CONTENTS

VISION

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

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

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

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 and Co. Advocate
S. Abid Shirazi & Co.
Syed Qamaruddin Hassan
Hassan & Hassan (Advocate)

BANKERS

National Bank of Pakistan
The Bank of Khyber
Soneri Bank Limited
Faysal Bank Limited
Bank Al-Habib 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 48TH ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of the shareholders of GHANDHARA INDUSTRIES LIMITED will be held at 10:00 A.M on Monday, 24th October, 2011 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 Annual General Meeting of the company held on October 19, 2010.

2. To consider, receive and approve the Annual Audited Accounts of the Company for the year ended June 30, 2011, together with Directors' and Auditors' report thereon.

3. To appoint Auditors for the financial year ending June 30, 2012 and to fix their remuneration. The retiring Auditors M/s. Hameed Chaudhri & Company, Chartered Accountants, being eligible offer themselves for re-appointment.

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

By order of the Board

Karachi
October 3, 2011

Iftikhar Ahmed Khan
Company Secretary

Notes:

(a) The Share Transfer books of the Company shall remain closed from October 15, 2011 to October 24, 2011 (both days inclusive).

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

(c) CDC shareholders are requested to bring their original CNIC, 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

(d) Members are requested to immediately notify change in their mailing addresses, if any.

DIRECTORS' REPORT

The Directors of your company take pleasure in presenting the annual report & the Company's audited financial statements for the year ended on 30th June 2011.

ECONOMY AND MARKET

Economic conditions in Pakistan remained highly depressed during the year. Unprecedented floods in the country, double digit inflation, poor law and order conditions, and appalling energy crisis led to a tough business environment.

All these along with the destructive tsunami in Japan and the daunting devaluation of Rupee against Japanese Yen have resulted in rise in production costs and fall in sales of Japanese trucks and buses in the country.

Despite all these challenges, your company has managed to stay above the break-even level.

OPERATING RESULTS

Sales

Nationally, sale of trucks and buses this year has been the lowest as compared to the last couple of years. Sale of trucks and buses in the country has fallen by over 21% from the preceding year and the same is reflected in your company's sales revenue that has fallen by 21.8% from the preceding year.

Gross profit

The gross profit ratio has fallen from 14.2% in 2010 to 10.7% this year.

Distribution and administration costs

Distribution costs have decreased by 20.5% from last year. The decrease is consistent with the decreased sales revenue. However, general levels of inflation and increased depreciation charge have led the administrative costs to increase by 30.1% from that of the preceding period.

Other operating expenses

These expenses have also decreased in line with the decrease in profitability.

Finance costs

Liquidity situation remained under stiff pressures this year. However, overall finance costs have remained more or less the same as that of the previous year.

Profit before tax

Despite stiff competition, devaluation of Rupee against Yen and overall unfavorable business conditions your company was able to make pre-tax profits of Rs. 7.8 million against pre-tax profits of Rs. 117.9 million of the preceding period.

Financial performance

The financial results are summarized below:

	2011	2010
	Rupees' 000	
Profit before tax	7,847	117,928
Taxation	(102)	17,635
Profit after tax	7,745	135,563
Write back of reserves	43,200	
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	5,563	3,349
Accumulated loss brought forward	(33,602)	(172,514)
Unappropriated reserve / {accumulated loss} carried forward	**22,906**	**(33,602)**

For the year ended June 30, 2011, the Board in its meeting held on September 29, 2011 has proposed a final cash dividend of Rs. Nil per share, considering liquidity needs envisaged for the contracted sales and other commitments.

Earnings per share - basic & diluted

The basic and diluted profit per share for the year is Rs 0.36 (2010: Rs 6.36)

Auditors' report to the members

The position in respect of paragraph (e) of the Auditors' report is clarified as under:

In the light of the legal opinion obtained by the management of the company coupled with the constitutional petitions pending adjudication in Sindh High Court the Board is of the view that it is not liable for Workers Profit Participation Fund as detailed in note # 23.1 (iv) to the financial statements.

Compliance with the best practices of corporate governance as per clause XIX of Code of Corporate Governance

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statement prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statement.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are annexed.
- The value of investments of the Company's gratuity as on June 30, 2011 is Rs.Nil.

Audit committee

The committee consists of three members; all are non-executive including the chairman of the committee. The committee held four meetings during the year.

Board meetings

During the year under review four Board meetings were held. Attendance at the Board meetings was as below:

Name of Director	No. of Meetings attended			
Mr. Raza Kuli Khan Khattak	☑	☑	☑	☑
Lt. Gen. (R) Ali Kuli Khan Khattak	☑	☑	☑	☑
Mr. Ahmad Kuli Khan Khattak	☑	☑	☑	☑
Mr. Mushtaq Ahmad Khan	☐	☐	☑	☑
Dr. Parvez Hassan	☐	☐	☑	☐
Mr. Jamil Ahmad Shah	☑	☑	☑	☑
Ch. Sher Muhammad	☑	☑	☑	☑

Auditors

M/s Hameed Chaudhri & Co, Chartered Accountants, the present Auditors of the Company, retire and being eligible offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2012.

Pattern of shareholding

The pattern of shareholding as on 30th June 2011 & additional information thereabout required under Code of Corporate Governance are annexed.

Future outlook

Despite a depressed market, falling rupee, energy crisis and growing inflation, your company's contracted sales commitments allow to foresee profitable operations ahead. However, imposition of sales tax on zero-rated trucks and buses does pose a threat to sales volumes.

Acknowledgement

The Board would like to recognize the efforts and contributions of the management and the employees which enabled us to prevent losses and earn profits in these hard times. The Board would like to appreciate the enormous support of our bankers and vendors without which our efforts would not have materialized.

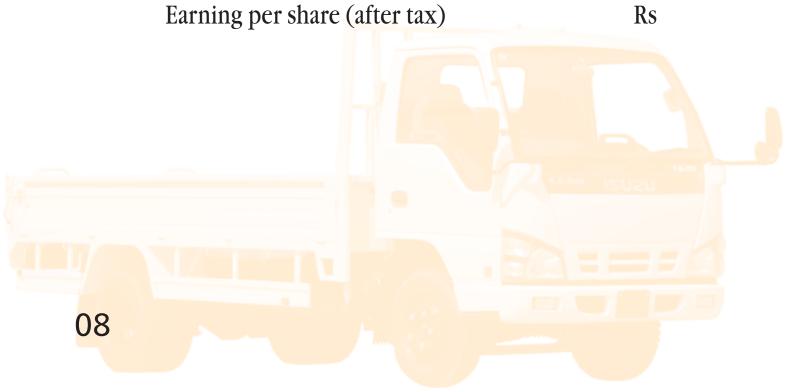
By order of the Board

Karachi
Dated: September 29, 2011

Ahmad Kuli Khan Khattak
Chief Executive

Financial Performance

		2011	2010	2009	2008	2007	2006
Financial Performance-Profitability							
Gross profit margin	%	10.68	14.22	9.84	7.70	17.87	16.25
EBITDA margin to sales	%	5.81	9.30	(3.17)	4.13	13.61	39.35
Pre tax margin	%	0.48	5.65	(10.69)	1.59	10.55	36.52
Net profit margin	%	0.47	6.50	(10.46)	0.98	6.63	34.07
Return on equity-before tax	%	0.47	10.19	(10.85)	2.28	15.77	49.49
Return on equity-after tax	%	0.46	11.72	(10.62)	1.40	9.91	46.17
Operating Performance / Liquidity							
Total assets turnover	Times	0.49	0.88	0.68	0.87	0.83	0.69
Fixed assets turnover	Times	1.04	1.55	1.18	1.65	1.69	1.36
Debtors turnover	Times	12.64	22.20	16.41	26.46	43.44	81.28
Debtors turnover	Days	29	16	22	14	8	4
Inventory turnover	Times	2.08	3.30	2.81	3.07	2.33	2.40
Inventory turnover	Days	175.79	110.70	129.71	118.97	156.63	152.00
Creditors turnover	Times	10.14	15.58	10.42	14.20	9.05	8.83
Creditors turnover	Days	36	23	35	26	40	41
Operating cycle	Days	169	104	117	107	125	115
Current ratio		1.11	1.17	1.08	1.24	1.19	1.02
Quick / acid test ratio		0.68	0.50	0.58	0.67	0.52	0.37
Capital Structure Analyses							
Breakup value / share	Rs	79.42	79.05	54.30	60.75	59.91	162.64
Earning per share (pre tax)	Rs	0.37	5.54	(6.59)	1.38	9.44	61.93
Earning per share (after tax)	Rs	0.36	6.36	(6.45)	0.85	6.07	57.77



Summary of Balance Sheet

	2011	2010	2009	2008	2007	2006
			(Rupees in '000')			
Summary of Balance Sheet						
Share capital	213,044	213,044	213,044	213,044	213,044	65,553
Reserves	22,906	9,598	(129,314)	4,822	(16,822)	(82,903)
Shareholder's fund / equity	1,691,961	1,684,216	1,156,927	1,294,413	1,276,281	1,127,849
Deferred liabilities	27,143	42,847	16,519	17,935	18,572	21,440
Property,plant & equipment	1,465,156	1,476,350	1,018,986	1,028,798	1,028,668	1,033,099
Long term assets	8,122	7,755	5,844	5,860	5,881	2,136
Net current assets / Working capital	173,918	178,618	60,154	194,682	184,098	22,363
Summary of Profit & Loss						
Sale-net	1,631,208	2,086,520	1,313,808	1,857,058	1,908,051	1,528,611
Gross profit	174,180	296,792	129,302	143,027	340,923	248,444
Operating profit	67,048	175,707	(56,921)	57,726	227,921	196,747
Profit before tax	7,847	117,928	(140,427)	29,462	201,243	558,224
Profit after tax	7,745	135,563	(137,485)	18,132	126,482	520,732
EBITDA	94,763	193,966	(38,661)	76,708	259,744	592,531
Summary of Cash Flows						
Net cash flow from operating activities	(110,497)	319,805	(224,484)	(86,334)	78,038	116,745
Net cash flow from investing activities	(12,697)	4,940	(4,212)	(17,940)	2,039	(299)
Net cash flow from financing activities	(17,643)	(13,328)	(9,926)	(9,408)	22,683	2,179
Changes in cash & cash equivalents	(140,838)	311,413	(238,622)	(113,682)	102,760	118,625
Cash & cash equivalents - Year end	(135,467)	5,371	(306,042)	(67,420)	46,262	(56,498)
Quantitative Data						
Units produced	449	445	617	1,004	1,128	1,012
Units sold - trucks	379	562	495	911	934	924
Units sold - buses	106	89	135	199	138	86

Horizontal Analyses

Rupees '000

Balance Sheet	2011 Rs.	11Vs.10 %	2010 Rs.	10Vs.09 %	2009 Rs.	09Vs.08 %	2008 Rs.	08Vs.07 %	2007 Rs.	07Vs.06 %	2006 Rs.	06Vs.05 %
ASSETS												
NON-CURRENT ASSETS												
Property, plant & equipment	**1,465,156**	(0.76)	1,476,350	44.88	1,018,986	(0.95)	1,028,798	0.01	1,028,668	(0.43)	1,033,099	348.43
Intangibles	**1,251**	183.03	442	-	-	-	-					
Investment properties	**90,395**	(0.29)	90,655	(0.28)	90,914	(0.28)	91,173	(0.28)	91,432	(0.28)	91,691	(0.28)
Long term investments	**1,400**	0.00	1,400	0.00	1,400	0.00	1,400	0.00	1,400	0.00	1,400	0.00
Long term loans and advances	**1,382**	116.10	640	144.09	262	(43.17)	461	(27.40)	635	-	-	-
Long term deposits	**5,340**	(6.57)	5,715	36.66	4,182	4.58	3,999	3.98	3,846	422.55	736	18.14
	1,564,924	(0.65)	1,575,201	41.18	1,115,744	(0.90)	1,125,831	(0.01)	1,125,981	(0.08)	1,126,926	247.43
CURRENT ASSETS												
Stores & spare parts	**4,294**	(27)	5,872	39,046	15	(29)	21	-	-	0	0	(100)
Stock-in-trade	**691,703**	(2.81)	711,729	90.38	373,852	(20.13)	468,052	(27.91)	649,269	(6.68)	695,713	87.76
Trade debts	**173,375**	104.52	84,771	(17.86)	103,203	81.37	56,903	(31.82)	83,457	1,801.50	4,389	(86.79)
Loans and advances	**68,402**	216.29	21,626	36.16	15,883	28.09	12,400	(20.05)	15,510	110.02	7,385	74.50
Trade deposits and prepayments	**672,658**	1,283.41	48,623	(22.34)	62,607	(58.45)	150,662	38.12	109,077	18.23	92,260	161.77
Other receivables	**10,704**	277.13	2,838	0.01	2,838	(0.11)	2,841	0.00	0	(100.00)	83	151.52
Sales tax refundable/adjustable and taxation - payment less provision	**166,290**	(28.21)	231,648	1.69	227,789	32.33	172,133	206.92	56,084	(1,002.40)	(6,215)	(867.28)
Cash and bank balances	**9,523**	(94)	149,688	596	21,510	(6)	22,919	(82)	128,467	(51)	262,436	11,994
	1,796,949	42.98	1,256,796	55.60	807,697	(8.83)	885,931	(14.97)	1,041,864	(1.34)	1,056,051	135.82
	3,361,873	18.71	2,831,997	47.24	1,923,441	(4.39)	2,011,762	(7.20)	2,167,845	(0.69)	2,182,977	182.71
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	**213,044**	0.00	213,044	0.00	213,044	0.00	213,044	0.00	213,044	67.51	127,182	50.07
Reserves	**22,906**	138.66	9,598	(107.42)	(129,314)	-	4,822	(128.66)	(16,822)	(79.71)	(82,903)	(86.23)
Surplus on revaluation	**1,456,011**	(0.38)	1,461,574	36.19	1,073,197	(0.31)	1,076,546	(0.33)	1,080,058	(0.32)	1,083,570	471.11
NON-CURRENT LIABILITIES												
Liabilities against assets subject to finance leases	**19,738**	(26.23)	26,757	991.22	2,452	(69.97)	8,165	(46.37)	15,226	0.00	0	0.00
Deferred liabilities	**27,143**	(36.65)	42,847	159.38	16,519	(7.90)	17,935	(3.43)	18,572	(13.38)	21,440	(79.01)
	46,881	(32.65)	69,604	266.89	18,971	(27.31)	26,100	(22.78)	33,798	57.64	21,440	(79.01)
CURRENT LIABILITIES												
Trade and other payables	**1,461,200**	59.66	915,184	130.66	396,773	(31.99)	583,402	(23.34)	760,985	8.41	701,941	77.67
Current maturity of liabilities against assets subject to finance leases	**6,284**	(26.57)	8,558	40.20	6,104	(23.59)	7,989	24.19	6,433	0.00	0	0.00
Accrued mark up	**10,557**	4.31	10,120	(40.87)	17,114	79.77	9,520	16.90	8,144	(36.44)	12,813	(96.99)
Short term borrowings	**144,991**	0.47	144,317	(55.94)	327,552	262.58	90,339	9.89	82,205	(74.23)	318,934	79.89
	1,623,031	50.53	1,078,177	44.23	747,543	8.14	691,250	(19.41)	857,767	(17.02)	1,033,688	3.62
	3,361,873	18.71	2,831,997	47.24	1,923,441	(4.39)	2,011,762	(7.20)	2,167,845	(0.69)	2,182,977	182.71

Profit & Loss	2011 Rs.	11Vs.10 %	2010 Rs.	10Vs.09 %	2009 Rs.	09Vs.08 %	2008 Rs.	08Vs.07 %	2007 Rs.	07Vs.06 %	2006 Rs.	06Vs.05 %
Sales	**1,631,208**	(21.82)	2,086,520	58.81	1,313,808	(29.25)	1,857,058	(2.67)	1,908,051	24.82	1,528,611	50.66
Cost of sales	**1,457,028**	(18.59)	1,789,728	51.09	1,184,506	(30.89)	1,714,031	9.37	1,567,128	22.42	1,280,167	39.53
Gross Profit	**174,180**	(41.31)	296,792	129.53	129,302	(9.60)	143,027	(58.05)	340,923	37.22	248,444	155.96
Distribution cost	**56,844**	(20.46)	71,469	47.07	48,596	(7.21)	52,372	(13.66)	60,657	47.35	41,166	125.88
Administrative cost	**54,214**	30.08	41,677	21.73	34,238	(19.02)	42,280	(22.49)	54,550	123.65	24,391	74.51
Other operating expenses	**1,355**	(87.77)	11,079	(90.62)	118,065	5,338.28	2,171	(86.54)	16,134	63.42	9,873	(83.94)
Other operating income	**5,281**	68.17	3,140	(78.60)	14,676	27.37	11,522	(37.17)	18,339	(95.46)	403,767	27,144.74
Profit / (loss) from operations	**67,048**	(61.84)	175,707	(408.69)	(56,921)	(198.61)	57,726	(74.67)	227,921	(60.48)	576,781	11,714.44
Finance cost	**59,201**	2.46	57,779	(30.81)	83,506	195.45	28,264	5.94	26,678	43.77	18,556	108
Profit / (loss) before taxation	**7,847**	(93.35)	117,928	(183.98)	(140,427)	(577)	29,462	(85)	201,243	(64)	558,225	(13,911)
Taxation	**102**	(100.58)	(17,635)	499.44	(2,942)	(74.03)	(11,330)	(84.85)	(74,761)	99.40	(37,493)	(137.37)
Profit / (loss) after taxation	**7,745**	(94.29)	135,563	(198.60)	(137,485)	(858.25)	18,132	(85.66)	126,482	(75.71)	520,732	440.81

Vertical Analyses

Rupees '000

Balance Sheet	2011 Rs.	%	2010 Rs.	%	2009 Rs.	%	2008 Rs.	%	2007 Rs.	%	2006 Rs.	%
ASSETS												
NON-CURRENT ASSETS												
Property, plant & equipment	**1,465,156**	43.58	1,476,350	52.13	1,018,986	52.98	1,028,798	51.14	1,028,668	47.45	1,033,099	47.33
Intangibles	**1,251**	0.04	442	0.02	-	0.00	-	0.00	-	0.00	-	0.00
Investment properties	**90,395**	2.69	90,655	3.20	90,914	4.73	91,173	4.53	91,432	4.22	91,691	4.20
Long term investments	**1,400**	0.04	1,400	0.05	1,400	0.07	1,400	0.07	1,400	0.06	1,400	0.06
Long term loans and advances	**1,382**	0.04	640	0.02	262	0.01	461	0.02	635	0.03	-	-
Long term deposits	**5,340**	0.16	5,715	0.20	4,182	0.22	3,999	0.20	3,846	0.18	736	0.03
	1,564,924	46.55	1,575,201	55.62	1,115,744	58.01	1,125,831	55.96	1,125,981	51.94	1,126,926	51.62
CURRENT ASSETS												
Stores & spare parts	**4,294**	0.13	5,872	0.21	15	0.00	21	0.00	0	0.00	0	0.00
Stock-in-trade	**691,703**	20.57	711,729	25.13	373,852	19.44	468,052	23.27	649,269	29.95	695,713	31.87
Trade debts	**173,375**	5.16	84,771	2.99	103,203	5.37	56,903	2.83	83,457	3.85	4,389	0.20
Loans and advances	**68,402**	2.03	21,626	0.76	15,883	0.83	12,400	0.62	15,510	0.72	7,385	0.34
Trade deposits and prepayments	**672,658**	20.01	48,623	1.72	62,607	3.25	150,662	7.49	109,077	5.03	92,260	4.23
Other receivables	**10,704**	0.32	2,838	0.10	2,838	0.15	2,841	0.14	0	0.00	83	0.00
Sales tax refundable/adjustable and taxation - payment less provision	**166,290**	4.95	231,648	8.18	227,789	11.84	172,133	8.56	56,084	2.59	(6,215)	(0.28)
Cash and bank balances	**9,523**	0.28	149,688	5.29	21,510	1.12	22,919	1.14	128,467	5.93	262,436	12.02
	1,796,949	53.45	1,256,795	44.38	807,697	41.99	885,931	44.04	1,041,864	48.06	1,056,051	48.38
	3,361,873	100.00	2,831,997	100.00	1,923,441	100.00	2,011,762	100.00	2,167,845	100.00	2,182,977	100.00
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	**213,044**	6.34	213,044	7.52	213,044	11.08	213,044	10.59	213,044	9.83	127,182	5.83
Reserves	**22,906**	0.68	9,598	0.34	(129,314)	(6.72)	4,822	0.24	(16,822)	(0.78)	(82,903)	(3.80)
Surplus on revaluation	**1,456,011**	43.31	1,461,574	51.61	1,073,197	55.80	1,076,546	53.51	1,080,058	49.82	1,083,570	49.64
NON-CURRENT LIABILITIES												
Liabilities against assets subject to finance leases	**19,738**	0.59	26,757	0.94	2,452	0.13	8,165	0.41	15,226	0.70	-	-
Deferred liabilities	**27,143**	0.81	42,847	1.51	16,519	0.86	17,935	0.89	18,572	0.86	21,440	0.98
	46,881	1.39	69,604	2.46	18,971	0.99	26,100	1.30	33,798	1.56	21,440	0.98
CURRENT LIABILITIES												
Trade and other payables	**1,461,200**	43.46	915,182	32.32	396,773	20.63	583,402	29.00	760,985	35.10	701,941	32.16
Current maturity of liabilities against assets subject to finance leases	**6,284**	0.19	8,558	0.30	6,104	0.32	7,989	0	6,433	0.30	0	0.00
Accrued mark up	**10,557**	0.31	10,120	0.36	17,114	0.89	9,520	0.47	8,144	0.38	12,813	0.59
Short term borrowings	**144,991**	4.31	144,317	5.10	327,552	17.03	90,339	4.49	82,205	3.79	318,934	14.61
	1,623,031	48.28	1,078,177	38.07	747,543	38.86	691,250	34.36	857,767	39.57	1,033,688	47.35
	3,361,873	100.00	2,831,997	100.00	1,923,441	100.00	2,011,762	100.00	2,167,845	100.00	2,182,977	100.00

Profit & Loss	2011 Rs.	%	2010 Rs.	%	2009 Rs.	%	2008 Rs.	%	2007 Rs.	%	2006 Rs.	%
Sales	**1,631,208**	100.00	2,086,520	100.00	1,313,808	100.00	1,857,058	100.00	1,908,051	100.00	1,528,611	100.00
Cost of sales	**1,457,028**	89.32	1,789,728	85.78	1,184,506	90.16	1,714,031	92.30	1,567,128	82.13	1,280,167	83.75
Gross Profit	**174,180**	10.68	296,792	14.22	129,302	9.84	143,027	7.70	340,923	17.87	248,444	16.25
Distribution cost	**56,844**	3.48	71,469	3.43	48,596	3.70	52,372	2.82	60,657	3.18	41,166	2.69
Administrative cost	**54,214**	3.32	41,677	2.00	34,238	2.61	42,280	2.28	54,550	2.86	24,391	1.60
Other operating expenses	**1,355**	0.08	11,079	0.53	118,065	8.99	2,171	0.12	16,134	0.85	9,873	0.65
Other operating income	**5,281**	0.32	3,140	0.15	14,676	1.12	11,522	0.62	18,339	0.96	403,767	26.41
Profit / (loss) from operations	**67,048**	4.11	175,707	8.42	(56,921)	(4.33)	57,726	3.11	227,921	11.95	576,781	37.73
Finance cost	**59,201**	3.63	57,779	2.77	83,506	6.36	28,264	1.52	26,678	1.40	18,556	1.21
Profit / (loss) before taxation	**7,847**	0.48	117,928	5.65	(140,427)	(10.69)	29,462	1.59	201,243	10.55	558,225	36.52
Taxation	**102**	0.01	(17,635)	(0.85)	(2,942)	(0.22)	(11,330)	(0.61)	(74,761)	(3.92)	(37,493)	(2.45)
Profit / (loss) after taxation	**7,745**	0.47	135,563	6.50	(137,485)	(10.46)	18,132	0.98	126,482	6.63	520,732	34.07

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2011

Number of Shareholders	Shareholding From		Shareholding To	Number of Shares Held	Percentage
397	1	-	100	63,358	0.30
606	101	-	500	172,874	0.81
233	501	-	1,000	195,622	0.92
320	1,001	-	5,000	819,825	3.85
89	5,001	-	10,000	672,383	3.16
34	10,001	-	15,000	413,707	1.94
12	15,001	-	20,000	214,853	1.01
16	20,001	-	25,000	373,562	1.75
4	25,001	-	30,000	107,288	0.50
5	30,001	-	35,000	159,394	0.75
2	35,001	-	40,000	80,000	0.38
3	40,001	-	45,000	125,932	0.59
1	50,001	-	55,000	54,000	0.25
1	60,001	-	65,000	65,000	0.31
3	65,001	-	70,000	201,004	0.94
1	70,001	-	75,000	75,000	0.35
1	95,001	-	100,000	97,000	0.46
2	100,001	-	105,000	202,404	0.95
1	160,001	-	165,000	165,000	0.77
1	255,001	-	260,000	258,577	1.21
1	450,001	-	455,000	455,000	2.14
1	1,180,001	-	1,185,000	1,184,148	5.56
1	1,635,001	-	1,639,000	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
4738				21,304,422	100.00

Shareholders Category	Number of Shareholders	Number of Share Held	Percentage of Holding
Individuals	4683	3,983,095	18.70
Associated Companies	7	14,823,821	69.58
Financial Institutions	11	512,073	2.40
Investment Companies	6	8,079	0.04
ICP	1	4,314	0.02
Insurance Companies	5	5,343	0.03
Joint Stock Companies	15	48,170	0.23
Cooperative Societies	1	16,000	0.08
Charitable Trusts	1	5,000	0.02
Mutual Funds	1	258,577	1.21
Private Companies	7	1,639,950	7.70
	4738	21,304,422	100

	No. of shares
Investment Corporation of Pakistan	4,314
Public Sector Companies and Corporations	100
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarabas, Mutual Funds	784,072
Shareholders holding ten percent or more voting interest	
Bibojee Services (Pvt) Limited	8,343,397
Ghandhara Nissan Limited	5,166,168

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good 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 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 the Board.

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

6. No casual vacancy occurred in the Board of Directors during the year ended June 30, 2011.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, CFO / Company Secretary and other executive director have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. The Board has carried an orientation course of the Code of Corporate Governance for its directors to apprise them of their role & responsibilities. Further, a booklet on Code of Corporate Governance has been circulated amongst the directors on the Board.

11. 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.

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

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

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

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

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

18. 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.

19. 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.

20. The related party transactions were placed before the Audit Committee and approved by the Board of Directors.

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

For and on behalf of the Board of Directors

Ahmad Kuli Khan Khattak
Chief Executive

Dated September 29, 2011

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 Regulation No. 35 of the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange, where the Company is listed.

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 provisions 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 Regulations 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail on arm's length transactions 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 the subject requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions 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 or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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 30 June, 2011.

KARACHI; 29 September 2011

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GHANDHARA INDUSTRIES LIMITED ("the Company") as at 30 June, 2011 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 purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (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, 2011 and of the profits, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

(e) Without qualifying our opinion, we draw attention to note 23.1 (iv) to the financial statements, the Company has written back in the financial statements for the year ended 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 Company's 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 become payable.

KARACHI; 29 September 2011

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

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	3	**1,465,156**	1,476,350
Intangible assets	4	**1,251**	442
Investment properties	5	**90,395**	90,654
Long term Investment	6	**1,400**	1,400
Long term loans	7	**1,382**	640
Long term deposits	8	**5,340**	5,715
CURRENT ASSETS			
Stores and spares parts	9	**4,294**	5,872
Stock-in-trade	10	**691,703**	711,728
Trade debts	11	**173,375**	84,771
Loans and advances	12	**68,402**	21,626
Trade deposits and prepayments	13	**672,658**	48,623
Other receivables		**10,704**	2,838
Sales tax refundable / adjustable		**111,381**	176,948
Taxation-payments less provision		**54,909**	54,701
Cash and bank balances	14	**9,523**	149,688
		1,796,949	1,256,795
TOTAL ASSETS		**3,361,873**	2,831,997
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**213,044**	213,044
Reserves	16	**22,906**	9,598
		235,950	222,642
SURPLUS ON REVALUATION OF FIXED ASSETS	17	**1,456,011**	1,461,574
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	18	**19,738**	26,757
Deferred liabilities	19	**27,143**	42,847
CURRENT LIABILITIES			
Trade and other payable	20	**1,461,200**	915,182
Current maturity of liabilities against assets subject to finance leases	18	**6,284**	8,558
Accrued mark up/ Interest	21	**10,557**	10,120
Short term borrowings	22	**144,991**	144,317
		1,623,031	1,078,177
CONTINGENCIES AND COMMITMENTS	23	-	-
TOTAL EQUITY AND LIABILITIES		**3,361,873**	2,831,997

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

Ahmad Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in '000')	
Net sales	24	**1,631,208**	2,086,520
Cost of sales	25	**(1,457,028)**	(1,789,728)
Gross profit		**174,180**	296,792
Distribution cost	26	**(56,844)**	(71,469)
Administrative expenses	27	**(54,214)**	(41,677)
Other operating expenses	28	**(1,355)**	(11,079)
Other operating income	29	**5,281**	3,140
Profit from operations		**67,048**	175,707
Finance cost	30	**(59,201)**	(57,779)
Profit before tax		**7,847**	117,928
Taxation	31	**(102)**	17,635
Profit after tax		**7,745**	135,563
Other comprehensive income		-	-
Total comprehensive income		**7,745**	135,563
		(Rupees)	
Earnings per share - basic and diluted	32	**0.36**	6.36

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

Ahmad Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	33	**(38,564)**	396,515
Gratuity paid		**(740)**	(1,246)
Finance cost paid		**(53,566)**	(60,913)
Income tax paid		**(17,261)**	(12,644)
Long-term loans		**(742)**	(378)
Long-term deposits		**375**	(1,533)
Net cash (used in) / generated from operating activities		**(110,497)**	319,801
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(19,513)**	(10,176)
Sale proceeds on disposal of property, plant and equipment		**6,634**	14,500
Interest received		**181**	616
Net cash (used in) / generated from investing activities		**(12,697)**	4,940
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease		**(17,643)**	(13,328)
Net cash used in financing activities		**(17,643)**	(13,328)
Net (decrease) / increase in cash and cash equivalents		**(140,838)**	311,413
Cash and cash equivalents at beginning of the year		**5,371**	(306,042)
Cash and cash equivalents at the end of the year	34	**(135,467)**	5,371

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

Ahmad Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

(Rupees in '000')

	Issued subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Tax holiday reserve	Fixed assets replacement reserve	Contingency reserve	General reserve	Unappropriated Profit/(Loss)	
	Rupees in '000'						
Balance as at July 01, 2009	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
Profit for the year						135,563	135,563
Transfer from surplus on revaluation of fixed assets on account of incermental depreciation						3,349	3,349
Balance as at 30 June 2010	**213,044**	**5,500**	**10,000**	**25,300**	**2,400**	**(33,602)**	**222,642**
Profit for the year						7,745	7,745
Write back of reserves		(5,500)	(10,000)	(25,300)	(2,400)	43,200	-
Transfer from surplus on revaluation of fixed assets on account of incermental depreciation						5,563	5,563
Balance as at June 30, 2011	213,044	-	-	-	-	22,906	235,950

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

Ahmad Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. CORPORATE INFORMATION

Ghandhara Industries Limited ("the 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 manufacturing of Isuzu trucks and buses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.1.1 Initial application of new accounting standards, amendments to existing approved accounting standards and interpretations that are effective in 2010 and are relevant

IAS 1 (Amendment) Presentation of Financial Statements.' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 17 (Amendment), 'Classification of leases of land and buildings'. The amendment deletes the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17. The Company's current accounting policy is in line with the requirements of IAS 17 and the Ordinance, therefore, the amendment will have no effect on the Company's financial statements.

IAS 18(Amendment), 'Revenue'. The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent. The amendment does not have any impact on the Company's financial statements.

IAS 36 (Amendment), 'Impairment of assets. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating Segment' (that is , before the aggregation of segments with similar economic characteristics).

IAS 38 (Amendment). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic life.

IFRS 8 (Amendment), 'Disclosure of information about segment assets'. This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. Since the operations of the Company are considered as a single reportable segment, therefore the amendment will have no effect on the Company's financial statements.

2.1.2 Accounting standards, amendments to existing approved accounting standards and interpretations that are effective in 2010 and are not relevant to the Company

The other new standards, amendments and interpretations are mandatory for the periods beginning on or after July 1, 2010 are considered not to be currently relevant as these do not have any significant effect on the Company's current financial reporting and operations though these may affect the accounting for future transactions and events.

2.1.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards by the International Financial Reporting Interpretations Committee (IFRIC) have been published and are mandatory for accounting periods beginning on or after July 1, 2011 or later periods:

IAS 1 (Amendment) Presentation of Financial Statements is effective for the accounting periods beginning on or after January 1,2011. This amendment requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There are no items of other comprehensive income, therefore, no impact is expected on the Company's financial statements.

IAS 24 (Revised) Related Party Disclosures is effective for the accounting periods on or after January 1, 2011. It amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is not expected to have a material impact on the Company's financial statements.

IFRS 7 (Amendment) Financial Instruments: Disclosures' is effective for the accounting periods beginning on or after January 1,2011. This amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The new amendment is not expected to materially affect the financial instruments disclosures in the company's financial statements.

IFRIC 14 (Amendment) IAS 19 - The limit on a defined benefit assets, minimum funding requirements and their interaction' is effective for accounting periods beginning on or after January 1, 2011. It removes the unidentified consequences of the existing standard that restricted the recognition of some voluntary prepayments for minimum funding contributions as an asset. The new amendment does not impact on the company's financial statements.

Amendments to IFRIC 14:Prepayment of a Minimum Funding Requirement (effective for period beginning on or after 1 July 2011). IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction has been amended to remedy an unintended consequence of IFRIC 14 where entities are in circumstances not permitted to recognise prepayments of minimum funding contributions, as an asset.

2.2 Basis of measurement

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

2.3 Significant accounting judgments 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

2.3.1 Taxation

The Company accounts for provision for income tax based on current best estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made

2.3.2 Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 19.3

2.3.3 Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes, employee termination cost and restructuring where a legal or constructive obligation exists at the balance sheet date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cash flows.

Estimates and judgements 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.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.5 Property, plant & equipment

Leasehold land and buildings on leasehold land are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Plant and machinery, furniture and fixtures, office equipment and other operating assets are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Capital work-in-progress are stated at cost less accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Plant and machinery were revalued in 1995 by independent valuers, which are shown at revalued figures. The Company subsequently adopted cost model for plant and machinery and the revalued figures were treated as deemed costs. The surplus on revaluation of these assets, however, is recognised in accordance with section 235 of the Companies Ordinance, 1984.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenances are charged to the profit and loss account as and when incurred.

Depreciation / amortisation on all property, plant and equipment is charged using the straight line method in accordance with the rates specified in note 3.1 to these financial statements and after taking into account residual values, (if any). The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of deletion.

Any surplus arising on revaluation of property plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to reserves.

2.6 Intangible assets - computer software

Computer software licenses acquired by the Company are stated at cost less accumulated amortisation. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 5 years using straight-line method.

Costs associated with maintaining computer software are charged to profit and loss account as and when incurred.

2.7 Investments

2.7.1 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 were revalued in 1996 by independent valuers, which are shown at revalued figures. The Company subsequently adopted cost model for investments properties and the revalued figures were treated as deemed costs. The surplus on revaluation of these assets, however is recognised in accordance with section 235 of the Companies Ordinance, 1984.

Building is depreciated on straight line method at the rate of (2.5 to 6.25)%

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

2.7.2 Long term investments

Investment in subsidiary is stated at cost.

2.8 Long term deposits

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

2.9 Stores and spare parts

These are valued at the lower of cost determined on a first-in-first-out basis and net realizable value. Items in transit are stated at invoice value plus other charges incurred thereon.

Provision is made in the financial statements for obsolete and slow moving items based on management's best estimate regarding their future usability.

2.10 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 finished 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 cost necessarily to be incurred in order to make the sale.

2.11 Trade debts and other receivables

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

2.12 Cash and cash equivalents

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

2.13 Taxation

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under final tax regime.

Deferred tax

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 in the financial statements.

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.

2.14 Staff retirement benefits

2.14.1 Defined benefit plans

The Company operates unfunded gratuity scheme. The scheme defines the amounts of benefits that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

The liabilities recognised in respect of gratuity scheme are the present values of the Company's obligation under the scheme at the balance sheet date, together with adjustment for unrecognised actuarial gains or losses.

Latest actuarial valuations of the scheme were carried out as at June 30, 2011 using the projected unit credit method. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the obligations are charged or credited to profit and loss account over the employees' expected average remaining working life.

2.15 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, whether or not billed to the Company.

2.16 Revenue recognition

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

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

2.17 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.18 Foreign currency transactions & translations.

Foreign currency transactions are converted into Pak Rupees, using the exchange rates prevailing at the dates of the transactions.

All monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing at balance sheet date. Exchange gain and losses are recognised in the profit and loss account.

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

2.19 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.

2.20 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements if the Company has a legal right to set off the recognised amounts and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 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.

2.22 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.

2.23 Dividend

Dividend distribution to the shareholders is accounted for as a liability in the financial statements in the period in which the dividend is declared.

2.24 Impairment

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

2.25 Finance Leases

Leases that transfer substantially all the risk and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance cost.

	Note	**2011**	2010
		(Rupees in '000')	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	**1,465,156**	1,476,350
		1,465,156	1,476,350

3.1 Operating fixed assets

Particulars	Lease hold land	Building on leasehold land	Plant & machinery	Permanent tools	Furniture & fixtures	Motor vehicles	Lift trucks	Office machines & equipments	Computers	Jigs and special tools	Car	Truck	Lifters	Plant & machin e-ry	Total
	OWNED										LEASED				
	(Rupees in '000)														
At June 30, 2009															
Cost	946,501	68,450	47,712	3,197	2,976	20,168	9,218	9,326	2,909	25,629	27,576	-	-	-	1,163,662
Accumulated depreciation	13,719	15,967	46,524	3,044	1,080	14,705	4,735	4,658	1,783	25,629	13,282	-	-	-	145,127
Book value	932,781	52,483	1,188	153	1,896	5,463	4,483	4,668	1,126	-	14,294	-	-	-	1,018,536
Year ended June 30, 2010															
Additions	307,134	130,142	156	1,075	1,308	3,000	-	517	437	3,682	2,727	6,000	27,500	-	483,679
Reclassification from lease to own - Net book value	-	-	-	-	-	8,760	-	-	-	-	(8,760)	-	-	-	-
Disposals: - Cost	-	-	250	-	-	4,300	6,096	49	-	-	-	-	-	-	10,695
- depreciation	-	-	(250)	-	-	(403)	(2,121)	(49)	-	-	-	-	-	-	(2,823)
	1,239,915	182,625	1,344	1,228	3,204	13,326	508	5,185	1,563	3,682	8,261	6,000	27,500	-	1,494,343
Depreciation charge	-	5,322	155	94	169	3,384	508	797	391	126	3,138	700	3,208	-	17,992
Net book value as at June 30, 2010	**1,239,915**	**177,302**	**1,188**	**1,134**	**3,035**	**9,942**	**0**	**4,388**	**1,173**	**3,557**	**5,124**	**5,300**	**24,292**	**-**	**1,476,351**
Year ended June 30, 2011															
Additions	-	-	1,639	966	1,045	-	-	3,894	426	9,714	3,151	-	-	770	21,605
Reclassification from lease to own															
- Net book value	-	-	-	-	-	861	-	-	-	-	(861)	-	-	-	-
Disposals:															
- Cost	-	-	-	-	-	1,865	-	-	-	-	835	-	6,500	-	9,200
- depreciation	-	-	-	-	-	(1,529)	-	-	-	-	(237)	-	(1,842)	-	(3,607)
	1,239,915	177,302	2,828	2,100	4,081	10,468	-	8,282	1,599	13,271	6,815	5,300	19,633	770	1,492,364
Depreciation charge	-	8,865	292	196	259	5,317	-	1,066	436	2,285	1,988	1,200	5,283	19	27,207
Net book value at June 30, 2011	**1,239,915**	**168,437**	**2,536**	**1,904**	**3,822**	**5,150**	**-**	**7,216**	**1,162**	**10,986**	**4,827**	**4,100**	**14,350**	**751**	**1,465,156**
As at June 30, 2010															
Cost	1,239,915	177,302	47,618	4,273	4,284	40,767	3,122	9,843	3,346	29,312	8,404	6,000	27,500	-	1,601,687
Accumulated depreciation	-	-	46,430	3,138	1,249	30,825	3,122	5,455	2,174	25,756	3,280	700	3,208	-	125,337
Book value	1,239,915	177,302	1,188	1,135	3,035	9,942	-	4,388	1,172	3,556	5,124	5,300	24,292	-	1,476,350
As at June 30, 2011															
Cost	1,239,915	177,302	50,027	5,240	5,329	43,260	3,122	13,738	3,772	39,026	6,359	6,000	21,000	770	1,614,090
Accumulated depreciation	-	8,865	46,740	3,336	1,507	38,110	3,122	6,522	2,610	28,040	1,532	1,900	6,650	19	148,934
Book value	**1,239,915**	**168,437**	**3,287**	**1,904**	**3,822**	**5,150**	**0**	**7,216**	**1,162**	**10,986**	**4,827**	**4,100**	**14,350**	**751**	**1,465,156**
Depreciation rate %	-	5.00	10.00	12.50	6.25	20.00	20.00	12.50	20.00	33.00	20.00	20.00	20.00	10.00	

	Note	2011	2010
		(Rupees in '000')	
3.2 Depreciation charged for the year has been allocated as follow:			
- Cost of goods manufactured	25.1	**12,578**	6,672
- Distribution cost	26	**7,806**	5,856
- Administrative expenses	27	**6,823**	5,465
		27,207	17,993

3.3 Lease hold land and buildings on leasehold land of the company were last revalued in June 2010 by K.G. Traders (Pvt.) Ltd (PBA approved asset valuers and stocks inspectors) on the basis of present market values. The revaluation resulted in a net surplus of Rs. 437 million over the written down values of Rs. 978 million which had been incorporated in the books of the Company on June 30, 2010. Out of the revaluation surplus resulting from all the revaluations carried out to date, an amount of Rs.1,403 million (2010: Rs. 1,411 million) remains undepreciated as at June 30, 2011.

3.4 Useful life and the pattern in which 'Building on leasehold land' are expected to be consumed by the company were also reviewed in the revaluation referred to in note # 3.3 above. Consequently, the depreciation rate has been revised from '2.5% - 6.25%' to 5%. The change in accounting estimate has resulted in decrease in depreciation charge to the profit and loss for the period by Rs 1.561 million with corresponding increase in carrying value of property, plant and equipment.

3.5 Had there been no revaluation, the book value of buildings on leasehold land would have been as under:

	2011	2010
	(Rupees in '000')	
Building on Leasehold Land-cost	**6,129**	6,810
Accumulated depreciation	**306**	681
Book value	**5,823**	6,129

3.6 Details of operating assets sold/ written off:

Assets	Cost	Accumulated Depreciation	W.D.V.	Sale Proceed	Profit / (Loss)	Mode of Disposal	Particulars of buyers
	--------------(Rupees in '000)----------------						
Motor vehicles							
Nissan Sunny ALV-246	1,185	849	336	336	-	Sold	Mr. Rashid Qadir (Employee)
Suzuki Cultus RLA-5954	680	680	-	100	100	Sold	Mr. Gul Muhammad (Employee)
Suzuki Cultus ATA-855	835	237	598	598	-	Sold	Mr. Ryaz Ata (Employee)
	2,700	1,766	934	1,034	100		
TRUCKS							
Truck FVM33QT	3,500	992	2,508	2,800	292	Sold	Karachi commercial diesel.
Truck FVR33k	3,000	850	2,150	2,800	650	Sold	Karachi commercial diesel.
	6,500	**1,842**	**4,658**	**5,600**	**942**		
2011	**9,200**	**3,607**	**5,593**	**6,634**	**1,042**		
2010	10,646	2,774	7,872	14,500	6,628		

	2011	2010
	(Rupees in '000')	

4. INTANGIBLE ASSETS - Computers Softwares

	2011	2010
Opening net book value	**442**	-
Addition	**1,058**	450
Accumulated amortization	**249**	8
Closing net book value	**1,251**	442

4.1. Amortization charged for the year has been allocated as follows:

	2011	2010
- Cost of goods manufactured	**159**	0
- Administrative expenses	**90**	8
	249	8

5. INVESTMENT PROPERTIES

	Lease hold land	Building on Leasehold land	Total
		(Rupees in '000')	
At June 30, 2009			
Cost	97,392	416	97,809
Accumulated depreciation	6,558	337	6,895
Book value	**90,835**	**79**	**90,914**
Year ended June 30, 2010			
Depreciation charge	243	16	259
Net book value as at June 30, 2010	**90,591**	**63**	**90,654**
Year ended June 30, 2011			
Depreciation charge	243	16	259
Net book value at June 30, 2011	**90,348**	**47**	**90,395**
As at June 30, 2010			
Cost	97,392	416	97,809
Accumulated depreciation	6,801	353	7,154
Book value	**90,591**	**63**	**90,654**
As at June 30, 2011			
Cost	97,392	416	97,809
Accumulated depreciation	7,045	369	7,413
Book value	**90,347**	**47**	**90,395**

5.1 Depreciation for the year amounting Rs. 259 thousand (2010: Rs. 259 thousand) is allocated to Administrative expenses - Note 27

5.2 The fair value of investment property as at 30 June, 2011 was Rs. 376 million (2010: Rs. 376 million).

6. LONG TERM INVESTMENT

	Note	2011	2010
Subsidiary Company - Un-quoted		(Rupees in '000')	
Marghzar Industries (Private) Limited 140,000 (2010: 140,000) fully paid ordinary shares of Rs. 10 each.			
Equity held 70 %		**1,400**	1,400

The Company has been granted an exemption under section 237 (8) of the Companies Ordinance, 1984; hence provisions of sub-section 1 to 7 of section 237 of the Companies Ordinance, 1984 does not apply for the financial year ended June 30, 2011 in relation to its subsidiary Marghazar Industries (Pvt) Limited.

However, the annual audited accounts of Marghazar Industries (Pvt) Limited are available for inspection at Registered Office of the Company and are also available to the members on request without any cost.

	Note	2011	2010
		(Rupees in '000')	
7. LONG TERM LOANS			
Considered Good			
Due from:			
Executives	7.1	**650**	-
Non executives		**1,392**	1,011
		2,042	1,011
Less: Instalments recoverable within twelve months			
Executives		**170**	-
Non executives		**490**	371
	12	**660**	371
		1,382	640

7.1 Reconciliation of loans and advances to executives

		2011	2010
Balance at beginning of the year		**-**	520
Add: Disbursement / addition		**1,350**	-
		1,350	520
Less: Recovered during the year		**700**	520
		650	-

7.2 Interest free loans have been provided for personal expenses. These are repayable in monthly installments over a period of one to five years. These are secured against staff gratuity.

7.3 Maximum aggregate amount due from executives at the end of any month was Rs. 1350 thousand (2010: Rs. 507 thousand).

	Note	2011	2010
		(Rupees in '000')	
8. LONG TERM DEPOSITS			
Considered Good			
Leasing companies		**3,413**	4,898
Utilities		**304**	304
Others		**1,622**	513
		5,340	5,715
9. STORES & SPARE PARTS			
Stores		**4,294**	5,872
Spare parts		**6,316**	6,316
		10,610	12,188
Less: provision for obsolescence		**6,316**	6,316
		4,294	5,872
10. STOCK-IN-TRADE			
Raw materials & components			
In hand	10.1	**471,429**	287,876
Less: provision for slow moving raw material	10.3	**20,150**	20,150
		451,279	267,726
In transit		**9,178**	280,805
		460,457	548,531
Work in Process		**100,288**	51,531
Finished goods including components		**97,217**	79,930
Trading stocks		**48,673**	46,668
Less: provision for slow moving stock	10.4	**14,932**	14,932
		33,741	31,736
		691,703	711,728

10.1 This includes raw material carried at net realizable value, amounting to Rs. 10 million (2010: Rs. 10 million).

10.2 Stock in trade includes stock of Rs 213.284 million (2010: 304.183 million) held with third parties whereof stock of Rs 209.714 million (2010: Rs 303.409) million is with Ghandhara Nissan Limited (an associated undertaking).

	Note	2011	2010
		(Rupees in '000')	
10.3 Provision for slow moving raw material			
Opening balance as on July 1		**20,150**	21,076
Less: Material used in company's vehicle during the year		-	926
Closing balance as on June 30		**20,150**	20,150
10.4 Provision for slow moving trading stock			
Opening balance as on July 1		**14,932**	14,932
Less: Stock used in company's vehicle during the year		-	-
Closing balance as on June 30		**14,932**	14,932
11. TRADE DEBTS			
Considered good - Unsecured			
Government and semi-government agencies		**117,887**	19,249
Others		**55,488**	65,522
		173,375	84,771
11.1 The aging of trade debtors at the balance sheet date was:			
Past due 0-30 days		**136,421**	33,491
Past due 31-180 days		**34,447**	43,717
Over 180 days		**2,507**	7,563
		173,375	84,771
12. LOANS AND ADVANCES			
Considered good - unsecured			
Loan and advances due from:			
Employees		**291**	272
Suppliers and contractors		**67,451**	20,983
		67,742	21,255
Considered doubtful			
Government and semi-government agencies		**1,175**	1,175
Less: provision for doubtful debts		**1,175**	1,175
		-	-
Current portion of long term loans to employees		**660**	371
		68,402	21,626
13. TRADE DEPOSITS AND PREPAYMENTS			
Considered good			
Tender deposits		**11,310**	19,073
Margins against bank guarantees		**588,394**	8,263
Less: Provision for doubtful margin against bank guarantees		**330**	330
		588,064	7,933
Margin against letter of credit		**72,394**	20,649
Prepaid rent		**889**	968
		672,658	48,623

	Note	2011	2010
		(Rupees in '000')	

14. CASH AND BANK BALANCES

	Note	2011	2010
Cash in hand		**459**	275
Cash with banks			
on current accounts		**10,612**	151,101
on saving accounts	14.1	**644**	507
on foreign accounts	14.2	**41**	38
		11,297	151,646
Less: Provision for doubtful bank account	14.3	**2,233**	2,233
		9,523	149,688

14.1 Saving accounts include Rs. 438 thousand (2010: Rs. 312 thousand) that are subject to lien with bank against bank guarantees.

14.2 Foreign currency accounts include JPY 31,541 equivalent to Rs. 33,798 and US$ 126 equivalent to Rs. 7,386 (2010:JPY 31,541 equivalent to Rs.26,731 and US $ 126 equivalent to Rs. 7,386).

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

15. SHARE CAPITAL

2011	2010		2011	2010
(No. of shares)			(Rupees in '000')	
		Authorised Capital		
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	500,000	500,000
		Issued, subscribed and paid up capital		
		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

15.1 The Company has one class of ordinary shares which carry no right to fixed income.

15.2 Bibojee Services (Pvt) Ltd., the ultimate holding company, held 8,343,397 (2010: 8,343,397) ordinary shares of Rs.10/- each as at the year end.

15.3 Ordinary shares of Rs. 10 each were held by associated undertakings as at June 30, 2011 are as follows:

	No. of Shares	
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

16. RESERVES

	Note	2011	2010
		(Rupees in '000')	
Capital Reserves		-	40,800
Revenue Reserves	16.1	**22,906**	(31,202)
		22,906	9,598

	Note	2011	2010
		(Rupees in '000')	

16.1 Revenue Reserves

		2011	2010
General reserve		-	2,400
Unappropriated Profit / (accumulated loss)		**22,906**	(33,602)
		22,906	(31,202)

17. SURPLUS ON REVALUATION OF FIXED ASSETS

		2011	2010
Balance as at 1 July		**1,517,111**	1,084,987
Add : Surplus arising during the year		-	437,276
Surplus relating to incremental depreciation charged during the year		**(8,559)**	(5,152)
		1,508,552	1,517,111
Less: Related deferred tax			
Deferred Tax on revaluation as at 1st July		**55,537**	11,790
On surplus arising during the year		-	45,550
Transferred to accumulated profit on account of incremental depreciation charged during the year		**(2,996)**	(1,803)
		52,541	55,537
		1,456,011	1,461,574

18. 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:

	2011			2010		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	---------------------------- R u p e e s in 000 ----------------------------					
Not later than one year	9,969	3,685	6,284	13,240	4,682	8,558
Later than one year and not later than five years	23,634	3,897	19,738	33,203	6,446	26,757
Total minimum lease payments	33,603	7,582	26,022	46,443	11,128	35,315

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 15% to 18% (2010: 14.08% to 18.23%) per annum.

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

	Note	2011	2010
		(Rupees in '000')	
19. DEFERRED LIABILITIES			
Deferred taxation	19.1	**13,428**	30,379
Gain on sale and lease back of fixed asset	19.2	**2,186**	5,690
Staff gratuity	19.3	**11,529**	6,778
		27,143	42,847

19.1 Deferred taxation

	2011	2010
Deferred taxation comprises:		
Accelerated tax depreciation	**4,898**	3,915
Revaluation of fixed assets	**52,541**	55,537
Obligation under finance lease	**(960)**	(208)
Gain on sale and lease back of fixed assets	**(765)**	(1,992)
Recoupable minimum tax	**(22,455)**	(8,463)
Provision for gratuity	**(4,035)**	(2,372)
Provision for obsolescence:		
Stores and spares	**(2,210)**	(2,210)
Stock in trade	**(12,279)**	(12,279)
Provision for bad / doubtful:		
Trade debts	-	(241)
Advance to supplier	**(411)**	(411)
Bank guarantee	**(115)**	(115)
Cash at bank	**(782)**	(782)
	13,428	30,379

19.2 Gain on sale and lease back of fixed asset

	2011	2010
Gain on sale and lease back of motor vehicle	**5,690**	6,628
Amortised to date	**(3,504)**	(938)
	2,186	5,690

The Company had entered into sale and leaseback transactions last year which resulted in finance leases. The excess of sale proceeds over the net book value of motor vehicles under sale and leaseback arrangements have been recognised as deferred income and are being amortised over the period of the lease term.

19.3 Staff gratuity

	Unfunded Gratuity	
	2011	2010
	(Rupees in '000')	
Opening balance	**6,778**	3,518
Charge for the year	**5,491**	4,506
	12,269	8,024
Less: Payments made during the year	**740**	1,246
Closing balance	**11,529**	6,778

	Unfunded Gratuity	
	2011	2010
	(Rupees in '000')	
Charge for the year		
Current service cost	4,555	4,067
Interest cost	922	439
Actuarial (Gains) / Losses charge	14	-
Present value of defined benefit obligation as at June 30	5,491	4,506
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at July 1	6,778	3,518
Current service cost	4,555	4,067
Interest cost	922	439
Actuarial (Gains) / Losses charge	14	-
Benefit paid	(740)	(1,246)
Present value of defined benefit obligation as at June 30	11,529	6,778
The expense is recognized in the following line items in the income statement:		
Cost of goods manufactured	2,144	1,450
Distribution costs	1,322	1,193
Administrative expenses	2,024	1,863
	5,491	4,506
Principal actuarial assumptions at the balance sheet date:		
Rate of discount (%)	14	12
Expected rate of increment of salary (%)	13	11
Expected retirement age (years)	60	60
Average expected remaining working life time of employees (years)	11	9

COMPARISON FOR FIVE YEARS:

	2011	2010	2009	2008	2007
			(Rupees in '000')		
Present value of defined benefit obligations	11,109	7,686	3,662	1,531	N/A
Experience adjustment arising on plan liabilities (gain)/ losses	(1,313)	763	145	N/A	N/A

	Note	2011	2010
		(Rupees in '000')	

20. TRADE AND OTHER PAYABLE

	Note	2011	2010
Creditors		**170,050**	81,969
Accrued liabilities		**78,616**	72,484
Advance from customers		**764,919**	496,598
Advance against sale of investment in immovable property		**5,000**	5,000
Custom duty payable		**16,666**	14,082
Payable to trustees' provident fund		**178**	178
Retention money		**20**	1,020
Unclaimed dividends		**6,914**	6,914
Withholding tax		**1,778**	703
Due to related parties	20.1	**390,249**	210,897
Due to subsidiary company		**2,103**	2,180
Corporate assets tax		**2,000**	2,000
Worker profit participation fund	20.2	**18,543**	17,082
Worker Welfare fund	20.3	**3,021**	2,948
Others		**1,144**	1,127
		1,461,200	915,182

20.1 Due to related parties

	2011	2010
Bibojee Services (Private) Limited	**70,694**	160,639
The General Tyre & Rubber Company of Pakistan Limited	**16,556**	4,773
Ghandhara Nissan Limited	**96,729**	35,716
Universal Insurance Company Limited	**14,407**	1,451
Isuzu Motors Limited	**183,294**	-
Gammon Pakistan Limited	**250**	-
Waqf-e-Kuli Khan	**8,318**	8,318
	390,249	210,897

20.2 Workers' Profit Participation Fund

	Note	2011	2010
Opening balance as at July 1		**17,082**	12,671
Allocation for the year	28	**417**	6,331
Interest on funds utilised in the company's business		**1,045**	106
Disbursement during the year		**-**	(2,026)
Closing balance as at June 30		**18,543**	17,082

20.3 Workers' Welfare Fund

	Note	2011	2010
Balance at beginning		**2,948**	589
Add: Charge for the current year / period	28	**73**	2,359
		3,021	2,948

21. ACCRUED MARK UP/ INTEREST

	2011	2010
Mark up on:		
Short term loan / running finances & borrowings - secured	**6,043**	5,606
Long term loans - unsecured	**4,514**	4,514
	10,557	10,120

	Note	2011	2010
		(Rupees in '000')	
22. SHORT TERM BORROWINGS			
From banking companies-secured			
Running finance from bank	22.1	**144,991**	144,317
		144,991	144,317

22.1 The Company has facility for short-term running finance amounting to Rs. 145 million (2010: Rs. 145 million) from a bank. Mark up is based on 3 months KIBOR plus 3% (2010: 3 months KIBOR plus 3%) payable quarterly. The arrangement is secured by way of equitable mortgage over Land, Building, and Machinery for Rs. 750 million (2010: Rs.750 million) with a token registered charge of Rs. 0.5 million (2010: Rs. 0.5 million) over company property bearing F-3 SITE, Karachi and hypothecation charge over moveables and receivables for Rs. 200 million (2010: Rs.200 million). The facilities will expire in November 2011 (2010: June 2011).

22.2 The company has finance against imported merchandise facility amounting to Rs. 160 million (2010: 99 million). This facility is secured by pledge of Isuzu truck and bus chassis in CKD condition. The rate of mark-up on these facilities is 3 months KIBOR + 3% per annum (2010: 3 months KIBOR plus 2.5%).

22.3 The facility for letters of credit and issuance of bank guarantees as at June 30, 2011 amounted to Rs. 1,376 million (30 June 2010: Rs. 759 million) of which the amount remaining unutilized at the year-end was Rs. 69 million (2010: Rs. Nil million). These facilities are secured against cash margin, import documents, pledge of stocks, 2nd equitable mortgage over land and building amounting to Rs 300 million (2010: Rs. 300 million) and hypothecation of stock amounting to Rs 160 million (2010: Rs 160 million).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

(i) Claims against the Company not acknowledged as debt amounting to Rs. 3.917 million (2010: Rs.27.043 million) relating to sales tax on 10,000 units of rear axles each claimed by a supplier which is being contested by the Company.

(ii) Suit against the Company by the supplier for the recovery of Rs. 25.867 million (2010: 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 (2010: 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 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 favorable 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 case has been decided in customer's favor and the Company has appealed against the subject order.

	Note	**2011**	2010
		(Rupees in '000')	
23.2 Commitments			
Bank guarantees		**926,257**	479,756
Letters of credit		**381,125**	279,391
24. NET SALES			
Manufactured goods			
Gross sales			
Local		**1,530,460**	2,057,866
Export		**104,811**	22,153
		1,635,271	2,080,019
Less: Sales tax		**12,692**	15,610
		1,622,579	2,064,409
Trading stock			
Sales		**10,091**	23,872
Less: Sales tax		**1,463**	1,761
		8,629	22,111
		1,631,208	2,086,520

	Note	2011	2010
		(Rupees in '000')	
25. COST OF SALES			
Manufactured goods			
Stock at beginning of year		79,930	65,822
Cost of goods manufactured	25.1	1,468,700	1,786,812
		1,548,630	1,852,634
Stock at end of year		(97,217)	(79,930)
		1,451,413	1,772,704
Trading stock			
Stock at beginning of year		31,736	37,248
Purchases		7,619	11,512
		39,355	48,760
Stock at end of year		(33,741)	(31,736)
		5,614	17,024
		1,457,028	1,789,728

25.1 COST OF GOODS MANUFACTURED

	Note	2011	2010
Raw material and components consumed	25.2	1,365,208	1,733,298
Stores and spares consumed		141	280
Salaries, wages and other benefits	25.3	51,427	35,939
Fuel and power		10,996	6,871
Rent, rates and taxes		573	462
Insurance		5,254	4,680
Research & development		151	623
Repairs and maintenance		3,922	4,107
Traveling & entertainment		1,837	1,059
Out side assembly charges		60,717	37,074
Depreciation	3.2	12,578	6,672
Amortisation of Intangibles	4.1	159	-
Other expenses		4,495	2,318
		1,517,457	1,833,383
Work-in-process (opening less closing)		(48,757)	(46,571)
		1,468,700	1,786,812

25.2 RAW MATERIAL & COMPONENTS CONSUMED

	2011	2010
Stock at beginning of year	548,532	265,821
Purchases including duties, taxes and other charges	1,277,133	2,016,009
	1,825,665	2,281,830
Stock at end of year	(460,457)	(548,532)
	1,365,208	1,733,298

25.3 An amount Rs. 2.144 million (2010: Rs. 1.450 million) has been charged to cost of sales during the year in respect of gratuity:

	Note	2011	2010
		(Rupees in '000')	

26. DISTRIBUTION COST

	Note	2011	2010
Salaries, wages and benefits	26.1	**18,092**	16,201
Commission		**12,970**	32,161
Rent, rates and taxes		**2,273**	1,720
Insurance		**2,422**	1,358
Repairs and maintenance		**8**	35
Utilities		**137**	131
Travelling and entertainment		**3,041**	3,513
Communication and stationery		**530**	722
After sale services and warranty		**2,521**	4,729
Advertisement		**716**	363
Legal and professional charges		-	9
Subscriptions		**186**	33
Late delivery charges		**62**	-
Depreciation	3.2	**7,806**	5,856
Freight forwarding		**4,740**	3,152
Other expenses		**1,339**	1,486
		56,844	71,469

26.1 An amount Rs. 1.322 million (2010: Rs. 1.193 million) has been charged to distribution cost during the year in respect of gratuity:

27. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries, wages and benefits	27.1	**20,254**	17,691
Rent, rates and taxes	27.2	**2,776**	1,787
Insurance		**1,634**	1,476
Repairs and maintenance		**2,850**	880
Utilities		**218**	220
Travelling and entertainment		**8,991**	6,547
Communication and stationery		**2,932**	2,380
Advertisement		**698**	178
Legal and professional charges	27.3	**2,085**	1,245
Subscriptions		**691**	545
Depreciation on property plant and equipment	3.2	**6,823**	5,465
Amortisation	4.1	**90**	8
Depreciation on investment properties	5.1	**259**	259
Security Expenses		**2,652**	1,697
Other expenses		**1,259**	1,299
		54,214	41,677

27.1 An amount Rs. 2.024 million (2010: Rs. 1.863 million) has been charged to administrative expenses during the year in respect of gratuity:

27.2 This includes rent paid to Rehman Cotton Mills Limited (associated company) amounting to Rs. 1.2 million (2010: Rs. 0.3 million).

27.3 This includes retainership fee amounting to Rs. 0.12 million (2010: Rs.0.12 million) paid to Hasan & Hasan. Dr. Parvez Hasan, Director, is partner of the firm.

	Note	2011	2010
		(Rupees in '000')	
28. OTHER OPERATING EXPENSES			
Auditor's remuneration			
Audit fee		**500**	500
Out of pocket expenses		**10**	10
		510	510
Workers' Profits Participation Fund	20.2	**417**	6,331
Workers' Welfare Fund	20.3	**73**	2,359
Donation		**356**	1,879
		1,355	11,079

28.1 None of the directors or their spouses had any interest in the donees.

	Note	2011	2010
29. OTHER OPERATING INCOME			
From financial assets			
Profit on bank deposits		**181**	616
Exchange gain		**553**	224
From non financial assets			
Gain on sale of fixed assets		**1,042**	-
Scrap sales		-	900
Amortisation of gain on sale and lease back of fixed asset	19.2	**3,504**	938
Others		-	462
		5,281	3,140

	Note	2011	2010
30. FINANCE COST			
Mark-up / interest on:			
Finance lease		**5,199**	3,860
Finance against imported merchandise		**9,396**	4,725
Running finance		**31,504**	44,189
Interest on loan from subsidiary company		**310**	322
Interest on workers' profits participation fund		**1,045**	106
Bank charges and commission		**11,747**	4,577
		59,201	57,779

	Note	2011	2010
31. TAXATION			
Current		**17,052**	10,537
Deferred		**(16,951)**	(28,172)
		102	(17,635)

31.1 The provision for taxation for the year ended June 30, 2011 has been made on the basis of the minimum tax @ 1% of turnover in these financial statements in accordance with section 113 of the Income Tax Ordinance, 2001, therefore, a numeric tax reconciliation has not been included in these financial statement.

	Note	**2011**	2010
		(Rupees in '000')	
32. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year		**7,745**	135,563
		Number of shares (in '000')	
Weighted average number of ordinary shares outstanding during the year	15.0	**21,304**	21,304
		(Rupees)	
Earnings per share - basic and diluted		**0.36**	6.36

33. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
Profit before taxation		**7,847**	117,928
Adjustment for non cash charges and other items:			
Depreciation / amortisation on ;			
Fixed assets	3.1	**27,207**	17,992
Intangibles	4	**249**	8
Investment properties	5	**259**	259
Gain on disposal of fixed assets	3.6	**(1,042)**	-
Amortisation of gain on sale and lease back of fixed asset	29	**(3,504)**	(938)
Interest expense	30	**59,201**	57,779
Interest income	29	**(181)**	(616)
Provision for gratuity	19.3	**5,491**	4,506
		95,527	196,918
Working capital changes	33.1	**(134,091)**	199,596
		(38,564)	396,514

33.1 Working capital changes

		2011	2010
(Increase) / decrease in current assets			
Stores & spare parts		**1,578**	(5,857)
Stock-in-trade		**20,025**	(337,876)
Trade debts		**(88,604)**	18,432
Loans and advances		**(46,776)**	(5,743)
Trade deposits and prepayment		**(624,035)**	13,984
Other receivables		**(7,866)**	-
Sales tax refundable / adjustable		**65,568**	(1,753)
		(680,109)	(318,813)
Increase / (Decrease) in current liabilities			
Trade and other payable		**546,018**	518,409
		(134,091)	199,596

34. CASH AND CASH EQUIVALENTS

	Note	2011	2010
Cash and bank balances	14	**9,523**	149,688
Short-term borrowings - running finances		**(144,991)**	(144,317)
		(135,467)	5,371

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	Interest / Mark-up bearing			Non interest / Mark-up bearing			Total
	Maturity up to one Year	Maturity after one Year	Sub-total	Maturity up to one Year	Maturity after one Year	Sub-total	
	----------Rupees in '000----------						
ON BALANCE SHEET FINANCIAL INSTRUMENTS							
Financial assets							
Loans and receivable							
Loans and advances	-	-	-	68,402	1,382	69,784	69,784
Deposits	-	-	-	671,769	-	671,769	671,769
Trade debts	-	-	-	173,375	-	173,375	173,375
Other receivable	-	-	-	10,704	-	10,704	10,704
Cash and bank balances	644	-	644	8,880	-	8,880	9,523
Long term investment at cost	-	-	-	-	1,400	1,400	1,400
June 30,2011	644	-	644	933,128	2,782	935,910	936,554
June 30,2010	507	-	507	306,071	640	306,711	307,218
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	1,412,278	-	1,412,278	1,412,278
Liabilities against asset subject to finance lease	6,284	19,738	26,022	-	-	-	26,022
Short-term borrowings	144,991	-	144,991	-	-	-	144,991
Accrued mark-up	-	-	-	10,557		10,557	10,557
June 30, 2011	**151,275**	**19,738**	**171,012**	**1,422,834**	**-**	**1,422,834**	**1,593,847**
June 30, 2010	152,875	26,757	179,632	881,573	-	881,573	1,061,205
On balance sheet gap							
June 30, 2011	**(150,631)**	**(19,738)**	**(170,369)**	**(489,706)**	**2,782**	**(486,924)**	**(657,293)**
June 30, 2010	(152,368)	(26,757)	(179,125)	(575,502)	640	(574,862)	(753,987)
OFF BALANCE SHEET FINANCIAL INSTRUMENTS							
Letters of credit							381,125
Letters of guarantee							926,257
June 30, 2011							**1,307,383**
June 30, 2010							759,147

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35.1 Interest / Mark-up rate risk

The Company's interest rate / mark-up risk arises from borrowings as the Company has no significant interest bearing assets. Borrowings at variable rates exposes the company to cash flow interest rate risk.

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. As at June 30, 2011 the Company's interest bearing financial liabilities of Rs. 151 million represent the short term borrowings at floating rate to manage the working capital requirements of the Company and obligation under asset subject to finance lease. These liabilities are reprised at a maximum period of three months. Hence the management believes that the Company is not materially exposed to interest rate changes. The effective mark-up rates for financial assets and liabilities are mentioned in respective notes to the financial statements.

For the above mentioned interest bearing financial liabilities, had the interest rates varied by 200 basis points with all the other variables held constant, loss / profit before tax for the year would have been approximately higher / lower by Rs. 5.632 million (2010: higher / lower by Rs. 6.87 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 200 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 200 basis per annum.

35.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised if counterparts failed to perform as contracted. The financial assets exposed to credit risk amounts to Rs. 965 million (2010:Rs. 308 million).

The bank balances represents low credit risk as they are placed with scheduled commercial banks.

The Company attempts to control credit risk by monitoring credit exposure, limiting transaction with specific counterparties and continually assessing the creditworthiness of counterparties.

35.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet its commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

35.4 Foreign exchange risk management.

Foreign currency risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pakistan Rupee. As at June 30, 2011 receivables and payables exposed to foreign currency risk are Rs. 214.753 million (2010: Rs. Nil) and Rs 34.718 million (2010: Rs Nil).

As at June 30, 2011 if the Pakistani Rupee had weakened/ strengthened by 16% against Japanese Yen with all other variables held constant, loss/ profit before tax for the year would have been higher / lower by Rs. 78.183 thousand (2010: Rs. Nil), mainly as a result of foreign exchange losses/ gains on translation of Japanese Yen denominated assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company as at the balance sheet date. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

35.5 Fair values of the financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statement approximate their fair values.

36 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

During the year, the Company's strategy was to lower the degree of leverage as to reduce the risk. The gearing ratio as at June 30, 2011 is as follows:

	2011	2010
	(Rupees in '000')	
Liabilities against asset subject to finance lease	**26,022**	35,315
Short term borrowings	**155,542**	154,437
Cash and bank	**(9,523)**	(149,688)
Net debt	**172,046**	40,064
Total Equity	**235,950**	222,642
Total Capital	**407,996**	262,706
Gearing ratio	**42%**	15%

The capital structure of the Company is equity based with no financing through long term borrowings except for liabilities against asset subject to finance lease however company avails short-term borrowings for working capital purposes only.

37. 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**	**2011**	2010
		(Rupees in '000')	
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	**310**	332

	Name of Related Party and nature of relationship	Nature of transaction	2011	2010
			(Rupees in '000')	
(b)	**Associated companies**			
	General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	**43,380**	27,462
		Sale of vehicle	**1,900**	1,750
	Ghandhara Nissan Limited (Common Directorship)	Assembly charges	**60,717**	43,999
		Sales - Fabrication	-	8,711
		Purchase of parts	-	9,057
	Universal Insurance Limited (Common Directorship)	Insurance Premium	**16,913**	12,675
	Rehman Cotton Mills Limited (Common Directorship)	Rent paid	**1,200**	300
	Gammon Pakistan Limited (Common Directorship)	Rent paid	**1,500**	-
	Hasan & Hasan (Common Directorship)	Retainership fee	**120**	120
c)	**Technology suppliers**			
	Isuzu Motors Limited Japan	CKD purchased	-	9,685
		CBU purchased	-	752,789
		Parts Purchased	**228,263**	14,802

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executive	
	2011	2010	**2011**	2010	**2011**	2010
			(Rupees in '000')			
Managerial remuneration and allowances	-	-	-	-	**28,073**	20,001
Gratuity	-	-	-	-	**2,108**	2,307
Others	-	-	-	-	**402**	2,796
	-	-	-	-	**30,583**	25,104
Number of persons	-	-	-	-	**26**	20

38.1 Some executives are provided with free use of car maintained by the company in accordance with their term of employment

38.2 The amount charged in these financial statements in addition to those that are shown above is Rs. 0.320 million (2010: Rs. 0.25 million) in relation to meeting fee for five directors.

39. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

The Company does not hold non-current assets in any foreign country. Revenue from external customers attributed to foreign countries in aggregate are not material.

The Company has earned revenues from one (2010: one) customer amounting to Rs. 165 million (2010: Rs. 1,057 million) during the year which constituted 10.11% (2010: 50.69%).

40. 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.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 29, 2011 by the Board of Directors of the company.

Ahmad Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan
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 Mr./Ms.________________________________ of

____ or failing him / her

Mr./Ms._____________________________ of __________________________ as my / our Proxy to vote for

me / us and on my / our behalf at the 48th Annual General Meeting of the Company to be held at F-3, Ghandhara Industries Limited, S.I.T.E., Karachi on Monday October 24, 2011 at 10:00 A.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 ______________________________
CNIC / Passport No. __________________	CNIC / Passport No. __________________
Address : ___________________________	Address : ___________________________

Notes:

1. This Proxy Form, 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. 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.
3. The Proxy shall produce his original CNIC or original passport at the time of meeting.
4. 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 Form.
5. In case of a corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be provided at the time of meeting (unless it has been provided earlier along with the proxy form).