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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

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 Chowki Road, S.I.T.E.,
Post Box No.2706,
Karachi-75730



DIRECTORS REPORT

The Directors of your Company take pleasure in presenting the un-audited accounts for the quarter and nine months period ended on 31st March, 2009.

Operating Results

The Company sold 404 vehicles valuing Rs.853.846 million during the nine month period ended on 31st March, 2009 as against 728 vehicles valuing Rs.1,084.733 million for the same period last year. This was a 21% decrease in revenue. This decrease is attributed to general downturn of the economy.

The Company earned a gross profit of Rs.104.495 million for the nine-month period under review as against gross profit of Rs.137.877 million for the same period last year. The decrease in gross profit was due to decrease in sales.

However gross profit of Rs.80.581 million for the quarter ended on 31st March, 2009 was much better than the gross profit of Rs.47.240 million for the same period last year.

The Company incurred a net loss of Rs.131.89 million for the 9 months period under review as against net profit after tax of Rs.34.629 million for the corresponding period last year. The net loss was due to heavy financial cost during this period.

Future Outlook

The results for the third quarter are much better than the results of 1st two quarters. It is hoped that the sales for the 4th quarter will be even better than the third quarter. The Company may not achieve the sales figures of 2007-2008 because of severe recession in automobile sector. However, the management is doing all it can to save the company from further losses.

By Order of the Board

AHMAD KULI KHAN KHATTAK
Chief Executive

April 27, 2009



INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2009

ASSETS	Note	March 31, 2009 Unaudited	June 30, 2008 Audited
NON CURRENT ASSETS			
(Rupees '000')			
Property, Plant & Equipment	7	1,023,842	1,028,798
Investment in immovable properties		90,979	91,173
Investment in subsidiary and other companies		1,400	1,400
Long Term loans and advances		433	461
Long Term Deposits		4,071	3,999
		<u>1,120,725</u>	<u>1,125,831</u>
CURRENT ASSETS			
Stores, spares and tools		5	21
Stock - in - trade	8	581,275	468,052
Trade debts	9	149,827	56,903
Loans, advances		185,264	178,340
Deposits & prepayments		37,907	150,662
Other receivables		162,613	140,583
Cash and bank balances		35,500	22,919
		<u>1,152,391</u>	<u>1,017,480</u>
		<u>2,273,116</u>	<u>2,143,311</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Capital and Reserves			
Issued, subscribed and paid - up capital	10	213,044	213,044
Reserve		43,200	43,200
Accumulated loss		(167,635)	(38,378)
		<u>88,609</u>	<u>217,866</u>
Surplus on revaluation of fixed assets and Investment properties		1,073,912	1,076,546
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		6,334	8,165
Deffered Liabilities	11	17,074	17,935
CURRENT LIABILITIES			
Trade and other payable		379,505	583,403
Accrued mark up/Interest		33,409	9,520
Running finances under markup arrangement		537,397	90,339
Current portion of liabilities against assets subject finance lease		5,328	7,989
Provision for taxation		131,548	131,548
		<u>1,087,187</u>	<u>822,799</u>
CONTINGENCIES AND COMMITMENTS			
	12		
		<u>2,273,116</u>	<u>2,143,311</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

	Note	For the Quarter ended		For the Nine month	
		March 31,		March 31,	
		2009	2008	2009	2008
(Rupees '000')					
Sales (Net)		426,948	445,684	853,846	1,084,733
Cost of sales	13	346,367	398,444	749,351	946,856
Gross (loss)/profit		80,581	47,240	104,495	137,877
Distribution cost		12,482	13,833	31,595	33,667
Administration expenses		6,732	13,618	21,845	31,647
Operating (loss) profit		61,367	19,789	51,055	72,563
Other charges		-	937	-	4,547
Finance cost		27,696	8,206	185,854	18,352
		33,671	10,646	(134,799)	49,664
Other operating income/ Expense		(8)	(130)	391	7,658
Profit / (loss) before taxation		33,663	10,516	(134,408)	57,322
Provision for taxation					
Current		-	6,383	-	25,451
Deferred		(839)	(471)	(2,517)	(2,758)
		(839)	5,912	(2,517)	22,693
Profit / (loss) after taxation		34,502	4,604	(131,891)	34,629
Earnings per share - Basic and diluted	14	1.62	0.22	(6.19)	1.63

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

	Note	July To March	
		2009	2008
		(Rupees '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	(370,403)	(209,559)
Interest paid		(38,266)	(10,260)
Income taxes paid (including tax deducted at source)		(13,343)	(10,893)
Long term loans and advances		28	132
Long term deposits and prepayments		(72)	(102)
Net cash flows from operating activities		(422,056)	(230,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,568)	(5,877)
Interest received		126	312
Net cash used in investing activities		(6,442)	(5,565)
Net cash flows before financing activities		(428,498)	(236,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease rentals		(5,968)	(6,801)
Dividend paid		(11)	(62)
Net cash flows from financing activities		(5,979)	(6,863)
Net decrease in cash & cash equivalents		(434,477)	(243,110)
Cash and cash equivalents at July 1		(67,420)	46,262
Cash and cash equivalents at March 31		<u>(501,897)</u>	<u>(196,848)</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH ENDED MARCH 31, 2009**

Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve			

Rupees in thousand

Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(60,022)	196,222
Profit for the nine months	-	-	-	-	-	34,629	34,629
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,511	2,511
Balance as at 31 March 2008	213,044	5,500	10,000	25,300	2,400	(22,882)	233,362
Loss for the quarter year	-	-	-	-	-	(16,497)	(16,497)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	1,001	1,001
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(38,378)	217,866
Profit for the nine months	-	-	-	-	-	(131,891)	(131,891)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,634	2,634
Balance as at 31 March 2009	213,044	5,500	10,000	25,300	2,400	(167,635)	88,609

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

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 condensed interim financial statements are unaudited. These are required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) -34, "Interim Financial Reporting", as applicable in Pakistan. These condensed 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 for the year ended June 30,2008.

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, 2008.

4 JUDGMENTS AND ESTIMATES

Judgment and estimates made by the management were the same as those that were applied to the financial statements for the year ended June 30, 2008.

5 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on April 27, 2009.

6 PRESENTATION

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

	Note	March 31, 2009 Unaudited	June 30, 2008 Audited
(Rupees '000')			
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,023,617	1,028,573
Capital work in progress		225	225
		<u>1,023,842</u>	<u>1,028,798</u>
7.1 Book value at the beginning of the period / year			
-Owned		1,010,180	1,006,003
-Leased		18,393	22,665
		1,028,573	1,028,668
Add: Additions during the period / year	7.2	6,568	18,887
Less: Depreciation charged during the period / year			
-Owned		7,487	13,777
-Leased		4,037	5,205
		11,524	18,982
		<u>1,023,617</u>	<u>1,028,573</u>



			March 31, 2009 Unaudited	June 30, 2008 Audited
(Rupees '000')				
7.2 Additions during the period / year				
-Owned				
Plant & machinery			192	719
Permanent tools			33	141
Furniture & Fixtures			468	1,573
Motor vehicles			4,206	4,482
Lift trucks			-	6,096
Office machines and equipment			153	4,444
Computers			196	499
			5,248	17,954
-Leased				
Motor vehicles			1,320	933
			6,568	18,887
8 STOCK IN TRADE				
Raw material			475,794	374,759
Work in process			9,451	-
Manufactured stock including components			56,997	57,931
Trading stock			39,033	35,362
			581,275	468,052
9 TRADE DEBTS				
Government and semi-government agencies			91,881	39,380
Others			57,946	17,523
			149,827	56,903
10 SHARE CAPITAL				
Issued, subscribed & paid-up capital				
	March 31, 2009 (No. of shares)	June 30, 2008	March 31, 2009 Unaudited	June 30, 2008 Audited
			(Rupees '000')	
			Authorised Capital	
	50,000,000	50,000,000	500,000	500,000
			Issued, subscribed and paid up capital	
	17,650,862	17,650,862	176,509	176,509
	3,295,354	3,295,354	32,953	32,953
	358,206	358,206	3,582	3,582
	21,304,422	21,304,422	213,044	213,044
11 DEFERRED LIABILITIES				
Deferred taxation			13,426	15,942
Gain on sale and lease back of fixed asset			231	462
Provision for gratuity			3,417	1,531
			17,074	17,935



12 CONTINGENCIES & COMMITMENTS

12.1 Contingencies

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2008.

	March 31, 2009 Unaudited	June 30, 2008 Audited
	(Rupees '000')	
12.2 Guarantees		
Issued by banks	<u>39,703</u>	<u>74,546</u>
12.3 Commitments		
Confirmed letters of credit-CKD	<u>84,286</u>	<u>153,896</u>

	Note	Quarter ended March 31,		Nine Month Ended March 31,	
		2009	2008	2009	2008
(Rupees '000')					
13 COST OF SALES					
Stock at beginning		220,819	119,005	57,931	164,578
Cost of goods manufactured	13.1	<u>174,207</u>	457,623	<u>735,998</u>	954,488
Trading stock	13.2	<u>8,338</u>	4,504	<u>12,419</u>	10,478
		<u>182,545</u>	462,127	<u>748,417</u>	964,966
		<u>403,364</u>	581,132	<u>806,348</u>	1,129,544
Stocks at end		<u>(56,997)</u>	(182,688)	<u>(56,997)</u>	(182,688)
		<u>346,367</u>	<u>398,444</u>	<u>749,351</u>	<u>946,856</u>
13.1 Cost of goods manufactured					
Work in process at beginning		6,086	48,305	-	-
Raw materials & components consumed		<u>155,119</u>	422,355	<u>671,035</u>	910,670
Direct labour and overheads		<u>22,453</u>	43,098	<u>74,414</u>	99,953
		<u>177,572</u>	465,453	<u>745,449</u>	1,010,623
		<u>183,658</u>	513,758	<u>745,449</u>	1,010,623
Work in process at end		<u>(9,451)</u>	(56,135)	<u>(9,451)</u>	(56,135)
		<u>174,207</u>	<u>457,623</u>	<u>735,998</u>	<u>954,488</u>
13.2 Trading stock					
Stock at beginning		45,043	24,140	35,362	28,469
Purchases		2,328	5,405	16,090	7,050
		<u>47,371</u>	29,545	<u>51,452</u>	35,519
Stocks at end		<u>(39,033)</u>	(25,041)	<u>(39,033)</u>	(25,041)
		<u>8,338</u>	<u>4,504</u>	<u>12,419</u>	<u>10,478</u>



	Quarter ended March 31,		Nine Month Ended March 31,	
	2009	2008	2009	2008
14 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE	(Rupees '000')			
Earnings for purposes of basic earnings per share [(net loss) / profit after tax for the period]	<u>34,502</u>	<u>4,604</u>	<u>(131,891)</u>	<u>34,629</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 (loss) / earnings per share - Rupees	<u>1.62</u>	<u>0.22</u>	<u>(6.19)</u>	<u>1.63</u>
			July to March	
			2009	2008
			(Rupees '000')	
15 CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / profit before taxation			(134,408)	57,322
Adjustment for:				
Depreciation				
Fixed assets			11,524	25,112
Investment properties			195	195
Interest income			(126)	(312)
Amortisation of gain on sale and lease back of fixed asset			(231)	-
Interest expense			62,155	14,049
Finance cost on finance leased assets			1,476	1,827
Provision for gratuity			1,886	-
Operating (loss) / profit before working capital changes			<u>(57,529)</u>	<u>98,193</u>
Working capital changes:				
(Increase)/decrease in current assets:				
Stores, spares & loose tools			16	(14)
Stock in trade			(113,223)	(129,078)
Trade debtors			(92,924)	(141,130)
Loans and advances			6,430	1,283
Trade deposits and prepayments			112,755	21,693
Other receivables			(22,030)	(42,257)
			<u>(108,976)</u>	<u>(289,503)</u>
Increase in current liabilities:				
Trade and other payables			(203,898)	(18,249)
Cash used in operations			<u>(370,403)</u>	<u>(209,559)</u>



16 RELATED PARTY TRANSACTIONS

Related parties comprise of a subsidiary company, associated companies, 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. Significant transactions with related parties are follows:

Name of Related Party and nature of relationship	Nature of transaction	July to March	
		2009	2008
(Rupees '000')			
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	157	153
(b) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	21,398	35,981
Gandhara Nissan Limited	Assembly charges	26,037	55,550
	Sale of commercial bodies	8,500	2,328
Universal Insurance Limited	Insurance premium	8,726	6,289
Rehman Cotton Mills Limited	Rent paid	248	210
(d) Technology suppliers			
Isuzu Motors Limited, Japan	Running royalty charges	3,192	4,650
	Initial Royalty	-	4,053
	Purchase of parts	9,575	21,324
Marubeni Corporation, Japan	Purchase of CKD	506,543	525,993
(a) Subsidiary company			
(c) Ultimate holding company			
Bibojee Services (Private) Limited	Sale of vehicles	-	8,480

GHANDHARA INDUSTRIES LIMITED

		March 31, 2009 Unaudited (Rupees '000')	June 30, 2008 Audited
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Amount due to	2,124	2,086
(b) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Amount due to	8,261	7,365
Gandhara Nissan Limited	Amount due to	16,155	9,051
Universal Insurance Limited	Amount due to	9,300	2,402
Rehman Cotton Mills Limited	Amount due to	248	210
(c) Ultimate holding company			
Bibojee Services (Private) Limited	Amount due to	92,089	48,001

17 COMPARATIVES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the financial statements. The following items have been reclassified for the purpose of better presentation:

	Reclassification		July to March 2008 (Rupees '000')
	from component	to component	
Commission	Sales	Distribution expenses	17,798

Chief Executive

Director



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2009

ASSETS	Note	March 31, 2009 Unaudited	June 30, 2008 Audited
NON CURRENT ASSETS (Rupees '000')			
Property, Plant & Equipment	7	1,023,842	1,028,798
Investment in immovable properties		90,979	91,173
Long Term loans and advances		433	461
Long Term Deposits		4,071	3,999
		<u>1,119,325</u>	<u>1,124,431</u>
CURRENT ASSETS			
Stores, spares and tools		5	21
Stock - in - trade	8	581,275	468,052
Trade debts	9	149,827	56,903
Loans, advances		185,558	178,620
Deposits & prepayments		37,907	150,662
Other receivables		162,613	140,583
Cash and bank balances		35,520	22,939
		<u>1,152,705</u>	<u>1,017,780</u>
		<u>2,272,030</u>	<u>2,142,211</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Capital and Reserves			
Issued, subscribed and paid - up capital	10	213,044	213,044
Reserve		43,200	43,200
Accumulated loss		(167,189)	(37,950)
		89,055	218,294
Minority Interest		190	184
		<u>89,245</u>	<u>218,478</u>
Surplus on revaluation of fixed assets and Investment properties		1,073,912	1,076,546
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		6,334	8,165
Deffered Liabilities	11	17,074	17,935
CURRENT LIABILITIES			
Trade and other payable		377,473	581,397
Accrued mark up/Interest		33,409	9,520
Running finances under markup arrangement		537,397	90,339
Current portion of liabilities against assets subject finance lease		5,328	7,989
Provision for taxation		131,858	131,842
		<u>1,085,465</u>	<u>821,087</u>
CONTINGENCIES AND COMMITMENTS			
	12		
		<u>2,272,030</u>	<u>2,142,211</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

	Note	For the Quarter ended		For the Nine month	
		March 31,		March 31,	
		2009	2008	2009	2008
(Rupees '000')					
Sales (Net)		426,948	445,684	853,846	1,084,733
Cost of sales	13	346,367	398,444	749,351	946,856
Gross (loss)/profit		80,581	47,240	104,495	137,877
Distribution cost		12,482	13,833	31,595	33,667
Administration expenses		6,769	13,649	21,956	31,746
Operating (loss) profit		61,330	19,758	50,944	72,464
Other charges		-	937	-	4,547
Finance cost		27,643	8,156	185,697	18,199
		33,687	10,665	(134,753)	49,718
Other operating income/ Expense		(8)	(130)	391	7,658
Profit / (loss) before taxation		33,679	10,535	(134,362)	57,376
Provision for taxation					
Current		5	6,390	22	25,470
Deferred		(839)	(471)	(2,517)	(2,758)
		(834)	5,919	(2,495)	22,712
Profit / (loss) after taxation		34,513	4,616	(131,867)	34,664
Attributed to :					
Equity holders of parent		34,511	4,613	(131,873)	34,654
Minority interest		2	3	6	10
		34,513	4,616	(131,867)	34,664
Earnings per share - Basic and diluted	14	1.62	0.22	(6.19)	1.63

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

	Note	July To March	
		2009	2008
		(Rupees '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	(370,540)	(209,693)
Interest paid		(38,109)	(10,107)
Income taxes paid (including tax deducted at source)		(13,363)	(10,892)
Long term loans and advances		28	132
Long term deposits and prepayments		(72)	(102)
Net cash flows from operating activities		(422,056)	(230,662)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,568)	(5,877)
Interest received		126	312
Net cash used in investing activities		(6,442)	(5,565)
Net cash flows before financing activities		(428,498)	(236,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease rentals		(5,968)	(6,801)
Dividend paid		(11)	(62)
Net cash flows from financing activities		(5,979)	(6,863)
Net decrease in cash & cash equivalents		(434,477)	(243,090)
Cash and cash equivalents at July 1		(67,400)	46,262
Cash and cash equivalents at March 31		<u>(501,877)</u>	<u>(196,828)</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH ENDED MARCH 31, 2009**

	Share Capital	Capital Reserves			Revenue Reserve	Accumulated Loss	TOTAL	Minority Interest	Total Equity
		Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve					
<i>Rupees in thousand</i>									
Balance as at 1 July 2007	213,044	5,500	10,000	25,300	2,400	(59,620)	196,624	172	196,796
Profit for the nine months	-	-	-	-	-	34,654	34,654	10	34,664
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,511	2,511	-	2,511
Balance as at 31 March 2008	213,044	5,500	10,000	25,300	2,400	(22,455)	233,789	182	233,971
Loss for the quarter	-	-	-	-	-	(16,496)	(16,496)	2	(16,494)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	1,001	1,001	-	1,001
Balance as at 30 June 2008	213,044	5,500	10,000	25,300	2,400	(37,950)	218,294	184	218,478
Profit for the nine months	-	-	-	-	-	(131,873)	(131,873)	6	(131,867)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,634	2,634	-	2,634
Balance as at 31 March 2009	213,044	5,500	10,000	25,300	2,400	(167,189)	89,055	190	89,245

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2009**

1 CORPORATE INFORMATION

Gandhara Industries Limited (the holding company) 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.

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

2 BASIS OF PRESENTATION

These condensed interim financial statements are unaudited. These are required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) -34, "Interim Financial Reporting", as applicable in Pakistan. These condensed 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 for the year ended June 30, 2008.

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, 2008.

4 JUDGMENTS AND ESTIMATES

Judgment and estimates made by the management were the same as those that were applied to the financial statements for the year ended June 30, 2008.

5 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on April 27, 2009.

6 PRESENTATION

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

	Note	March 31, 2009 Unaudited (Rupees '000')	June 30, 2008 Audited
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,023,617	1,028,573
Capital work in progress		225	225
		<u>1,023,842</u>	<u>1,028,798</u>
7.1 Book value at the beginning of the period / year			
-Owned		1,010,180	1,006,003
-Leased		18,393	22,665
		1,028,573	1,028,668
Add: Additions during the period / year	7.2	6,568	18,887
Less: Depreciation charged during the period / year			
-Owned		7,487	13,777
-Leased		4,037	5,205
		11,524	18,982
		<u>1,023,617</u>	<u>1,028,573</u>



			March 31, 2009 Unaudited	June 30, 2008 Audited
(Rupees '000')				
7.2 Additions during the period / year				
-Owned				
Plant & machinery			192	719
Permanent tools			33	141
Furniture & Fixtures			468	1,573
Motor vehicles			4,206	4,482
Lift trucks			-	6,096
Office machines and equipment			153	4,444
Computers			196	499
			5,248	17,954
-Leased				
Motor vehicles			1,320	933
			<u>6,568</u>	<u>18,887</u>
8 STOCK IN TRADE				
Raw material			475,794	374,759
Work in process			9,451	-
Manufactured stock including components			56,997	57,931
Trading stock			39,033	35,362
			<u>581,275</u>	<u>468,052</u>
9 TRADE DEBTS				
Government and semi-government agencies			91,881	39,380
Others			57,946	17,523
			<u>149,827</u>	<u>56,903</u>
10 SHARE CAPITAL				
Issued, subscribed & paid-up capital				
March 31, 2009	June 30, 2008		March 31, 2009	June 30, 2008
(No. of shares)			(Rupees '000')	
		Authorised Capital		
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>500,000</u>	<u>500,000</u>
		Issued, subscribed and paid up capital		
17,650,862	17,650,862	Fully paid up in cash	176,509	176,509
3,295,354	3,295,354	Fully paid bonus shares	32,953	32,953
358,206	358,206	Issued for consideration other than cash	3,582	3,582
<u>21,304,422</u>	<u>21,304,422</u>		<u>213,044</u>	<u>213,044</u>
11 DEFERRED LIABILITIES				
Deferred taxation			13,426	15,942
Gain on sale and lease back of fixed asset			231	462
Provision for gratuity			3,417	1,531
			<u>17,074</u>	<u>17,935</u>



12 CONTINGENCIES & COMMITMENTS

12.1 Contingencies

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2008.

	March 31, 2009 Unaudited	June 30, 2008 Audited
	(Rupees '000')	
12.2 Guarantees		
Issued by banks	<u>39,703</u>	<u>74,546</u>
12.3 Commitments		
Confirmed letters of credit-CKD	<u>84,286</u>	<u>153,896</u>

		Quarter ended March 31,		Nine Month Ended March 31,	
	Note	2009	2008	2009	2008
		(Rupees '000')			
13 COST OF SALES					
Stock at beginning		220,819	119,005	57,931	164,578
Cost of goods manufactured	13.1	<u>174,207</u>	<u>457,623</u>	<u>735,998</u>	<u>954,488</u>
Trading stock	13.2	<u>8,338</u>	<u>4,504</u>	<u>12,419</u>	<u>10,478</u>
		<u>182,545</u>	<u>462,127</u>	<u>748,417</u>	<u>964,966</u>
		<u>403,364</u>	<u>581,132</u>	<u>806,348</u>	<u>1,129,544</u>
Stocks at end		<u>(56,997)</u>	<u>(182,688)</u>	<u>(56,997)</u>	<u>(182,688)</u>
		<u>346,367</u>	<u>398,444</u>	<u>749,351</u>	<u>946,856</u>

13.1 Cost of goods manufactured

Work in process at beginning		6,086	48,305	-	-
Raw materials & components consumed		<u>155,119</u>	<u>422,355</u>	<u>671,035</u>	<u>910,670</u>
Direct labour and overheads		<u>22,453</u>	<u>43,098</u>	<u>74,414</u>	<u>99,953</u>
		<u>177,572</u>	<u>465,453</u>	<u>745,449</u>	<u>1,010,623</u>
		<u>183,658</u>	<u>513,758</u>	<u>745,449</u>	<u>1,010,623</u>
Work in process at end		<u>(9,451)</u>	<u>(56,135)</u>	<u>(9,451)</u>	<u>(56,135)</u>
		<u>174,207</u>	<u>457,623</u>	<u>735,998</u>	<u>954,488</u>

13.2 Trading stock

Stock at beginning		45,043	24,140	35,362	28,469
Purchases		<u>2,328</u>	<u>5,405</u>	<u>16,090</u>	<u>7,050</u>
		<u>47,371</u>	<u>29,545</u>	<u>51,452</u>	<u>35,519</u>
Stocks at end		<u>(39,033)</u>	<u>(25,041)</u>	<u>(39,033)</u>	<u>(25,041)</u>
		<u>8,338</u>	<u>4,504</u>	<u>12,419</u>	<u>10,478</u>



	Quarter ended March 31,		Nine Month Ended March 31,	
	2009	2008	2009	2008
14 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE	(Rupees '000')			
Earnings for purposes of basic earnings per share [(net loss) / profit after tax for the period]	<u>34,513</u>	<u>4,616</u>	<u>(131,867)</u>	<u>34,664</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 (loss) / earnings per share - Rupees	<u>1.62</u>	<u>0.22</u>	<u>(6.19)</u>	<u>1.63</u>
			July to March	
			2009	2008
15 CASH FLOW FROM OPERATING ACTIVITIES	(Rupees '000')			
Net (loss) / profit before taxation			(134,362)	57,376
Adjustment for:				
Depreciation				
Fixed assets			11,524	25,112
Investment properties			195	195
Interest income			(126)	(312)
Amortisation of gain on sale and lease back of fixed asset			(231)	-
Interest expense			61,998	13,896
Finance cost on finance leased assets			1,476	1,827
Provision for gratuity			1,886	-
Operating (loss) / profit before working capital changes			<u>(57,640)</u>	<u>98,094</u>
Working capital changes:				
(Increase)/decrease in current assets:				
Stores, spares & loose tools			16	(14)
Stock in trade			(113,223)	(129,078)
Trade debtors			(92,924)	(141,130)
Loans and advances			6,430	1,283
Trade deposits and prepayments			112,755	21,693
Other receivables			(22,030)	(42,257)
			<u>(108,976)</u>	<u>(289,503)</u>
Increase in current liabilities:				
Trade and other payables			(203,924)	(18,284)
Cash used in operations			<u>(370,540)</u>	<u>(209,693)</u>



16 RELATED PARTY TRANSACTIONS

Related parties comprise of a subsidiary company, associated companies, 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. Significant transactions with related parties are follows:

Name of Related Party and nature of relationship	Nature of transaction	July to March	
		2009	2008
(a) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	21,398	35,981
Gandhara Nissan Limited	Assembly charges	26,037	55,550
	Sale of commercial bodies	8,500	2,328
Universal Insurance Limited	Insurance premium	8,726	6,289
Rehman Cotton Mills Limited	Rent paid	248	210
(c) Technology suppliers			
Isuzu Motors Limited, Japan	Running royalty charges	3,192	4,650
	Initial Royalty	-	4,053
	Purchase of parts	9,575	21,324
Marubeni Corporation, Japan	Purchase of CKD	506,543	525,993
(b) Ultimate holding company			
Bibojee Services (Private) Limited	Sale of vehicle	-	8,480

GHANDHARA INDUSTRIES LIMITED

		March 31, 2009 Unaudited (Rupees '000')	June 30, 2008 Audited
(a) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Amount due to	8,261	7,365
Gandhara Nissan Limited	Amount due to	16,155	9,051
Universal Insurance Limited	Amount due to	9,300	2,402
Rehman Cotton Mills Limited	Amount due to	248	210
(b) Ultimate holding company			
Bibojee Services (Private) Limited	Amount due to	92,089	48,001

17 COMPARATIVES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the financial statements. The following items have been reclassified for the purpose of better presentation:

	<u>Reclassification</u> from component to component		<u>July to March</u> 2008 (Rupees '000')
Commission	Sales	Distribution expenses	17,798

Chief Executive

Director