



Ghandhara Industries Limited
A Bibojee Group Company



**Accounts for the
Quarter and Nine Months
ended March 31, 2010
(Un-audited)**

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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 ended on March 31, 2010.

Financial Results

Net Sales for the nine months under review is Rs. 1.608 billion as against Rs. 853.846 million for the same period last year. This is almost double as compared to sales for the corresponding period last year.

Gross Profit for the current nine months is Rs. 248.687 million as against gross profit of Rs. 104.495 million for the nine months ended on March 31, 2009. The increase in Gross Profit is due to increase in Sales and better product mix.

Profit before tax for the third quarter is much higher than the profit for the same period of previous year.

There was a substantial decrease in financial cost for the nine months as compared to the same period previous year.

Profit after tax for the nine months ended is Rs. 113.674 million as against loss of Rs. 131.891 million for nine months ended on March 31, 2009.

FUTURE OUTLOOK

Market for the commercial vehicles is showing some improving trends and is expected to continue. It is expected that sales for the 4th quarter will improve further inspite of stiff competition in this market. The year-end profit will further improve accordingly. Your management is constantly trying to bring better results by improving product range, value addition, after sales service and cost cutting measures.

By Order of the Board

April 23, 2010

AHMAD KULI KHAN KHATTAK
Chief Executive



INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2010

ASSETS	Note	March 31, 2010 Unaudited	June 30, 2009 Audited
NON CURRENT ASSETS (Rupees '000')			
Property, Plant & Equipment	6	1,037,858	1,018,986
Investment properties		90,719	90,914
Long Term Investment		1,400	1,400
Long Term loans and advances		716	262
Long Term Deposits		5,727	4,182
		<u>1,136,419</u>	<u>1,115,744</u>
CURRENT ASSETS			
Stores, spares and tools		3,365	15
Stock - in - trade	7	495,596	373,852
Trade debts - considered good		199,533	103,203
Loans and advances		80,043	68,477
Deposits & prepayments		69,591	62,607
Other receivables		207,282	178,033
Cash and bank balances		19,865	21,510
		<u>1,075,276</u>	<u>807,697</u>
		<u>2,211,695</u>	<u>1,923,441</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised			
50,000,000 ordinary shares of Rs 10/- each		<u>500,000</u>	<u>500,000</u>
Capital and Reserves			
Issued, subscribed and paid - up capital	8	213,044	213,044
Reserve		43,200	43,200
Accumulated loss		(56,328)	(172,514)
		<u>199,916</u>	<u>83,730</u>
Surplus on revaluation of fixed assets and Investment properties		1,070,684	1,073,197
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		29,557	2,452
Deferred Liabilities	9	21,445	16,519
CURRENT LIABILITIES			
Trade and other payable		692,014	396,773
Accrued mark up/Interest		11,442	17,114
Running finances under markup arrangement		171,530	327,552
Current portion of liabilities against assets subject finance lease		7,063	6,104
Provision for taxation		8,045	-
		<u>890,093</u>	<u>747,543</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		<u>2,211,695</u>	<u>1,923,441</u>

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

Chief Executive

Director



**INTERIM CONDENSED PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Note	Quarter ended		Nine months ended	
		March 31,		March 31,	
		2010	2009	2010	2009
(Rupees '000')					
Sales (Net)		834,260	426,948	1,608,925	853,846
Cost of sales	11	687,290	346,367	1,360,238	749,351
Gross profit		146,970	80,581	248,687	104,495
Distribution cost		21,248	12,482	48,018	31,595
Administration expenses		7,231	6,732	30,784	21,845
Operating profit		118,491	61,367	169,885	51,055
Other charges		4,612	8	6,239	-
Finance cost		18,886	27,696	46,942	185,854
		94,993	33,663	116,704	(134,799)
Other operating income		-	-	1,845	391
Profit / (loss) before taxation		94,993	33,663	118,549	(134,408)
Provision for taxation					
Current		4,172	-	8,045	-
Deferred		(1,057)	(839)	(3,170)	(2,517)
		3,115	(839)	4,875	(2,517)
Profit / (loss) after taxation		91,878	34,502	113,674	(131,891)
Earnings per share - Basic and diluted	12	4.31	1.62	5.34	(6.19)

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

Chief Executive

Director



**INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Note	July To March	
		2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	214,671	(370,403)
Interest paid		(52,614)	(38,266)
Gratuity paid		(90)	-
Income taxes paid (including tax deducted at source)		(8,236)	(13,343)
Long term loans and advances		(454)	28
Long term deposits and prepayments		(1,545)	(72)
Net cash flows from operating activities		151,733	(422,056)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,359)	(6,568)
Disposal proceeds of fixed assets		14,500	-
Interest received		-	126
Net cash used in investing activities		10,141	(6,442)
Net cash flows before financing activities		161,874	(428,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease rentals		(7,497)	(5,968)
Dividend paid		-	(11)
Net cash flows from financing activities		(7,497)	(5,979)
Net increase / (decrease) in cash & cash equivalents		154,378	(434,477)
Cash and cash equivalents at July 1		(306,042)	(67,420)
Cash and cash equivalents at March 31		(151,664)	(501,897)

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

Chief Executive

Director

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	<u>Quarter ended</u>		<u>Nine months ended</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(Rupees '000')			
Profit / (Loss) for the period	91,878	34,502	113,674	(131,891)
Other comprehensive income				
Incremental depreciation in respect of surplus on revaluation of fixed assets - net of tax	837	878	2,512	2,634
Total comprehensive profit/ (loss)	<u>92,716</u>	<u>35,380</u>	<u>116,186</u>	<u>(129,257)</u>

The annexed notes 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, 2010**

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 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
Loss for the quarter	-	-	-	-	-	(5,594)	(5,594)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	715	715
Balance as at 30 June 2009	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
Profit for the nine months	-	-	-	-	-	113,674	113,674
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,512	2,512
Balance as at 31 March 2010	213,044	5,500	10,000	25,300	2,400	(56,328)	199,916

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

Chief Executive

Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

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, 2009.

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, 2009.

The amendments in IAS 1 (Revised) 'Presentation of Financial Statements' became 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 statements.

4 APPROVAL OF FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on April 23, 2010

5 PRESENTATION

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

	Note	March 31, 2010 Unaudited	June 30, 2009 Audited
6 PROPERTY, PLANT AND EQUIPMENT			
(Rupees '000')			
Operating fixed assets	6.1	1,037,408	1,018,536
Capital work in progress		<u>450</u>	<u>450</u>
		<u>1,037,858</u>	<u>1,018,986</u>
6.1 Book value at the beginning of the period / year		1,018,536	1,028,573
Add: Additions during the period / year	6.2	39,919	7,095
Less: Disposal during the period / year Motor Vehicle		7,872	1,813
Less: Depreciation charged during the period / year		13,175	15,319
		<u>1,037,408</u>	<u>1,018,536</u>



	March 31, 2010 Unaudited	June 30, 2009 Audited		
	(Rupees '000')			
6.2 Additions during the period / year				
-Owned				
Plant & machinery	-	192		
Permanent tools	564	33		
Furniture & Fixtures	311	468		
Motor vehicles	-	4,247		
Trucks	3,000	-		
Office machines and equipment	309	318		
Computers	175	517		
	4,359	5,775		
-Leased				
Motor vehicles	2,060	-		
Lift Trucks	6,000	-		
Trucks	27,500	1,320		
	35,560	1,320		
	39,919	7,095		
7 STOCK IN TRADE				
Raw material	315,120	265,821		
Work in process	32,326	4,960		
Manufactured stock including components	101,666	65,822		
Trading stock	46,484	37,249		
	495,596	373,852		
8 SHARE CAPITAL				
Issued, subscribed & paid-up capital				
	March 31, 2010	June 30, 2009		
	(No. of shares)			
			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
9 DEFERRED LIABILITIES				
Deferred taxation	9,831	13,001		
Gain on sale and lease back of fixed asset	6,150	-		
Provision for gratuity	5,464	3,518		
	21,445	16,519		



10 CONTINGENCIES & COMMITMENTS

10.1 Contingencies

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2009.

	March 31, 2010 Unaudited	June 30, 2009 Audited
	(Rupees '000')	
10.2 Guarantees		
Issued by banks	<u>39,703</u>	<u>93,359</u>

	Note	Quarter ended March 31,		Nine Months Ended March 31,	
		2010	2009	2010	2009
11 COST OF SALES		(Rupees '000')			
Stock at beginning		188,779	220,819	65,822	57,931
Cost of goods manufactured	11.1	<u>156,197</u>	<u>174,207</u>	<u>613,685</u>	<u>735,998</u>
Trading stock	11.2	<u>443,981</u>	<u>8,338</u>	<u>782,397</u>	<u>12,419</u>
		<u>600,177</u>	182,545	<u>1,396,082</u>	748,417
		<u>788,956</u>	403,364	<u>1,461,904</u>	806,348
Stocks at end		<u>(101,666)</u>	(56,997)	<u>(101,666)</u>	(56,997)
		<u>687,290</u>	<u>346,367</u>	<u>1,360,238</u>	<u>749,351</u>
11.1 Cost of goods manufactured					
Work in process at beginning		28,455	6,086	4,960	-
Raw materials & components consumed		<u>137,393</u>	<u>155,119</u>	<u>573,268</u>	<u>671,035</u>
Direct labour and overheads		<u>22,675</u>	<u>22,453</u>	<u>67,783</u>	<u>74,414</u>
		<u>160,068</u>	<u>177,572</u>	<u>641,051</u>	<u>745,449</u>
		<u>188,523</u>	<u>183,658</u>	<u>646,011</u>	<u>745,449</u>
Work in process at end		<u>(32,326)</u>	<u>(9,451)</u>	<u>(32,326)</u>	<u>(9,451)</u>
		<u>156,197</u>	<u>174,207</u>	<u>613,685</u>	<u>735,998</u>
11.2 Trading stock					
Stock at beginning		248,740	45,043	37,248	35,362
Purchases		<u>241,725</u>	<u>2,328</u>	<u>791,633</u>	<u>16,090</u>
		<u>490,465</u>	47,371	<u>828,881</u>	51,452
Stocks at end		<u>(46,484)</u>	(39,033)	<u>(46,484)</u>	(39,033)
		<u>443,981</u>	<u>8,338</u>	<u>782,397</u>	<u>12,419</u>



	Quarter ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
12 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>91,878</u>	<u>34,502</u>	<u>113,674</u>	<u>(131,891)</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>4.31</u>	<u>1.62</u>	<u>5.34</u>	<u>(6.19)</u>
	July to March			
	2010		2009	
	(Rupees '000')			
13 CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (loss) before taxation	118,549		(134,408)	
Adjustment for:				
Depreciation				
Fixed assets	13,175		11,524	
Investment properties	195		195	
Interest income	-		(126)	
Amortisation of gain on sale and lease back of fixed asset	(478)		(231)	
Interest expense	44,486		62,155	
Finance cost on finance leased assets	2,455		1,476	
Provision for gratuity	2,037		1,886	
Operating profit / (loss) before working capital changes	<u>180,418</u>		<u>(57,529)</u>	
Working capital changes:				
(Increase)/decrease in current assets:				
Stores, spares & loose tools	(3,350)		16	
Stock in trade	(121,744)		(113,223)	
Trade debtors	(96,330)		(92,924)	
Loans and advances	(3,331)		6,430	
Trade deposits and prepayments	(6,984)		112,755	
Other receivables	(29,249)		(22,030)	
	<u>(260,988)</u>		<u>(108,976)</u>	
Increase in current liabilities:				
Trade and other payables	295,241		(203,898)	
Cash flows from operations	<u>214,671</u>		<u>(370,403)</u>	



14 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	
		2010	2009
		(Rupees '000')	
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	161	157
(b) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	183,589	21,398
Gandhara Nissan Limited	Assembly charges	19,949	26,037
	Sale of commercial bodies	-	8,500
Universal Insurance Limited	Insurance premium	10,241	8,726
	Insurance claims	660	-
Rehman Cotton Mills Limited	Rent paid	225	248
(d) Technology suppliers			
Isuzu Motors Limited, Japan	Running royalty charges	2,727	3,192
	Purchases	767,562	9,575
Marubeni Corporation, Japan	Purchases	401,089	506,543

GHANDHARA INDUSTRIES LIMITED

		March 31, 2010 Unaudited	June 30, 2009 Audited
		(Rupees '000')	
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Amount due to	2,184	2,144
(b) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Amount due to	15,958	19,609
Gandhara Nissan Limited	Amount due to	48,520	35,464
Universal Insurance Limited	Amount due to	6,353	2,773
Rehman Cotton Mills Limited	Amount due to	623	398
(c) Ultimate holding company			
Bibojee Services (Private) Limited	Amount due to	173,479	102,239

Chief Executive

Director



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2010

ASSETS	Note	March 31, 2010 Unaudited	June 30, 2009 Audited
NON CURRENT ASSETS			
(Rupees '000')			
Property, Plant & Equipment	6	1,037,858	1,018,986
Investment properties		90,719	90,914
Long Term loans and advances		716	262
Long Term Deposits		5,727	4,182
		<u>1,135,019</u>	<u>1,114,344</u>
CURRENT ASSETS			
Stores, spares and tools		3,365	15
Stock - in - trade	7	495,596	373,852
Trade debts		199,533	103,203
Loans and advances		80,043	68,477
Deposits & prepayments		69,591	62,607
Other receivables		207,282	178,033
Cash and bank balances		19,885	21,530
		<u>1,075,296</u>	<u>807,717</u>
		<u>2,210,315</u>	<u>1,922,061</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised 50,000,000 ordinary shares of Rs.10/- each		<u>500,00</u>	<u>500,000</u>
Capital and Reserves			
Issued, subscribed and paid - up capital	8	213,044	213,044
Reserve		43,200	43,200
Accumulated loss		(55,852)	(172,062)
		<u>200,392</u>	<u>84,182</u>
Minority Interest		203	194
		<u>200,595</u>	<u>84,376</u>
Surplus on revaluation of fixed assets and Investment properties		1,070,684	1,073,197
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		29,557	2,452
Deferred Liabilities	9	21,445	16,519
CURRENT LIABILITIES			
Trade and other payable		689,938	394,725
Accrued mark up/Interest		11,442	17,114
Running finances under markup arrangement		171,530	327,552
Current portion of liabilities against assets subject finance lease		7,063	6,104
Provision for taxation		8,062	22
		<u>888,034</u>	<u>745,517</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		<u>2,210,315</u>	<u>1,922,061</u>

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

Chief Executive

Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Note	Quarter ended		Nine months ended	
		March 31,		March 31,	
		2010	2009	2010	2009
(Rupees '000')					
Sales (Net)		834,260	426,948	1,608,925	853,846
Cost of sales	11	687,290	346,367	1,360,238	749,351
Gross profit		146,970	80,581	248,687	104,495
Distribution cost		21,257	12,482	48,027	31,595
Administration expenses		7,342	6,732	30,895	21,845
Operating (loss) profit		118,372	61,367	169,765	51,055
Other charges		4,612	8	6,239	-
Finance cost		18,724	27,696	46,780	185,854
		95,036	33,663	116,746	(134,799)
Other operating income		-	-	1,845	391
Profit / (loss) before taxation		95,036	33,663	118,590	(134,408)
Provision for taxation					
Current		4,189	-	8,062	-
Deferred		(1,057)	(839)	(3,170)	(2,517)
		3,132	(839)	4,892	(2,517)
Profit / (loss) after taxation		91,904	32,824	113,698	(131,891)
Attributed to :					
Equity holders of Parent		91,905	32,822	113,689	131,897
Minority interest		(1)	2	9	6
		91,904	32,824	113,698	(131,891)
Earnings per share - Basic and diluted	12	4.31	1.62	5.34	(6.19)

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

Chief Executive

Director



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Note	July To March	
		2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	214,532	(370,403)
Interest paid		(52,453)	(38,266)
Gratuity paid		(90)	-
Income taxes paid (including tax deducted at source)		(8,258)	(13,343)
Long term loans and advances		(454)	28
Long term deposits and prepayments		(1,545)	(72)
Net cash flows from operating activities		151,733	(422,056)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,359)	(6,568)
Disposal proceeds of fixed assets		14,500	-
Interest received		-	126
Net cash used in investing activities		10,141	(6,442)
Net cash flows before financing activities		161,874	(428,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease rentals		(7,497)	(5,968)
Dividend paid		-	(11)
Net cash flows from financing activities		(7,497)	(5,979)
Net increase / (decrease) in cash & cash equivalents		154,377	(434,477)
Cash and cash equivalents at July 1		(306,022)	(67,420)
Cash and cash equivalents at March 31		<u>(151,645)</u>	<u>(501,897)</u>

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

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	<u>For the Quarter ended</u>		<u>For the Nine month</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(Rupees '000')			
Profit / (Loss) for the period	91,904	32,824	113,698	(131,891)
Other comprehensive income				
Incremental depreciation in respect of surplus on revaluation of fixed assets - net of tax	837	878	2,512	2,634
Total comprehensive profit/ (loss)	<u>92,742</u>	<u>33,702</u>	<u>116,210</u>	<u>(129,257)</u>
Total comprehensive income attributable to:				
Equity holders of holding company	92,741	33,704	116,219	(129,251)
Minority interest	(1)	2	9	6
	<u>92,742</u>	<u>33,702</u>	<u>116,210</u>	<u>(129,257)</u>

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

Chief Executive

Director



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	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 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
Loss for the quarter	-	-	-	-	-	(5,588)	(5,588)	4	(5,584)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	715	715	-	715
Balance as at 30 June 2009	213,044	5,500	10,000	25,300	2,400	(172,062)	84,182	194	84,376
Profit for the nine months	-	-	-	-	-	113,698	113,698	9	113,707
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation for the year	-	-	-	-	-	2,512	2,512	-	2,512
Balance as at 31 March 2010	213,044	5,500	10,000	25,300	2,400	(55,852)	200,392	203	200,595

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

Chief Executive

Director



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

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

This condensed interim consolidated 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 consolidated 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 consolidated financial information

4 APPROVAL OF FINANCIAL STATEMENTS

These condensed interim consolidated financial information were approved by the Board of Directors and authorised for issue on April 23, 2010.

5 PRESENTATION

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

	Note	March 31, 2010 Unaudited	June 30, 2009 Audited
		(Rupees '000')	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,037,408	1,018,536
Capital work in progress		450	450
		<u>1,037,858</u>	<u>1,018,986</u>
6.1 Book value at the beginning of the period / year		1,018,536	1,028,573
Add: Additions during the period / year	6.2	39,919	7,095
Less: Disposal during the period / year			
Motor Vehicle		7,872	1,813
Less: Depreciation charged during the period / year		13,175	15,319
		<u>1,037,408</u>	<u>1,018,536</u>



	March 31, 2010 Unaudited	June 30, 2009 Audited		
	(Rupees '000')			
6.2 Additions during the period / year				
-Owned				
Plant & machinery	-	192		
Permanent tools	564	33		
Furniture & Fixtures	311	468		
Motor vehicles	-	4,247		
Trucks	3,000	-		
Office machines and equipment	309	318		
Computers	175	517		
	4,359	5,775		
-Leased				
Motor vehicles	2,060	-		
Lift Trucks	6,000	-		
Trucks	27,500	1,320		
	35,560	1,320		
	39,919	7,095		
7 STOCK IN TRADE				
Raw material	315,120	265,821		
Work in process	32,326	4,960		
Manufactured stock including components	101,666	65,822		
Trading stock	46,484	37,249		
	495,596	373,852		
8 SHARE CAPITAL				
Issued, subscribed & paid-up capital				
	March 31, 2010	June 30, 2009		
	(No. of shares)			
			Authorised Capital	
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	500,000	500,000
			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
21,304,422	21,304,422		213,044	213,044
9 DEFERRED LIABILITIES				
Deferred taxation	9,831	13,001		
Gain on sale and lease back of fixed asset	6,150	-		
Provision for gratuity	5,464	3,518		
	21,445	16,519		



10 CONTINGENCIES & COMMITMENTS

10.1 Contingencies

There is no change in contingent liabilities as reported in Note 26.1 to the financial statements for the year ended June 30, 2009.

	March 31, 2010 Unaudited	June 30, 2009 Audited
	(Rupees '000')	
10.2 Guarantees		
Issued by banks	<u>39,703</u>	<u>93,359</u>

	Note	Quarter ended March 31,		Nine Months Ended March 31,	
		2010	2009	2010	2009
11 COST OF SALES		(Rupees '000')			
Stock at beginning		188,779	220,819	65,822	57,931
Cost of goods manufactured	11.1	<u>156,197</u>	<u>174,207</u>	<u>613,685</u>	<u>735,998</u>
Trading stock	11.2	<u>443,981</u>	<u>8,338</u>	<u>782,397</u>	<u>12,419</u>
		<u>600,177</u>	182,545	<u>1,396,082</u>	748,417
		<u>788,956</u>	403,364	<u>1,461,904</u>	806,348
Stocks at end		<u>(101,666)</u>	(56,997)	<u>(101,666)</u>	(56,997)
		<u>687,290</u>	<u>346,367</u>	<u>1,360,238</u>	<u>749,351</u>
11.1 Cost of goods manufactured					
Work in process at beginning		28,455	6,086	4,960	-
Raw materials & components consumed		<u>137,393</u>	<u>155,119</u>	<u>573,268</u>	<u>671,035</u>
Direct labour and overheads		<u>22,675</u>	<u>22,453</u>	<u>67,783</u>	<u>74,414</u>
		<u>160,068</u>	177,572	<u>641,051</u>	745,449
		<u>188,523</u>	183,658	<u>646,011</u>	745,449
Work in process at end		<u>(32,326)</u>	(9,451)	<u>(32,326)</u>	(9,451)
		<u>156,197</u>	<u>174,207</u>	<u>613,685</u>	<u>735,998</u>
11.2 Trading stock					
Stock at beginning		248,740	45,043	37,248	35,362
Purchases		<u>241,725</u>	2,328	<u>791,633</u>	16,090
		<u>490,465</u>	47,371	<u>828,881</u>	51,452
Stocks at end		<u>(46,484)</u>	(39,033)	<u>(46,484)</u>	(39,033)
		<u>443,981</u>	<u>8,338</u>	<u>782,397</u>	<u>12,419</u>



	Quarter ended March 31,		Nine Month Ended March 31,	
	2010	2009	2010	2009
12 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>91,904</u>	<u>34,502</u>	<u>113,698</u>	<u>(131,891)</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>4.31</u>	<u>1.62</u>	<u>5.34</u>	<u>(6.19)</u>
	July to March			
	2010		2009	
	(Rupees '000')			
13 CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (loss) before taxation	118,590		(134,408)	
Adjustment for:				
Depreciation				
Fixed assets	13,175		11,524	
Investment properties	195		195	
Interest income	-		(126)	
Amortisation of gain on sale and lease back of fixed asset	(478)		(231)	
Interest expense	44,325		62,155	
Finance cost on finance leased assets	2,455		1,476	
Provision for gratuity	2,037		1,886	
Operating profit / (loss) before working capital changes	<u>180,298</u>		<u>(57,529)</u>	
Working capital changes:				
(Increase)/decrease in current assets:				
Stores, spares & loose tools	(3,350)		16	
Stock in trade	(121,744)		(113,223)	
Trade debtors	(96,330)		(92,924)	
Loans and advances	(3,331)		6,430	
Trade deposits and prepayments	(6,984)		112,755	
Other receivables	(29,249)		(22,030)	
	<u>(260,988)</u>		<u>(108,976)</u>	
Increase in current liabilities:				
Trade and other payables	295,222		(203,898)	
Cash flows from operations	<u>214,532</u>		<u>(370,403)</u>	



14 RELATED PARTY TRANSACTIONS

Related parties comprise 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	
		2010 (Rupees '000')	2009
(a) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	183,589	21,398
Gandhara Nissan Limited	Assembly charges	19,949	26,037
	Sale of commercial bodies	-	8,500
Universal Insurance Limited	Insurance premium	10,241	8,726
	Insurance claims	660	-
Rehman Cotton Mills Limited	Rent paid	225	248
(b) Technology suppliers			
Isuzu Motors Limited, Japan	Running royalty charges	2,727	3,192
	Purchases	767,562	9,575
Marubeni Corporation, Japan	Purchases	401,089	506,543
		March 31, 2010 Unaudited	June 30, 2009 Audited
(Rupees '000')			
(a) Associated companies (Common Directorship)			
General Tyre & Rubber Company of Pakistan Limited	Amount due to	15,958	19,609
Gandhara Nissan Limited	Amount due to	48,520	35,464
Universal Insurance Limited	Amount due to	6,353	2,773
Rehman Cotton Mills Limited	Amount due to	623	398
(b) Ultimate holding company			
Bibojee Services (Private) Limited	Amount due to	173,479	102,239
Chief Executive			Director

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