889	33	47,922
	Less: Depreciation surplus	4,248	14	4,262
		43,641	19	43,660
(b)	At 30 June 1995			
	Revaluation surplus	37,780	146	37,926
	Less: Depreciation surplus	1,775	128	1,903
		36,005	18	36,023
(c)	At 30 June 1996			
	Revaluation surplus	10,634	-	10,634
	Less: Depreciation surplus	345	-	345
		10,289	-	10,289
	Total cost or revaluation	97,392	416	97,808
	Less: Depreciation there on	6,557	337	6,894
	Net Book Value	90,835	79	90,914

	Note	**2009**	2008
		(Rupees in '000')	
7 LONG-TERM INVESTMENT			
Subsidiary Company - Un-quoted			
Marghzar Industries (Private) Limited			
140,000 Fully paid-up ordinary shares			
of Rs.10 each (2008: 140,000 shares)		**1,400**	1,400
Equity held 70%			
Break up value per share Rs. 10.26 (2008: Rs.10.06)			
Other Company - Listed			
Available for sale investment			
Bela Engineers Limited 160 Fully paid-up ordinary shares			
of Rs. 10 each - at cost (2008: 160 shares)		-	1
Less: Provision for impairment in value of investment			
Less: Written off against provision		-	1
		-	-
		1,400	1,400
8 LONG-TERM LOANS			
Executives	8.1	**520**	663
Non executives		**727**	257
		1,247	920
Less: Installments recoverable within twelve months			
Executives		**100**	273
Non executives		**885**	186
	13	**985**	459
		262	461

	Note	2009	2008
		(Rupees in '000')	

8.1 Reconciliation of loans and advances to executives

		2009	2008
Balance at beginning of the year		**663**	917
Add: Disbursements		**60**	75
		723	992
Less: Recovered during the year		**203**	329
		520	663

8.2 Interest free loans have been provided to executives for purchase / construction of house and to employees for personal use. These are repayable in monthly installments over a period of one to five years.

8.3 Maximum amount due from executives at the end of any month was Rs. 0.637 million (2008: Rs. 0.887 million).

9 LONG-TERM DEPOSITS

		2009	2008
Considered Good			
Leasing companies		**3,443**	3,311
Utilities		**316**	306
Others		**423**	382
		4,182	3,999

10 STORES, SPARES PARTS AND LOOSE TOOLS

		2009	2008
Stores		**15**	21
Spares parts		**6,316**	6,316
		6,331	6,337
Less: Provision for Obsolescence		**6,316**	6,316
		15	21

11 STOCK-IN-TRADE

	Note	2009	2008
Raw materials and components			
In hand	11.1	**247,635**	392,551
Less: Provision for slow moving raw material		**21,076**	21,076
		226,559	371,475
In transit		**39,262**	3,284
		265,821	374,759
Work in process		**4,960**	-
Manufactured stock including components	11.2	**65,822**	57,931
Trading stocks		**52,181**	50,531
Less: Provision for slow moving trading stock	11.3	**14,932**	15,169
		37,249	35,362
		373,852	468,052

11.1 This includes raw material carried at net realisable value, amounting to Rs. 10 million (2008: Rs. 21.1 million).

11.2 This includes manufactured stock carried at net realisable value, amounting to Rs. Nil (2008: 8.5 million).

	Note	2009	2008
		(Rupees in '000')	
11.3 Provision for slow moving trading stock			
Opening balance as on July 1		**15,169**	15,169
Less: Stock used in company's vehicle during the year		**237**	-
Closing balance as on June 30		**14,932**	15,169
11.4 Of the aggregate amount, stocks which were in the custody of third parties are as follows:			
Precision Engineering Works		**1,799**	1,368
Ghandhara Nissan Limited (Associated Undertaking)		**255,214**	392,104
Multan Motors		-	2,250
Punjab Motors		-	3,400
Meraj (Pvt.) Ltd.		-	1,250
Aries International		-	1,250
A.R. Engineering		**2**	
		257,013	401,624

12 TRADE DEBTS - unsecured

	Note	2009	2008
Unsecured			
Considered Good			
Government and semi-government agencies		**4,067**	39,380
Others		**99,136**	17,523
		103,203	56,903
Considered Doubtful			
Government and semi-government agencies		**688**	688
Less: Provision there against		**688**	688
		-	-
		4,755	40,068
		103,203	56,903

13 LOANS AND ADVANCES

	Note	2009	2008
Unsecured			
Considered Good			
Employees		**105**	135
Suppliers and contractors		**14,793**	11,806
		14,898	11,941
Considered Doubtful			
Advances to Suppliers		**1,175**	1,175
Less: Provision there against		**1,175**	1,175
		-	-
Income Tax Deducted at source / Paid in Advance		**52,594**	165,940
Current portion of long-term loans to employees	8	**985**	459
		68,477	178,340

	Note	2009	2008
		(Rupees in '000')	

14 DEPOSITS AND PREPAYMENTS

Tender Deposits		**17,286**	42,246
Margins Against Bank Guarantees		**588**	588
Less: Provision for doubtful margin against bank guarantees		**330**	330
		258	258
L/C Margin		**44,073**	108,158
Prepaid rent		**990**	-
		62,607	150,662

15 OTHER RECEIVABLES

Considered Good			
Sales tax refundable / adjustable		**175,195**	137,745
Sundry receivables		**2,838**	2,838
Considered Doubtful			
Sundry Receivables		**1,948**	1,948
Less: Provision there against		**1,948**	1,948
		-	-
		178,033	140,583

16 CASH AND BANK BALANCES

Cash in hand		**232**	211
With banks			
In current accounts		**22,814**	16,986
In deposit accounts		**663**	3,457
In foreign currency accounts	16.1	**34**	28
		23,511	20,471
Less: Provision for doubtful bank account	16.2	**2,233**	2,233
		21,278	18,238
Term deposit		**-**	4,470
		21,510	22,919

16.1 Foreign currency accounts include JPY 31,541 equivalent to Rs. 26,731 and US$ 126 equivalent to Rs. 7,386 (2008:JPY 31,523 equivalent to Rs.20,237 and US $ 126 equivalent to Rs.7,386)

16.2 This represents provision made against balances held with Indus Bank Limited under liquidation.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of shares 2009	No. of shares 2008		2009 (Rupees in '000')	2008 (Rupees in '000')
		Ordinary shares of Rs.10 each		
17,650,862	17,650,862	Fully paid up in cash	**176,509**	176,509
3,295,354	3,295,354	Fully paid bonus shares	**32,953**	32,953
358,206	358,206	Issued for consideration other than cash	**3,582**	3,582
21,304,422	21,304,422		**213,044**	213,044

17.1 The company has one class of ordinary shares which carry no right to fixed income.

17.2 Bibojee Services (Pvt) Ltd., the ultimate holding company, held 8,343,397 (2008: 8,343,397) ordinary shares of Rs.10/- each as at the year end.

17.3 Ordinary shares Rs. 10 each were held by associated undertaking as at June 30, 2009 are as follows:

	2009	2008
Ghandhara Nissan Limited	**5,166,168**	5,166,168
Universal Insurance Company Limited	**1,192,148**	1,192,148
The General Tyre and Rubber Company of Pakistan Limited	**100,700**	100,700
Bibojee Investment (Private) Limited	**21,408**	21,408
	6,480,424	6,480,424

18 RESERVES

	Note	2009	2008
Capital Reserves	18.1	**40,800**	40,800
Revenue Reserves	18.2	**2,400**	2,400
		43,200	43,200

18.1 Capital Reserves

	2009	2008
Tax holiday reserve		
Balance as at beginning and end	**5,500**	5,500
Fixed assets replacement reserve		
Balance as at beginning and end	**10,000**	10,000
Contingency reserve		
Balance as at beginning and end	**25,300**	25,300
	40,800	40,800

18.2 Revenue Reserves

	2009	2008
Balance as at beginning and end	**2,400**	2,400

19 SURPLUS ON REVALUATION OF FIXED ASSETS AND IMMOVABLE PROPERTIES

	2009	2008
Balance as at 1 July	**1,090,139**	1,095,542
Surplus relating to incremental depreciation charged during the year	**(5,152)**	(5,403)
	1,084,987	1,090,139
Less: Related deferred tax		
Deferred Tax on revaluation as at 1st July	**13,593**	15,484
Transferred to accumulated loss on account of incremental depreciation charged during the year	**(1,803)**	(1,891)
	11,790	13,593
	1,073,197	1,076,546

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	June 30, 2009		June 30, 2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	Rupees '000'			
Year ended June 30, 2009	-	-	9,400	7,989
Year ended June 30, 2010	6,967	6,104	6,581	6,244
Year ended June 30, 2011	2,371	1,894	1,984	1,921
Year ended June 30, 2012	414	354	-	-
Year ended June 30, 2013	270	204	-	-
Total minimum lease payments	10,022	8,556	17,965	16,154
Less: Finance charges allocated to future periods	1,466	-	1,811	-
Present value of minimum lease payments	8,556	8,556	16,154	16,154
Less: Current maturity shown under current liabilities	6,104	6,104	7,989	7,989
	2,452	2,452	8,165	8,165

The company has acquired motor vehicles under finance lease arrangements from leasing companies. The arrangements are secured by title of assets leased. Rentals are payable in monthly installments. Repair and insurance cost are to be borne by the company. The rate of financial charges applied ranges from 13.70% to 21.18% (2008: 13.78 % to 18.37 %) per annum.

At the end of the lease term, the ownership of the assets shall be transferred to the company against security deposits paid.

21 DEFERRED LIABILITIES

	Note	2009	2008
		(Rupees in '000')	
Deferred taxation	21.1	**13,001**	15,942
Gain on sale and lease back of fixed asset	21.2	-	462
Staff gratuity	21.3	**3,518**	1,531
		16,519	17,935

21.1 Deferred taxation

	2009	2008
Deferred taxation comprises of:		
Accelerated tax depreciation	**17,477**	19,391
Revaluation of fixed assets	**11,790**	13,593
Obligation under finance lease	**2,010**	784
Gain on sale and lease back of fixed assets	-	(162)
Provision for gratuity	**(1,231)**	(536)
Provision for obsolescence:		
Stores and spares	**(2,210)**	(2,210)
Stock in trade	**(12,603)**	(12,686)
Provision for bad / doubtful:		
Trade Debts	**(241)**	(241)
Advance to Supplier	**(411)**	(411)
Bank Guarantee	**(116)**	(116)
Sundry Receivables	**(682)**	(682)
Cash at bank	**(782)**	(782)
	13,001	15,942

	Note	2009	2008
		(Rupees in '000')	

21.2 Gain on sale and lease back of fixed asset

Gain on sale and lease back of motor vehicle	**1,386**	1,386
Amortised to date	**(1,386)**	(924)
	-	462

The company had entered into a sale and leaseback transaction with Orix Leasing Pakistan Limited during the year ended June 30, 2007 which has resulted in a finance lease. The excess of sale proceeds over the net book value of motor vehicle under a sale and leaseback arrangement has been recognised as deferred income and is being amortised over the period of the lease term.

21.3 Staff gratuity

	Unfunded Gratuity	
	2009	2008
	(Rupees in '000')	
Opening balance	**1,531**	-
Charge for the year	**2,023**	1,531
	3,554	1,531
Less: Payments made during the year	**36**	-
Closing balance	**3,518**	1,531
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at July 1	**1,531**	
Current service cost	**1,839**	1,531
Interest cost	**184**	-
Benefit paid	**(36)**	-
Present value of defined benefit obligation as at June 30	**3,518**	1,531
The expense is recognized in the following line items in the income statement:		
Cost of goods manufactured	**762**	426
Distribution cost	**546**	314
Administrative expenses	**715**	791
	2,023	1,531

Principal actuarial assumptions at the balance sheet date for
Rate of discount 12% (2008: 12%) per annum
Expected rate of increment of salary 11% (2008: 11%) per annum
Expected retirement age 60 (2008: 60) years
Average expected remaining working life time of employees 9 (2008: 9) years

	Note	2009	2008
		(Rupees in '000')	

22 TRADE AND OTHER PAYABLE

	Note	2009	2008
Creditors		**86,097**	120,737
Bills payable		-	271,111
Accrued liabilities		**60,589**	40,278
Customers credit balances		**39,201**	22,971
Other dealers' credit balances		**1,085**	1,085
Advance against sale of investment in immovable property		**5,000**	5,000
Custom duty payable		**8,218**	5,969
Payable to trustees' provident fund		**178**	178
Retention money		**1,000**	-
Unclaimed dividends		**6,860**	6,872
Withholding tax		**708**	1,150
Due to associated companies	22.1	**160,483**	67,029
Due to subsidiary company		**2,144**	2,086
Royalty payable		-	13,981
Federal Excise Duty payable		**423**	423
Corporate assets tax		**2,000**	2,000
Waqf-e-Kuli Khan		**8,318**	8,318
Sales Tax Payable		**14**	14
Worker profit participation fund	22.2	**12,671**	12,410
Worker Welfare fund		**589**	589
Others		**1,195**	1,202
		396,773	583,403

22.1 Due to associated companies

	2009	2008
Bibojee Services (Private) Limited	**102,239**	48,001
The General Tyre & Rubber Company of Pakistan Limited	**19,609**	7,365
Ghandhara Nisan Limited	**35,464**	9,051
Universal Insurance Company Limited	**2,773**	2,402
Rehman Cotton Mills Limited	**398**	210
	160,483	67,029

22.2 Workers' Profit Participation Fund

	Note	2009	2008
Opening balance as at July 1		**12,410**	10,828
Allocation for the year	31	-	1,582
Interest on funds utilised in the company's business		**261**	-
Closing balance as at June 30		**12,671**	12,410

23 ACCRUED MARK UP/ INTEREST

	2009	2008
Mark up on		
Short term loan / Running finances & Borrowings - secured	**12,600**	5,006
Long term loans - unsecured	**4,514**	4,514
	17,114	9,520

24 RUNNING FINANCES AND BORROWINGS

	Note	2009	2008
Secured			
Finance against imported merchandise	24.1	**38,170**	-
Running finance from bank	24.2	**289,382**	90,339
		327,552	90,339

24.1 This represents outstanding payments against import bills which is converted into Finance against imported merchandise. The company has repaid subsequent to the year end by August 7, 2009.

The company has arranged Finance against imported merchandise facility amounting to Rs. 101 million (2008: Nil). This facility is secured by pledge of Isuzu trucks in CKD condition and 2nd Equitable Mortgage over Land and Building amounting to Rs. 300 million (2008: Nil). The rate of mark-up on these facilities ranges from 3 Month KIBOR + 2% per annum to 3 months KIBOR plus 2.5% with a floor of 14% per annum (2008: Nil). The facilities will expire on November 30, 2009 (2008: Nil).

24.2 The Company has facility for short-term running finance amounting to Rs. 289 million (2008: Rs. 150 million) from a bank. The rate of mark up is based on 3 months KIBOR plus 3% (2008: 3 months KIBOR plus 3%) payable quarterly. The arrangement is secured by way of 1st equitable charge over Land, Building, Plant and Machinery amounting to Rs. 750 million (2008: Rs.750 million) with a token registered charge of Rs. 0.5 million (2008: Rs. 0.5 million) over company property bearing F-3 SITE, Karachi and 1st pari passu hypothecation charge over stocks and receivables of Rs. 200 million (2008: Rs.200 million). Further, it is also secured by 1st ranking hypothecation charge over present and future movables and receivables amounting to Rs. 410 million (2008: Nil). The facilities will expire on December 31, 2009 (2008: September 30, 2008).

24.3 The facility for opening letters of credit as at 30 June 2009 amounted to Rs. 390 million (30 June 2008: Rs. 713 million) of which the amount remaining unutilized at the year-end was 175 million (2008: Rs. 205 million). These facilities are secured against hypothecation charge over present and future movables and receivables amounting to Rs. 160 million (2008: Rs.160 million) and 2nd ranking pari passu charge on land and building amounting to Rs. 300 million (2008: Nil) and pledge of company's stock. Further, it is also secured against personal guarantees of chief executive and a director of the company. These facilities will expire on September 30, 2009 (2008: September 30, 2008).

	Note	**2009**	2008
		(Rupees in '000')	
25 PROVISION FOR TAXATION			
Balance at beginning		**131,548**	118,512
Provided during the year	34	-	13,036
Adjustment during the year		**(131,548)**	-
		-	131,548

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingent Liabilities

(i) Claims against the company not acknowledged as debt Rs. 27.043 million (2008: Rs.27.043 million) relating to sales tax on 10,000 units of gear boxes and rear axles each claimed by a supplier which has been contested by the company.

(ii) Suit against the company by the supplier for the recovery of Rs. 25.867 million (2008: Rs. 25.867 million) as compensation for breach of agreement. The suit is being defended by the company on a number of legal grounds. The suit is at present in evidence stage and the company has plausible defense.

(iii) Various demands have been raised by the Central Excise and Sales Tax Departments amounting to Rs. 4.896 million (2008: Rs. 4.896 million). The company has filed Sales Tax Reference in High Court of Sindh against the order of Sales Tax Appellate Tribunal. The Sales Tax Reference has been decided vide order dated January 21, 2009 wherein the High Court of Sindh has set aside the order of the Tribunal and the remanded the case to the Tribunal. No provision has been made in these financial statements as, in the opinion of legal advisors, the company will have favourable decision.

(iv) The Company had obtained legal advice in connection with the establishment of Worker's Participation Fund (the Fund) under the Companies Profits (Workers; Participation) Act, 1968 (the Act). The legal advisor is of the view that since, during the year ended 30 June 2006, the Company did not employ any person who falls under the definition of worker as defined in the Act of 1968, it was not legally or factually possible to constitute the Fund as required by section 3 of the Act. As a consequence, the Company was not required to make contributions to the fund established pursuant to Workers' Welfare Fund Ordinance 1971. The company based on legal advice has written back in the financial statements for the year ended as on June 30, 2007 the amount of Worker's Profit Fund provided during the year 30 June 2006.

Furthermore, the question whether a company to which the Act of 1968 and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the fund under the act and thereafter transfer the same to the fund established under the Workers' Welfare Fund Ordinance, 1971 is pending adjudication in Sindh High Court at Karachi on constitutional petition filed by another company in December 2003.

If it is established that the above provisions of the Act are applicable to the Company, provision in respect of year ended 30 June 2006 amounting to Rs. 7.722 million including any penalties may become payable.

(v) The Assistant Collector Refund Group V has disallowed adjustment of Rs. 28.91 million against output tax. The company has filed appeal before Sales Tax Appellate Tribunal against the order passed by the Collector Appeals, whereby he had maintained the order of the Assistant Collector Refund. No provision is made in these accounts as the hearing of the above referred appeal which is pending adjudication for want of the constitution of bench of Sales Tax Appellate Tribunal.

(vi) A customer has filed a suit in High Court against the company and others for warranty claim of Rs. 1.042 million. The suit is currently listed for recording of defendant's evidence in the court.

	2009	2008
	(Rupees in '000')	
26.2 Guarantees		
Issued by banks	**93,359**	74,546

Guarantees are issued to Government and Semi government institutions and shall be released on completion of warranty period. These are issued under normal operations.

26.3 Post Dated Cheques	**235,276**	103,760

Post dated cheques have been issued in favour of Collector of Customs on account of duty differential. These cheques will be returned after necessary verification by the authorities.

26.4 Commitments		
Confirmed letters of credit-CKD	**214,536**	153,896
Sale contracts entered into by the company	**76,605**	-

27 NET SALES		
Manufactured goods		
Sales	**1,314,039**	1,858,850
Sale tax	**(11,906)**	(12,637)
	1,302,133	1,846,213
Trading stock		
Sales	**13,549**	11,152
Sales Tax	**(1,874)**	(307)
	11,675	10,845
	1,313,808	1,857,058

	Note	2009	2008
		(Rupees in '000')	
28 COST OF SALES			
Manufactured goods			
Stock at beginning of year		**57,931**	164,578
Cost of goods manufactured	28.1	**1,176,808**	1,594,558
		1,234,739	1,759,136
Stock at end of year		**(65,822)**	(57,931)
		1,168,917	1,701,205
Trading stock			
Stock at beginning of year		**35,362**	28,469
Purchases		**17,475**	19,745
		52,837	48,214
Stock at end of year		**(37,248)**	(35,362)
		15,589	12,852
		1,184,506	1,714,057
28.1 COST OF GOODS MANUFACTURED			
Raw material and components consumed	28.2	**1,081,976**	1,466,826
Stores and spares consumed		**1,461**	488
Salaries, wages and other benefits	28.3	**30,194**	23,501
Fuel and power		**5,297**	3,249
Rent, rates and taxes		**502**	585
Insurance		**5,433**	4,549
Research & development		**93**	10
Repairs and maintenance		**3,645**	94
Travelling & entertainment		**490**	778
Out side assembly charges		**42,965**	70,348
Depreciation on fixed assets	5.2	**6,455**	11,401
Running Royalty		-	11,201
Other Expenses		**3,257**	1,528
		1,181,768	1,594,558
Work-in-process at end of year		**(4,960)**	-
		1,176,808	1,594,558
28.2 RAW MATERIAL & COMPONENTS CONSUMED			
Stock at beginning of year		**374,759**	456,222
Purchases including duties, taxes and other charges		**973,038**	1,385,363
		1,347,797	1,841,585
Stock at end of year		**(265,821)**	(374,759)
		1,081,976	1,466,826

28.3 The following amounts have been charged to cost of sales during the year in respect of gratuity:

	2009	2008
Current service cost	**693**	426
Interest costs	**69**	-
	762	426

	Note	2009	2008
		(Rupees in '000')	
29 DISTRIBUTION COST			
Salaries, wages and benefits	29.1	**14,004**	8,370
Commission		**20,118**	28,721
Rent, rates and taxes		**647**	396
Insurance		**1,226**	425
Repairs and maintenance		**202**	756
Utilities		**158**	59
Travelling and entertainment		**2,863**	1,528
Communication and stationery		**781**	918
After sale services and warranty		**489**	2,159
Advertisement		**831**	3,486
Legal and professional charges		**139**	-
Subscriptions		**26**	86
Late Delivery Charges		**1,388**	-
Depreciation on fixed assets	5.2	**2,495**	2,819
Freight forwarding		**2,352**	2,024
Other expenses		**877**	640
		48,596	52,387

29.1 The following amounts have been charged to distribution during the year in respect of gratuity:

	2009	2008
Current service cost	**496**	314
Interest costs	**50**	-
	546	314

	Note	2009	2008
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	**14,026**	15,045
Rent, rates and taxes	30.2	**1,039**	438
Insurance		**1,132**	1,092
Repairs and maintenance		**498**	7,149
Utilities		**10**	24
Travelling and entertainment		**4,576**	4,327
Communication and stationery		**2,291**	2,616
Advertisement		**457**	285
Auditor's remuneration			
Audit fee		**250**	250
Out of pocket expenses		**10**	10
		260	260
Legal and professional charges	30.3	**1,430**	1,617
Subscriptions		**583**	528
Donation		**813**	1,423
Depreciation on fixed assets	5.2	**6,369**	4,762
Depreciation on investment in immovable properties	6.1	**259**	259
Security Expenses		**1,503**	1,810
Other expenses		**65**	604
		35,311	42,239

30.1 The following amounts have been charged to administration expenses during the year in respect of gratuity:

	2009	2008
Current service cost	**650**	791
Interest costs	**65**	-
	715	791

30.2 This includes rent expense of Rehman Cotton Mills Limited (Associated Company) amounting to Rs. 0.210 million (2008: Rs. 0.110 million).

30.3 This includes retainership fee amounting to Rs. 0.12 million (2008: Rs.0.12 million) paid to Hasan & Hasan. Dr. Parvez Hasan, Director, is partner of the firm.

	Note	**2009**	2008
		(Rupees in '000')	

31 OTHER OPERATING EXPENSES

	Note	2009	2008
Workers' Profits Participation Fund	22.2	-	1,582
Workers' Welfare Fund		**589**	
Loss on sale of fixed assets		**167**	-
Exchange loss		**116,825**	1,739
		116,992	3,910

32 OTHER OPERATING INCOME

	Note	2009	2008
From financial assets			
Profit on bank deposits		**142**	651
From non financial assets			
Scrap sales		**35**	-
Gain on sale of fixed assets		-	239
Amortisation of gain on sale and lease back of fixed asset	21.2	**462**	462
Commission received			
Others		**56**	35
Late delivery charges recovered		-	7,081
Reversal of long outstanding credit balances		-	3,054
Royalty waived by Technology Supplier		**13,981**	-
		14,676	11,522

33 FINANCE COST

	Note	2009	2008
Mark-up / interest on:			
Finance lease		**996**	2,475
Finance against imported merchandise		**27,664**	3,512
Running finance		**52,388**	16,744
Discounting of bills		-	459
Amount due to subsidiary company		**210**	204
Interest on workers' profits participation fund		**261**	-
L/G Charges		**808**	1,044
Bank charges and commission		**1,179**	1,543
Loss on remeasurement of derivatives		-	544
		83,506	26,525

34 TAXATION

	Note	2009	2008
Current	25	-	13,036
Deferred		**(2,942)**	(1,706)
		(2,942)	11,330

	Note	2009	2008
		(Rupees in '000')	
34.1 Relationship between income tax expense and accounting profit			
(Loss) Profit before taxation		**(140,427)**	29,462
Tax at the applicable tax rate of 35% (2008: 35%)		-	10,313
Tax effect of expenses that are not deductible for tax purposes		-	8,750
Tax effect of expenses that are deductible for tax purposes		-	(6,027)
Deferred tax charge		**(2,942)**	(1,706)
		(2,942)	11,330

35 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2009	2008
(Loss) / Profit after taxation for the year		**(137,485)**	18,132
		Number of shares	
Weighted average number of ordinary shares outstanding during the year	17	**21,304**	21,304
		Rupees	
(Loss) / Earnings per share - basic and diluted		**(6.45)**	0.85

36 CASH GENERATED FROM OPERATIONS

	Note	2009	2008
(Loss) / Profit before taxation		**(140,427)**	29,462
Adjustment for non cash charges and other items:			
Depreciation			
Fixed assets	5.1	**15,319**	18,982
Investment properties	6	**259**	259
Loss / (Gain) on disposal of fixed assets	5.4	**167**	(239)
Amortisation of gain on sale and lease back of fixed asset	32	**(462)**	(462)
Interest expense	33	**83,506**	26,525
Interest income	32	**(142)**	(651)
Provision for gratuity	21.3	**2,023**	1,531
		(39,757)	75,407
Working capital changes	36.1	**(91,590)**	(78,339)
		(131,347)	(2,932)

36.1 Working capital changes

	Note	2009	2008
(Increase) / decrease in current assets			
Store s & spares		**6**	(21)
Stock-in-trade		**94,200**	181,217
Trade debts		**(46,300)**	26,554
Loans and advances		**(3,483)**	3,110
Deposits and prepayments		**88,055**	(41,585)
Other receivables		**(37,450)**	(70,526)
		95,028	98,749
Decrease in current liabilities			
Trade and other payable		**(186,618)**	(177,088)
		(91,590)	(78,339)

	Note	2009	2008
		(Rupees in '000')	

37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the Balance sheet.

Cash and bank balances		**21,510**	22,919
Short-term loan and running finances		**(327,552)**	(90,339)
		(306,042)	(67,420)

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management
The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from its use of financial instruments:
-Credit Risk
-Liquidity Risk
-Market risk

38.1 Credit risk

Exposure to credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Investments	**1,400**	1,400
Long term loans and advances	**1,247**	920
Long term deposits	**4,182**	3,999
Trade debts	**103,203**	56,903
Loans and advances	**68,477**	178,340
Trade deposits	**61,617**	150,662
Other receivables	**2,838**	2,838
Bank balances	**21,278**	22,708
	264,242	417,770

38.1.1 The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

Domestic	**103,203**	56,903

38.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer are as follows:

Government	**4,786**	39,709
Semi-government	**203**	359
Others	**98,902**	17,523
Less: Provision for doubtful debts	**(688)**	(688)
	103,203	56,903

	Note	2009	2008
		(Rupees in '000')	

38.1.3 Impairment losses

The aging of trade debtors at the balance sheet date was:

Past due 0-30 days	**92,537**	56,436
Past due 31-150 days	**3,636**	314
Past due 151-365 days	**6,718**	127
Past due over 365 days	**312**	26
	103,203	56,903

38.1.4 Rs. 91.148 million of the trade debts carrying amount as at June 30, 2009 (June 30, 2008: Rs. 17.060 million) is due from customers having good track record with the company. Based on past experience, the Company believes that no impairment loss is necessary in respect of trade debts due from major customers as most of them have been recovered subsequent to the year end. For other trade debts, the company has reasonable grounds to believe that the amounts will be recovered in short course of time.

38.2 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

(Rupees in '000')

	2009			
	Carrying amount / Contractual Cashflows	**Within one year or on demand**	**Between 1 to 2 years**	**Between 3 to 5 years**
Non Derivative Financial liabilities				
Trade & other payable	396,773	396,773	-	-
Liabilities against assets subject to finance lease	8,556	6,104	1,894	558
Accrued mark-up / interest	17,114	17,114	-	-
Short term borrowing-secured	327,552	327,552	-	-
	749,995	747,543	1,894	558

	2008			
	Carrying amount / Contractual Cashflows	**Within one year or on demand**	**Between 1 to 2 years**	**Between 3 to 5 years**
Non Derivative Financial liabilities				
Trade & other payable	583,403	583,403	-	-
Liabilities against assets subject to finance lease	16,154	7,989	6,244	1,921
Accrued mark-up / interest	9,520	9,520	-	-
Short term borrowing-secured	90,339	90,339	-	-
	699,416	691,251	6,244	1,921

38.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

38.3.1 CURRENCY RISK

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods that are denominated in a currency other than the respective functional currency of the Company. The company primarily has foreign currency exposures in Japanese Yen. As at the balance sheet date, the Company has no major exposure to foreign currency risk.

The following significant exchange rates have been applied:

	Average Rate	
	2009	2008
Yen	**0.84**	0.69

38.3.2 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. At the balance sheet date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	June 30, 2009	June 30, 2008
	(Rupees in '000')	
Fixed rate instruments		
Financial assets		
In deposit accounts	**663**	28
Term deposit	-	4,470
Variable rate instruments		
Financial liabilities		
Liabilities against assets subject to finance lease	**8,556**	16,154
Short term borrowing-secured	**327,552**	90,339

FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED RATE INSTRUMENTS

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit & Loss	
	100 bp increase	100 bp decrease
	(Rupees in '000')	
As at June 30, 2009		
Cash flow sensitivity-Variable rate instruments	**(527)**	527
As at June 30, 2008		
Cash flow sensitivity-Variable rate instruments	**(148)**	148

39 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise the subsidiary company, associated companies, technological suppliers, directors and executives. The Company in the normal course of business carries out transactions at arm's length with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

	Name of Related Party and nature of relationship	Nature of transaction	2009	2008
			(Rupees in '000')	
(a)	**Subsidiary company**			
	Marghazar Industries (Private) Limited	Financial charges	**210**	204
(b)	**Associated companies**			
	General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	**42,062**	52,739
	Ghandhara Nissan Limited (Common Directorship)	Assembly charges	**49,839**	70,348
		Sales - Fabrication	**8,828**	2,328
	Reimbursement of expenses		**-**	9
	Universal Insurance Limited (Common Directorship)	Insurance Premium	**9,564**	8,045
		Insurance Claim	**333**	181
	Bibojee Services (Private) Limited (Common Directorship)	Sale of Vehicle	**-**	10,830
		Purchase of Vehicle	**-**	2,300
	Rehman Cotton Mills Limited	Rent paid	**210**	110
	Hasan & Hasan	Retainership fee	**120**	120
(c)	**Technology suppliers**			
	Isuzu Motors Limited Japan	Running Royalty charges	**-**	7,149
		Initial royalty	**-**	3,460
		Technical assistance/ training fee	**-**	592
		Parts Purchased	**19,039**	20,119
		Reimbursement of advertisement expenses	**-**	782
	Marubeni Corporation Japan	CKD purchased	**587,664**	762,483

	2009	2008
	Executives (Rupees in '000')	
40 REMUNERATION OF THE DIRECTORS AND EXECUTIVES		
Managerial remuneration and allowances	**16,074**	12,528
Gratuity	**1,200**	949
Others	**292**	-
	17,566	13,477
Number of persons	**18**	12

40.1 Some executives are provided with free use of car maintained by the company

40.2 The amount charged in these financial statements in addition to those that are shown above is Nil (2008: Rs.0.245) million in relation to fee for seven (2008: seven) directors.

41 CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to the shareholders or issue new shares.

42 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends upon the mix of various product assembly of trucks, buses & fabrication of commercial bodies.

The Company has outsourced the assembly of trucks and buses to Ghandhara Nissan Limited (Associated Undertaking) therefore figures for the actual production for the current year has not been given.

43 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purposes of better presentation / comparison:

Reclassification		**Rupees in 000**
from	**to**	
Administrative expenses - Depreciation	Cost of Sales - Depreciation	26
Administrative expenses - Depreciation	Distribution cost - Depreciation	15
Finance cost - Exchange loss	Other operating expenses - Exchange loss	1,739

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 3, 2009 by the Board of Directors of the company.

Chief Executive   Director


ISUZU
FTR
FTR
ISUZU
NPR
Euro 1
4.4 DIESEL

Ghandhara Industries Limited
And its subsidiary
Consolidated Financial Statements
For the year ended
June 30, 2009

AUDITORS' REPORT TO THE MEMBERS

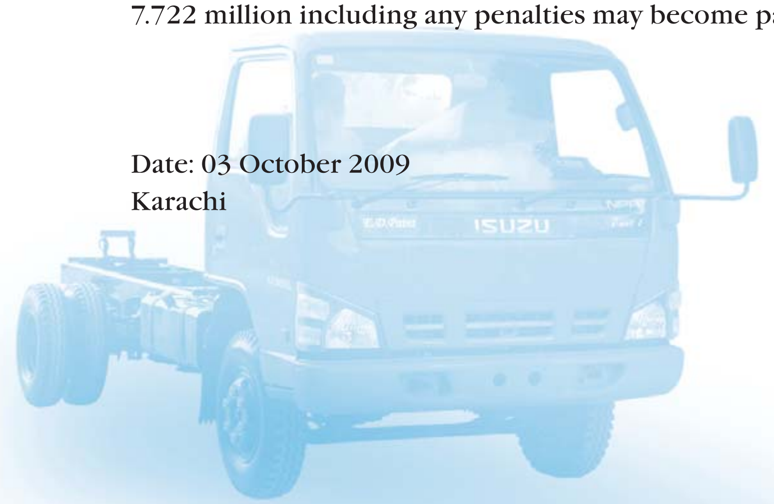
We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Ghandhara Industries Limited and its subsidiary company, Marghazar Industries (Private) limited as at 30 June 2009 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Ghandhara Industries Limited and its subsidiary company, Marghazar Industries limited. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on auditing. 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.

In our opinion, the consolidated financial statements present fairly the financial position of Ghandhara Industries Limited and its subsidiary company, Marghazar Industries (Private) Limited as at 30 June 2009 and the results of its operations for the year then ended.

Without qualifying our opinion, we draw attention to the note 27.1 (iv) to the consolidated financial statements, the holding company has written back in the consolidated financial statements for the year ended as on June 30, 2007 provision for Workers' Profit Participation Fund for the year ended 30 June 2006 based on a legal opinion and in a view of constitutional petition pending adjudication in the Sindh High Court on this matter.

If it is established that the provisions of the Companies Profits (Workers' Participation) Act, 1968 are applicable to the holding company, provision in respect of year ended 30 June 2006 amounting to Rs. 7.722 million including any penalties may become payable.



Date: 03 October 2009
Karachi

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Abdual Majeed Chaudhri

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	**1,018,986**	1,028,798
Investment Properties	6	**90,914**	91,173
Long term Investments	7	**-**	-
Long term loans and advances	8	**262**	461
Long term deposits	9	**4,182**	3,999
CURRENT ASSETS			
Stores spares parts and loose tools	10	**15**	21
Stock-in-trade	11	**373,852**	468,052
Trade debts	12	**103,203**	56,903
Loans and advances	13	**68,477**	178,620
Deposits and Prepayments	14	**62,607**	150,662
Other receivables	15	**178,033**	140,583
Cash and Bank balances	16	**21,530**	22,939
		807,717	1,017,780
		1,922,061	2,142,211
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
50,000,000 ordinary shares of Rs. 10 each		**500,000**	500,000
Issued, subscribed and paid-up capital	17	**213,044**	213,044
Reserves	18	**43,200**	43,200
Accumulated Loss		**(172,062)**	(37,950)
		84,182	218,294
Minority Interest		**194**	184
		84,376	218,478
SURPLUS ON REVALUATION OF FIXED ASSETS AND INVESTMENT PROPERTIES	19	**1,073,197**	1,076,546
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	20	**2,452**	8,165
Deferred Liabilities	21	**16,519**	17,935
CURRENT LIABILITIES			
Trade and other payable	22	**394,725**	581,397
Accrued mark up/ Interest	23	**17,114**	9,520
Running Finance and Borrowings	24	**327,552**	90,339
Current maturity of liabilities against assets subject to finance leases	20	**6,104**	7,989
Provision for taxation	25	**22**	131,842
		745,517	821,087
CONTINGENT LIABILITIES & COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**1,922,061**	2,142,211

The annexed notes from 1 to 44 form an integral part of these financial statements

Chief Executive Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
Net sales	27	**1,313,808**	1,857,058
Cost of sales	28	**1,184,506**	1,714,057
Gross profit		**129,302**	143,001
Distribution cost	29	**48,596**	52,387
Administrative expenses	30	**35,459**	42,385
Operating profit		**45,247**	48,229
Other operating expenses	31	**116,992**	3,910
Other operating income	32	**14,676**	11,522
Finance cost	33	**83,296**	26,321
(Loss) / Profit before taxation		**(140,365)**	29,520
Taxation	34	**(2,914)**	11,350
Net (loss) / profit for the year after taxation		**(137,451)**	18,170
Attributable to:			
Equity holders of the parent		**(137,461)**	18,158
Minority interest		**10**	12
		(137,451)	18,170
(Loss) / Earnings per share - basic and diluted	35	**(6.45)**	0.85

The annexed notes from 1 to 44 form an integral part of these financial statements

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**(131,537)**	(2,914)
Gratuity paid		**(36)**	-
Interest paid		**(74,706)**	(22,674)
Income tax paid (including tax deducted at source)		**(18,221)**	(61,418)
Long-term loans and advances		**199**	174
Long-term deposits		**(183)**	(153)
Net cash (outflows) from operating activities		**(224,484)**	(86,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(6,000)**	(18,179)
Sale proceeds on disposal of fixed assets		**1,646**	239
Interest received		**142**	651
Net cash outflows from investing activities		**(4,212)**	(17,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(12)**	(495)
Payment of lease rentals		**(9,914)**	(8,913)
Net cash (outflows) from financing activities		**(9,926)**	(9,408)
Net decrease in cash and bank balances		**(238,622)**	(113,682)
Cash and cash equivalents at beginning of the year		**(67,400)**	46,282
Cash and bank balances at the end of the year	37	**(306,022)**	(67,400)

The annexed notes from 1 to 44 form an integral part of these financial statements

Chief Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Share Capital	Capital Reserves							
	Issued, subscribed and paid-up	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	Revenue Reserve	Accumulated Loss	Total	Minority Interest	Total Equity
	Rupees in '000'								
Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(59,620)	196,624	172	196,796
Profit for the year						18,158	18,158	12	18,170
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for year						3,512	3,512	-	3,512
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(37,950)	218,294	184	218,478
Loss for the year						(137,461)	(137,461)	10	(137,451)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for year						3,349	3,349	-	3,349
Balance as at 30 June 2009	**213,044**	**5,500**	**10,000**	**25,300**	**2,400**	**(172,062)**	**84,182**	**194**	**84,376**

The annexed notes from 1 to 44 form an integral part of these financial statements

Chief Executive

Director

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1 CORPORATE INFORMATION

Ghandhara Industries Limited (the holding company) was incorporated on 23 February 1963. The Company's shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is assembly and progressive manufacture of Isuzu trucks and buses.

Ghandhara Industries Limited holds 70% equity in Marghzar Industries (Private) Limited.

2 STATEMENT OF COMPLIANCE

2.1 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, provision of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to the published approved accounting standards that are effective in 2008 - 2009

The following standards, interpretations and amendments have been published that are mandatory and relevant for the company's accounting periods beginning on or after July 1, 2008 or later periods:

IFRS 7 'Financial instruments-Disclosures' -The Securities & Exchange Commission of Pakistan (SECP) vide SRO 411(I)/2008 dated April 28, 2008 notified the adoption of IFRS 7 which is mandatory for the company's accounting periods beginning on or after the date of notification i.e. April 28, 2008. IFRS 7 has superseded International Accounting Standard (IAS) 30 - Disclosures in the 'Financial Statements of Banks and similar Financial Institutions' and disclosure requirements of IAS 32 - 'Financial Instruments: Presentation'. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

International Financial Reporting Interpretation Committee (IFRIC) Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation provides guidance on assessing the limit in IAS 19 - 'Employee benefits' on the amount of surplus that can be recognized as an asset. It also explains how the defined benefit asset or liability may be affected by a statutory or contractual minimum funding requirement. The funded and unfunded gratuity schemes of the company are not subject to any minimum funding requirements and the requirements of this interpretation have only been applied to assess the surplus arising in the company's books under the funded gratuity scheme.

2.3 Standards, amendments to published standards and interpretations effective in 2008-2009 but not relevant:

There are certain new standards, amendments to published standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore not disclosed in these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards and interpretations not yet effective

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised) 'Presentation of Financial Statements' introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits':

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The distinction between short term and long term employee benefits will be based whether benefits are due to be settled within or after twelve months of employee service being rendered. Adoption of this amendment will only impact the presentation of the financial statements.

- IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Revised) 'Borrowing Costs' removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 36 (Amendment), 'Impairment of assets'. As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 38 (Amendment), 'Intangible assets'. The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect of the company's financial statements.

IFRS 8 'Operating Segments' introduces the "management approach" to segment reporting. IFRS 8, requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the company's decision makers in order to assess each segment's performance and to allocate resources to them. This IFRS will have no impact on the financial statements of the company.

IFRS 2 (Amendment) 'Share-based Payment - Vesting Conditions and Cancellations' clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will have no impact on the company's financial statements as the company has no such share based payments.

IFRS 3 (Revised) 'Business Combination' which effective for annual periods beginning on or after July 1, 2009, broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than the share and debt issue costs to be expensed, any pre existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction by transaction basis. However, it has no impact on the company's financial statements.

IAS 27 (Amended) 'Consolidated and Separate Financial Statements (2008)' requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27 will have no impact on these financial statements.

IAS 32 (Amendment) 'Financial Instruments'. Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments will have no impact on financial statements of the company.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the company's operations and are therefore not detailed in these financial statements.

3 BASIS OF PREPARATION

3.1 MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for revaluation of certain fixed assets and investment properties, certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- Accounting for retirement benefit obligations
- Recognition of provision for current taxation (current and prior years) and deferred taxation
- Accrued liabilities
- Determining the recoverable amounts, useful lives and residual values of property, plant and equipment
- Provision for doubtful receivables and slow moving inventories

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees which is the company's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are stated at cost or valuation less accumulated depreciation and any identified impairment loss. Property, plant & equipment acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses.

Capital work-in-progress is stated at cost accumulated up to the balance sheet date.

Depreciation on all operating assets, except leasehold land, is charged to profit on a straight line method so as to write off the cost or valuation of an asset less its estimated salvage value over its useful life. Depreciation is charged at the annual rates mentioned in note 5 to these accounts.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Any surplus arising on revaluation of leasehold land, building on leasehold land, plant and machinery is credited to the surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. An amount equivalent to difference between depreciation based on the revalued carrying amount of the assets and depreciation based on original cost is transferred from Surplus on revaluation and deferred taxation to unappropriated profit and Profit and loss account respectively.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gain/losses on sale of property, plant and equipment are charged to profit and loss account currently, except that the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Maintenance and normal repairs are charged to expenses as and when incurred. Major renewals and improvements are capitalised and are depreciated over the remaining useful life of the related asset.

4.2 INVESTMENT

Investment properties

Property held for capital appreciation and rental yield, which is not in use of the company is classified as investment property. Investment properties comprise of leasehold land and buildings.

Investment properties are carried at cost or valuation (i.e. deemed cost) less accumulated depreciation and impairment if any.

Investment properties are depreciated on straight line method at the annual rates mentioned in note 6 to these accounts, depending upon the class of assets.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and repairs are capitalised.

If an investment property becomes owner occupied, it is reclassified as fixed asset.

In shares

Investments held by the company other than investments in subsidiary are classified as being available for sale and stated at fair value.

Investment in subsidiary is stated at cost

All purchases and sales are recognised on the trade dates. Realised gains and losses are included in the period in which they arise.

4.3 LONG TERM DEPOSITS

These are stated at cost which represents the fair value of the consideration given.

4.4 STORES, SPARES AND LOOSE TOOLS

These are valued at the lower of cost computed principally on a first-in-first-out basis and net realizable value. Items in transit are stated at cost accumulated to balance sheet date.

4.5 STOCK IN TRADE

Stock-in-trade is valued at the lower of cost and net realizable value except for goods in transit which are stated at invoice values plus other charges paid thereon. Cost in relation to raw materials and components and trading stock (except for parts and accessories included in trading stock which are valued on average basis) is arrived at principally on first in first out basis. Cost of work in process and manufactured stocks including components includes direct wages and applicable manufacturing overheads.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

4.6 TRADE DEBTS AND OTHER RECEIVABLES

These are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of age analysis of outstanding debts. Debts considered irrecoverable are written off.

4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents are comprise of cash in hand, cash at banks and running finances which are payable on demand.

4.8 TAXATION

Current

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.9 TRADE AND OTHER PAYABLES

Trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.10 REVENUE RECOGNITION

Sales are recognized when goods are invoiced and dispatch to customers. Rental and interest income is recorded on accrual basis.

4.11 BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are those assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are dealt with income in the period in which they are incurred.

4.12 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into pak rupees at the exchange rates prevailing on the balance sheet date.

Exchange gain and losses are recognised in the income currently.

4.13 FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the company become a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be.

4.14 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liability is set-off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.15 PROVISIONS AND CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.16 WARRANTY

The company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date to the extent of non-reimbursable portion from the principal.

4.17 DIVIDEND

Dividend distribution to the shareholders is accounted for as a liability in the period in which it is approved by the shareholders.

4.18 INTEREST / MARK-UP BEARING LOANS AND BORROWINGS

Loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the periods in which they arise.

4.19 RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at arm's length price determined in accordance with the methods prescribed in the Companies Ordinance, 1984. Royalty is stated in accordance with Technical agreement duly registered with the State Bank of Pakistan.

	2009	2008
Note	(Rupees in '000')	

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
Operating fixed assets	5.1	**1,018,536**	1,028,573
Capital work in progress		**450**	225
		1,018,986	1,028,798

5.1 Operating fixed assets

	OWNED										LEASED	TOTAL
	Leasehold land	Building on lease hold land	Plant & Machinery	Permanent tools	Furniture & fixtures	Motor vehicles	Lift trucks	Office machines & equipments	Computers	Jigs and special tools	Motor vehicles	
At June 30, 2007						(Rupees in '000)						
Cost	946,500	68,450	47,112	3,023	935	14,053	3,123	4,613	1,893	25,630	25,323	1,140,655
Accumulated depreciation	13,719	5,322	46,564	3,022	921	12,417	3,122	3,622	1,274	19,346	2,658	111,987
Book value	932,781	63,128	548	1	14	1,636	1	991	619	6,284	22,665	1,028,668
Year ended June 30, 2008												
Additions	-	-	719	141	1,573	4,482	6,096	4,444	499	-	933	18,887
Disposals:												
- Cost	-	-	-	-	-	263	-	-	-	-	-	263
- depreciation	-	-	-	-	-	(263)	-	-	-	-	-	(263)
	932,781	63,128	1,267	142	1,587	6,118	6,097	5,435	1,118	6,284	23,598	1,047,555
Depreciation charge	-	5,322	117	1	30	1,067	394	350	210	6,284	5,207	18,982
Net book value as at June 30, 2008	**932,781**	**57,806**	**1,150**	**141**	**1,557**	**5,051**	**5,703**	**5,085**	**908**	**-**	**18,391**	**1,028,573**
Year ended June 30, 2009												
Additions	-	-	192	33	468	4,247	-	318	517	-	1,320	7,095
Disposals:												
- Cost	-	-	311	-	-	2,351	-	49	-	-	-	2,711
- depreciation	-	-	(311)	-	-	(538)	-	(49)	-	-	-	(898)
	932,781	57,806	1,342	174	2,025	7,485	5,703	5,403	1,425	-	19,711	1,033,855
Depreciation charge	-	5,323	154	21	129	2,022	1,219	735	299	-	5,417	15,319
Net book value at June 30, 2009	**932,781**	**52,483**	**1,188**	**153**	**1,896**	**5,463**	**4,484**	**4,668**	**1,126**	**-**	**14,294**	**1,018,536**
As at June 30, 2008												
Cost	946,500	68,450	47,831	3,164	2,508	18,272	9,219	9,057	2,392	25,630	26,256	1,159,279
Accumulated depreciation	**13,719**	**10,644**	**46,681**	**3,023**	**951**	**13,221**	**3,516**	**3,972**	**1,484**	**25,630**	**7,865**	**130,706**
Book value	**932,781**	**57,806**	**1,150**	**141**	**1,557**	**5,051**	**5,703**	**5,085**	**908**	**-**	**18,391**	**1,028,573**
As at June 30, 2009												
Cost	946,500	68,450	47,712	3,197	2,976	20,168	9,219	9,326	2,909	25,630	27,576	1,163,663
Accumulated depreciation	13,719	15,967	46,524	3,044	1,080	14,705	4,735	4,658	1,783	25,630	13,282	145,127
Book value	**932,781**	**52,483**	**1,188**	**153**	**1,896**	**5,463**	**4,484**	**4,668**	**1,126**	**-**	**14,294**	**1,018,536**
Depreciation rate %	**1.47**	**2.5 to 6.25**	**10**	**12.5**	**6 to 6.25**	**20**	**20**	**12.5**	**20**	**33**	**20**	

	Note	2009	2008
		(Rupees in '000')	

5.2 Depreciation for the year is allocated as follows:

	Note	2009	2008
Cost of goods manufactured	28.1	**6,455**	11,401
Distribution expenses	29	**2,495**	2,819
Administrative expenses	30	**6,369**	4,762
		15,319	18,982

5.3 The company's leasehold land and buildings thereon were revalued on 31 March 1971, 27 June 1992 and 30 June 1995 (including plant and machinery). The leasehold land was again revalued on 30 June 1996. The latest valuation was carried out by Yunus Mirza & Co. (Pvt) Limited, Incorporated Architects, Engineers, Town Planner and Bank's Approved Surveyors on 30 June, 2006. The valuation of leasehold land was based on current market trends and prevailing value in the vicinity of the plot and valuation of buildings was based on current construction cost minus the accumulated depreciation.

5.4

Assets	Cost	Accumulated depreciation	Written Down Value	Sale Proceeds	Gain / (Loss) on sale	Mode of disposal	Particulars of buyers
	(Rupees in '000')						
Motor Vehicles							
Rexton	2,300	537	1,763	1,600	(163)	Negotiation	Mr. Muhammad Kamran S/O Mr. Nisar Ahmed Sheikh
Honda Motorcycle CD - 70	51	1	50	46	(4)	Insurance Claim	Universal Insurance Company Ltd., (Associated Company)
	2,351	538	1,813	1,646	(167)		
Aggregate values of items where WDV is less than Rs.50,000	360	360	-	-	-	Write off	-
2009	**2,711.00**	**898**	**1,813**	**1,646**	**(167)**		
2008	263	263	-	239	239		

5.5 The dates and amounts of revaluation surplus included in the book value of fixed assets as at 30 June 2008 is given below:

		Leasehold land	Buildings on leasehold land	Plant & Machinery	Total
		(Rupees in '000')			
(a)	At March 31,1971				
	Revaluation surplus	3,000	2,792	-	5,792
	Less: Depreciation surplus	30	140	-	170
		2,970	2,652	-	5,622
(b)	At June 27, 1992				
	Revaluation surplus	91,891	32,734	-	124,625
	Less: Depreciation surplus	1,138	3,493	-	4,631
		90,753	29,241	-	119,994
(c)	At June 27, 1995				
	Revaluation surplus	88,723	14,834	23,474	127,031
	Less: Depreciation surplus	1,141	1,886	23,474	26,501
		87,582	12,948	-	100,530
(d)	At 30 June 1996				
	Revaluation surplus	11,782	-	-	11,782
	Less: Depreciation surplus	154	-	-	154
		11,628	-	-	11,628
(e)	At 30 June 2006				
	Revaluation surplus	751,104	11,279	-	762,383
	Less: Depreciation surplus	11,256	4,786	-	16,042
		739,848	6,493	-	746,341
	Total cost or revaluation	946,501	68,450	47,831	1,062,782
	Less: Depreciation there on	13,719	10,645	46,681	71,045
	Net Book Value	932,782	57,805	1,150	991,737

5.6 Had there been no revaluation, the book value of buildings on leasehold land and plant and machinery as on 30 June 2009 would have been as under:

	Cost	Accumulated Depreciation	Book Value
		(Rupees in '000')	
Building on Leasehold Land	6,810	511	6,299
Plant and Machinery	24,446	23,258	1,188

6 INVESTMENT PROPERTIES

	Leasehold land	Buildings on leasehold land	Total
		(Rupees in '000')	
At June 30, 2007			
Cost	97,392	416	97,808
Accumulated depreciation	6,070	306	6,376
Book value	91,322	110	91,432
Year ended June 30, 2008			
Depreciation charge	243	16	259
Net book value as at June 30, 2008	91,079	94	91,173
Year ended June 30, 2009			
Depreciation charge	243	16	259
Net book value at June 30, 2009	90,836	78	90,914
As at June 30, 2008			
Cost	97,392	416	97,808
Accumulated depreciation	6,313	322	6,635
Book value	91,079	94	91,173
As at June 30, 2009			
Cost	97,392	416	97,808
Accumulated depreciation	6,556	338	6,894
	90,836	78	90,914
	0.25	2.5 to 6.25	

6.1 Depreciation for the year is allocated as follows:

	Note	2009	2008
		(Rupees in '000')	
Administrative expenses	30	259	259

6.2 The execution of a lease deed for land at Haroonabad in Sindh Industrial Trading Estate, Karachi has not been finalised.

6.3 The company's leasehold land and buildings thereon were revalued on 27 June 1992 and 30 June 1995. The leasehold land was again revalued on 30 June 1996. The latest revaluation was carried out by Iqbal A. Nanjee & Co. Valuation Consultants on 30 June 1996. The valuation was based on current market values.

6.4 The Market value as on 30 June, 2009 was Rs.376 million (2008: Rs. 377 million).

6.5 The dates and amounts of revaluation surplus included in the book value of investment properties as at 30 June 2009 is given below:

	Leasehold land	Building on leasehold land	Total
		(Rupees in '000')	
(a) At June 27 1992			
Revaluation surplus	47,889	33	47,922
Less: Depreciation surplus	4,248	14	4,262
	43,641	19	43,660
(b) At 30 June 1995			
Revaluation surplus	37,780	146	37,926
Less: Depreciation surplus	1,775	128	1,903
	36,005	18	36,023
(c) At 30 June 1996			
Revaluation surplus	10,634	-	10,634
Less: Depreciation surplus	345	-	345
	10,289	-	10,289
Total cost or revaluation	97,392	416	97,808
Less: Depreciation there on	6,557	337	6,894
Net Book Value	90,835	79	90,914

	Note	2009	2008
		(Rupees in '000')	
7 LONG-TERM INVESTMENT			
- Listed			
Available for sale investment			
Bela Engineers Limited 160 Fully paid-up ordinary shares of Rs. 10 each - at cost (2008: 160 shares)		-	1
Less: Provision for impairment in value of investment			
Less: Written off against provision		-	1
		-	-
8 LONG-TERM LOANS			
Executives	8.1	**520**	663
Non executives		**727**	257
		1,247	920
Less: Installments recoverable within twelve months			
Executives		**100**	273
Non executives		**885**	186
	13	**985**	459
		262	461

8.1 Reconciliation of loans and advances to executives

	2009	2008
Balance at beginning of the year	**663**	917
Add: Disbursements	**60**	75
	723	992
Less: Recovered during the year	**203**	329
	520	663

8.2 Interest free loans have been provided to executives for purchase / construction of house and to employees for personal use. These are repayable in monthly installments over a period of one to five years.

8.3 Maximum amount due from executives at the end of any month was Rs. 0.637 million (2008: Rs. 0.887 million).

	Note	2009	2008
		(Rupees in '000')	

9 LONG-TERM DEPOSITS

	Note	2009	2008
Considered Goods			
Leasing companies		**3,443**	3,311
Utilities		**316**	306
Others		**423**	382
		4,182	3,999

10 STORES, SPARES PARTS AND LOOSE TOOLS

	Note	2009	2008
Stores		**15**	21
Spares parts		**6,316**	6,316
		6,331	6,337
Less: Provision for Obsolescence		**6,316**	6,316
		15	21

11 STOCK-IN-TRADE

	Note	2009	2008
Raw materials and components			
In hand	11.1	**247,635**	392,551
Less: Provision for slow moving raw material		**21,076**	21,076
		226,559	371,475
In transit		**39,262**	3,284
		265,821	374,759
Work in process		**4,960**	-
Manufactured stock including components	11.2	**65,822**	57,931
Trading stocks		**52,181**	50,531
Less: Provision for slow moving trading stock	11.3	**14,932**	15,169
		37,249	35,362
		373,852	468,052

11.1 This includes raw material carried at net realisable value, amounting to Rs. 10 million (2008: Rs. 21.1 million).

11.2 This includes manufactured stock carried at net realisable value, amounting to Rs. Nil (2008: 8.5 million).

11.3 Provision for slow moving trading stock

	2009	2008
Opening balance as on July 1	**15,169**	15,169
Less: Stock used in company's vehicle during the year	**237**	-
Closing balance as on June 30	**14,932**	15,169

11.4 Of the aggregate amount, stocks which were in the custody of third parties are as follows:

	Note	2009	2008
		(Rupees in '000')	
Precision Engineering Works		**1,799**	1,368
Ghandhara Nissan Limited (Associated Undertaking)		**255,214**	392,104
Multan Motors		-	2,250
Punjab Motors		-	3,400
Meraj (Pvt.) Ltd.		-	1,250
Aries International		-	1,250
A.R. Engineering			2
		257,013	401,624

12 TRADE DEBTS - unsecured

	Note	2009	2008
Unsecured			
Considered Good			
Government and semi-government agencies		**4,067**	39,380
Others		**99,136**	17,523
		103,203	56,903
Considered Doubtful			
Government and semi-government agencies		**688**	688
Less: Provision there against		**688**	688
		103,203	56,903

13 LOANS AND ADVANCES

	Note	2009	2008
Unsecured			
Considered Good			
Employees		**105**	135
Suppliers and contractors		**14,793**	11,806
		14,898	11,941
Considered Doubtful			
Advances to Suppliers		**1,175**	1,175
Less: Provision there against		**1,175**	1,175
		-	-
Income Tax Deducted at source / Paid in Advance		**52,594**	166,220
Current portion of long-term loans to employees	8	**985**	459
		68,477	178,620

14 DEPOSITS AND PREPAYMENTS

	Note	2009	2008
Tender Deposits		**17,286**	42,246
Margins Against Bank Guarantees		**588**	588
Less: Provision for doubtful margin against bank guarantees		**330**	330
		258	258
L/C Margin		**44,073**	108,158
Prepaid rent		**990**	-
		62,607	150,662

	Note	2009	2008
		(Rupees in '000')	
15 OTHER RECEIVABLES			
Considered Good			
Sales tax refundable / adjustable		**175,195**	137,745
Sundry receivables		**2,838**	2,838
Considered Doubtful			
Sundry Receivables		**1,948**	1,948
Less: Provision there against		**1,948**	1,948
		-	-
		178,033	140,583
16 CASH AND BANK BALANCES			
Cash in hand		**232**	211
With banks			
In current accounts		**22,834**	17,006
In deposit accounts		**663**	3,457
In foreign currency accounts	16.1	**34**	28
		23,531	20,491
Less: Provision for doubtful bank account	16.2	**2,233**	2,233
		21,298	18,258
Term deposit		-	4,470
		21,530	22,939

16.1 Foreign currency accounts include JPY 31,541 equivalent to Rs. 26,731 and US$ 126 equivalent to Rs. 7,386 (2008:JPY 31,523 equivalent to Rs.20,237 and US $ 126 equivalent to Rs.7,386)

16.2 This represents provision made against balances held with Indus Bank Limited under liquidation.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of shares 2009	No. of shares 2008		2009	2008
			(Rupees in '000')	
		Ordinary shares of Rs.10 each		
17,650,862	17,650,862	Fully paid up in cash	**176,509**	176,509
3,295,354	3,295,354	Fully paid bonus shares	**32,953**	32,953
358,206	358,206	Issued for consideration other than cash	**3,582**	3,582
21,304,422	21,304,422		**213,044**	213,044

17.1 The company has one class of ordinary shares which carry no right to fixed income.

17.2 Bibojee Services (Pvt) Ltd., the ultimate holding company, held 8,343,397 (2008: 8,343,397) ordinary shares of Rs.10/- each as at the year end.

17.3 Ordinary shares Rs. 10 each were held by associated undertaking as at June 30, 2009 are as follows:

	Note	2009	2008
		(Rupees in '000')	
Ghandhara Nissan Limited		**5,166,168**	5,166,168
Universal Insurance Company Limited		**1,192,148**	1,192,148
The General Tyre and Rubber Company of Pakistan Limited		**100,700**	100,700
Bibojee Investment (Private) Limited		**21,408**	21,408
		6,480,424	6,480,424

18 RESERVES

	Note	2009	2008
Capital Reserves	18.1	**40,800**	40,800
Revenue Reserves	18.2	**2,400**	2,400
		43,200	43,200

18.1 Capital Reserves

Tax holiday reserve		
Balance as at beginning and end	**5,500**	5,500
Fixed assets replacement reserve		
Balance as at beginning and end	**10,000**	10,000
Contingency reserve		
Balance as at beginning and end	**25,300**	25,300
	40,800	40,800

18.2 Revenue Reserves

Balance as at beginning and end	**2,400**	2,400

19 SURPLUS ON REVALUATION OF FIXED ASSETS AND IMMOVABLE PROPERTIES

Balance as at 1 July	**1,090,139**	1,095,542
Surplus relating to incremental depreciation charged during the year	**(5,152)**	(5,403)
	1,084,987	1,090,139
Less: Related deferred tax		
Deferred Tax on revaluation as at 1st July	**13,593**	15,484
Transferred to accumulated loss on account of incremental depreciation charged during the year	**(1,803)**	(1,891)
	11,790	13,593
	1,073,197	1,076,546

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2009		2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	----------Rupees in '000'----------			
Year ended June 30, 2009	-	-	9,400	7,989
Year ended June 30, 2010	6,967	6,104	6,581	6,244
Year ended June 30, 2011	2,371	1,894	1,984	1,921
Year ended June 30, 2012	414	354	-	-
Year ended June 30, 2013	270	204	-	-
Total minimum lease payments	10,022	8,556	17,965	16,154
Less: Finance charges allocated to future periods	1,466	-	1,811	-
Present value of minimum lease payments	8,556	8,556	16,154	16,154
Less: Current maturity shown under current liabilities	6,104	6,104	7,989	7,989
	2,452	2,452	8,165	8,165

The company has acquired motor vehicles under finance lease arrangements from leasing companies. The arrangements are secured by title of assets leased. Rentals are payable in monthly installments. Repair and insurance cost are to be borne by the company. The rate of financial charges applied ranges from 13.70% to 21.18% (2008: 13.78 % to 18.37 %) per annum.

At the end of the lease term, the ownership of the assets shall be transferred to the company against security deposits paid.

21 DEFERRED LIABILITIES

	Note	2009	2008
		(Rupees in '000')	
Deferred taxation	21.1	**13,001**	15,942
Gain on sale and lease back of fixed asset	21.2	-	462
Staff gratuity	21.3	**3,518**	1,531
		16,519	17,935

21.1 Deferred taxation

Deferred taxation comprises of:

	2009	2008
Accelerated tax depreciation	**17,477**	19,391
Revaluation of fixed assets	**11,790**	13,593
Obligation under finance lease	**2,010**	784
Gain on sale and lease back of fixed assets	-	(162)
Provision for gratuity	**(1,231)**	(536)
Provision for obsolescence:		
Stores and spares	**(2,210)**	(2,210)
Stock in trade	**(12,603)**	(12,686)
Provision for bad / doubtful:		
Trade Debts	**(241)**	(241)
Advance to Supplier	**(411)**	(411)
Bank Guarantee	**(116)**	(116)
Sundry Receivables	**(682)**	(682)
Cash at bank	**(782)**	(782)
	13,001	15,942

	2009	2008
	(Rupees in '000')	

21.2 Gain on sale and lease back of fixed asset

	2009	2008
Gain on sale and lease back of motor vehicle	**1,386**	1,386
Amortised to date	**(1,386)**	(924)
	-	462

The company had entered into a sale and leaseback transaction with Orix Leasing Pakistan Limited during the year ended June 30, 2007 which has resulted in a finance lease. The excess of sale proceeds over the net book value of motor vehicle under a sale and leaseback arrangement has been recognised as deferred income and is being amortised over the period of the lease term.

	Unfunded Gratuity	
	2009	2008
	(Rupees in '000')	

21.3 Staff gratuity

	2009	2008
Opening balance	**1,531**	-
Charge for the year	**2,023**	1,531
	3,554	1,531
Less: Payments made during the year	**36**	-
Closing balance	**3,518**	1,531

Movement in the present value of defined benefit obligation is as follows:

	2009	2008
Present value of defined benefit obligation as at July 1	**1,531**	
Current service cost	**1,839**	1,531
Interest cost	**184**	-
Benefit paid	**(36)**	-
Present value of defined benefit obligation as at June 30	**3,518**	1,531

The expense is recognized in the following line items in the income statement:

	2009	2008
Cost of goods manufactured	**762**	426
Distribution cost	**546**	314
Administrative expenses	**715**	791
	2,023	1,531

Principal actuarial assumptions at the balance sheet date for

Rate of discount 12% (2008: 12%) per annum

Expected rate of increment of salary 11% (2008: 11%) per annum

Expected retirement age 60 (2008: 60) years

Average expected remaining working life time of employees 9 (2008: 9) years

	Note	2009	2008
		(Rupees in '000')	
22 TRADE AND OTHER PAYABLE			
Creditors		**86,097**	120,737
Bills payable		**-**	271,111
Accrued liabilities		**60,685**	40,358
Customers credit balances		**39,201**	22,971
Other dealers' credit balances		**1,085**	1,085
Advance against sale of investment in immovable property		**5,000**	5,000
Custom duty payable		**8,218**	5,969
Payable to trustees' provident fund		**178**	178
Retention money		**1,000**	-
Unclaimed dividends		**6,860**	6,872
Withholding tax		**708**	1,150
Due to associated companies	22.1	**160,483**	67,029
Royalty payable		**-**	13,981
Federal Excise Duty payable		**423**	423
Corporate assets tax		**2,000**	2,000
Waqf-e-Kuli Khan		**8,318**	8,318
Sales Tax Payable		**14**	14
Worker profit participation fund	22.2	**12,671**	12,410
Worker Welfare fund		**589**	589
Others		**1,195**	1,202
		394,725	581,397

22.1 Due to associated companies

		2009	2008
Bibojee Services (Private) Limited		**102,239**	48,001
The General Tyre & Rubber Company of Pakistan Limited		**19,609**	7,365
Ghandhara Nisan Limited		**35,464**	9,051
Universal Insurance Company Limited		**2,773**	2,402
Rehman Cotton Mills Limited		**398**	210
		160,483	67,029

22.2 Workers' Profit Participation Fund

	Note	2009	2008
Opening balance as at July 1		**12,410**	10,828
Allocation for the year	31	**-**	1,582
Interest on funds utilised in the company's business		**261**	-
Closing balance as at June 30		**12,671**	12,410

23 ACCRUED MARK UP/ INTEREST

		2009	2008
Mark up on			
Short term loan / Running finances & Borrowings - secured		**12,600**	5,006
Long term loans - unsecured		**4,514**	4,514
		17,114	9,520

24 RUNNING FINANCES AND BORROWINGS

	Note	2009	2008
Secured			
Finance against imported merchandise	24.1	**38,170**	-
Running finance from bank	24.2	**289,382**	90,339
		327,552	90,339

24.1 This represents outstanding payments against import bills which is converted into Finance against imported merchandise. The holding company has repaid subsequent to the year end by August 7, 2009.

The holding company has arranged Finance against imported merchandise facility amounting to Rs. 101 million (2008: Nil). This facility is secured by pledge of Isuzu trucks in CKD condition and 2nd Equitable Mortgage over Land and Building amounting to Rs. 300 million (2008: Nil). The rate of mark-up on these facilities ranges from 3 Month KIBOR + 2% per annum to 3 months KIBOR plus 2.5% with a floor of 14% per annum (2008: Nil). The facilities will expire on November 30, 2009 (2008: Nil).

24.2 The holding company has facility for short-term running finance amounting to Rs. 289 million (2008: Rs. 150 million) from a bank. The rate of mark up is based on 3 months KIBOR plus 3% (2008: 3 months KIBOR plus 3%) payable quarterly. The arrangement is secured by way of 1st equitable charge over Land, Building, Plant and Machinery amounting to Rs. 750 million (2008: Rs.750 million) with a token registered charge of Rs. 0.5 million (2008: Rs. 0.5 million) over company property bearing F-3 SITE, Karachi and 1st pari passu hypothecation charge over stocks and receivables of Rs. 200 million (2008: Rs.200 million). Further, it is also secured by 1st ranking hypothecation charge over present and future movables and receivables amounting to Rs. 410 million (2008: Nil). The facilities will expire on December 31, 2009 (2008: September 30, 2008).

24.3 The facility for opening letters of credit as at 30 June 2009 amounted to Rs. 390 million (30 June 2008: Rs. 713 million) of which the amount remaining unutilized at the year-end was 175 million (2008: Rs. 205 million). These facilities are secured against hypothecation charge over present and future movables and receivables amounting to Rs. 160 million (2008: Rs.160 million) and 2nd ranking pari passu charge on land and building amounting to Rs. 300 million (2008: Nil) and pledge of company's stock. Further, it is also secured against personal guarantees of chief executive and a director of the company. These facilities will expire on September 30, 2009 (2008: September 30, 2008).

	Note	**2009**	2008
		(Rupees in '000')	
25 PROVISION FOR TAXATION			
Balance at beginning		**131,842**	118,786
Provided during the year	34	**28**	13,056
Adjustment during the year		**(131,848)**	-
		22	131,842

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingent Liabilities

(i) Claims against the company not acknowledged as debt Rs. 27.043 million (2008: Rs.27.043 million) relating to sales tax on 10,000 units of gear boxes and rear axles each claimed by a supplier which has been contested by the company.

(ii) Suit against the company by the supplier for the recovery of Rs. 25.867 million (2008: Rs. 25.867 million) as compensation for breach of agreement. The suit is being defended by the company on a number of legal grounds. The suit is at present in evidence stage and the company has plausible defense.

(iii) Various demands have been raised by the Central Excise and Sales Tax Departments amounting to Rs. 4.896 million (2008: Rs. 4.896 million). The holding company has filed Sales Tax Reference in High Court of Sindh against the order of Sales Tax Appellate Tribunal. The Sales Tax Reference has been decided vide order dated January 21, 2009 wherein the High Court of Sindh has set aside the order of the Tribunal and the remanded the case to the Tribunal. No provision has been made in these financial statements as, in the opinion of legal advisors, the company will have favourable decision.

(iv) The holding company had obtained legal advice in connection with the establishment of Worker's Participation Fund (the Fund) under the Companies Profits (Workers; Participation) Act, 1968 (the Act). The legal advisor is of the view that since, during the year ended 30 June 2006, the Company did not employ any person who falls under the definition of worker as defined in the Act of 1968, it was not legally or factually possible to constitute the Fund as required by section 3 of the Act. As a consequence, the Company was not required to make contributions to the fund established pursuant to Workers' Welfare Fund Ordinance 1971. The holding company based on legal advice has written back in the financial statements for the year ended as on June 30, 2007 the amount of Worker's Profit Fund provided during the year 30 June 2006.

Furthermore, the question whether a company to which the Act of 1968 and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the fund under the act and thereafter transfer the same to the fund established under the Workers' Welfare Fund Ordinance, 1971 is pending adjudication in Sindh High Court at Karachi on constitutional petition filed by another company in December 2003.

If it is established that the above provisions of the Act are applicable to the Company, provision in respect of year ended 30 June 2006 amounting to Rs. 7.722 million including any penalties may become payable.

(v) The Assistant Collector Refund Group V has disallowed adjustment of Rs. 28.91 million against output tax. The company has filed appeal before Sales Tax Appellate Tribunal against the order passed by the Collector Appeals, whereby he had maintained the order of the Assistant Collector Refund. No provision is made in these accounts as the hearing of the above referred appeal which is pending adjudication for want of the constitution of bench of Sales Tax Appellate Tribunal.

(vi) A customer has filed a suit in High Court against the holding company and others for warranty claim of Rs. 1.042 million. The suit is currently listed for recording of defendant's evidence in the court.

	2009	2008
	(Rupees in '000')	
26.2 Guarantees		
Issued by banks	**93,359**	74,546

Guarantees are issued to Government and Semi government institutions and shall be released on completion of warranty period. These are issued under normal operations.

26.3 Post Dated Cheques	**235,276**	103,760

Post dated cheques have been issued in favour of Collector of Customs on account of duty differential. These cheques will be returned after necessary verification by the authorities.

26.4 Commitments		
Confirmed letters of credit-CKD	**214,536**	153,896
Sale contracts entered into by the company	**76,605**	-

27 NET SALES		
Manufactured goods		
Sales	**1,314,039**	1,858,850
Sales Tax	**(11,906)**	(12,637)
	1,302,133	1,846,213
Trading stock		
Sales	**13,549**	11,152
Sales Tax	**(1,874)**	(307)
	11,675	10,845
	1,313,808	1,857,058

	Note	2009	2008
		(Rupees in '000')	

28 COST OF SALES

	Note	2009	2008
Manufactured goods			
Stock at beginning of year		**57,931**	164,578
Cost of goods manufactured	28.1	**1,176,808**	1,594,558
		1,234,739	1,759,136
Stock at end of year		**(65,822)**	(57,931)
		1,168,917	1,701,205
Trading stock			
Stock at beginning of year		**35,362**	28,469
Purchases		**17,475**	19,745
		52,837	48,214
Stock at end of year		**(37,248)**	(35,362)
		15,589	12,852
		1,184,506	1,714,057

28.1 COST OF GOODS MANUFACTURED

	Note	2009	2008
Raw material and components consumed	28.2	**1,081,976**	1,466,826
Stores and spares consumed		**1,461**	488
Salaries, wages and other benefits	28.3	**30,194**	23,501
Fuel and power		**5,297**	3,249
Rent, rates and taxes		**502**	585
Insurance		**5,433**	4,549
Research & development		**93**	10
Repairs and maintenance		**3,645**	94
Travelling & entertainment		**490**	778
Out side assembly charges		**42,965**	70,348
Depreciation on fixed assets	5.2	**6,455**	11,401
Running Royalty		-	11,201
Other Expenses		**3,257**	1,528
		1,181,768	1,594,558
Work-in-process at end of year		**(4,960)**	-
		1,176,808	1,594,558

28.2 RAW MATERIAL & COMPONENTS CONSUMED

	2009	2008
Stock at beginning of year	**374,759**	456,222
Purchases including duties, taxes and other charges	**973,038**	1,385,363
	1,347,797	1,841,585
Stock at end of year	**(265,821)**	(374,759)
	1,081,976	1,466,826

28.3 The following amounts have been charged to cost of sales during the year in respect of gratuity:

	2009	2008
Current service cost	**693**	426
Interest costs	**69**	-
	762	426

	Note	2009	2008
		(Rupees in '000')	

29 DISTRIBUTION COST

	Note	2009	2008
Salaries, wages and benefits	29.1	**14,004**	8,370
Commission		**20,118**	28,721
Rent, rates and taxes		**647**	396
Insurance		**1,226**	425
Repairs and maintenance		**202**	756
Utilities		**158**	59
Travelling and entertainment		**2,863**	1,528
Communication and stationery		**781**	918
After sale services and warranty		**489**	2,159
Advertisement		**831**	3,486
Legal and professional charges		**139**	-
Subscriptions		**26**	86
Late Delivery Charges		**1,388**	-
Depreciation on fixed assets	5.2	**2,495**	2,819
Freight forwarding		**2,352**	2,024
Other expenses		**877**	640
		48,596	52,387

29.1 The following amounts have been charged to distribution during the year in respect of gratuity:

	2009	2008
Current service cost	**496**	314
Interest costs	**50**	-
	546	314

30 ADMINISTRATIVE EXPENSES

	Note	2009	2008
Salaries, wages and benefits	30.1	**14,158**	15,175
Rent, rates and taxes	30.2	**1,039**	438
Insurance		**1,132**	1,092
Repairs and maintenance		**498**	7,149
Utilities		**10**	24
Travelling and entertainment		**4,576**	4,327
Communication and stationery		**2,291**	2,616
Advertisement		**457**	285
Auditor's remuneration			
Audit fee		**254**	254
Out of pocket expenses		**10**	10
		264	264
Legal and professional charges	30.3	**1,442**	1,629
Subscriptions		**583**	528
Donation		**813**	1,423
Depreciation on fixed assets	5.2	**6,369**	4,762
Depreciation on investment in immovable properties	6.1	**259**	259
Security Expenses		**1,503**	1,810
Other expenses		**65**	604
		35,459	42,385

30.1 The following amounts have been charged to administration expenses during the year in respect of gratuity:

	2009	2008
Current service cost	**650**	791
Interest costs	**65**	-
	715	791

30.2 This includes rent expense of Rehman Cotton Mills Limited (Associated Company) amounting to Rs. 0.210 million (2008: Rs. 0.110 million).

30.3 This includes retainership fee amounting to Rs. 0.12 million (2008: Rs.0.12 million) paid to Hasan & Hasan. Dr. Parvez Hasan, Director, is partner of the firm.

	Note	2009	2008
		(Rupees in '000')	
31 OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	22.2	-	1,582
Workers' Welfare Fund		-	589
Loss on sale of fixed assets		**167**	-
Exchange loss		**116,825**	1,739
		116,992	3,910
32 OTHER OPERATING INCOME			
From financial assets			
Profit on bank deposits		**142**	651
From non financial assets			
Scrap sales		**35**	-
Gain on sale of fixed assets		-	239
Amortisation of gain on sale and lease back of fixed asset	21.2	**462**	462
Commission received			
Others		**56**	35
Late delivery charges recovered		-	7,081
Reversal of long outstanding credit balances		-	3,054
Royalty waived by Technology Supplier		**13,981**	-
		14,676	11,522
33 FINANCE COST			
Mark-up / interest on:			
Finance lease		**996**	2,475
Finance against imported merchandise		**27,664**	3,512
Running finance		**52,388**	16,744
Discounting of bills		-	459
Interest on workers' profits participation fund		**261**	-
L/G Charges		**808**	1,044
Bank charges and commission		**1,179**	1,543
Loss on remeasurement of derivatives		-	544
		83,296	26,321
34 TAXATION			
Current	25	**22**	13,056
Prior		**6**	-
Deferred		**(2,942)**	(1,706)
		(2,914)	11,350

	Note	2009	2008
		(Rupees in '000')	

34.1 Relationship between income tax expense and accounting profit

(Loss) Profit before taxation		**(140,365)**	29,520
Tax at the applicable tax rate of 35% (2008: 35%)		-	10,313
Tax effect of expenses that are not deductible for tax purposes		-	8,750
Tax effect of expenses that are deductible for tax purposes		-	(6,027)
Deferred tax charge		**(2,942)**	(1,706)
		(2,942)	11,330

35 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2009	2008
(Loss) / Profit after taxation for the year		**(137,451)**	18,158
		Number of shares	
Weighted average number of ordinary shares outstanding during the year	17	**21,304**	21,304
		Rupees	
(Loss) / Earnings per share - basic and diluted		**(6.45)**	0.85

36 CASH GENERATED FROM OPERATIONS

	Note	2009	2008
(Loss) / Profit before taxation		**(140,365)**	29,520
Adjustment for non cash charges and other items:			
Depreciation			
Fixed assets	5.1	**15,319**	18,982
Investment properties	6	**259**	259
Loss / (Gain) on disposal of fixed assets	5.4	**167**	(239)
Amortisation of gain on sale and lease back of fixed asset	32	**(462)**	(462)
Interest expense	33	**83,296**	26,525
Interest income	32	**(142)**	(651)
Provision for gratuity	21.3	**2,023**	1,531
		(39,905)	75,465
Working capital changes	36.1	**(91,632)**	(78,379)
		(131,537)	(2,914)

36.1 Working capital changes

(Increase) / decrease in current assets			
Store s & spares		**6**	(21)
Stock-in-trade		**94,200**	181,217
Trade debts		**(46,300)**	26,554
Loans and advances		**(3,483)**	3,110
Deposits and prepayments		**88,055**	(41,585)
Other receivables		**(37,450)**	(70,526)
		95,028	98,749
Decrease in current liabilities			
Trade and other payable		**(186,660)**	(177,128)
		(91,632)	(78,379)

	2009	2008
	(Rupees in '000')	

37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the Balance sheet.

	2009	2008
Cash and bank balances	**21,530**	22,939
Short-term loan and running finances	**(327,552)**	(90,339)
	(306,022)	(67,400)

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management
The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from its use of financial instruments:
-Credit Risk
-Liquidity Risk
-Market risk

38.1 Credit risk

Exposure to credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2009	2008
Investments	-	-
Long term loans and advances	**1,247**	920
Long term deposits	**4,182**	3,999
Trade debts	**103,203**	56,903
Loans and advances	**68,477**	178,620
Trade deposits	**61,617**	150,662
Other receivables	**2,838**	2,838
Bank balances	**21,298**	22,728
	262,862	416,670

38.1.1 The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2009	2008
Domestic	**103,203**	56,903

38.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer are as follows:

	2009	2008
Government	**4,786**	39,709
Semi-government	**203**	359
Others	**98,902**	17,523
Less: Provision for doubtful debts	**(688)**	(688)
	103,203	56,903

	2009	2008
	(Rupees in '000')	

38.1.3 Impairment losses

The aging of trade debtors at the balance sheet date was:

	2009	2008
Past due 0-30 days	**92,537**	56,436
Past due 31-150 days	**3,636**	314
Past due 151-365 days	**6,718**	127
Past due over 365 days	**312**	26
	103,203	56,903

38.1.4 Rs. 91.148 million of the trade debts carrying amount as at June 30, 2009 (June 30, 2008: Rs. 17.060 million) is due from customers having good track record with the holding company. Based on past experience, the holding company believes that no impairment loss is necessary in respect of trade debts due from major customers as most of them have been recovered subsequent to the year end. For other trade debts, the holding company has reasonable grounds to believe that the amounts will be recovered in short course of time.

38.2 LIQUIDITY RISK

Liquidity risk is the risk that the holding company will not be able to meet its financial obligations as they fall due. The holding company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the holding company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

(Rupees in '000')

	2009			
	Carrying amount / Contractual Cashflows	**Within one year or on demand**	**Between 1 to 2 years**	**Between 3 to 5 years**
Non Derivative Financial liabilities				
Trade & other payable	394,725	394,725	-	-
Liabilities against assets subject to finance lease	8,556	6,104	1,894	558
Accrued mark-up / interest	17,114	17,114	-	-
Short term borrowing-secured	327,552	327,552	-	-
	747,947	745,495	1,894	558

	2008			
	Carrying amount / Contractual Cashflows	**Within one year or on demand**	**Between 1 to 2 years**	**Between 3 to 5 years**
Non Derivative Financial liabilities				
Trade & other payable	581,397	581,397	-	-
Liabilities against assets subject to finance lease	16,154	7,989	6,244	1,921
Accrued mark-up / interest	9,520	9,520	-	-
Short term borrowing-secured	90,339	90,339	-	-
	697,410	689,245	6,244	1,921

38.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The holding company is exposed to currency risk and interest rate risk only.

38.3.1 CURRENCY RISK

The holding company is exposed to currency risk on import of raw materials and stores and spares and export of goods that are denominated in a currency other than the respective functional currency of the holding company. The holding company primarily has foreign currency exposures in Japanese Yen. As at the balance sheet date, the holding Company has no major exposure to foreign currency risk.

The following significant exchange rates have been applied:

	Average Rate	
	2009	2008
Yen	**0.84**	0.69

38.3.2 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. At the balance sheet date the interest rate profile of the holding company's significant interest bearing financial instruments is as follows:

	June 30, 2009	June 30, 2008
	(Rupees in '000')	
Fixed rate instruments		
Financial assets		
In deposit accounts	**663**	28
Term deposit	-	4,470
Variable rate instruments		
Financial liabilities		
Liabilities against assets subject to finance lease	**8,556**	16,154
Short term borrowing-secured	**327,552**	90,339

FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED RATE INSTRUMENTS

The holding company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit & Loss	
	100 bp increase	100 bp decrease
	(Rupees in '000')	
As at June 30, 2009		
Cash flow sensitivity-Variable rate instruments	**(527)**	527
As at June 30, 2008		
Cash flow sensitivity-Variable rate instruments	**(148)**	148

39 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise the associated companies, technological suppliers, directors and executives. The holding company in the normal course of business carries out transactions at arm's length with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Name of Related Party and nature of relationship	Nature of transaction	2009	2008
		(Rupees in '000')	
(a) Associated companies			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	**42,062**	52,739
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	**49,839**	70,348
	Sales - Fabrication	**8,828**	2,328
	Reimbursement of expenses	-	9
Universal Insurance Limited (Common Directorship)	Insurance Premium	**9,564**	8,045
	Insurance Claim	**333**	181
Bibojee Services (Private) Limited (Common Directorship)	Sale of Vehicle	-	10,830
	Purchase of Vehicle	-	2,300
Rehman Cotton Mills Limited	Rent paid	**210**	110
Hasan & Hasan	Retainership fee	**120**	120
(b) Technology suppliers			
Isuzu Motors Limited Japan	Running Royalty charges	-	7,149
	Initial royalty	-	3,460
	Technical assistance/ training fee	-	592
	Parts Purchased	**19,039**	20,119
	Reimbursement of advertisement expenses	-	782
Marubeni Corporation Japan	CKD purchased	**587,664**	762,483

40 REMUNERATION OF THE DIRECTORS AND EXECUTIVES	2009	2008
	Executives	
	(Rupees in '000')	
Managerial remuneration and allowances	**16,074**	12,528
Gratuity	**1,200**	949
Others	**292**	-
	17,566	13,477
Number of persons	**18**	12

40.1 Some executives are provided with free use of car maintained by the company

40.2 The amount charged in these financial statements in addition to those that are shown above is Nil (2008: Rs.0.245) million in relation to fee for seven (2008: seven) directors.

41 CAPITAL RISK MANAGEMENT

The holding company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The holding company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the holding company may adjust the amount of dividend paid to the shareholders or issue new shares.

42 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends upon the mix of various product assembly of trucks, buses & fabrication of commercial bodies.

The holding company has outsourced the assembly of trucks and buses to Ghandhara Nissan Limited (Associated Undertaking) therefore figures for the actual production for the current year has not been given.

43 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purposes of better presentation / comparison:

Reclassification from	to	Rupees in 000
Administrative expenses - Depreciation	Cost of Sales - Depreciation	26
Administrative expenses - Depreciation	Distribution cost - Depreciation	15
Finance cost - Exchange loss	Other operating expenses - Exchange loss	1,739

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 3, 2009 by the Board of Directors of the company.

Chief Executive   Director

PROXY FORM

The Company Secretary,
Ghandhara Industries Limited,
F-3, Hub Chauki Road, S.I.T.E,
Karachi-75730

I / We ____ of

____ being a member(s)

of Ghandhara Industries Limited and holder of ______________ Ordinary Shares as per Registered Folio

No. ______________ and / or CDC Participant's I.D No.______________ and Account / Sub-Account

No.____________________________ hereby appoint ____________________________ of

____ or failing him / her

____ as my / our Proxy to vote for

me / us and on my / our behalf at the 46th Annual General Meeting of the Company to be held at F-3, Ghandhara Industries Limited, S.I.T.E., Karachi on Wednesday October 28, 2009 at 01:00 P.M. and any adjournment thereof.

Signature of Shareholder ____________________

Name of Shareholder ____________________

Folio No. / CDC No. ____________________

Signature on
Revenue Stamp
of Rs. 5/-

WITNESSES:

Signature____________________	Signature ____________________
Name ____________________	Name ____________________
NIC / Passport No. ____________________	NIC / Passport No.____________________
Address : ____________________	Address : ____________________

Notes:

1. This Proxy, duly completed, signed and witnessed, must be deposited at the registered office of the Company not later than forty eight (48) hours before the time appointed for the Meeting.
2. No person shall be act as proxy who is not a Member of the Company
3. If a Member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with the Company, all such instruments or proxy shall be rendered invalid.
4. The Proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC or passport (as the case may be) of the beneficial owner will have to be provided with this Proxy.
6. In case of a corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be submitted alongwith this Proxy (unless it has been provided earlier).