



**Ghandhara Industries Limited**  
A Bibojee Group Company

**Accounts for the  
Half Yearly ended  
December 31, 2009  
(Un-audited)**



**ISUZU**

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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
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 director of your company take pleasure in presenting the unaudited accounts for the second quarter and half year ended on 31st December, 2009

### **Financial Results**

Net sales for the quarter under review were Rs. 557.441 million as against Rs. 209.123 million for the corresponding period last year. This is more than double the sales of previous quarter.

Sales for the half year under review were Rs. 774.665 million compared with sales of Rs. 426.898 million for the half-year ended on 31st December 2008.

Gross profit for the half year under review was Rs. 101.717 million as against gross profit of Rs. 23.914 million for the half year ended on 31st December, 2008.

There was a substantial decrease in finance cost for the half year as compared to the corresponding period of the previous year.

Profit after tax for the half year was Rs. 21.796 million as against loss of Rs. 166.393 million for half year ended on 31st December 2008.

### **FUTURE OUTLOOK**

Auto market is still in turmoil although some segments have shown positive signs. The market in the next half-year will remain volatile. Your management is constantly trying to bring better results by improving product range, value addition and after sales services. It is expected that there will be a sharp rise in institutional sales during the next six months.

By Order of the Board

**AHMAD KULI KHAN KHATTAK**  
Chief Executive



## **REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Gandhara Industries Limited as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarters ended December 31, 2009 and 2008 in the condensed profit and loss account have not been reviewed as we are required to review cumulative figures for the half year ended December 31, 2009.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Karachi: 25<sup>th</sup> February 2010  
Engagement Partner: Abdul Majeed Chaudhri

**HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS



**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
AS AT DECEMBER 31, 2009

ASSETS	Note	December 31, 2009 Unaudited	June 30, 2009 Audited
(Rupees '000')			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	1,040,473	1,018,986
Investment properties		90,784	90,914
Long term investment		1,400	1,400
Long term loans and advances		60	262
Long term deposits		5,542	4,182
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		1,230	15
Stock-in-trade	7	865,514	373,852
Trade debts	8	81,059	103,203
Loans and advances		72,608	68,477
Deposits and prepayments		64,220	62,607
Other receivables		200,429	178,033
Cash and bank balances		5,706	21,510
		<u>1,290,766</u>	<u>807,697</u>
		<u>2,429,025</u>	<u>1,923,441</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Share capital	9	213,044	213,044
Reserves		43,200	43,200
Accumulated loss		<u>(149,044)</u>	<u>(172,514)</u>
		107,200	83,730
<b>SURPLUS ON REVALUATION OF FIXED ASSETS AND INVESTMENT PROPERTIES</b>			
		1,071,522	1,073,197
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		29,453	2,452
Deferred liabilities	10	22,324	16,519
<b>CURRENT LIABILITIES</b>			
Trade and other payables		707,004	396,773
Accrued mark-up / interest		18,933	17,114
Running finance and borrowings		462,219	327,552
Current maturity of liabilities against assets subject to finance leases		6,497	6,104
Provision for taxation		3,873	-
		<u>1,198,526</u>	<u>747,543</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	11	<u>2,429,025</u>	<u>1,923,441</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2009	2008	2009	2008
(Rupees '000')					
Net sales		557,441	209,122	774,665	426,898
Cost of sales	12	(481,924)	(209,295)	(672,948)	(402,984)
Gross profit/ (loss)		75,517	(173)	101,717	23,914
Distribution cost		(16,839)	(10,035)	(26,770)	(19,113)
Administrative expenses		(14,254)	(7,402)	(23,553)	(15,113)
Other operating income		1,349	359	2,205	399
Other operating expenses		(1,987)	-	(1,987)	-
Profit /(loss) from operations		43,786	(17,251)	51,612	(9,913)
Finance cost		(14,846)	(94,713)	(28,056)	(158,158)
Profit /(loss) before tax		28,940	(111,964)	23,556	(168,071)
<b>Taxation</b>					
Current		2,803	-	3,873	-
Prior years'					
Deferred		(1,662)	1,255	(2,113)	1,678
		1,141	1,255	1,760	1,678
Profit /(loss) after tax		27,799	(110,709)	21,796	(166,393)
Earnings per share - basic and diluted (Rupees)	13	1.30	(5.20)	1.02	(7.81)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Note	Half year ended	
		2009	December 31, 2008
(Rupees '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	(121,729)	(518,265)
Interest paid		(26,238)	(136,360)
Gratuity paid		(160)	-
Income taxes paid (including tax deducted at source)		(6,076)	(12,245)
Long term loans and advances		202	(25)
Long term deposits and prepayments		(3,551)	(232)
Net cash outflow from operating activities		(157,552)	(667,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(3,908)	(5,174)
Sale proceeds of fixed assets		14,500	-
Interest received		405	126
Net cash inflow/ (outflow) from investing activities		10,997	(5,048)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of finance lease rentals		(3,916)	(4,987)
Dividend paid		-	(11)
Net cash outflow from financing activities		(3,916)	(4,998)
<b>Net decrease in cash and cash equivalents</b>		<b>(150,471)</b>	<b>(677,173)</b>
Cash and cash equivalents at July 1		(306,042)	(67,420)
Cash and cash equivalents at December 31		<u>(456,513)</u>	<u>(744,593)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	<u>Quarter ended</u>		<u>Half year ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Rupees '000')			
Profit / (loss) for the period	27,799	(110,709)	21,796	(166,393)
<b>Other comprehensive income</b>				
Incremental depreciation in respect of surplus on revaluation of fixed assets - net of tax	837	878	1,674	1,675
Total comprehensive profit/ (loss)	<u>28,636</u>	<u>(109,831)</u>	<u>23,470</u>	<u>(164,718)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Share Capital Issued, subscribed and paid-up	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve			
<i>Rupees in thousand</i>							
<b>Balance as at June 30, 2008 (Audited)</b>	213,044	5,500	10,000	25,300	2,400	(38,378)	217,866
<b>Total comprehensive income for the half year ended December 31, 2008</b>							
Loss for the period after taxation	-	-	-	-	-	(166,393)	(166,393)
Other comprehensive income :							
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,675	1,675
	-	-	-	-	-	(164,718)	(164,718)
<b>Balance as at December 31, 2008 (Unaudited)</b>	213,044	5,500	10,000	25,300	2,400	(203,096)	53,148
<b>Total comprehensive income for the half year ended June 30, 2009</b>							
Profit for the period after taxation	-	-	-	-	-	28,908	28,908
Other comprehensive income :							
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,674	1,674
	-	-	-	-	-	30,582	30,582
<b>Balance as at June 30, 2009 (Audited)</b>	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
<b>Total comprehensive income for the half year ended December 31, 2009</b>							
Profit for the period after taxation	-	-	-	-	-	21,796	21,796
Other comprehensive income :							
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,674	1,674
	-	-	-	-	-	23,470	23,470
<b>Balance as at December 31, 2009 (Unaudited)</b>	213,044	5,500	10,000	25,300	2,400	(149,044)	107,200

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**Chief Executive**

**Director**



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

**1 CORPORATE INFORMATION**

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

**2 BASIS OF PRESENTATION**

This condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with the provisions contained in section 245 of the Companies Ordinance, 1984 and the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2009.

**3 SIGNIFICANT 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 the preceding annual published financial statements of the company for the year ended June 30, 2009.

The amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' have become applicable for the periods beginning after 1 January 2009. This has resulted in certain enhanced disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

**4 APPROVAL OF FINANCIAL STATEMENTS**

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on February 25, 2010.

**5 PRESENTATION**

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

	Note	December 31, 2009 Unaudited	June 30, 2009 Audited
<b>(Rupees '000')</b>			
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	1,040,023	1,018,536
Capital work in progress		450	450
		<u>1,040,473</u>	<u>1,018,986</u>
<b>6.1 Operating fixed assets</b>			
Opening net book value		1,018,536	1,028,573
Additions during the period / year	6.2	37,408	7,095
Less:			
Disposal during the period / year - at book value	6.3	7,872	1,813
Depreciation charged during the period / year		8,049	15,319
		<u>1,040,023</u>	<u>1,018,536</u>
<b>6.2 Additions during the period / year</b>			
Plant and machinery		-	192
Office machines and equipment		293	318
Furniture		-	468
Computers		51	517
Permanent tools		564	33
Trucks		3,000	-
-Owned		-	4,247
-Leased		-	1,320
Lift trucks - Leased		6,000	-
Trucks - Leased		27,500	-
		<u>37,408</u>	<u>7,095</u>



	December 31, 2009 Unaudited (Rupees '000')	June 30, 2009 Audited
<b>6.3 Disposals during the period / year - at book value</b>		
Motor vehicles	997	1,813
Lift trucks	3,975	-
Trucks	2,900	-
	<u>7,872</u>	<u>1,813</u>
<b>7 STOCK IN TRADE</b>		
Raw materials and components		
In hand	420,384	247,635
Less: Provision for slow moving raw material	20,150	21,076
	400,234	226,559
In transit	1,388	39,262
	<u>401,622</u>	<u>265,821</u>
Work in process	28,455	4,960
Manufactured stock including components	392,963	65,822
Trading stock	57,405	52,181
Less: Provision for slow moving trading stock	14,932	14,932
	42,473	37,249
	<u>865,514</u>	<u>373,852</u>
<b>8 TRADE DEBTS - UNSECURED</b>		
<b>Considered Good</b>		
Government and semi-government agencies	18,776	4,067
Others	62,283	99,136
	<u>81,059</u>	<u>103,203</u>
<b>9 SHARE CAPITAL</b>		
<b>Issued, subscribed &amp; paid-up capital</b>		
<b>December 31, 2009 Unaudited (No. of shares)</b>	<b>June 30, 2009 Audited</b>	
		<b>Authorised Capital</b>
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each
		<u>500,000</u>
		<u>500,000</u>
		<b>Issued, subscribed and paid up capital</b>
17,650,862	17,650,862	Fully paid up in cash
3,295,354	3,295,354	Fully paid bonus shares
358,206	358,206	Issued for consideration other than cash
<u>21,304,422</u>	<u>21,304,422</u>	<u>176,509</u>
		<u>32,953</u>
		<u>3,582</u>
		<u>213,044</u>



	December 31, 2009 Unaudited (Rupees '000')	June 30, 2009 Audited
<b>10 DEFERRED LIABILITIES</b>		
Deferred taxation	10,888	13,001
Gain on sale and lease back of fixed assets	6,610	-
Gratuity	<u>4,826</u>	<u>3,518</u>
	<u><u>22,324</u></u>	<u><u>16,519</u></u>

**11 CONTINGENCIES & COMMITMENTS**

**11.1 Contingencies**

There is no change in contingent liabilities as reported in Note 26 to the financial statements for the year ended June 30, 2009.

**11.2 Guarantees**

Issued by banks	<u>68,636</u>	<u>93,359</u>
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	Quarter ended December 31,		Half year ended December 31,	
Note	2009	2008	2009	2008
	(Rupees '000')			

**12 COST OF SALES**

Stock at beginning		89,873	176,323	65,822	57,931
Cost of goods manufactured	12.1	<u>679,107</u>	252,238	<u>891,923</u>	561,791
Trading stock	12.2	<u>105,907</u>	1,553	<u>108,166</u>	4,081
		<u>785,014</u>	253,791	<u>1,000,089</u>	565,872
		<u>874,887</u>	430,114	<u>1,065,911</u>	623,803
Stocks at end		<u>(392,963)</u>	(220,819)	<u>(392,963)</u>	(220,819)
		<u><u>481,924</u></u>	<u><u>209,295</u></u>	<u><u>672,948</u></u>	<u><u>402,984</u></u>

**12.1 Cost of goods manufactured**

Work in process at beginning		28,730	36,303	4,960	-
Raw materials & components consumed		<u>671,951</u>	196,503	<u>886,653</u>	515,915
Direct labour and overheads		<u>6,881</u>	25,518	<u>28,765</u>	51,962
		<u>678,832</u>	222,021	<u>915,418</u>	567,877
		<u>707,562</u>	258,324	<u>920,378</u>	567,877
Work in process at end		<u>(28,455)</u>	(6,086)	<u>(28,455)</u>	(6,086)
		<u><u>679,107</u></u>	<u><u>252,238</u></u>	<u><u>891,923</u></u>	<u><u>561,791</u></u>

**12.2 Trading stock**

Stock at beginning		56,518	33,729	37,248	35,362
Purchases		<u>91,862</u>	12,867	<u>113,391</u>	13,762
		<u>148,380</u>	46,596	<u>150,639</u>	49,124
Stocks at end		<u>(42,473)</u>	(45,043)	<u>(42,473)</u>	(45,043)
		<u><u>105,907</u></u>	<u><u>1,553</u></u>	<u><u>108,166</u></u>	<u><u>4,081</u></u>



	<u>Quarter ended</u>		<u>Half year ended</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	2009	2008	2009	2008
	(Rupees '000')			
<b>13 EARNINGS PER SHARE</b>				
Basic and diluted earnings per share				
Earnings for purposes of basic earnings per share (net profit after tax for the period)	<u>27,799</u>	<u>(110,709)</u>	<u>21,796</u>	<u>(166,393)</u>
Weighted average number of outstanding ordinary shares for the purposes of basic earnings per share	<u>21,304</u>	<u>21,304</u>	<u>21,304</u>	<u>21,304</u>
Basic and diluted earnings per share - Rupees	<u>1.30</u>	<u>(5.20)</u>	<u>1.02</u>	<u>(7.81)</u>
			<u>Half year ended</u>	
			<u>December 31,</u>	
			2009	2008
			(Rupees '000')	
<b>14 CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit/ (loss) before taxation			23,556	(168,071)
<b>Adjustment for:</b>				
Depreciation			8,049	7,594
Investment properties			130	130
Provision for gratuity			1,468	1,315
Interest income			(405)	(126)
Amortisation of gain on sale and lease back of fixed asset			(19)	(231)
Interest expense			26,993	157,127
Finance cost on finance leased assets			1,063	1,031
Operating profit/ (loss) before working capital changes			<u>60,835</u>	<u>(1,231)</u>
<b>Working capital changes:</b>				
(Increase)/decrease in current assets:				
Stores, spares & loose tools			(1,215)	(32)
Stock in trade			(491,662)	(411,446)
Trade debtors			22,144	(71,093)
Loans and advances			1,947	5,121
Trade deposits and prepayments			(1,613)	124,978
Other receivables			(22,396)	(19,770)
			<u>(492,795)</u>	<u>(372,242)</u>
Increase/ (Decrease) in current liabilities:				
Trade and other payables			310,231	(144,792)
<b>Cash outflow from operations</b>			<u>(121,729)</u>	<u>(518,265)</u>



**15 RELATED PARTY TRANSACTIONS**

Related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Name of related party	Nature of transaction	Half year ended December 31,	
		2009	2008
		(Rupees '000')	
<b>(a) Subsidiary company</b>			
Marghazar Industries (Private) Limited	Financial charges	107	104
<b>(b) Associated Companies</b>			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	11,581	13,770
Gandhara Nissan Limited (Common Directorship)	Assembly charges	14,988	21,387
Universal Insurance Limited (Common Directorship)	Insurance Premium	7,182	3,213
	Insurance claim	444	-
Rehman Cotton Mills Limited (Common Directorship)	Rent	150	248
<b>(c) Technology suppliers</b>			
Isuzu Motors Limited, Japan	Running Royalty charges	1,636	2,052
	Purchase of parts	4,344	7,101
	Purchase of CKD	9,685	-
	Purchase of vehicle	523,828	-
Marubeni Corporation Japan	Purchase of CKD	395,814	506,543
<b>Balances</b>		<b>December 31, 2009</b>	<b>June 30, 2009</b>
		(Rupees '000')	
<b>Subsidiary company</b>			
Marghazar Industries (Private) Limited	<b>Amount due to</b>	2,163	2,144
<b>Associated Companies</b>			
General Tyre & Rubber Company of Pakistan Limited	"	14,212	19,609
Gandhara Nissan Limited	"	42,850	35,464
Universal Insurance Limited	"	4,665	2,773
Rehman Cotton Mills Limited	"	548	398
<b>Ultimate holding company</b>			
Bibojee Services (Private) Limited	"	191,089	102,239
<b>Technology supplier</b>			
Isuzu Motors Limited, Japan	"	1,636	-
<b>Chief Executive</b>			<b>Director</b>



**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
AS AT DECEMBER 31, 2009

ASSETS	Note	December 31, 2009 Unaudited	June 30, 2009 Audited
(Rupees '000')			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	1,040,474	1,018,986
Investment properties		90,784	90,914
Long term loans and advances		60	262
Long term deposits		5,542	4,182
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		1,230	15
Stock-in-trade	7	865,514	373,852
Trade debts	8	81,059	103,203
Loans and advances		72,608	68,477
Deposits and prepayments		64,220	62,607
Other receivables		200,429	178,033
Cash and bank balances		5,726	21,530
		<u>1,290,786</u>	<u>807,717</u>
<b>EQUITY AND LIABILITIES</b>		<u>2,427,646</u>	<u>1,922,061</u>
Share capital and reserves			
Share capital	9	213,044	213,044
Reserves		43,200	43,200
Accumulated Loss		<u>(148,624)</u>	<u>(172,062)</u>
		107,620	84,182
<b>MINORITY INTEREST</b>			
		204	194
<b>SURPLUS ON REVALUATION OF FIXED ASSETS AND INVESTMENT PROPERTIES</b>		1,071,522	1,073,197
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		29,453	2,452
Deferred liabilities	10	22,324	16,519
<b>CURRENT LIABILITIES</b>			
Trade and other payables		704,956	394,725
Accrued mark-up / interest		18,933	17,114
Running finance and borrowings		462,219	327,552
Current maturity of liabilities against assets subject to finance leases		6,497	6,104
Provision for taxation		3,917	22
		<u>1,196,523</u>	<u>745,517</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>		<u>2,427,646</u>	<u>1,922,061</u>

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Chief Executive

Director





**CONSOLIDATED CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2009	2008	2009	2008
(Rupees '000')					
Net sales		557,441	209,122	774,665	426,898
Cost of sales	12	(481,924)	(209,295)	(672,948)	(402,984)
Gross profit/(loss)		75,517	(173)	101,717	23,914
Distribution cost		(16,839)	(10,035)	(26,770)	(19,113)
Administrative expenses		(14,365)	(7,476)	(23,701)	(15,187)
Other operating income		1,349	359	2,205	399
Other operating expenses		(1,987)	-	(1,987)	-
Profit/(loss) from operations		43,675	(17,325)	51,464	(9,987)
Finance cost		(14,744)	(94,609)	(27,901)	(158,054)
Profit/(loss) before tax		28,931	(111,934)	23,563	(168,041)
Taxation					
Current		2,820	(12)	3,895	(17)
Prior years'		6		6	
Deferred		(1,662)	1,255	(2,113)	1,678
		1,164	1,243	1,788	1,661
Profit/(loss) after tax		27,766	(110,691)	21,774	(166,380)
Attributed to:					
Equity holders of the parent		27,759	(110,692)	21,764	(166,384)
Minority interest		7	1	10	4
		27,766	(110,691)	21,774	(166,380)
Earnings per share - basic and diluted (Rupees)	13	1.30	(5.20)	1.02	(7.81)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Chief Executive

Director



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Note	Half year ended	
		2009	December 31, 2008
(Rupees '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	(121,904)	(518,349)
Interest paid		(26,086)	(136,256)
Gratuity paid		(160)	-
Income taxes paid (including tax deducted at source)		(6,054)	(12,265)
Long term loans and advances		202	(25)
Long term deposits and prepayments		(3,551)	(232)
Net cash outflow from operating activities		(157,552)	(667,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(3,908)	(5,174)
Sale proceeds of fixed assets		14,500	-
Interest received		405	126
Net cash inflow/ (outflow) from investing activities		10,997	(5,048)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of finance lease rentals		(3,916)	(4,987)
Dividend paid		-	(11)
Net cash outflow from financing activities		(3,916)	(4,998)
Net decrease in cash and cash equivalents		(150,471)	(677,173)
Cash and cash equivalents at July 1		(306,022)	(67,400)
Cash and cash equivalents at December 31		(456,493)	(744,573)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Chief Executive

Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	<u>Quarter ended</u>		<u>Half year ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<b>(Rupees '000')</b>			
Profit / (loss) for the period	<b>27,766</b>	<b>(110,691)</b>	<b>21,774</b>	<b>(166,380)</b>
<b>Other comprehensive income</b>				
Incremental depreciation in respect of surplus on revaluation of fixed assets - net of tax				
	<b>837</b>	<b>878</b>	<b>1,674</b>	<b>1,675</b>
Total comprehensive profit/ (loss)	<b><u>28,603</u></b>	<b><u>(109,813)</u></b>	<b><u>23,448</u></b>	<b><u>(164,705)</u></b>
Total comprehensive income attributable to:				
Equity holders of Holding Company	<b>28,596</b>	<b>(109,814)</b>	<b>23,438</b>	<b>(164,709)</b>
Minority interest	<b>7</b>	<b>1</b>	<b>10</b>	<b>4</b>
	<b><u>28,603</u></b>	<b><u>(109,813)</u></b>	<b><u>23,448</u></b>	<b><u>(164,705)</u></b>

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Chief Executive

Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

Share Capital Issued, subscribed and paid-up	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL	Minority Interest	Total Equity
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve					

*Rupees in thousand*

**Balance as at June 30, 2008 (Audited)**      213,044      5,500      10,000      25,300      2,400      (37,950)      218,294      184      218,478

**Total comprehensive income for the half year ended December 31, 2008**

Profit for the period after taxation	-	-	-	-	-	(166,384)	(166,384)	4	(166,380)
Other comprehensive income :									
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,675	1,675		1,675
	-	-	-	-	-	(164,709)	(164,709)	4	(164,705)

**Balance as at December 31, 2008 (Unaudited)**      213,044      5,500      10,000      25,300      2,400      (202,659)      53,585      188      53,773

**Total comprehensive income for the period**

Profit for the period after taxation	-	-	-	-	-	28,923	28,923	6	28,929
Other comprehensive income :									
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,674	1,674		1,674
	-	-	-	-	-	30,597	30,597	6	30,603

**Balance as at June 30, 2009 (Audited)**      213,044      5,500      10,000      25,300      2,400      (172,062)      84,182      194      84,376

**Total comprehensive income for the half year**

Profit for the period after taxation	-	-	-	-	-	21,764	21,764	10	21,774
Other comprehensive income :									
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for period	-	-	-	-	-	1,674	1,674		1,674
	-	-	-	-	-	23,438	23,438	10	23,448

**Balance as at December 31, 2009 (Unaudited)**      213,044      5,500      10,000      25,300      2,400      (148,624)      107,620      204      107,824

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

**Chief Executive**

**Director**



**NOTES TO THE CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

**1 CORPORATE INFORMATION**

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

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

**2 BASIS OF PRESENTATION**

This consolidated condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with the provisions contained in section 245 of the Companies Ordinance, 1984 and the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2009.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements for the year ended June 30, 2009.

The amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' have become applicable for the periods beginning after 1 January 2009. This has resulted in certain enhanced disclosures including the statement of other comprehensive income which has been reflected in the holding Company's consolidated condensed interim financial information

**4 APPROVAL OF FINANCIAL STATEMENTS**

This consolidated condensed interim financial information was approved by the Board of Directors and authorised for issue on February 25, 2010.

**5 PRESENTATION**

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

	Note	December 31, 2009 Unaudited (Rupees '000')	June 30, 2009 Audited
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	1,040,024	1,018,536
Capital work in progress		450	450
		<u>1,040,474</u>	<u>1,018,986</u>
<b>6.1 Operating fixed assets</b>			
Opening net book value		1,018,536	1,028,573
Additions during the period / year	6.2	37,408	7,095
Less:			
Disposal during the period / year - at book value	6.3	7,872	1,813
Depreciation charged during the period / year		8,049	15,319
		<u>1,040,023</u>	<u>1,018,536</u>



	December 31, 2009 Unaudited	June 30, 2009 Audited
	(Rupees '000')	
<b>6.2 Additions during the period / year</b>		
Plant and machinery	-	192
Office machines and equipment	293	318
Furniture	-	468
Computers	51	517
Permanent tools	564	33
Trucks	3,000	-
-Owned	-	4,247
-Leased	-	1,320
Lift trucks - Leased	6,000	-
Trucks - Leased	27,500	-
	<u>37,408</u>	<u>7,095</u>
<b>6.3 Disposals during the period / year - at book value</b>		
Motor vehicles	997	1,813
Lift trucks	3,975	-
Trucks	2,900	-
	<u>7,872</u>	<u>1,813</u>
<b>7 STOCK IN TRADE</b>		
Raw materials and components		
In hand	420,384	247,635
Less: Provision for slow moving raw material	20,150	21,076
	400,234	226,559
In transit	1,388	39,262
	<u>401,622</u>	<u>265,821</u>
Work in process	28,455	4,960
Manufactured stock including components	392,963	65,822
Trading stock	57,405	52,181
Less: Provision for slow moving trading stock	14,932	14,932
	42,473	37,249
	<u>865,514</u>	<u>373,852</u>
<b>8 TRADE DEBTS - UNSECURED</b>		
Considered Good		
Government and semi-government agencies	18,776	4,067
Others	62,283	99,136
	<u>81,059</u>	<u>103,203</u>
<b>9 SHARE CAPITAL</b>		
<b>Issued, subscribed &amp; paid-up capital</b>		
<b>December 31, 2009 Unaudited</b>	<b>June 30, 2009 Audited</b>	
(No. of shares)		
		<b>Authorised Capital</b>
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each
		<u>500,000</u>
		<u>500,000</u>
		<b>Issued, subscribed and paid up capital</b>
17,650,862	17,650,862	Fully paid up in cash
3,295,354	3,295,354	Fully paid bonus shares
358,206	358,206	Issued for consideration other than cash
<u>21,304,422</u>	<u>21,304,422</u>	<u>176,509</u>
		<u>32,953</u>
		<u>3,582</u>
		<u>213,044</u>
		<u>213,044</u>



	<b>December 31, 2009 Unaudited (Rupees '000')</b>	<b>June 30, 2009 Audited</b>
<b>10 DEFERRED LIABILITIES</b>		
Deferred taxation	10,888	13,001
Gain on sale and lease back of fixed assets	6,610	-
Gratuity	4,826	3,518
	<u>22,324</u>	<u>16,519</u>

**11 CONTINGENCIES & COMMITMENTS**

**11.1 Contingencies**

There is no change in contingent liabilities as reported in Note 26 to the consolidated financial statements for the year ended June 30, 2009.

**11.2 Guarantees**

Issued by banks	<u>68,636</u>	<u>93,359</u>
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	<b>Quarter ended December 31,</b>		<b>Half year ended December 31,</b>	
Note	2009	2008	2009	2008
	<b>(Rupees '000')</b>			

**12 COST OF SALES**

Stock at beginning		89,873	176,323	65,822	57,931
Cost of goods manufactured	12.1	679,107	252,238	891,923	561,791
Trading stock	12.2	105,907	1,553	108,166	4,081
		<u>785,014</u>	<u>253,791</u>	<u>1,000,089</u>	<u>565,872</u>
		874,887	430,114	1,065,911	623,803
Stocks at end		(392,963)	(220,819)	(392,963)	(220,819)
		<u>481,924</u>	<u>209,295</u>	<u>672,948</u>	<u>402,984</u>

**12.1 Cost of goods manufactured**

Work in process at beginning		28,730	36,303	4,960	-
Raw materials & components consumed		671,951	196,503	886,653	515,915
Direct labour and overheads		6,881	25,518	28,765	51,962
		<u>678,832</u>	<u>222,021</u>	<u>915,418</u>	<u>567,877</u>
		707,562	258,324	920,378	567,877
Work in process at end		(28,455)	(6,086)	(28,455)	(6,086)
		<u>679,107</u>	<u>252,238</u>	<u>891,923</u>	<u>561,791</u>

**12.2 Trading stock**

Stock at beginning		56,518	33,729	37,248	35,362
Purchases		91,862	12,867	113,391	13,762
		<u>148,380</u>	<u>46,596</u>	<u>150,639</u>	<u>49,124</u>
Stocks at end		(42,473)	(45,043)	(42,473)	(45,043)
		<u>105,907</u>	<u>1,553</u>	<u>108,166</u>	<u>4,081</u>



	<u>Quarter ended</u>		<u>Half year ended</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>13 EARNINGS PER SHARE</b>	<b>(Rupees '000')</b>			
Basic and diluted earnings per share				
Earnings for purposes of basic earnings per share (net profit after tax for the period)	<u>27,766</u>	<u>(110,691)</u>	<u>21,774</u>	<u>(166,380)</u>
Weighted average number of outstanding ordinary shares for the purposes of basic earnings per share	<u>21,304</u>	<u>21,304</u>	<u>21,304</u>	<u>21,304</u>
Basic and diluted earnings per share - Rupees	<u>1.30</u>	<u>(5.20)</u>	<u>1.02</u>	<u>(7.81)</u>
<b>14 CASH FLOW FROM OPERATING ACTIVITIES</b>				
			<u>Half year ended</u>	
			<u>December 31,</u>	
			<u>2009</u>	<u>2008</u>
	<b>(Rupees '000')</b>			
Net profit/ (loss) before taxation			23,563	(168,041)
<b>Adjustment for:</b>				
Depreciation			8,049	7,594
Investment properties			130	130
Provision for gratuity			1,468	1,315
Interest income			(405)	(126)
Amortisation of gain on sale and lease back of fixed asset			(19)	(231)
Interest expense			26,811	157,023
Finance cost on finance leased assets			1,063	1,031
Operating profit/ (loss) before working capital changes			<u>60,660</u>	<u>(1,305)</u>
<b>Working capital changes:</b>				
(Increase)/decrease in current assets:				
Stores, spares & loose tools	(1,215)		(32)	
Stock in trade	(491,662)		(411,446)	
Trade debtors	22,144		(71,093)	
Loans and advances	1,947		5,121	
Trade deposits and prepayments	(1,613)		124,978	
Other receivables	(22,396)		(19,770)	
			<u>(492,795)</u>	<u>(372,242)</u>
Increase/ (Decrease) in current liabilities:				
Trade and other payables			<u>310,231</u>	<u>(144,802)</u>
Cash outflow from operations			<u>(121,904)</u>	<u>(518,349)</u>





**15 RELATED PARTY TRANSACTIONS**

Related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Name of related party	Nature of transaction	December 31,	December 31,
		2009	2008
		(Rupees '000')	
<b>(a) Associated Companies</b>			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	11,581	13,770
Gandhara Nissan Limited (Common Directorship)	Assembly charges	14,988	21,387
Universal Insurance Limited (Common Directorship)	Insurance Premium	7,182	3,213
	Insurance claim	444	-
Rehman Cotton Mills Limited (Common Directorship)	Rent	150	248
<b>(b) Technology suppliers</b>			
Isuzu Motors Limited, Japan	Running Royalty charges	1,636	2,052
	Purchase of parts	4,344	7,101
	Purchase of CKD	9,685	-
	Purchase of vehicle	523,828	-
Marubeni Corporation Japan	Purchase of CKD	395,814	506,543
<b>Balances</b>		December 31,	June 30,
		2009	2009
		(Rupees '000')	
<b>Associated Companies</b>			
General Tyre & Rubber Company of Pakistan Limited	Amount due to	14,212	19,609
Gandhara Nissan Limited	"	42,850	35,464
Universal Insurance Limited	"	4,665	2,773
Rehman Cotton Mills Limited	"	548	398
<b>Ultimate holding company</b>			
Bibojee Services (Private) Limited	"	191,089	102,239
<b>Technology supplier</b>			
Isuzu Motors Limited, Japan	"	1,636	-

Chief Executive

Director

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