

ISUZU

CONDENSED INTERIM
FINANCIAL INFORMATION
for the Quarter and
Nine Months Ended
March 31, 2013
(Un-Audited)



GHANDHARA INDUSTRIES LIMITED
A Bibojee Group Company



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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Mr. Mushtaq Ahmed Khan, FCA	Director
Dr. Parvez Hassan	Director
Mr. Jamil Ahmed Shah	Director
Ch. Sher Muhammad	Director

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER**

Mr. Iftikhar A. Khan

AUDITORS

Hameed Chaudhri & Co.
Chartered Accountants

AUDIT COMMITTEE

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan, FCA	Member
Mr. Jamil Ahmed Shah	Member

**BOARD HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Ch. Sher Muhammed	Member

LEGAL ADVISORS

Syed Iqbal Ahmad and Co. (Advocates)
S. Abid Shirazi & Co.
Hassan & Hassan (Advocates)

BANKERS

National Bank of Pakistan
Al-Baraka Bank (Pakistan) Limited
The Bank of Khyber
Faysal Bank Limited

REGISTERED OFFICE

F-3, Hub Chauki Road, S.I.T.E.,
Post Box No.2706, Karachi-75730
Tel : 021-38709000
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Email : info@gil.com.pk

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.



DIRECTORS' REVIEW

FOR THE NINE MONTHS ENDED MARCH 31, 2013

The directors of your company take pleasure in presenting the unaudited accounts for the nine months ended on March 31, 2013.

Financial results

Sales of your company have considerably improved for the nine months period, as compared to the same period of previous year. The results for the third quarter and nine months are as follows:

	Quarter ended March 31		Nine months ended March 31	
	2013	2012	2013	2012
Sales (Rs '000)	915,102	528,042	2,126,104	1,134,516
Gross profit (Rs '000)	132,852	65,172	341,418	108,801
Profit from operations (Rs '000)	99,477	33,848	248,121	21,926
Profit / (loss) before tax (Rs '000)	53,944	(13,382)	118,178	(84,011)
Profit / (loss) after tax (Rs '000)	52,536	(7,173)	92,680	(53,905)
Earnings / (loss) per share (Rs)	2.47	(0.34)	4.35	(2.53)

Due to increased sales and better product mix the profitability of the Company has also improved, its GP ratio has increased to 16% from 9.5% of the corresponding nine months period.

Future outlook

We foresee the continuation of profitable results in the ensuing quarters. However, the reduction in overall market demand along with political uncertainty continues to build pressures on the Company. The management of your Company is striving to increase its sales revenue further.

By order of the Board

Karachi:
April 24, 2013

AHMAD KULI KHAN KHATTAK
Chief Executive



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2013

	Note	Un-audited March 31, 2013	Audited June 30, 2012
———— (Rupees '000) ————			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,440,405	1,447,944
Intangible assets		723	949
Investment property		89,956	90,145
Long term investment		1,400	1,400
Long term loans		4,516	972
Long term deposits		3,682	3,814
Deferred taxation		11,540	32,049
		<u>1,552,222</u>	<u>1,577,273</u>
Current Assets			
Stores and spares parts		5,554	1,714
Stock-in-trade	6	1,231,571	928,892
Trade debts		675,309	136,939
Loans and advances		263,304	385,279
Trade deposits and prepayments		138,224	166,166
Other receivables		2,864	1,246
Sales tax refundable / adjustable		92,719	127,152
Taxation - payments less provision		107,472	78,474
Cash and bank balances		54,344	91,218
		<u>2,571,361</u>	<u>1,917,080</u>
Total Assets		<u>4,123,583</u>	<u>3,494,353</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
50,000,000 (June 30, 2012: 50,000,000)			
ordinary shares of Rs.10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital			
21,304,422 (June 30, 2012: 21,304,422)			
ordinary shares of Rs.10 each		213,044	213,044
Unappropriated profit/ (accumulated loss)		69,081	(27,772)
		<u>282,125</u>	<u>185,272</u>
Surplus on Revaluation of Fixed Assets		1,446,276	1,450,448
Non-Current Liabilities			
Liabilities against assets subject to finance lease		8,593	13,614
Deferred liabilities		18,079	14,774
		<u>26,672</u>	<u>28,388</u>
Current Liabilities			
Trade and other payables		967,582	943,781
Current maturity of liabilities against assets			
subject to finance lease		6,249	5,670
Accrued mark-up / interest		34,818	36,817
Short term borrowings		1,359,861	843,976
		<u>2,368,510</u>	<u>1,830,244</u>
Contingencies and Commitments	7	-	-
Total Equity and Liabilities		<u>4,123,583</u>	<u>3,494,353</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	Note	Quarter ended		Nine months ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(Rupees '000)					
Sales -net		915,102	528,042	2,126,104	1,134,516
Cost of sales	8	(782,250)	(462,870)	(1,784,686)	(1,025,715)
Gross profit		132,852	65,172	341,418	108,801
Distribution expenses		(26,033)	(12,825)	(61,153)	(40,605)
Administrative expenses		(17,604)	(18,795)	(46,962)	(45,045)
Other operating expenses		(4,434)	-	(9,799)	(1,722)
Other operating income		14,696	294	24,617	495
Profit from operations		99,477	33,848	248,121	21,926
Finance cost		(45,533)	(47,230)	(129,943)	(105,937)
Profit / (loss) before taxation		53,944	(13,382)	118,178	(84,011)
Taxation		(1,408)	6,209	(25,498)	30,106
Profit / (loss) after taxation		52,536	(7,173)	92,680	(53,905)
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive income / (loss)		52,536	(7,173)	92,680	(53,905)
(Rupees)					
Earnings / (loss) per share - basic and diluted		2.47	(0.34)	4.35	(2.53)

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Note	Nine months ended	
		March 31, 2013	March 31, 2012
		———— (Rupees '000) ————	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(366,596)	(965,426)
Gratuity paid		(1,514)	(1,752)
Finance cost paid		(131,942)	(71,814)
Income tax paid		(33,987)	(18,245)
Long term loans		(3,544)	(1,063)
Long term deposits		132	(6,669)
Net cash used in operating activities		(537,451)	(1,064,969)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(11,638)	(4,042)
Sale proceeds on disposal of operating fixed assets		389	4,000
Interest received		383	82
Net cash (used in) / generated from investing activities		(10,866)	40
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease - net		(4,442)	(12,303)
Net cash used in financing activities		(4,442)	(12,303)
Net decrease in cash and cash equivalents		(552,759)	(1,077,233)
Cash and cash equivalents - at the beginning of the period		(752,758)	(153,839)
Cash and cash equivalents - at the end of the period	10	<u>(1,305,517)</u>	<u>(1,231,072)</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Issued subscribed and paid-up capital	(Accumulated loss) / unappropriated profit	Total
(Rupees '000)			
Balance as at July 1, 2011	213,044	(2,250)	210,794
Total comprehensive loss for the nine months ended March 31, 2012	-	(53,905)	(53,905)
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	4,172	4,172
Balance as at March 31, 2012	213,044	(51,983)	161,061
Balance as at July 1, 2012	213,044	(27,772)	185,272
Total comprehensive profit for the nine months ended March 31, 2013	-	92,680	92,680
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	4,173	4,173
Balance as at March 31, 2013	213,044	69,081	282,125

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

1. CORPORATE INFORMATION

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

Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (June 30, 2012: 8,343,397) ordinary shares of Rs.10 each as at March 31, 2013.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended March 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2012. Comparative balance sheet is extracted from annual financial statements of June 30, 2012 whereas comparative profit and loss account, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information for the nine months ended March 31, 2012.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2012.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended June 30, 2012.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2012.

	Note	Un-audited March 31, 2013	Audited June 30, 2012
		———— (Rupees '000) ————	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,438,989	1,447,944
Capital work-in-progress			
- advance against computer software		1,416	-
		<u>1,440,405</u>	<u>1,447,944</u>



	Note	Un-audited March 31, 2013	Audited June 30, 2012
———— (Rupees '000) ————			
5.1 Operating fixed assets			
Book value at the beginning of the period / year		1,447,944	1,465,156
Additions during the period / year	5.2	10,222	13,747
Disposal during the period / year - at book value	5.3	(1,636)	(5,067)
Depreciation charged during the period / year		<u>(17,541)</u>	<u>(25,892)</u>
		<u>1,438,989</u>	<u>1,447,944</u>
5.2 Additions during the period / year			
Owned			
Plant and machinery		3,383	2,622
Permanent tools		-	72
Furniture and fixture		139	4
Office machines and equipment		362	105
Motor vehicles		3,122	3,928
Computers		3,216	613
Leased			
Plant and machinery		-	1,135
Motor vehicles		-	5,268
		<u>10,222</u>	<u>13,747</u>
5.3 Disposal during the period / year - at book value			
Owned - Motor vehicles		1,636	-
Leased - Lifters		-	5,067
		<u>1,636</u>	<u>5,067</u>
6. STOCK-IN-TRADE			
Raw materials and components			
In hand		785,641	562,266
Less: provision for slow moving raw material		<u>(20,150)</u>	<u>(20,150)</u>
		765,491	542,116
In transit		<u>96,420</u>	<u>2,659</u>
		861,911	544,775
Work in Process		39,558	151,332
Finished goods including components		288,843	194,158
Trading stocks		56,191	53,559
Less: provision for slow moving stock		<u>(14,932)</u>	<u>(14,932)</u>
		41,259	38,627
		<u>1,231,571</u>	<u>928,892</u>
7. CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
There is no change in status of contingent liabilities as reported in note 26.1 of the audited annual financial statements of the Company for the year ended June 30, 2012.			



		Un-audited March 31, 2013		Audited June 30, 2012		
		(Rupees '000)				
7.2 Commitments						
	Bank guarantees	<u>715,287</u>		<u>932,684</u>		
	Letters of credit	<u>278,377</u>		<u>475,425</u>		
8. COST OF SALES						
		For the quarter ended		For the nine months ended		
	Note	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	
(Rupees '000)						
	Stock at beginning of the period	576,500	483,946	232,785	130,958	
	Cost of goods manufactured	529,145	331,214	1,872,952	1,244,194	
	Trading Stock	6,707	(1,413)	9,051	1,440	
		<u>1,112,352</u>	<u>813,747</u>	<u>2,114,788</u>	<u>1,376,592</u>	
	Stock at end of the period	<u>(330,102)</u>	<u>(350,877)</u>	<u>(330,102)</u>	<u>(350,877)</u>	
		<u>782,250</u>	<u>462,870</u>	<u>1,784,686</u>	<u>1,025,715</u>	
8.1 COST OF GOODS MANUFACTURED						
	Work-in-process at beginning	104,261	117,816	151,332	100,288	
	Raw materials and components consumed	429,885	298,484	1,544,119	1,117,486	
	Direct Labour and overheads	34,557	49,574	217,059	161,080	
		<u>568,703</u>	<u>465,874</u>	<u>1,912,510</u>	<u>1,378,854</u>	
	Work-in-process at end	<u>(39,558)</u>	<u>(134,660)</u>	<u>(39,558)</u>	<u>(134,660)</u>	
		<u>529,145</u>	<u>331,214</u>	<u>1,872,952</u>	<u>1,244,194</u>	
9. CASH USED IN OPERATIONS						
		Note	Un-audited March 31, 2013		Un-audited March 31, 2012	
(Rupees '000)						
	Profit / (loss) before taxation		118,178		(84,011)	
	Adjustment for non cash charges and other items:					
	Depreciation / amortization on ;					
	- Property, plant and equipment		18,913		19,338	
	- Intangibles		226		225	
	- Investment property		188		188	
	(Gain) / loss on disposal of operating fixed assets		(125)		1,467	
	Amortization of gain on sale and lease back of fixed asset		(76)		(156)	
	Finance cost		129,943		105,937	
	Interest income		(383)		(82)	
	Provision for gratuity		4,895		4,118	
			<u>271,759</u>		<u>47,024</u>	
	Working capital changes	9.1	<u>(638,355)</u>		<u>(1,012,450)</u>	
			<u>(366,596)</u>		<u>(965,426)</u>	



	Note	Un-audited March 31, 2013	Un-audited March 31, 2012
		(Rupees '000)	
9.1 Working capital changes			
(Increase) / decrease in current assets			
Stores & spare parts		(3,840)	1,144
Stock-in-trade		(302,679)	(576,500)
Trade debts		(538,370)	(482,335)
Loans and advances		121,975	(303,453)
Trade deposits and prepayments		27,942	537,256
Other receivables		(1,618)	(13,367)
Sales tax refundable / adjustable		<u>34,433</u>	<u>31,883</u>
		(662,157)	(805,372)
Increase / (decrease) in trade and other payable		<u>23,802</u>	<u>(207,078)</u>
		(638,355)	(1,012,450)
10. CASH AND CASH EQUIVALENTS			
Cash and bank balances		54,344	19,121
Short-term borrowings		(1,359,861)	(1,250,193)
		<u>(1,305,517)</u>	<u>(1,231,071)</u>
11. TRANSACTIONS WITH RELATED PARTIES			
11.1 Significant transactions with related parties are as follows:			

Name of related party and nature of relationship	Nature of transaction	(Un-audited) Nine months ended	
		March 31, 2013	March 31, 2012
		(Rupees '000)	
(i) Holding Company			
Bibojee Services (Pvt.) Ltd.	Sale of trucks	36,400	-
(ii) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	253	237
(iii) Associated Companies			
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	30,341	24,573
Gandhara Nissan Limited (Common Directorship)	Assembly charges	140,662	90,695
	Sale - fabrication	1,320	2,525
	Purchase of parts	2	-
	Sale of Parts	494	508



Name of related party and nature of relationship	Nature of transaction	(Un-audited) Nine months ended	
		March 31, 2013	March 31, 2012
		(Rupees '000)	
The Universal Insurance Company Limited (Common Directorship)	Insurance premium	8,268	19,278
Rehman Cotton Mills Limited (Common Directorship)	Rental payment	900	1,200
Gammon Pakistan Limited (Common Directorship)	Rental payment	1,125	1,125
Hasan & Hasan Advocates (Common Directorship)	Retainership fee	90	90
(iv) Technology supplier			
Isuzu Motors Limited - Japan	Parts purchased	2,714	4,578
(v) Other			
Key management personnel	Remuneration and other benefits	15,614	16,570

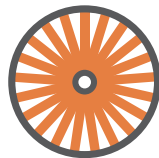
12. GENERALS

- 12.1 Figures have been rounded off to the nearest thousand rupees except stated otherwise.
- 12.2 This condensed interim financial information was approved and authorized for issue by the Board of Directors on April 24, 2013.

Chief Executive Officer

Director

BOOK POST



GHANDHARA INDUSTRIES LIMITED
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Post Box No. 2706, Karachi - 75730

CORPORATE