

**ISUZU**

**CONDENSED INTERIM  
FINANCIAL INFORMATION**  
for the First Quarter Ended  
**September 30, 2013**  
*(Un-Audited)*



**GANDHARA 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

**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.  
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, 2013.

### Financial results

Sales of your company have seen marked 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	
	2013	2012
Sales (Rs '000)	<b>648,026</b>	365,903
Gross profit (Rs '000)	<b>88,190</b>	51,589
Profit from operations (Rs '000)	<b>44,582</b>	37,015
Profit after tax (Rs '000)	<b>1,721</b>	1,334
Earnings per share (Rs)	<b>0.08</b>	0.06

### Future outlook

The demand of our products in the market is expected to remain strong, however, high inflationary cost pressures and depreciating rupee will continue to present challenges. The management of your Company is determined to avail full benefits of the opportunities by continued focus on quality, productivity and cost control to improve its competitiveness.

By Order of the Board

Karachi:  
October 30, 2013

**AHMAD KULI KHAN KHATTAK**  
Chief Executive



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2013

	Note	Unaudited September 30, 2013	Audited June 30, 2013
(Rupees '000)			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	5	1,696,976	1,703,088
Intangible assets		573	647
Investment properties		89,832	89,895
Long term Investment		1,400	1,400
Long term loans		1,126	1,311
Long term deposits		4,633	4,633
		<u>1,794,540</u>	<u>1,800,974</u>
<b>Current Assets</b>			
Stores and spares parts		2,000	2,285
Stock-in-trade	6	1,161,924	1,355,715
Trade debts		728,792	293,428
Loans and advances		280,859	247,162
Trade deposits and prepayments		117,363	147,548
Other receivables		4,352	2,454
Sales tax refundable / adjustable		71,390	132,025
Taxation - payments less provision		116,861	114,440
Cash and bank balances		21,037	40,289
		<u>2,504,578</u>	<u>2,335,346</u>
<b>Total Assets</b>		<u>4,299,118</u>	<u>4,136,320</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital		213,044	213,044
Unappropriated profit		109,105	105,527
		<u>322,149</u>	<u>318,571</u>
<b>Surplus on Revaluation of Fixed Assets</b>		1,676,737	1,678,594
<b>Non-Current Liabilities</b>			
Liabilities against assets subject to finance lease		12,132	15,102
Deferred liabilities		21,192	19,404
Deferred taxation		22,766	27,686
		<u>56,090</u>	<u>62,192</u>
<b>Current Liabilities</b>			
Trade and other payables		834,809	822,680
Current maturity of liabilities against assets subject to finance lease		7,760	7,486
Accrued mark-up/ interest		43,244	32,261
Short term borrowings		1,358,329	1,214,536
		<u>2,244,142</u>	<u>2,076,963</u>
<b>Contingencies and Commitments</b>	7	-	-
<b>Total Equity and Liabilities</b>		<u>4,299,118</u>	<u>4,136,320</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, 2013 - UNAUDITED**

	Note	September 30, 2013	September 30, 2012
(Rupees '000)			
Net sales		648,026	365,903
Cost of sales	8	(559,836)	(314,314)
<b>Gross profit</b>		<b>88,190</b>	<b>51,589</b>
Distribution expenses		(17,182)	(12,638)
Administrative expenses		(17,988)	(15,590)
Other operating expenses		(8,800)	(202)
Other operating income		362	13,856
<b>Profit from operations</b>		<b>44,582</b>	<b>37,015</b>
Finance cost		(41,301)	(38,459)
<b>Profit / (loss) before taxation</b>		<b>3,281</b>	<b>(1,444)</b>
Taxation		(1,560)	2,778
<b>Profit after taxation</b>		<b>1,721</b>	<b>1,334</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,721</b>	<b>1,334</b>
<b>Earnings per share - basic and diluted</b>		<b>0.08</b>	<b>0.06</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, 2013 - UNAUDITED**

	Note	September 30, 2013	September 30, 2012
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	9	(119,976)	(215,796)
Gratuity paid		-	(1,091)
Finance cost paid		(29,256)	(25,902)
Income tax paid		(8,901)	(8,246)
Long term loans - net		185	58
Net cash used in operating activities		<u>(157,948)</u>	<u>(250,977)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,674)	(176)
Sale proceeds on disposal of property, plant and equipment		-	125
Interest received		337	192
Net cash used in investing activities		<u>(1,337)</u>	<u>141</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease - net		(3,760)	(1,190)
Net cash used in financing activities		<u>(3,760)</u>	<u>(1,190)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(163,045)</b>	<b>(252,026)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(1,174,247)</b>	<b>(752,758)</b>
<b>Cash and cash equivalents - at end of the period</b>	10	<b><u>(1,337,292)</u></b>	<b><u>(1,004,784)</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, 2013 - UNAUDITED**

	Issued subscribed and paid-up capital	(Accumulated loss) / unappropriated profit	Total
(Rupees '000)			
<b>Balance as at July 1, 2012</b>	213,044	(27,772)	185,272
Total comprehensive loss 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
Total comprehensive loss for the year	-	126,402	126,402
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, 2013</b>	213,044	105,527	318,571
Total comprehensive profit for the quarter	-	1,721	1,721
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,857	1,857
<b>Balance as at September 30, 2013</b>	213,044	109,105	322,149

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, 2013 - UNAUDITED**

### **1. CORPORATE INFORMATION**

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

Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (June 30, 2013: 8,343,397) ordinary shares of Rs.10 each as at September 30, 2013.

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

This condensed interim financial information of the Company for the quarter ended September 30, 2013 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, 2013. Comparative balance sheet is extracted from annual financial statements of June 30, 2013 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, 2012.

### **3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2013.

### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements 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 were applied to the audited annual financial statements for the year ended June 30, 2013.



	Note	Unaudited September 30, 2013	Audited June 30, 2013
(Rupees '000)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,695,278	1,701,672
Capital work-in-progress - advance against computer software		1,698	1,416
		<u>1,696,976</u>	<u>1,703,088</u>
<b>5.1 Operating fixed assets</b>			
Book value at the beginning of the period / year		1,701,672	1,447,944
Additions during the period / year	5.2	1,392	20,732
Revaluation during the period / year		-	259,447
Less:			
Disposal during the period / year - at book value	5.3	-	925
Depreciation charged during the period / year		7,786	25,526
		<u>1,695,278</u>	<u>1,701,672</u>
<b>5.2 Additions during the period / year</b>			
Plant & machinery			
-Owned		33	4,640
Furniture & fixture		24	138
Office machines and equipment		483	362
Motor vehicles			
-Owned		565	3,122
-Leased		-	9,135
Computers		287	3,335
		<u>1,392</u>	<u>20,732</u>
<b>5.3 Disposal during the period / year - at book value</b>			
Motor Vehicles		-	925
		<u>-</u>	<u>925</u>
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components			
In hand		577,860	657,807
Less: provision for slow moving raw material		20,150	20,150
		<u>557,710</u>	<u>637,657</u>
In transit		167,305	132,509
		<u>725,015</u>	<u>770,166</u>
Work in Process		43,379	121,974
Finished goods including components		343,314	425,594
Trading stocks		65,148	52,913
Less: provision for slow moving stock		14,932	14,932
		<u>50,216</u>	<u>37,981</u>
		<u>1,161,924</u>	<u>1,355,715</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
There is no change in status of contingent liabilities as reported in note 25.1 of the audited annual financial statements of the Company for the year ended June 30, 2013.			



		Unaudited September 30, 2013	Audited June 30, 2013
		(Rupees '000)	
<b>7.2</b>	<b>Commitments</b>		
	Bank guarantees	<u>666,322</u>	<u>930,757</u>
	Letters of credit	<u>228,594</u>	<u>212,450</u>
	Capital expenditure	<u>5,878</u>	<u>5,878</u>
<b>8.</b>	<b>COST OF SALES</b>		
		Unaudited September 30, 2013	Unaudited September 30, 2012
		(Rupees '000)	
	Stock at beginning	463,575	232,785
	Cost of goods manufactured	475,651	553,166
	Trading Stock	14,140	1,028
		<u>953,366</u>	<u>786,979</u>
	Stock at end	<u>(393,530)</u>	<u>(472,665)</u>
		<u>559,836</u>	<u>314,314</u>
<b>8.1</b>	<b>COST OF GOODS MANUFACTURED</b>		
	Work-in-process at beginning	121,974	151,332
	Raw materials and components consumed	<u>364,703</u>	488,297
	Direct Labour and overheads	<u>32,353</u>	71,098
		<u>519,030</u>	<u>710,727</u>
	Work-in-process at end	<u>(43,379)</u>	<u>(157,561)</u>
		<u>475,651</u>	<u>553,166</u>
<b>9.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit/ (loss) before taxation	3,281	(1,444)
	Adjustment for non cash charges and other items:		
	Depreciation / amortization on;		
	Fixed assets	7,786	5,726
	Intangibles	75	75
	Investment properties	63	63
	Loss / (gain) on disposal of fixed assets	-	(125)
	Amortization of gain on sale and lease back of fixed asset	(25)	(8)
	Interest expense	41,301	38,459
	Interest income	(337)	(192)
	Provision for gratuity	1,814	1,374
		<u>53,958</u>	<u>43,928</u>
	Working capital changes	9.1 <u>(173,934)</u>	<u>(259,724)</u>
		<u>(119,976)</u>	<u>(215,796)</u>



	Unaudited September 30, 2013	Unaudited September 30, 2012
	(Rupees '000)	
<b>9.1 Working capital changes</b>		
(Increase)/ decrease in current assets		
Stores & spare parts	285	543
Stock-in-trade	193,791	(314,702)
Trade debts	(435,364)	(105,821)
Loans and advances	(33,697)	27,680
Trade deposits and prepayments	30,185	31,736
Other receivables	(1,898)	(16,780)
Sales tax refundable/ adjustable	60,635	(8,929)
	<u>(186,063)</u>	<u>(386,273)</u>
Increase/ (decrease) in current liabilities		
Trade and other payable	12,129	126,549
	<u>(173,934)</u>	<u>(259,724)</u>
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	21,037	17,590
Short-term borrowings - running finances	(1,358,329)	(1,022,374)
	<u>(1,337,292)</u>	<u>(1,004,784)</u>

**11. TRANSACTIONS WITH RELATED PARTIES**

Name of related party and nature of relationship	Nature of transaction	Unaudited September 30, 2013	Unaudited September 30, 2012
		(Rupees '000)	
<b>(i) Subsidiary company</b>			
Marghazar Industries (Private) Limited	Financial charges	82	81
<b>(ii) Associated companies</b>			
The General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	10,908	13,094
Gandhara Nissan Limited (Common Directorship)	Assembly charges	-	30,694
	Sales - Fabrication	-	1,320
	Purchase of parts	-	261
	Purchase of fleet vehicles	565	-
Universal Insurance Limited (Common Directorship)	Insurance Premium	1300	2,235
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>(iii) Technology suppliers</b>			
Isuzu Motors Limited Japan	Parts Purchased	-	948
<b>(iv) Key management personnel</b>			
	Remuneration and other benefit	4,987	4830



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**12. GENERALS**

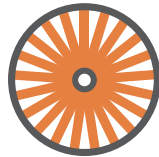
12.1 Figures have been rounded off to the nearest thousand rupees except stated otherwise.

12.2 This condensed interim financial information was approved and authorized for issue by the Board of Directors on October 30, 2013.

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