

GHANDHARA INDUSTRIES LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT MARCH. 31, 2007

		<u>MAR. 31,</u> <u>2007</u>	<u>JUNE 30,</u> <u>2006</u>
		(Rupees,000)	
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	5	1,019,736	1,033,099
Investment in immovable properties		91,497	91,691
Investment in subsidiary and other companies		1,400	1,400
Long Term Deposits		1,318	736
		<u>1,113,951</u>	<u>1,126,926</u>
CURRENT ASSETS			
Stock - in - trade		629,284	695,713
Trade debts		127,292	4,389
Loans, advances		65,667	19,482
Deposits & prepayments		70,556	92,260
Other receivables		49,482	21,731
Cash and bank balances		47,427	262,436
		989,707	1,096,011
		<u>2,103,658</u>	<u>2,222,937</u>
EQUITY AND LIABILITIES			
Authorized capital (50,000,000 ordinary shares of Rs 10 each)			
CAPITAL AND RESERVES			
Capital and Reserves			
Issued, subscribed and paid - up capital		213,044	65,553
Reserve		43,200	43,200
Accumulated profit		(90,892)	(126,103)
		165,352	(17,350)
RIGHTS SHARE SUBSCRIPTION			
			61,629
Surplus on revaluation of fixed assets and Investment properties		1,081,614	1,083,570
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	6	3,977	-
Deffered Liabilities		20,387	21,440
		<u>24,364</u>	<u>21,440</u>
CURRENT LIABILITIES			
Trade and other payable		620,054	701,941
Accrued mark up/Interest		4,514	12,813
Running finances under markup arrangement		95,802	318,934
Current portion of liabilities against assets subject finance lease		1,898	-
Provision for taxation		110,060	39,960
		832,328	1,073,648
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>2,103,658</u>	<u>2,222,937</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

Director

Chief Executive

GHANDHARA INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH, 2007

	Note	For the quarter ended		For the nine month	
		MARCH 2007	MARCH 2006	MARCH 2007	MARCH 2006
Rupees in '000'					
Sales (Net)		460,212	343,441	1,417,209	946,337
Cost of sales	8	382,725	294,451	1,177,310	810,755
Gross (loss)/profit		77,487	48,990	239,899	135,582
Distribution cost		3,209	3,079	10,387	8,041
Administration expenses		7,419	3,776	39,909	13,219
Operating (loss) profit		66,859	42,135	189,603	114,322
Other charges		4,011		11,778	66
Finance cost		5,549	3,542	19,550	10,585
		61,310	38,593	158,275	103,671
Gain on derecognition of accrued mark up		-	-	-	380,034
Other operating income/ Expense		3,866	(155)	7,940	6,844
Profit / (loss) before taxation		65,176	38,438	166,215	490,549
Provision for taxation					
Current		29,029	1,740	70,100	4,792
Deferred		(351)	(295)	(1,053)	(885)
		28,678	1,445	69,047	3,907
Profit / (loss) after taxation		36,498	36,993	97,168	486,642
Earnings per share - Basic and diluted		1.71	5.64	4.56	74.24

The annexed notes 1 to 11 form an integral part of these financial statements.

Director

Chief Executive

GHANDHARA INDUSTRIES LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2007

	JULY TO MARCH	
	<u>2007</u>	<u>2006</u>
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in '000')	
Profit/(loss) before tax	166,215	490,549
Adjustment for non cash charges and other items		
Depreciation	22,213	5,107
(Profit)/loss on sale of Fixed Assets/ immovable property	(2,603)	-
Provision for staff gratuity	-	-
Interest income	(1,101)	(506)
Interest expense	15,984	8,921
De recognition of Mark up accrued	-	(380,034)
	<u>200,708</u>	<u>124,037</u>
Change in operating assets and liabilities		
(Increase) / Decrease in current assets		
Stores and spares	-	(20)
Stock-in-trade	66,429	(129,762)
Trade debts	(122,903)	17,313
Loans and Advances	993	(17,009)
Deposits and Prepayments	21,704	(63,676)
Other receivables	(27,751)	(50)
	<u>(61,528)</u>	<u>(193,204)</u>
Increase / (Decrease) in current liabilities		
Trade and other payable	<u>(79,713)</u>	<u>178,782</u>
Working Capital Changes	<u>(141,241)</u>	<u>(14,422)</u>
CASH GENERATED FORM OPERATIONS	<u>59,467</u>	<u>109,615</u>
Interest paid	(24,283)	(52,629)
Taxes paid (including tax deducted at source)	(32,893)	(7,858)
Net cash inflow from operating activities	<u>2,291</u>	<u>49,128</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(713)	(801)
Long Term deposits	(582)	(113)
Deposit for shares	-	39,442
Interest received	-	506
Net cash inflow from investing activities	<u>(1,295)</u>	<u>39,034</u>
FINANCING ACTIVITIES		
Lease rental paid	(639)	
Right Shares subscription	47,116	
Dividend paid	(39,351)	
CASH FLOW FROM INVESTING ACTIVITIES	<u>7,126</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>8,122</u>	<u>88,162</u>
Cash and cash equivalents at beginning of the year	<u>(56,498)</u>	<u>(175,123)</u>
Cash and cash equivalents at end of the year	<u>(48,376)</u>	<u>(86,961)</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

Director

Chief Executive

GHANDHARA INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH ENDED MARCH 31, 2007

	Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve			
<i>Rupees in '000'</i>							
Balance as at 1 July 2005	65,553	5,500	10,000	25,300	2,400	(645,275)	(536,522)
Profit for the nine months	-	-	-	-	-	486,642	486,642
Deposit for shares							58,639
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						1,644	1,644
Balance as at 31 March 2006	65,553	5,500	10,000	25,300	2,400	(156,989)	10,403
Profit for the quarter year						34,090	34,090
Interem Dividend paid 5%						(3,278)	(3,278)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						74	74
Balance as at 30 June 2006	65,553	5,500	10,000	25,300	2,400	(126,103)	(17,350)
Issue of shares	147,491						147,491
Profit for the nine months						97,168	97,168
Interem Dividend paid (Rs. 3 per share)						(63,913)	(63,913)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year						1,956	1,956
Balance as at 31 March 2007	213,044	5,500	10,000	25,300	2,400	(90,892)	165,352

The annexed notes 1 to 11 form an integral part of these financial statements.

Director

Chief Executive

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION

The interim financial statements for the nine month ended March 31, 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the interim financial statements for the nine months ended March 31, 2007 are consistent with those followed in the preparation of the annual financial statements for the year ended June 30, 2006

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2006.

4 PRESENTATION

Figures in the Financial statements have been rounded off to the nearest thousand of rupees.

	March 31, 2007	June 30 2006
	(Rupees in 000)	
5 Property, Plant and Equipments		
Net book value - opening	1,033,099	230,383
Revaluation of leasehold land and buildings on leasehold land	-	817,566
Additions during the period	-	-
Owned	713	900
Leased	6,899	-
	<u>1,040,711</u>	<u>1,048,849</u>
Less Depreciation for the period	<u>20,975</u>	<u>15,750</u>
	<u>1,019,736</u>	<u>1,033,099</u>

6 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASES

	Minimum lease payments	Financial charges	Present value of minimum lease payments
	Rupees in thousand		
2007	2,114	-	572
2008	2,556	-	408
2009	2,268	-	83
	<u>6,938</u>	<u>-</u>	<u>1,063</u>
Less : Current maturity shown under current liabilities			<u>1,898</u>
			<u>3,977</u>

6.1 This represents finance leases entered into with Orix leasing Pakistan Limited for vehicles. The periodic lease payments include built in rate of interest ranging from 15 % to 16 % per annum. The company intends to exercise its option to purchase the leased assets upon expiry of the respective lease periods at 10% of the leased amounts.

7 CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

There is no change in contingent liabilities as reported in Note 24 (I) and (ii) to the financial statements for the year ended June 30, 2006.

The case regarding various demands raised by Central Excise and Sales Tax amounting to Rs. 4.896 million has been decided against the company. The company has initiated reference to the Sindh High Court No provision has been made in these financial statements.

7.2 COMMITMENTS

	Mar-07	Jun-06
	(Rupees in 000)	
Bank Guarantee	68,820	64,866
Confirmed letters of credit -CKD/Parts	<u>374,247</u>	<u>36,765</u>

For the quarter ended		Nine months ended	
MARCH 2007	MARCH 2006	MARCH 2007	MARCH 2006
Rupees in 000			

8 COST OF SALES

Stock at beginning	202,808	208,995	143,073	131,504
Cost of goods manufactured	307,635	238,631	1,133,162	825,397
Trading Stock	598	3,908	1,258	10,937
	<u>511,041</u>	<u>451,534</u>	<u>1,277,493</u>	<u>967,838</u>
Stock at end	128,316	157,083	100,183	157,083
	<u>382,725</u>	<u>294,451</u>	<u>1,177,310</u>	<u>810,755</u>

8.1 COST OF GOODS MANUFACTURED

Work in process at beginning	-	17,431	26,656	12,076
Raw material & components consumed	256,444	218,000	1,032,335	787,062
Direct Labour & Overheads	51,191	9,832	74,171	32,891
	<u>307,635</u>	<u>245,263</u>	<u>1,133,162</u>	<u>832,029</u>
Work in process at end	-	6,632	-	6,632
	<u>307,635</u>	<u>238,631</u>	<u>1,133,162</u>	<u>825,397</u>

9

RELATED PARTY TRANSACTIONS

Name of Related Party and nature of relationship	Nature of transaction	Mar-07 (Rupees in 000)	Mar-06
a) Subsidiary company			
Marghazar Industries (Pvt) Limited	Financial charges	145	145
b) Associated companies			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of Tyres	26,619	24,669
Ghandhara Nissan Limited	Assembly charges	33,975	14,040
Universal Insurance Limited (Common Directorship)	Insurance Premium	3,861	1,264
c) Technology suppliers			
Isuzu Motors Limited, Japan	Running Royalty charges	3,768	3,072
	Technical assistance/training fee	656	-
	Purchases	589,431	551,944

Director

Chief Executive