



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
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

Bank Al-Habib Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Tokyo - Mitsubishi UFJ, Limited
The Bank of Khyber
NIB Bank Limited
Faysal 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

The Directors of your company take pleasure in presenting the un-audited accounts for the 1st quarter ended on 30th September 2008.

Financial Results

Net Sales during the period under review were Rs.218 million as against net sales of Rs.336 million for the corresponding period last year. The lower sales were attributed to general slump in the national economy.

Gross profit of Rs.24 million was 56 % lower when compared to gross profit of Rs.55 million of the corresponding period last year. This was mainly due to lower sales in this quarter as explained above and a different product mix.

Financial cost during the quarter was Rs.63 million as against Rs.3 million of the 1st quarter of last year. The difference in financial cost was mainly due to exchange loss of Rs.54 million.

Net loss before taxation during the period under review was Rs.56 million against profit of Rs.34 million for the corresponding period last year. The major cause of loss was foreign exchange loss of Rs.54 million as stated above.

Future outlook

Pakistan economy has been affected very baldly due to present international financial crisis and automobile sector has also performed very poorly during this quarter.

Banks and leasing companies have stopped financing automobile sector. There is a liquidity crunch in the market. The uncertain economic conditions are affecting the business very badly. Your management is struggling hard to secure maximum orders. Some of the areas ignored in the past are being explored afresh through newly hired young and qualified marketing staff. It is hoped that our efforts will bring better results in the coming months even under present difficult conditions.

By Order of the Board

AHMAD KULI KHAN KHATTAK
Chief Executive

24th October 2008



**INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2008**

	SEPT 30, 2008	JUNE 30, 2008
	----- (Rupees '000') -----	
ASSETS		
NON CURRENT ASSETS		
Property, Plant & Equipment	1,029,607	1,028,798
Investment Properties	91,108	91,173
Long Term Investment	1,400	1,400
Long Term Loans and advances	461	461
Long Term Deposits	3,999	3,999
	<u>1,126,575</u>	<u>1,125,831</u>
CURRENT ASSETS		
Stores, spares and tools	41	21
Stock - in - trade	743,846	468,052
Trade debts	108,273	56,903
Loans, advances	171,613	178,340
Deposits & prepayments	145,159	150,662
Other receivables	152,141	140,583
Cash and bank balances	13,586	22,919
	<u>1,334,659</u>	<u>1,017,480</u>
	<u>2,461,234</u>	<u>2,143,311</u>
Represented by:		
Capital and Reserves		
Issued, subscribed and paid - up capital	213,044	213,044
Reserve	43,200	43,200
Accumulated loss	<u>(93,199)</u>	<u>(38,378)</u>
	163,045	217,866
Surplus on revaluation of Property, Plant, and Equipment and Investment Properties	<u>1,075,668</u>	<u>1,076,546</u>
	<u>1,238,713</u>	<u>1,294,412</u>
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	6,553	8,165
Deferred Liabilities	17,512	17,935
CURRENT LIABILITIES		
Trade and other payable	663,172	583,403
Accrued mark up/Interest	12,759	9,520
Running Finance under mark up arrangement	383,362	90,339
Current maturity of liabilities against assets subject to finance leases	7,615	7,989
Provision for taxation	131,548	131,549
	<u>1,198,456</u>	<u>822,798</u>
	<u>2,461,234</u>	<u>2,143,311</u>

The annexed notes 1 to 9 form an integral part of these interim condensed financial statements

Chief Executive

Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SEPT 30, 2008	SEPT 30, 2007
	----- (Rupees '000') -----	
Sales		
Manufactured goods	214,935	328,903
Trading stock	2,841	6,854
	217,776	335,757
Cost of sales		
Manufactured goods	191,161	274,143
Trading stock	2,528	6,408
	193,689	280,551
Gross profit	24,087	55,206
Distribution cost	9,078	9,873
Administration expenses	7,674	8,546
Operating profit	7,335	36,787
Other operating expenses		
Finance cost	63,497	2,640
	(56,162)	34,147
Other operating income	40	239
Profit/(Loss) before taxation	(56,122)	34,386
Provision for taxation		
Current	-	12,035
Deferred	(423)	(473)
	(423)	11,562
Profit/(Loss) after taxation	(55,699)	22,824
Earning per Share Rupees	(2.61)	1.07

The annexed notes 1 to 9 form an integral part of these interim condensed financial statements

Chief Executive

Director



**INTERIM CONDENSED CASH FLOW STATEMENT(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SEPT 30, 2008	SEPT 30, 2007
	----- (Rupees '000') -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Taxation	(56,122)	34,386
Adjustment for non cash charges & other items		
Depreciation	3,692	7,974
Interest Expense	63,497	386
Interest Income	-	(239)
	11,067	42,507
WORKING CAPITAL CHANGES		
(Increase)/Decrease in Current Assets		
Stores & Spares	(20)	(7)
Stock in Trade	(275,794)	72,364
Trade Debts	(51,370)	7,446
Loans and Advances	9,343	(5,049)
Deposits and Prepayments	5,503	17,829
Other Receivables	(11,558)	(4,087)
	(323,896)	88,496
Increase/(Decrease) in Current Liabilities		
Trade & Other Payable	79,769	(223,730)
WORKING CAPITAL CHANGES	(244,127)	(135,234)
Cash Generated from Operation	(233,060)	(92,727)
Interest Paid	(59,714)	(2,596)
Taxes Paid	(2,613)	(4,959)
NET CASH INFLOW FROM OPERATING ACTIVITIES	(295,387)	(100,282)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(4,438)	-
Interest Received	-	239
Net Cash Inflow from Investing Activities	(4,438)	239
Cash Inflow/(Outflow) before Financing Activities	(299,825)	(100,043)
FINANCING ACTIVITIES		
Dividend Paid	-	27
Payment of Lease Rentals	(2,531)	1,553
	(2,531)	1,580
Net Increase/(Decrease) in Cash and Cash Equivalent	(302,356)	(98,463)
Cash & Cash Equivalents at the beginning	(67,420)	46,262
Cash & Cash Equivalents at the end of the period	(369,776)	(52,201)

The annexed notes 1 to 9 form an integral part of these interim condensed financial statements

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve			
<i>Rupees in thousand</i>							
Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(60,022)	196,222
Profit for the year	-	-	-	-	-	18,132	18,132
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						3,512	3,512
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(38,378)	217,866
Balance as at 1 July 2008	213,044	5,500	10,000	25,300	2,400	(38,378)	217,866
Loss for the quarter	-	-	-	-	-	(55,699)	(55,699)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						878	878
Balance as at 30 September 2008	213,044	5,500	10,000	25,300	2,400	(93,199)	163,045

The annexed notes 1 to 9 form an integral part of these interim condensed financial statements

Chief Executive

Director



**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

1 CORPORATE INFORMATION

Gandhara 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 manufacture of Isuzu trucks and buses.

2 BASIS OF PRESENTATION

These interim condensed financial statements are 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. 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 interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008.

4 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors and authorized for issue on 24, October 2008.

5 PRESENTATION

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

	Note	SEPT 30, 2008	SEPT 30, 2007
		----- (Rupees '000') -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Book value at the beginning of the period / year		1,028,798	1,028,668
Additions during the period / year	6.1	4,438	-
Less:			
Disposal during the period / year - at book value		-	-
Depreciation charged during the period / year		3,629	7,877
		<u>1,029,607</u>	<u>1,020,791</u>
6.1 Additions during the period / year			
Furniture & Fixture		256	-
Office machines and equipment		27	-
Motor vehicles		4,155	-
		<u>4,438</u>	<u>-</u>

Chief Executive

Director

GHANDHARA INDUSTRIES LIMITED

		SEPT 30, 2008	SEPT 30, 2007
	Note	----- (Rupees '000') -----	
7. COST OF SALES			
Stock at beginning		57,931	164,578
Cost of goods manufactured	7.1	309,553	197,577
Trading Stock		<u>2,528</u>	<u>6,408</u>
		<u>370,012</u>	<u>368,563</u>
Stock at end		<u>(176,323)</u>	<u>(88,012)</u>
		<u>193,689</u>	<u>280,551</u>
7.1 COST OF GOODS MANUFACTURED			
Work in process at beginning		-	-
Raw material & component consumed		319,412	178,979
Direct Labour & overheads		<u>26,444</u>	<u>21,341</u>
		<u>345,856</u>	<u>200,320</u>
Work in process at end		<u>(36,303)</u>	<u>(2,743)</u>
		<u>309,553</u>	<u>197,577</u>

8. CONTINGENCIES & COMMITMENTS**8.1 Contingencies**

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2008.

		SEPT 30, 2008 Un-audited	JUNE 30, 2008 Audited
		----- (Rupees '000') -----	
8.2 Guarantees			
Issued by banks		20,432	74,546
8.3 Commitments			
Post dated cheques		252,627	103,760
8.4 Commitments			
Confirmed letters of credit-CKD		219,412	153,896

Chief Executive

Director



9. RELATED PARTY TRANSACTIONS		Sept.30 2008	Sept.30 2007
Name of Related Party and nature of relationship	Nature of transaction	----- (Rupees '000') -----	
(a) Subsidiary company			
Marghzar Industries (Private) Limited	Financial charges	52	51
(b) Associated Companies			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	6,726	7,352
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	14,121	7,380
Universal Insurance Limited (Common Directorship)	Insurance Premium	944	1,118
(c) Technology suppliers			
Isuzu Motors Limited, Japan	Purchase of CKD	293,867	86,161
	Running royalty	1,048	1,390

Chief Executive**Director**



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2008

	SEPT 30, 2008	JUNE 30, 2008
	----- (Rupees '000') -----	
ASSETS		
NON CURRENT ASSETS		
Property, Plant & Equipment	1,029,607	1,028,798
Investment Properties	91,108	91,173
Long Term Investment		
Long Term Loans and advances	461	461
Long Term Deposits	3,999	3,999
	<u>1,125,175</u>	<u>1,124,431</u>
CURRENT ASSETS		
Stores, spares and tools	41	21
Stock - in - trade	743,846	468,052
Trade debts	108,273	56,903
Loans, advances	171,893	178,620
Deposits & prepayments	145,159	150,662
Other receivables	152,141	140,583
Cash and bank balances	13,606	22,939
	<u>1,334,959</u>	<u>1,017,780</u>
	<u>2,460,134</u>	<u>2,142,211</u>
Represented by:		
Capital and Reserves		
Issued, subscribed and paid - up capital	213,044	213,044
Reserve	43,200	43,200
Accumulated loss	<u>(92,764)</u>	<u>(37,950)</u>
	163,480	218,294
Minority Interest	187	184
	<u>163,667</u>	<u>218,478</u>
Surplus on revaluation of Property, Plant, and Equipment and Investment Properties	1,075,668	1,076,546
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	6,553	8,165
Deferred Liabilities	17,512	17,935
CURRENT LIABILITIES		
Trade and other payable	661,152	581,397
Accrued mark up/Interest	12,759	9,520
Running Finance under mark up arrangement	383,362	90,339
Current maturity of liabilities against assets subject to finance leases	7,615	7,989
Provision for taxation	131,846	131,842
	<u>1,196,734</u>	<u>821,087</u>
	<u>2,460,134</u>	<u>2,142,211</u>

The annexed notes 1 to 9 form an integral part of these interim condensed consolidated financial statements

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SEPT 30, 2008	SEPT 30, 2007
	----- (Rupees '000') -----	
Sales		
Manufactured goods	214,935	328,903
Trading stock	2,841	6,854
	217,776	335,757
Cost of sales		
Manufactured goods	191,161	274,143
Trading stock	2,528	6,408
	193,689	280,551
Gross profit	24,087	55,206
Distribution cost	9,078	9,873
Administration expenses	7,711	8,579
Operating profit	7,298	36,754
Other operating expenses		
Finance cost	63,445	2,589
	(56,147)	34,165
Other operating income	40	239
Profit/(Loss) before taxation	(56,107)	34,404
Provision for taxation		
Current	5	12,041
Deferred	(423)	(473)
	(418)	11,568
Profit/(Loss) after taxation	(55,689)	22,836
Attributable to:		
Equity holders of parent	(55,692)	22,834
Minority Interest	3	2
	(55,689)	22,836
Combined Earning per Share Rupees-basic & diluted	(2.61)	1.07

The annexed notes 1 to 9 form an integral part of these interim condensed consolidated financial statements

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SEPT 30, 2008	SEPT 30, 2007
	----- (Rupees '000') -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit /(Loss) before Taxation	(56,107)	34,386
Adjustment for non cash charges & other items		
Depreciation	3,692	7,974
Interest Expense	63,445	386
Interest Income	-	(239)
	<u>11,030</u>	<u>42,507</u>
WORKING CAPITAL CHANGES		
(Increase)/Decrease in Current Assets		
Stores & Spares	(20)	(7)
Stock in Trade	(275,794)	72,364
Trade Debts	(51,370)	7,446
Loans and Advances	9,343	(5,049)
Deposits and Prepayments	5,503	17,829
Other Receivables	(11,558)	(4,087)
	<u>(323,896)</u>	<u>88,496</u>
Increase/(Decrease) in Current Liabilities		
Trade & Other Payable	79,755	(223,730)
WORKING CAPITAL CHANGES	<u>(244,141)</u>	<u>(135,234)</u>
Cash Generated from Operation	(233,111)	(92,727)
Interest Paid	(59,663)	(2,596)
Taxes Paid	(2,613)	(4,959)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>(295,387)</u>	<u>(100,282)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received		
Fixed Capital Expenditure	(4,438)	-
Interest Received	-	239
Net Cash Inflow from Investing Activities	(4,438)	239
Cash Inflow/(Outflow) before Financing Activities	<u>(299,825)</u>	<u>(100,043)</u>
FINANCING ACTIVITIES		
Dividend Paid	-	27
Payment of Lease Rentals	(2,531)	1,553
	<u>(2,531)</u>	<u>1,580</u>
Net Increase/(Decrease) in Cash and Cash Equivalent	<u>(302,356)</u>	<u>(98,463)</u>
Cash & Cash Equivalents at the beginning	(67,400)	46,262
Cash & Cash Equivalents at the end of the period	<u>(369,756)</u>	<u>(52,201)</u>

The annexed notes 1 to 9 form an integral part of these interim condensed consolidated financial statements

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	Minority Interest	Total Equity
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve				
<i>Rupees in thousand</i>								
Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(59,620)	172	196,796
Profit for the year	-	-	-	-	-	18,158	12	18,170
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						3,512		3,512
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(37,950)	184	218,478
Balance as at 1 July 2008	213,044	5,500	10,000	25,300	2,400	(37,950)	184	218,478
Loss for the quarter	-	-	-	-	-	(55,692)	3	(55,689)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						878		878
Balance as at 30 September 2008	213,044	5,500	10,000	25,300	2,400	(92,764)	187	163,667

The annexed notes 1 to 9 form an integral part of these interim condensed consolidated financial statements

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

1 CORPORATE INFORMATION

Gandhara Industries Limited (the holding company) 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 manufacture of Isuzu trucks and buses.

Gandhara Industries Limited hold 70% equity in Marghzar Industries (Private)Limited

2 BASIS OF PRESENTATION

These interim condensed consolidated financial statements are 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. 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 interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008.

4 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on October 24, 2008.

5 PRESENTATION

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

	Note	SEPT 30, 2008	SEPT 30, 2007
		----- (Rupees '000') -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Book value at the beginning of the period / year		1,028,798	1,028,668
Additions during the period / year	6.1	4,438	-
Less:			
Disposal during the period / year - at book value		-	-
Depreciation charged during the period / year		3,629	7,877
		<u>1,029,607</u>	<u>1,020,791</u>
6.1 Additions during the period / year			
Furniture & Fixture		256	-
Office machines and equipment		27	-
Motor vehicles		<u>4,155</u>	-
		<u>4,438</u>	-



	Note	SEPT 30, 2008 ----- (Rupees '000') -----	SEPT 30, 2007 -----
7. COST OF SALES			
Stock at beginning		57,931	164,578
Cost of goods manufactured	7.1	309,553	197,577
Trading Stock		<u>2,528</u>	<u>6,408</u>
		<u>370,012</u>	<u>368,563</u>
Stock at end		<u>(176,323)</u>	<u>(88,012)</u>
		<u>193,689</u>	<u>280,551</u>
7.1 COST OF GOODS MANUFACTURED			
Work in process at beginning		-	-
Raw material & component consumed		319,412	178,979
Direct Labour & overheads		<u>26,444</u>	<u>21,341</u>
		<u>345,856</u>	<u>200,320</u>
Work in process at end		<u>(36,303)</u>	<u>(2,743)</u>
		<u>309,553</u>	<u>197,577</u>

8. CONTINGENCIES & COMMITMENTS

8.1 Contingencies

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2008.

	SEPT 30, 2008 Unaudited ----- (Rupees '000') -----	JUNE 30, 2008 Audited -----
8.2 Guarantees		
Issued by banks	20,432	74,546
8.3 Commitments		
Post dated cheques	252,627	103,760
8.4 Commitments		
Confirmed letters of credit-CKD	219,412	153,896

Chief Executive

Director

**9. RELATED PARTY TRANSACTIONS**

Name of Related Party and nature of relationship	Nature of transaction	SEPT 30, 2008 ----- (Rupees '000')	SEPT 30, 2007 -----
(a) Subsidiary company			
Marghzar Industries (Private) Limited	Financial charges	52	51
(b) Associated Companies			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	6,726	7,352
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	14,121	7,380
Universal Insurance Limited (Common Directorship)	Insurance Premium	944	1,118
(c) Technology suppliers			
Isuzu Motors Limited, Japan	Purchase of CKD	293,867	86,161
	Running royalty	1,048	1,390

Chief Executive

Director