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NISSAN

DONGFENG
Trucks

ANNUAL REPORT 2015

GHANDHARA NISSAN LIMITED

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VISION

To maximize market share by producing and marketing highest quality vehicles in Pakistan.

MISSION

- As a customer oriented Company, provide highest level of customer satisfaction.
- To accelerate performance in all operating areas, ensuring growth of the Company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of the employees.
- To contribute to social welfare by adopting environment friendly practices and processes for the well being of society.

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	
Syed Haroon Rashid	
Mr. Mohammad Zia	
Mr. Larbi Hbil	

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

National Bank of Pakistan Limited
The Bank of Khyber
Faysal Bank Limited
Soneri Bank Limited
MCB Bank Limited
United Bank Limited
Allied Bank Limited
The Bank of Tokyo – Mitsubishi, Ltd.
NIB Bank Limited
Habib Bank Limited
Askari Commercial Bank Limited

Audit Committee

Mr. Mohammad Zia	Chairman
Lt.Gen. (R) Ali Kuli Khan Khattak	Member
Ch. Sher Muhammad	Member
Mr. Jamil A. Shah	Member

Human Resource & Remuneration Committee

Lt.Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Ch. Sher Muhammad	Member
Mr. Muhammad Zia	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

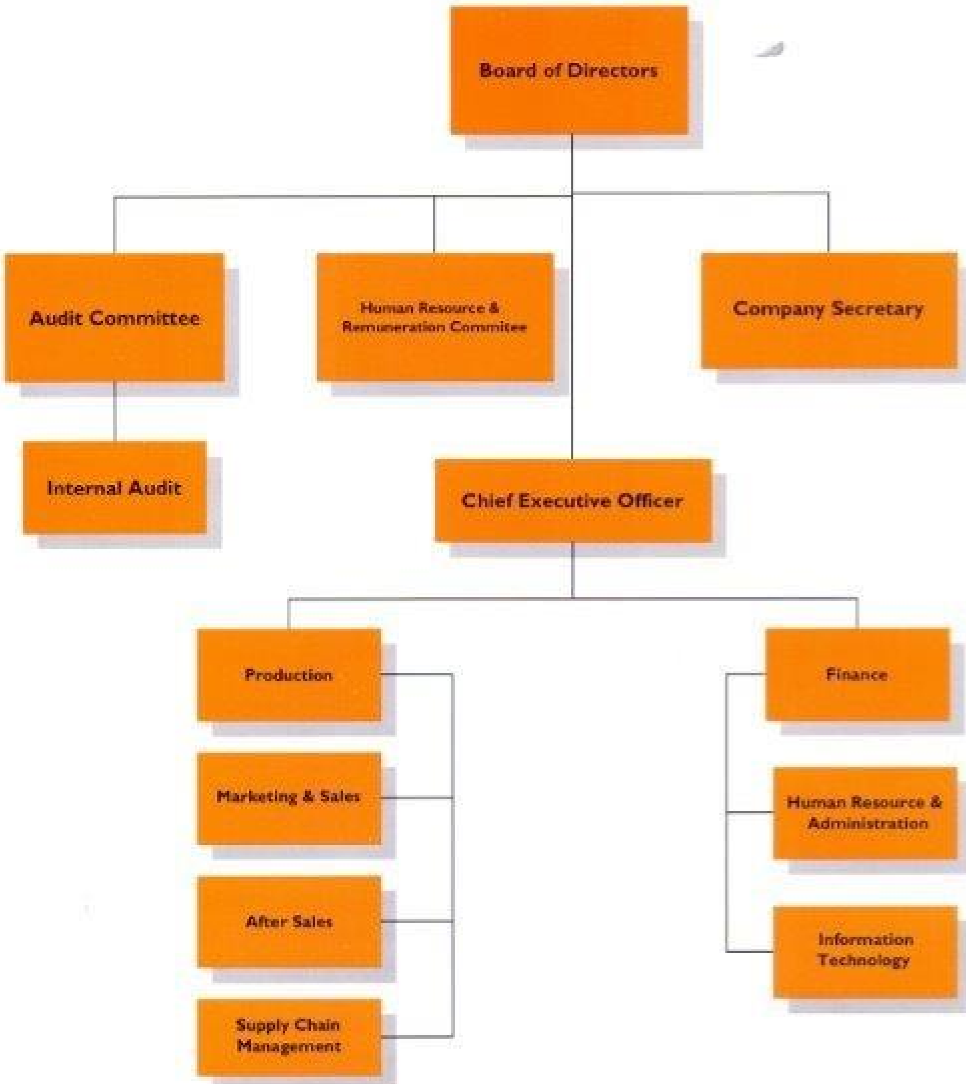
Legal & Tax Advisors

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

ORGANIZATION CHART



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 33rd Annual General Meeting of the Shareholders of Ghandhara Nissan Limited will be held on Thursday, 22nd October 2015 at 10:00 A.M., at Ghandhara House 109/2, Clifton, Karachi, to transact the following business:

Ordinary Business:

- To confirm the minutes of the 32nd Annual General Meeting held on 28th October, 2014.
- To receive, consider and approve the Audited Accounts of the Company for the year ended 30th June, 2015 together with Directors' and Auditors' Reports thereon.
- To consider and approve the payment of final Cash Dividend. The Board of Directors has recommended payment of final Cash Dividend of Rs.4.50/- per share (45%) for the year ended 30th June, 2015.
- To appoint Auditors for the year ending 30th June, 2016 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:

Additional investment in Ghandhara DF (Pvt.) Limited a wholly owned subsidiary company of Ghandhara Nissan Ltd.:

In order to enable Ghandhara DF (Pvt.) Limited to successfully execute its business plan, it is proposed to extend advance upto Rs.300 million subject to regulatory approvals.

The Board of Directors, in their meeting held on 16th September, 2015 have given their consent to seek approval of the shareholders U/S-208 of the Companies Ordinance, 1984 for this propose, and to pass the following special resolution:-

"Resolved that cash advance of Rs.300 million upto three years be granted to Ghandhara DF (Pvt.) Limited (GDFPL) for its Working Capital requirements, at a markup of 6 months KIBOR + 3%."

Further resolved that the Board of Directors be and is hereby authorized to review the said facility every year during the said three years."

A statement Under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business stated above is annexed to this Notice of the meeting.

- To transact any other business with the permission of the Chair.

By Order of the Board
AQIEL AMJAD GHANI
(COMPANY SECRETARY)

Karachi: 29th September, 2015

NOTES:

1. The Share Transfer Books of the Company will remain closed from 19th October, 2015 to 26th October, 2015 (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 CNIC or passport to verify his/her identity. In case of Corporate entity, resolution of the Board of Directors/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 CNIC or passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC 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 should quote their Folio Number in all correspondence and at the time of attending the Meeting.

6. Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered members, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with relevant laws. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.

7. As directed by SECP vide Circular No. 18 of 2012 dated August 18, 2012, we have already given opportunity to shareholders to authorize the Company to directly credit in his/their bank account with cash dividend, if any, declared by the Company in future. If you still wish that the cash dividend, if declared by the Company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the relevant details.

8. Shareholders are informed that Income Tax Ordinance, as amended by Finance Act, 2015, has prescribed 17.5% withholding tax on dividend payment to non filers while filers of income tax returns will be liable to withholding tax @12.5%. Shareholders are advised to provide their NTN to Share Registrars of the Company for availing the benefit of withholding tax rate applicable to filers.

9. To enable to make tax deduction on the amount of cash dividend @12.5% instead of 17.5% all the members whose names are not entered in the active tax payers list (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL by October 15, 2015 otherwise tax on their cash dividend will be deducted @17.5% instead of 12.5%

10. 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.

Statement U/S-160(1)(b) of the Companies Ordinance, 1984 Investment in Ghandhara DF (Pvt.) Limited

Ghandhara Nissan Limited has invested in a 100% owned subsidiary by the name of Ghandhara DF (Pvt.) Limited herein after referred to as GDFPL.

The principal activity of GDFPL is the assembly/progressive manufacture of Dongfeng heavy and light duty commercial vehicles in Pakistan from the CKD Kits imported from Dongfeng Commercial Vehicle Company and Dongfeng Automobile Company Limited.

In order to enable GDFPL to carry out sustainable operations it is proposed to extend advance upto Rs.300 million charging interest @KIBOR+3%.

The Board is therefore pleased to share the following information with its members:-

- The purpose of investment is to enable GDFPL to import CKD kits and sell the vehicles in the commercial market that are assembled under contract Assembly agreement with GNL. This will also enable GDFPL to carry on business smoothly. The investment will be for a period of three years. Profit derived from the operations of GDFPL will accrue to GNL which may be received in the form of Dividend.

- The information required under S.R.O. 27(I)/2012 is provided below;

S.No.	Description	Information Required
I	Name of associated company or associated undertaking alongwith criteria based on which the associated relationship is established	Ghandhara DF (Private) Limited, a 100% owned subsidiary of Ghandhara Nissan Limited
Ii	Amount of loans or advances	Advance upto Rs 300 Million
iii	Purpose of loans and advances and benefits likely to accrue to the investing company and its members from such loans or advances.	To supplement the working capital requirements of GDFPL. The investing Company being the holding company of GDFPL, will derive benefit in the form of dividend, which will eventually benefit all stakeholders of GNL.
Iv	In case any loan has already been granted to the associated company or associated undertaking, the complete details thereof	Not applicable
v	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Please refer Annexure 1
vi	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	6 M KIBOR + 2.5%
vii	Rate of interest, mark up, profit, fees of commission, etc. to be charged	The advance will carry profit @ 6 M KIBOR + 3%
viii	Source of funds from where loans or advances will be given	The amount will be advanced to GDFPL from GNL's profits
ix	Where loans or advances are being granted using borrowed funds: a. Justification for granting loan or advance out of borrowed funds b. Detail of guarantees / assets pledged for obtaining such funds, if any c. Repayment schedules of borrowing of the investing company	Not applicable
x	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Not applicable

xi	If the loans or advance carry conversion feature, i.e. it is convertible to securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion maybe exercisable	Not applicable
xii	Repayment schedule and terms of loans or advances to be given to the investee company	The advance will be for a period of three years from the date of first such payment by GNL. GDFPL can repay the advance or any part thereof. Markup shall be paid by GDFPL to GNL quarterly in arrears.
xiii	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	a. GNL shall advance to GDFPL any amount as requested by GDFPL to meet its working capital requirements and to satisfy bothits obligations and operational expenses; provided that the outstanding principal amount at any point in time shall not exceed Rs 300 Million. b. GDFPL shall pay the mark-up due to GNL quarterly in arrears.
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	GNL, being the sponsor of GDFPL, will receive dividend. There is no direct interest of the Directors of GNL in GDFPL, except that they are nominated by GNL.
xv	Any other important detail necessary for the members to understand the transaction	GDFPL, being a wholly owned subsidiary of GNL, has commenced CKD operations of Dongfeng vehicles during the financial year 2014-15. The proposed mechanism will not only augment the commercial operations of GDFPL but will also provide synergy to the stakeholders.
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely: a. A description of the project and its history since conceptualization b. Starting date and expected date of completion c. Time by which such project shall become commercially operational d. Expected return on total capital employed in the project e. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts.	Not applicable

Annexure 1

FINANCIAL POSITION – GDFPL
EXTRACTS FROM AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2015

Total Assets	Rs 369 Million
Total Liabilities	Rs 259 Million
Equity	Rs 110 Million
Revenue – Net	Rs 155 Million
Gross Profit	Rs 17 Million
Operating Profit	Rs 15 Million
Net Profit After tax	Rs 10 Million

CHAIRMAN'S REVIEW

I am grateful to Almighty Allah for the very encouraging results of your company for the year ended 30th June, 2015.

Your Company has shown ALHAMDULILAH remarkable performance and has attained an after tax profit of Rs.508.87 million as against after tax profit of Rs.173.93 million last year.

Company's Performance

The Company sold 856 units of UD trucks as compared to 380 units last year. Moreover 87 units of Dongfeng vehicles were sold in commercial market which were imported in CBU condition as compared to 52 units last year. During the year under review the contract assembly of 1,527 units was undertaken as against 1,628 units last year.

This significant improvement compared with last year has resulted in impressive financial results of the Company. Overall market conditions remained competitive and despite the challenges, our performance has been encouraging.

Future Outlook

Keeping in view the encouraging response from the market of Dongfeng Commercial Vehicles Limited (DFCV), we foresee improvements in product quality. Dongfeng vehicles therefore will yield substantial revenues to your company in days ahead.

I am pleased to state that in addition to normal business, we received a firm order for the sale of UD Trucks. This will have a positive impact on the profitability of the company.

The year under review, has been a year of significant improvement in the performance of the Company. We look forward to continued improvement in 2016 and beyond. The management of your Company continues to make dedicated efforts for further improving its operational performance.

Acknowledgement

Our people are the key drivers behind the sustained growth of GNL. On behalf of the Board of directors and on my own behalf, I acknowledge the contribution of each and every employee of the Company.

We would also like to express our thanks to Nissan Motor Co. Japan, UD Trucks Corporation Japan (Formerly Nissan Diesel Motor Co. Limited Japan), Dongfeng Commercial Vehicle Company, Dongfeng Automobile Company Limited, the Management of Sigma Motors (Pvt.) Ltd., Ghandhara Industries Ltd., Shareholders, Dealers, Customers and Vendors for their co-operation and the trust shown in our products.

I would also like to record our gratitude to our bankers for their cooperation and understanding shown to us and we look forward to mutual beneficial business relationships.

Raza Kuli Khan Khattak
Chairman Board of Directors
Karachi Dated: 16th September, 2015

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 2015.

Financial Results

The financial results for the year ended 30th June 2015 are summarized below.

	2015	2014
	(Rupees in thousands)	
Profit before taxation	**787,277**	269,695
Taxation		
Current	**(141,103)**	(44,984)
Prior year	-	64
Deferred	**(137,307)**	(50,845)
	(278,410)	(95,765)
Profit after taxation	**508,867**	173,930
Other comprehensive Income	**(1,401)**	(2,436)
Total comprehensive Income	**507,466**	171,494
Accumulated profit		
Brought forward	**334,375**	142,819
Incremental depreciation	**32,250**	20,062
Final Dividend	**(90,005)**	-
	276,620	162,881
Accumulated profit		
Carried forward	**784,086**	334,375
Earnings Per Share	**11.31**	3.86

The Board of Directors have recommended 45% final Cash Dividend for the year ended 30th June 2015 at Rs.4.50/- per share and conserved the remaining resources for up-gradation and renovation of the Plant and to meet the requirement of future business plan under consideration.

Operating Results

The company earned a profit after tax of Rs.508.867 million, as against a profit after tax of Rs.173.93 million in corresponding year.

This was possible due to increase in sales volume of UD vehicles, sales of Dongfeng vehicles in CBU condition and favorable exchange rate movement.

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 2015 and its future outlook. The Directors of the Company endorse the contents of this Review.

Statement of Compliance with Code of Corporate Governance

As required under the code of corporate governance, the Directors are pleased to confirm that:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of account of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained;
- The system of the internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the company's ability to continue as a going concern;
- Key operating and financial data of last six years has been included in the Annual Report;
- Information about taxes and levies is given in the respective notes to the Financial Statements;
- Subsidiary Company:- During the year Company has made investment of Rs.40 million in the equity of Ghandhara DF Pvt Ltd (GDFPL).
- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of investment	Year ended
Provident Fund	Rs 58.921 million	June 30, 2014

- No trading in the shares of the Company was carried out by the Directors, CFO, Company Secretary, their spouses and minor children.

Meetings of Board

During the year 2014-15, five Board meetings were held. Attendance by each Director is as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Raza Kuli Khan Khattak	5
2.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	4
3.	Mr. Ahmed Kuli Khan Khattak	5
4.	Mr. Jamil A. Shah	4
5.	Mr. Mushtaq Ahmed Khan (FCA)	-
6.	Chaudhry Sher Muhammad	2
7.	Mr. Muhammad Zia	4
8.	Syed Haroon Rashid	2
9.	Mr. Larbi Hbil	-

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

Mr. Larbi Hbil could not attend the Board meetings because of security reasons. Mr. Mushtaq Ahmed Khan could not attend on medical grounds.

Meetings of Audit Committee

During the year 2014-15, four Audit Committee meetings were held. Attendance by each member is as follows:

S.No.	Name of Director	No. of Meetings Attended
1.	Lt.Gen (Retd.) Ali Kuli Khan Khattak	2
2.	Chaudhry Sher Muhammad	2
3.	Mr. Jamil A. Shah	3
4.	Mr. Muhammad Zia	3

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

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee of the Company has been meeting as per Corporate Governance Policy. The existing company policies related to Human Resource have been provided to the members.

Performance Evaluation

The Board of Directors has performed evaluation of the directors.

Holding Company

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

Subsequent Events

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

Pattern of Shareholding

The pattern of shareholding as on 30th June 2015 of the company is included in the Annual Report.

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. The Board of Directors recommends their appointment.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive

Karachi: 16th September, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ghandhara Nissan Limited** as at June 30, 2015 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 conduct 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, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Muhammad Ali
Karachi: 16th September, 2015

MUNIFF ZIAUDDIN & CO.,
CHARTERED ACCOUNTANTS
Muhammad Moin Khan
Karachi: 16th September, 2015

BALANCE SHEET
AS AT JUNE 30, 2015

ASSETS	Note	2015	2014
		---- Rupees in '000 ----	
Non current assets			
Property, plant and equipment	5	1,749,285	1,764,038
Intangible assets	6	88	118
Long term investments	7	192,630	152,630
Long term loans	8	6,477	4,864
Long term deposits	9	16,633	8,031
		1,965,113	1,929,681
Current assets			
Stores, spares and loose tools	10	50,174	44,055
Stock-in-trade	11	623,847	692,474
Trade debts	12	345,727	395,583
Loans and advances	13	40,212	25,541
Deposits and prepayments	14	39,094	15,721
Other receivables	15	30,749	49,102
Short term investment	16	30,092	38,109
Taxation - net		117,341	96,070
Bank balances	17	328,915	148,618
		1,606,151	1,505,273
Total assets		3,571,264	3,434,954
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	450,025	450,025
Share premium		40,000	40,000
Unappropriated profit		784,086	334,375
Total equity		1,274,111	824,400
Surplus on revaluation of fixed assets	19	1,048,295	1,054,188
Liabilities			
Non current liabilities			
Liabilities against assets subject to finance lease	20	45,635	13,006
Long term deposits	21	9,611	10,611
Deferred liabilities	22	111,969	94,795
Deferred taxation	23	268,329	158,039
		435,544	276,451
Current liabilities			
Trade and other payables	24	642,881	767,840
Accrued mark-up	25	7,985	5,178
Short term finances	26	32,259	448,861
Running finances under mark-up arrangements	27	118,802	54,380
Current portion of liabilities against assets subject to finance lease	20	11,387	3,656
		813,314	1,279,915
Total liabilities		1,248,858	1,556,366
Contingencies and commitments	28		
Total equity and liabilities		3,571,264	3,434,954

The annexed notes from 1 to 47 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		---- Rupees in '000 ----	
Revenue	29	5,445,392	2,619,910
Cost of sales	30	(4,31[illegible],378)	(2,148,821)
Gross profit		1,131,014	471,089
Distribution cost	31	(56,435)	(19,318)
Administrative expenses	32	(168,995)	(124,565)
Other income	33	26,335	12,695
Other expenses	34	(58,348)	(19,988)
Profit from operations		873,571	319,913
Finance cost	35	(86,294)	(50,218)
Profit before taxation		787,277	269,695
Taxation	36	(278,410)	(95,765)
Profit after taxation		508,867	173,930
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on re-measurement of staff retirement benefit obligation		(2,061)	(3,636)
Impact of deferred tax		660	1,200
		(1,401)	(2,436)
Total comprehensive income		507,466	171,494
		-------- Rupees --------	
Earnings per share - basic and diluted	37	11.31	3.86

The annexed notes from 1 to 47 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	787,277	269,695
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	75,575	54,580
Interest income	(10,076)	(2,183)
Finance cost	71,935	40,235
Gain on disposal of property, plant and equipment	(1,290)	(568)
Exchange loss	10,055	5,733
Provision for gratuity and compensated absences	20,027	10,482
Amortization of gain on sale and lease back of fixed assets	(4)	-
Operating profit before working capital changes	953,499	377,974
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(6,119)	(11,787)
Stock-in-trade	68,627	(397,004)
Trade debts	49,856	(90,400)
Loans and advances	(14,671)	(8,327)
Deposit and prepayments	(23,373)	(1,048)
Other receivables	20,544	(23,727)
	94,864	(532,293)
(Decrease) / Increase in trade and other payables	(126,130)	320,114
Cash generated from operations	922,233	165,795
Gratuity and compensated absences paid	(4,930)	(8,079)
Long term loans - net	(1,613)	(3,641)
Long term deposits - net	(1,000)	-
Finance cost paid	(79,183)	(48,833)
Taxes paid	(162,374)	(92,360)
Net cash generated from operating activities	673,133	12,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(17,517)	(7,859)
Proceeds from disposal of property, plant and equipment	5,812	1,483
Interest income received	7,885	1,559
Investment made in a subsidiary	(40,000)	(59,995)
Short term investment - net	8,017	(38,109)
Long term deposits - net	(8,602)	(1,322)
Net cash used in investing activities	(44,405)	(104,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(7,417)	(1,779)
Short term finances - net	(416,602)	314,269
Running finances - net	64,422	(125,039)
Dividend paid	(88,834)	-
Net cash (used in) / generated from financing activities	(448,431)	187,451
Net increase in cash and cash equivalents	180,297	96,090
Cash and cash equivalents - at beginning of the year	148,618	52,528
Cash and cash equivalents - at end of the year	328,915	148,618

The annexed notes from 1 to 47 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak	Ch. Sher Muhammad
Chief Executive	**Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Share premium	Unappro-priated profit	Total
	-------------------	Rupees in '000	-------------------	
Balance as at July 1, 2013	**450,025**	**40,000**	**142,819**	**632,844**
Total comprehensive income for the year ended June 30, 2014				
Profit for the year	-	-	173,930	173,930
Other comprehensive loss	-	-	(2,436)	(2,436)
	-	-	171,494	171,494
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	20,062	20,062
Balance as at June 30, 2014	**450,025**	**40,000**	**334,375**	**824,400**
Transaction with owners, recognised directly in equity				
Final dividend for the year ended June 30, 2014 at the rate of Rs.2.00 per share	-	-	(90,005)	(90,005)
Total comprehensive income for the year ended June 30, 2015				
Profit for the year	-	-	508,867	508,867
Other comprehensive loss	-	-	(1,401)	(1,401)
	-	-	507,466	507,466
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	32,250	32,250
Balance as at June 30, 2015	**450,025**	**40,000**	**784,086**	**1,274,111**

The annexed notes from 1 to 47 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. THE COMPANY AND ITS 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 and Islamabad Stock Exchanges.

The principal business of the Company is assembly / progressive manufacturing of Nissan passenger Cars, UD Trucks and Buses, import and marketing of Nissan vehicles, import and sale of DongFeng Complete Built-up Trucks and assembly of other vehicles under contract agreement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.3 Changes in accounting standards and interpretations

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective

There are new and amended standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 but are considered not to be relevant or do not have any significant effect on the financial statements and are therefore not detailed in these financial statements.

2.3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning July 1, 2015:

(a) IFRS 13 'Fair Value Measurement', (effective for annual periods beginning on or after January 1, 2015) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of the standard, however, initial indication is that it is unlikely that standard will have any significant impact on the Company's financial statements.

(b) Amendments to IAS 38, 'Intangible Assets' and IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These amendments do not have any impact on the Company's financial statements.

(c) Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non Current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments: Disclosures', IAS 19 'Employee Benefits', and IAS 34, 'Interim Financial Reporting'. These amendments do not have any impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and certain staff retirement benefit which has been recognised at present value as determined by the Actuary.

3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)

(ii) Stock-in-trade (note 4.5)

(iii) Provision for staff benefits (note 4.10)

(iv) Provision for warranty (note 4.12)

(v) Provision for taxation (note 4.14)

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Owned assets

Operating fixed assets except for freehold land, building on freehold land and plant & machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount and building on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of operating fixed assets is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to profit and loss account applying the reducing balance method at the rates stated in note 5.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amounts of assets and are included in the profit and loss account.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of fixed assets is credited to the surplus on revaluation of fixed assets account.

Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.

Impairment

The Company assesses at each reporting 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 carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Cost associated with developing or maintaining computer software programs are recognised as an expense as incurred. 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 recognised as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer software programs beyond their original specifications are recognised as capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 6.

4.3 Investments

4.3.1 Investments in Subsidiary and Associated Company

Investments in Subsidiary and Associated Company are carried at cost less impairment, if any. Impairment losses are recognised as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognised as an expense in profit and loss account.

4.3.2 Held to maturity

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

Subsequent to initial recognition held to maturity investments are carried at amortised cost using the effective interest method. Interest on held to maturity investments is calculated using the effective interest method and is recognised in the profit and loss account.

4.3.3 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition at cost, these are re-measured at fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

4.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at the cost which is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

4.5 Stock-in-trade

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

Stock category	Valuation method
Complete Knock Down Kits	Specific cost identification
Complete Built-up Units	Specific cost identification
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 manufacturing overheads.
Stock-in-transit	At invoice price plus all charges paid thereon upto the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently carried at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities outstanding for more than 12 months as at the reporting date, in which case, they are classified as non-current assets.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

4.9 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.10 Staff benefits

4.10.1 Defined benefit plan

The Company operates unfunded gratuity scheme which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period.

The amount arising as a result of re-measurement is recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.10.2 Defined contribution plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all its permanent 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.

4.10.3 Employees compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

4.11 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.12 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in profit and loss account when the sale is recognised.

4.13 Product development cost

Product development cost is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

4.14 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.15 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes long term loans, long term deposits, trade debts, loans & advances, short term deposits, short term investment, other receivables, bank balances, liabilities against assets subject to finance lease, long term deposits, trade and other payables, accrued mark-up, short term finances and running finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

4.17 Provisions, contingent assets and contingent liabilities

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

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

4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, sales returns and commission. Revenue from different sources is recognised on the following basis:

Trading

- Vehicles are treated as sold when invoiced and delivered. Commission income is recognised on the basis of shipment.
- Spare part sales are recorded on the basis of dispatches made to the customers.

Manufacturing

- Vehicles are treated as sold when invoiced and dispatched to customers.

Other

- Return on bank deposits is accounted for on accrual basis.

4.19 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 charged to income in the period in which they are incurred.

4.20 Foreign currency translation

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

4.21 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.23 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		----- Rupees in '000 -----	
Operating fixed assets	5.1	1,749,285	1,759,365
Capital work-in-progress			
- advance payments against vehicles		-	4,673
		1,749,285	1,764,038

Operating fixed assets	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles Owned	Vehicles Leased	Other equipment	Office equipment	Computers	Total
	Rupees in '000											
At July 1, 2013												
Revaluation / cost	373,500	15,000	517,468	595,190	44,959	3,146	67,329	4,281	8,916	5,047	10,047	1,644,883
Accumulated depreciation	-	(8,543)	(95,722)	(109,324)	(41,468)	(2,413)	(37,768)	(1,463)	(8,255)	(4,658)	(9,161)	(318,775)
Net book value	**373,500**	**6,457**	**421,746**	**485,866**	**3,491**	**733**	**29,561**	**2,818**	**661**	**389**	**886**	**1,326,108**
Year ended June 30, 2014												
Opening net book value	373,500	6,457	421,746	485,866	3,491	733	29,561	2,818	661	389	886	1,326,108
Additions	-	-	-	-	-	-	2,214	17,181	272	483	217	20,367
Revaluation adjustments												
- cost	125,438	-	158,415	4,292	-	-	-	-	-	-	-	288,145
- accumulated depreciation	-	-	116,809	63,067	324	-	-	-	-	-	-	180,200
	125,438	-	275,224	67,359	324	-	-	-	-	-	-	468,345
Disposals												
- cost	-	-	-	-	-	-	(3,088)	-	-	-	-	(3,088)
- accumulated depreciation	-	-	-	-	-	-	2,173	-	-	-	-	2,173
	-	-	-	-	-	-	(915)	-	-	-	-	(915)
Depreciation charge	-	(646)	(21,087)	(24,293)	(698)	(73)	(6,104)	(850)	(234)	(252)	(303)	(54,540)
Closing net book value	**498,938**	**5,811**	**675,883**	**528,932**	**3,117**	**660**	**24,756**	**19,149**	**699**	**620**	**800**	**1,759,365**
At June 30, 2014												
Revaluation / cost	498,938	15,000	675,883	599,482	44,959	3,146	66,455	21,462	9,188	5,530	10,264	1,950,307
Accumulated depreciation	-	(9,189)	-	(70,550)	(41,842)	(2,486)	(41,699)	(2,313)	(8,489)	(4,910)	(9,464)	(190,942)
Net book value	**498,938**	**5,811**	**675,883**	**528,932**	**3,117**	**660**	**24,756**	**19,149**	**699**	**620**	**800**	**1,759,365**
Year ended June 30, 2015												
Opening net book value	498,938	5,811	675,883	528,932	3,117	660	24,756	19,149	699	620	800	1,759,365
Additions	-	-	-	11,720	1,445	-	6,962	46,738	159	755	1,149	68,928
Disposals												
- cost	-	-	-	-	-	-	(10,019)	-	-	-	-	(10,019)
- accumulated depreciation	-	-	-	-	-	-	6,556	-	-	-	-	6,556
	-	-	-	-	-	-	(3,463)	-	-	-	-	(3,463)
Transfer from leased to owned												
- cost	-	-	-	-	-	-	5,442	(5,442)	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	(2,487)	2,487	-	-	-	-
	-	-	-	-	-	-	2,955	(2,955)	-	-	-	-
Transfer from owned to leased												
- cost	-	-	-	-	-	-	(1,039)	1,039	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(1,039)	1,039	-	-	-	-
Depreciation charge	-	(581)	(33,794)	(26,495)	(768)	(66)	(6,215)	(6,626)	(252)	(370)	(378)	(75,545)
Closing net book value	**498,938**	**5,230**	**642,089**	**514,157**	**3,794**	**594**	**23,956**	**57,345**	**606**	**1,005**	**1,571**	**1,749,285**
At June 30, 2015												
Revaluation / cost	498,938	15,000	675,883	611,202	46,404	3,146	67,801	63,797	9,347	6,285	11,413	2,009,216
Accumulated depreciation	-	(9,770)	(33,794)	(97,045)	(42,610)	(2,552)	(43,845)	(6,452)	(8,741)	(5,280)	(9,842)	(259,931)
Net book value	**498,938**	**5,230**	**642,089**	**514,157**	**3,794**	**594**	**23,956**	**57,345**	**606**	**1,005**	**1,571**	**1,749,285**
Depreciation rate (% per annum)		10	5	5	20	10	20	20	33	33	33	

5.2 Freehold land, buildings on freehold land and plant & machinery had previously been revalued on June 30, 1997, June 30, 1999, January 1, 2004 and June 30, 2009.

The Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value. The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.345 million has been incorporated in the books of the Company in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

5.3 Had the operating fixed assets been recognised under the cost model, the carrying amount of each revalued class of operating fixed assets would have been as follows:

	Note	2015	2014
		----- Rupees in '000 -----	
Freehold land		61,456	61,456
Buildings on freehold land		121,299	127,683
Plant and machinery		140,297	135,395
Assembly Jigs		3,535	2,793

5.4 **Depreciation charge has been allocated as follows:**

	Note	2015	2014
Cost of goods manufactured	30.1	66,612	51,422
Administrative expenses	32	8,933	3,118
		75,545	54,540

5.5 **The details of operating fixed assets disposed-off are as follows:**

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particular of buyers
	------------- Rupees in '000 -------------						
Vehicles							
Suzuki Alto	510	379	131	65	(66)	Company policy	Mr. Arshad Minhas (employee)
Suzuki Mehran	485	284	201	96	(105)	Company policy	Mr. Qasim (ex-employee)
Suzuki Mehran	485	284	201	96	(105)	Company policy	Mr. Babar Hussain (employee)
Suzuki Mehran	490	298	192	97	(95)	Company policy	Mr. Khalid Ismail Khan (employee)
Nissan Sunny	1,125	988	137	693	556	Negotiation	Mr. Shafqat Ali, Lahore
Nissan Sunny	1,045	854	191	693	502	Negotiation	Mr. Safdar Ali, Karachi
Nissan Sunny	960	875	85	100	15	Negotiation	Mr. Malik Ghulam Yaseen, Bakhar
Honda Citi	1,200	446	754	908	154	Company policy	Mr. Hassan Ahmed Tariq (ex-employee)
Suzuki Bolan	590	589	1	410	409	Negotiation	Mr. Arshad, Malir, Karachi
Suzuki Bolan	604	321	283	440	157	Insurance claim	EFU General Insurance Limited, Karachi
Suzuki Cultus	896	534	362	179	(183)	Company policy	Mr. Muhammad Aamir (employee)
Chevrolet	590	516	74	60	(14)	Company policy	Mr. Muhammad Asif (employee)
Suzuki Cultus	1,039	188	851	916	65	Company policy	Mr. Zaheer-ud-din (employee)
June 30, 2015	**10,019**	**6,556**	**3,463**	**4,753**	**1,290**		
June 30, 2014	3,088	2,173	915	1,483	568		

5.6 The Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2014: Rs.1,647 million) with banks for short term finance facilities.

		Note	2015	2014
6.	**INTANGIBLE ASSETS**		----- Rupees in '000 -----	
	These represent computer software licenses.			
	Cost		500	500
	Accumulated amortisation			
	At beginning of the year		382	342
	Add: charge for the year	32	30	40
	At end of the year		412	382
	Net book value		88	118
	Rate of amortisation (% - per annum)		25	25
7.	**LONG TERM INVESTMENTS**			
	Subsidiary Company - at cost			
	Ghandhara DF (Private) Limited			
	9,999,500 (2014: 5,999,500) ordinary shares of Rs.10 each		99,995	59,995
	Equity held: 99.99% (2014: 99.99%)			
	Break-up value per share on the basis of latest financial statements is Rs.10.97 (2014:Rs.10)			
	Associated Company - at cost			
	Ghandhara Industries Limited			
	5,166,168 (2014: 5,166,168) ordinary shares of Rs.10 each		92,635	92,635
	Equity held: 24.25% (2014: 24.25%)			
	Fair value: Rs.367.986 million (2014: Rs.173.945 million)			
	Others - available for sale			
	Automotive Testing & Training Center (Private) Limited			
	187,500 (2014: 187,500) ordinary shares of Rs.10 each - **cost**		1,875	1,875
	Provision for impairment		(1,875)	(1,875)
			-	-
			192,630	152,630
8.	**LONG TERM LOANS** - Unsecured considered good			
	Loans to employees - other than executive	8.1	7,957	6,258
	Amounts recoverable within one year and grouped under current assets		(1,480)	(1,394)
			6,477	4,864

8.1 These represent interest free loans provided to employees of the Company as per terms of employment for various purposes. These loans are repayable on monthly instalments, which varies from case to case.

		2014	2015
9.	**LONG TERM DEPOSITS** - Unsecured considered good	----- Rupees in '000 -----	
	Deposits held with / against:		
	- Central Depository Company of Pakistan Limited	25	25
	- lease facilities	10,334	1,732
	- utilities	6,174	6,174
	- others	100	100
		16,633	8,031
10.	**STORES, SPARES AND LOOSE TOOLS**		
	Stores	50,059	43,940
	Spares and loose tools	115	115
		50,174	44,055
11.	**STOCK-IN-TRADE**		
	Raw materials		
	- In hand	249,099	331,465
	- In transit	239,775	302,388
		488,874	633,853
	Finished goods		
	- In hand		
	Vehicles - Trucks / Buses	46,872	15,693
	Spare parts	39,583	11,324
	- Held with third parties		
	Vehicles - Trucks	49,218	-
	- In transit		
	Complete Built-up Units - Trucks	14,300	31,604
		149,973	58,621
	Less: provision for obsolete / slow moving stock	(15,000)	-
		134,973	58,621
		623,847	692,474

11.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.1,715 million (2014: Rs.1,715 million) are under pledge / joint hypothecation charge with banks against short term finances and running finances.

		Note	2015	2014
12.	**TRADE DEBTS** - Unsecured considered good		----- Rupees in '000 -----	
	Vehicles and assembly charges	12.1	343,297	393,093
	Spare parts		2,430	2,490
			345,727	395,583
12.1	**Trade debts include the following amounts due from related parties:**			
	Ghandhara DF (Private) Limited		5,920	-
	Ghandhara Industries Limited		34,713	91,117
	Gammon Pakistan Limited		3	-
	Rehman Cotton Mills Limited		-	5
			40,636	91,122

12.2 The ageing of the trade debts receivable from Associated Companies as at the reporting date are as follows:

	Note	2015	2014
		----- Rupees in '000 -----	
Up to 3 months		37,337	54,013
3 to 6 months		3,299	37,109
		40,636	91,122

13. LOANS AND ADVANCES - Unsecured considered good

	Note	2015	2014
Current portion of long term loans	8	1,480	1,394
Loans to:			
- executives	13.1 & 13.2	890	1,910
- other employees	13.1	1,070	375
		1,960	2,285
Advances to:			
- executives		127	254
- other employees		3,679	1,785
- suppliers, contractors and others	13.4	26,490	19,823
		30,296	21,862
Letters of credit		6,476	-
		40,212	25,541

13.1 These represent interest free general loans and special loans provided to employees in accordance with Company's policy and have maturities upto twelve months.

13.2 **Reconciliation of carrying amount of loans to executives**	2015	2014
	--- Rupees in '000 ---	
Balance at beginning of the year	1,910	-
Disbursements	-	2,764
	1,910	2,764
Repayments	(1,020)	(854)
Balance at end of the year	890	1,910

13.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2015 from executives aggregated to Rs.1.825 million (2014: Rs.2.095 million).

13.4 Includes Rs. 2.102 million (2014: Rs. Nil) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

14. DEPOSITS AND PREPAYMENTS	2015	2014
	----- Rupees in '000 -----	
Deposits	2,727	440
Prepaid		
- rent [Bibojee Services (Private) Limited - the Holding Company]	3,718	9,118
- others	1,095	4,948
	4,813	14,066
Current account balances with statutory authorities	31,554	1,215
	39,094	15,721

15. **OTHER RECEIVABLES** - Considered good

	2015	2014
	----- Rupees in '000 -----	
Sales tax refundable / adjustable	-	32,039
Bank guarantee margin	8,186	613
Letters of credit margin	4,427	-
Security deposits and earnest money	15,186	13,079
Accrued interest	2,815	624
Others	135	2,747
	30,749	49,102

16. **SHORT TERM INVESTMENT** - Held to maturity

This represents investment in a Term Deposit Receipts (TDR) having face value of Rs.30.00 million (2014: Rs.38.00 million) placed with National Bank of Pakistan for a term of 120 days (2014: 120 days). This TDR carries mark-up at the rate of 6.20% (2014: 7%) per annum and is maturing on October 10, 2015.

17. **BANK BALANCES**

	Note	2015	2014
		----- Rupees in '000 -----	
Cash at banks on:			
- current accounts		85,910	88,232
- deposit accounts	17.1	9,917	10,298
- term deposits receipts	17.2	237,000	54,000
		332,827	152,530
Provision for doubtful bank balance	17.3	(3,912)	(3,912)
		328,915	148,618

17.1 These, during the year, carry mark-up at the rate of 9.00% (2014: at the rates ranged from 8.80% and 9.00%) per annum.

17.2 Term deposit receipts (TDRs) have maturity days ranging from sixty to one hundred twenty days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 6.00% to 7.40% (2014: 7.00% to 8.50%) per annum.

17.3 This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. 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.

18. **SHARE CAPITAL**

18.1 **Authorized capital**

	2015	2014
	----- Rupees in '000 -----	
80,000,000 (2014: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000

18.2 **Issued, subscribed and paid-up capital**

2015	2014		2015	2014
-- No. of shares --				
14,800,000	14,800,000	Ordinary shares of Rs.10 each fully paid in cash	148,000	148,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
45,002,500	45,002,500		450,025	450,025

18.3 The Company is a subsidiary of Bibojee Services (Private) Limited which holds 62.32% (2014: 62.32%) issued, subscribed and paid-up-capital of the Company.

18.4	**Ordinary shares held by related parties other than the Holding Company as at year end:**	**2015**	2014
		-- Number of shares --	
	Universal Insurance Company Limited	**-**	5,000
	UD Trucks Corporation, Japan	**3,647,090**	3,647,090
		3,647,090	3,652,090

19.	**SURPLUS ON REVALUATION OF FIXED ASSETS** - Net	**2015**	2014
		----- Rupees in '000 -----	
	Balance at beginning of the year	**1,357,938**	919,990
	Surplus arisen on revaluation carried-out during the preceding year	**-**	468,345
	Transferred to unappropriated profit on account of incremental depreciation for the year	**(46,071)**	(30,397)
		1,311,867	1,357,938
	Less: related deferred tax of:		
	- opening balance	**303,750**	206,701
	- surplus arisen during the preceding year	**-**	113,159
	- incremental depreciation for the year	**(13,821)**	(10,335)
	- effect of change in tax rate	**(26,357)**	(5,775)
	- closing balance	**263,572**	303,750
	Balance at end of the year	**1,048,295**	1,054,188

20.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Balance at beginning of the year	**16,662**	1,260
	Assets acquired during the year	**47,777**	17,315
	Repaid / adjusted during the year	**(7,417)**	(1,913)
		57,022	16,662
	Current portion grouped under current liabilities	**(11,387)**	(3,656)
	Balance at end of the year	**45,635**	13,006

20.1 These represent vehicles acquired under finance lease / diminishing musharakah arrangements from various financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 11% to 17.50% (2014: 15.22% to 17.32%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Company intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

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

Particulars	Upto one year	From one to five years	2015	Upto one year	From one to five years	2014
	Rupees in '000					
Minimum lease payments	16,513	52,520	69,033	5,695	15,592	21,287
Finance cost allocated to future periods	(5,126)	(6,885)	(12,011)	(2,039)	(2,586)	(4,625)
Present value of minimum lease payments	11,387	45,635	57,022	3,656	13,006	16,662

21. LONG TERM DEPOSITS

	Note	2015	2014
		Rupees in '000	
Dealers' deposit	21.1	9,000	10,000
Vendors		111	111
Others		500	500
		9,611	10,611

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

22. DEFERRED LIABILITIES

	Note	2015	2014
		Rupees in '000	
Provision for gratuity	22.1	83,370	70,404
Provision for compensated absences		28,583	24,391
Gain on sale and lease back of fixed assets	22.2	16	-
		111,969	94,795

22.1 Provision for gratuity

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

22.1.1 Amount recognised in the balance sheet is as follows

	2015	2014
	Rupees in '000	
Present value of defined benefit obligation	80,791	70,356
Benefits payable	2,579	48
Net liability at end of the year	83,370	70,404
Net liability at beginning of the year	70,404	61,068
Charge to profit and loss account	14,020	10,482
Re-measurement recognised in other comprehensive income	2,061	3,636
Payments made during the year	(3,115)	(4,782)
Net liability at end of the year	83,370	70,404

22.1.2 Movement in the present value of defined benefit obligation

	2015	2014
Balance at beginning of the year	70,356	60,895
Current service cost	5,072	4,333
Interest cost	8,948	6,149
Benefits paid	(3,115)	(4,657)
Benefits due but not paid	(2,531)	-
Re-measurement on obligation	2,061	3,636
Balance at end of the year	80,791	70,356

22.1.3 Expense recognised in profit and loss account

	2015	2014
	----- Rupees in '000 -----	
Current service cost	5,072	4,333
Interest cost	8,948	6,149
	14,020	10,482

22.1.4 Re-measurement recognised in other comprehensive income

Experience adjustments	2,061	3,636

22.1.5 Actuarial assumptions used

	2015	2014
	--- % per annum ---	
Discount rate	9.75	13.25
Expected rate of increase in future salaries	9.75	13.25
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

22.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is :

	Impact on define benefit obligation		
	Change in assum-ption	Increase in assumption	Decrease in assumption
		--- Rupees in '000 ---	
Discount rate	1.00%	74,691	86,011
Increase in future salaries	1.00%	86,021	74,585

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22.1.7 Based on actuary's advice, the expected charge to profit and loss account for the year ending June 30, 2016 amounts to Rs.12.828 million.

22.1.8 The weighted average duration of the scheme is 7 years.

22.1.9 Historical information

	2015	2014	2013	2012	2011
	Rupees in '000				
Present value of defined benefit obligation	80,791	70,356	60,895	48,553	44,758
Experience adjustment on obligation	2,061	3,636	4,972	(4,798)	(4,812)

22.1.10 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
As at June 30, 2015	9,827	3,469	23,333	447,690	484,319

22.2 Gain on sale and lease back of fixed assets

The Company has entered into a sale and lease back transaction during the year which results in finance lease. The excess of sale proceeds over the net book value of vehicle under sale and lease back arrangement has been recognised as deferred income and is amortized over the period of lease term.

	Note	2015	2014
		Rupees in '000	
23. DEFERRED TAXATION - Net			
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		49,566	50,806
- surplus on revaluation of fixed assets		263,572	303,750
- lease finances		97	821
- provision for gratuity		(25,845)	(23,584)
- provision for compensated absences		(8,861)	(8,531)
- provision for warranty claims		(4,226)	-
- provision for obsolete / slow moving stock		(4,800)	-
- provision for bank balances		(1,174)	(1,291)
- minimum tax recoverable against normal tax charge in future years		-	(75,912)
- excess of alternative corporate tax over corporate taxes recoverable in future years		-	(17,946)
- unused tax losses		-	(70,074)
		268,329	158,039

	Note	2015	2014
24. TRADE AND OTHER PAYABLES			
Trade creditors		65,093	86,065
Bills payable		123,414	241,038
Accrued liabilities	24.1	50,443	20,376
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	24.2	231,899	288,616
Commission		6,874	17,918
Unclaimed gratuity		231	231
Dealers' deposits against vehicles		24,400	52,800
Custom duties payable		-	2,263
Due to related parties	24.3	30,219	21,894
Withholding tax		5,530	1,214
Sales tax payable - net		523	-
Workers' profit participation fund	24.4	42,281	14,484
Workers' welfare fund		21,579	5,512
Retention money		103	103
Unclaimed dividend		2,132	961
Warranty claims		13,207	-
Others	24.5 & 24.6	23,550	12,962
		642,881	767,840

24.1 Includes Rs.20.173 million (2014: Rs.13.704 million) which pertains to a key management person.

24.2 These represent advances from customers against sale of trucks and carry no mark-up.

24.3 Due to related parties	Note	2015	2014
		----- Rupees in '000 -----	
UD Trucks Corporation - Japan		10,334	7,676
Universal Insurance Company Limited		-	3,958
Rehman Cotton Mills Limited		10,000	-
The General Tyre and Rubber Company of Pakistan Limited		-	3
Gammon Pakistan Limited		-	372
Waqf-e-Kuli Khan		9,885	9,885
		30,219	21,894

24.4 Workers' profit participation fund	Note	2015	2014
Balance at beginning of the year		14,484	962
Allocation for the year	34	42,281	14,484
Interest on funds utilised in the Company's business	35	1,631	87
		58,396	15,533
Payment made during the year		(16,115)	(1,049)
Balance at end of the year		42,281	14,484

24.5 Includes Rs.2.479 million (2014: Rs.3.675 million) which pertain to key management personnel.

24.6 Includes deposits and installments under the Company's staff vehicle policy aggregating Rs.5.083 million (2014: Rs.2.654 million) and Rs.0.104 million surcharge on sales tax.

25. ACCRUED MARK-UP

	Note	2015	2014
		----- Rupees in '000 -----	
Mark-up accrued on:			
- short term finances		586	2,973
- running finances		7,399	2,205
		7,985	5,178

26. SHORT TERM FINANCES - Secured

	Note	2015	2014
Finance against trust receipts			
- National Bank of Pakistan	26.1	-	225,743
Finance against imported merchandise			
- The Bank of Khyber	26.2	-	181,245
Short term demand finance			
- Faysal Bank Limited	26.3	32,259	41,873
		32,259	448,861

26.1 The Company has arranged Finance against Imported Merchandise (FIM) and Finance Against Trust Receipts (FATR) facilities of an aggregate limit of Rs.500 million (2014 : Rs.500 million) from National Bank of Pakistan. These facilities are secured against effective pledge of imported goods, duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Company's land, building and plant & machinery. These facilities carry mark-up at the rate of 3 months KIBOR plus 200 basis points. FIM and FATR are repayable within 120 days of disbursement / creation. These finance facilities are available upto October 31, 2015.

26.2 The Company has also arranged FIM of Rs.250 million (2014: Rs.250 million) from the Bank of Khyber. This finance facility is secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery upto Rs.24 million and hypothecation charge over all present and future stocks & books debts upto Rs.500 million. This facility carries mark-up at the rate of 3 months KIBOR plus 300 basis points. FIM is adjustable within 120 days of disbursement / creation. This finance facility is available up to December 31, 2015.

26.3 The Company had arranged short term loan of Rs.330 million from Faysal Bank Limited (the Bank) against outstanding import bills. Originally this loan was repayable in monthly instalments of Rs.22 million each. The Company during the prior years had repaid instalments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Company has made principal payments of Rs.82.741 million till June 30, 2015 of this renewed finance facility. Balance of this finance facility, during the year, has been again renewed by the Bank. This facility is secured against first pari passu charge of Rs.367 million on stocks and receivables, ranking charge of Rs.434 million over stocks & receivables and ranking charges of Rs.400 million on plant and machinery of the Company. The short term loan carries mark-up at the rate of six months KIBOR plus 1.80% per annum.

27. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured	Note	2015	2014
		----- Rupees in '000 -----	
Balance as at June 30,	27.1	118,802	54,380

27.1 Running finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.375 million (2014: Rs.375 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 9.79% to 12.21% (2014: 11.06% to 12.17%) per annum. The arrangements are expiring on March 31, 2016.

27.2 The facilities for opening letters of credit and guarantees as at June 30, 2015 aggregated to Rs.1,577 million (2014: Rs.1,562 million) of which the amount remained unutilised at the year-end was Rs.891.344 million (2015: Rs.774.362 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Certain cases have been filed against the company in respect of employees matters. These cases are pending in labour courts, high court and before National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Company's favour.

28.2 Commitment in respect of irrevocable letters of credit as at June 30, 2015 aggregate to Rs.665.609 million (2014: Rs.777.335 million).

28.3 Guarantees aggregating Rs.20.047 million (2014: Rs.10.303 million) are issued by banks of the Company to various government and other institutions.

		Note	2015	2014
			----- Rupees in '000 -----	
29.	**REVENUE** - Net			
	Manufactured activity			
	Local		5,891,705	2,770,406
	Export		-	30,965
			5,891,705	2,801,371
	Less:			
	- sales tax		856,060	402,538
	- commission		76,559	39,850
			932,619	442,388
			4,959,086	2,358,983
	Trading activity			
	Local		573,621	317,524
	Export		1,360	2,902
			574,981	320,426
	Less:			
	- sales tax		83,414	46,175
	- discount and commission		5,261	13,324
			88,675	59,499
			486,306	260,927
			5,445,392	2,619,910
30.	**COST OF SALES**			
	Finished goods at beginning of the year		58,621	53,856
	Cost of goods manufactured	30.1	3,892,247	1,905,707
	Purchases - trading goods		498,483	247,879
			4,390,730	2,153,586
	Finished goods at end of the year	11	(134,973)	(58,621)
			4,314,378	2,148,821
30.1	**Cost of goods manufactured**			
	Work in process at beginning of the year		-	24,320
	Raw materials and parts consumed	30.2	3,442,427	1,597,503
	Fabrication of contract vehicles		16,869	7,881
	Stores and spares consumed		61,368	27,908
	Provision for obsolete / slow moving stock		15,000	-
	Salaries, wages and benefits	30.3	142,555	114,548
	Transportation		8,291	9,209
	Repair and maintenance		19,744	2,883
	Depreciation	5.4	66,612	51,422
	Material handling		7,390	1,160
	Insurance		4,059	3,492
	Communication		524	476
	Rent, rates and taxes		15,056	414
	Travelling and entertainment		952	664
	Power generation costs		52,736	47,109
	Printing, stationery and office supplies		837	910
	Royalty expense		15,420	9,469
	Product upgradation charges		8,700	-
	Plant security		5,486	4,698
	Product development cost		5,075	-
	Other manufacturing expenses		3,146	1,641
			3,892,247	1,905,707

		2015	2014
30.2	**Raw materials and parts consumed**	----- Rupees in '000 -----	
	Stocks at beginning of the year	331,465	48,727
	Purchases	3,360,061	1,880,241
		3,691,526	1,928,968
	Stocks at end of the year	(249,099)	(331,465)
		3,442,427	1,597,503

30.3 Salaries, wages and benefits include Rs.4,681 million (2014: Rs.3.160 million) and Rs.2.528 million (2014: Rs.2.327 million) in respect of staff retirement gratuity and staff provident fund respectively.

31. DISTRIBUTION COST

	Note	2015	2014
		----- Rupees in '000 -----	
Salaries and benefits	31.1	19,486	13,037
Utilities		289	203
Rent of showroom		12,000	-
Insurance		26	-
Repair and maintenance		475	76
Travelling and entertainment		7,433	2,627
Telephone and postage		125	148
Vehicle running		448	743
Printing, stationery and office supplies		354	287
Security		773	511
Warranty services		13,527	-
Godown and forwarding		443	281
Sales promotion expenses		664	1,129
Others		392	276
		56,435	19,318

31.1 Salaries and benefits include Rs.0.171 million (2014: Rs.0.167 million) and Rs.0.867 million (2014: Rs.0.823 million) in respect of staff retirement gratuity and staff provident fund respectively.

32. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		----- Rupees in '000 -----	
Salaries and benefits	32.1	113,011	86,605
Utilities		4,346	4,887
Rent, rates and taxes		9,697	7,627
Directors' fee		725	450
Insurance		2,530	852
Repairs and maintenance		2,565	1,505
Depreciation and amortisation	5.4 & 6	8,963	3,158
Auditors' remuneration	32.2	600	500
Advertising		463	374
Travelling and conveyance		3,278	3,336
Legal and professional charges		4,655	1,125
Vehicle running		2,926	3,193
Telephone and postage		3,556	3,058
Printing and stationery		4,040	2,773
Subscription		2,400	1,554
Security expenses		1,737	879
Donation	32.3	150	415
Others		3,353	2,274
		168,995	124,565

32.1 Salaries and benefits include Rs.9.167 million (2014: Rs.7.155 million) and Rs.2.064 million (2014: Rs.1.831 million) in respect of staff retirement gratuity and staff provident fund respectively.

32.2 Auditors' remuneration	2015	2014
	----- Rupees in '000 -----	
Audit fee		
Hameed Chaudhri & Co.	300	250
Muniff Ziauddin & Co.	300	250
	600	500

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

33. OTHER INCOME	Note	2015	2014
		----- Rupees in '000 -----	
Income from financial assets			
Interest income	33.1	10,076	2,183
Income from non-financial assets			
Scrap sales - net of sales tax		4,128	3,921
Gain on disposal of operating fixed assets	5.5	1,290	568
Amortization of gain on sale and lease back of fixed assets		4	-
Commission income		6,579	5,254
Others		4,258	769
		16,259	10,512
		26,335	12,695

33.1 Interest at the rates ranged from 6.00% to 8.50% (2014: 7.00% to 9.00%) per annum has been earned during the year on term deposit receipts and deposit accounts.

34. OTHER EXPENSES	Note	2015	2014
		----- Rupees in '000 -----	
Workers' profit participation fund	24.4	42,281	14,484
Workers' welfare fund		16,067	5,504
		58,348	19,988

35. FINANCE COST	Note	2015	2014
Mark-up on:			
- short term finances		35,688	16,920
- running finances		30,885	22,575
Lease finance charges		3,731	653
Exchange loss - net		10,055	5,733
Interest on workers' profit participation fund	24.4	1,631	87
Bank and other charges		4,304	4,250
		86,294	50,218

36. TAXATION	2015	2014
	----- Rupees in '000 -----	
Current		
- for the year	141,103	44,984
- for prior year	-	(64)
	141,103	44,920
Deferred		
- origination and reversal of temporary differences	167,550	46,251
- impact of change in tax rate	(30,243)	4,594
	137,307	50,845
	278,410	95,765

36.1 Relationship between income tax expense and accounting profit	June 30, 2015 Rs in '000
Net profit before taxation	787,277
Tax at the applicable income tax rate of 33%	259,801
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account	43,533
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account	(14,140)
Effect of tax credits	(95,175)
Tax effect of unused tax losses	(70,074)
Tax effect of income subject to final tax regime	(1,831)
Super tax for rehabilitation of temporarily displaced persons	18,989
Deferred taxation	137,307
	278,410

36.1.1 No numeric tax rate reconciliation for the preceding year is given in the financial statements as provision made during the preceding year mainly represents alternate corporate tax payable under section 113C and final tax deducted under section 154 Income Tax Ordinance, 2001 (the Ordinance).

36.2 Section 5A of the Ordinance imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on September 16, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 45) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended June 30, 2015.

	2015	2014
37. EARNINGS PER SHARE		
	----- Rupees in '000 -----	
37.1 Basic earnings per share		
Net profit for the year	508,867	173,930
	-- Number of shares --	
Weighted average ordinary shares in issue	45,002,500	45,002,500
	-------- Rupees --------	
Earnings per share	11.31	3.86

37.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2015			2014		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	----- Rupees in '000 -----					
Managerial remuneration	9,000	3,600	52,761	9,000	3,600	37,351
Contribution to provident fund	456	-	2,154	456	-	1,694
Gratuity	228	-	1,700	228	-	1,263
Utilities	-	-	2,403	-	-	2,645
	9,684	3,600	59,018	9,684	3,600	42,953
Number of persons	1	1	30	1	1	23

38.1 The Chief Executive is also entitled for the use of the Company maintained car, security expenses, telephone expenses and medical expenses at actual. He is also entitled to receive other benefits as per Company policy applicable to all management employees.

38.2 Director and certain Executives of the Company are also provided with free use of the Company maintained vehicles.

38.3 Aggregate amount charged in the financial statements for meeting fee to Directors was Rs.0.725 million (2014: Rs.0.450 million).

39. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, the Subsidiary Company, Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit plan, key management personnel and close members of the families of the directors & key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Name	Nature of transaction	2015	2014
		--- Rupees in '000 ---	
(i) Holding Company			
Bibojee Services (Private) Limited	Rent	**17,400**	5,400
	Dividend	**56,093**	-
(ii) Subsidiary Company			
Ghandhara DF (Private) Limited	Investment made	**40,000**	59,995
	Contract assembly	**4,733**	-
	Sale of truck and parts	**2,187**	-
(iii) Associated Companies			
Universal Insurance Company Limited	Insurance premium	**1,542**	250
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres, tubes and flaps	**73,354**	38,823
	Sale of parts	**-**	59
Ghandhara Industries Limited	Contract assembly	**88,218**	117,257
	Fabrication of vehicles	**6,700**	1,241
	Purchase of vehicle	**2,250**	-
	Expense reimbursement	**180**	-
	Sale of fleet vehicles	**-**	566
Rehman Cotton Mills Limited	Purchase of plant & machinery	**10,000**	-
	Sale of parts	**-**	5
Gammon Pakistan Limited	Office rent	**1,500**	1,500
	Sale of parts	**3**	-
(iv) Others			
UD Trucks Corporation, Japan	Royalty	**14,041**	9,469
	Purchases of complete knock down kits	**2,274,299**	1,469,303
	Dividend	**7,294**	-
Staff provident fund	Contribution made	**5,459**	4,981
Key management personnel	Remuneration and other short term benefits	**32,636**	28,774
	Sale of fleet vehicles	**-**	917

40. PLANT CAPACITY

Against the production capacity of 2,500 trucks and buses on single shift basis, the Company produced 1,922 (2014: 1,246) trucks and buses of UD, Isuzu, DongFeng and Kamaz. The Company has also processed 1,842 (2014: 1,115) Truck cabs through paint shop. Actual production was sufficient to meet the demand.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Company has assembled 446 (2014: 803) vehicles of Land Rover. Due to low demand the plant capacity remained under-utilized.

41. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The board of directors has overall responsibility for the establishment and overview of Company's risk management frame work. The board is also responsible for developing and monitoring the Company's risk management policies.

41.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company.

Credit risk primarily arises from long term loans, long term deposits, trade debts, loans and advances, other receivables, short term investment and bank balances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from. Credit risk on bank balances and margin held with banks is limited as the counter parties are banks with reasonably crediting ratings.

The maximum exposure to credit risk as at June 30, 2015 along with comparative is tabulated below:

	2015	2014
	----- **Rupees in '000** -----	
Long term loans	**6,477**	4,864
Long term deposits	**6,299**	6,299
Trade debts	**345,727**	395,583
Loans and advances	**3,440**	3,679
Deposits and prepayments	**2,727**	-
Other receivables	**30,749**	17,063
Short term investment	**30,092**	38,000
Bank balances	**328,915**	148,618
	754,426	614,106

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

	2015	2014
	----- **Rupees in '000** -----	
Domestic	**345,151**	395,279
Export	**576**	304
	345,727	395,583

The ageing of trade debts at the reporting date is as follows:

Up to 3 months	**294,070**	122,917
3 to 6 months	**49,989**	112,318
more than 6 months	**1,668**	160,348
	345,727	395,583

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due over six months do not require any impairment.

41.2 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
June 30, 2015	------------------	Rupees in '000	------------------	
Liabilities against assets subject to finance lease	57,022	11,387	45,635	-
Long term deposits	9,611	-	-	9,611
Trade and other payables	341,069	341,069	-	-
Accrued mark-up	7,985	7,985	-	-
Short term finances	32,259	32,259	-	-
Running finances under mark-up arrangements	118,802	118,802	-	-
	566,748	511,502	45,635	9,611

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
June 30, 2014	------------------	Rupees in '000	------------------	
Liabilities against assets subject to finance lease	16,662	3,656	13,006	-
Long term deposits	10,611	-	-	10,611
Trade and other payables	455,751	455,751	-	-
Accrued mark-up	5,178	5,178	-	-
Short term finances	448,861	448,861	-	-
Running finances under mark-up arrangements	54,380	54,380	-	-
	991,443	967,826	13,006	10,611

41.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

(a) **Currency risk**

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on import of raw materials, stores & spares and commission income denominated in U.S. Dollar, Japanese Yen and Chinese Yuan Renminbi (RMB). The Company's exposure to foreign currency risk at the reporting date is as follows:

	Rupees	Yen	U.S.$	RMB
June 30, 2015	---- in '000 ----			
Trade and other payables	**123,414**	**123,547**	**140**	**471**
Trade debts	**(576)**	**-**	**(6)**	**-**
Net exposure	**122,838**	**123,547**	**134**	**471**

	Rupees	Yen	U.S.$	RMB
June 30, 2014	---- in '000 ----			
Trade and other payables	227,346	188,049	-	4,113
Trade debts	(304)	-	(3)	-
Net exposure	227,042	188,049	(3)	4,113

The following significant exchange rates have been applied:

	Reporting date rate	
	2015	2014
Yen to Rupee	**0.8213**	0.9748
U.S. $ to Rupee	**101.70 / 101.50**	98.55
RMB to Rupees	**16.39**	15.91

Sensitivity analysis

At June 30, 2015, if Rupee had strengthened by 5% against Yen, Dollar and RMB with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain on translation of net financial liabilities.

	2015	2014
Effect on profit for the year	----- **Rupees in '000** -----	
Yen to Rupee	**5,073**	9,166
U.S. $ to Rupee	**681**	(15)
RMB to Rupee	**386**	3,272
	6,140	12,423

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Company arises from short term borrowings from banks, short term investment and balances held with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2015	2014
Financial asset - fixed rate instruments	----- **Rupees in '000** -----	
Short term investment	**30,000**	38,000
Bank balances	**246,917**	64,298
	276,917	102,298
Financial Liabilities - variable rate instruments		
Liabilities against assets subject to finance lease	**57,022**	16,662
Short term finances	**32,259**	448,861
Running finances under mark-up arrangements	**118,802**	54,380
	208,083	519,903

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumed that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

	Increase	(Decrease)
Cash flow sensitivity - variable rate financial liabilities	--- Rupees in '000 ---	
As at June 30, 2015	**2,081**	**(2,081)**
As at June 30, 2014	5,199	(5,199)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

(c) **Price risk**

Price risk is the risk that fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At June 30, 2015 / 2014 the Company did not have any financial instruments dependent on market prices.

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

At June 30, 2015 / 2014 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for staff loans which are valued at their original cost less repayments.

42. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

43. NUMBER OF EMPLOYEES	**2015**	2014
Number of employees as at June 30,		
- Permanent	**226**	227
- Contractual	**302**	231
Average number of employees during the year		
- Permanent	**221**	226
- Contractual	**277**	230

44. DISCLOSURE RELATING TO PROVIDENT FUND

44.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2015:

	2015	2014
	--- Rupees in '000 ---	
Size of the Fund - total assets	73,177	63,621
Cost of investments made	68,221	60,050
Percentage of investments made	93.23%	94.39%
Fair value of investments	78,999	69,641

44.2 **Break-up of the investments is as follows:**

	2015	2014	2015	2014
	----- Percentage -----		--- Rupees in '000 ---	
Bank deposits	1.67	1.74	1,219	1,105
Government securities	76.25	78.94	55,796	50,220
National Investment Trust - units	15.31	13.71	11,206	8,725

44.3 Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

45. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 16, 2015 have proposed final cash dividend of Rs.4.5 (2014: Rs.2.00) per share, amounting to Rs.202.511 million (2014: Rs.90.005 million), for the year ended June 30, 2015. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 22nd, 2015.

These financial statements do not reflect the proposed dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2016.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 16, 2015 by the Board of Directors of the Company.

47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

Karachi: 16th September, 2015

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulation No. 5.19 of the Rule Book of Karachi Stock Exchange Limited and Regulation No. 35 of Chapter XI of the listing regulations of Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes:

Category	Names
Executive Directors (2)	Mr. Ahmed Kuli Khan Khattak
	Mr. Jamil A. Shah
Non Executive Directors (6)	Mr. Raza Kuli Khan Khattak
	Lt. Gen. (Retd.) Ali Kuli Khan Khattak
	Mr. Mushtaq Ahmed Khan (FCA)
	Ch. Sher Muhammad
	Syed Haroon Rashid
	Mr. Larbi Hbil
Independent Director (1)	Mr. Mohammad Zia

2 None of the Directors is serving on the Board of more than seven listed companies.

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 Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4 No casual vacancy has occurred during the period under the review.

5 The Company has prepared a code of conduct and have ensured that appropriate steps have been taken to disseminate it throughout the Company along with the supporting policies and procedures.

6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7 All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors have been taken by the Board/Shareholders.

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

9 All directors of the Company have more than 14 years of education and 15 years of experience on the board of directors of listed companies.

10 The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

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

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

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

15 The Board has formed an Audit Committee. It comprises of four members. Three of them are non-executive directors and Chairman of the Committee is Independent Director.

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

17 The Board has formed a Human Resource and Remuneration Committee. It comprises of five members of whom three are non-executive directors including the Chairman of the Committee.

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

19 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by the ICAP.

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

21 The 'Closed Period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23 We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer
Karachi; 16th September 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ghandhara Nissan Limited** (the Company) for the year ended June 30, 2015 to comply with the Code contained in regulation No.5.19 of the Rule Book of Karachi Stock Exchange Limited and regulation No.35 of Chapter XI of the Listing Regulations of the Islamabad Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Muhammad Ali
Karachi; 16th September 2015

MUNIFF ZIAUDDIN & CO.,
CHARTERED ACCOUNTANTS
Muhammad Moin Khan
Karachi; 16th September 2015

Key Operating and Financial Data

(Rs. In '000')

Particulars	Jun-15	Jun-14	Jun-13(Restated)	Jun-12	Jun-11	Jun-10	Jun-09
Sales	**5,445,392**	**2,619,910**	**1,852,238**	**1,388,002**	**2,650,068**	**2,402,617**	**2,053,959**
Gross profit / (Loss)	1,131,014	471,089	225,800	130,578	252,273	119,379	5,328
Profit/(Loss) before tax	787,277	269,695	17,693	(97,683)	(15,493)	(123,607)	(484,724)
Profit/(Loss) after tax	508,867	173,930	10,234	(85,968)	7,097	(88,893)	(312,159)
Share Capital	450,025	450,025	450,025	450,025	450,025	450,025	450,025
Shareholders equity	1,274,111	824,400	631,844	599,018	662,792	633,201	698,250
Fixed Assets - Net	1,749,285	1,764,038	1,326,266	1,382,880	1,441,626	1,496,609	1,535,112
Total Assets	3,571,264	3,434,954	2,217,550	2,740,106	3,096,033	3,360,482	3,392,096
Unit Produced and Supplied (Contract Assembly)	1,527	1,628	1,568	1,379	1,326	1,705	2,020
Units Produced	852	384	214	236	469	659	801
Units Sold (CBU)	87	52	9	12	7	8	100
Units Sold (CKD)	856	380	226	230	602	766	706
Dividend - Cash	45%	20%	-	-	-	-	-
Ratios							
Profitability							
Gross profit margin	20.8%	18.0%	12.2%	9.4%	9.52%	4.97%	0.26%
Profit/(Loss) before tax	14.5%	10.3%	1.0%	(7.04%)	0.58%	5.14%	(24%)
Profit/(Loss) after tax	9.3%	6.6%	0.6%	(6.19%)	0.27%	3.70%	(15%)
Return to shareholders:							
Return/(Loss) on Equity (BT)	61.8%	32.7%	2.8%	(16.31%)	(2.34%)	(19.52%)	(69.37%)
Return/(Loss) on Equity (AT)	39.9%	21.1%	1.6%	(14.35%)	1.07%	(14.04%)	(44.70%)
Earning/(Loss) per share (BT)-Rs.	17.49	5.99	0.39	(0.002)	0.34	(2.75)	(10.76)
Earning/(Loss) per share (AT)- Rs.	11.31	3.86	0.23	(1.91)	0.16	(1.98)	(6.94)
Basic Earning Per Share	11.31	3.86	0.23	(1.91)	0.16	(1.98)	(6.94)
Activity:							
Sales to total assets - Times	1.52	0.76	0.84	0.51	0.86	0.71	0.61
Sales to fixed assets -Times	3.11	1.49	1.40	1.00	1.84	1.61	1.34
Liquidity:							
Current ratio -Times	1.97	1.18	1.02	0.95	1.04	1.09	1.06
Break-up value per share- Rs.	12.10	5.82	4.12	13.31	14.73	14.07	15.52

Pattern of Shareholding
As at 30th June 2015

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
722	1	100	23,629	0.0525
1,227	101	500	546,152	1.2136
509	501	1,000	484,829	1.0773
724	1,001	5,000	1,971,649	4.3812
164	5,001	10,000	1,270,723	2.8237
33	10,001	15,000	436,565	0.9701
33	15,001	20,000	613,870	1.3641
16	20,001	25,000	361,948	0.8043
10	25,001	30,000	283,277	0.6295
5	30,001	35,000	168,000	0.3733
4	35,001	40,000	148,000	0.3289
2	40,001	45,000	81,500	0.1811
10	45,001	50,000	499,000	1.1088
2	50,001	55,000	107,000	0.2378
1	55,001	60,000	173,584	0.3857
4	60,001	65,000	252,624	0.5614
3	65,001	70,000	66,500	0.1478
1	70,001	75,000	75,000	0.1667
2	75,001	80,000	153,501	0.3411
1	80,001	85,000	81,000	0.1800
3	85,001	90,000	264,500	0.5877
5	95,001	100,000	496,500	1.1033
1	100,001	105,000	102,500	0.2278
2	120,001	125,000	246,000	0.5466
1	130,001	135,000	130,500	0.2900
1	195,001	200,000	200,000	0.4444
1	245,001	250,000	245,813	0.5462
1	300,001	305,000	302,000	0.6711
1	370,001	375,000	370,500	0.8233
1	385,001	390,000	387,500	0.8611
1	665,001	670,000	666,600	1.4813
1	745,001	750,000	748,500	1.6632
1	1,355,001	1,360,000	1,359,711	3.0214
1	3,645,001	3,650,000	3,647,090	8.1042
1	5,115,001	5,120,000	5,119,820	11.3768
	22,915,001	22,920,000	22,916,597	50.9230
3,495			**45,002,482**	**100**

Categories of Shareholders
As at 30th June 2015

Particulars	Shareholders	Shareholding	Percentage
Directors, CEO & Children	8	202,021	0.4500
Associates Companies	2	31,693,507	70.4250
NIT & ICP	2	1,365,461	3.0342
Banks, DFI & NBFI	2	68,260	0.1517
Insurance Companies	5	818,300	1.8183
Modarabas & Mutual Funds	11	860,312	1.9117
General Public (Local)	3,227	8,611,147	19.1337
General Public (Foreign)	201	267,685	0.5948
Others	37	1,115,789	2.4794
	3,495	**45,002,482**	**100**

Shareholding Information
As at 30th June 2015

Categories	No. of Shares Held
Associated Companies, Undertakings & Related Parties	
Bibojee Services (Pvt.) Ltd.	28,046,417
UD Trucks Corporation Japan	3,647,090
(Formerly Nissan Diesel Motor Co. Ltd. - Japan)	
NIT & ICP	
CDC - Trustee National Investment (unit) Trust	1,359,711
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. Mushtaq Ahmed Khan	3,805
Mr. Muhammad Zia	512
Choudhry Sher Mohammad	4,000
Mr. Jamil Ahmed Shah	1,000
Mr. Larbi Hbil.	500

Banks, Development Financial Institutions & Non-Banking Financial Institutions	
National Bank of Pakistan	1,760
MCB Bank Limited - Treasury	66,500
Insurance Companies	
Gulf Insurance Company Limited	17,800
EFU General Insurance Limited	50,000
EFU Life Assurance Ltd	748,500
Pak Qatar Family Takaful Limited	2,000
Modarabas & Mutual Funds	
The Pakistan Fund	5,312
CDC - Trustee NAFA Stock Fund	302,000
CDC - Trustee NAFA Multi Asset Fund	35,500
CDC - Trustee NAFA Islamic Asset Allocation Fund	130,500
Pak Asian Fund Limited	2,000
CDC - Trustee NAFA Asset Allocation Fund	64,000
CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	40,500
CDC - Trustee NAFA Islamic Pension Fund Equity Account	17,000
CDC - Trustee NAFA Islamic Principal Protected Fund - I	96,500
CDC - Trustee NAFA Islamic Principal Protected Fund - II	88,500
CDC - Trustee NAFA Islamic Stock Fund	78,500
Others	9,994,621
	45,002,482

Shareholders holding 10% or more Voting interest in the Company

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

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DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited for the year ended 30th June 2015.

The Company has annexed consolidated financial statements alongwith its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

Ghandhara DF (Pvt.) Limited

Ghandhara DF (Pvt.) Limited (GDFPL) has started commercial production. Keeping in view the encouraging response from the market coupled with fact that Volvo holds 45% shares of Dongfeng Commercial Vehicles Limited (DFCV), we anticipate improvements in product quality. Dongfeng vehicles therefore will yield substantial revenues to your company in days ahead.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi; 16th September 2015

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Ghandhara Nissan Limited** (GNL) and its subsidiary company, Ghandhara DF (Private) Limited as at June 30, 2015 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of GNL. The financial statements of the subsidiary company was audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. These financial statements are the responsibility of GNL's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of GNL and its subsidiary company as at June 30, 2015 and the results of their operations for the year then ended.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Muhammad Ali
Karachi; 16th September 2015

MUNIFF ZIAUDDIN & CO.,
CHARTERED ACCOUNTANTS
Muhammad Moin Khan
Karachi; 16th September 2015

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015	2014
ASSETS		---- Rupees in '000 ----	
Non current assets			
Property, plant and equipment	5	1,762,699	1,770,743
Intangible assets	6	88	118
Long term investments	7	508,761	490,236
Long term loans	8	6,477	4,864
Long term deposits	9	16,633	8,031
		2,294,658	2,273,992
Current assets			
Stores, spares and loose tools	10	50,174	44,055
Stock-in-trade	11	878,968	717,386
Trade debts	12	375,973	395,583
Loans and advances	13	40,405	25,704
Deposits and prepayments	14	41,845	15,721
Other receivables	15	54,284	53,591
Short term investment	16	30,092	38,109
Taxation - net		131,658	97,031
Cash and bank balances	17	351,724	171,442
		1,955,123	1,558,622
Total assets		4,249,781	3,832,614
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	450,025	450,025
Share premium		40,000	40,000
Item credited directly in equity by an Associate		64,158	62,354
Unappropriated profit		790,961	312,540
Equity attributable to shareholders of the Holding Company		1,345,144	864,919
Non-controlling interest		6	5
Total equity		1,345,150	864,924
Surplus on revaluation of fixed assets	19	1,403,086	1,410,783
Liabilities			
Non current liabilities			
Liabilities against assets subject to finance lease	20	45,635	13,006
Long term deposits	21	9,611	10,611
Deferred liabilities	22	111,969	94,795
Deferred taxation	23	269,262	158,039
		436,477	276,451
Current liabilities			
Trade and other payables	24	894,635	768,381
Accrued mark-up	25	7,985	5,178
Short term finances	26	32,259	448,861
Running finances under mark-up arrangements	27	118,802	54,380
Current portion of liabilities against assets subject to finance lease	20	11,387	3,656
		1,065,068	1,280,456
Total liabilities		1,501,545	1,556,907
Contingencies and commitments	28		
Total equity and liabilities		4,249,781	3,832,614

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		---- Rupees in '000 ----	
Revenue	29	5,596,436	2,619,910
Cost of sales	30	(4,448,751)	(2,148,821)
Gross profit		1,147,685	471,089
Distribution cost	31	(56,819)	(19,318)
Administrative expenses	32	(170,035)	(125,053)
Other income	33	27,240	12,695
Other expenses	34	(58,348)	(19,988)
Profit from operations		889,723	319,425
Finance cost	35	(87,482)	(50,218)
		802,241	269,207
Share of profit of an Associated Company		18,525	11,694
Profit before taxation		820,766	280,901
Taxation	36	(283,188)	(95,765)
Profit after taxation		537,578	185,136
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on re-measurement of staff retirement benefit obligation		(2,061)	(3,636)
Impact of deferred tax		660	1,200
		(1,401)	(2,436)
Total comprehensive income		536,177	182,700
Attributable to:			
- Shareholders of the Holding Company		536,176	182,701
- Non-controlling interest		1	(1)
		536,177	182,700
		-------- Rupees --------	
Earnings per share - basic and diluted	37	11.95	4.11

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmed Kuli Khan Khattak **Chief Executive**	Ch. Sher Muhammad **Director**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	820,766	280,901
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	78,094	54,580
Interest income	(10,727)	(2,183)
Finance cost	71,935	40,235
Gain on disposal of property, plant and equipment	(1,290)	(568)
Exchange loss	11,202	5,733
Share of profit of an Associated Company	(18,525)	(11,694)
Provision for gratuity and compensated absences	20,027	10,482
Amortization of gain on sale and lease back of fixed assets	(4)	-
Operating profit before working capital changes	971,478	377,486
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(6,119)	(11,787)
Stock-in-trade	(161,582)	(421,916)
Trade debts	19,610	(90,400)
Loans and advances	(14,701)	(8,490)
Deposits and prepayments	(26,124)	(1,048)
Other receivables	1,498	(28,107)
	(187,418)	(561,748)
Increase in trade and other payables	125,083	320,655
Cash generated from operations	909,143	136,393
Gratuity and compensated absences paid	(4,930)	(8,079)
Long term loans - net	(1,613)	(3,641)
Long term deposits - net	(1,000)	-
Finance cost paid	(80,330)	(48,833)
Taxes paid	(179,575)	(93,321)
Net cash generated from / (used in) operating activities	641,695	(17,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,745)	(14,563)
Proceeds from disposal of property, plant and equipment	5,812	1,483
Interest income received	8,536	1,450
Short term investment - net	8,017	(38,109)
Long term deposits - net	(8,602)	(1,322)
Net cash used in investing activities	(12,982)	(51,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares subscribed by directors of the Subsidiary Company	-	5
Lease finances - net	(7,417)	(1,779)
Short term finances - net	(416,602)	314,269
Running finances - net	64,422	(125,039)
Dividend paid	(88,834)	-
Net cash (used in) / generated from financing activities	(448,431)	187,456
Net increase in cash and cash equivalents	180,282	118,914
Cash and cash equivalents - at beginning of the year	171,442	52,528
Cash and cash equivalents - at end of the year	351,724	171,442

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Share premium	Item credited directly in equity by an Associate	Unappro-priated profit	Total	Non-controlling interest
	Rupees in '000					
Balance as at July 1, 2013	450,025	40,000	61,116	109,777	660,918	-
Transactions with owners						
Non-controlling interest arising on business combination	-	-	-	-	-	6
Total comprehensive income for the year ended June 30, 2014						
Profit / (loss) for the year	-	-	-	185,137	185,137	(1)
Other comprehensive loss	-	-	-	(2,436)	(2,436)	-
	-	-	-	182,701	182,701	(1)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	-	20,062	20,062	-
Effect of item directly credited in equity by an Associated Company	-	-	1,238	-	1,238	-
Balance as at June 30, 2014	450,025	40,000	62,354	312,540	864,919	5
Transaction with owners						
Final dividend for the year ended June 30, 2014 at the rate of Rs.2.00 per share	-	-	-	(90,005)	(90,005)	-
Total comprehensive income for the year ended June 30, 2015						
Profit for the year	-	-	-	537,577	537,577	1
Other comprehensive loss	-	-	-	(1,401)	(1,401)	-
	-	-	-	536,176	536,176	1
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	-	32,250	32,250	-
Effect of item directly credited in equity by an Associated Company	-	-	1,804	-	1,804	-
Balance as at June 30, 2015	450,025	40,000	64,158	790,961	1,345,144	6

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Ch. Sher Muhammad
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Ghandhara Nissan Limited (the Holding Company) and Ghandhara DF (Private) Limited (the Subsidiary Company).

1.2 Ghandhara Nissan Limited

Ghandhara Nissan Limited (the Holding 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 Holding Company is situated at Ghandhara House, 109/2 Clifton, Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Holding Company's shares are listed on Karachi and Islamabad Stock Exchanges.

The principal business of the Holding Company is assembly / progressive manufacturing of Nissan passenger Cars, UD Trucks and Buses, import and marketing of Nissan vehicles, import and sale of DongFeng Complete Built-up Trucks and assembly of other vehicles under contract agreement.

1.3 Ghandhara DF (Private) Limited

Ghandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at Ghandhara House, 109/2 Clifton, Karachi. It has outsourced assembly of the vehicles to the Holding Company.

The Subsidiary Company has cooperation agreement with DongFeng Commercial Vehicles Limited dated December 11, 2013 as well as 'Motor Vehicles & Related Products Distribution' agreements with Wuhan DongFeng Foreign Trade Company Limited (a subsidiary company of DongFeng Automobile Company Limited) dated January 24, 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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 Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Principle of consolidation

These consolidated financial statements of the Group include the financial statements of Holding Company and of its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at June 30, 2015 and June 30, 2014.

Consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its Subsidiary, offset (eliminate) the carrying amount of the Holding Company's investment in Subsidiary and the Holding Company's portion of equity of Subsidiary and eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group.

Non-controlling interest is equity in the Subsidiary Company not attributable, directly or indirectly, to the Holding Company.

2.3 **Functional and presentation currency**

These consolidated financial statements are presented in Pakistan Rupees which is the functional currency of the Group and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.4 **Changes in accounting standards and interpretations**

2.4.1 **Standards, interpretations and amendments to published approved accounting standards that are effective**

There are new and amended standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 but are considered not to be relevant or do not have any significant effect on the consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.4.2 **Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning July 1, 2015:

(a) IFRS 13 'Fair Value Measurement', (effective for annual periods beginning on or after January 1, 2015) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is yet to assess the full impact of the standard, however, initial indication is that it is unlikely that standard will have any significant impact on the Group's financial statements.

(b) Amendments to IAS 38, 'Intangible Assets' and IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These amendments do not have any impact on the Group's financial statements.

(c) Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non Current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments: Disclosures', IAS 19 'Employee Benefits', and IAS 34, 'Interim Financial Reporting'. These amendments do not have any impact on the Group's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts and certain staff retirement benefit which has been recognized at present value as determined by the Actuary.

3.2 The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's financial statements or where judgement was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets (notes 4.1 and 4.2)

(ii) Stock-in-trade (note 4.5)

(iii) Provision for staff benefits (note 4.10)

(iv) Provision for warranty (note 4.12)

(v) Provision for taxation (note 4.14)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These polices have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Owned assets

Operating fixed assets except for freehold land, building on freehold land and plant & machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount and building on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of operating fixed assets is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on all items of operating fixed assets other than freehold land is charged to income applying the reducing balance method at the rates stated in note 5.1. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amounts of assets and are included in the profit and loss account.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of fixed assets is credited to the surplus on revaluation of fixed assets account.

Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.

Impairment

The Group assesses at each reporting 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 carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

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

Subsequent expenditure

Expenditure which enhance or extend the performance of computer software programs beyond their original specifications are recognised as capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the reducing balance method at the rate stated in note 6.

4.3 Investments

4.3.1 Investments in Associated Company

Entities in which the Group has significant influence but not control and which are neither its subsidiaries nor joint ventures are Associates and are accounted for by using equity method of accounting.

This investment is initially recognised at cost, thereafter the carrying amount is increased or decreased to recognise the Group's share of profit or loss of an Associate. Share of post acquisition profit and loss of an Associate is accounted in the Group's profit and loss account. Distribution received from investee reduces the carrying amount of investment. The changes in Associate's equity which are not to be recognised in the Associate's profit and loss account, are recognised directly in the equity of the Group.

4.3.2 Held to maturity

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

Subsequent to initial recognition held to maturity investments are carried at amortised cost using the effective interest method. Interest on held to maturity investments is calculated using the effective interest method and is recognised in the profit and loss account.

4.3.3 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. Subsequent to initial recognition at cost, these are re-measured at fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

4.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at the cost which is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

4.5 Stock-in-trade

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

Stock category	Valuation method
Complete Knock Down Kits	Specific cost identification
Complete Built-up Units	Specific cost identification
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 manufacturing overheads.
Stock-in-transit	At invoice price plus all charges paid thereon upto the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently carried at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities outstanding for more than 12 months as at the reporting date, in which case, they are classified as non-current assets.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

4.9 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.10 Staff benefits - The Holding Company

4.10.1 Defined benefit plan

The Holding Company operates unfunded gratuity scheme which defines the amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the scheme. The amount of retirement benefit is usually dependent on one or more factors such as age, years of service and salary. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 on the basis of the projected unit credit method by an independent Actuary. The liability recognised in the consolidated balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period.

The amount arising as a result of re-measurement is recognised in the consolidated balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.10.2 Defined contribution plan

The Holding Company operates defined contribution plan (i.e. recognised provident fund scheme) for all its permanent employees. The Holding Company and its 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.

4.10.3 Employees compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

4.11 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed.

4.12 Warranty obligations

The Group recognises the estimated liability, on an accrual basis, to repair parts of trucks under warranty at the reporting date, and recognises the estimated product warranty costs in profit and loss account when the sale is recognised.

4.13 Product development cost

Product development cost is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

4.14 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of the taxable profit.

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.15 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the consolidated profit and loss account for the year.

Financial instruments carried on the consolidated balance sheet includes long term loans, long term deposits, trade debts, loans & advances, short term deposits, short term investment, other receivables, cash & bank balances, liabilities against assets subject to finance lease, long term deposits, trade and other payables, accrued mark-up, short term finances and running finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

4.17 Provisions, contingent assets and contingent liabilities

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

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

4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, sales returns and commission. Revenue from different sources is recognised on the following basis:

Trading

- Vehicles are treated as sold when invoiced and delivered. Commission income is recognised on the basis of shipment.

- Spare part sales are recorded on the basis of dispatches made to the customers.

Manufacturing

- Vehicles are treated as sold when invoiced and dispatched to customers.

Other

- Return on bank deposits is accounted for on accrual basis.

4.19 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 charged to income in the period in which they are incurred.

4.20 Foreign currency translation

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

4.21 Impairment loss

The carrying amounts of the Group's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the consolidated profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.22 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Group considers itself to be a single reportable segment.

4.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

4.24 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		----- Rupees in '000 -----	
Operating fixed assets	5.1	1,762,699	1,759,365
Capital work-in-progress		-	11,378
		1,762,699	1,770,743

5.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Assembly jigs	Furniture and fixtures	Vehicles Owned	Vehicles Leased	Other equipment	Office equipment	Computers	Total
	------	------	------	------	------	------	Rupees in '000	------	------	------	------	------
At July 1, 2013												
Revaluation / cost	373,500	15,000	517,468	595,190	44,959	3,146	67,329	4,301	8,916	5,047	10,047	1,644,883
Accumulated depreciation	-	(8,543)	(95,722)	(109,324)	(41,468)	(2,413)	(37,768)	(1,463)	(8,255)	(4,658)	(9,161)	(318,775)
Net book value	373,500	6,457	421,746	485,866	3,491	733	29,561	2,838	661	389	886	1,326,108
Year ended June 30, 2014												
Opening net book value	373,500	6,457	421,746	485,866	3,491	733	29,561	2,838	661	389	886	1,326,108
Additions	-	-	-	-	-	-	2,214	17,181	272	483	217	20,367
Revaluation adjustments												
- cost	125,438	-	158,415	4,292	-	-	-	-	-	-	-	288,145
- accumulated depreciation	-	-	116,809	63,067	324	-	-	-	-	-	-	180,200
	125,438	-	275,224	67,359	324	-	-	-	-	-	-	468,345
Disposals												
- cost	-	-	-	-	-	-	(3,088)	-	-	-	-	(3,088)
- accumulated depreciation	-	-	-	-	-	-	2,173	-	-	-	-	2,173
	-	-	-	-	-	-	(915)	-	-	-	-	(915)
Depreciation charge	-	(646)	(21,087)	(24,293)	(698)	(73)	(6,104)	(850)	(234)	(252)	(303)	(54,540)
Closing net book value	498,938	5,811	675,883	528,932	3,117	660	24,756	19,149	699	620	800	1,759,365
At June 30, 2014												
Revaluation / cost	498,938	15,000	675,883	599,482	44,959	3,146	66,455	21,462	9,188	5,530	10,264	1,950,307
Accumulated depreciation	-	(9,189)	-	(70,550)	(41,842)	(2,486)	(41,699)	(2,313)	(8,489)	(4,910)	(9,464)	(190,942)
Net book value	498,938	5,811	675,883	528,932	3,117	660	24,756	19,149	699	620	800	1,759,365
Year ended June 30, 2015												
Opening net book value	498,938	5,811	675,883	528,932	3,117	660	24,756	19,149	699	620	800	1,759,365
Additions	-	-	-	11,720	15,358	-	8,982	46,738	159	755	1,149	84,861
Disposals												
- cost	-	-	-	-	-	-	(10,019)	-	-	-	-	(10,019)
- accumulated depreciation	-	-	-	-	-	-	6,556	-	-	-	-	6,556
	-	-	-	-	-	-	(3,463)	-	-	-	-	(3,463)
Transfer from leased to owned												
- cost	-	-	-	-	-	-	5,442	(5,442)	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	(2,487)	2,487	-	-	-	-
	-	-	-	-	-	-	2,955	(2,955)	-	-	-	-
Transfer from owned to leased												
- cost	-	-	-	-	-	-	(1,039)	1,039	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(1,039)	1,039	-	-	-	-
Depreciation charge	-	(581)	(33,794)	(26,495)	(3,087)	(66)	(6,415)	(6,626)	(252)	(370)	(378)	(78,064)
Closing net book value	498,938	5,230	642,089	514,157	15,388	594	25,776	57,345	606	1,005	1,571	1,762,699
At June 30, 2015												
Revaluation / cost	498,938	15,000	675,883	611,202	60,317	3,146	69,821	63,797	9,347	6,285	11,413	2,025,149
Accumulated depreciation	-	(9,770)	(33,794)	(97,045)	(44,929)	(2,552)	(44,045)	(6,452)	(8,741)	(5,280)	(9,842)	(262,450)
Net book value	498,938	5,230	642,089	514,157	15,388	594	25,776	57,345	606	1,005	1,571	1,762,699
Depreciation rate (% per annum)	-	10	5	5	20	10	20	20	33	33	33	

5.2 Freehold land, buildings on freehold land and plant & machinery of the Holding Company had previously been revalued on June 30, 1997, June 30, 1999, January 1, 2004 and June 30, 2009.

The Holding Company as on June 30, 2014 again revalued its freehold land, buildings on freehold land, plant & machinery and assembly jigs. The revaluation exercise was carried out by independent valuer - Harvester Services (Pvt.) Ltd., (Approved valuers of Pakistan Banks' Association and Leasing Association of Pakistan) I. I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market price whereas buildings on freehold land, plant & machinery and assembly jigs were revalued on the basis of depreciated market value. The appraisal surplus arisen on latest revaluation exercise aggregating Rs.468.3[illegible]5 million has been incorporated in the books in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

5.3 Had the operating fixed assets been recognised under the cost model, the carrying amount of each revalued class of operating fixed assets would have been as follows:

	Note	2015	2014
		----- Rupees in '000 -----	
Freehold land		61,456	61,456
Buildings on freehold land		121,299	127,683
Plant and machinery		140,297	135,395
Assembly Jigs		3,535	2,793

5.4 Depreciation charge has been allocated as follows:

	Note	2015	2014
Cost of goods manufactured	30.1	69,131	51,422
Administrative expenses	32	8,933	3,118
		78,064	54,540

5.5 The details of operating fixed assets disposed-off are as follows:

Particular of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particular of buyers
	------------------- Rupees in '000 -------------------						
Vehicles							
Suzuki Alto	510	379	131	65	(66)	Group policy	Mr. Arshad Minhas (employee)
Suzuki Mehran	485	284	201	96	(105)	Group policy	Mr. Qasim (ex-employee)
Suzuki Mehran	485	284	201	96	(105)	Group policy	Mr. Babar Hussain (employee)
Suzuki Mehran	490	298	192	97	(95)	Group policy	Mr. Khalid Ismail Khan (employee)
Nissan Sunny	1,125	988	137	693	556	Negotiation	Mr. Shafqat Ali, Lahore
Nissan Sunny	1,045	854	191	693	502	Negotiation	Mr. Safdar Ali, Karachi
Nissan Sunny	960	875	85	100	15	Negotiation	Mr. Malik Ghulam Yaseen, Bakhar
Honda Citi	1,200	446	754	908	154	Group policy	Mr. Hassan Ahmed Tariq (ex-employee)
Suzuki Bolan	590	589	1	410	409	Negotiation	Mr. Arshad, Malir, Karachi
Suzuki Bolan	604	321	283	440	157	Insurance claim	EFU General Insurance Limited, Karachi
Suzuki Cultus	896	534	362	179	(183)	Group policy	Mr. Muhammad Aamir (employee)
Chevrolet	590	516	74	60	(14)	Group policy	Mr. Muhammad Asif (employee)
Suzuki Cultus	1,039	188	851	916	65	Group policy	Mr. Zaheer-ud-din (employee)
June 30, 2015	**10,019**	**6,556**	**3,463**	**4,753**	**1,290**		
June 30, 2014	3,088	2,173	915	1,483	568		

5.6 The Holding Company's present and future land, buildings on freehold land and plant & machinery are under mortgaged / hypothecated charged upto Rs.1,647 million (2014: Rs.1,647 million) with banks for short term finance facilities.

	Note	2015	2014
5.7 Capital work-in-progress		----- Rupees in '000 -----	
Machinery		-	6,705
Advance payments against vehicles		-	4,673
		-	11,378

6. INTANGIBLE ASSETS

These represent computer software licenses.

	Note	2015	2014
Cost		500	500
Accumulated amortisation			
At beginning of the year		382	342
Add: charge for the year	32	30	40
At end of the year		412	382
Net book value		88	118
Rate of amortisation (% - per annum)		25	25

7. LONG TERM INVESTMENTS

	2015	2014
Associated Company		
Ghandhara Industries Limited - Equity basis		
5,166,168 (2014: 5,166,168) ordinary shares of Rs.10 each Equity held: 24.25% (2014: 24.25%)		
Cost	92,635	92,635
Share of post acquisition profit / (losses)	12,676	(5,849)
	105,311	86,786
Share of items directly credited in the equity of Associated Company	64,158	62,354
Share of surplus on revaluation of fixed assets of Associated Company	354,791	356,595
Dividend received to date	(15,499)	(15,499)
	508,761	490,236
Others - available for sale		
Automotive Testing & Training Center (Private) Limited		
187,500 (2014: 187,500) ordinary shares of Rs.10 each - **cost**	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	-	-
	508,761	490,236

7.1 The above figures are based on unaudited condensed interim financial information of the investee company as at March 31, 2014. The latest financial statements of the investee company as at June 30, 2015 are not presently available.

7.2 Summarised financial information of the investee company as at March 31, 2015 is as follows:

	As at March 31, 2015	As at March 31, 2014
	--- Rupees in '000 ---	
Total assets	3,493,133	4,020,286
Total liabilities	1,405,990	2,011,546
Accumulated profit	204,648	120,817

	Nine months period ended March 31, 2015	March 31, 2014
	--- Rupees in '000 ---	
Revenues	1,987,005	1,657,921
Profit before taxation	87,361	9,807
Profit after taxation	66,932	13,170

7.3 The market value of investment as at June 30, 2015 was Rs.367.986 million (2014: Rs.173.945 million).

8. **LONG TERM LOANS** - Unsecured considered good

	Note	2015	2014
		----- Rupees in '000 -----	
Loans to employees - other than executive	8.1	7,957	6,258
Amounts recoverable within one year and grouped under current assets		(1,480)	(1,394)
		6,477	4,864

8.1 These represent interest free loans provided to employees as per terms of employment for various purposes. These loans are repayable on monthly instalments, which varies from case to case.

9. **LONG TERM DEPOSITS** - Unsecured considered good

	2015	2014
	----- Rupees in '000 -----	
Deposits held with / against:		
- Central Depository Company of Pakistan Limited	25	25
- lease facilities	10,334	1,732
- utilities	6,174	6,174
- others	100	100
	16,633	8,031

10. **STORES, SPARES AND LOOSE TOOLS**

	2015	2014
Stores	50,059	43,940
Spares and loose tools	115	115
	50,174	44,055

11. STOCK-IN-TRADE

	Note	2015	2014
		----- Rupees in '000 -----	
Raw materials			
- In hand		364,145	355,455
- In transit		371,509	302,388
		735,654	657,843
Finished goods			
- In hand			
Vehicles - Trucks / Buses		46,872	15,693
Spare parts		47,924	12,246
- Held with third parties			
Vehicles - Trucks		49,218	-
- In transit			
Complete Built-up Units - Trucks		14,300	31,604
		158,314	59,543
Less: provision for obsolete / slow moving stock		(15,000)	-
		143,314	59,543
		878,968	717,386

11.1 The present and future stock-in-trade, trade debts and receivables aggregating Rs.1,715 million (2014: Rs.1,715 million) of the Holding Company are under pledge / joint hypothecation charge with banks against short term finances and running finances.

12. TRADE DEBTS - Unsecured considered good

	Note	2015	2014
		----- Rupees in '000 -----	
Vehicles and assembly charges	12.1	373,543	393,093
Spare parts		2,430	2,490
		375,973	395,583

12.1 **Trade debts include the following amounts due from related parties:**

	2015	2014
Ghandhara Industries Limited	34,413	91,117
Gammon Pakistan Limited	3	-
Rehman Cotton Mills Limited	-	5
	34,416	91,122

12.2 The ageing of the trade debts receivable from Associated Companies as at the reporting date are as follows:

	2015	2014
	----- Rupees in '000 -----	
Up to 3 months	9,413	54,013
3 to 6 months	-	37,109
	9,413	91,122

13. LOANS AND ADVANCES - Unsecured considered good

	Note	2015	2014
		----- Rupees in '000 -----	
Current portion of long term loans	8	1,480	1,394
Loans to:			
- executives	13.1 & 13.2	890	1,910
- other employees	13.1	1,070	375
		1,960	2,285
Advances to:			
- executives		127	254
- other employees		3,685	1,785
- suppliers, contractors and others	13.4	26,677	19,986
		30,489	22,025
Letters of credit		6,476	-
		40,405	25,704

13.1 These represent interest free general loans and special loans provided to employees in accordance with Group's policy and have maturities upto twelve months.

13.2 **Reconciliation of carrying amount of loans to executives**

	2015	2014
	--- Rupees in '000 ---	
Balance at beginning of the year	1,910	-
Disbursements	-	2,764
	1,910	2,764
Repayments	(1,020)	(854)
Balance at end of the year	890	1,910

13.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2015 from executives aggregated to Rs.1.825 million (2014: Rs.2.095 million).

13.4 Includes Rs.2.102 million (2014: Rs.Nil) advanced to The General Tyre and Rubber Company of Pakistan Limited - an Associated Company for purchase of tyres.

14. DEPOSITS AND PREPAYMENTS

	2015	2014
	----- Rupees in '000 -----	
Deposits	5,410	440
Prepaid		
- rent [Bibojee Services (Private) Limited - the Ultimate Holding Company]	3,718	9,118
- others	1,095	4,948
	4,813	14,066
Current account balances with statutory authorities	31,622	1,215
	41,845	15,721

15. OTHER RECEIVABLES - Considered good

	2015	2014
Sales tax refundable / adjustable	23,535	36,128
Bank guarantee margin	8,186	613
Letters of credit margin	4,427	-
Security deposits and earnest money	15,186	13,479
Accrued interest	2,815	624
Others	135	2,747
	54,284	53,591

16. **SHORT TERM INVESTMENT** - Held to maturity

This represents investment in a Term Deposit Receipts (TDR) having face value of Rs.30.00 million (2014: Rs.38.00 million) placed with National Bank of Pakistan for a term of 120 days (2014: 120) days. This TDR carries mark-up at the rate of 6.20% (2014: 7%) per annum and is maturing on October 10, 2015.

17. **CASH AND BANK BALANCES**

	Note	2015	2014
		----- Rupees in '000 -----	
Cash in hand		1	1
Cash at banks on:			
- current accounts		108,718	111,055
- deposit accounts	17.1	9,917	10,298
- term deposits receipts	17.2	237,000	54,000
		355,635	175,353
Provision for doubtful bank balance	17.3	(3,912)	(3,912)
		351,723	171,441
		351,724	171,442

17.1 These, during the year, carry mark-up at the rate of 9.00% (2014: at the rates ranged from 8.80% and 9.00%) per annum.

17.2 Term deposit receipts (TDRs) have maturity days ranging from sixty to one hundred twenty days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 6.00% to 7.40% (2014: 7.00% to 8.50%) per annum.

17.3 This represents provision made against bank balance held with Indus Bank Limited whose operations were ceased by the State Bank of Pakistan and is under liquidation. 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 Group considers that it has discharged its obligation against the said letters of credit.

18. **SHARE CAPITAL**

18.1 **Authorized capital**

	2015	2014
	----- Rupees in '000 -----	
80,000,000 (2014: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000

18.2 **Issued, subscribed and paid-up capital**

2015	2014		2015	2014
-- No. of shares --				
14,800,000	14,800,000	Ordinary shares of Rs.10 each fully paid in cash	148,000	148,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
45,002,500	45,002,500		450,025	450,025

18.3 Bibojee Services (Private) Limited (the Ultimate Holding Company) holds 62.32% (2014: 62.32%) of issued, subscribed and paid-up capital.

18.4 **Ordinary shares held by related parties other than the Ultimate Holding Company as at year end:**

	2015	2014
	-- Number of shares --	
Universal Insurance Company Limited	-	5,000
UD Trucks Corporation, Japan	3,647,090	3,647,090
	3,647,090	3,652,090

	Note	2015	2014
		----- Rupees in '000 -----	
19. SURPLUS ON REVALUATION OF FIXED ASSETS - Net			
Surplus on revaluation of the Holding Company's fixed assets	19.1	1,048,295	1,054,188
Share of surplus on revaluation of fixed assets of an Associated Company	7	354,791	356,595
		1,403,086	1,410,783
19.1 Surplus on revaluation of the Holding Company's fixed assets			
Balance at beginning of the year		1,357,938	919,990
Surplus arisen on revaluation carried-out during the preceding year		-	468,345
Transferred to unappropriated profit on account of incremental depreciation for the year		(46,071)	(30,397)
		1,311,867	1,357,938
Less: related deferred tax of:			
- opening balance		303,750	206,701
- surplus arisen during the preceding year		-	113,159
- incremental depreciation for the year		(13,821)	(10,335)
- effect of change in tax rate		(26,357)	(5,775)
- closing balance		263,572	303,750
Balance at end of the year		1,048,295	1,054,188
20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance at beginning of the year		16,662	1,260
Assets acquired during the year		47,777	17,315
Repaid / adjusted during the year		(7,417)	(1,913)
		57,022	16,662
Current portion grouped under current liabilities		(11,387)	(3,656)
Balance at end of the year		45,635	13,006

20.1 These represent vehicles acquired under finance lease / diminishing musharakah arrangements from various financial institutions. Rentals are payable on monthly basis. These finance facilities, during the year, were subject to finance cost at the rates ranged from 11% to 17.50% (2014: 15.22% to 17.32%) per annum. These facilities are secured against title of the leased vehicles in the name of lessor. The Group intends to exercise its option to purchase the leased vehicles upon completion of the lease terms.

The future minimum lease payments to which the Group is committed under the agreements will be due as follows:

Particulars	Upto one year	From one to five years	2015	Upto one year	From one to five years	2014
	Rupees in '000					
Minimum lease payments	16,513	52,520	69,033	5,695	15,592	21,287
Finance cost allocated to future periods	(5,126)	(6,885)	(12,011)	(2,039)	(2,586)	(4,625)
Present value of minimum lease payments	11,387	45,635	57,022	3,656	13,006	16,662

21. LONG TERM DEPOSITS

	Note	2015	2014
		Rupees in '000	
Dealers' deposit	21.1	9,000	10,000
Vendors		111	111
Others		500	500
		9,611	10,611

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

22. DEFERRED LIABILITIES

	Note	2015	2014
		Rupees in '000	
Provision for gratuity	22.1	83,370	70,404
Provision for compensated absences		28,583	24,391
Gain on sale and lease back of fixed assets	22.2	16	-
		111,969	94,795

22.1 Provision for gratuity

The Holding Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

22.1.1 Amount recognised in the consolidated balance sheet is as follows

	2015	2014
	Rupees in '000	
Present value of defined benefit obligation	80,791	70,356
Benefits payable	2,579	48
Liability at end of the year	83,370	70,404
Liability at beginning of the year	70,404	61,068
Charge to profit and loss account	14,020	10,482
Re-measurement recognised in other comprehensive income	2,061	3,636
Payments made during the year	(3,115)	(4,782)
Liability at end of the year	83,370	70,404

	2015	2014
22.1.2 Movement in the present value of defined benefit obligation	----- Rupees in '000 -----	
Balance at beginning of the year	70,356	60,895
Current service cost	5,072	4,333
Interest cost	8,948	6,149
Benefits paid	(3,115)	(4,657)
Benefits due but not paid	(2,531)	-
Re-measurement on obligation	2,061	3,636
Balance at end of the year	80,791	70,356
22.1.3 Expense recognised in consolidated profit and loss account		
Current service cost	5,072	4,333
Interest cost	8,948	6,149
	14,020	10,482
22.1.4 Re-measurement recognised in other comprehensive income		
Experience adjustments	2,061	3,636

	2015	2014
22.1.5 Actuarial assumptions used	--- % per annum ---	
Discount rate	9.75	13.25
Expected rate of increase in future salaries	9.75	13.25
Mortality rates (for death in service)	SLIC 2001-2005	SLIC 2001-2005

22.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is :

	Impact on define benefit obligation		
	Change in assum-ption	Increase in assumption	Decrease in assumption
		--- Rupees in '000 ---	
Discount rate	1.00%	74,691	86,011
Increase in future salaries	1.00%	86,021	74,585

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22.1.7 Based on actuary's advice, the expected charge to profit and loss account for the year ending June 30, 2016 amounts to Rs.12.828 million.

22.1.8 The weighted average duration of the scheme is 7 years.

22.1.9 **Historical information**

	2015	2014	2013	2012	2011
	Rupees in '000				
Present value of defined benefit obligation	80,791	70,356	60,895	48,553	44,758
Experience adjustment on obligation	2,061	3,636	4,972	(4,798)	(4,812)

22.1.10 **Expected maturity analysis of undiscounted retirement benefit plan:**

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
As at June 30, 2015	9,827	3,469	23,333	447,690	484,319

22.2 Gain on sale and lease back of fixed assets

The Holding Company has entered into a sale and lease back transaction during the year which results in finance lease. The excess of sale proceeds over the net book value of vehicle under sale and lease back arrangement has been recognised as deferred income and is amortized over the period of lease term.

23. DEFERRED TAXATION - Net

	Note	2015	2014
		Rupees in '000	
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		50,499	50,806
- surplus on revaluation of fixed assets		263,572	303,750
- lease finances		97	821
- provision for gratuity		(25,845)	(23,584)
- provision for compensated absences		(8,861)	(8,531)
- provision for warranty claims		(4,226)	-
- provision for obsolete / slow moving stock		(4,800)	-
- provision for bank balances		(1,174)	(1,291)
- minimum tax recoverable against normal tax charge in future years		-	(75,912)
- excess of alternative corporate tax over corporate taxes recoverable in future years		-	(17,946)
- unused tax losses		-	(70,074)
		269,262	158,039

24. TRADE AND OTHER PAYABLES

	Note	2015	2014
Trade creditors		75,773	86,198
Bills payable		322,476	241,038
Accrued liabilities	24.1	50,725	20,376
Refundable - CKD / CBU business		1,403	1,403
Customers' credit balances	24.2	242,999	288,616
Commission		7,604	17,918
Unclaimed gratuity		231	231
Dealers' deposits against vehicles		54,400	52,800
Custom duties payable		-	2,263
Due to related parties	24.3	30,339	21,894
Withholding tax		5,809	1,214
Workers' profit participation fund	24.4	42,281	14,484
Workers' welfare fund		21,579	5,512
Retention money		103	103
Unclaimed dividend		2,132	961
Warranty claims		13,207	-
Others	25.5 & 25.6	23,574	13,370
		894,635	768,381

24.1 Includes Rs.20.173 million (2014: Rs.13.704 million) which pertains to a key management person.

24.2 These represent advances from customers against sale of trucks and carry no mark-up.

24.3 Due to related parties	Note	2015	2014
		----- Rupees in '000 -----	
Bibojee Services (Private) Limited		120	-
UD Trucks Corporation - Japan		10,334	7,676
Universal Insurance Company Limited		-	3,958
Rehman Cotton Mills Limited		10,000	-
The General Tyre and Rubber Company of Pakistan Limited		-	3
Gammon Pakistan Limited		-	372
Waqf-e-Kuli Khan		9,885	9,885
		30,339	21,894

24.4 Workers' profit participation fund	Note	2015	2014
Balance at beginning of the year		14,484	962
Allocation for the year	34	42,281	14,484
Interest on funds utilised in the Holding Company's business	35	1,631	87
		58,396	15,533
Payment made during the year		(16,115)	(1,049)
Balance at end of the year		42,281	14,484

24.5 Includes Rs.2.479 million (2014: Rs.3.675 million) which pertain to key management personnel.

24.6 Includes deposits and installments under the Holding Company's staff vehicle policy aggregating Rs.5.083 million (2014: Rs.2.654 million) and Rs.0.104 million surcharge on sales tax.

25. ACCRUED MARK-UP	Note	2015	2014
		----- Rupees in '000 -----	
Mark-up accrued on:			
- short term finances		586	2,973
- running finances		7,399	2,205
		7,985	5,178

26. SHORT TERM FINANCES - Secured	Note	2015	2014
Finance against trust receipts			
- National Bank of Pakistan	26.1	-	225,743
Finance against imported merchandise			
- The Bank of Khyber	26.2	-	181,245
Short term demand finance			
- Faysal Bank Limited	26.3	32,259	41,873
		32,259	448,861

26.1 Against Trust Receipts (FATR) facilities of an aggregate limit of Rs.500 million (2014 : Rs.500 million) from National Bank of Pakistan. These facilities are secured against effective pledge of imported goods, duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Holding Company's land, building and plant & machinery. These facilities carry mark-up at the rate of 3 months KIBOR plus 200 basis points. FIM and FATR are repayable within 120 days of disbursement / creation. These finance facilities are available upto October 31, 2015.

26.2 The Holding Company has also arranged FIM of Rs.250 million (2014: Rs.250 million) from the Bank of Khyber. This finance facility is secured against effective pledge of imported consignments, first pari passu charge over land along with buildings and plant & machinery upto Rs.24 million and hypothecation charge over all present and future stocks & books debts upto Rs.500 million. This facility carries mark-up at the rate of 3 months KIBOR plus 300 basis points. FIM is adjustable within 120 days of disbursement / creation. This finance facility is available up to December 31, 2015.

26.3 The Holding Company had arranged short term loan of Rs.330 million from Faysal Bank Limited (the Bank) against outstanding import bills. Originally this loan was repayable in monthly instalments of Rs.22 million each. The Holding Company during the prior years had repaid instalments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Holding Company has made principal payments of Rs.82.741 million till June 30, 2015 of this renewed finance facility. Balance of this finance facility, during the year, has been again renewed by the Bank. This facility is secured against first pari passu charge of Rs.367 million on stocks and receivables, ranking charge of Rs.434 million over stocks & receivables and ranking charges of Rs.400 million on plant and machinery of the Holding Company. The short term loan carries mark-up at the rate of six months KIBOR plus 1.80% per annum.

27. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured	Note	2015	2014
		----- Rupees in '000 -----	
Balance as at June 30,	27.1	118,802	54,380

27.1 Running finance facilities available to the Holding Company from commercial banks under mark-up arrangements aggregate to Rs.375 million (2014: Rs.375 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Holding Company. These, during the current financial year, carry mark-up at the rates ranging from 9.79% to 12.21% (2014: 11.06% to 12.17%) per annum. The arrangements are expiring on March 31, 2016.

27.2 The facilities for opening letters of credit and guarantees as at June 30, 2015 aggregated to Rs.1,577 million (2014: Rs.1,562 million) of which the amount remained unutilised at the year-end was Rs.891.344 million (2015: Rs.774.362 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Certain cases have been filed against the Holding Company in respect of employees matters. These cases are pending in labour courts, high court and before National Industrial Relations Commission, Karachi. The management is confident that the outcome of these cases will be in the Holding Company's favour.

28.2 Commitment in respect of irrevocable letters of credit as at June 30, 2015 aggregate to Rs.714.432 million (2014: Rs.813.560 million).

28.3 Guarantees aggregating Rs.20.047 million (2014: Rs.10.303 million) are issued by banks of the Holding Company to various government and other institutions.

29. REVENUE - Net

	Note	2015	2014
		----- Rupees in '000 -----	
Manufactured activity			
Local		6,072,446	2,770,406
Export		-	30,965
		6,072,446	2,801,371
Less:			
- sales tax		882,910	402,538
- commission		79,239	39,850
		962,149	442,388
		5,110,297	2,358,983
Trading activity			
Local		573,454	317,524
Export		1,360	2,902
		574,814	320,426
Less:			
- sales tax		83,414	46,175
- discount and commission		5,261	13,324
		88,675	59,499
		486,139	260,927
		5,596,436	2,619,910

30. COST OF SALES

	Note	2015	2014
Finished goods at beginning of the year		59,543	53,856
Cost of goods manufactured	30.1	4,026,476	1,905,707
Purchases - trading goods		506,046	248,801
		4,532,522	2,154,508
Finished goods at end of the year	11	(143,314)	(59,543)
		4,448,751	2,148,821

30.1 Cost of goods manufactured

	Note	2015	2014
Work in process at beginning of the year		-	24,320
Raw materials and parts consumed	30.2	3,573,881	1,597,503
Fabrication of contract vehicles		17,125	7,881
Stores and spares consumed		61,368	27,908
Provision for obsolete / slow moving stock		15,000	-
Salaries, wages and benefits	30.3	142,555	114,548
Transportation		8,291	9,209
Repair and maintenance		19,744	2,883
Depreciation	5.4	69,131	51,422
Material handling		7,390	1,160
Insurance		4,059	3,492
Communication		524	476
Rent, rates and taxes		15,056	414
Travelling and entertainment		952	664
Power generation costs		52,736	47,109
Printing, stationery and office supplies		837	910
Royalty expense		15,420	9,469
Product upgradation charges		8,700	-
Plant security		5,486	4,698
Product development cost		5,075	-
Other manufacturing expenses		3,146	1,641
		4,026,476	1,905,707

30.2 **Raw materials and parts consumed**

	2015	2014
	----- Rupees in '000 -----	
Stocks at beginning of the year	355,455	48,727
Purchases	3,582,571	1,904,231
	3,938,026	1,952,958
Stocks at end of the year	(364,145)	(355,455)
	3,573,881	1,597,503

30.3 Salaries, wages and benefits include Rs.4.681 million (2014: Rs.3.160 million) and Rs.2.528 million (2014: Rs.2.327 million) in respect of staff retirement gratuity and staff provident fund respectively.

31. **DISTRIBUTION COST**

	Note	2015	2014
		----- Rupees in '000 -----	
Salaries and benefits	31.1	19,696	13,037
Utilities		289	203
Rent of showroom		12,000	-
Insurance		26	-
Repair and maintenance		475	76
Travelling and entertainment		7,433	2,627
Telephone and postage		125	148
Vehicle running		448	743
Printing, stationery and office supplies		420	287
Security		773	511
Warranty services		13,600	-
Godown and forwarding		443	281
Sales promotion expenses		664	1,129
Others		427	276
		56,819	19,318

31.1 Salaries and benefits include Rs.0.171 million (2014: Rs.0.167 million) and Rs.0.867 million (2014: Rs.0.823 million) in respect of staff retirement gratuity and staff provident fund respectively.

32. **ADMINISTRATIVE EXPENSES**

	Note	2015	2014
		----- Rupees in '000 -----	
Salaries and benefits	32.1	113,123	86,605
Pre-incorporation expenses		-	323
Utilities		4,346	4,887
Rent, rates and taxes		10,087	7,627
Directors' fee		737	450
Insurance		2,530	852
Repairs and maintenance		2,565	1,505
Depreciation and amortisation	5.4 & 6	8,963	3,158
Auditors' remuneration	32.2	740	586
Advertising		463	374
Travelling and conveyance		3,278	3,336
Legal and professional charges		4,941	1,204
Vehicle running		2,926	3,193
Telephone and postage		3,556	3,058
Printing and stationery		4,040	2,773
Subscription		2,418	1,554
Security expenses		1,737	879
Donation	32.3	150	415
Others		3,435	2,274
		170,035	125,053

32.1 Salaries and benefits include Rs.9.167 million (2014: Rs.7.155 million) and Rs.2.064 million (2014: Rs.1.831 million) in respect of staff retirement gratuity and staff provident fund respectively.

	2015	2014
32.2 Auditors' remuneration	----- Rupees in '000 -----	
Audit fee		
Hameed Chaudhri & Co.	300	250
Muniff Ziauddin & Co.	300	250
Junaidy Shoaib Asad	140	86
	740	586

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

33. OTHER INCOME

	Note	2015	2014
		----- Rupees in '000 -----	
Income from financial assets			
Interest income	33.1	10,727	2,183
Income from non-financial assets			
Scrap sales - net of sales tax		4,128	3,921
Gain on disposal of property, plant and equipmen	5.5	1,290	568
Amortization of gain on sale and lease back of fixed assets		4	-
Commission income		6,579	5,254
Others		4,512	769
		16,513	10,512
		27,240	12,695

33.1 Interest at the rates ranged from 6.00% to 8.50% (2014: 7.00% to 9.00%) per annum has been earned during the year on term deposit receipts and deposit accounts.

34. OTHER EXPENSES

	Note	2015	2014
		----- Rupees in '000 -----	
Workers' profit participation fund	24.4	42,281	14,484
Workers' welfare fund		16,067	5,504
		58,348	19,988

35. FINANCE COST

	Note	2015	2014
Mark-up on:			
- short term finances		35,688	16,920
- running finances		30,885	22,575
Lease finance charges		3,731	653
Exchange loss - net		11,202	5,733
Interest on workers' profit participation fund	24.4	1,631	87
Bank and other charges		4,345	4,250
		87,482	50,218

36. TAXATION

	2015	2014
	----- Rupees in '000 -----	
Current		
- for the year	144,948	44,984
- for prior year	-	(64)
	144,948	44,920
Deferred		
- origination and reversal of temporary differences	168,483	46,251
- impact of change in tax rate	(30,243)	4,594
	138,240	50,845
	283,188	95,765

36.1 Relationship between income tax expense and accounting profit

	June 30, 2015 Rs in '000
Net profit before taxation	820,766
Tax at the applicable income tax rate of 33%	270,853
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account	36,334
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account	(14,148)
Effect of tax credits	(95,175)
Tax effect of unused tax losses	(70,074)
Tax effect of income subject to final tax regime	(1,831)
Super tax for rehabilitation of temporarily displaced persons	18,989
Deferred taxation	138,240
	283,188

36.1.1 No numeric tax rate reconciliation for the preceding year is given in the consolidated financial statements as provision made during the preceding year mainly represents alternate corporate tax payable under section 113C and final tax deducted under section 154 Income Tax Ordinance, 2001 (the Ordinance).

36.2 Section 5A of the Ordinance imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Holding Company in their meeting held on September 16, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 46) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in the Holding Company's financial statements for the year ended June 30, 2015.

	2015	2014
	----- Rupees in '000 -----	

37. EARNINGS PER SHARE

37.1 Basic earnings per share

	2015	2014
	----- Rupees in '000 -----	
Net profit for the year	537,577	185,137
	-- Number of shares --	
Weighted average ordinary shares in issue	45,002,500	45,002,500
	-------- Rupees --------	
Earnings per share	11.95	4.11

37.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2015			2014		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	---------- Rupees in '000 ----------					
Managerial remuneration	9,000	3,600	52,761	9,000	3,600	37,351
Contribution to provident fund	456	-	2,154	456	-	1,694
Gratuity	228	-	1,700	228	-	1,263
Utilities	-	-	2,403	-	-	2,645
	9,684	3,600	59,018	9,684	3,600	42,953
Number of persons	1	1	30	1	1	23

38.1 No remuneration has been paid or is payable by the Subsidiary Company on account of remuneration of Chief Executive, Directors and Executives for the year.

38.2 The Chief Executive of the Holding Company is also entitled for the use of the Company maintained car, security expenses, telephone expenses and medical expenses at actual. He is also entitled to receive other benefits as per the Holding Company policy applicable to all management employees.

38.3 Director and certain Executives of the Holding Company are also provided with free use of the Company maintained vehicles.

38.4 Aggregate amount charged in the consolidated financial statements for meeting fee to Directors of the Holding Company and Subsidiary Company was Rs.0.737 million (2014: Rs.0.450 million).

39. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Ultimate Holding Company, Associated Companies, directors of the Group, companies in which directors are interested, staff retirement benefit plan, key management personnel and close members of the families of the directors & key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Name	Nature of transaction	2015	2014
		--- Rupees in '000 ---	
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited	Rent	**17,520**	5,400
	Dividend	**56,093**	-
(ii) Associated Companies			
Universal Insurance Company Limited	Insurance premium	**1,542**	250
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres, tubes and flaps	**73,354**	38,823
	Sale of parts	**-**	59
Ghandhara Industries Limited	Contract assembly	**88,218**	117,257
	Fabrication of vehicles	**7,000**	1,241
	Purchase of vehicle	**2,250**	-
	Expense reimbursement	**180**	-
	Sale of fleet vehicles	**-**	566
Rehman Cotton Mills Limited	Purchase of plant & machinery	**10,000**	-
	Sale of parts	**-**	5
Gammon Pakistan Limited	Office rent	**1,500**	1,500
	Sale of parts	**3**	-
(iv) Others			
UD Trucks Corporation, Japan	Royalty	**14,041**	9,469
	Purchases of complete knock down kits	**2,274,299**	1,469,303
	Dividend	**7,294**	-
Staff provident fund	Contribution made	**5,459**	4,981
Key management personnel	Remuneration and other short term benefits	**32,636**	28,774
	Sale of fleet vehicles	**-**	917

40. PLANT CAPACITY

The Holding Company

Against the production capacity of 2,500 trucks and buses on single shift basis, the Holding Company produced 1,922 (2014: 1,246) trucks and buses of UD, Isuzu, DongFeng and Kamaz. Actual production was sufficient to meet the demand.

Against the designed annual production capacity of 6,000 vehicles at car plant, on single shift basis, the Holding Company has assembled 446 (2014: 803) vehicles of Land Rover. The Holding Company has also processed 1,842 (2014: 1,115) Truck cabs through paint shop. Due to low demand of vehicles the plant capacity remained under-utilized.

41. FINANCIAL RISK MANAGEMENT

The Group has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The board of directors has overall responsibility for the establishment and overview of Group's risk management frame work. The board is also responsible for developing and monitoring the Group's risk management policies.

41.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group.

Credit risk primarily arises from long term loans, long term deposits, trade debts, loans and advances, other receivables, short term investment and bank balances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from. Credit risk on bank balances and margin held with banks is limited as the counter parties are banks with reasonably crediting ratings.

The maximum exposure to credit risk as at June 30, 2015 along with comparative is tabulated below:

	2015	2014
	----- Rupees in '000 -----	
Long term loans	6,477	4,864
Long term deposits	6,299	6,299
Trade debts	375,973	395,583
Loans and advances	3,440	3,679
Deposits and prepayments	5,410	-
Other receivables	30,749	17,463
Short term investment	30,092	38,109
Bank balances	351,723	171,441
	810,163	637,438

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

	2015	2014
	----- Rupees in '000 -----	
Domestic	375,397	395,279
Export	576	304
	375,973	395,583

The ageing of trade debts at the reporting date is as follows:

	2015	2014
Up to 3 months	311,996	122,917
3 to 6 months	62,309	112,318
more than 6 months	1,668	160,348
	375,973	395,583

Based on past experience, consideration of financial position, past track records and recoveries, the management believes that trade debts past due over six months do not require any impairment.

41.2 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and ensuring the availability of adequate credit facilities. The Group's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	------------------ Rupees in '000 ------------------			
June 30, 2015				
Liabilities against assets subject to finance lease	57,022	11,387	45,635	-
Long term deposits	9,611	-	-	9,611
Trade and other payables	581,967	581,967	-	-
Accrued mark-up	7,985	7,985	-	-
Short term finances	32,259	32,259	-	-
Running finances under mark-up arrangements	118,802	118,802	-	-
	807,646	**752,400**	**45,635**	**9,611**

	Carrying amount	Less than 1 year	Between 1 to 5 years	5 years and above
	------------------ Rupees in '000 ------------------			
June 30, 2014				
Liabilities against assets subject to finance lease	16,662	3,656	13,006	-
Long term deposits	10,611	-	-	10,611
Trade and other payables	456,292	456,292	-	-
Accrued mark-up	5,178	5,178	-	-
Short term finances	448,861	448,861	-	-
Running finances under mark-up arrangements	54,380	54,380	-	-
	991,984	968,367	13,006	10,611

41.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

(a) **Currency risk**

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on import of raw materials, stores & spares and commission income denominated in U.S. Dollar, Japanese Yen and Chinese Yuan Renminbi (RMB). The Group's exposure to foreign currency risk at the reporting date is as follows:

June 30, 2015	Rupees	Yen	U.S.$	RMB
	in '000			
Trade and other payables	322,476	135,692	140	471
Trade debts	(576)	-	(6)	-
Net exposure	321,900	135,692	134	471

June 30, 2014	Rupees	Yen	U.S.$	RMB
	in '000			
Trade and other payables	227,346	188,049	-	4,113
Trade debts	(304)	-	(3)	-
Net exposure	227,042	188,049	(3)	4,113

The following significant exchange rates have been applied:

	Reporting date rate	
	2015	2014
Yen to Rupee	0.8213	0.9748
U.S. $ to Rupee	101.70 / 101.50	98.55
RMB to Rupees	16.39	15.91

Sensitivity analysis

At June 30, 2015, if Rupee had strengthened by 5% against Yen, Dollar and RMB with all other variables held constant, profit before taxation for the year would have been higher/ (lower) by the amount shown below mainly as a result of net foreign exchange gain on translation of net financial liabilities.

	2015	2014
Effect on profit for the year	Rupees in '000	
Yen to Rupee	5,572	9,166
U.S. $ to Rupee	681	(15)
RMB to Rupee	386	3,272
	6,639	12,423

(b) **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Group arises from short term borrowings from banks, short term investment and balances held with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

	2015	2014
Financial asset - fixed rate instruments	Rupees in '000	
Short term investment	30,000	38,000
Bank balances	246,917	64,298
	276,917	102,298
Financial Liabilities - variable rate instruments		
Liabilities against assets subject to finance lease	57,022	16,662
Short term finances	32,259	448,861
Running finances under mark-up arrangements	118,802	54,380
	208,083	519,903

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumed that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

	Increase	(Decrease)
Cash flow sensitivity - variable rate financial liabilities	--- Rupees in '000 ---	
As at June 30, 2015	**2,081**	**(2,081)**
As at June 30, 2014	5,199	(5,199)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

(c) **Price risk**

Price risk is the risk that fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At June 30, 2015 / 2014 the Group did not have any financial instruments dependent on market prices.

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

At June 30, 2015 / 2014 the carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate to their fair values except for staff loans which are valued at their original cost less repayments.

42. CAPITAL RISK MANAGEMENT

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Group's approach to capital management during the year.

43. OPERATING SEGMENTS

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

(a) All non-current assets of the Group at June 30, 2015 and 2014 are located in Pakistan.

(b) 99.98% (2014: 98.71%) of the Group's sales relate to customers in Pakistan.

(c) The Group has earned revenue from one (2014: one) customer amounting Rs.1,108.040 million (2014: Rs.633.197 million) during the year which constituted 19.80% (2014: 24.17%) of the total sales.

44. NUMBER OF EMPLOYEES

	2015	2014
Number of employees as at June 30,		
- Permanent	234	227
- Contractual	302	231
Average number of employees during the year		
- Permanent	229	226
- Contractual	277	230

45. DISCLOSURE RELATING TO PROVIDENT FUND

45.1 The Holding Company operates a recognised provident fund for all its permanent employees. The following information is based on un-audited financial statements of the Holding Company's Fund for the year ended June 30, 2015:

	2015	2014
	--- Rupees in '000 ---	
Size of the Fund - total assets	73,177	63,621
Cost of investments made	68,221	60,050
Percentage of investments made	93.23%	94.39%
Fair value of investments	78,999	69,641

45.2 **Break-up of the investments is as follows:**

	2015	2014	2015	2014
	----- Percentage -----		--- Rupees in '000 ---	
Bank deposits	1.67	1.74	1,219	1,105
Government securities	76.25	78.94	55,796	50,220
National Investment Trust - units	15.31	13.71	11,206	8,725

45.3 Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on September 16, 2015 have proposed final cash dividend of Rs.4.5(2014: Rs.2.00) per share, amounting to Rs.202.511 million (2014: Rs.90.005 million), for the year ended June 30, 2015. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 22nd, 2015.

These consolidated financial statements do not reflect the proposed dividend, which will be accounted for in the consolidated statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2016.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 16, 2015 by the Board of Directors of the Holding Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

Ahmed Kuli Khan Khattak
Chief Executive
Karachi; 16th September 2015

Ch. Sher Muhammad
Director

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

33rd Annual General Meeting of the Company to be held on Thursday, the 22nd October 2015

at 10:00 A.M. and any adjournment thereof.

Signed this ______________ day of ______________ 2015.

AFFIX REVENUE STAMP Rs.5/-

Signature ____________________

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

Ghandhara Nissan Limited

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