



ISUZU

CONDENSED INTERIM FINANCIAL INFORMATION
for the First Quarter ended
September 30, 2011
(Un-Audited)



GHANDHARA INDUSTRIES LIMITED

A Bibojee Group Company



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Company Information

BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Mr. Mushtaq Ahmed Khan, FCA	Director
Dr. Parvez Hassan	Director
Mr. Jamil Ahmed Shah	Director
Ch. Sher Muhammad	Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Iftikhar A. Khan

AUDITORS

Hameed Chaudhri & Co.
Chartered Accountants

AUDIT COMMITTEE

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan, FCA	Member
Mr. Jamil Ahmed Shah	Member

LEGAL ADVISORS

Syed Iqbal Ahmad and Co., Advocates
S. Abid Shirazi & Co.
Syed Qamaruddin Hassan
Hassan & Hassan (Advocates)

BANKERS

National Bank of Pakistan
The Bank of Khyber
Faysal Bank Limited
Bank Al-Habib Limited
Soneri Bank Limited

REGISTERED OFFICE

F-3, Hub Chauki Road, S.I.T.E.,
Post Box No.2706,
Karachi - 75730

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.



Directors' Report

This financial year has a taxing start for the producers of trucks and buses, and tractors. This is mainly due to the brunt of sales tax. The removal of zero-rating of sales tax on trucks and buses, and tractors at the time when the depreciation of currency has already been on the rampage has produced noticeably unpleasant results. Sales of trucks and buses during the quarter have fallen by around 44% as compared to sales of the corresponding period last year while that of tractors have fallen by 70%. Your company's sales have also been a victim of the aforementioned factors. The result for the quarter is as follows:

	Quarter ended September	
	2011	2010
Sales (Rs '000)	104,518	383,435
Profit/ (loss) before tax (Rs '000)	(35,797)	7,697
Profit/ (loss) after tax (Rs '000)	(27,467)	5,766
Earnings/ (loss) per share (Rs)	(1.29)	0.27

Sales were significantly lower resulting in loss per share for the quarter.

Future outlook

Despite all the above mentioned facts your company still expects profitable results ahead as it has sufficient orders and resources in hand.

By order of the Board

Karachi:
October 24, 2011

Ahmad Kuli Khan Khattak
Chief Executive



Condensed Interim Balance Sheet

As at September 30, 2011

ASSETS	Note	September 30, 2011 (Unaudited) (Rupees '000)	June 30, 2011 (Re-stated)
NON-CURRENT ASSETS			
Property, plant & equipment	7	1,460,819	1,465,156
Intangibles		1,176	1,251
Investment properties		90,332	90,395
Long term investments		1,400	1,400
Long term loans and advances		909	1,382
Long term deposits		11,563	5,340
Deferred taxation		9,536	117
CURRENT ASSETS			
Stores spares and loose tools		2,824	4,294
Stock-in-trade	8	998,590	691,703
Trade debts		137,299	173,375
Loans and advances		331,956	68,402
Trade deposits and prepayments		174,402	672,658
Other receivables		28,846	10,704
Sales tax refundable / adjustable		104,035	111,381
Taxation-payments less provision		53,952	54,909
Cash and bank balances		9,575	9,523
		1,841,480	1,796,949
		3,417,216	3,361,990
TOTAL ASSETS			
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital		213,044	213,044
Accumulated loss		(28,326)	(2,250)
		184,719	210,794
SURPLUS ON REVALUATION OF FIXED ASSETS		1,454,620	1,456,011
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		13,858	19,738
Deferred liabilities		14,230	13,715
CURRENT LIABILITIES			
Trade and other payables		1,037,554	1,461,200
Current maturity of liabilities against assets subject to finance leases		6,594	6,284
Accrued mark up		14,069	30,887
Short term borrowings		691,573	163,362
		1,749,790	1,661,733
CONTINGENT LIABILITIES & COMMITMENTS	9	—	—
TOTAL EQUITY AND LIABILITIES		3,417,216	3,361,990

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive Officer

Director



Condensed Interim Profit & Loss Account (Unaudited)
For The Quarter Ended September 30, 2011

	Note	September 30,	
		2011	2010
	 Rupees '000	
Net sales		104,518	383,435
Cost of sales	10	(102,336)	(334,056)
Gross profit		<u>2,182</u>	<u>49,379</u>
Distribution expenses		(10,110)	(16,432)
Administrative expenses		(14,249)	(14,458)
Other operating expenses		(488)	(632)
Other operating income		89	468
Profit / (loss) from operations		<u>(22,575)</u>	<u>18,325</u>
Finance cost		(13,222)	(10,628)
Profit / (loss) before taxation		<u>(35,797)</u>	<u>7,697</u>
Taxation		8,329	(1,931)
Profit / (loss) after taxation		<u>(27,467)</u>	<u>5,766</u>
Other comprehensive income		—	—
Total comprehensive income		<u><u>(27,467)</u></u>	<u><u>5,766</u></u>
		Rupees	
Earnings / (loss) per share - basic and diluted		<u><u>(1.29)</u></u>	<u><u>0.27</u></u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive Officer

Director



Condensed Interim Cash Flow Statement For The Quarter Ended September 30, 2011

	Note	September 30,	
		2011 Unaudited	2010 Re-stated
	 Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations		(483,284)	(353,883)
Gratuity paid		(769)	—
Finance cost paid		(28,576)	(8,894)
Income tax paid		(128)	(2,283)
Long-term loans		473	(484)
Long-term deposits		(6,224)	—
Net cash (used in) / generated from operating activities		(518,508)	(365,544)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(671)	(2,406)
Interest received		—	7
Net cash (used in) / generated from investing activities		(671)	(2,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease		(8,980)	(2,015)
Net cash used in financing activities		(8,980)	(2,015)
Net (decrease) / increase in cash and cash equivalents		(528,159)	(369,958)
Cash and cash equivalents at beginning of the period		(153,839)	(13,000)
Cash and cash equivalents at the end of the period	11	(681,998)	(382,958)

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive Officer

Director



Condensed Interim Statement of Changes in Equity (Unaudited) For The Quarter Ended September 30, 2011

Issued, Subscribed and paid up Share Capital	Capital Reserves			Revenue Reserves		Total
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	General Reserve	Accumulated Loss	

(Rupees)

Balance as at June 30, 2010 as previously reported	213,044	5,500	10,000	25,300	2,400	(33,602)	222,642
Impact of re-statement - note - 6						(25,156)	
Balance as at June 30, 2010 as re-stated	213,044	5,500	10,000	25,300	2,400	(58,757)	197,487
Profit for the quarter						5,766	5,766
Write-back of reserves		(5,500)	(10,000)	(25,300)	(2,400)	43,200	—
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period						1,392	1,392
Balance as at September 30, 2010 as re-stated	213,044	—	—	—	—	(8,399)	204,645
Profit for the period	—	—	—	—	—	1,979	1,979
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period	—	—	—	—	—	4,170	4,170
Balance as at June 30, 2011 as re-stated	213,044	—	—	—	—	(2,250)	210,794
Loss for the period	—	—	—	—	—	(27,467)	(27,467)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period	—	—	—	—	—	1,392	1,392
Balance as at September 30, 2011	213,044	—	—	—	—	(28,326)	184,719

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive Officer

Director



Notes to the Condensed Interim Financial Statements (Unaudited) For The Quarter Ended September 30, 2011

1 CORPORATE INFORMATION

Gandhara Industries Limited was incorporated on 23 February 1963. The Company's shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is assembly and progressive manufacture of Isuzu trucks and buses.

2 BASIS OF PRESENTATION

These condensed interim financial statements are prepared in accordance with the requirements of International Accounting Standard No 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of this standard, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

4 APPROVAL OF FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 24, October 2011.

5 PRESENTATION

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

6 RE-STATEMENT

During the period, the company's liability in respect of its borrowings from financial institutions was revisited and it was mutually concluded with a financial institute that the same should have been recorded by higher amounts in the prior periods. Accordingly, the company has re-stated the financial information retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' by adjusting the opening balance of short term borrowings, accrued markup, deferred taxation and accumulated loss for the earliest prior period presented.



Effects of the re-statement are as follows :

(Rupees in '000)

	As at July 1, 2010			As at June 30, 2011		
	As previously stated	As re-stated	Re-statement	As previously stated	As re-stated	Re-statement
Effect on balance sheet						
Un appropriated reserve	<u>9,598</u>	<u>(15,558)</u>	<u>(25,156)</u>	<u>22,906</u>	<u>(2,250)</u>	<u>(25,156)</u>
Deferred liabilities	<u>42,847</u>	<u>29,302</u>	<u>(13,545)</u>	<u>27,143</u>	<u>13,715</u>	<u>(13,428)</u>
Deferred tax asset	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(117)</u>	<u>(117)</u>
Short term borrowings	<u>144,317</u>	<u>162,688</u>	<u>18,371</u>	<u>144,991</u>	<u>163,362</u>	<u>18,371</u>
Accrued markup	<u>10,120</u>	<u>30,450</u>	<u>20,330</u>	<u>10,557</u>	<u>30,887</u>	<u>20,330</u>
Decrease in equity			<u>(25,156)</u>			<u>(25,156)</u>

For the quarter ended September 30, 2010

	As previously stated	As re-stated	Re-statement
Effect on cash flow statement			
Cash and cash equivalents at the beginning of the year	<u>5,371</u>	<u>(13,000)</u>	<u>(18,371)</u>
Cash and cash equivalents at the end of the year	<u>(364,588)</u>	<u>(382,959)</u>	<u>(18,371)</u>

There was no impact on profit and loss account and earning / (loss) per share as a result of the re-statement.

	Note	Sept 30, 2011 (Rupees '000)	June 30, 2011
7 PROPERTY, PLANT AND EQUIPMENT			
Book value at the beginning of the period / year		<u>1,465,156</u>	1,476,351
Additions during the period / year	7.1	<u>2,617</u>	21,605
Less:			
Disposal during the period / year - at book value		—	5,593
Depreciation charged during the period / year		<u>6,954</u>	27,207
		<u><u>1,460,819</u></u>	<u><u>1,465,156</u></u>



	Sept 30, 2011	June 30, 2011
Note (Rupees '000)	
7.1 Additions during the period / year		
Plant & Machinery		
– Owned	392	1,639
– Leased	1,030	770
Permanent & Special Tools	—	966
Furniture & Fixture	—	1,045
Office machines and equipment	71	3,894
Jigs and fixture	—	9,714
Motor vehicles		
– Owned	42	—
– Leased	916	3,151
Computers	166	426
	<u>2,617</u>	<u>21,605</u>
8 STOCK-IN-TRADE		
Raw materials & components		
In hand	519,446	471,429
Less: provision for slow moving raw material	20,150	20,150
	<u>499,296</u>	<u>451,279</u>
In transit	9,410	9,178
	<u>508,706</u>	<u>460,457</u>
Work in Process	61,827	100,288
Finished goods including components	396,667	97,217
Trading stocks	46,322	48,673
Less: provision for slow moving stock	14,932	14,932
	<u>31,390</u>	<u>33,741</u>
	<u>998,590</u>	<u>691,703</u>
9 CONTINGENCIES & COMMITMENTS		
9.1 Contingencies		
There is no change in contingent liabilities as reported in Note 23.1 to the financial statements for the year ended June 30, 2011.		
	Sept 30, 2011	June 30, 2011
Note (Rupees '000)	
9.2 Commitments		
Bank guarantees	<u>916,053</u>	<u>926,257</u>
Letters of credit	<u>346,562</u>	<u>381,125</u>



	Note	Sept 30, 2011 (Rupees '000)	June 30, 2011
10 COST OF SALES			
Stock at beginning		130,958	111,666
Cost of goods manufactured	10.1	399,160	394,143
Trading Stock		276	913
		<u>530,394</u>	<u>506,722</u>
Stock at end		<u>(428,058)</u>	<u>(172,666)</u>
		<u><u>102,336</u></u>	<u><u>334,056</u></u>
 10.1 COST OF GOODS MANUFACTURED			
Work in process at beginning		100,288	51,531
Raw materials & components consumed		314,390	366,434
Direct Labour & overheads		46,309	30,735
		<u>460,987</u>	<u>448,700</u>
Work in process at end		<u>(61,827)</u>	<u>(54,557)</u>
		<u><u>399,160</u></u>	<u><u>394,143</u></u>
 11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		9,575	9,523
Short-term borrowings		691,573	163,362
		<u>(681,998)</u>	<u>(153,839)</u>



12 RELATED PARTIES TRANSACTIONS

Name of Related Party and nature of relationship	Nature of transaction	Sept. 30	
		2011 (Rupees '000)	2010
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	78	81
(b) Associated Companies			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	7,595	12,721
Gandhara Nissan Limited (Common Directorship)	Assembly charges	20,920	20,610
	Body fabrication	—	625
Universal Insurance Limited (Common Directorship)	Insurance premium	3,835	3,313
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	300	75
Hasan & Hasan (Common Directorship)	Retainership fee	30	30
Gammon Pakistan Limited (Common Directorship)	Rent paid	375	—
(c) Technology suppliers			
Isuzu Motors Limited, Japan.	Parts purchases	17	420

Chief Executive Officer

Director

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F-3, Hub Chauki Road, S.I.T.E.,

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