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A Company of
Ghani Group

غیر سودی ادارہ



Ghani
Automobile Industries Ltd.

ANNUAL REPORT 2009



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Imtiaz Ahmad Khan Chairman
Anwaar Ahmad Khan
Aftab Ahmad Khan Chief Executive Officer
Reema Anwaar
Ayesha Aftab
Junaid Ghani
Obaid Ghani
Jubair Ghani

AUDIT COMMITTEE

Anwaar Ahmad Khan Chairman
Ayesha Aftab
Jubair Ghani

COMPANY SECRETARY

Aamir Shahzad Mughal

CHIEF FINANCIAL OFFICER

Umer Farooq Khan

AUDITORS

Hassan Farooq & Company
Chartered Accountants

LEGAL ADVISORS

Ally Law Associates
Ch. Muhammad Siqqique

SHARE REGISTRAR

Corplink (Pvt) Ltd.
Wings Arcade, 1-K Commercial Model Town Lahore, Pakistan
Phones : (042) 5839182, 5887262 Fax : (042) 5869037

BANKERS

Albaraka Islamic Bank
Allied Bank of Pakistan Limited
Habib Bank Limited
Meezan Bank Limited, Islamic Banking
Soneri Bank Limited, Islamic Banking
Dawood Islamic Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited

HEAD OFFICE

40-L Model Town Lahore, Pakistan
Phones : (042) 3517 2205, 3516 9025, 3516 9049, 3516 9084, 3516 9087
Fax : (042) 3517 2263

REGISTERED OFFICE

E-mail : ggc49@wol.net.pk <http://www.ghanigroup.com>
50-L Model Town Lahore, Pakistan
Phones : (042) 3520 3975-76 Fax : (042) 3516 0314

MARKETING OFFICE

12 D/3, Chandni Chowk KDA Scheme No. 7-8 Karachi - 74000
Phones : (021) 3491 1961-62 & 3485 2686-87 Fax : (021) 3494 1131
E-mail : kml@cyber.net.pk

AUTOMOBILE PLANT

49-KM, Multan Road, (from Lahore)



MISSION STATEMENT

To be successful by
effectively & efficiently
Utilizing our Philosophies,
so that We achieve & Maintain
constantly the High Standards of
Product Quality
&
Customer Satisfaction

VISION & PHILOSOPHY

Nothing in this earth or in the heavens
Is hidden from ALLAH
To indulge in honesty, integrity and self determination,
to encourage in performance and
most of all to put our trust in ALLAH,
so that we may, eventually through our efforts and belief,
become the leader amongst automobile products
manufacturers



GHANI AUTOMOBILE INDUSTRIES LIMITED

Notice is hereby given that 22nd Annual General Meeting of shareholders of Ghani Automobile Industries Limited will be held on Wednesday October 28, 2009 at 11.30 AM at Avari Hotel, The Mall, Lahore for transacting of the following business:-

1. To confirm the minutes of 21st Annual General Meeting.
2. To receive and adopt the Annual Financial Statements of the company together with auditors and directors reports for the period ended June 30, 2009.
3. To appoint auditors and fix their remuneration. Present auditors M/s Hassan Farooq & Company Chartered Accountants being eligible offer themselves for reappointment.
4. To transact any other business with permission of the chair.

By order of the Board

Lahore
October 07, 2009

Aamir Shahzad Mughal
Company Secretary

NOTES:

The share transfer books of the company will remain closed from Thursday October 22, 2009 to Wednesday October 28, 2009 (both days inclusive). The members whose names appear in the register of members as at the close of business on October 21, 2009 shall qualify for the attendance of this meeting.

A member entitled to attend and vote at the meeting may appoint another member as his or her proxy to attend and vote. 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.

CDC account holders will have to follow the following guidelines for attending the meeting.

- i) In case of individuals the account holders and sub account holders whose registration details are uploaded as per the regulations, shall authenticate his/her identity by showing original I.D. Cards or passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their participation. I.D. numbers and account number in CDC.
- ii) In case of corporate entity, Board of Directors, resolution / power of attorney with specimen signature of nominee shall be produced (unless provided earlier) at the time of meeting.

Shares holders are requested to notify the change of their addresses, if any, to shares registrar, M/s Corplink (Pvt) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore, Phone No. 042-35839182, 35887262, Fax No. 35869037.



DIRECTORS' REPORT

Dear Shareholders
Assala-Mo-Alaikum Wa Rehmatullah Wa Barakatohu,

The Board of Directors of Ghani Automobile Industries Limited takes pleasure in presenting the annual report and the audited financial statement of the company together with auditors' report for the year ended June 30, 2009.

NATIONAL ECONOMY

The global economic crises did have an impact on the economy of Pakistan. Devaluation of rupee against major world currencies, political instability, increasing profit rates of the financial institutions, tight lending policies of financial institutions, law and order situation and inconsistent and unclear Government policies have contributed in eroding the entrepreneurs' confidence. All these factors have increasingly affected the profitability of the automobile industry.

FINANCIAL PERFORMANCE

The operating results of your company for the year ended June 30, 2009 under review are summarized as follows :

	2009	2008
	(Rupees in '000')	
Sales Net	230,005	245,142
Gross Profit	3,650	33,879
Profit/(loss) before taxation	(42,164)	2,361

The basic earning per share (EPS) for the year is Rs.(2.11) as compared to Rs. 0.06 of previous year.

In current scenario, changing modles, improved fuel efficiency, cutting manufacturing cost and enhancing the end user comfort without compromising on quality are the most crucial challenges for the automobile sector.

FUTURE OUTLOOK

Your company is aggressively expanding its dealer network through out the country. Spare parts and after sale service network has also been improved to facilitate the customer at door step. The company aims to become a market leader through provision of best quality product. The current market share is intended to be increased in near future to exceed the expectations of our valued customers. Our Research and Development team is always trying to introduce new products with innovation. We are looking at the future and we understand the importance of continuous upgrading technology in all spheres of work.

Our research and development team has completed their study and working on development of the 200cc water cooled CNG Rickshaw and we expect the product will be launched in near future Inshallah. Being part of our strategy initially we are growing smoothly and have plans in pipeline. Hopefully by the passage of time we will capture the reasonable share in the automobile sector.

The Company's management at all levels fully understands the importance of introducing and upgrading technology in all spheres of works. All management strategies eventually rely on stat-of-the-art-technology based on Research & Developments augments of company's upcoming product.



Production and supply of quality products is our prime object. Customers are rightly demanding better quality products at cheaper prices. In order to have international standard products, we are strictly enforcing our quality assurance both in-house and for bought out components.

Ghani automobile has developed the effective and efficient processes to meet the quality challenges. Quality Management System ISO 9000 and Environmental Management System ISO 14000 is in process. We have acquired certification from EDB, PSQCA and PTA.

CORPORATE GOVERNANCE

The board reviews the company's strategic direction on regular basis. The business plan & targets set by the Chairmen, Chief Executive and the Board are also reviewed regularly. The Board is committed to maintain a high standard of corporate governance, and has ensured full compliance of Corporate Governance as incorporated in the Listing Rules of the Stock Exchanges.

Your directors are pleased to report that:

1. The financial statement prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The proper books of account have been maintained.
3. Appropriate accounting policies consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control, which was in place, is continuously reviewed by internal audit and other such procedures. The process of review will continue with the objective to further improve.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The key operating data of the company is included in this report.
9. Outstanding taxes and levies:
Please refer notes 7, 8 and 11 to the annexed audited accounts.

STAFF RETIREMENT BENEFIT

All employees were laid off during October 1999 after close of factory operations accordingly benefit scheme was also not in operation. The Provident Fund Scheme for all employees is approved by management and it will be commenced shortly.

PATTERNS OF SHAREHOLDING

A statement of the patterns of shareholding as on June 30, 2009 is attached in the prescribed form as required under Code of Corporate Governance. The directors, chief executive office, chief financial officer, company secretary, their spouses and minor children did not carry out any transaction in the shares of the company during the year.

BOARD OF DIRECTORS

I would like to place on record my appreciation and gratitude to the Board of Directors for guidance and support to the management.



During the year Mr. Pervaiz A. Chaudhry did not attend any meeting and the management declare its position as vacant. To fill the casual vacancy Mr. Jubair Ghani appointed as director of the company.

A total of 05 meetings of the Board of Directors were held during the year. The attendance record of Board members was as follows:

Name of Directors	Attended
Mr. Imtiaz Ahmad Khan	05
Mr. Anwaar Ahmad Khan	05
Mr. Aftab Ahmad Khan	04
Mrs. Reema Anwaar	05
Mrs. Ayesha Aftab	05
Mr. Junaid Ghani	04
Mr. Obaid Ghani	03
Mr. Jubair Ghani	02

Leave of absence was granted to those directors who submit their applications.

AUDITORS

The present auditors Messers Hassan Farooq & Company, Chartered Accountants, retire at the conclusion of the meeting. Being eligible, they have offered themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the company for the year ending June 30, 2010, at a mutually agreed fee.

ACKNOWLEDGEMENT

The board acknowledges and puts on record its sincere appreciation for the staff and workers of the company for their work, enthusiasm and loyalty. We are thankful to Allah Subhanatallah for blessing all of us. We pray to Allah Subhanatallah to keep showering us with his Rehmat and keep us on the right path, which is the commandments of Allah Subhanatallah and Sunnah of our Prophet "MUHAMMAD" (Sallalloho-Alaie-Wasallam)

For and on behalf of the Board

Lahore
September 30, 2009

AFTAB AHMAD KHAN
Chief Executive Officer



PATTERN OF SHARES HOLDING

Held by the shareholders as at 30th June 2009 Incorporation No. 0016697

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
59	1	100	4,623
549	101	500	263,769
199	501	1,000	196,240
204	1,001	5,000	580,500
48	5,001	10,000	393,600
19	10,001	15,000	256,900
7	15,001	20,000	127,700
5	20,001	25,000	109,500
4	25,001	30,000	114,000
2	30,001	35,000	66,938
2	35,001	40,000	75,500
5	45,001	50,000	243,400
1	50,001	55,000	51,000
3	55,001	60,000	174,000
1	60,001	65,000	64,500
1	85,001	90,000	90,000
6	95,001	100,000	593,000
2	100,001	105,000	210,000
2	105,001	110,000	217,200
1	115,001	120,000	118,900
1	175,001	180,000	180,000
1	225,001	230,000	225,500
1	230,001	235,000	234,000
1	240,001	245,000	241,000
1	260,001	265,000	262,500
1	360,001	365,000	362,800
1	900,001	905,000	903,800
1	1,070,001	1,075,000	1,073,200
1	1,455,001	1,460,000	1,458,000
2	1,665,001	1,670,000	3,340,000
2	2,535,001	2,540,000	5,078,049
1	2,685,001	2,690,000	2,689,881
1134			20,000,000

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	13,101,530	65.5077%
NIT and ICP	7,600	0.0380%
Share holders holding 10% General Public	12,199,230	60.9962%
a. Local	6,110,365	30.5518%
b. Foreign		
Others (to be specified)		
1- Joint Stock Companies	418,005	2.0900%
2- Charitable Trust	100,000	0.5000%
3- Others	262,500	1.3125%



DETAIL OF PATTERN OF SHARE HOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

S. No.	NAME	HOLDING	% AGE
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000%
<u>NIT & ICP</u>			
1	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT(CDC)	147	0.0007%
2	NBP TRUSTEE - NI(U) T (LOC) FUND (CDC)	153	0.0008%
3	INVESTMENT COPPORATION OF PAKISTAN	7,300	0.0365%
		7,600	0.0380%
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>			
1	MR. IMTIAZ AHMAD KHAN	2,540,074	12.7004%
	MR. IMTIAZ AHMAD KHAN (CDC)	1,073,200	5.3660%
2	MRS. RUBINA IMTIAZ. W/O IMTIAZ AHMED KHAN (CDC)	362,800	1.8140%
3	MR. ANWAAR AHMAD KHAN	2,537,975	12.6899%
	MR. ANWAAR AHMAD KHAN (CDC)	1,670,000	8.3500%
	MR. ANWAAR AHMAD KHAN (CDC)	15,600	0.0780%
4	MR. AFTAB AHMAD KHAN	2,689,881	13.4494%
	MR. AFTAB AHMAD KHAN (CDC)	1,670,000	8.3500%
5	MR. JUNAID GHANI (CDC)	234,000	1.1700%
6	MR. OBAID GHANI	105,000	0.5250%
7	MR. JUBAIR GHANI	500	0.0025%
8	MRS. REEMA ANWAAR W/O ANWAAR AHMED KHAN	100,000	0.5000%
9	MRS. AYESHA AFTAB W/O AFTAB AHMED KHAN	100,000	0.5000%
		13,099,030	65.4952%
<u>PUBLIC SECTOR COMPANIES & CORPORATIONS</u>			
1	ACE SECURITIES (PVT.) LIMITED. (CDC)	36,500	0.1825%
2	CAPITAL VISION SECURITIES (PVT) LIMITED (CDC)	11,500	0.0575%
3	CLIKTRADE LIMITED (CDC)	12,500	0.0625%
4	DARSON SECURITIES (PVT) LIMITED (CDC)	3,000	0.0150%
5	DARSON SECURITIES (PVT) LIMITED (CDC)	1,000	0.0050%
6	DURVESH SECURITIES (PVT) LIMITED (CDC)	12,000	0.0600%
7	HUM SECURITIES (PVT) LIMITED (CDC)	2,500	0.0125%
8	ISMAIL ABDUL SHKOOR SECURITIES (PRIVATE) LIMITED (CDC)	2,000	0.0100%
9	LIVE SECURITIES (PRIVATE) LIMITED (CDC)	22,500	0.1125%
10	M.R. SECURITIES (PVT) LIMITED (CDC)	100	0.0005%
11	MAAN SECURITIES (PVT) LTD. (CDC)	20,500	0.1025%
12	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED (CDC)	21,500	0.1075%
13	MIAN MUHAMMAD AKRAM SECURITIES (PVT) LIMITED (CDC)	3,000	0.0150%
14	MOOSANI SECURITIES (PVT) LIMITED (CDC)	3,000	0.0150%
15	MSMANIAR FINANCIALS (PVT) LIMITED (CDC)	10,000	0.0500%
16	N.H. CAPITAL FUND. (CDC)	5	0.0000%
17	PROGRASSIVE SECURITIES (PVT.) LTD (CDC)	225,500	1.1275%



18	RAMADA SECURITIES & DERVIATIVES LIMITED (CDC)	500	0.0025%
19	SNM SECURITIES (PVT.) LTD. (CDC)	20,000	0.1000%
20	TIME SECURITIES (PVT) LIMITED (CDC)	2,500	0.0125%
21	VALUE STOCK SECURITIES (PVT) LIMITED (CDC)	5,000	0.0250%
22	WASI SECURITIES (PVT) LIMITED (CDC)	1,400	0.0070%
23	Y.S. SECURITIES & SERVICES (PVT) LIMITED (CDC)	1,500	0.0075%
		418,005	2.0900%

CHARITABLE TRUST

1	TRUSTEES ADAMJEE FOUNDATION (CDC)	100,000	0.5000%
		100,000	0.5000%

OTHERS

1	JS VALUE FUND LIMITED. (CDC)	262,500	1.3125%
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**BANKS, DEVELOPMENT FINANCE INSTITUTIONS,
NON BANKING FINANCE INSTITUTIONS**

	0	0.0000%
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INSURANCE COMPANIES

	0	0.0000%
--	---	---------

MODARABAS & MUTUAL FUNDS

	0	0.0000%
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SHARES HELD BY THE GENERAL PUBLIC

	6,112,865	30.5643%
	20,000,000	100.0000%

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

1	MR. IMTIAZ AHMAD KHAN	3,613,274	18.0664%
2	MR. ANWAAR AHMAD KHAN	4,223,575	21.1179%
3	MR. AFTAB AHMAD KHAN	4,359,881	21.7994%
		12,196,730	60.9837%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	NAME	PURCHASE	SALE
1	MR. IMTIAZ AHMAD KHAN	22,600	-
2	MR. ANWAAR AHMAD KHAN	35,000	-
3	MR. JUBAIR GHANI	500	-

**SIX YEARS AT GLANCE**

	(Rupees in million)					
	2009	2008	2007	2006 (Restated)	2005	2004
Production (Nos.)	7,028	8,315	2,846	-	-	-
Sales	230.005	245.142	130.018	44.358	16.056	2.318
Gross profit	3.650	33.879	12.169	0.514	0.917	0.201
Net profit / (loss)	(42.164)	1.135	(39.426)	0.800	(0.801)	(7.829)
Earnings per share	(2.11)	0.06	(3.38)	0.08	(0.16)	(1.57)
Dividend %	-	-	-	4	-	-
Current assets	286.847	327.938	109.376	56.873	56.252	22.010
Current liabilities	243.419	239.441	15.898	21.622	1.740	11.200
Un-appropriated Loss	(112.430)	(70.265)	(71.400)	(31.974)	(30.815)	(30.013)
Share holders equity	87.570	129.734	128.599	68.026	69.185	19.686



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained respectively in the listing regulations of the Karachi stock exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages the representation of independent non-executive directors and directors representing minority independent directors on its Board of Directors. Board comprise of four executive and four non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred in the Board was filled up by the directors within 30 days thereof.
5. The company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees up to the level of Manager 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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, are determined to be taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, 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 the Directors on the Board are fully conversant with their duties and responsibilities as Director of corporate bodies. Some of the directors attended orientation courses.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. The Directors, report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval by the Board.



13. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members. Two members of the Audit Committee are non-executive directors.
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. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has earlier set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the Internal Audit function of the company on a full time basis.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. All material principles contained in the Code have been complied with.

For and Behalf of the Board of Directors

Lahore:
September 30, 2009

Aftab Ahmad Khan
Chief Executive Officer



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of GHANI AUTOMOBILE INDUSTRIES LIMITED (the Company) to comply with the Listing Regulation No.37 of Karachi Stock Exchange where the company is listed.

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

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

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

LAHORE:
Date: September 30, 2009

(HASSAN FAROOQ & COMPANY)
CHARTERED ACCOUNTANTS



AUDITOR'S REPORT TO THE MEMEBRES

We audited the annexed balance sheet of GHANI AUTOMIBILE INDUSTRIES LIMITED as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 misstatements. 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;
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company; and
- (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 confirm 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE:
Date: September 30, 2009

HASSAN FAROOQ AND COMPANY
CHARTERED ACCOUNTANTS



BALANCE SHEET AS AT JUNE 30, 2009

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital 20,000,000 (2008: 20,000,000) ordinary shares of Rs.10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital	3	200,000,000	200,000,000
Accumulated losses		(112,430,179)	(70,265,640)
		87,569,821	129,734,360
NON CURRENT LIABILITIES			
Long Term Diminishing Musharaka Financing	4	10,800,000	14,400,000
CURRENT LIABILITIES			
Current portion of long term Musharaka		3,600,000	3,600,000
Short term Bank Financing	5	75,029,987	152,362,345
Loan from sponsors	6	36,925,000	5,525,000
Creditors, accrued and other liabilities	7	127,864,352	77,954,106
		243,419,339	239,441,451
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		341,789,160	383,575,811
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	9	54,423,839	55,119,049
SECURITY DEPOSITS		518,486	518,486
CURRENT ASSETS			
Stores, spares and loose tools		427,344	594,100
Stock in trade	10	68,426,215	104,758,402
Trade debtors - unsecured but considered good		146,180,119	143,034,221
Advances and other receivables	11	63,210,281	73,455,504
Cash and bank balances	12	8,602,876	6,096,049
		286,846,835	327,938,276
		341,789,160	383,575,811

The annexed notes form an integral part of these financial statements

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Sales	13	230,005,410	245,142,450
Cost of sales	14	226,355,024	211,263,394
Gross profit		<u>3,650,386</u>	<u>33,879,056</u>
OPERATING EXPENSES			
Administrative expenses	15	11,080,053	7,362,926
Distribution and marketing expenses	16	18,012,562	17,457,970
		29,092,615	24,820,896
OPERATING PROFIT / (LOSS)		<u>(25,442,229)</u>	<u>9,058,160</u>
OTHER INCOME		1,140,586	-
		<u>(24,301,643)</u>	<u>9,058,160</u>
FINANCE CHARGES	17	17,862,896	6,530,948
OTHER EXPENSES	18	-	166,640
PROFIT / (LOSS) BEFORE TAXATION		<u>(42,164,539)</u>	<u>2,360,572</u>
Taxation		-	1,225,712
NET PROFIT / (LOSS) AFTER TAXATION		<u>(42,164,539)</u>	<u>1,134,860</u>
Un-appropriated loss brought forward		(70,265,640)	(71,400,500)
Un-appropriated loss carried forward		<u>(112,430,179)</u>	<u>(70,265,640)</u>
Earning Per Share - Basic	19	<u>(2.11)</u>	<u>0.06</u>

The annexed notes form an integral part of financial statements

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	30 June 2009 Rupees	30 June 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year before tax	(42,164,539)	2,380,572
Adjustment for :		
Depreciation	4,519,479	3,821,814
Financial charges	17,862,896	6,890,845
W.P.P.F & W.W.F	-	166,640
	<u>22,382,375</u>	<u>10,879,299</u>
Operating profit / (loss) before working capital changes	(19,782,164)	13,259,871
 (Increase) / decrease in current assets		
Store, spares and loose tools	166,756	(471,720)
Stock in trade	36,332,187	(106,688,789)
Trade debtors	(3,145,898)	(108,173,187)
Advances and other receivables	11,771,586	(21,074,652)
	<u>45,124,631</u>	<u>(236,408,348)</u>
 Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	50,587,629	55,503,106
	<u>75,930,096</u>	<u>(167,645,371)</u>
Financial charges paid	(18,540,278)	(525,011)
Taxes paid	(1,526,363)	(188,443)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>55,863,455</u>	<u>(168,358,825)</u>
 Security deposits		
Acquisition of fixed assets	-	(343,786)
	<u>(3,824,270)</u>	<u>(23,994,362)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,824,270)	(24,338,148)
 Musharaka financing received		
Murabaha financing received	-	18,000,000
Loan from sponsors	68,568,500	152,362,345
Musharaka financing repaid	31,400,000	5,525,000
Murabaha financing repaid	(3,600,000)	-
Repayment of loan from sponsors	(145,900,858)	-
	<u>-</u>	<u>-</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	(49,532,358)	175,887,345
 Net increase / (decrease) in cash		
Cash and cash equivalents at the beginning of the year	2,506,827	(16,809,628)
	<u>6,096,049</u>	<u>22,905,677</u>
Cash and cash equivalents at the end of the year	<u>8,602,876</u>	<u>6,096,049</u>

The annexed notes form an integral part of financial statements

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



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

	<u>Share Capital</u> <u>Capital</u> <u>Rupees</u>	<u>Accumulated</u> <u>profit/(loss)</u> <u>Rupees</u>	<u>Total</u> <u>Rupees</u>
Balance as on June 30, 2007	200,000,000	(71,400,500)	128,599,500
Net profit for the year	-	1,134,860	1,134,860
Balance as on June 30, 2008	<u>200,000,000</u>	<u>(70,265,640)</u>	<u>129,734,360</u>
Balance as on July 01, 2008	200,000,000	(70,265,640)	129,734,360
Net loss for the year	-	(42,164,539)	(42,164,539)
Balance as on June 30, 2009	<u>200,000,000</u>	<u>(112,430,179)</u>	<u>87,569,821</u>

The annexed notes form an integral part of financial statements

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



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

1 COMPANY AND ITS OPERATIONS

The company is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 in September 1987. The registered office of the company is situated at 50-L Model Town, Lahore. The shares of the company are quoted on Stock Exchanges in Pakistan. The name of the company has been changed from Ghani Textile Limited to Ghani Automobile Industries Limited with effect from March 31, 2004. The principal activity of company has been changed during year 2004 from manufacture and trade of grey cloth to manufacture, assemble and trade of Automotive Vehicles of all kinds and sorts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

2.2 Statement of compliance

These financial statements have been prepared in all material respect 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 Standard Board as notified under the Companies Ordinance, 1984, provisions of and the directives issued under the Companies Ordinance 1984. In case requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

2.3 Property, Plant and Equipment

Property, plant and equipment except free hold land are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method over the useful life of the assets at the rates mentioned in Note 9. Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewal and replacements are capitalized. Gain or loss on disposal of fixed assets is recognized in income statement.

2.4 Impairment of Assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired, If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

2.5 Capital Work in Progress

All cost/expenditure connected with specific assets, incurred during the acquisition \erection period are carried under this head. These are transferred to property, plant and equipment as and when assets are available for use.

2.6 Stores, Spares and Loose Tools

These are valued at lower of cost and net realizable value. Cost is determined at moving average, except items in transit, which are valued at cost accumulated up to the balance sheet date. Provision is made against obsolete items.



2.7 Stock in Trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw Material	Moving average cost
Stock in Process	Weighted average
Finished Goods	Weighted average

2.8 Trade Debts

Known bad debts are written off and provision is made for debts considered doubtful.

2.9 Revenue Recognition

Direct sales are recognized on dispatch of goods to customers and dealers.

Sales through agents are booked on intimation from agents.

2.10 Related Party Transactions

All transactions between the company and a related party in respect of purchases of materials are at Comparable Uncontrolled Price Method.

2.11 Taxation

Current

Provision for current taxation is provided on taxable income at the current rates of taxation after taking into account tax credit and rebates available, if any.

2.12 Foreign Currencies

Transactions in foreign currencies are accounted for in Pak Rupees at the rates of exchange ruling at the date of transactions. Assets and liabilities in foreign currencies except for foreign currency balance covered by forward exchange risk cover are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. Foreign currency balance covered by forward exchange risk cover is converted at Contracted rates. Exchange gain/ loss is charged to current year's income.

2.13 Financial Instruments

All other financial assets and liabilities are recognized at cost which is the fair value of the consideration received or given at the time when the company becomes a party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on subsequent measurement and derecognition is charged to income.

2.14 Off Setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

2.15 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and bank balances.

2.16 Provisions

Provisions are recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.



	30 June 2009 Rupees	30 June 2008 Rupees
3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
19,250,000 (2008: 19,250,000) ordinary shares of Rupees 10 each fully paid in cash	192,500,000	192,500,000
250,000 (2008: 250,000) ordinary shares of Rupees 10 each fully paid other than cash	2,500,000	2,500,000
500,000 (2008: 500,000) ordinary shares of Rupees 10 each issued as bonus shares	5,000,000	5,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
4 LONG TERM DIMINISHING MUSHARAKA FINANCING		
Diminishing Musharaka Financing	14,400,000	18,000,000
Less : Current portion	3,600,000	3,600,000
	<u>10,800,000</u>	<u>14,400,000</u>

The company has executed Diminishing Musharaka agreement with Habib Metropolitan Bank Ltd. for purchase of plots measuring about 20 Kanals and 10 Marlas situated at Kamun Gil Mouza Tehsile Chunian Distt. Kasur. The liability is repayable in 60 equal monthly instalments starting from July 24, 2008 and subject to profit charged @ 6 months KIBOR plus 1% p.a. to be reviewed on six monthly basis also capped at minimum 11% p.a. and maximum 18% p.a.

- The liability is secured against legal mortgage of Rs.500,000/- and balance equitable mortgage to be created on project land and building to be purchased, registered with S. E. C. P on the same property for Rs.25 million and lien / pledge on shares of Ghani Glass Limited at 40% margin of market value.

5 SHORT TERM BANK FINANCING

Morabaha from Soneri Bank Limited	5.1	68,568,500	84,629,000
Morabaha from Dawood Islamic Bank Limited	5.2	-	36,114,644
Mudariba from Dawood Islamic Bank Limited	5.2	6,461,487	31,618,701
		<u>75,029,987</u>	<u>152,362,345</u>

5.1 Morabaha / Salam facility availed from Soneri Bank Limited with maximum limit of Rs.85 million at the profit rate of six months KIBOR plus 1.15%. The liability is secured by first pari passu charge of Rs.83 million over the company's fixed assets i.e land, building, plant & machinery and pledge of shares of Ghani Glass Limited duly lodged with CDC of Rs.150 million.

5.2 Morabaha / Mudariba facility availed from Dawood Islamic Bank Limited with maximum limit of Rs.75 million at the profit rate of matching KIBOR plus 1.10%. The liability is secured by first pari passu hypothecation charge over current assets of the company including but not limited to stocks and/or receivables upto Rs.100 million duly registered with SECP (inclusive of 25% margin).



	30 June 2009 Rupees	30 June 2008 Rupees
6 LOAN FROM SPONSORS	<u>36,925,000</u>	<u>5,525,000</u>
This represents an unsecured, interest free loan obtained from directors of the company.		
7 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors:		
Trade	37,343,701	38,920,977
Others	2,512,689	2,651,438
	39,856,390	41,572,415
Advances from customers	78,714,124	24,574,306
Accrued expenses and other liabilities	7,937,617	9,030,847
Income tax deducted at source	743,235	2,163,742
Un-claimed Dividend	612,986	612,796
	<u>127,864,352</u>	<u>77,954,106</u>

8 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

8.1 There is a contingent liability of Rupees 1,727,290 (2008:Rupees 1,727,290) in respect of income tax for assessment up to assessment year 2001-2002 against order under section 62 and 52 of repealed Income Tax Ordinance, 1979. The company has filed the appeals against above orders

8.2 The Punjab Employees Social Security Institution has raised a demand of Rupees 2,245,057 (2008: Rupees 2,245,057) as less payment of contribution for the period from 1989 to 1995. The company has not acknowledged this demand and files appeal under section 57 of the Social Security Ordinance, 1965. After remand of the case by Labour Court, appeal is now under process with Additional Commissioner, Punjab Employees Social Security Institute

8.3 The company has given bank guarantee of Rupees 729,000 (2008: Rupees 729,000) to WAPDA.

COMMITMENTS

8.4 Letter of credit in transit other than capital expenditure are Rupees 29,715,080 (2008: Rupees 62,320,351)



9 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST		ACCUMULATED DEPRECIATION			Book Value as on Jun 30, 2009	Rate
	as on July 01, 2008	Addition / (Deletion)	as on Jun 30, 2009	as on July 01, 2008	Charge for the year		
Freehold land	14,932,180	-	14,932,180	-	-	14,932,180	-
Building on freehold land	37,088,975	743,670	37,832,645	11,858,789	2,553,033	23,420,823	10
Plant And Machinery	11,920,519	2,730,000	14,650,519	1,656,765	1,299,375	11,694,379	10
Furniture and fixture	1,302,111	40,000	1,342,111	571,988	74,612	695,511	10
Loose Tools	1,275,576	-	1,275,576	326,721	94,886	853,970	10
Electric Equipment	921,876	51,757	973,633	369,599	59,530	544,504	10
Electric Installation	1,561,114	-	1,561,114	523,370	51,887	985,857	5
Computers	323,097	258,843	581,940	70,552	151,879	359,509	30
Vehicles	1,960,129	-	1,960,129	788,745	234,277	937,107	20
2009	71,285,577	3,824,270	75,109,847	16,166,529	4,519,479	54,423,839	
2008	47,291,215	23,994,362	71,285,577	12,344,714	3,821,814	55,119,049	

	30 June 2009	30 June 2008
	Rupees	Rupees
Cost of sales	4,285,202	3,692,362
Distribution and marketing expenses	234,277	129,452
	<u>4,519,479</u>	<u>3,821,814</u>

9.1 The depreciation charge has been allocated as follows :

Cost of sales
Distribution and marketing expenses



		30 June 2009 Rupees	30 June 2008 Rupees
10	STOCK IN TRADE		
	Raw material	39,177,412	40,504,249
	Work in process	10,213,567	15,735,400
	Finished stock	6,786,690	23,952,426
	Material in transit	12,248,546	24,566,327
		<u>68,426,215</u>	<u>104,758,402</u>
11	ADVANCES AND OTHER RECEIVABLES		
	Advances - unsecured but considered good:		
	Advances to suppliers of goods and services	21,979,793	24,547,558
	Advances to employees	2,365,293	1,850,161
	Advance income tax	8,328,817	6,802,454
	Letters of credit	29,715,080	37,754,024
	Sales tax refundable	821,298	2,501,307
		<u>63,210,281</u>	<u>73,455,504</u>
12	CASH AND BANK BALANCES		
	Cash in hand	5,163,211	5,004,574
	Cash at bank - in current accounts	3,439,665	1,091,475
		<u>8,602,876</u>	<u>6,096,049</u>
13	SALES		
	Local Sales	269,118,903	283,049,415
	Sales of spares parts	236,759	260,217
		<u>269,355,662</u>	<u>283,309,632</u>
	Less: Sales Tax and SED	38,973,329	36,962,504
	Sales returns	376,923	1,204,678
		<u>39,350,252</u>	<u>38,167,182</u>
		<u>230,005,410</u>	<u>245,142,450</u>
14	COST OF SALES		
	Raw material consumed	187,634,763	220,308,181
	Salaries, wages and benefits	7,451,309	11,981,826
	Store consumed	184,452	1,091,093
	Fuel and power	2,098,321	1,775,984
	Repair and maintenance	470,068	526,054
	Travelling and vehicle running	445,046	812,184
	Entertainment	208,631	927,143
	Communications and stationery	435,833	766,171
	Freight and handling	129,388	813,135
	Rent, rates and taxes	9,562	19,000
	Depreciation	4,285,202	3,692,362
	Other expenses	314,880	329,992
		<u>203,667,455</u>	<u>243,043,125</u>
	Opening stock of work in process	15,735,400	1,742,140
	Closing stock of work in process	(10,213,567)	(15,735,400)
		5,521,833	(13,993,260)
	Opening stock of finished goods	23,952,426	6,165,955
	Closing stock of finished goods	(6,786,690)	(23,952,426)
		17,165,736	(17,786,471)
		<u>226,355,024</u>	<u>211,263,394</u>



	30 June 2009 Rupees	30 June 2008 Rupees
14.1 RAW MATERIAL CONSUMED		
Opening balance	40,504,249	23,357,267
Local purchases	120,736,302	182,448,110
Import purchases	65,571,624	55,007,053
Closing stock	(39,177,412)	(40,504,249)
	187,634,763	220,308,181
15 ADMINISTRATIVE EXPENSES		
Staff Salaries benefits	6,432,672	3,622,696
Travelling and vehicle running	461,110	438,394
Entertainment	621,736	400,265
Repair and maintenance	82,591	
Electricity	45,763	
Communications and stationery	528,204	374,916
Auditor's remuneration		
Annual audit fee	95,000	95,000
Half yearly review	45,000	45,000
Other certification	12,500	10,000
	152,500	150,000
Fee and Subscription	1,664,979	1,598,870
Ijara rental on vehicles	773,253	256,445
Charity and donations	-	405,820
Miscellaneous expenses	317,245	115,520
	11,080,053	7,362,926
15.1 TOTAL OF FUTURE IJARA PAYMENTS		
Not later than one year	776,828	748,984
Not later than five year	582,621	1,310,722
	1,359,449	2,059,706
16 DISTRIBUTION AND MARKETING EXPENSES		
Salaries, wages and benefits	5,377,411	4,402,726
Travelling and vehicle running	2,080,558	1,668,995
Entertainment	440,998	178,929
Advertising and sales promotion	5,182,842	5,374,947
Rent, rates and taxes	357,240	208,700
Communications and stationery	724,760	547,352
Insurance expenses	1,073,294	
Freight and handling	1,653,422	4,607,403
Depreciation	234,277	129,452
Ijara rental on vehicles	534,557	103,452
Other expenses	353,203	236,014
	18,012,562	17,457,970
16.1 TOTAL OF FUTURE IJARA PAYMENTS		
Not later than one year	537,339	527,492
Not later than five year	467,818	976,342
	1,005,157	1,503,834



	30 June 2009 Rupees	30 June 2008 Rupees
17 FINANCE CHARGES		
Diminishing musharaka financing	2,593,284	43,466
Morabaha financing	10,927,021	5,755,093
Modariba financing	3,967,215	567,275
Bank charges	375,376	165,114
	<u>17,862,896</u>	<u>6,530,948</u>
18 OTHER EXPENSES		
Workers' profit participation fund	-	119,029
Workers' welfare fund	-	47,611
	<u>-</u>	<u>166,640</u>
19 EARNING PER SHARE - Basic		
Profit / (loss) after tax - Rupees	<u>(42,164,539)</u>	<u>1,134,860</u>
Weighted average number of shares	<u>20,000,000</u>	<u>20,000,000</u>
Earning per share restated - Rupees	<u>(2.11)</u>	<u>0.06</u>
20 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE		
Managerial remuneration	10,800,000	7,200,000
Number of persons	3	3
<p>None of the officers of the company were paid basic yearly salary of Rupees five hundred thousand or more. Therefore, none of them falls within the category of executive as defined in the Companies Ordinance, 1984.</p>		
21 TRANSACTIONS WITH RELATED PARTIES		
<p>The related parties comprised of associated undertakings, directors and key personnel. The directors of the related companies are closed members of the family of the directors of the company. The company in the normal course of business carries out transactions with the related parties. Transactions with related parties during the period are as follows:</p>		
Sale of motorcycles	-	112,656
Shares of Ghani Glass Limited pledged as security	150,000,000	150,000,000
22 CAPACITY AND UTILIZATION		
Production capacity	25,000	25,000
Actual production	7,028	8,315
23 NUMBER OF EMPLOYEES		
Number of employees at year end	91	171



24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

Description	Profit Bearing		Non Profit Bearing		Total 2009	Total 2008
	Maturity within one year	Maturity more than one year but less than 5 years	Maturity within one year	Maturity more than one year but less than 5 years		
	Rupees	Rupees	Rupees	Rupees		
Financial Assets						
Security deposits	-	-	518,486	518,486	518,486	518,486
Trade debtors	-	-	146,180,119	-	146,180,119	143,034,221
Advances and other receivables	-	-	63,210,281	-	63,210,281	73,455,504
Cash and bank balances	-	-	8,602,876	-	8,602,876	6,096,049
Year 2009	-	-	217,993,276	518,486	218,511,762	223,104,260
Year 2008	-	-	247,670,587	-	247,670,587	-
Financial Liabilities						
Diminishing musharaka financing	3,600,000	10,800,000	-	-	14,400,000	18,000,000
Morabaha facility (restated)	68,568,500	-	-	-	68,568,500	120,743,644
Modariba facility (restated)	6,461,487	-	-	-	6,461,487	31,618,701
Hjara payments	-	-	776,828	582,611	1,359,439	2,059,706
Loan from sponsors	-	-	36,925,000	-	36,925,000	5,525,000
Creditors, accrued and other liabilities	-	-	127,864,352	-	127,864,352	77,954,106
Year 2009	78,629,987	10,800,000	165,566,180	582,611	255,578,778	255,901,157
Year 2008	246,660,734	-	9,240,423	-	255,901,157	-



24.1 Prior period error

The Morabaha and Modariba facilities have been restated in the financial instruments disclosure.

24.1.1 Nature of prior period error

The Modariba facility was erroneously stated as Morabaha facility in the financial statements for the year ended June 30, 2008. The error has now been rectified.

24.2 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities are estimated to approximate their respective fair values. 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.

24.3 Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and arises potentially from trade receivables. The company believes that it is not exposed to major concentration of credit risks.

The company has not publicized any credit terms for trading on credit. For the purpose of provision of credit the management monitors the credit exposure towards the customers taking into account the customers' financial position, past experience and other factors. The company initiates recovery process through marketing department personnel after a reasonable credit period has expired.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit risk.

24.4 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of holdings of financial instruments.

24.4.1 Currency Risk

Company obtains forward cover to manage material foreign currency risk, if considered necessary. However, the company is not exposed to major currency risk exposure.

24.5 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The management closely monitors its liquidity and cash flow position and takes appropriate steps to maintain liquidity at an appropriate and satisfactory level. The company, however is not exposed to any material liquidity risk.

24.6 Yield Risk

The company manages yield risk by matching the repricing of assets and liabilities through risk management strategies.

25 EVENTS AFTER BALANCE SHEET DATE

There are no subsequent events occurring after the balance sheet date.

26 GENERAL

26.1 The financial statements were authorized for issue on September 30, 2009 by the Board of Directors of the company.

26.2 Figures have been rounded off to the nearest rupee.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



GHANI AUTOMOBILE INDUSTRIES LIMITED

40-L, Model Town, Lahore

FORM OF PROXY

Folio No. _____

No. of Shares _____

I/WE _____

of _____

Being a member of GHANI AUTOMOBILE INDUSTRIES LIMITED _____

Hereby appoint Mr. _____

of _____

failing him Mr. _____ of _____

(Being a member of the company) as my/our proxy to attend, act and vote for me/us on my/our behalf at 22nd ANNUAL GENERAL MEETING of the members of the Company to be held at Avari Hotel, The Mall, Lahore on Wednesday October 28, 2009 at 11:30 AM and at every adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2009

Witness's Signature

Signature _____

Name: _____

Address: _____

Signature and Revenue Stamp

NOTES:

Proxies, in order to be effective, by the company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.



Ghani Automobile Industries Limited