

# ISUZU

CONDENSED INTERIM  
FINANCIAL INFORMATION  
for the First Quarter Ended  
September 30, 2012  
(Un-Audited)



**GANDHARA INDUSTRIES LIMITED**

A Bibojee Group Company



# CONTENTS

- COMPANY INFORMATION .....2
- DIRECTORS' REVIEW ..... 3
- CONDENSED INTERIM BALANCE SHEET .....4
- CONDENSED INTERIM PROFIT & LOSS ACCOUNT ..... 5
- CONDENSED INTERIM CASH FLOW STATEMENT .....6
- CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY .....7
- NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION .....8



**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

**BOARD HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Ch. Sher Muhammed	Member

**LEGAL ADVISORS**

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

**BANKERS**

National Bank of Pakistan  
Al-Baraka Bank (Pakistan) Limited  
The Bank of Khyber  
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 directors of your company take pleasure in presenting the unaudited accounts for the quarter ended on September 30, 2012.

### Financial results

Sales of your company have seen improvement in this quarter, as compared to the corresponding quarter of the previous year. The result for the quarter is as follows:

	Quarter ended September	
	2012	2011
Sales (Rs '000)	<b>365,903</b>	104,518
Gross profit (Rs '000)	<b>51,589</b>	2,182
Profit / (loss) from operations (Rs '000)	<b>37,015</b>	(22,575)
Profit / (loss) after tax (Rs '000)	<b>1,334</b>	(27,467)
Earnings / (loss) per share (Rs)	<b>0.06</b>	(1.29)

The Company's profit ratios have seen a marked improvement in this quarter as compared to the corresponding quarter of the previous year.

### Future outlook

We expect the demand for our products in the market to remain strong as the company has sufficient orders in hand. However, high inflationary cost pressures and depreciating rupee will continue to present challenges. The management of your Company is striving to cut costs to improve operational performance.

By Order of the Board

Karachi:  
October 29, 2012

**AHMAD KULI KHAN KHATTAK**  
Chief Executive



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2012

	Note	Unaudited September 30, 2012	Audited June 30, 2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	7	1,442,393	1,447,944
Intangible assets		874	949
Investment properties		90,082	90,145
Long term Investment		1,400	1,400
Long term loans		914	972
Long term deposits		3,814	3,814
Deferred taxation		39,278	32,049
		<u>1,578,755</u>	<u>1,577,273</u>
<b>CURRENT ASSETS</b>			
Stores and spares parts		1,171	1,714
Stock-in-trade	8	1,243,594	928,892
Trade debts		242,760	136,939
Loans and advances		357,599	385,279
Trade deposits and prepayments		134,430	166,166
Other receivables		18,026	1,246
Sales tax refundable / adjustable		136,081	127,152
Taxation - payments less provision		82,269	78,474
Cash and bank balances		17,590	91,218
		<u>2,233,520</u>	<u>1,917,080</u>
<b>TOTAL ASSETS</b>		<u><b>3,812,275</b></u>	<u><b>3,494,353</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		213,044	213,044
Accumulated loss		(25,046)	(27,772)
		<u>187,998</u>	<u>185,272</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>1,449,057</b>	<b>1,450,448</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		12,270	13,614
Deferred liabilities		15,048	14,774
		<u>27,318</u>	<u>28,388</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,070,330	943,781
Current maturity of liabilities against assets subject to finance lease		5,824	5,670
Accrued mark up		49,374	36,817
Short term borrowings		1,022,374	843,976
		<u>2,147,902</u>	<u>1,830,244</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,812,275</b></u>	<u><b>3,494,353</b></u>

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

Chief Executive Officer

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2012 - UNAUDITED**

	Note	September 30, 2012	September 30, 2011
(Rupees '000)			
Net sales		365,903	104,518
Cost of sales	10	(314,314)	(102,336)
<b>Gross profit</b>		<b>51,589</b>	<b>2,182</b>
Distribution expenses		(12,638)	(10,110)
Administrative expenses		(15,590)	(14,249)
Other operating expenses		(202)	(488)
Other operating income		13,856	89
<b>Profit/ (loss) from operations</b>		<b>37,015</b>	<b>(22,575)</b>
Finance cost		(38,459)	(13,222)
<b>Loss before taxation</b>		<b>(1,444)</b>	<b>(35,797)</b>
Taxation		2,778	8,329
<b>Profit/ (loss) after taxation</b>		<b>1,334</b>	<b>(27,467)</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss)</b>		<b>1,334</b>	<b>(27,467)</b>
<b>Earning / (loss) per share - basic and diluted</b>		<b>0.06</b>	<b>(1.29)</b>

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

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012 - UNAUDITED**

	Note	September 30, 2012	September 30, 2011
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	11	(215,796)	(483,284)
Gratuity paid		(1,091)	(769)
Finance cost paid		(25,902)	(28,576)
Income tax paid		(8,246)	(128)
Long term loans - net		58	473
Long term deposits		-	(6,224)
Net cash used in operating activities		<u>(250,977)</u>	<u>(518,508)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(176)	(671)
Sale proceeds on disposal of property, plant and equipment		125	-
Interest received		192	-
Net cash generated from / (used in) investing activities		141	(671)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease		(1,190)	(8,980)
Net cash used in financing activities		<u>(1,190)</u>	<u>(8,980)</u>
Net decrease in cash and cash equivalents		(252,026)	(528,159)
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(752,758)</b>	<b>(153,839)</b>
<b>Cash and cash equivalents - at end of the period</b>		<b><u>(1,004,784)</u></b>	<b><u>(681,998)</u></b>

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

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012 - UNAUDITED**

	Issued subscribed and paid-up capital	Unappropriated profit / (accumulated loss)	Total
	(Rupees '000)		
<b>Balance as at July 1, 2011</b>	213,044	(2,250)	210,794
Total comprehensive loss for the quarter	-	(27,467)	(27,467)
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,392	1,392
<b>Balance as at September 30, 2011</b>	213,044	(28,325)	184,719
Total comprehensive loss for the year	-	(3,618)	(3,618)
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	4,171	4,171
<b>Balance as at June 30, 2012</b>	213,044	(27,772)	185,272
Total comprehensive profit for the quarter	-	1,334	1,334
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,392	1,392
<b>Balance as at September 30, 2012</b>	213,044	(25,046)	187,998

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

Chief Executive Officer

Director





## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2012 - UNAUDITED**

### **1. CORPORATE INFORMATION**

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

### **2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the quarter ended September 30, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2012. Comparative balance sheet is extracted from annual financial statements of June 30, 2012 whereas comparative profit and loss account, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information for the quarter ended September 30, 2011.

This condensed interim financial information is unaudited and is being submitted to the members as required under section 245 of the Ordinance and the Listing Regulation of the Stock Exchanges.

### **3. ACCOUNTING ESTIMATES AND JUDGMENTS**

**3.1** The preparation of this condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**3.2** During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to audited annual financial statements of the Company for the year ended June 30, 2012.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2012.

### **5. APPROVAL OF FINANCIAL STATEMENTS**

These condensed interim financial information was approved by the Board of Directors and authorized for issue on October 29, 2012.

### **6. PRESENTATION**

Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees.



	Note	Unaudited September 30, 2012	Audited June 30, 2012
(Rupees '000)			
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Book value at the beginning of the period / year		1,447,944	1,465,156
Additions during the period / year	7.1	176	13,747
Less:			
Disposal during the period / year - at book value	7.2	-	5,067
Depreciation charged during the period / year		5,726	25,892
		<u>1,442,393</u>	<u>1,447,944</u>
<b>7.1 Additions during the period / year</b>			
Plant & machinery			
-Owned		-	2,622
-Leased		-	1,135
Permanent tools		-	72
Furniture & fixture		22	4
Office machines and equipment		42	105
Motor vehicles			
-Owned		42	3,928
-Leased		-	5,268
Computers		69	613
		<u>176</u>	<u>13,747</u>
<b>7.2 Disposal during the period / year - at book value</b>			
Trucks		-	5,067
		<u>-</u>	<u>5,067</u>
<b>8. STOCK-IN-TRADE</b>			
<b>Raw materials and components</b>			
In hand		606,879	562,266
Less: provision for slow moving raw material		20,150	20,150
		<u>586,729</u>	<u>542,116</u>
In transit		26,639	2,659
		<u>613,368</u>	<u>544,775</u>
<b>Work in Process</b>		157,561	151,332
<b>Finished goods including components</b>		434,431	194,158
<b>Trading stocks</b>		53,166	53,559
Less: provision for slow moving stock		14,932	14,932
		<u>38,234</u>	<u>38,627</u>
		<u>1,243,594</u>	<u>928,892</u>
<b>9. CONTINGENCIES AND COMMITMENTS</b>			
<b>9.1 Contingencies</b>			
There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2012.			
<b>9.2 Commitments</b>		Unaudited September 30, 2012	Audited June 30, 2012
(Rupees '000)			
Bank guarantees		860,950	932,684
Letters of credit		361,247	475,425
		<u>860,950</u>	<u>932,684</u>
		<u>361,247</u>	<u>475,425</u>



	Note	Unaudited September 30, 2012	Unaudited September 30, 2011
		(Rupees '000)	
<b>10. COST OF SALES</b>			
Stock at beginning		232,785	130,958
Cost of goods manufactured	10.1	553,166	399,160
Trading Stock		1,028	276
		<u>786,979</u>	<u>530,394</u>
Stock at end		<u>(472,665)</u>	<u>(428,058)</u>
		<u>314,314</u>	<u>102,336</u>
<b>10.1 COST OF GOODS MANUFACTURED</b>			
Work-in-process at beginning		151,332	100,288
Raw materials and components consumed		488,297	314,390
Direct Labour and overheads		71,098	46,309
		<u>710,727</u>	<u>460,987</u>
Work-in-process at end		<u>(157,561)</u>	<u>(61,827)</u>
		<u>553,166</u>	<u>399,160</u>
<b>11. CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(1,444)	(35,797)
Adjustment for non cash charges and other items:			
Depreciation / amortization on ;			
Fixed assets		5,726	6,954
Intangibles		75	75
Investment properties		63	63
Gain on disposal of fixed assets		(125)	-
Amortization of gain on sale and lease back of fixed asset		(8)	(265)
Interest expense		38,459	13,222
Interest income		(192)	-
Provision for gratuity		1,374	1,545
		<u>43,928</u>	<u>(14,203)</u>
Working capital changes	11.1	<u>(259,724)</u>	<u>(469,081)</u>
		<u>(215,796)</u>	<u>(483,284)</u>
<b>11.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores & spare parts		543	1,470
Stock-in-trade		(314,702)	(306,887)
Trade debts		(105,821)	36,076
Loans and advances		27,680	(263,554)
Trade deposits and prepayments		31,736	498,256
Other receivables		(16,780)	(18,142)
Sales tax refundable / adjustable		(8,929)	7,346
		<u>(386,273)</u>	<u>(45,435)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		126,549	(423,646)
		<u>(259,724)</u>	<u>(469,081)</u>



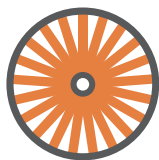
**12. TRANSACTIONS WITH RELATED PARTIES**

<b>Name of related party and nature of relationship</b>	<b>Nature of transaction</b>	<b>Unaudited September 30, 2012</b>	<b>Unaudited September 30, 2011</b>
<b>(Rupees '000)</b>			
<b>(a) Subsidiary company</b>			
Marghazar Industries (Private) Limited	Financial charges	81	78
<b>(b) Associated companies</b>			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	13,094	7,595
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	30,694	20,920
	Sales - Fabrication	1,320	-
	Purchase of parts	261	-
Universal Insurance Limited (Common Directorship)	Insurance Premium	2,235	3,835
Rehman Cotton Mills Limited (Common Directorship)	Rent paid	300	300
Gammon Pakistan Limited (Common Directorship)	Rent paid	375	375
Hasan & Hasan (Common Directorship)	Retainership fee	30	30
<b>(c) Technology suppliers</b>			
Isuzu Motors Limited Japan	Parts Purchased	948	17

Chief Executive Officer

Director

# BOOK POST



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

CORPORATE