Agriauto Industries Limited
Notice of Meeting

NOTICE is hereby given that the 30th Annual General Meeting of the Company will be held at Institute of Chartered Accountants of Pakistan Auditorium, Clifton, Karachi on October 17, 2011 at 2:30 p.m. to transact the following business:

1. ORDINARY BUSINESS

1 To receive and adopt the Audited Accounts for the year ended June 30, 2011 together with the Report of the Directors' and Auditors' thereon.

2 To approve the payment of cash dividend @ 100 % i.e. Rs. 5.0 per share as recommended by the Board of Directors.

3 To appoint Auditors for the year 2011-2012 and to fix their remuneration. The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) being eligible offer themselves for re-appointment.

4 To elect seven directors of the Company for a period of three years under section 178(1) of the Companies Ordinance 1984, in place of the present directors retiring on October 28, 2011 namely:-

(i) Mr. Yutaka Arae (ii) Mr. Fahim Kapadia (iii) Mr. Sohail P. Ahmed
(iv) Mr. Owaisul Mustafa (v) Mr. Asif Rizvi (vi) Mr. Alireza M. Alladin
(vii) Mr. Daneshwer F. Dinshaw

By order of the Board.

M. Aqeel Loon
Company Secretary

Karachi : September 09, 2011

NOTES:

1. The Share transfer books of the company will remain closed from October 11, 2011 to October 17, 2011 (Both days inclusive)

2. Any person who seeks to contest election to the office of Director shall file with the Company, not later than fourteen days before the date of the Meeting a notice of his/her intention to offer himself /herself for the election of a Director in terms of section 178(3) of the Companies Ordinance 1984, together with;

    a) Consent to act as Director on Form-28.

    b) A declaration with consent to act as director in the prescribed form under Clause (ii) of the Code of Corporate Governance to the effect that he / she is aware of duties and powers of directors under the Companies Ordinance, 1984, the Memorandum and Articles of Association of the Company and the listing regulations of the Stock Exchange in Pakistan and has read the provisions contained therein.

    c) A declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that;

    i. He/She is not serving as a director of more than ten other listed companies.

    ii. His / Her name is borne in the register of national tax payers (except where he / she is a non-resident).

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

1. THE COMPANY AND ITS OPERATIONS

Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company, under the Companies Act, 1913 (now the Companies Ordinance, 1984), and is listed on the Karachi and Lahore stock exchanges of Pakistan since June 1984. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

2. STATEMENT OF COMPLIANCE

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

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 – Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7 – Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12 – Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 – Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 – Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments	January 01, 2013
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for available-for-sale investments which are valued as stated in note 4.6 to the financial statements.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended standards and interpretations

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous financial year except as described below:

The Company has adopted the following new and amended IFRS and related interpretations which became effective during the year:

IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 – Operating Segments
IAS 1 – Presentation of Financial Statements
IAS 7 – Statement of Cash Flows
IAS 17 – Leases
IAS 36 – Impairment of Assets
IAS 39 – Financial Instruments: Recognition and Measurement

Issued in 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

4.2 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work in progress which are stated at cost.

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in income currently.

Leasehold land is amortised in equal installments over the lease period.

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

Finance leases

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are recorded as liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged to income on the same basis as for the Company's owned assets.

4.3 Stores, spares and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

4.4 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

Raw and packing materials	-	Moving average basis.
Work-in-process	-	Cost of direct materials plus conversion cost is valued on the basis of equivalent production units.
Finished goods	-	Cost of direct materials plus conversion cost is valued on time proportion basis.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.5 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

4.6 Investments

Held-to-maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Available-for-sale

Investments which are not classified in the above category and which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. Transaction costs in the case of held-for-trading investments are charged to income when incurred. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term running finance. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

4.8 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

4.9 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

4.10 Employees' benefits

Provident fund

The Company operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made in accordance with the terms of the scheme.

Compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

4.11 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, or one per cent of turnover, whichever is higher. Tax on export sales is calculated under final tax regime under Section 154 of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided, proportionate to local sales, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

4.12 Provisions

Provision is recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.13 Warranty obligations

The Company recognises the estimated liability to repair or replace products under warranty at the balance sheet date on the basis of historical experience.

4.14 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in income currently.

4.15 Revenue recognition

Sales are recorded when goods are dispatched to the customers.

Profit on term deposit receipts is recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis

Dividend income is recognised when the right to receive the dividend is established.

4.16 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

4.18 Research and development costs

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

	Notes
- determining the residual values and useful lives of property, plant and equipment	4.2 & 6
- valuation of inventories	4.3, 4.4, 8 & 9
- provision against trade debts	4.5 & 10
- provision for tax and deferred tax	4.11, 16 & 26
- warranty obligations	4.13 & 17.2

	Note	2011	2010
		(Rs. in 000')	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets – tangible	6.1	**348,031**	331,661
Capital work-in-progress			
– Plant and machinery		**34,735**	2,399
– Civil works		**5,876**	1,723
– Dies and tools		**2,655**	9,653
		43,266	13,775
		391,297	345,436

6.1 Operating assets

	COST				DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2010	**Additions/ (disposals)/ transfers***	**As at June 30, 2011**	**Depreciation rate**	**As at July 01, 2010**	**Charge/ transfers* for the year**	**Disposals for the year**	**As at June 30, 2011**	**As at June 30, 2011**
	(Rs. in 000')			%	(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,040	378	29,418	3.03	2,128	893	-	3,021	26,397
Building on freehold land	91,752	1,608	93,360	10	39,678	5,262	-	44,940	48,420
Plant and machinery	436,343	44,861 (30,354)	450,850	10 – 20	225,332	28,281	14,954	238,659	212,191
Furniture and fittings	4,585	1,483	6,068	15	2,468	390	-	2,858	3,210
Vehicles	31,927	23,804 (12,096) 2,580*	46,215	20	9,464	5,957 656*	5,663	10,414	35,801
Office equipment	1,548	379	1,927	20	900	133	-	1,033	894
Computer equipment	8,395	2,057	10,452	33	4,192	1,617	-	5,809	4,643
Dies and tools	10,553	13,117	23,670	40	4,509	5,815	-	10,324	13,346
	615,795	87,687 (42,450) 2,580*	663,612		288,671	48,348 656*	(20,617)	317,058	346,554
Leased									
Vehicles	8,184	- (2,580)*	5,604	20	3,647	1,136 (656)*	-	4,127	1,477
2011	**623,979**	**87,687 (42,450) - ***	**669,216**		**292,318**	**49,484 - ***	**(20,617)**	**321,185**	**348,031**

	COST				DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2009	**Additions/ (disposals)/ transfer***	**As at June 30, 2010**	**Depreciation rate**	**As at July 01, 2009**	**Charge/ transfer* for the year**	**Disposals for the year**	**As at June 30, 2010**	**As at June 30, 2010**
	-------------(Rs. in 000')		--------------	%	------------------------------	(Rs. in 000')	---------------------		
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,040	-	29,040	3.03	1,248	880	-	2,128	26,912
Building on freehold land	88,615	3,137	91,752	10	34,072	5,606	-	39,678	52,074
Plant and machinery	434,280	17,727 (15,664)	436,343	10 – 20	200,666	30,128	(5,462)	225,332	211,011
Furniture and fittings	3,983	602	4,585	15	2,138	330	-	2,468	2,117
Vehicles	16,399	15,833 4,705* (5,010)	31,927	20	6,851	2,784 2,393*	(2,564)	9,464	22,463
Office equipment	1,400	148	1,548	20	771	129	-	900	648
Computer equipment	5,797	2,598	8,395	33	2,984	1,208	-	4,192	4,203
Dies and tools	7,975	2,578	10,553	40	1,595	2,914	-	4,509	6,044
	589,141	42,623 (20,674) 4,705*	615,795		250,325	43,979 2,393*	(8,026)	288,671	327,124
Leased assets									
Vehicles	9,939	2,950 (4,705)*	8,184	20	4,275	1,765 (2,393)*	-	3,647	4,537
2010	599,080	45,573 (20,674) -*	623,979		254,600	45,744 -*	(8,026)	292,318	331,661

6.2 Depreciation charge for the year has been allocated as follows :

	Note	2011	2010
		(Rs. in 000')	
Cost of sales	21	**43,579**	41,804
Distribution costs	22	**811**	728
Administrative expenses	23	**5,094**	3,212
		49,484	45,744

6.3 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sales proceeds	(Loss) / gain	Mode of disposal	Particulars of buyer
	-------------------------------		(Rs. in 000')	-------------------------------			
Plant and machinery							
Machinery	2,473	2,299	174	390	216	Auction	ABC Neelam Ghar, Karachi
Machinery	18,529	5,053	13,475	3,673	(9,802)	Auction	Pioneer Auctioner, Karachi
Machinery	1,618	808	810	300	(510)	Trade-off	Adnan Compressor Works, Karachi
Machinery	7,734	6,794	941	1,500	559	Negotiation	Bukshi Industries Co., Karachi
	30,354	**14,954**	**15,400**	**5,863**	**(9,537)**		
Vehicles							
Toyota Corolla	915	459	456	711	255	Company Policy	Mr. Faisal Jalal, Employee
Toyota Corolla	879	615	264	290	26	Company Policy	Mr. Saeed Ahmed, Employee
Toyota Corolla	879	615	264	290	26	Company Policy	Mr. M. Kalimullah, Employee
Toyota Corolla	879	615	264	290	26	Company Policy	Mr. M. Noman Khan, Employee
Toyota Corolla	894	465	429	775	346	Company Policy	Col Shahid Abbas, Employee
Toyota Corolla	1,462	122	1,340	1,462	122	Insurance Claim	Habib Insurance Co., Karachi
Toyota Camry	784	101	683	1,550	867	Trade-off	Toyota Central Motors, Karachi
Suzuki Cultus	662	244	418	600	182	Company Policy	Mr. Asim Abro, Employee
Suzuki Bolan	367	287	80	332	252	Negotiation	Mr. Ali Hasan, Lasbella, Hub
Daihatsu Cuore	419	311	108	138	30	Company Policy	Mr. Muhammed Saleem, Employee
Daihatsu Cuore	456	198	258	344	86	Company Policy	Mr. Owais Alvi, Employee
Daihatsu Cuore	456	233	223	357	134	Company Policy	Mr. Shahid Sattar, Employee
Daihatsu Coure	505	214	291	592	301	Negotiation	Car Advisor Co. Karachi
Daihatsu Coure	671	130	541	671	130	Insurance Claim	Habib Insurance Co. Karachi
Daihatsu Coure	434	318	116	143	27	Company Policy	Mr. Khalid Hussain, Employee
Dong Feng Truck	700	486	214	200	(14)	Negotiation	Mr. Abdullah Saboor, Karachi
Santro	734	250	484	577	93	Negotiation	Car Advisor Co., Karachi
	12,096	**5,663**	**6,433**	**9,322**	**2,889**		
	42,450	**20,617**	**21,833**	**15,185**	**(6,648)**		

	Note	2011	2010
		(Rs. in 000')	

7. LONG TERM DEPOSITS AND OTHER RECEIVABLE

	Note	2011	2010
Security deposits – considered good		**4,249**	2,252
Other receivable - considered doubtful		**49,252**	49,252
Less: Provision for impairment	7.1	**(49,252)**	(49,252)
		-	-
		4,249	2,252

7.1 During the year ended 30 June 2010, Company sold its shareholding in Makro-Habib Pakistan Limited (MHPL) to Thal Limited (TL), a related party under a Share Purchase Agreement (SPA) dated May 14, 2010, at an aggregate consideration of Rs.157.658 million. In terms of the SPA, the Company received an amount of Rs.108.406 million from TL towards the purchase consideration of the said shares. However, the balance consideration amounting to Rs. 49.252 million shall only be payable by TL subject to the following:

a) TL determines that the Group tax relief for the years 2008-2010, as claimed by TL, can be fully sustained or is unable to make such determination by June 2014; and

b) TL determines that MHPL will not incur an impairment loss in case of closure of its Sadder store or is unable to make such determination about the impairment by June 2014.

Accordingly, the contingent balance payment for (a) and (b) above, amounts to Rs. 28.710 million and Rs. 20.542 million respectively. The management, as a matter of prudence, has made a full provision against the said contingent receivable in these financial statements.

During the months of June 2011 and July 2011, TL's tax assessments with respect to Group tax relief for the years 2008-2010 have been finalized by the Commissioner Inland Revenue (Appeals), whereby such relief has been allowed to TL. However, the tax department has filed an appeal with the Income Tax Appellant Tribunal against the said Order of the Commissioner Inland Revenue (Appeals).

	Note	2011	2010
		(Rs. in 000')	

8. STORES, SPARES AND LOOSE TOOLS

	Note	2011	2010
Stores		**23,900**	25,972
Spares		**24,331**	13,561
Loose tools		**13,125**	7,171
		61,356	46,704

9. STOCK-IN-TRADE

	Note	2011	2010
Raw material		**415,846**	390,527
Packing material		**2,900**	3,071
Work-in-process		**45,484**	63,370
Finished goods		**36,583**	25,420
Goods-in-transit		**104,954**	148,351
	9.1	**605,767**	630,739

9.1 The amount of written down to NRV in respect of stock-in-trade was Rs. 4.751 million (2010: Rs. 14.641 million).

	Note	2011	2010
		(Rs. in 000')	

10. TRADE DEBTS – unsecured

	Note	2011	2010
Considered good		**355,221**	309,221
Considered doubtful		**3,874**	3,574
Provision for impairment	10.1	**(3,874)**	(3,574)
		-	-
		355,221	309,221

10.1 Reconciliation of provision for impairment is as follows:

	Note	2011	2010
Balance at the beginning of the year		**3,574**	4,641
Charge for the year	21	**300**	300
Write-offs during the year		**-**	(1,367)
Balance at the end of the year		**3,874**	3,574

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011	2010
Advances – unsecured, considered good			
Suppliers		**121**	1,293
Contractors		**1,347**	865
Employees		**646**	768
		2,114	2,926
Deposits		**365**	351
Prepayments			
Insurance		**2,248**	3,940
Others		**739**	830
		2,987	4,770
Other receivables – unsecured, considered good			
Insurance claim receivable		**141**	141
Excise duty receivable		**-**	653
		141	794
		5,607	8,841

12. SHORT TERM INVESTMENTS

	Note	2011	2010
Held- to- maturity			
Term deposit receipts	12.1	**510,000**	450,000
Accrued profit thereon		**9,377**	7,761
		519,377	457,761
Available-for-sale			
Atlas Money Market Fund		**107,876**	50,900
NAFA Government Securities Liquid Fund		**118,683**	50,442
UBL Liquidity Plus Fund		**122,875**	25,015
Meezan Cash Fund		**27,792**	25,034
		896,603	609,152

12.1 Represents three months term deposit receipts with a commercial bank carrying profit rate of 12.25% (2010: 11.75%) per annum and will mature by September 2011.

	Note	2011	2010
		(Rs. in 000')	

13. CASH AND BANK BALANCES

	Note	2011	2010
In hand		**11**	20
With banks in			
- current accounts		**25,035**	32,470
- deposit accounts	13.1	**101,495**	160,568
		126,530	193,038
		126,541	193,058

13.1 These carry profit rates ranging from 6% to 10.25% (2010: 6% to 8%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares in (000') 2011	2010		2011	2010
22,800	22,800	Fully paid in cash	**114,000**	114,000
6,000	6,000	Issued as fully paid bonus shares	**30,000**	30,000
28,800	28,800		**144,000**	144,000

14.1 Related parties held 2,115,600 (2010: 2,115,600) ordinary shares of Rs. 5/- each in the Company at year end.

15. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2011		2010	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
	(Rs. in 000')			
Not later than one year	**2,080**	**1,885**	2,916	2,441
Later than one year but not later than five years	**569**	**558**	2,621	2,434
Total minimum lease payments	**2,649**	**2,443**	5,537	4,875
Less : Financial charges allocated to future periods	**206**	**-**	662	-
Present value of minimum lease payments	**2,443**	**2,443**	4,875	4,875
Less: Current portion shown under current liabilities	**1,885**	**1,885**	2,441	2,441
	558	**558**	2,434	2,434

Represents finance lease entered into with a modaraba for vehicles. The balance of the liability is payable by September 2012 in quarterly installments. The liability is partly secured by deposits of Rs. 0.560 million (2010: Rs. 0.812 million). The above lease contracts contain a bargain purchase option. Quarterly lease payments include finance charges ranging from KIBOR+2% to KIBOR+3% (2010: KIBOR+2% to KIBOR+3%) per annum. which is used as a discounting factor. There are no financial restrictions in the lease agreements.

16. DEFERRED TAXATION

	2011	2010
	(Rs. in 000')	
Taxable temporary differences arising due to:		
- accelerated tax depreciation	**50,569**	45,039
- unrealized gain on available for sale investments	**1,938**	-
	52,507	45,039
Deductable temporary differences arising due to:		
- assets subject to finance lease	**(184)**	(118)
- provisions	**(32,492)**	(18,285)
	(32,676)	(18,403)
	19,831	26,636

		Note	2011	2010
			(Rs. in 000')	
17.	**TRADE AND OTHER PAYABLES**			
	Creditors		**92,336**	105,477
	Royalty payable		**9,757**	10,533
	Accrued liabilities		**58,417**	51,625
	Advance from customers		**1,735**	3,275
	Payable to provident fund		**968**	935
	Workers' Profit Participation Fund	17.1	**1,120**	36,972
	Workers' Welfare Fund		**14,231**	17,329
	Warranty obligations	17.2	**24,346**	17,471
	Infrastructure cess payable	17.3	**53,746**	37,023
	Unclaimed and unpaid dividends		**6,516**	5,155
	Guarantee bond payable	18(i)	**1,111**	1,111
	Tax deducted at source		**1,449**	1,223
	Others		**2,253**	3,250
			267,985	291,379
17.1	**Workers' Profit Participation Fund**			
	Balance at the beginning of the year		**36,972**	723
	Allocation for the year	25	**36,148**	36,972
			73,120	37,695
	Less: Payment made during the year		**72,000**	723
	Balance at end of the year		**1,120**	36,972
17.2	**Warranty obligations**			
	Balance at the beginning of the year		**17,471**	8,720
	Provision for the year	21	**15,796**	12,976
			33,267	21,696
	Less: Claims paid during the year		**8,921**	4,225
	Balance at end of the year		**24,346**	17,471

17.3 During the financial year 2009, the Honourable High Court of Sindh declared the levy of the Infrastructure cess / fee by the Excise and Taxation Department, Government of Sindh upto December 27, 2006 as ultra vires of the Constitution. However, the levy subsequent to December 27, 2006 was declared as valid and constitutional. The Company had filed an appeal before the Honourable Supreme Court of Pakistan against the above order of High Court and as per the directions of the Supreme Court, approached the High Court by filing a fresh constitution petition during the current year. The High Court has granted stay on said petition on the following terms:

- Any bank guarantee/security furnished for consignment released upto December, 27, 2006 shall be discharged and returned; and
- Any bank guarantee/security furnished for consignment released after December 27, 2006 shall be encashed to the extent of 50% of the guaranteed/secured amount only and the bank guarantee/security for the balance amount will be kept alive till the disposal of the petitions.

In view of the interim nature of arrangement as provided in the above referred order of the High Court, the Company has retained full provision against the infrastructure cess fee payable for the period from December 2006 till June 2011.

The Company has provided a bank guarantee in favour of Excise and Taxation Department, amounting to of Rs. 57 million (2010: Rs. 40 million), out of which Rs. 3.254 million (2010: 2.977 million) remain un-utilized as of the year end.

18. CONTINGENCIES AND COMMITMENTS

Contingencies

(i) Outstanding bank guarantees issued to Collector of Customs as a security against differential import duty amount to Rs. 1.237 million (2010: Rs. 1.237 million). However, the Company, as a matter of prudence, has made a provision of Rs. 1.111 million (2010: Rs. 1.111 million) against such import duty.

(ii) The Additional Commissioner of Income Tax (Audit Division) has amended the deemed assessment order in respect of the tax year 2005, whereby the tax liability for the said tax year has been enhanced by Rs. 14.08 million. The Company preferred an appeal against the aforesaid amended order before the Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) decided in favour of the Income Tax Department. The Company has filed an appeal in Appellate Tribunal to contest the order of the Commissioner of Income Tax (Appeals). The Appellate Tribunal has reserved the decision /

order against the impugned order of the Commissioner of Income Tax (Appeals). The Company preferred an appeal against the aforesaid order before the High Court, and based on the view of its tax consultant, is confident that the outcome of the appeal will be in its favour and, therefore, no provision in respect of the enhanced tax liability has been made in these financial statements.

Commitments

(i) Commitments in respect of outstanding letters of credit for raw material amount to Rs. 186.277 million (2010: Rs. 189.633 million).

(ii) Commitments in respect of capital expenditure amount to Rs. 27.891 million (2010: Rs. 22.865 million).

(iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 million (2010: Rs. 0.385 million)

		Note	2011	2010
			(Rs. in 000')	
19.	**TURNOVER – net**			
	Local			
	Sales		**4,709,564**	4,573,587
	Less: Sales tax		**675,691**	625,099
	Special excise duty		**53,423**	38,140
	Trade discount		**192**	3,866
			729,306	667,105
			3,980,258	3,906,482

		Note	2011	2010
20.	**COST OF SALES**			
	Raw material consumed			
	Opening stock		**390,527**	307,135
	Purchases		**2,685,219**	2,654,049
			3,075,746	2,960,507
	Closing stock		**(415,846)**	(390,527)
			2,659,900	2,570,657
	Manufacturing expenses			
	Salaries, wages and benefits		**139,866**	122,283
	Stores, spares and loose tools consumed		**101,668**	99,037
	Packing material consumed		**16,954**	17,173
	Fuel and power		**75,262**	38,579
	Transportation and traveling		**33,606**	25,679
	Depreciation	6.2	**43,579**	41,804
	Repairs and maintenance		**52,377**	36,015
	Royalty and technical fees		**21,510**	22,857
	Research and development costs		**7,022**	654
	Communications		**1,314**	799
	Printing and stationery		**683**	721
	Insurance		**2,914**	2,160
	Rent, rates and taxes		**6,852**	2,342
	Others		**697**	543
			504,304	410,646
	Work-in-process			
	Opening stock		**63,370**	33,998
	Closing stock		**(45,484)**	(63,370)
	Cost of goods manufactured		**3,182,090**	2,951,931
	Finished goods			
	Opening stock		**25,420**	23,737
	Closing stock		**(36,583)**	(25,420)
			(11,163)	(1,683)
			3,170,927	2,950,248

Note	2011	2010
	(Rs. in 000')	

21. DISTRIBUTION COSTS

Salaries and benefits		**10,227**	9,332
Advertisement and sales promotion		**9,163**	9,900
Carriage and forwarding		**17,408**	14,441
Traveling and conveyance		**1,711**	1,421
Depreciation	6.2	**811**	728
Provision for warranty claims	17.2	**15,796**	12,976
Provision for impairment of trade debts	10.1	**300**	300
Rent, rates and taxes		**309**	87
Communications		**304**	190
Insurance		**219**	196
Repairs and maintenance		**575**	395
Others		**1,007**	820
		57,830	50,786

22. ADMINISTRATIVE EXPENSES

Salaries and benefits		**34,331**	30,254
Legal and professional charges		**18,498**	15,491
Repairs and maintenance		**4,493**	3,872
Depreciation	6.2	**5,094**	3,212
Printing and stationery		**830**	819
Computer supplies		**6,364**	1,716
Rent, rates and taxes		**2,217**	1,159
Traveling and conveyance		**8,315**	5,809
Communications		**2,022**	1,765
Utilities		**1,247**	834
Security services		**3,353**	2,269
Insurance		**666**	414
Auditors' remuneration	22.1	**630**	635
Advertisement		**515**	116
Others		**617**	1,928
		89,192	70,293

22.1 Auditors' remuneration

Audit fee		**500**	500
Fee for review of half yearly financial statements		**50**	50
Other certifications		**60**	60
Out of pocket expenses		**20**	25
		630	635

23. OTHER OPERATING INCOME / (EXPENSES)

Income from financial assets

Profit on:			
- term deposit receipts		**58,561**	42,380
- deposit accounts		**10,745**	10,084
		69,306	52,464
Loss on disposal of available for sale investments		**-**	(89,843)
Provision against long-term receivable		**-**	(49,252)
Liabilities no longer payable - written back		**1,378**	-
		1,378	(139,095)
Income from non-financial assets			
Loss on disposal of property, plant and equipment	6.3	**(6,648)**	(4,920)
Scrap sales		**4,149**	3,326
		(2,499)	(1,594)
		68,185	(88,225)

	Note	2011	2010
		(Rs. in 000')	

24. FINANCE COSTS

		2011	2010
Mark-up on finance lease		**494**	661
Bank charges		**343**	426
		837	1,087

25. OTHER CHARGES

Workers' Profit Participation Fund	17.1	**36,148**	36,972
Workers' Welfare Fund		**14,231**	17,197
Donations	25.1	**6,697**	6,401
		57,076	60,570

25.1 None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.

	2011	**2010**
	(Rs. in 000')	
26. TAXATION		
Current	**246,399**	294,984
Prior	**(4,036)**	135
Deferred	**(8,742)**	(4,088)
	233,621	291,031

26.1 Relationship between tax expense and accounting profit

Profit before taxation	**672,581**	685,273
Tax at the rate of 35%	**235,403**	239,846
Tax effects of:		
Expenses that are not taken into account for determining taxable profit	**8,936**	56,301
Income taxed at reduced rate	**97**	59
Temporary differences	**(8,742)**	(4,088)
Prior year	**(4,036)**	135
Tax rebates	**(8,092)**	-
Additional tax surcharge	**10,328**	-
Workers' Welfare Fund on tax profit exceeding accounting profit	**(273)**	(1,222)
	233,621	291,031

27. EARNINGS PER SHARE – basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2011	**2010**
Profit after taxation (Rs. in 000')	**438,960**	394,242
Weighted average number of ordinary shares outstanding during the year (in 000')	**28,800**	28,800
Basic earnings per share (Rs.)	**15.24**	13.69

	Note	2011	2010
		(Rs. in 000')	

28. CASH GENERATED FROM OPERATIONS

		2011	2010
Profit before taxation		**672,581**	685,273
Adjustments for			
Depreciation		**49,484**	45,744
Finance costs		**837**	1,087
Provision for impairment of trade debts		**300**	300
Liabilities no longer payable - written back		**(1,378)**	-
Provision against long-term receivable		**-**	49,252
Profit on term deposit receipts		**(58,561)**	(42,380)
Profit on deposit accounts		**(10,745)**	(10,084)
Loss on disposal of available-for-sale investment		**-**	89,843
Loss on disposal of property, plant and equipment		**6,648**	4,920
		(13,415)	138,682
		659,166	823,955
Increase / (decrease) in current assets			
Stores, spares and loose tools		**(14,652)**	(5,209)
Stock-in-trade		**24,972**	(182,053)
Trade debts		**(46,300)**	(72,512)
Advances, deposits, prepayments and other receivables		**3,234**	(19)
Sales tax refundable		**-**	(19,076)
		(32,746)	(278,869)
Increase / (decrease) in current liabilities			
Trade and other payables		**(23,377)**	122,046
Sales tax payable		**5,129**	-
		(18,248)	122,046
		608,172	667,132

29. CASH AND CASH EQUIVALENTS

	Note	2011	2010
Cash and bank balances	13	**126,541**	193,058
Short term investments – term deposit receipts	12	**510,000**	450,000
		636,541	643,058

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

30.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Company's profit after tax by Rs. 3.975 million and other comprehensive income by Rs. 3.489 million and a 1% decrease would result in the decrease in the Company's profit after tax and other comprehensive income by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2011, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk mainly on trade debts short term investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	2011	2010
	(Rs. in 000')	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	**325,297**	276,135
Past due but not impaired – 30 to 90 days	**29,924**	33,086
	355,221	309,221
Bank balances		
Ratings		
A1+	**125,064**	192,047
A1	**1,466**	991
	126,530	193,038
Short term investments		
Ratings		
A1+	**519,377**	457,761
AA+	**230,752**	75,915
A+	**118,683**	50,442
AA	**27,791**	25,034
	896,603	609,152

30.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management of the Company believes that is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk.

2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	------------------------- (Rupees in '000)				--------------------------
Trade and other payables	**32,193**	**155,510**	**-**	**-**	**187,703**
Liabilities against assets subject to finance lease	**-**	**514**	**1,371**	**558**	**2,443**
	32,193	**156,024**	**1,371**	**558**	**190,146**

2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	------------------------- (Rupees in '000)				--------------------------
Trade and other payables	72,672	160,086	-	-	232,758
Liabilities against assets subject to finance lease	-	588	1,853	2,434	4,875
	72,672	160,674	1,853	2,434	237,633

31. 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. The fair value of the mutual fund units is determined by using the net asset value as disclosed by the Fund Manager at each balance sheet date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active market for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2011, the Company has only available-for-sale investments measured at fair value using level 1 valuation technique.

32. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long term borrowings.

33. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than disclosed elsewhere in the financial statements, are as follows:

	2011	**2010**
	(Rupees in '000)	
Purchases of goods	**13,963**	8,231
Contribution to the Provident fund	**3,537**	3,325

34. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

34.1 Aggregate amounts charged in the financial statements are as follows:

	2011			**2010**		
	Chairman	**Chief Executive**	**Executives**	**Chairman**	**Chief Executive**	**Executives**
	---------- (Rs. in `000) ----------					
Managerial remuneration	**7,759**	**6,647**	**26,404**	3,050	7,482	19,028
Retirement benefits	**-**	**287**	**1,262**	-	310	876
Utilities	**228**	**-**	**460**	234	-	116
Medical expenses	**141**	**20**	**260**	18	29	245
Leave encashment	**-**	**-**	**612**	-	-	-
	8,128	**6,954**	**28,998**	3,302	7,821	20,265
Number of persons	**1**	**1**	**15**	1	1	10

34.2 The Chairman, Chief Executive and certain Executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy.

34.3 1 director (2010: 1) has been paid fee of Rs. 60,000 (2010: Rs. 20,000) for attending the board meeting.

35. PRODUCTION CAPACITY

The production capacity of the Company cannot be determined as this depends on the relative proportions of various types of vehicles and agricultural tractors produced by OEMs.

36. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2010: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.50% (2010: 1 to 3 months KIBOR plus rates varying from 1.25% to 1.50%). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

37. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 9, 2011 (i) approved the transfer of Rs. 290 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 5.00 per share for the year ended June 30, 2011 amounting to 144 million for approval of the members at the Annual General Meeting to be held on October 17, 2011.

38. GENERAL

38.1 Figures have been rounded off to the nearest thousands.

38.2 There were no material reclassifications to report.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 9, 2011 by the Board of Directors of the Company.

Chairman **Chief Executive**

AGRIAUTO INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

		Reserves					
		Capital reserve	Revenue reserves				
	Issued, subscribed and paid-up capital	Share premium	General	Unappropriated profit	Gain / (loss) on changes in fair value of available-for-sale investments	Total	Total equity
	---------------------------------- (Rs. in 000') ----------------------------------						
Balance as at June 30, 2009	144,000	12,598	1,045,000	277,695	(37,125)	1,298,168	1,442,168
Final dividend for the year ended June 30, 2009 @ Rs. 2/- per share	-	-	-	(57,600)	-	(57,600)	(57,600)
Transfer to general reserve	-	-	200,000	(200,000)	-	-	-
Profit after taxation for the year	-	-	-	394,242	-	394,242	394,242
Other comprehensive income	-	-	-	-	38,516	38,516	38,516
Total comprehensive income for the year	-	-	-	394,242	38,516	432,758	432,758
Balance as at June 30, 2010	**144,000**	**12,598**	**1,245,000**	**414,337**	**1,391**	**1,673,326**	**1,817,326**
Final dividend for the year ended June 30, 2010 @ Rs. 4.5 /- per share	-	-	-	(129,600)	-	(129,600)	(129,600)
Transfer to general reserve	-	-	280,000	(280,000)	-	-	-
Profit after taxation for the year	-	-	-	438,960	-	438,960	438,960
Other comprehensive income	-	-	-	-	23,897	23,897	23,897
Total comprehensive income for the year	-	-	-	438,960	23,897	462,857	462,857
Balance as at June 30, 2011	**144,000**	**12,598**	**1,525,000**	**443,697**	**25,288**	**2,006,583**	**2,150,583**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

AGRIAUTO INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rs. in 000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	**608,172**	667,132
Finance costs paid		**(837)**	(1,087)
Income tax paid		**(246,135)**	(294,997)
Long term deposits		**(1,997)**	(277)
Net cash generated from operating activities		**359,203**	370,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(117,178)**	(56,398)
Proceeds from disposal of property, plant and equipment		**15,185**	7,728
Proceeds from disposal of long term investment		**-**	108,405
Acquisition of short term investments		**(200,000)**	(150,000)
Profit received on term deposit receipts		**56,945**	36,657
Profit received on deposit accounts		**9,999**	11,044
Net cash used in investing activities		**(235,049)**	(42,564)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(2,432)**	(3,843)
Dividends paid		**(128,239)**	(56,957)
Net cash used in financing activities		**(130,671)**	(60,800)
Net (decrease) / increase in cash and cash equivalents		**(6,517)**	267,407
Cash and cash equivalents at the beginning of the year		**643,058**	375,651
Cash and cash equivalents at the end of the year	29	**636,541**	643,058

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

AGRIAUTO INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rs. in 000')	
Net profit for the year	**438,960**	394,242
Other comprehensive income		
Gain on disposal of available-sale-investments transferred to profit and loss account	**-**	37,125
Unrealized gain on change in fair value of available-for-sale investments arising during the year – net of tax	**23,897**	1,391
	23,897	38,516
Total comprehensive income for the year	**462,857**	432,758

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

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

	Note	2011	2010
		(Rs. in 000')	
Turnover - net	19	**3,980,258**	3,906,482
Cost of sales	20	**(3,170,927)**	(2,950,248)
Gross profit		**809,331**	956,234
Distribution costs	21	**(57,830)**	(50,786)
Administrative expenses	22	**(89,192)**	(70,293)
		(147,022)	(121,079)
Other operating income / (expenses)	23	**68,185**	(88,225)
Operating profit		**730,494**	746,930
Finance costs	24	**(837)**	(1,087)
Other charges	25	**(57,076)**	(60,570)
		(57,913)	(61,657)
Profit before taxation		**672,581**	685,273
Taxation	26	**(233,621)**	(291,031)
Profit after taxation		**438,960**	394,242
		Rupees	**Rupees**
Earnings per share – basic and diluted	27	**15.24**	13.69

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

AGRIAUTO INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011	2010
		(Rs. in 000')	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	**391,297**	345,436
Long term deposits and other receivable	7	**4,249**	2,252
		395,546	347,688
CURRENT ASSETS			
Stores, spares and loose tools	8	**61,356**	46,704
Stock-in-trade	9	**605,767**	630,739
Trade debts	10	**355,221**	309,221
Advances, deposits, prepayments and other receivables	11	**5,607**	8,841
Sales tax refundable		**-**	4,062
Accrued profit		**746**	-
Short term investments	12	**896,603**	609,152
Cash and bank balances	13	**126,541**	193,058
		2,051,841	1,801,777
TOTAL ASSETS		**2,447,387**	2,149,465
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2010: 40,000,000) Ordinary shares of Rs. 5/- each		**200,000**	200,000
Issued, subscribed and paid-up capital	14	**144,000**	144,000
Reserves		**2,006,583**	1,673,326
		2,150,583	1,817,326
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	15	**558**	2,434
Deferred taxation	16	**19,831**	26,636
		20,389	29,070
CURRENT LIABILITIES			
Trade and other payables	17	**267,985**	291,379
Current portion of liabilities against assets subject to finance lease	15	**1,885**	2,441
Taxation - net		**5,478**	9,249
Sales tax payable		**1,067**	-
		276,415	303,069
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**2,447,387**	2,149,465

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Agriauto Industries Limited (the Company) as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011, and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 09 September 2011

Karachi

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2011 prepared by the Board of Directors of Agriauto Industries Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange (Guarantee) 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquire of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control systems to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, the Listing Regulations require the Company to place before the Board of Directors of the Company for their consideration and approval of 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee of the Company. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 30 June 2011.

Ernst & Young Ford Rhodes Sidat Hyder

KARACHI: 09 SEPTEMBER 2011 **CHARTERED ACCOUNTANTS**

Agriauto Industries Limited
Statement of compliance with the Code of Corporate Governance
For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Listing Regulations of Karachi and Lahore Stock Exchanges. The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Agriauto Industries Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors (the Board). At present, the Board comprises of seven directors which includes five non-executive directors.

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

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

4. Casual vacancy occurring in the Board was filled up by the directors as follows:

S#	Name of Director	Date of resignation	Date of appointment
1.	Syed Sikander Ahmed	June 15, 2011	
2.	Mr. Daneshwar F. Dinshaw		June 29, 2011

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

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

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

8. The meetings of the Board were presided over by the Chairman. 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. The Company has maintained proper records in respect of related party transactions. All the related party transactions and the related pricing method have been reviewed and approved by the Board.

10. During the year, two directors of the Company attended the Pakistan Institute of Corporate Governance's course on "Corporate Governance leadership Skills".

11. No new appointment of CFO / Company Secretary has been made during the year.

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

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

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

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

16. The Board has formed an audit committee which comprises of three non-executive directors.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code.

18. The Board has outsourced the internal audit function to Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

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

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. We confirm that all other material principles contained in the Code have been complied with except that the position of the Company Secretary and CFO is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

On behalf of the Board

Chairman

Chief Executive Officer

Karachi: September 09, 2011

DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2011

Dear Shareholders,

The Directors of your Company have the pleasure of presenting the annual report based on the results of its operations along with the audited accounts for the year ended June 30, 2011.

The year 2011 was full of challenges. At the beginning of the current financial year the auto industry was concerned about the allowing of the import of used cars aging up to 5 years, the Tsunami in Japan effecting the procurement of parts from Japan and then in March 2011 imposition of Sales Tax on tractors perturb this industry and finally the burden of additional tax in the name of Flood Surcharge @15% on the income earned from March 15 – June 30. The depleting law and order situation and the shortfall of electricity remained major causes of concern for productivity enhancement and brought lot of pressure on expenses.

The Company's earnings per share increased from Rs. 13.69 to Rs. 15.24.

The Board of Directors' is therefore pleased to recommend a highest ever cash dividend of 100% i.e. Rs. 5 per share. The Board has also recommended appropriation of Rs. 290 million from un-appropriated profits to General Reserve.

1. PAKISTAN's ECONOMY

The economy of Pakistan has been undergoing stabilization phase since the last three years. The restoration of macroeconomic stability is important and necessary to provide the platform for generating growth, jobs, and improving the quality of life of the people.

The GDP growth is for the year was around 2.4 percent compared to the target of 4.5 percent. The set back was due to the agriculture sector which was badly affected by floods. However, the strong performance of services sector which grew at 4.1 percent has kept the overall growth in a reasonable range.

The most significant development during the year was the historic performance of the external sector, which is heading to register a surplus in the current account. First, exports crossing the $20 billion mark for the first time, exports are set to exceed $24 billion. Second, the remittances have also recorded a strong performance by crossing the double digit mark and are set to reach the historic level of more than $11.2 billion. Third --and this is partly attributable to moderated demand for imports --the current account shows a surplus of nearly $748 million.

In the years ahead the government is determined to sustain macroeconomic stability however, the law & order situation and the energy in the country would be biggest hurdle.

2. AUTOMOTIVE SECTOR

The auto sector which has lot of potential of growth, has been very steady for the last 3 years. Current year volumes are lower than expected due to massive earthquake in Japan whereby the passenger car assemblers curtailed their production. Tractor segment was initially hit by the floods in the earlier part of the year and later the imposition of the sales tax in the middle of the year hampered the sales of this segment. Motorcycle and 3 wheeler rickshaw is growing at a fast pace and is expected that this segment would further grow in the next 5 years.

Summarized automobile production figures comparing 2010-11 with 2009-10 appears below:

	2010-11	2009-10	Change
Passenger Cars	133,972	121,647	10.13%
Light Commercial Vehicles	20,025	16,940	18.21%
Trucks & Buses	3,300	4,053	(18.5%)
Tractors	70,770	71,607	(1.16%)
Motorcycles (2 & 3 Wheelers)*	1,637,450	1,389,047	17.88%

Source : Statistical Bureau of Pakistan

3. SUMMARY OF FINANCIAL RESULTS

Following are the summarized financial results of the Company for the year 2010-11:

(Rs. '000)

	2010-11	2009-10
Turnover	3,980,258	3,906,482
Gross Profit	809,331	956,234
Profit before Taxation	672,581	685,273
Taxation	(233,621)	(291,031)
Profit after Taxation	438,960	394,242
Earnings Per Share (Rs.)	15.24	13.69

4. OPERATIONS

Sales: Sales during the year 2011 were Rs. 3.980 billion as compared with last year's Rs. 3.906 billion, a modest increase of 1.9%.

Cost of Sales : The Gross Profit margin has declined from 24.48% to 20.33% of the current year. The main reason for the decline in the margin is due the ever increasing cost burden which our Customers are not absorbing. The major cost increases have been on account of Electricity & Fuel costs on account of self generation of power.

Distribution Cost: This cost has increased from Rs. 50.786 million of last year to Rs. 57.830 million this year, an increase of 13.8%. These costs are under control and the increase is on account of increase in freight costs and the provision for the warranty.

Administrative Expenses: The administrative cost has increased from Rs. 70.293 million to Rs. 89.192 million, an increase of 26.9%. The increase is mainly on account of legal & professional charges, inflationary trend in salary and the computer supplies.

Other Operating Income: Your Company earned Rs. 69.306 million during the year on its excess liquidity. (2010 : Rs. 52.464 million) through prudent investments.

5. **UP-GRADATION OF MANUFACTURING FACILITIES**

During the year under review the Company added new equipment worth Rs. 44.86 million to its facilities. New buffing & polishing machines were imported from Japan, Spot & Seam welding machines, CNC machines and other miscellaneous fixtures to improve its efficiency and quality of the products. The Company has plans for next year to add more machines & equipment to better equip itself for the higher volumes of shock absorbers, both for the passenger cars and motorcycles.

The Company during the year also sold the redundant machines having a book value of Rs. 15.4 million (including sleeves) through public auction. The sale of this un-used machinery created additional space for useful utilization and proper organization of the production floor.

6. **IMPLEMENTATION OF SAP**

The Management of your Company has decided to go for the implementation of SAP Enterprise Resource Planning (ERP). This tool will help the Management to take timely decision based on live data fully integrated with all the sections of the Company. The Company has awarded the contract to M/s. IBM Pakistan for its implementation. The total software, hardware and implementation cost is estimated to Rs. 33 million. This will be incurred in the next year. The project is expected to go-live by the end of the next fiscal year.

7. RECONSTITUTION OF THE BOARD

During the period the following casual vacancy was created due to the resignation of a director. These casual vacancies in the Board were filled up by the new director as follows:

S# Name of Director	Date of resignation	Date of appointment
1. Syed Sikander Ahmed	June 15, 2011	
2. Mr. Danesh Dinshaw		June 29, 2011

The Board welcomes Mr. Danesh Dinshaw on the Board and places on record its appreciation to the out-going Director for his valuable inputs.

8. CONTRIBUTION TO THE COMMUNITY (CSR)

Your Company remained committed in its efforts to help our environment and society. We continue to support the 10 principles of the United Nations Global Compact, and thus ensure that our corporate citizenship commitment and policies are deeply embedded in these principles. During the year Rs. 6.7 million had been contributed to various NGOs / Institutions / Trusts working towards human cause.

a. Community Development

The Company has sponsored the upgrading of Laboratory of Jam Ghulam Qadir Hospital Hub. We will continue our efforts to further equip the laboratory with modern facilities.

Agriauto takes immense pride in actively contributing towards enhancing education facilities. The class rooms of the Hub Degree College were furnished by giving them 100 Desk & Chairs.

The Company regularly provides assistance to the local community; this year ration was distributed to about 300 families in Hub.

b. Welfare spending for under privileged class

As responsible corporate citizen, the Company actively contributes to Trusts and NGOs working for human cause.

c. Industrial Relations

Agriauto fosters not only the culture of mutual respect amongst both officers and workers but also encourages them to share their valuable input towards improving the quality of work environment.

Distribution of ration to all Workers and caring for workers health and safety has greatly contributed towards strengthening the AIL family.

d. Donations National Cause

The Company actively contributed to the IDPs caused by flooding by donating Rs.3.1 million.

e. Contribution to National Exchequer

During the year your Company contributed Rs.1.25 billion to the National Exchequer.

9. HUMAN RESOURCE

Human Capital has always been the center of focus of your Company. Considerable efforts have been made in development of human resources. As part of employee development strategy employees were sent abroad to participate in several management and technical trainings. Ex-house and In-house trainings were imparted, emphasizing on furthering Leadership skills, inculcating and embracing values of the Company, as our success lies in adherence to them. Stress on Post Training Evaluation remained a core focus of HR team to determine the level of achievement of desired results, and to re-assess the training needs.

To boost up the morale of the employees, Motivational & Reward system has been improved. As a responsible corporate citizen, social operating mechanisms have been strengthened.

Management Association of Pakistan (MAP) has acknowledged our untiring efforts and your company was awarded Corporate Excellence Certificate in Automobiles & Parts Sector, an honor for us.

Initiatives have become a habit with the formation of Kaizen and 5S Teams within each plant, thus strengthening the role of Technical Department. Induction of two Senior Executives, Mr. Saeed Rizvi, DGM – Quality Assurance and Syed Nasruddin, Sr. Manager Information Technology in the management team would most certainly add to the efforts being made to achieve our corporate goals.

10. FUTURE OUTLOOK

Challenges lie ahead for the next year as well. During the first 2 months of the current year the major tractor assemblers_have been closed as the tractors sales have been dropped by almost 90%. Upon the imposition of Sales Tax the prices of the tractors have increased by Rs. 100,000 – Rs. 200,000. The farmers are cash starved after the fall of commodity prices and agri related loan have been on halt by Zarai Taraquiti Bank Limited therefore the demand for new tractors is slow. We expect that this sector will remain sluggish in the next year.

Passenger Car segment largely depends on the Government policies towards the import of used cars and on granting preferential treatment to the new entrants. The other cause of concern is the law & order situation in the country and there is no immediate solution to this problem. We expect the volumes in the sector would remain at the same level.

The motorcycle and rickshaw segment is relatively neutral to the law & order situation and it is expected that the volumes in this sector will outgrow as there is lot of room available in this sector.

The Management of your Company is aggressively looking for a Joint Venture partner to strengthen its sheet metal press business for automobiles.

11. PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2011 is annexed.

During the year there were no transactions in the shares of the Company undertaken by its Directors.

12. CORPORATE AND FINANCIAL REPORTING

In compliance with the listing regulation # 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange, the Directors of the Company do hereby declare the following:

a. The financial statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.

e. The system of internal control is sound in design ands has been effectively implemented and monitored.

f. There are no significant doubts upon the Company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The value of investments made by the Provident Fund base on the audited accounts for the year ended June 30, 2010 amounted to Rs. 73.86 million.

13. **NUMBER OF BOARD MEETINGS**

During the year, five Board meeting were held and attendance is given hereunder:

SL #	Names	No of meetings Attended/held
1	Mr. Yutaka Arae	5/5
2	Mr. Fahim Kapadia	5/5
3	Mr. Sohail P. Ahmed	4/5
4	Mr. Owaisul Mustafa	5/5
5	Mr. Asif Rizvi	4/5
6	Mr. Alireza M. Alladin	5/5
7	Syed Sikander Ahmed	4/5

14. AUDITORS

The existing Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) retired and have offered themselves for re-appointment. The reappointment has also been recommended by the Audit Committee of the Board.

15. STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance to the Code of Corporate Governance is annexed herewith.

16. ACKNOWLEDGEMENT

We are pleased to acknowledge that the relations with employees remained cordial and harmonious throughout the year. The Management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work for the growth and prosperity of the company, without which this performance would not have been possible. Once again we expect the same zeal and commitment to continue and prevail.

On behalf of the Board of Directors, we would like to place on record our appreciation to all our Patrons, Dealers, Suppliers and Employees for their valuable help, unflinching support and contribution to the Company. We are also thankful to all our overseas Technical Collaborators, M/s Gabriel Ride Control Products, Inc. USA, M/s KYB Corporation, Japan and M/s Aisin Seiki Co. Ltd, Japan for their technical assistance and advice.

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive Officer

KARACHI
DATED : September 9, 2011

Pattern of Share Holding

Number of Share Holders	Size of Share Holdings From		To	Total Shares Held
1,670	1	-	100	47,388
864	101	-	500	205,017
347	501	-	1,000	240,416
398	1,001	-	5,000	848,839
54	5,001	-	10,000	379,374
27	10,001	-	15,000	333,172
14	15,001	-	20,000	248,154
14	20,001	-	25,000	326,373
41	25,001	-	50,000	1,421,094
18	55,001	-	95,000	1,291,006
3	95,001	-	110,000	307,660
12	115,001	-	195,000	1,818,217
2	205,001	-	220,000	426,600
12	265,001	-	530,000	4,418,042
4	595,001	-	600,000	2,400,000
1	605,001	-	610,000	609,200
1	615,001	-	620,000	617,047
1	705,001	-	710,000	708,960
1	775,001	-	780,000	780,000
1	780,001	-	785,000	781,500
1	895,001	-	900,000	900,000
1	1,215,001	-	1,220,000	1,215,600
1	1,245,001	-	1,250,000	1,248,139
1	1,300,001	-	1,305,000	1,304,660
1	5,920,001	-	5,925,000	5,923,542
3,490				**28,800,000**

Category #	*CATEGORIES OF SHAREHOLDERS*	*Number of Shares held*	*Category wise No. of Shareholders*	*Category wise shares held*	*%*
1	**INDIVIDUALS**		3,385	6,705,795	23.28%
2	**INVESTMENT COMPANIES**		3	3,129	0.01%
3	**JOINT STOCK COMPANIES**		33	2,080,719	7.22%
4	**DIRECTORS', CHIEF EXECUTIVE OFFICER, THEIR SPOUSES & MINOR CHILDREN**		7	8,909	0.03%
	Yutaka Arae	1,000			
	Fahim Kapadia	3,000			
	Sohail P.Ahmed	1,599			
	Owais ul Mustafa	1,310			
	Syed Asfi Raza Rizvi	1,000			
	Alireza M. Alladin	1,000			
		8,909			
5	**EXECUTIVES**	-	-	-	0.00%
6	**NIT / ICP**		5	1,364,277	4.74%
	National Bank of Pakistan, Trustee Deptt	1,327,320			
	National Investment Trust Limited	33,597			
	Investment Corporatation of Pakistan	3,360			
7	**ASSOCIATED COMPANIES**		2	2,115,600	7.35%
	Thal Ltd.	2,115,600			
8	**PUBLIC SECTOR COMPANIES & CORP.**	-	-	-	0.00%
9	**BANKS, DFI's, NBFI''s, INSURANCE COS., MODARABA, MUTUAL FUNDS**		23	3,047,285	10.58%
10	**FOREIGN INVESTORS**		17	12,986,643	45.09%
11	**CO-OPERATIVE SOCIETIES**		1	1,542	0.01%
12	**CHARITABLE INSTITUTIONS**		9	366,601	1.27%
13	**OTHERS**		5	119,500	0.41%
	TOTAL		3,490	28,800,000	100.00%

SHARE-HOLDERS HOLDING TEN(10) PERCENT OR MORE VOTING INTEREST IN THE COMPANY

NAME(S) OF SHARE-HOLDER(S)	**DESCRIPTION**	**NO OF SHARES HELD**	**% AGE**
Robert Finance Corporation, AG (Foreign Investor)	FALLS IN CATEGORY # 10	7,171,681	24.90%

iii. He / She has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.

iv. He / She and his / her spouse are not engaged in the business of stock brokerage.

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

4. CDC shareholders desiring to attend the meeting are requested to bring their computerized original National Identity Card, Account and participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card as per guide lines laid down in circular No. 1 dated January 26, 2000 issued by the SECP.

5. Members are requested to promptly communicate any change in their addresses to our Company's Share Registrar, M/s Noble Computer Services (Pvt.) Ltd. 1st Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Co-operative Fousing Society, Main Shahrah-e-Faisal, Karachi.