



**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
Mr. Sher Muhammad	Director

**SECRETARY**

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 Barrister at Law  
S. Abid Shirazi & Co.  
Syed Qamaruddin Hassan

**BANKERS**

The Bank of Khyber  
PICIC Commercial Bank Limited.  
MCB Bank Limited  
Habib Bank Limited  
Faysal Bank Limited  
National Bank of Pakistan  
Crescent Bank Limited  
Bank Al-Habib Limited

**REGISTERED OFFICE**

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



## **DIRECTORS REPORT**

Your Directors feel pleasure in presenting to you the Accounts for the 1st Quarter ending on 30th September 2007. A brief review of the Quarterly Results is given below.

### **SALES**

Sales for the quarter under review were Rs.330 million as against Sales of Rs. 534 million for the same period last year. The decrease in sales is attributed to delay in finalization of two contracts, one for 20 units 4x4 trucks and 7 units 4x2 trucks with a provincial government department, and the other with Government Organization for 30 units of new model of 4x4 trucks. The later contract is finalized now and is in the process of signing up. This will hopefully boost up the sales in the next quarter.

### **PROFITS**

The Gross Profit for the quarter ended on 30th September was Rs.49 million which is 15 % of Net Sales as compared with Gross Profit of Rs. 85 million which is 16 % of Net Sales for the same period last year. A one percent decrease in Gross profit is due to Product Sales Mix.

### **STOCK IN TRADE**

Under instructions of the Board the management has successfully reduced the inventories from Rs. 649 million as on 30th September 2006 to Rs.577 million as on 30th September 2007.

### **CURRENT LIABILITIES**

Your company has also reduced the current liabilities from Rs. 976 million as on 30th September 2006 to Rs. 754 million as on 30th September 2007 due to better cash management.

### **FUTURE OUTLOOK**

Your company has secured substantial contracts with different organizations for supply of Buses and Trucks. The management is making all out efforts to secure more contracts. Barring political unrest and resultantly economic downturn the company sees much better results in future.

By Order of the Board

**AHMAD KULI KHAN KHATTAK**  
Chief Executive

24th October 2007



**BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2007

	SEPT 30, 2007	JUNE 30, 2007
	(Rupees '000')	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, Plant & Equipment	1,020,791	1,028,668
Investment Properties	91,366	91,432
Long Term Investment	1,400	1,400
Long Term Loans and advances	635	635
Long Term Deposits	3,846	3,846
	<u>1,118,038</u>	<u>1,125,981</u>
<b>CURRENT ASSETS</b>		
Stores, spares and tools	7	-
Stock - in - trade	576,912	649,269
Trade debts	76,011	83,457
Loans, advances	126,865	120,050
Deposits & prepayments	91,248	109,077
Other receivables	74,144	70,057
Cash and bank balances	23,273	128,467
	<u>968,460</u>	<u>1,160,377</u>
	<u>2,086,498</u>	<u>2,286,358</u>
Represented by:		
Capital and Reserves		
Issued, subscribed and paid - up capital	213,045	213,045
Reserve	43,200	43,200
Accumulated loss	<u>(36,320)</u>	<u>(60,022)</u>
	219,925	196,223
Right Shares Subscription	-	-
Surplus on revaluation of Property, Plant, and Equipment and Investment Properties	<u>1,079,180</u>	<u>1,080,058</u>
	<u>1,299,105</u>	<u>1,276,281</u>
<b>NON CURRENT LIABILITIES</b>		
Liabilities against assets subject to finance lease	15,177	15,226
Deferred Liabilities	18,099	18,572
<b>CURRENT LIABILITIES</b>		
Trade and other payable	537,252	760,985
Accrued mark up/Interest	5,828	8,144
Running Finance under mark up arrangement	75,474	82,205
Current maturity of liabilities against assets subject to finance leases	4,880	6,433
Provision for taxation	130,683	118,512
	<u>754,117</u>	<u>976,279</u>
	<u>2,086,498</u>	<u>2,286,358</u>

Chief Executive

Director



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	SEPT 30, 2007	SEPT 30, 2006
	(Rupees '000')	
Sales		
Manufactured goods	323,048	533,664
Trading stock	6,854	544
	329,902	534,208
Cost of sales		
Manufactured goods	274,143	448,548
Trading stock	6,408	454
	280,551	449,002
Gross profit	49,351	85,206
Distribution cost	4,018	3,006
Administration expenses	8,546	11,994
Operating (loss) profit	36,787	70,206
Other operating expenses		
Finance cost	2,640	5,261
	34,147	64,945
Other operating income	239	2,966
Profit before taxation	34,386	67,911
Provision for taxation		
Current	12,035	23,769
Deferred	(473)	(684)
	11,562	23,085
Profit after taxation	22,824	44,826
EARNING PER SHARE RUPEES	1.07	2.10

Chief Executive

Director



**CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	SEPT 30, 2007	SEPT 30, 2006
	(Rupees '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	34,386	67,911
Adjustment for non cash charges & other items		
Depreciation	7,974	8,194
Interest expense	386	4,833
Interest income	(239)	(461)
	<u>42,507</u>	<u>80,477</u>
<b>WORKING CAPITAL CHANGES</b>		
(Increase)/decrease in current assets		
Stores & spares	(7)	(9)
Stock in trade	72,364	163,834
Trade debts	7,446	(122,984)
Loans and advances	(5,049)	(1,991)
Deposits and prepayments	17,829	(18,115)
Other receivables	(4,087)	(16,235)
	<u>88,496</u>	<u>4,500</u>
Increase / (decrease) in current liabilities		
Creditors, accrued & other liabilities	(223,730)	(231,436)
<b>WORKING CAPITAL CHANGES</b>	<u>(135,234)</u>	<u>(226,936)</u>
Cash generated from operation	(92,727)	(146,459)
Interest paid	(2,596)	(10,373)
Taxes paid	(4,959)	(14,748)
	<u>(100,282)</u>	<u>(171,580)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	239	461
Net cash inflow from investing activities	<u>239</u>	<u>461</u>
Cash inflow/(outflow) before financing activities	<u>(100,043)</u>	<u>(171,119)</u>
<b>FINANCING ACTIVITIES</b>		
Right shares subscription	-	85,861
Dividend paid	27	-
Payment of lease rentals	1,553	-
	<u>1,580</u>	<u>85,861</u>
Net increase/(decrease) in cash and cash equivalent	<u>(98,463)</u>	<u>(85,258)</u>
Cash & cash equivalents at the beginning	<u>46,262</u>	<u>(56,498)</u>
Cash & cash equivalents at the end of the period	<u>(52,201)</u>	<u>(141,756)</u>

Chief Executive

Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve			

*Rupees in thousand*

Balance as at 1 July 2006	65,553	5,500	10,000	25,300	2,400	(126,103)	(17,350)
Right Shares Issued and subscribed	147,492	-	-	-	-	-	147,492
Profit for the year	-	-	-	-	-	126,482	126,482
Final Dividend paid (Rs.3 per share)	-	-	-	-	-	(63,913)	(63,913)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	3,512	3,512
<b>Balance as at 30 June 2007</b>	<b>213,045</b>	<b>5,500</b>	<b>10,000</b>	<b>25,300</b>	<b>2,400</b>	<b>(60,022)</b>	<b>196,223</b>
Balance as at 1 July 2006	213,045	5,500	10,000	25,300	2,400	(60,022)	196,223
Profit for the quarter	-	-	-	-	-	22,824	22,824
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	878	878
<b>Balance as at 30 September 2007</b>	<b>213,045</b>	<b>5,500</b>	<b>10,000</b>	<b>25,300</b>	<b>2,400</b>	<b>(36,320)</b>	<b>219,925</b>

Chief Executive

Director

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

- 1 Ghandhara Industries Limited was incorporated on 23 February 1963. The company's shares are listed on Karachi and Lahore Stock Exchanges. The principal activity of the company is assembly and progressive manufacturing of Isuzu trucks and buses.
- 2 These financial statements have been 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 and the Listing Regulations of Karachi and Lahore Stock Exchanges.
- 3 Previous years' figures have been rearranged, wherever necessary, for the purpose of comparison. In order to comply with the requirements of International Accounting Standard 34, Balance Sheet has been compared with the figures of the immediately preceding financial year and profit and loss account has been compared with figures of the preceding corresponding period.
- 4 The accounting policies and methods of computation adopted for the the preparation of the financial statement for the three months ended 30 September 2007 are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2007.

	<u>SEP -07</u>	<u>SEP -06</u>
<b>5 Transaction with associated companies</b>		
(a) Purchases made from associated undertaking	<b>7,352</b>	12,103
Assembly charges	<b>7,380</b>	13,500
Insurance charged by associated undertaking	<b>1,118</b>	819
(b) Financial Charges for subsidiary	<b>51</b>	49
(c) Technology Suppliers		
CKD Purchased	<b>86,161</b>	206,931
Running royalty	<b>1,390</b>	1,801
<b>6 Contingencies and Commitments</b>		
(a) Guarantees		
Issued by Bank	<b>86,673</b>	138,132
(b) Commitments		
Confirmed Letter of Credit	<b>328,878</b>	274,687

Chief Executive

Director



**CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2007

	SEPT 30, 2007	JUNE 30, 2007
	(Rupees '000')	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, Plant & Equipment	1,020,791	1,028,668
Investment Properties	91,366	91,432
Long Term Loans and advances	635	635
Long Term Deposits	<u>3,846</u>	<u>3,846</u>
	<b>1,116,638</b>	<b>1,124,581</b>
<b>CURRENT ASSETS</b>		
Stores, spares and tools	7	-
Stock - in - trade	576,912	649,269
Trade debts	76,011	83,457
Loans, advances	126,865	120,312
Deposits & prepayments	91,248	109,077
Other receivables	74,144	70,057
Cash and bank balances	<u>23,293</u>	<u>128,487</u>
	<b>968,480</b>	<b>1,160,659</b>
	<b>2,085,118</b>	<b>2,285,240</b>
Represented by:		
Capital and Reserves		
Issued, subscribed and paid - up capital	213,045	213,045
Reserve	43,200	43,200
Accumulated loss	<u>(35,908)</u>	<u>(59,620)</u>
	<b>220,337</b>	<b>196,625</b>
Minority interest	<u>174</u>	<u>172</u>
	<b>220,511</b>	<b>196,797</b>
Surplus on revaluation of Property, Plant, and Equipment and Investment Properties	<b>1,079,180</b>	<b>1,080,058</b>
<b>NON CURRENT LIABILITIES</b>		
Liabilities against assets subject to finance lease	15,177	15,226
Deferred Liabilities	<b>18,099</b>	18,572
<b>CURRENT LIABILITIES</b>		
Trade and other payable	535,269	759,019
Accrued mark up/Interest	5,828	8,144
Running Finance under mark up arrangement	75,474	82,205
Current maturity of liabilities against assets subject to finance leases	4,880	6,433
Provision for taxation	<u>130,700</u>	<u>118,786</u>
	<b>752,151</b>	<b>974,587</b>
	<b>2,085,118</b>	<b>2,285,240</b>

Chief Executive

Director





**CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	SEPT 30, 2007	SEPT 30, 2006
	(Rupees '000')	
Sales		
Manufactured goods	323,048	533,664
Trading stock	6,854	544
	329,902	534,208
Cost of sales		
Manufactured goods	274,143	448,548
Trading stock	6,408	454
	280,551	449,002
Gross profit	49,351	85,206
Distribution cost	4,018	3,006
Administration expenses	8,579	12,030
Operating (loss) profit	36,754	70,170
Other operating expenses		
Finance cost	2,589	5,212
	34,165	64,958
Other operating income	239	2,966
Profit before taxation	34,404	67,924
Provision for taxation		
Current	12,041	23,774
Deferred	(473)	(684)
Profit after taxation	11,568	23,090
Attributed to:		
Equity holder of the parent company	22,834	44,832
Minority interest	2	2
Profit after taxation	22,836	44,834
<b>EARNING PER SHARE RUPEES</b>	1.07	2.10

Chief Executive

Director



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	SEPT 30, 2007	SEPT 30, 2006
	(Rupees '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	34,404	67,924
Adjustment for non cash charges & Other items		
Depreciation	7,974	8,194
Interest expense	335	4,833
Interest income	(239)	(461)
	<u>42,474</u>	<u>80,490</u>
<b>WORKING CAPITAL CHANGES</b>		
(Increase)/decrease in current assets		
Stores & spares	(7)	(9)
Stock in trade	72,364	163,834
Trade debts	7,446	(122,984)
Loans and advances	(5,049)	(1,991)
Deposits and prepayments	17,829	(18,115)
Other receivables	(4,087)	(16,235)
	<u>88,496</u>	<u>4,500</u>
Increase/(decrease) in current liabilities		
Creditors, accrued & other liabilities	(223,748)	(231,449)
<b>WORKING CAPITAL CHANGES</b>	<u>(135,252)</u>	<u>(226,948)</u>
Cash generated from operation	(92,778)	(146,459)
Interest paid	(2,545)	(10,373)
Taxes paid	(4,959)	(14,748)
	<u>(100,282)</u>	<u>(171,580)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	239	461
Net cash inflow from investing activities	<u>239</u>	<u>461</u>
Cash inflow/(outflow) before financing activities	(100,043)	(171,119)
<b>FINANCING ACTIVITIES</b>		
Right shares subscription	-	85,861
Dividend paid	27	-
Payment of lease rentals	1,553	-
	<u>1,580</u>	<u>85,861</u>
Net increase/(decrease) in cash and cash equivalent	(98,463)	(85,258)
Cash & cash equivalents at the beginning	46,282	(56,478)
Cash & cash equivalents at the end of the period	<u>(52,181)</u>	<u>(141,736)</u>

Chief Executive

Director



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL	Minority Interest	Total Equity	
	Share Capital	Tax Holiday Reserve	Fixed Assets Replacement Reserve						Contingency Reserve
<i>Rupees in thousand</i>									
Balance as at 1 July 2006	65,553	5,500	10,000	25,300	2,400	(125,724)	(16,971)	162	(16,809)
Issue of shares	147,492	-	-	-	-	-	147,492	-	147,492
Profit for the year	-	-	-	-	-	126,505	126,505	10	126,515
Final Dividend paid (Rs.3 per share)	-	-	-	-	-	(63,913)	(63,913)	-	(63,913)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	3,512	3,512	-	3,512
<b>Balance as at 30 June 2007</b>	<b>213,045</b>	<b>5,500</b>	<b>10,000</b>	<b>25,300</b>	<b>2,400</b>	<b>(59,620)</b>	<b>196,625</b>	<b>172</b>	<b>196,797</b>
Balance as at 1 July 2006	213,045	5,500	10,000	25,300	2,400	(59,620)	196,625	172	196,797
Profit for the quarter	-	-	-	-	-	22,834	22,834	2	22,836
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	878	878	-	878
<b>Balance as at 30 September 2007</b>	<b>213,045</b>	<b>5,500</b>	<b>10,000</b>	<b>25,300</b>	<b>2,400</b>	<b>(35,908)</b>	<b>220,337</b>	<b>174</b>	<b>220,511</b>

Chief Executive

Director

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

- 1 Ghandhara Industries Limited (Holding Company) was incorporated on 23 February 1963. The Holding Company's shares are listed on Karachi and Lahore Stock Exchanges. The principal activity of the company is assembly and progressive manufacturing of Isuzu trucks and buses.
- 2 These financial statements have been prepared in accordance with the requirement 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 and the Listing Regulations of Karachi and Lahore Stock Exchanges.
- 3 Previous years' figures have been rearranged, wherever necessary, for the purpose of comparison. In order to comply with the requirements of International Accounting Standard 34, Balance Sheet has been compared with the figures of the immediately preceding financial year and profit and loss account has been compared with figures of the preceding corresponding period.
- 4 The accounting policies and methods of computation adopted for the the preparation of the financial statement for the three months ended 30 September 2007 are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2007.

	<u>SEP -07</u>	<u>SEP -06</u>
<b>5 Transaction with associated companies</b>		
(a) Purchases made from associated undertaking	<b>7,352</b>	12,103
Assembly charges	<b>7,380</b>	13,500
Insurance charged by associated undertaking	<b>1,118</b>	819
(b) Technology Suppliers		
CKD Purchased	<b>86,161</b>	206,931
Running royalty	<b>1,390</b>	1,801
<b>6 Contingencies and Commitments</b>		
(a) Guarantees		
Issued by Bank	<b>86,673</b>	138,132
(b) Commitments		
Confirmed Letter of Credit	<b>328,878</b>	274,687

Chief Executive

Director