



Quarterly Report
September 30,
2 0 1 0
(Un-audited)

ISUZU



GHANDHARA INDUSTRIES LIMITED
A Bibojee Group Company

CONTENTS

Company Information	1
Directors' Review	2
Interim Condensed Balance Sheet	3
Interim Condensed Profit & Loss Account	4
Interim Condensed Cash Flow Statement	5
Interim Condensed Statement of Changes in Equity	6
Notes to the Interim Condensed Financial Statements	7
Interim Condensed Consolidated Balance Sheet	10
Interim Condensed Consolidated Profit & Loss Account	11
Interim Condensed Consolidated Cash Flow Statement	12
Interim Condensed Consolidated Statement of Changes in Equity	13
Notes to the Interim Condensed Consolidated Financial Statements	14



BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmed 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 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' REVIEW**

The Board is pleased to present its review on the performance of the company during the quarter ended September 30, 2010.

Generally the first quarter of each financial year is tough in our sector and this year particularly due to flood business activities remained much disturbed, despite this our sales revenue and profitability was better when compared to corresponding period of the last year. The result for the quarter is as follows:

	Quarter ended	
	September 30, 2010	2009
Sales (Rs '000)	383,435	217,224
Profit/ (loss) before tax (Rs '000)	7,697	(5,384)
Profit/ (loss) after tax (Rs '000)	5,766	(6,003)
Earnings per share (Rs)	0.27	(0.28)

Sales have increased by 77% and profit after tax has increased to Rs 5.7 million from the corresponding period's loss of Rs 6 million. The earnings per share reflect the improvements in the Company's performance.

Future outlook

The company has contracts in hand and foresees better results for remaining part of the year, however rising interest rates, inflation and rising Japanese Yen against dollar and depreciation of rupee against dollar continue to pose challenges.

By order of the Board

AHAMD KULI KHAN KHATTAK
Chief Executive

October 28, 2010



**INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2010**

<u>ASSETS</u>	Note	SEPT 30, 2010 Un-Audited ----- (Rupees '000') -----	JUNE 30, 2010 Audited
NON-CURRENT ASSETS			
Property, plant & equipment	6	1,472,277	1,476,350
Intangibles		420	442
Investment properties		90,588	90,655
Long term investments		1,400	1,400
Long term loans and advances		1,123	640
Long term deposits		5,715	5,715
CURRENT ASSETS			
Stores spares and loose tools		1,869	5,872
Stock-in-trade		838,253	711,728
Trade debts		140,690	84,771
Loans and advances		48,078	21,626
Trade deposits and prepayments		181,756	48,623
Other receivables		2,838	2,838
Sales tax refundable / adjustable		141,923	176,948
Taxation-payments less provision		55,053	54,701
Cash and bank balances		2,655	149,688
		1,413,116	1,256,795
TOTAL ASSETS		2,984,640	2,831,997
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		213,044	213,044
Reserves		16,756	9,598
		229,800	222,642
SURPLUS ON REVALUATION OF FIXED ASSETS		1,460,183	1,461,574
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		22,481	26,757
Deferred liabilities		43,514	42,847
CURRENT LIABILITIES			
Trade and other payables		838,747	915,182
Current maturity of liabilities against assets subject to finance leases		12,103	8,558
Accrued mark up		10,570	10,120
Short term borrowings		367,242	144,317
		1,228,662	1,078,177
CONTINGENT LIABILITIES & COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		2,984,640	2,831,997

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

Chief Executive

Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

		SEPT 30, 2010	SEPT 30, 2009
	Note	----- (Rupees '000') -----	
Net sales		383,435	217,224
Cost of sales	8	<u>(334,056)</u>	<u>(191,024)</u>
Gross profit		49,379	26,200
Distribution cost		(16,432)	(9,931)
Administration expenses		(14,458)	(9,299)
Other operating expenses		(632)	-
Other operating income		<u>468</u>	<u>856</u>
Profit/(loss) from operations		18,326	7,826
Finance cost		<u>(10,628)</u>	<u>(13,210)</u>
Profit/(loss) before tax		7,697	(5,384)
Taxation		<u>(1,931)</u>	<u>(619)</u>
Profit/(loss) after tax		5,766	(6,003)
Other comprehensive income		-	-
Total comprehensive income		<u><u>5,766</u></u>	<u><u>(6,003)</u></u>
Earnings / (loss) per share -basic and diluted		<u><u>0.27</u></u>	<u><u>(0.28)</u></u>

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

Chief Executive

Director



**INTERIM CONDENSED CASH FLOW STATEMENT(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	SEPT 30, 2010	SEPT 30, 2009
	----- (Rupees '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	(353,883)	49,966
Gratuity paid	-	-
Finance cost paid	(8,894)	(14,463)
Income tax paid	(2,283)	(3,049)
Long-term loans and advances	(484)	-
Long-term deposits	-	-
Net cash generated from / (used in) operating activities	(365,544)	32,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(2,406)	(189)
Interest received	7	26
Net cash generated from / (used in) investing activities	(2,398)	(163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against asset subject to finance lease	(2,015)	(2,133)
Net cash generated from / (used in) financing activities	(2,015)	(2,133)
Net increase / (decrease) in cash and cash equivalents	(369,958)	30,158
Cash and cash equivalents at beginning of the period	5,371	(306,042)
Cash and cash equivalents at the end of the period	(364,588)	(275,884)

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

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	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 '000')							
Balance as at June 30, 2009	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
Loss for the period						(6,003)	(6,003)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period						837	837
Balance as at September 30, 2009	213,044	5,500	10,000	25,300	2,400	(177,680)	78,564
Profit for the period	-	-	-	-	-	141,566	141,566
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period	-	-	-	-	-	2,512	2,512
Balance as at June 30, 2010	213,044	5,500	10,000	25,300	2,400	(33,602)	222,642
Profit for the period	-	-	-	-	-	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	213,044	-	-	-	-	16,756	229,800

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

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

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 interim condensed 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 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, 2010.

4 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on 28, October 2010.

5 PRESENTATION

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

	SEPT 30, 2010	JUNE 30, 2010
	----- (Rupees '000') -----	
6 PROPERTY, PLANT AND EQUIPMENT	Note	
Book value at the beginning of the period / year	1,476,350	1,018,536
Additions during the period / year	6.1 2,406	46,403
Revaluation performed during the year	-	437,276
Less:		
Disposal during the period / year - at book value	-	7,872
Depreciation charged during the period / year	6,479	17,993
	<u>1,472,277</u>	<u>1,476,350</u>
6.1 Additions during the period / year		
Plant & Machinery	800	156
Permanent & Special Tools	-	1,076
Furniture & Fixture	328	1,308
Office machines and equipment	17	517
Jigs and fixture	-	3,682
Motor vehicles		
-Owned	-	3,000
-Leased	1,249	36,227
Computers	11	437
	<u>2,406</u>	<u>46,403</u>



7 CONTINGENCIES & COMMITMENTS

7.1 Contingencies

There is no change in contingent liabilities as reported in Note 23.1 to the financial statements for the year ended June 30, 2010.

	SEPT. 30 2010 Unaudited	JUNE. 30 2010 Audited
	----- (Rupees '000') -----	

7.2 Commitments

Bank guarantees	<u>580,109</u>	<u>479,756</u>
Letters of credit	<u>197,562</u>	<u>279,391</u>

	SEPT. 30 2010	SEPT. 30 2009
	----- (Rupees '000') -----	

8 COST OF SALES

Stock at beginning	111,666	65,822
Cost of goods manufactured	394,143	212,816
Trading Stock	<u>913</u>	<u>2,259</u>
	506,722	280,897

Stock at end	<u>(172,666)</u>	<u>(89,873)</u>
	<u>334,056</u>	<u>191,024</u>

8.1 COST OF GOODS MANUFACTURED

Work in process at beginning	51,531	4,960
Raw materials & components consumed	366,434	214,702
Direct Labour & overheads	<u>30,735</u>	<u>21,884</u>
	448,700	241,546

Work in process at end	<u>(54,557)</u>	<u>(28,730)</u>
	<u>394,143</u>	<u>212,816</u>



9. Related Party Transactions

Name of Related Party and nature of relationship	Nature of transaction	SEPT 30, 2010	SEPT 30, 2009
		----- (Rupees '000') -----	
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	81	53
(b) Associated Companies			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	12,721	10,918
Gandhara Nissan Limited (Common Directorship)	Assembly charges	20,610	10,203
	Body fabrication	625	-
Universal Insurance Company Limited (Common Directorship)	Insurance premium	3,313	1,823
	Insurance claim	45	-
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	75	-
Hasan & Hasan	Retainership fee	30	-
(c) Technology suppliers			
Isuzu Motors Limited, Japan.	Purchases	420	15,793
	Running Royalty	-	1,209

Chief Executive

Director



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2010

	SEPT 30, 2010 Un-Audited	JUNE 30, 2010 Audited
<u>ASSETS</u>	----- (Rupees '000') -----	
NON-CURRENT ASSETS		
Property, plant & equipment	6 1,472,277	1,476,350
Intangibles	420	442
Investment properties	90,588	90,655
Long term loans and advances	1,123	640
Long term deposits	5,715	5,715
CURRENT ASSETS		
Stores spares and loose tools	1,869	5,872
Stock-in-trade	838,253	711,728
Trade debts	140,690	84,771
Loans and advances	48,078	21,626
Trade deposits and prepayments	181,756	48,623
Other receivables	2,838	2,838
Sales tax refundable / adjustable	141,923	176,948
Taxation-payments less provision	55,030	54,678
Cash and bank balances	2,675	149,708
	1,413,113	1,256,792
TOTAL ASSETS	2,983,236	2,830,594
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Share capital	213,044	213,044
Reserves	17,172	10,081
	230,217	223,125
Non-controlling Interest	178	206
	230,394	223,331
SURPLUS ON REVALUATION OF FIXED ASSETS	1,460,183	1,461,574
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance leases	22,481	26,757
Deferred liabilities	43,514	42,847
CURRENT LIABILITIES		
Trade and other payables	836,748	913,090
Current maturity of liabilities against assets subject to finance leases	12,103	8,558
Accrued mark up	10,570	10,120
Short term borrowings	367,242	144,317
	1,226,664	1,076,085
CONTINGENT LIABILITIES & COMMITMENTS	7 -	-
TOTAL EQUITY AND LIABILITIES	2,983,236	2,830,594

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

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	SEPT 30, 2010	SEPT 30, 2009
	----- (Rupees '000') -----	
Net sales	383,435	217,224
Cost of sales	8 <u>(334,056)</u>	<u>(191,024)</u>
Gross profit	49,379	26,200
Distribution cost	(16,432)	(9,931)
Administration expenses	(14,633)	(9,336)
Other operating expenses	(632)	-
Other operating income	<u>468</u>	<u>856</u>
Profit/(loss) from operations	18,150	7,789
Finance cost	<u>(10,547)</u>	<u>(13,157)</u>
Profit/(loss) before tax	7,603	(5,368)
Taxation	<u>(1,931)</u>	<u>(624)</u>
Profit/(loss) after tax	5,672	(5,992)
Other comprehensive income	-	-
Total comprehensive income	<u><u>5,672</u></u>	<u><u>(5,992)</u></u>
Attributable to:		
Equity holders of the parent	5,700	(5,995)
Non-controlling interest	<u>(28)</u>	<u>3</u>
	<u><u>5,672</u></u>	<u><u>(5,992)</u></u>
Earnings / (loss) per share -basic and diluted	<u><u>0.27</u></u>	<u><u>(0.28)</u></u>

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

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	SEPT 30, 2010	SEPT 30, 2009
	----- (Rupees '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	(353,966)	49,913
Gratuity paid	-	-
Finance cost paid	(8,813)	(14,410)
Income tax paid	(2,283)	(3,049)
Long-term loans and advances	(483)	-
Long-term deposits	-	-
Net cash generated from / (used in) operating activities	(365,545)	32,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(2,406)	(189)
Interest received	7	26
Net cash generated from / (used in) investing activities	(2,398)	(163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against asset subject to finance lease	(2,015)	(2,133)
Net cash generated from / (used in) financing activities	(2,015)	(2,133)
Net increase / (decrease) in cash and cash equivalents	(369,958)	30,158
Cash and cash equivalents at beginning of the period	5,391	(306,022)
Cash and cash equivalents at the end of the period	(364,567)	(275,864)

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

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up share capital	Capital Reserves			Revenue Reserves		Total	Non Controlling Interest	Total Equity
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	General Reserve	Accumulated Loss			
<i>Rupees in thousand</i>									
Balance as at June 30, 2009	213,044	5,500	10,000	25,300	2,400	(172,062)	84,182	194	84,376
Loss for the period						(5,995)	(5,995)	3	(5,992)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period						837	837	-	837
Balance as at September 30, 2009	213,044	5,500	10,000	25,300	2,400	(177,220)	79,024	197	79,221
Profit for the period	-	-	-	-	-	141,589	141,589	9	141,598
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period	-	-	-	-	-	2,512	2,512	-	2,512
Balance as at June 30, 2010	213,044	5,500	10,000	25,300	2,400	(33,119)	223,125	206	223,331
Profit for the period	-	-	-	-	-	5,700	5,700	(28)	5,672
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	-	1,392
Balance as at September 30, 2010	213,044	-	-	-	-	17,172	187,016	178	188,586

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

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

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 interim condensed consolidated 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 interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2010.

4 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 28, October 2010.

5 PRESENTATION

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

	Note	SEPT 30, 2010	JUNE 30, 2010
		----- (Rupees '000') -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Book value at the beginning of the period / year		1,476,350	1,018,536
Additions during the period / year	6.1	2,406	46,403
Revaluation performed during the year		-	437,276
Less:			
Disposal during the period / year - at book value		-	7,872
Depreciation charged during the period / year		6,479	17,993
		<u>1,472,277</u>	<u>1,476,350</u>
6.1 Additions during the period / year			
Plant & Machinery		800	156
Permanent & Special Tools		-	1,076
Furniture & Fixture		328	1,308
Office machines and equipment		17	517
Jigs and fixture		-	3,682
Motor vehicles			
-Owned		-	3,000
-Leased		1,249	36,227
Computers		11	437
		<u>2,406</u>	<u>46,403</u>



7 CONTINGENCIES & COMMITMENTS

7.1 Contingencies

There is no change in contingent liabilities as reported in Note 22.1 to the consolidated financial statements for the year ended June 30, 2010.

	Note	SEPT. 30 2010 Unaudited	JUNE. 30 2010 Audited
----- (Rupees '000') -----			

7.2 Commitments

Bank guarantees		<u>580,109</u>	<u>479,756</u>
Letters of credit		<u>197,562</u>	<u>279,391</u>

	Note	SEPT 30, 2010	SEPT 30, 2009
----- (Rupees '000') -----			

8 COST OF SALES

Stock at beginning		111,666	65,822
Cost of goods manufactured	7.1	394,143	212,816
Trading Stock		<u>913</u>	<u>2,259</u>
		<u>506,722</u>	<u>280,897</u>
Stock at end		<u>(172,666)</u>	<u>(89,873)</u>
		<u>334,056</u>	<u>191,024</u>

8.1 COST OF GOODS MANUFACTURED

Work in process at beginning		51,531	4,960
Raw materials & components consumed		366,434	214,702
Direct Labour & overheads		<u>30,735</u>	<u>21,884</u>
		<u>448,700</u>	<u>241,546</u>
Work in process at end		<u>(54,557)</u>	<u>(28,730)</u>
		<u>394,143</u>	<u>212,816</u>



9. Related Party Transactions

Name of Related Party and nature of relationship	Nature of transaction	SEPT 30, 2010 ----- (Rupees '000') -----	SEPT 30, 2009 -----
(a) Associated Companies			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	12,721	10,918
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	20,610	10,203
	Body fabrication	625	-
Universal Insurance Company Limited (Common Directorship)	Insurance premium	3,313	1,823
	Insurance claim	45	-
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	75	-
Hasan & Hasan	Retainership fee	30	-
(b) Technology suppliers			
Isuzu Motors Limited, Japan.	Purchases	420	15,793
	Running Royalty	-	1,209

Chief Executive

Director

BOOK POST

If undelivered please return to:
GHANDHARA INDUSTRIES LIMITED
F-3, Hub Chouki Road, S.I.T.E.,
Post Box No. 2706, Karachi - 75730