Annual Report 2008

CONTENTS

COMPANY PROFILE

Board of Directors

Mr. Raza Kuli Khan Khattak	Chairman
Lt.Gen. (Retd.) Ali Kuli Khan Khattak	President
Mr. Ahmed Kuli Khan Khattak	Chief Executive Officer
Mr. Mushtaq Ahmed Khan (FCA)	
Ch. Sher Muhammad	
Mr. Jamil A. Shah	
Mr. Muhammad Zia	
Syed Haroon Rashid	
Mr. Ikramul Majeed Sehgal	
Mr. Abram van der Schaar	

Company Secretary

Mr. Aqiel Amjad Ghani

Chief Financial Officer

Mr. Muhammad Saleem Baig

Registered Office

Ghandhara House
109/2, Clifton, Karachi

Factory

Truck / Car Plants
Port Bin Qasim, Karachi

Bankers of the Company

Bank Al Falah
Allied Bank Limited
Deutsche Bank
The Bank of Khyber
Bank Al Habib Limited
NIB Bank Limited
Standard Chartered Bank
The Bank of Tokyo - Mitsubishi, Ltd.
Faysal Bank Limited
Soneri Bank Limited
The Royal Bank of Scotland
Habib Bank Limited
The Hong Kong & Shanghai Banking Corporation
MCB Bank Limited
United Bank Limited
National Bank of Pakistan Limited
Indus Bank Limited
Askari Commercial Bank Limited
JS Bank Limited

Audit Committee

- Lt.Gen. (R) Ali Kuli Khan Khattak	- Chairman
- Ch. Sher Muhammad	- Member
- Mr. Mushtaq Ahmed Khan (FCA)	- Member
- Mr. Jamil A. Shah	- Member

Auditors

M/s. Hameed Chaudhri & Co.
Chartered Accountants
5th Floor, Karachi Chambers
Hasrat Mohani Road
Karachi

M/s. Muniff Ziauddin & Co.
Chartered Accountants
Business Executive Centre
F/17/3, Block 8, Clifton
Karachi

Legal & Tax Advisors

Shaukat Law Associates
217-218, Central Hotel Annexe
Abdullah Haroon Road
Karachi

Share Registrars

T.H.K. Associates (Pvt.) Ltd.
Ground Floor, State Life Bldg. No.3
Dr. Zia uddin Ahmed Road
Karachi

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Friday, 31st October 2008 at 9:30 A.M., at Ghandhara House 109/2, Clifton, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 24th October 2007.

2. To receive, consider and approve the Audited Accounts of the Company for the year ended 30th June, 2008 together with Directors' and Auditors' Report thereon.

3. To appoint Auditors for the year ending 30th June, 2009 and fix their remuneration. The retiring Auditors, M/s. Hameed Chaudhri & Co., Chartered Accountants and M/s. Muniff Ziauddin & Co., Chartered Accountants being eligible, offer themselves for reappointment.

Special Business

a. To discuss and approve the matter regarding investment in the equity of The General Tyre & Rubber Co. of Pakistan Ltd. and if thought fit to pass the following special resolution with or without modification.

"Resolved that the Company is hereby authorized to invest an amount upto Rs.100 million in the shares of an associated undertaking namely The General Tyre & Rubber Co. of Pakistan Ltd. in compliance with Section 208 of the Companies Ordinance, 1984.

Further Resolved that any Director or the Company Secretary singly or jointly be and is/are hereby authorized to take all such steps as may be necessary or incidental to complete the legal formalities in this behalf."

b. To consider and pass the following resolution with or without amendments:-

"Resolved that the remuneration payable to a Director for attending meeting of the Board be and is hereby increased from Rs.3,000/- (Rupees three thousand only) to Rs.10,000/-(Rupees ten thousand only) for each meeting.

Further resolved that the Article-86 of the Articles of Association of the Company be accordingly amended to substitute the figure Rs.3,000/- by the figure Rs.10,000/-

4. To transact any other business with the permission of the chair.

By Order of the Board

AQIEL AMJAD GHANI
(COMPANY SECRETARY)

Karachi: 10th October, 2008

Statements Under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to special business are attached to this notice.

NOTES:

1. The Share Transfer Books of the Company will remain closed from 25th October 2008 to 31st October 2008 (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at Ghandhara House 109/2, Clifton, Karachi not later than 48 hours before the time for holding the meeting.

3. Individual beneficial owners of CDC entitled to attend and vote at this meeting must bring their participant ID and account/sub-account numbers along with original NIC or passport to verify his/her identity. In case of Corporate entity, resolution of the Board of Director/Power of Attorney with specimen signature of the nominees shall be produced (unless submitted earlier) at the time of meeting.

4. For appointing proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement alongwith participant ID and account / sub-account number together with attested copy of their NIC or passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of Attorney with specimen signature of the proxy shall be produced at the time of meeting (unless submitted earlier) alongwith the proxy form.

5. Members are requested to notify any change in their address, immediately to our Share Registrar's Office - M/s. THK Associates (Pvt.) Ltd., Ground Floor, State Life Bldg. No.3, Dr. Ziauddin Ahmed Road, Karachi.

(a) Statement of Material Facts U/S-160(1)(b) of the Companies Ordinance, 1984

Ghandhara Nissan Limited (GNL) being an associated company of the General Tyre & Rubber Company of Pakistan Limited (GTR) intends to invest in the shares of GTR. GNL proposes to launch Nissan Sunny passenger Car in January 2009 and plans to use the locally manufactured tyres as per standards of the Nissan Motor Company. The proposed investment of GNL will help in ensuring constant supply of tyres of the specification required by the GNL for Nissan Sunny Passenger Car. It is pointed out that the tyres do not fall under the tariff based system and therefore GTR is not obliged to manufacture the Tyres of Nissan's specifications. This will be cost effective to make Nissan Sunny Car competitive in the market.

The investee Company is engaged in the manufacture of Tyres for Passenger Cars and Heavy Commercial vehicles in Pakistan. This is a Joint Venture with world renowned Continental Tyre AG of Germany. The Company has great potential to cater for the growing requirements of the market.

GTR has recently made investment in expansion/BMR which has improved quality and increased the production capacity of the GTR plant. The investee Company will produce larger volume of tyres and generate increased revenue which will be passed on to the stakeholders including GNL.

The material facts relating to this investment are as follows:-

1. **Name of the investee Company**
   The General Tyre & Rubber Co. of Pakistan Ltd.

2. **Nature, amount and extent of Investment**
   Equity investment upto Rs.100 million

3. **Average market Price during last six months**
   Rs.25.67

4. **Breakup value on the basis of last published financials**
   Rs.20.45

5. **Price at which shares will be purchased**
   Negotiated price

6. **Earning per share during last 3 years**

	2006	2007	2008
Rupees	2.12	1.05	(0.28)

7. **Payout to shareholders during the last six years.**

	2002	2003	2004	2005	2006	2007
Cash	50%	20%	-	-	17.5%	20%
Bonus	250%	-	-	-	-	-

8. **Source of Funds**
Retained Earnings

9. **Period for which investment will be made**
As long as the Company derives financial & other benefit from the operations of investee Company.

10. **Purpose of investment**
To ensure continuity of the supply of Tyres of required specification as detailed above and just in time delivery, thus saving substantial amount of foreign exchange and local funds to the Company. We also expect fair return on investment from the year 2010.

11. **Benefits of Investment to the Company**
Presently the management of GTR is vested in three major groups i.e. Bibojee Services (Pvt.) Ltd., Continental A.G., Pak Kuwait Investment Co. Ltd., Bibojee and Continental have a close link with the business of the Company, Bibojee being holding Company of two public companies in the Automobile Sector, and Continental being the technology supplier of GTR, the proposed investment will help the management in taking timely and effective decisions for improved performance of the Company, eventually passing on higher yield to the shareholders of the investee Company.

12. **Interest of Directors or relatives in Investee company.**
The sponsor Directors are also sponsors of the investee Company.

(b) **Statement Under Section 160(1)(b) of the Companies Ordinance, 1984.**

The Board of Directors in their meeting held on 29th September 2008 considered the meeting fee which was last revised in the year 2004. They have proposed to enhance it to Rs.10,000 from the existing Rs.3,000/- per meeting.

CHAIRMAN'S REVIEW

I am pleased to welcome you to the 26th Annual General Meeting of the Company and place before you the annual report for the year ended 30th June 2008 with the Auditors Report.

Economy
The Fiscal year 2007-08 has been vulnerable due to unsustainability of growth over medium and long term because of high inflation and burgeoning fiscal and current account deficit.

The GDP growth has been 5.8% in 2007-08 as against 6.8% in the year 2006-07. The contribution of the Industrial Sector to GDP has declined from 2.1% last year to 1.3% in the year under review.

Automobile Industry
The Automobile sale in the year 2007-08 has declined over the preceding year due to recession in the market, increase in prices and expensive lease financing.

Company Performance
Nissan Diesel PKD series have been the Company's main strength. A new model PKD-411E Euro1 Turbo Charged, 220 HP 4x2 Truck Tractor has been introduced, which has been well received in the market.

The overall sale volume of Trucks and Buses has increased from 919 to 1,121 units which is 22% higher than the preceding year.

The Company is also planning to introduce CWM-454 - 320-HP Turbo charged 6x4 Truck with inter-cooler Euro-II engine to meet the customers' requirement, this segment is growing, and will help to increase the sales volume and revenue.

During the year the Company sold 451 units as against 393 units last year of Passenger Cars and SUVs in CBU condition. The Company imported Nissan Passenger Cars and SUVs on a limited scale. Models which do not fall under the CKD assembly plan, will continue to be imported.

Under the Contract Assembly Agreements, the Company produced 2,591 units of Land Rover, Chevrolet, Isuzu and Kamaz as against 2,838 units last year.

The Net Profit after tax has been Rs.178 million as against Rs.187 million last year. The decline in profit is mainly due to unfavorable exchange rate, despite the fact that sales were higher.

Future Outlook
The start of CKD operation of Nissan Sunny Car is delayed by about six months due to the law and order situation, which caused a temporary suspension of the technical teams' visits from Nissan Motor Co. Japan. The activity has now been resumed and the engineering trial have been completed. Locally assembled Nissan Sunny Cars are expected to be rolled out for commercial sale by the end of this year.

The sales volume of commercial vehicles is likely to be influenced by high inflation, depreciation of Pak Rupee against foreign currencies, increase in raw material prices in local and international markets, and high interest rate. The condition of 35% L.C margin placed on imports by State Bank of Pakistan will strain the liquidity and increase financial cost. It is difficult to pass on the entire cost increase to the customer due to the recession in the market. This will have an adverse impact on the profitability of the Company. The situation in the Northern Areas has also adversely effected the business of Heavy Commercial vehicles as these are major markets for heavy commercial vehicles.

Acknowledgement
I take this opportunity on behalf of the Board of Directors and on my own behalf to express our appreciation for the sincere and dedicated efforts of the workers, staff and Executives of the Company. I would also like to express our thanks to Nissan Motor Co. Ltd. Japan, Nissan Diesel Motor Co. Japan, Asian Truck Operation (ATO) of Volvo. The management of Sigma Motors (Pvt.) Ltd., Nexus Automotive (Pvt.) Ltd., Dealers, Vendors and Bankers for their cooperation, and look forward to their continued support.

Raza Kuli Khan Khattak
Chairman Board of Directors

Karachi
Dated: 29th September, 2008

DIRECTORS' REPORT

The Directors of your Company are pleased to present their Report together with the Audited Accounts and Auditors' Report thereon for the year ended 30th June 2008.

Financial Results

The financial results of your company for the year ended 30th June 2008 are summarized below:-

	2008	2007
	(Rupees in thousand)	
Profit Before Taxation	**279,892**	285,918
Taxation		
Current	**(101,650)**	(105,489)
Prior year	**872**	821
Deferred	**(957)**	5,981
	(101,735)	(98,687)
Profit After Taxation	**178,157**	187,231
Accumulated Profit		
Brought Forward	**257,915**	42,153
Incremental Depreciation	**27,905**	28,531
	285,820	70,684
Accumulated Profit Carried Forward	**463,977**	257,915
Earnings Per Share	**3.96**	4.16

The payment of dividend was considered by the Board. In view of current recession in the market in general, and in market of Heavy Commercial vehicles in particular, the Directors propose that the dividend for the year ended 30th June 2008 be passed over.

Chairman's Review

The Review included in the Annual Report deals inter-alia with the performance of the Company for the year ended 30th June 2008 and its future outlook. The Directors of the Company endorse the contents of this Review.

Statement of Compliance with Code of Corporate Governance

In compliance with the Listing Regulation 37 (xix) of the Karachi Stock Exchange (Guarantee) Limited (Code of Corporate Governance), the Board of Directors hereby declares that:

- The financial statements for the year ended June 30, 2008 present fairly the state of the Company's affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have consistently been applied in preparation of financial statements for the year ended June 30, 2008 and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the practices of the Corporate Governance, as enunciated in the Listing Regulations.
- The value of Provident Fund investments for the year ended June 30, 2008 was Rs.28.29 million (2007: Rs.22.58 million).
- Government levies such as Custom Duty, Sales Tax and Income Tax have been provided for in these Audited Accounts.
- The Company has fully complied with the best practices on Transfer Pricing as contained in the regulation No. 38 of the Karachi Stock Exchange.
- Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance is annexed.

Audit Committee
An audit committee has been working in accordance with the requirements of the code of Corporate Governance with the following members:

- Lt.Gen.(Retd) Ali Kuli Khan Khattak	Chairman
- Ch. Sher Muhammad	Member
- Mr. Jamil A. Shah	Member

The Directors in their meeting on 29th September 2008 have increased the number of the committee members from three to four, and Mr. Mushtaq Ahmed Khan (FCA) has been inducted as a member.

Changes on the Board of Directors
During the year, Mr. Koichi Sekine nominee of Nissan Diesel Motor Co. Ltd., Japan resigned from the Board of Directors and Mr. Abram van der Schaar was co-opted in his place as nominee of Nissan Diesel Motor Co. Ltd., Japan.

Subsequent to the year end, Mr. Zahid Hussain Nominee Director of National Investment Trust (NIT) resigned on 23rd September 2008 and the casual vacancy on the Board was filled-up in the Board Meeting held on 29th September, 2008 by the co-option of Syed Haroon Rashid, nominated by NIT.

Proposed Investment upto Rs.100 million in the equity of The General Tyre & Rubber Company of Pakistan Ltd.

Ghandhara Nissan Limited (GNL) being an associated company of the General Tyre & Rubber Company of Pakistan Limited (GTR) intends to invest in the shares of GTR. GNL proposes to launch Nissan Sunny passenger Car in January 2009 and plans to use the locally manufactured tyres as per standards of the Nissan Motor Company. The proposed investment of GNL will help in ensuring constant supply of tyres of the specification required by the GNL for Nissan Sunny Passenger Car. It is pointed out that the tyres do not fall under the tariff based system and therefore GTR is not obliged to manufacture the Tyres of Nissan's specifications. This will be cost effective to make Nissan Sunny Car competitive in the market.

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GTR has recently made investment in expansion/BMR which has improved quality and increased the production capacity of the GTR plant. The investee Company will produce larger volume of tyres and generate increased revenue which will be passed on to the stakeholders including GNL.

Board Meetings

During the year four Board meetings were held for consideration and approval of accounts alongwith other matters of significant importance. Attendance was as follows:-

Name	**Attendance**
Mr. Raza Kuli Khan Khattak	3
Lt.Gen.(Retd) Ali Kuli Khan Khattak	3
Mr. Ahmed Kuli Khan Khattak	4
Mr. Mushtaq Ahmed Khan (FCA)	1
Ch. Sher Mohammad	4
Mr. Muhammad Zia	3
Mr. Ikram-ul-Majeed Sehgal	3
Mr. Jamil A. Shah	4
Mr. Zahid Hussain	2
Mr. K. Sekine	-
Mr. Abram van der Schaar	1

Leave of absence was granted to the Directors who could not attend Board Meetings.

Fixation of Chief Executive Officer's Remuneration

The Board in its meeting has approved the managerial remuneration of Mr. Ahmed Kuli Khan Khattak - Chief Executive Officer (CEO) of the Company effective 1st July 2008 at Rs.750,000 per month.

In addition, the Company shall provide transportation, security, club expenses, telephone and medical expenses at actuals. He shall also be entitled to receive other benefits as per Company's policy applicable to all management employees.

Directors Mr. Raza Kuli Khan Khattak and Lt.Gen.(Retd.) Ali Kuli Khan Khattak are interested in the appointment of CEO by virtue of being close relatives.

Market Share Price

During the year the maximum and minimum market price of Company's shares was Rs.53.00 and Rs.23.05 respectively.

Holding Company

Bibojee Services (Pvt.) Limited with 62.32% shares is the holding Company of Ghandhara Nissan Limited.

Key Operating & Financial Data for the last Six Years

Past six years key operating and financial data is annexed.

Pattern of Shareholding

The pattern of shareholding as on 30th June 2008 of the company is annexed.

Auditors

The present Auditors M/s Hameed Chaudhri & Co. Chartered Accountants and M/s Muniff Ziauddin & Co. Chartered Accountants retire and being eligible, offer themselves for reappointment.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive

Lt.Gen.(Retd.) Ali Kuli Khan Khattak
Director

Karachi: 29th September 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ghandhara Nissan Limited as at June 30, 2008 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 June 30, 2008 and of the profit, 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).

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi, September 29, 2008

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
Karachi, September 29, 2008

BALANCE SHEET

AS AT JUNE 30, 2008

	Notes	June 30, 2008	June 30, 2007
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	**922,220**	951,897
Intangible asset	6	**281**	419
Long term investments	7	**305,095**	23,239
Long term deposits	8	**4,174**	4,987
		1,231,770	980,542
CURRENT ASSETS			
Stores, spares and loose tools	9	**48,145**	50,598
Stock-in-trade	10	**789,663**	772,798
Trade debts	11	**522,550**	311,177
Loans and advances	12	**25,166**	28,107
Prepayments	13	**13,142**	10,656
Investment at fair value through profit and loss account	14	**2,415**	-
Other receivables	15	**261,489**	195,732
Bank balances	16	**206,977**	49,009
		1,869,547	1,418,077
TOTAL ASSETS		**3,101,317**	2,398,619
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
80,000,000 ordinary shares of Rs. 10 each		**800,000**	800,000
Issued, subscribed & paid up capital			
45,002,500 ordinary shares of Rs.10 each fully paid up	17	**450,025**	450,025
Share premium	18	**40,000**	40,000
Items credited directly to equity of associated company		**55,326**	-
Accumulated profit		**463,977**	257,915
		1,009,328	747,940
SURPLUS ON REVALUATION OF FIXED ASSETS	19	**456,748**	272,376
		1,466,076	1,020,316
NON CURRENT LIABILITIES			
Long term financing	20	**-**	116,666
Liabilities against assets subject to finance lease	21	**-**	1,165
Long term deposits	22	**11,611**	14,611
Deferred liabilities	23	**215,385**	206,838
		226,996	339,280
CURRENT LIABILITIES			
Trade and other payables	24	**1,155,752**	505,099
Accrued mark-up	25	**2,436**	10,026
Short term financing	26	**-**	75,000
Running finance under mark up arrangements	27	**30,576**	154,002
Current portion of long term financing	28	**116,666**	183,333
Current portion of liabilities against assets subject to finance lease	21	**1,165**	6,074
Provision for taxation	29	**101,650**	105,489
		1,408,245	1,039,023
CONTINGENCIES AND COMMITMENTS	30	**-**	-
TOTAL EQUITY AND LIABILITIES		**3,101,317**	2,398,619

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

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE

Lt. Gen (Retd.) Ali Kuli Khan Khattak
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2008

	Notes	**June 30, 2008**	June 30, 2007
		(Rupees in thousand)	
Net sales and services	31	**3,708,889**	2,894,826
Cost of sales	31	**3,187,051**	2,398,138
Gross profit		**521,838**	496,688
Distribution cost	32	**44,564**	39,174
Administrative expenses	33	**112,803**	101,686
Operating profit		**364,471**	355,828
Other operating expenses	34	**20,624**	21,476
Finance cost	35	**135,478**	113,903
		208,369	220,449
Other operating income	36	**57,270**	65,469
Share of profit in associated company		**14,253**	-
Profit before taxation		**279,892**	285,918
Taxation			
Current		**(101,650)**	(105,489)
Prior		**872**	821
Deferred		**(957)**	5,981
		(101,735)	(98,687)
Profit after taxation		**178,157**	187,231
		------------ (Rupees) ------------	
Earnings per share - Basic and diluted		**3.96**	4.16

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

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE

Lt. Gen (Retd.) Ali Kuli Khan Khattak
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

	June 30, 2008	June 30, 2007
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	279,892	285,918
Add / (less) adjustments for non-cash charges and other items:		
Depreciation	95,239	93,856
Amortization	138	207
Markup / interest expenses and lease finance charges	31,743	111,171
Gain on disposal of property, plant and equipments	(740)	(145)
Exchange loss / (gain)	86,457	(32,665)
Share of Profit in associated company	(14,253)	-
Unreaslized gain on remeasurement of investment	(25)	-
Loss on remeasurement of forward exchange contracts	13,971	-
Provision for gratuity and compensated absences	13,583	10,973
	226,113	183,397
Operating profit before working capital changes	506,005	469,315
(Increase) / Decrease in current assets		
Stores, spares and loose tools	2,453	(11,726)
Stock-in-trade	(16,865)	573,203
Trade debts	(211,373)	(7,803)
Loans and advances	2,941	5,108
Prepayments	(2,486)	(615)
Other receivables	(63,627)	(37,432)
	(288,957)	520,735
Increase / (decrease) in trade and other payables	548,228	(104,353)
Cash generated from operations	765,276	885,697
Gratuity and compensated absences paid	(5,993)	(948)
Finance cost paid	(39,333)	(120,689)
Income tax paid	(106,747)	(175,990)
	(152,073)	(297,627)
Net cash flow from operating activities	613,203	588,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(66,915)	(67,672)
Proceeds from sale of property, plant and equipments	2,093	587
Gain on sale of investment through profit and loss account	(2,390)	-
Investment FVPL	(300,000)	-
Redemption of investment FVPL	300,000	-
Dividend received from associated company	-	15,499
Long term deposits	813	174
Net cash used in investing activities	(66,399)	(51,412)
Net cash flow before financing activities	546,804	536,658
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(6,074)	(6,165)
Dividend paid	(3)	(43)
(Payment) / proceeds from short term financing	(75,000)	25,000
Decrease in finance under mark-up arrangement	(123,426)	(336,277)
Repayment of long term deposit	(1,000)	(1,000)
Repayment of long term financing	(183,333)	(205,731)
Net cash used in financing activities	(388,836)	(524,216)
Net increase in cash and cash equivalents	157,968	12,442
Cash and cash equivalents at the beginning of the year	49,009	36,567
Cash and cash equivalents at the end of the year	206,977	49,009

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

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE

Lt. Gen (Retd.) Ali Kuli Khan Khattak
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2008

	Share capital	Share premium	Accumulated profit	Items credited directly to equity of assciated company	Total
	(Rupees in thousand)				
Balance as at July 1, 2006	450,025	40,000	42,153	-	532,178
Profit for the year	-	-	187,231	-	187,231
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	-	-	-
- Surplus realized on sale of Investment property	-	-	-	-	-
- Surplus realized on sale of Property, plant and equipment	-	-	-	-	-
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the year	-	-	28,531	-	28,531
Balance as at June 30, 2007	450,025	40,000	257,915	-	747,940
Profit for the year	-	-	178,157	-	178,157
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	-	17,476	17,476
- Surplus realized on sale of Investment property	-	-	-	31,359	31,359
- Surplus realized on sale of Property, plant and equipment	-	-	-	6,491	6,491
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the year	-	-	27,905	-	27,905
Balance as at June 30, 2008	**450,025**	**40,000**	**463,977**	**55,326**	**1,009,328**

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

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE

Lt. Gen (Retd.) Ali Kuli Khan Khattak
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1 CORPORATE INFORMATION AND OPERATIONS

Ghandhara Nissan Limited (the Company) was incorporated on August 8, 1981 in Pakistan as a Private Limited Company and subsequently converted into a Public Limited Company on May 24, 1992. The registered office of the Company is situated at Ghandhara House, 109/2 Clifton, Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Company's shares are listed on Karachi Stock Exchange. The principal activity of the Company is assembly / progressive manufacture of Nissan passenger Cars, Trucks and Buses, import and marketing of Nissan vehicles and assembly of other vehicles under contract agreement.

2 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 (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of Companies Ordinance, 1984,and the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance,1984 or the directives issued by the SECP differ with the requirements of IFRS,the requirements of the Companies Ordinance,1984 or the directives issued by the SECP prevail.

3 BASIS OF PREPARATION OF FINANCIAL STATEMENT

3.01 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain fixed assets as referred in note 5.02, and certain staff retirement benefits which have been recognized at present value as determined by actuary.

3.02 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to nearest thousand.

3.03 Significant Accounting estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Accounting for employee benefits
b) Provision for taxation (current & prior years and deferred taxation)
c) Accrued liabilities
d) Disclosure of contingencies
e) Determining the recoverable amounts, useful lives and residual value of property, plant and equipment of depreciable assets
f) Estimation of net realizable value
g) Provision of doubtful balances

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.

3.04 Initial application of a standard or an Interpretation

Amendment to IAS 1- "Presentation of Financial Statements-Capital Disclosures" is mandatory for the company's accounting period beginning on or after January 1, 2007. It introduces new disclosures about the level of an entity's capital and how it manages capital. Adaptation of this amendment has only resulted in additional disclosures given in note 43 to the financial statements.

3.05 Standards, interpretations and amendments to published approved accounting standards and IFRIC interpretations that are relevant but not yet effective

New accounting standards and IFRIC interpretations that are not yet effective.

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have a significant impact on the company's financial statements other than certain increased disclosures in certain cases:

IAS 1- Presentation of Financial Statements, issued in September 2007 revises the existing IAS 1. This revised standard will be effective for annual periods beginning on or after January 1, 2009. Adoption of the standard will only impact the presentation of the financial statements.

Revised IAS 23- Borrowing costs (effective from January 1, 2009).

IFRIC 12- Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).

IFRIC 13- Customer Concession Arrangements (effective for annual periods beginning on or after July 1, 2008).

IFRIC 14 - IAS 19 - The limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after January 1, 2008).

4 SIGNIFICANT ACCOUNTING POLICIES

4.01 Employee benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all its employees who have completed their minimum period of service with the company. The Actuarial Valuation was conducted on June 30, 2008, using the "Projected Unit Credit Method".

Defined contribution plan

The Company operates defined contribution plan (i.e. recognized provident fund scheme) for all employees. The company and the employees make equal monthly contributions to the fund at the rate of 8.33% of the basic salary and cost of living allowance. The assets of the fund are held separately under the control of trustees.

Employees' compensated absences

The Company makes provision for compensated absences of its employees on the basis of accumulated leaves and the last drawn salary.

4.02 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognized in the profit and loss except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits, tax rebates and exemptions available, if any, or minimum tax at the rate of 0.5% of turnover, whichever is higher.

Deferred

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

Deferred tax liabilities are generally recognized for all taxable temporary differences.

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

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

4.03 Property, plant and equipment

Owned operating fixed assets and related depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any except for freehold land, factory buildings, plant and machinery. Freehold land, factory buildings, plant and machinery are stated at revalued amounts less depreciation on factory buildings, plant and machinery and impairment loss charged if any, subsequent to the date of revaluation.

Depreciation on assets other than freehold land is charged to income applying the reducing balance method at the rates indicated in note 5 from the date assets are put in use upto the date assets are in use. Leasehold land is amortized over the remaining period of lease.

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

Any surplus arising on revaluation of freehold land, factory buildings, plant and machinery is credited to the surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. 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 the unappropriated profit.

The Company assesses at each balance sheet date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount resulting impairment charge recognized in income.

Repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized.

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

Operating assets held under finance lease and related depreciation

Assets held under finance leases are recognized as assets of the Company at the lower of present value of minimum lease payments and fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Depreciation is charged at the same rates as Company owned assets.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any.

4.04 Intangible assets

Cost associated with developing or maintaining computer software programs are recognized as an expense. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the reducing balance method at the rates indicated in note 6.

4.05 Investments

Investment in associated company

The company accounts for its investment in associates using the equity method. Under this method, the Company's share of the post acquisition profits or losses of the associates are recognized in the profit and loss account and its share of post acquisition movements in reserve is recognized in reserves.

Where Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses except to the extent that Company has incurred legal or constructive obligation or made payment on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

Investment at fair value through profit and loss account (FVPL)

Investment at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realized and unrealized gains and losses arising from changes in fair value included in the net profit or loss for the period in which they arise.

Investment - available for sale

Other investments held by the company are classified as being available for sale and are initially recognized at fair value plus directly attributable acquisition cost. Gains and losses arising from changes in fair value are recognized in equity under fair value reserve.

At each reporting date, the company review the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determining the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income.

4.06 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges accumulated upto the balance sheet date.

4.07 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost of various classes of stock-in-trade is determined as follows:

Complete Knock Down (CKD) Kits	At identifiable import costs and incidentals
Complete Buildup Units (CBU)	At identifiable import costs and incidentals
Local raw materials	At cost on weighted average basis
Work in process and Finished goods	At cost which comprises of raw materials, import incidentals, direct labour and appropriate portion of overheads
Stock in transit	At invoice price plus all charges paid thereon upto the balance sheet date

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

4.08 Trade debts and other receivables

Receivables are measured at original invoice amount less an estimated allowance made for doubtful receivables based on the review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.09 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 of cash and bank balances.

4.10 Long term deposits

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

4.11 Trade and other payables

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

4.12 Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at proceeds received. Finance charges are accounted for on accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

4.13 Revenue Recognition
Trading

(a) Vehicles are treated as sold when invoiced and delivered. Commission income is recognized on the basis of shipment. Warranty expense is recognized in the year of sale on the basis of estimate of warranty claims to be made.

(b) Spare part sales are recorded on the basis of dispatches made to the customers.

Manufacturing

(a) Vehicles are treated as sold when invoiced and dispatched to customers.

(b) Return on deposits is accounted for on accrual basis.

4.14 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account.

4.15 Related parties transactions

All transactions with related parties are carried out by the Company at arm's length prices using methods prescribed under the Companies Ordinance, 1984.

4.16 Borrowing Cost

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

4.17 Provisions, contingent assets and contingent liabilities

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

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

4.18 Warranty

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

4.19 Financial assets and liabilities

Financial assets and financial liabilities are recognized 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, amortized cost or cost as the case may be. The particular measurement method adopted are disclosed in individual policy statements associated with each item.

4.20 Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All foreign exchange gains and losses on translation are recognized in the profit and loss account.

4.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if the company has legally enforceable right to set off the recognized amounts and the Company intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

4.22 Dividend

Dividend declared subsequent to the balance sheet date is recognized as a liability in the period in which it is approved by the directors / shareholders as appropriate.

4.23 Derivative financial instruments

Derivatives are initially recognized at cost on the date the derivatives contract are entered into and are remeasured to fair value at subsequent reporting dates.

Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

			June 30, 2008	June 30, 2007
5	**FIXED ASSETS**	**Notes**	**(Rupees in thousand)**	
	Property, plant and equipment	5.01	**916,272**	949,265
	Capital work in progress	5.05	**5,948**	2,632
			922,220	951,897

5.01 Property, plant and equipment

	Land						Vehicles					
	Freehold	Leasehold	Building on freehold land	Plant and machinery	Assembly jigs	Furniture Fixtures	Owned	Acquired under finance lease	Other equipment	Office equipment	Computers	Total
	(Rupees in thousand)											
2007												
At July 1												
Cost	92,835	15,000	307,148	740,087	33,120	2,897	13,906	21,202	5,882	3,570	7,661	1,243,308
Accumulated depreciation	-	(1,500)	(60,589)	(169,199)	(33,120)	(1,652)	(3,437)	(4,723)	(2,165)	(3,503)	(5,315)	(285,203)
Net book value	92,835	13,500	246,559	570,888	-	1,245	10,469	16,479	3,717	67	2,346	958,105
Year ended June 30												
Opening net book value	92,835	13,500	246,559	570,888	-	1,245	10,469	16,479	3,717	67	2,346	958,105
Additons	-	-	32,404	38,091	-	130	12,182	-	1,801	127	726	85,461
Disposals												
Cost	-	-	-	-	-	-	300	555	-	-	-	855
Less: Depreciation	-	-	-	-	-	-	283	127	-	-	-	410
	-	-	-	-	-	-	(17)	(428)	-	-	-	(445)
Transfers												
Cost	-	-	-	-	-	-	4,800	(4,800)	-	-	-	-
Less: Depreciation	-	-	-	-	-	-	(2,421)	2,421	-	-	-	-
	-	-	-	-	-	-	2,379	(2,379)	-	-	-	-
Depreciation charge for the year	-	(1,350)	(25,195)	(58,461)	-	(137)	(3,449)	(2,651)	(1,580)	(150)	(883)	(93,856)
Closing net book value	92,835	12,150	253,768	550,518	-	1,238	21,564	11,021	3,938	44	2,189	949,265
At June 30												
Cost	92,835	15,000	339,552	778,178	33,120	3,027	30,588	15,847	7,683	3,697	8,387	1,327,914
Accumulated depreciation	-	(2,850)	(85,784)	(227,660)	(33,120)	(1,789)	(9,024)	(4,826)	(3,745)	(3,653)	(6,198)	(378,649)
Net book value	92,835	12,150	253,768	550,518	-	1,238	21,564	11,021	3,938	44	2,189	949,265
2008												
Year ended June 30												
Opening net book value	92,835	12,150	253,768	550,518	-	1,238	21,564	11,021	3,938	44	2,189	949,265
Additons	-	-	14,494	20,975	11,839	11	14,427	-	867	609	377	63,599
Disposals												
Cost	-	-	-	-	-	-	1,600	2,220	-	-	-	3,820
Less: Depreciation	-	-	-	-	-	-	1,600	867	-	-	-	2,467
	-	-	-	-	-	-	-	(1,353)	-	-	-	(1,353)
Transfers												
Cost	-	-	-	-	-	-	8,325	(8,325)	-	-	-	-
Less: Depreciation	-	-	-	-	-	-	(4,067)	4,067	-	-	-	-
	-	-	-	-	-	-	4,258	(4,258)	-	-	-	-
Depreciation charge for the year	-	(1,215)	(26,097)	(56,167)	(1,184)	(124)	(5,958)	(2,075)	(1,249)	(377)	(793)	(95,239)
Closing net book value	92,835	10,935	242,165	515,326	10,655	1,125	34,291	3,335	3,556	276	1,773	916,272
At June 30												
Cost	92,835	15,000	354,046	799,153	44,959	3,038	51,740	5,302	8,550	4,306	8,764	1,387,693
Accumulated depreciation	-	(4,065)	(111,881)	(283,827)	(34,304)	(1,913)	(17,449)	(1,967)	(4,994)	(4,030)	(6,991)	(471,421)
Net book value	92,835	10,935	242,165	515,326	10,655	1,125	34,291	3,335	3,556	276	1,773	916,272
Depreciation rate % per annum		10	10	10	20	10	20	20	33	33	33	

5.02 Freehold land, Factory building on freehold land and Plant and Machinery were revalued on June 30, 1997, June 30, 1999 and January 1, 2004.

The surplus arising on revaluation was credited to surplus on revaluation of fixed assets account.

	Freehold Land	Factory Building	Plant and machinary	Total
	(Rupees in thousand)			
As on June 30, 1997	7,379	29,741	-	37,120
As on June 30, 1999	-	30,582	88,949	119,531
As on January 1, 2004	24,000	5,949	141,998	171,947
	31,379	66,272	230,947	328,598

The latest valuation as on January 1, 2004 was carried out by Consultancy Support & Services Management Consultants, independent valuer. The valuation undertaken was based on the following

Land	Present market value in the similar area
Factory Building	Present replacement value discounted for appropriate depreciation
Plant & Machinery	Replacement value of similar machinery at current exchange rates discounted depreciation depending on the age, maintenance, usage and change in technology obsolescence.

Had there been no revaluation, the net book value of respective fixed assets at cost less accumulated depreciation would amount to:

	June 30, 2008	June 30, 2007
	(Rupees in thousand)	
Freehold land	**61,456**	61,456
Factory Building	**173,965**	177,991
Plant and Machinery	**181,565**	179,867

5.03 Depreciation and amortization for the year has been apportioned as follows:

Cost of sales	**87,547**	87,559
Distribution cost	**150**	188
Administrative expenses	**7,542**	6,109
	95,239	93,856

5.04 Present and future land, buildings, plant and machinery of the company are mortgaged / pledged/ hypothecated upto the extent of Rs 1,354 million (2007: Rs 1,478 million).

5.05 **CAPITAL WORK IN PROGRESS**

The amount represented advance payments made for civil works at plant.

5.06 The following operating fixed assets having a net book value of more than Rs 50,000 either individually or in aggregate were disposed off during the year.

The following vehicles were disposed off to existing staff and ex-staff as per company policy.

Description	Cost	Accumulated depriciation	Netbook value	Sale proceeds	Loss	Particulars of purchaser
	(Rupees in thousand)					
Suzuki-Cultus	555	191	364	364	-	Mr. Bashir A. Abbasi
Suzuki-Cultus	555	216	339	322	(17)	Mr. Rafiq Patel
Suzuki-Cultus	555	216	339	339	-	Mr. Bashir Ahmed
Chevrolet-Joy	555	244	311	311	-	Mr. Kashif Imam
Total 2008	2,220	867	1,353	1,336	(17)	
Total 2007	555	126	429	365	(64)	

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
6 INTANGIBLE ASSET			
Computer software			
At July 1			
Cost		**1,701**	1,701
Accumulated amortization		**(1,282)**	(1,075)
WDV at July 1		**419**	626
Less: Amortization for the year @ 33%		**(138)**	(207)
WDV at June 30		**281**	419
At June 30			
Cost		**1,701**	1,701
Accumulated amortization		**(1,420)**	(1,282)
		281	419
7 LONG TERM INVESTMENTS			
Associated undertaking			
Ghandhara Industries Limited - Equity basis			
5,166,168 (June 30, 2007 : 5,166,168) Ordinary Shares of Rs 10 each			
Cost	7.01	**92,635**	92,635
Share of post acquisition losses		**39,644**	53,897
		52,991	38,738
Share of items directly credited in the accounts of associated company		**55,326**	-
Share of surplus on revaluation of Property, plant & equipment and Investment property		**212,277**	-
		320,594	38,738
Less: Dividend received		**(15,499)**	(15,499)
		305,095	23,239
Others-Available for sale			
Automotive Testing & Training Center (Private) Limited			
187,500 (June 30, 2007: 187,500) Ordinary Shares of Rs 10 each		**1,050**	1,050
Equity held 10.42% (June 30, 2007:10.42%)			
Less: Provision for impairment in the value of investment		**1,050**	1,050
		-	-
		305,095	23,239

7.01 The Company holds 24.25% (June 30, 2007 : 24.25%) of equity of Ghandhara Industries Limited. The investee company is an associate of the Company by virtue of common directorship. The Company has resumed recognizing it's share of profits of the associate exceeding the share of losses not recognized.

7.02 The share in net assets of the associate has been determined on the basis of unaudited financial statements for the nine months' period ended on March 31, 2008.

Summarized financial information of associate:	As at March 31,2008	As at March 31,2007
	(Rupees in thousand)	
Assets	**2,467,121**	2,103,658
Liabilities	**1,156,212**	856,692
Net assets	**1,310,909**	1,246,966
Profit before taxation	**57,322**	166,215
Profit after taxation	**34,629**	97,168

7.03 The market value of investment as at June 30, 2008 was Rs 148,321 thousand (June 30, 2007: Rs 274,840 thousand)

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	

8 LONG TERM DEPOSITS

Tenders		**314**	314
Central Depository Company of Pakistan Limited		**54**	54
Deposits against lease facilities		**-**	511
Utility deposits		**3,706**	4,008
Others		**100**	100
		4,174	4,987

9 STORES, SPARES AND LOOSE TOOLS

Stores		**25,897**	30,570
Spares and loose tools		**22,248**	20,028
		48,145	50,598

9.01 Stores include paints and chemicals in bath amounting to Rs 10,033 thousand (2007: Rs 10,033 thousand). There are no stores held for capital expenditure at year end.

10 STOCK-IN-TRADE

Raw materials			
In hand - Tucks/ Buses		**548,084**	376,576
- Cars		**24,398**	-
In transit		**138,965**	15,574
		711,447	392,150
Work in process		**7,105**	17,069
Finished goods			
Vehicles			
In hand		**39,016**	280,192
Cars-CBU			
In hand		**7,906**	31,438
In bond		**-**	15,862
With third parties		**14,823**	23,517
In transit		**253**	454
Spare parts		**9,113**	12,116
		71,111	363,579
		789,663	772,798

10.01 The present and future stock-in-trade, trade debts and receivables amounting to Rs 1,677 million (June 30, 2007: Rs 1,301 million) are under pledge / joint hypothecation with banks against short term running finance and finance against imported merchandise.

11 TRADE DEBTS

Unsecured - considered good			
Vehicles and assembly charges	11.01	**521,689**	305,431
Spare parts		**861**	5,746
		522,550	311,177

11.01 This represents amount receivable from following associated companies:

Ghandhara Industries Limited		**9,051**	57,583
Rahman Cotton Mills Limited		**-**	3,929
Janana De Malucho Textile Mills Limited		**-**	1,015
		9,051	62,527

11.02 Trade debts comprise of amounts receivable from sale of goods. The directors consider that the carrying amount of trade debts approximates their fair value.

		Notes	JUNE 30, 2008	JUNE 30, 2007
			(Rupees in thousand)	
12	**LOAN AND ADVANCES**			
	Unsecured - Considered Good			
	Advances to			
	Executives		**2,473**	2,930
	Employees		**3,654**	2,506
	Suppliers, contractors and others		**19,039**	22,671
			25,166	28,107

12.01 The maximum amount due from executives at the end of any month was Rs 2,850 thousand (2007: Rs 3,220 thousand).

13	**PREPAYMENTS**		
	Insurance-Associated company (Universal Insurance Company Limited)	**2,492**	706
	Rent - Holding company (Bibojee Services (Private) Limited)	**10,650**	8,000
	-Associated company (Gammon Pakistan Limited)	**-**	1,950
		13,142	10,656

14 **INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT**

No. of units 2008	No. of units 2007			
236,487.54	Nil	NAFA Income Fund	**2,415**	-

This represents investment made in NAFA Income Fund during the year and valued at redemption price.

15	**OTHER RECEIVABLES - considered good**		
	Receivable from government		
	Income tax deducted at source / paid in advance	**118,850**	116,720
	Sales tax refundable / adjustable	**37,786**	12,068
		156,636	128,788
	Bank guarantee margin	**17,832**	31,715
	Security deposit and earnest money	**23,279**	20,747
	Letter of credit margin	**54,405**	2,100
	Commission receivable	**6,170**	98
	Lease deposits	**511**	1,055
	Receivable against scrap sales	**-**	10,998
	Other receivables	**2,656**	231
		261,489	195,732

16	**BANK BALANCES**		
	Current accounts	**184,222**	37,310
	Deposit accounts	**26,667**	15,611
	Provision for doubtful bank account	**(3,912)**	(3,912)
		206,977	49,009

16.01 This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan. The above balance is net of Rs 42.586 million deposited in the Deposit account and margin account against four letters of credit due in May and June 2000. Despite full payments and several reminders, the payment of above letters of credit has not been made to the supplier of goods. The Company considers that it has discharged its obligation against the said letters of credit.

16.02 Balance in deposit account includes a separate account for deposits from dealers amounting to Rs 15,611 thousands (2007: 14,611 thousand)

17 SHARE CAPITAL

	Notes	JUNE 30, 2008 (Rupees in thousand)	JUNE 30, 2007
Authorized			
80,000,000 Ordinary Shares of Rs 10 each		**800,000**	800,000

Issued, subscribed and paid - up

June 2008	June 2007			
14,800,000	14,800,000	Fully paid up in cash	**148,000**	148,000
200,000	200,000	Issued as fully paid bonus shares	**2,000**	2,000
30,002,500	30,002,500	Issue of shares for acquisition	**300,025**	300,025
45,002,500	45,002,500		**450,025**	450,025

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

17.02 The company is a subsidiary of Bibojee Services (Private) Limited holding 62.32% (June 30, 2007: 62.32%) share in the capital of the company. There is no movement during the year.

17.03 Ordinary shares held by Associated companies are 3,652,090 (June 30, 2007 : 3,652,090).

18 SHARE PREMIUM

Balance at beginning and end of year	**40,000**	40,000

19 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus arising on revaluation of freehold land, buildings and plant & machinery net of deferred tax thereon.

Balance as at July 1	**402,142**	446,036
Transferred to accumulated porfit:		
Surplus relating to incremental depreciation charged during the year	**(42,931)**	(43,894)
	359,211	402,142
Related deferred tax		
Deferred tax liability for revaluation as at July 1	**129,766**	145,129
Transferred to profit and loss account on incremental depreciation	**(15,026)**	(15,363)
	114,740	129,766
Share in surplus on revaluation of Property, plant & equipment and Investment property of assciated company	**212,277**	-
Balance as at June 30	**456,748**	272,376

20 LONG TERM FINANCING

From banks-Secured

	Notes	2008	2007
From banking companies	20.01	**-**	116,666
From others	20.04	**-**	-
From Holding Company	20.05	**-**	-
		-	116,666

20.01 **From banking companies**

	Notes	2008	2007
National Bank of Pakistan Limited	20.02	**-**	116,666
Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Limited	20.02	**-**	-
		-	116,666

20.02 **National Bank of Pakistan Limited**

	Notes	2008	2007
Balance as at 01 July		**233,332**	350,000
Repaid during the year		**(116,666)**	(116,668)
		116,666	233,332
Transferred to current maturity	28.01	**(116,666)**	(116,666)
Balance as at 30 June		**-**	116,666

The company has arranged Term financing facility amounting to Rs 350 million from National Bank of Pakistan. The Term financing facility is repayable in six equal semi annual installments starting at the end of 30 months from the date of disbursements. The loan was disbursed on April 30, 2004.

The Term financing facility carries markup at six months T. bills cut off rate plus 3%. The markup will be reviewed and determined in the beginning of every base period (six months) on the basis of latest T.Bill's cut off yield. The rate wil be fixed for the whole six months.

The Term finance facility is secured against first Pari Passu charge over fixed assets amounting to Rs 950 million and pledge of shares of an associated company.

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
20.03 Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Ltd			
Balance as at July 1		**16,667**	50,000
Repaid during the year		**(16,667)**	(33,333)
		-	16,667
Transferred to current maturity	28.01	**-**	16,667
Balance as at June 30		**-**	-
20.04 World Automobiles			
Balance as at July 1		**50,000**	50,000
Adjustment made during the year		**(50,000)**	-
		-	50,000
Transferred to current liability / current maturity		**-**	(50,000)
Balance as at June 30		**-**	-
20.05 From Holding Company			
Balance as at July 1		**-**	55,730
Repayment / adjustment made during the year		**-**	(55,730)
Balance as at June 30		**-**	-
21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance as at July 1		**7,239**	13,404
Less: Repaid / adjusted during the year		**(6,074)**	(6,165)
		1,165	7,239
Less: Transferred to current maturity		**(1,165)**	(6,074)
Balance as at June 30		**-**	1,165

21.01 This represents vehicles acquired under finance lease arrangements from a leasing company. The arrangements are secured by title of assets leased. Rentals are payable in monthly installments. Repair and insurance costs are to be borne by the Company. Purchase option can be exercised by the Company by adjustment of security deposits / payment of residual value at the expiry of lease period. The rate of financial charges applied ranges from 11.28% to 13.82% per annum (2007: 7% to 13.82% per annum).

The future minimum lease payments to which the Company is committed under the agreements are due as follows:

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	

	Minimum lease payments		Financial charges		Present value of minimum lease payment	
	2008	2007	**2008**	2007		
	(Rupees in '000')					
Within 1 year	**1,182**	6,672	**17**	598	**1,165**	6,074
2 to 5 year	**-**	1,182	**-**	17	**-**	1,165
	1,182	7,854	**17**	615	**1,165**	7,239

Classified as under:		
Liabilities against assets subject to finance lease	**-**	1,165
Current portion of liabilities against assets subject to finance lease	**1,165**	6,074
	1,165	7,239

22 LONG TERM DEPOSITS

Dealers' deposit	**11,000**	14,000
Vendors	**111**	111
Others	**500**	500
	11,611	14,611

22.01 These deposits are interest free and are not refundable during subsistence of dealership.

23 DEFERRED LIABILITIES

	Notes		
Provision for gratuity	23.01	**32,090**	26,834
Provision for compensated absences		**28,272**	25,938
Deferred taxation	23.02	**155,023**	154,066
		215,385	206,838

23.01 PROVISION FOR GRATUITY

The projected unit credit method, as allowed under the International Accounting Standard 19 "Employee Benefits" (revised 2005), was used for actuarial valuation based on the following significant assumptions:

- Discount rate- 12% (June 30, 2007 : 10%) per annum
- Expected rate of salary increase - 12% (June 30, 2007 : 10%) per annum
- Average expected remaining working life of employees - 11 (June 30, 2007 : 14) years

The disclosures made in notes hereunder and the above actuarial assumptions are based on the information included in the actuarial valuation as at June 30, 2008.

	JUNE 30, 2008	JUNE 30, 2007
	(Rupees in thousand)	
Reconciliation of defined benefit obligation		
Present value of defined benefit obligation	**32,666**	31,473
Benefits payable	**37**	37
Unrecognized net actuarial loss	**(613)**	(4,676)
	32,090	26,834
Movement in defined benefit obligation		
Opening balance	**26,834**	20,233
Charge for the year	**6,960**	7,577
Benefits paid	**(1,704)**	(976)
Closing balance	**32,090**	26,834
Reconciliation of present value of defined benefit obligation		
Present value of obligation as at July 01	**31,473**	22,498
Current service cost	**3,674**	5,530
Interest cost	**3,170**	2,045
Benefits paid	**(1,704)**	(976)
Actuarial loss on obligation	**(3,947)**	2,376
	32,666	31,473

Amount for the current year and previous four years of the present value of the defined benefit obligation, the fair value of plan assets, surplus / deficit and experience adjustments arising thereon are as follows:

	2008	2007	2006	2005	2004
			(Rupees in thousand)		
Unfunded:					
Present value of defined benefit obligation	32,666	31,473	22,498	18,255	17,220
Experience adjustments	(3,947)	2,376	2,205	749	928

Expected gratuity expenses for the next year

The expected gratuity expense for the year ending June 30, 2009 works out to Rs 7,713 thousand for the unfunded scheme.

23.02 DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognized by the Company:

	2008	2007
Accelerated tax depreciation	**69,305**	62,046
Revaluation of fixed assets	**114,740**	129,766
Obligation under finance lease	**760**	1,324
Share of profit in associated company	**6,958**	-
Provision for gratuity	**(11,232)**	(9,392)
Provision for compensated absences	**(9,896)**	(9,078)
Provision for bank balances	**(1,369)**	(1,369)
Impairment of investment	**(14,243)**	(19,231)
	155,023	154,066

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	2008	2007
Deferred tax liabilities	**191,763**	193,136
Deferred tax assets	**(36,740)**	(39,070)
	155,023	154,066

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
24 TRADE AND OTHER PAYABLES			
Creditors		**131,342**	124,839
Bills payable		**751,813**	85,109
Accrued expenses		**12,370**	7,729
Refundable - CKD/CBU Business		**11,145**	11,265
Customers' credit balances		**142,729**	169,510
Commission		**12,610**	6,304
Unclaimed gratuity		**231**	231
Dealers' deposit against vehicles		**5,000**	5,550
Custom duty		**12,074**	38,826
Due to associated companies	24.01	**16,565**	15,385
Withholding tax		**643**	1,117
Retention money		**2,454**	2,070
Workers' profit participation fund	24.02	**15,026**	15,370
Workers' welfare fund		**6,033**	6,541
Un claimed dividend		**967**	970
Dealers deposit payable on cancellation of dealership		**1,000**	2,000
Waqaf -e- Kuli Khan		**11,250**	6,796
Liability for remeasurement of forward exchange contracts		**13,971**	-
Provision for warranty		**2,000**	-
Others	24.03	**6,529**	5,487
		1,155,752	505,099

24.01 Due to associated companies

Nissan Diesel Motor Company Limited - Japan	**9,676**	4,345
Universal Insurance Company Limited	**2,207**	1,317
Rahman Cotton Mills Limited	**-**	173
The General Tyre & Rubber Company of Pakistan Limited	**3,870**	7,872
Bibojee Services (Private) Limited	**62**	1,678
Gammon Pakistan Limited	**750**	-
	16,565	15,385

24.02 Workers' profit participation fund

Balance as at July 1	**15,370**	20,839
Add: Charge for the year	**15,026**	15,370
Mark up on contributions	**1,284**	1,877
	31,680	38,086
Less: Payments during the year	**(16,654)**	(22,716)
Balance as at June 30	**15,026**	15,370

24.03 Other liabilities include deposits and installments under company's staff vehicle policy, amounting to Rs 1,856 thousand (June 30, 2007: Rs 1,703 thousand)

25 ACCRUED MARK UP

Short term financings	**133**	5,384
Long term financing	**2,303**	4,642
	2,436	10,026

26 SHORT TERM FINANCING

Balance as at July 1	**75,000**	50,000
Add: Disbursed during the year	**-**	100,000
	75,000	150,000
Less: Repaid during the year	**(75,000)**	(75,000)
Balance as at June 30	**-**	75,000

The term finance facility of Rs 150 million, from Pak Oman Investment Company Limited, has been fully repaid during the year.

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
27 RUNNING FINANCE UNDER MARKUP ARRANGEMENTS			
Secured			
Running finance from banks		**30,576**	154,002

27.01 The company has facilities of Rs 250 million(June 30, 2007: Rs 200 million)from various banks, of which the amount remaining unutilized for the year end was Rs 219 million(June 30, 2007: Rs 46 million). The rate of markup ranges from 3 months' KIBOR+2% to 6 months' KIBOR+1.85%(June 30, 2007: 3 months' KIBOR+2%), payable quarterly. The arrangements are secured by way of equitable mortgage and first pari passu charge over fixed and current assets of the company.

	Notes	JUNE 30, 2008	JUNE 30, 2007
28 CURRENT PORTION OF LONG TERM FINANCING			
From banking companies	28.01	**116,666**	133,333
From others - World Automobiles		**-**	50,000
		116,666	183,333
28.01 From Banking companies			
Saudi Pak Industrial and Agricultural Investment Co. (Private) Limited	20.03	**-**	16,667
National Bank of Pakistan	20.02	**116,666**	116,666
		116,666	133,333
29 PROVISION FOR TAXATION			
Balance at July 1		**105,489**	88,360
Current year payment		**(104,617)**	(87,539)
Prior year adjustment		**(872)**	(821)
Add: Current year provision		**101,650**	105,489
Balance as at June 30		**101,650**	105,489

The income tax assessment of the company has been finalised upto and including tax year 2007.

30 CONTINGENCIES AND COMMITMENTS

30.01 During 1999-2000, the company received a show cause notice from Appraisement Collectorate, Karachi claiming that the company on import of certain CKD from its principals in Japan enjoyed special discounts and the said CKD were cleared on these discounted values without addition of "cost of association". The recovery proceedings are for Rs 9.023 million representing custom duty, sales tax and penalties, if any, there on. The above show cause notice was being contested in an appeal before High Court, which has been decided in the favour of Appraisement Collectorate, Karachi. Consequently, it has been provided by the company during the year.

30.02 Outstanding letters of credit amounting to Rs 305,134 thousand (2007: Rs 42,764 thousand)

30.03 The company's bankers have issued bank guarantees amounting to Rs 113,524 thousand (2007: Rs 68,709 thousand) against supply of vehicles to government authorities.

30.04 Post dated cheques amounting to Rs 646,593 thousand (2007: 435,926 thousand) on account of duty differential in favour of Collector of Customs have been issued. These cheques will be returned on submission of consumption certificates (in compliance with the deletion program).

	Manufacturing		Trading		Total	
	2008	2007	**2008**	2007	**2008**	2007
	(Rupees in thousand)					
31 OPERATING RESULTS						
Sales and services	**3,065,261**	2,482,488	**859,363**	536,591	**3,924,624**	3,019,079
Sales tax	**(27,284)**	(23,114)	**(111,211)**	(61,841)	**(138,495)**	(84,955)
Commission	**(68,055)**	(33,998)	**(9,185)**	(5,300)	**(77,240)**	(39,298)
Net sales and services	**2,969,922**	2,425,376	**738,967**	469,450	**3,708,889**	2,894,826
Cost of sales						
Opening stock	**280,192**	353,358	**82,933**	261,574	**363,125**	614,932
Cost of goods manufactured	**2,255,714**	1,850,946	**-**	-	**2,255,714**	1,850,946
Purchases	**-**	-	**642,941**	285,745	**642,941**	285,745
Cost of contract	**-**	12,487	**-**	-	**-**	12,487
Warranty replacement / issuances	**-**	-	**(3,871)**	(2,847)	**(3,871)**	(2,847)
Closing stock	**(39,016)**	(280,192)	**(31,842)**	(82,933)	**(70,858)**	(363,125)
	2,496,890	1,936,599	**690,161**	461,539	**3,187,051**	2,398,138
Gross profit	**473,032**	488,777	**48,806**	7,911	**521,838**	496,688
Administrative expenses	**90,328**	85,196	**22,475**	16,490	**112,803**	101,686
Distribution	**13,214**	32,821	**31,350**	6,353	**44,564**	39,174
	103,542	118,017	**53,825**	22,843	**157,367**	140,860
Operating profit	**369,490**	370,760	**(5,019)**	(14,932)	**364,471**	355,828
Other income	**13,758**	50,596	**43,512**	14,873	**57,270**	65,469
	383,248	421,356	**38,493**	(59)	**421,741**	421,297
Finance cost	**108,485**	95,432	**26,993**	18,471	**135,478**	113,903
Workers' Profit Participation Fund	**15,026**	6,106	**-**	-	**15,026**	6,106
Workers' Welfare Fund	**5,598**	15,370	**-**	-	**5,598**	15,370
	129,109	116,908	**26,993**	18,471	**156,102**	135,379
Share of profit in associated company	**-**	-	**-**	-	**14,253**	-
Profit before taxation	**254,139**	304,448	**11,500**	(18,530)	**279,892**	285,918
Taxation					**(101,735)**	(98,687)
Profit after taxation					**178,157**	187,231
					Rupees	
Earnings per share-basic and diluted					**3.96**	4.16

31.01 The administrative expense and financial charges have been allocated under manufacturing and trading activities on the basis of turnover. Selling expenses were charged on the basis of activity performed by each division.

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
31.02 COST OF GOODS MANUFACTURED			
Work in process at beginning of the year		**17,069**	13,807
Raw materials and vendor parts consumed	31.03	**1,898,823**	1,512,892
Fabrication of contract vehicles		**45,645**	69,680
Stores and spares consumed		**32,806**	24,732
Salaries, wages and benefits		**93,980**	80,500
Transportation		**3,335**	3,192
Repair and maintenance		**16,613**	18,228
Depreciation	5.03	**87,547**	87,559
Material handling		**1,366**	537
Insurance		**9,735**	7,179
Communication		**794**	669
Rent, rates and taxes		**1,521**	1,703
Traveling and entertainment		**4,123**	3,286
Power generation costs		**28,780**	31,996
Printing, stationery and office supplies		**1,106**	500
Royalty expense		**10,659**	6,848
Plant security		**1,373**	1,098
Technical consultancy fee		**3,892**	2,275
Others		**3,652**	1,334
		2,262,819	1,868,015
Work in process at end of the year		**(7,105)**	(17,069)
		2,255,714	1,850,946
31.03 **Raw material and vendor parts consumed**			
Stock at beginning of the year		**376,576**	519,282
Purchases		**2,070,331**	1,370,186
		2,446,907	1,889,468
Stock at end of the year		**(548,084)**	(376,576)
		1,898,823	1,512,892

31.04 Included in raw material consumed, short levied custom duty of Rs 9,023 thousand (June 30, 2007: Rs Nil) as discussed in more detail in note 30.01.

31.05 Salaries, wages and benefits include Rs 1,406 thousand (2007: Rs 1,229 thousand) in respect of provident fund contributions.

31.06 The following amounts have been charged to cost of sales during the current year in respect of the staff retirement gratuity scheme:

Current service cost		**709**	1,320
Interest cost		**612**	488
Actuarial loss		**22**	-
		1,343	1,808

32 DISTRIBUTION COST			
Salaries, wages and benefits		**7,166**	5,653
Fee and subscription		**55**	29
Utilities		**264**	409
Insurance		**735**	240
Repair and maintenance		**1,781**	353
Depreciation	5.03	**150**	188
Traveling and entertainment		**2,531**	1,446
Telephone and postage		**105**	49
Vehicle running		**223**	19
Printing, stationery and office supplies		**1,404**	534
Rent of display centre		**12,000**	12,000
Security		**221**	133
Godown and forwarding		**2,522**	197
Sales promotion expense		**10,885**	15,811
Service campaign		**250**	346
Warranty claims		**2,000**	-
Others		**2,272**	1,767
		44,564	39,174

	Notes	JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	

32.01 Salaries, wages and benefits include Rs 469 thousand (2007: Rs 230 thousand) in respect of provident fund contributions.

32.02 The following amounts have been charged to cost of sales during the current year in respect of the staff retirement gratuity scheme:

Current service cost		**132**	74
Interest cost		**114**	27
Actuarial loss		**4**	1
		250	102

33 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		**62,103**	51,244
Utilities		**5,123**	5,368
Rent, rates and taxes		**8,777**	9,317
Directors' Fee		**129**	81
Insurance		**3,060**	2,238
Repairs and maintenance		**3,176**	2,679
Auditors' remuneration	33.03	**450**	450
Depreciation	5.03	**7,542**	6,109
Advertising		**367**	124
Traveling and conveyance		**5,138**	5,376
Legal and Professional charges		**2,089**	2,801
Vehicle running		**2,796**	2,514
Telephone and postage		**1,288**	1,263
Printing and stationery		**2,772**	2,437
Subscription		**618**	1,931
Security expenses		**522**	361
Office canteen and staff expenses		**374**	208
News paper and periodicals		**115**	116
Amortization	6	**138**	207
Share registrar services		**218**	361
Donation	33.04	**4,478**	4,781
Miscellaneous		**1,530**	1,720
		112,803	101,686

33.01 Salaries, wages and benefits include Rs 1,519 thousand (2007: Rs 1,347 thousand) in respect of provident fund contributions.

33.02 The following amounts have been charged to cost of sales during the current year in respect of the staff retirement gratuity scheme:

Current service cost		**2,833**	4,136
Interest cost		**2,445**	1,530
Actuarial loss		**89**	1
		5,367	5,667

		JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	
33.03	Auditors' remuneration		
	Hameed Chaudhri & Co		
	Audit fee	**205**	205
	Out of pocket expense	**20**	20
		225	225
	Muniff Ziauddin & Co		
	Audit fee	**205**	205
	Out of pocket expense	**20**	20
		225	225
		450	450

33.04 Donation includes Rs 4,454 thousand (June 30, 2007: Rs 4,681 thousand) payable to Waqf-e-Kuli khan, 2nd Floor, Gardee Trust Building, Napier Road Lahore, a trust. Lt. General (Retd.) Ali Kuli Khan Khattak, Mr. Ahmed Kuli Khan Khattak, Mr. Raza Kuli Khan Khattak and Mr. Mushtaq Ahmad Khan (FCA), the directors of the company, are trustees of the trust.

		JUNE 30, 2008	JUNE 30, 2007
34	**OTHER OPERATING EXPENSES**		
	Workers' profit participation fund	**15,026**	15,370
	Workers' welfare fund	**5,598**	6,106
		20,624	21,476
35	**FINANCE COST**		
	Markup on short term finance	**7,557**	67,526
	Finance charges on leased assets	**569**	1,212
	Markup on long term financing	**22,333**	40,556
	Exchange loss	**86,457**	-
	Loss on remeasurement of forward exchange contracts	**13,971**	-
	Markup on workers' profit participation fund	**1,284**	1,877
	Bank and other charges	**3,307**	2,732
		135,478	113,903
36	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Interest income	**4,072**	2,452
	Gain on sale of investment through profit and loss account	**2,390**	-
	Un reaslized gain on remeasurement of investment	**25**	-
		6,487	2,452
	Income from non-financial assets		
	Scrap sales	**7,110**	17,318
	Gain on disposal of fixed asset	**740**	145
	Commission income	**17,213**	9,889
	Rent income	**6,000**	3,000
	Liability no longer required-written back	**19,720**	-
	Exchange gain	**-**	32,665
		50,783	63,017
		57,270	65,469

		JUNE 30, 2008	JUNE 30, 2007
		(Rupees in thousand)	

37 TAXATION

Reltionship between tax expense and accounting profit

	JUNE 30, 2008	JUNE 30, 2007
Accounting profit before tax	**279,892**	285,918
Tax at the applicable rate of 35% (June 30, 2007 : 35%)	**97,962**	100,071
Tax effect of expenses that are not allowable in determining taxable income	**3,688**	4,643
Effect of income assessed under presumptive tax regime	**-**	775
Charge of deferred tax	**957**	(5,981)
Prior year's tax charge	**(872)**	(821)
	101,735	98,687

38 EARNINGS PER SHARE- BAISC AND DILUTED

		JUNE 30, 2008	JUNE 30, 2007
Profit after taxation for the year attributable to Ordinary Shareholders		**178,157**	187,231
Weighted average number of ordinary shares outstanding at year-end	Numbers	**45,003**	45,003
Diluted and Basic Earnings Per Share	Rupees	**3.96**	4.16

(There is no dilutive effect on basic earnings per share of the company)

39 EXECUTIVES' REMUNERATION

	2008		2007	
	Director	**Executives**	Director	Executives
	(Rupees in thousand)			
Managerial Remuneration	**1,930**	**15,683**	425	12,326
Bonus	**-**	**253**	-	-
Company's contribution to Provident fund	**85**	**723**	35	594
Gratuity	**104**	**1,137**	42	1,152
Utilities	**102**	**1,578**	43	1,128
Medical	**293**	**811**	93	663
Club expenses	**51**	**-**	17	-
	2,565	**20,185**	* 655	15,863
Number of persons	**1**	**9**	1	9

* Remuneration for a partial period of the year 2007.
- Director and certain Executives of the company are also provided with free use of the company maintained vehicles.
- The amount charged in these financial statements in addition to those that are shown above is Rs 129 thousand (June 30, 2007: Rs 81 thousand) in relation to fee for directors as indicated in note 33.

40 **PLANT CAPACITY**

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the company has assembled 1,567 vehicles of Land Rover and Chevrolet 1000 cc cars and also processed 1,742 Truck cabs through paint shop. Due to change in model, the Company is planning to introduce new Nissan Sunny passenger car, consequently the plant capacity remained under utilized. Against the production capacity of 5,200 Trucks and buses on single shift basis Company produced 2,004 Trucks and buses of Nissan, Isuzu and Kamaz.

41 **RELATED PARTY TRANSACTIONS**

Name of Related Party and Nature of relationship	Nature of Transaction	2008 Transaction Value	2007 Transaction Value
		(Rupees in thousand)	
(a) Holding Company			
Bibojee Services (Private) Limited	Rent of showroom	**12,000**	12,000
	Rent of head office	**5,400**	5,400
	Contract assembly	**2,070**	-
	Purchase of vehicle	**1,800**	-
(b) Associated Companies			
Universal Insurance Company Limited	Insurance premium	**22,574**	8,949
(Common Directorship)	Sale of cars	**-**	2,398
The General Tyre and Rubber Company	Purchase of tyres	**57,551**	38,087
of Pakistan Limited	Sale of cars	**-**	11,939
(Common Directorship)			
Bannu Woollen Mills Limited	Sale of cars	**-**	2,298
(Common Directorship)			
Ghandhara Industries Limited	Contract assembly	**80,900**	50,760
(Common Directorship)	Dividend received	**-**	15,499
	Right shares subscribed	**-**	38,738
	Fabrication of vehicles	**2,328**	-
	Reimbursement of expenses	**9**	-
Nissan Diesel Motor Company			
Limited - Japan	Royalty	**10,659**	6,848
(Equity Investment/technical assistance agreement)	Technical consultancy fee	**1,190**	2,275
	CKD kits	**1,381,811**	947,443
Nissan Motor Company Limited - Japan			
(Technical assistance agreement)	CKD kits	**14,524**	-
	CBU vehicles	**362,911**	166,943
	Technical consultancy fee	**2,702**	-
Gammon Pakistan Limited	Office rent	**3,000**	2,700
(Common Directorship)			
(c) Others			
Employees' Provident fund	Contributions	**3,394**	2,806
Waqf-e-Kuli Khan	Donation	**4,454**	4,681

The status of outstanding balance as at June 30, 2008 are included in trade debts (note 11), prepayments (note 13) and trade and other payables (note 24). Key management compensation is disclosed in note 39.

Related party transactions are stated at prices considered equivalent to prices that would prevail at arm's length transactions substantiated in the following manner:

a) For certain sale of goods and purchase of services at price determined in accordance with the methods prescribed in the Fourth Schedule to the Companies Ordinance, 1984.

b) For certain imports, comparison of the transaction price with the valuation determined by the custom authorities by applying the valuation methods described in the Customs Act, 1969 for assessment of custom duty which methods are generally similar to the methods given in the Fourth Schedule to the Companies Ordinance, 1984.

There were no transactions with the management personnel other than under the terms of employment.

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.01 Interest / Markup rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in the interest rates. The company manages this risk through risk management strategies. Interest rate risk of the company's financial assets and financial liabilities can be evaluated from following schedule:

	Interest/Markup bearing			Non-Interest/Markup bearing			Total	Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	2008	2007
				(Rupees in thousand)				
Financial assets								
Long term investment	-	-	-	-	305,095	305,095	305,095	23,239
Trade debts	-	-	-	522,550	-	522,550	522,550	311,177
Loans and advances	-	-	-	25,166	-	25,166	25,166	28,107
Other receivables	-	-	-	104,853	-	104,853	104,853	66,944
Investment at fair value through profit and loss account	-	-	-	2,415	-	2,415	2,415	-
Bank balances	26,667	-	26,667	180,310	-	180,310	206,977	49,009
June 30, 2008	26,667	-	26,667	835,294	305,095	1,140,389	1,167,056	478,476
June 30, 2007	15,611	-	15,611	439,626	23,239	462,865	478,476	
Financial liabilities								
Long term financing	116,666	-	116,666	-	-	-	116,666	299,999
Liabilities against assets subject to finance lease	1,165	-	1,165	-	-	-	1,165	7,239
Trade and other payables	-	-	-	1,142,068	-	1,142,068	1,142,068	464,186
Long Term Deposits	-	-	-	-	11,611	11,611	11,611	14,611
Accrued Mark-up/ interest	2,436	-	2,436	-	-	-	2,436	10,026
Short term finances	-	-	-	-	-	-	-	75,000
Running finance under mark up arrangement	30,576	-	30,576	-	-	-	30,576	154,002
June 30, 2008	150,843	-	150,843	1,142,068	11,611	1,153,679	1,304,522	1,025,063
June 30, 2007	428,435	117,831	546,266	464,186	14,611	478,797	1,025,063	
Off-balance sheet gap								
Letter of credit							305,134	42,764
Bank guarantees							113,524	68,709
Post-dated cheques							646,593	435,926

42.02 Effective interest rates

	2008	2007
Long term financing	T Bills+ 3%	T Bills+ 3%
Liabilities against assets subject to finance lease	11.28%-13.82%	7%-13.82%
Short term financing	-	6 Months' KIBOR+3.1%
Running finance under markup arrangement	3 Months' KIBOR+2.5% to 6months' KIBOR + 1.85%	3 Months' KIBOR+2.0%
Bank deposits	5.0%	5.0%

42.03 Concentration of credit risks

The Credit Risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debtors, long-term deposits and balances with banks. The financial assets which are subject to credit risks amounted to Rs 1,167,056 thousand (June 30,2007 : Rs 478,476 thousand)

The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers.

42.04 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values except investment in asssociated company which is valued under Equity method of accounting.

42.05 Foreign exchange risk management

Foreign currency risk mainly arises where receivables and payables exist due to transactions entered into foreign currencies. The company incurs foreign currency risks on transactions that are entered in a currency other than Pak Rupee. The company uses forward foreign exchange contract to hedge its foreign currency risk, when considered appropriate.

42.06 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the viability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

43 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 for shareholders and benefits for other stakeholders. The capital structure of the company is equity based with financing through long term borrowings. Company also avails short term borrowings for working capital purposes only.

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on September 29, 2008.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE

Lt. Gen (Retd.) Ali Kuli Khan Khattak
DIRECTOR

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with Code of Corporate Governance contained in the Listing Regulation No.37 of the Karachi Stock Exchange for the purpose of establishing a framework of Good Governance, whereby a listed Company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:-

1. The Company encourages representation of non-executive directors on Board of Directors. At present, the Board includes seven non - executive Directors.

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

3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution or a Non-Banking Financial Institution. None of the resident Directors is a member of any of the Stock Exchanges on which the Company's shares are listed.

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

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

6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, have been taken by the Board.

7. All 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. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

9. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit. However, their remuneration and terms & conditions of employment, in case of future appointments, will be approved by the Board.

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

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

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

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

14. The Board has formed an audit committee. It comprises three members, out of which two are non-executive directors.

15. The meetings of the Audit Committee were held at least once 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 formulated and advised to the Committee for compliance.

16. The Company has setup an effective Internal Audit Function.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all the partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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

For and on behalf of the Board

Ahmed Kuli Khan Khattak
Chief Executive

Karachi
Dated: 29th September 2008

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 Nissan Limited** to comply with the Listing Regulation No.37 of the Karachi 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 inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective as at 30th June 2008.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi, September 29, 2008

MUNIFF ZIAUDDIN & CO.
CHARTERED ACOUNTANTS
Karachi, September 29, 2008

KEY OPERATING AND FINANCIAL DATA

(Rs in thousand)

Particulars	2008	2007	2006	2005	2004	2003
Sales	**3,708,889**	**2,894,826**	**4,440,210**	**3,504,212**	**1,237,147**	**101,437**
Gross proift / (Loss)	521,838	496,688	620,242	381,516	130,509	(30,045)
Profit / (Loss) before tax	279,892	285,918	390,890	274,846	106,578	294,933
Profit / (Loss) after tax	178,157	187,231	132,714	270,054	242,261	298,113
Share Capital	450,025	450,025	450,025	450,025	450,025	150,000
Shareholders equity	1,009,328	747,940	532,178	421,358	113,050	(432,985)
Fixed Assets - Net	922,501	952,316	979,152	1,024,982	1,001,976	387,491
Total Assets	3,101,317	2,398,619	2,860,970	2,658,843	1,715,674	547,125
Unit Produced and Supplied (Contract Assembly)	2,591	2,838	2,744	1,703	1,013	485
Units Produced	980	860	1,700	1,426	589	49
Units Imported (CBU)	416	227	239	1,038	-	-
Units Sold	1,572	1,312	2,257	1,793	588	59
Dividend - Cash	-	-	-	12.50%	-	-
Ratios						
Profitability						
Gross profit margin	14.06%	17.16%	13.97%	10.88%	10.55%	0.00%
Profit before tax	7.55%	9.88%	8.80%	7.83%	8.61%	290.75%
Profit after tax	4.80%	6.47%	2.99%	7.70%	19.58%	293.89%
Return to shareholders:						
Return on Equity (BT)	27.73%	38.23%	73.45%	65.22%	94.28%	0.00%
Return on Equity (AT)	17.65%	25.03%	24.94%	64.09%	214.30%	0.00%
Earning per share (BT)-Rs.	6.22	6.35	8.69	6.10	3.55	19.66
Earning per share (AT)- Rs.	3.96	4.16	2.95	6.00	8.07	19.87
Basic Earning Per Share	3.96	4.16	2.95	6.00	8.07	19.87
Activity:						
Sales to total assets - Times	1.20	1.21	1.55	1.32	0.72	0.19
Sales to fixed assets -Times	4.02	3.04	4.53	3.42	1.23	0.26
Liquidity:						
Current ratio -Times	1.33	1.36	1.27	1.24	1.24	0.15
Break-up value per share- Rs.	22.43	16.62	11.83	9.36	2.51	(28.87)

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2008

Number of Shareholders	From	To	Number of Shares Held	Percentage
455	1	100	21502	0.0478
1051	101	500	452514	1.0055
296	501	1000	265282	0.5895
415	1001	5000	1084810	2.4106
70	5001	10000	501597	1.1146
22	10001	15000	280544	0.6234
17	15001	20000	313778	0.6972
8	20001	25000	186624	0.4147
6	25001	30000	163027	0.3623
3	30001	35000	104250	0.2317
3	35001	40000	114050	0.2534
3	45001	50000	148500	0.3300
3	50001	60000	176584	0.3924
3	60001	65000	186624	0.4147
1	65001	70000	68500	0.1522
1	80001	85000	82000	0.1822
1	85001	90000	90000	0.2000
3	95001	100000	300000	0.6666
1	100001	105000	103000	0.2289
1	110001	115000	110500	0.2455
1	190001	195000	195000	0.4333
1	205001	210000	210000	0.4666
1	445001	450000	450000	0.9999
1	450001	455000	455000	1.0111
1	480001	485000	483000	1.0733
1	1310001	1315000	1314000	2.9198
1	2685001	2690000	2688711	5.9746
1	2765001	2770000	2769596	6.1543
1	3645001	3650000	3647090	8.1042
1	5115001	5120000	5119820	11.3767
1	22915001	22920000	22916597	50.9229
2374			**45002500**	**100.0000**

SHAREHOLDERS' CATEGORY

Particulars	Number of Shareholders	Number of Share Held	Percentage of Holding
Directors, CEO & Children	9	205333	0.4563
Associated Companies	3	31698507	70.4372
NIT & ICP	2	2694461	5.9874
Bank, DFI & NBFI	3	5422	0.0120
Insurance Companies	1	17800	0.0396
Modarbas & Mutual Funds	2	2872596	6.3832
General Public (Local)	2134	6535406	14.5223
General Public (Foreign)	172	227581	0.5057
Others	48	745394	1.6563
Total	**2374**	**45002500**	**100.0000**

Shares Held By	No. of Shares
Associated Companies, Undertakings & Related Parties	
Bibojee Services (Pvt.) Ltd.	28,046,417
The Universal Insurnace Co. Ltd.	5,000
Nissan Diesel Motor Co. Ltd. - Japan	3,647,090
NIT & ICP	
Natinal Bank of Pakistan, Trustee Department (NIT)	2,688,711
Investment Corporation of Pakistan	5,750
Directors, CEO, their Spouses & Minor Children	
Mr. Raza Kuli Khan Khattak	62,569
Lt.Gen.(Retd.) Ali Kuli Khan Khattak	60,070
Mr. Ahmed Kuli Khan Khattak	69,565
Mr. Ikramul Majeed Sehgal	500
Mr. Mushtaq Ahmed Khan (FCA)	3,805
Mr. Muhammad Zia	512
Ch. Sher Muhammad	6,812
Mr. Jamil A. Shah	1,000
Mr. Abram van der Schaar	500
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Modarabas & Mutual funds etc.	
Gulf Insurnace Co. Ltd.	17,800
Loads Ltd.	315
Azeem Services (Pvt.) Ltd.	100
The Pakistan Fund	5,312
Sarfaraz Mahmood (Pvt.) Ltd.	280
Sardar M. Ashraf D. Baluch (Pvt.) Ltd.	1,000
Trustees Moosa Lawai Foundation	500
Trustees Saeeda Amin WAKF	50,000
Jawed Omer Vohra & Co. Ltd.	450,000
SZ Securities (Pvt.) Ltd.	2,000
AKD Opportunity Fund	103,000
NBP Trustee - NI(U)T (LOC) Fund	2,769,596
Al-Zamin Leasing Co. Ltd.	4,000
Bawa Securiites (Pvt.)	5,000
Islamabad Stock Exchange (G) Ltd.	250
Moosani Securities (Pvt.) Ltd.	12,000
Azee Securiities (Pvt.) Ltd.	557
Darson Securities (Pvt.) Ltd.	24,100
Trustees Mohammad Amin Wakf Estats	50,000
Mars Securities (Pvt.) Ltd.	4,600
Al-Asar Securities (Pvt.) Ltd.	15
Ismail A.S. Securities (Pvt.) Ltd.	4,500
IDBP (ICP unit)	1,172
National Bank of Pakistan	250
Uni Pak Securities (Pvt.) Ltd.	500

H.M. Investments (Pvt.) Ltd.	2,000
Y.S. Securities & Services (Pvt.) Ltd.	1,590
Mazhar Hussain Securities (Pvt.) Ltd.	500
N.H. Securities (Pvt.) Ltd.	175
Time Securities (Pvt.) Ltd.	1,400
General Invest. Services (Pvt.) Ltd.	570
H.H Misbah Securities (Pvt.) Ltd.	21,000
MGM Securities (Pvt.) Ltd.	500
Clik Trade Ltd.	12,000
United Capital, Securities (Pvt.) Ltd.	1,000
MR Securities (Pvt.) Ltd.	1,000
Wasi Securities (Pvt.) Ltd.	82,000
Zahid Mehmood Equities (Pvt.) Ltd.	2,000
Stock Master Securities (Pvt.) Ltd.	2,000
Trustee Uquaili Charitable Society	112
Yousuf Yaqoob Kolia Co. (Pvt.) Ltd.	6,500
Other Individuals	6,763,005
	45,002,500

Shareholders holding 10% or more Voting interest in the Company

	Shares held	Percentage
Bibojee Services (Pvt.) Ltd.	28,046,417	62.32

FORM OF PROXY

I / We ____of

______________________________________ being a member(s) of Ghandhara Nissan Limited

and holder of ______________ Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account

No. ____ hereby appoint _____________________________

of____ or failing him/her

____of

____ who is also member of Ghandhara

Nissan Limited vide Registered Folio No./CDC Participant's ID and Account No. __________ as may/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Friday, 31st October 2008 at 9:30 a.m. and any adjournment thereof.

Signed this ____________ day of ___________ 2008.

AFFIX REVENUE STAMP Rs.5/-

Signature ________________

Witness: ____________________
Name with NIC No.: ___________
Address: ____________________

Witness: ____________________
Name with NIC No.: ___________
Address: ____________________

IMPORTANT:

1. This form of Proxy duly completed must be deposited at the Company's Registered office Ghandhara House, 109/2, Clifton, Karachi not later than 48 hours before the time of holding the meeting.

2. A Proxy should also be a member of the Company.

3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with this Proxy Form.