



Condensed Interim
Financial Information
for the Half Year ended
December 31, 2010
(Un-Audited)

ISUZU



GANDHARA INDUSTRIES LIMITED
A Bibojee Group Company



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Company's 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

LEGAL ADVISORS

Syed Iqbal Ahmad Barrister at Law
S. Abid Shirazi & Co.
Syed Qamaruddin Hassan

BANKERS

Bank Al-Habib Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Tokyo - Mitsubishi UFJ, Limited
The Bank of Khyber
NIB Bank Limited
Faysal Bank Limited

REGISTERED OFFICE

F-3, Hub Chauki Road, S.I.T.E.,
Post Box No.2706, Karachi-75730

SHARE REGISTRAR

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



Directors' Report

The directors of your company take pleasure in presenting the un-audited accounts for the second quarter and half year ended on 31st December, 2010.

Financial Results

Net Sales for the quarter under review were Rs. 321.480 million as against Rs. 557.441 million for the corresponding period last year. This is lower than the sales of previous quarter.

Sales for the half year under review were Rs. 704.915 million compared with sales of Rs. 774.665 million for the half-year ended on 31st December 2009.

Gross profit for the half year under review was Rs. 96.676 million as against gross profit of Rs. 101.717 million for the half year ended on 31st December, 2009. This has decreased due to increase in cost of sales and lower sales due to depressed market conditions during the period

Profit after tax for the half year was Rs. 12.131 million as against profit after tax of Rs. 21.796 million for half year ended on 31st December 2009. This has resulted due to decreased gross profit and unabsorbed fixed overheads of the company.

Future Outlook

The Company has firm orders in hand that are yet to materialize and accordingly the sales and profitability of the Company is expected to be better in the second half of the period ending June 30, 2011.

By order of the Board

Ahmad Kuli Khan Khattak
Chief Executive

25 February 2011



Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gandhara Industries Limited** (“the Company”) as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement, together with the notes forming part thereof (here-in-after referred to as “interim financial information”) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the condensed interim profit and loss account for the quarters ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi
Engagement Partner: Abdul Majeed Chaudhri

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

25 February 2011



Condensed Interim Balance Sheet

As at December 31, 2010

		December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
	 (Rupees '000)	
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant & equipment	6	1,473,225	1,476,350
Intangibles	7	1,402	442
Investment properties		90,524	90,655
Long term investments		1,400	1,400
Long term loans and advances		541	640
Long term deposits		5,933	5,715
CURRENT ASSETS			
Stores spares and loose tools		2,337	5,872
Stock-in-trade	8	912,254	711,728
Trade debts	9	34,311	84,771
Loans and advances		47,786	21,626
Trade deposits and prepayments		83,679	48,623
Other receivables		34,718	2,838
Sales tax refundable / adjustable		138,563	176,948
Taxation-payments less provision		56,735	54,701
Cash and bank balances		14,407	149,688
		<u>1,324,790</u>	<u>1,256,796</u>
TOTAL ASSETS		<u>2,897,815</u>	<u>2,831,997</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		213,044	213,044
Unappropriated profit		24,511	9,598
		<u>237,555</u>	<u>222,642</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,458,792	1,461,574
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		25,117	26,757
Deferred liabilities	10	34,010	42,847
CURRENT LIABILITIES			
Trade and other payables		690,912	915,182
Current maturity of liabilities against assets subject to finance leases		7,737	8,558
Accrued mark up		13,439	10,120
Short term borrowings		430,253	144,317
		<u>1,142,341</u>	<u>1,078,178</u>
CONTINGENT LIABILITIES & COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>2,897,815</u>	<u>2,831,997</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Condensed Interim Profit & Loss Account (Unaudited)

for the Quarter and Half Year Ended December 31, 2010

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2010	2009	2010	2009
.....(Rupees '000)					
Net sales		321,480	557,441	704,915	774,665
Cost of sales	12	(274,184)	(481,924)	(608,239)	(672,948)
Gross profit		47,296	75,517	96,676	101,717
Distribution expenses		(10,693)	(16,839)	(27,125)	(26,770)
Administrative expenses		(13,775)	(13,332)	(28,233)	(21,709)
Other operating expenses		(632)	(2,909)	(1,233)	(3,831)
Other operating income		729	1,349	1,196	2,205
Profit from operations		22,925	43,786	41,281	51,612
Finance cost		(21,588)	(14,846)	(32,216)	(28,056)
Profit before taxation		1,337	28,940	9,065	23,556
Taxation		4,997	(1,141)	3,066	(1,760)
Profit after taxation		6,334	27,799	12,131	21,796
Other comprehensive income		—	—	—	—
Total comprehensive (loss) / income		<u>6,334</u>	<u>27,799</u>	<u>12,131</u>	<u>21,796</u>
(Loss)/Earnings per share - basic and diluted		<u>0.30</u>	<u>1.30</u>	<u>0.57</u>	<u>1.02</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Condensed Interim Cash Flow Statement (Unaudited)

for the Half Year Ended December 31, 2010

	Note	Half year ended	
		2010	2009
		December 31,	
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(369,801)	(121,729)
Gratuity paid		—	(160)
Finance cost paid		(26,325)	(26,238)
Income tax paid		(9,140)	(6,076)
Long-term loans and advances		99	202
Long-term deposits		(218)	(3,551)
Net cash used in operating activities		(405,385)	(157,552)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(9,924)	(3,908)
Sale proceeds on disposal of property plant & equipments		336	14,500
Interest received		11	405
Net cash (used in) / generated from investing activities		(9,577)	10,997
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease		(6,255)	(3,916)
Net cash used in financing activities		(6,255)	(3,916)
Net decrease in cash and cash equivalents		(421,217)	(150,471)
Cash and cash equivalents at beginning of the period		5,371	(306,042)
Cash and cash equivalents at the end of the period	14	(415,846)	(456,513)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Condensed Interim Statement of Changes in Equity (Unaudited) for the Half Year Ended December 31, 2010

Issued, Subscribed and paid up Share Capital	Capital Reserves			Revenue Reserves		Total	
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	General Reserve	Accumulated Loss / Unappropriated Profit		
..... (Rupees '000)							
Balance as at June 30, 2009 (Audited)	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
Total comprehensive income for the period						21,796	21,796
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						1,674	1,674
Balance as at Dec 31, 2009 (Un-audited)	213,044	5,500	10,000	25,300	2,400	(149,044)	107,200
Total comprehensive income for the period						113,767	113,767
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						1,675	1,675
Balance as at June 30, 2010 (Audited)	213,044	5,500	10,000	25,300	2,400	(33,602)	222,642
Total comprehensive income for the period						12,131	12,131
Write-back of reserves		(5,500)	(10,000)	(25,300)	(2,400)	43,200	—
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						2,782	2,782
Balance as at Dec 31, 2010 (Un-audited)	213,044	—	—	—	—	24,511	237,555

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Note to the Condensed Interim Financial Statements (Unaudited) for the Half Year Ended December 31, 2010

1. CORPORATE INFORMATION

Ghandhara 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computations adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2010.

Amendments to certain existing standards and new interpretation on approved accounting standards effective during the period were not relevant to the Company's operation and did not have any impact on the accounting policies of the Company.

4. APPROVAL OF FINANCIAL INFORMATION

These condensed interim financial information were authorized for issue on February 25, 2011 by the Board of Directors of the Company.

5. PRESENTATION

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

		December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	1,466,625	1,476,350
Capital work-in-progress		6,600	—
		<u>1,473,225</u>	<u>1,476,350</u>



	December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
Note (Rupees '000)	
6.1 Operating fixed assets		
Book value at the beginning of the period / year	1,476,350	1,018,536
Additions during the period / year	3,515	46,403
Revaluation performed during the year	—	437,276
	<u>1,479,865</u>	<u>1,502,215</u>
Less: Disposal during the period / year - at book value	336	7,872
Depreciation charged during the period / year	12,904	17,993
	<u>13,240</u>	<u>25,865</u>
	<u><u>1,466,625</u></u>	<u><u>1,476,350</u></u>
6.2 Additions during the period		
Plant & Machinery	863	156
Permanent & special tools	—	1,076
Furniture & fixtures	990	1,308
Office machines & equipment	111	517
Jigs & fixtures	—	3,682
<u>Motor Vehicles</u>		
– Owned	—	3,000
– Leased	1,249	36,227
Computer	302	437
	<u>3,515</u>	<u>46,403</u>
6.3 Written down value of disposals during the period		
Motor vehicles - owned	<u>336</u>	<u>7,872</u>
7. INTANGIBLE ASSETS		
Computer software		
Opening net book value	442	—
Additions during the period	1,058	450
	<u>1,500</u>	<u>450</u>
Less: Amortization	98	8
	<u>1,402</u>	<u>442</u>
8. STOCK-IN-TRADE		
Raw materials and components		
In hand	391,073	287,876
Less: Provision for slow moving raw material	20,150	20,150
	<u>370,923</u>	<u>267,726</u>
In transit	216,873	280,805
	<u>587,796</u>	<u>548,531</u>
Work in process	61,332	51,531
Finished goods including components	230,041	79,930
Trading stocks	48,017	46,668
Less: Provision for slow moving trading stock	14,932	14,932
	<u>33,085</u>	<u>31,736</u>
	<u><u>912,254</u></u>	<u><u>711,728</u></u>



	December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
9. TRADE DEBTS		
Considered Good-unsecured		
Government and semi-government institutions	2,266	19,249
Others	<u>32,045</u>	<u>65,522</u>
	<u>34,311</u>	<u>84,771</u>
10. DEFERRED LIABILITIES		
Deferred Taxation	20,208	30,379
Gain on sale and lease back of fixed asset	4,771	5,690
Staff gratuity	<u>9,031</u>	<u>6,778</u>
	<u>34,010</u>	<u>42,847</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the contingencies as disclosed in Note 23.1 to the annual published financial statements for the year ended June 30, 2010.

	December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
11.2 Commitments		
Bank guarantees	<u>390,177</u>	<u>479,756</u>
Letter of credit	<u>47,164</u>	<u>279,391</u>

Note	<u>For the Quarter ended</u>		<u>For the Half year ended</u>	
	December 31, 2010	2009	December 31, 2010	2009
	<u>Un-audited</u>			
(Rupees '000)			

12. COST OF SALES

Manufactured goods

Stock at beginning of year		141,801	89,873	79,930	65,822
Cost of goods manufactured	12.1	<u>361,546</u>	<u>679,107</u>	<u>755,688</u>	<u>891,923</u>
		<u>503,347</u>	768,980	<u>835,618</u>	957,745
Stock at end of year		<u>(230,041)</u>	<u>(392,963)</u>	<u>(230,041)</u>	<u>(392,963)</u>
		<u>273,306</u>	376,017	<u>605,577</u>	564,782
Trading stock					
Stock at beginning of year		<u>30,865</u>	56,518	<u>31,736</u>	37,248
Purchases		<u>3,098</u>	91,862	<u>4,011</u>	113,390
		<u>33,963</u>	148,380	<u>35,747</u>	150,639
Stock at end of year		<u>(33,085)</u>	<u>(42,473)</u>	<u>(33,085)</u>	<u>(42,473)</u>
		<u>878</u>	105,907	<u>2,662</u>	108,166
		<u>274,184</u>	<u>481,924</u>	<u>608,239</u>	<u>672,948</u>



Note	For the Quarter ended December 31,		For the Half year ended December 31,	
	2010	2009	2010	2009
	Un-audited			
(Rupees '000)			
12.1 COST OF GOODS MANUFACTURED				
Raw material and components consumed	318,592	671,951	684,765	886,653
Direct labour & overheads	49,729	6,881	80,725	28,765
	<u>368,321</u>	<u>678,832</u>	<u>765,489</u>	<u>915,418</u>
Work-in-process at beginning of period	54,557	28,730	51,531	4,960
Work-in-process at end of period	(61,332)	(28,455)	(61,332)	(28,455)
	<u>361,546</u>	<u>679,107</u>	<u>755,688</u>	<u>891,923</u>

	December 31,	
	2010	2010
	(Unaudited)	
 (Rupees '000)	

13. CASH FLOW FROM OPERATING ACTIVITIES

Net (loss) / profit before taxation	9,065	23,556
Adjustment for:		
Depreciation / amortisation - property plant & equipment	13,002	8,049
Depreciation - investment properties	130	130
Provision for gratuity	2,253	1,468
Interest income	(11)	(405)
Amortisation of gain on sale and lease back of fixed asset	(919)	(19)
Interest expense	29,644	26,993
Finance cost on finance leased assets	2,546	1,063
	<u>55,710</u>	<u>60,835</u>
Working capital changes:		
<u>(Increase)/decrease in current assets:</u>		
Stores, spares & loose tools	3,535	(1,215)
Stock in trade	(200,526)	(491,662)
Trade debtors	50,460	22,144
Loans and advances	(26,160)	1,947
Trade deposits and prepayments	(35,056)	(1,613)
Sales tax refundable / adjustable	38,385	—
Other receivables	(31,880)	(22,396)
	<u>(201,242)</u>	<u>(492,795)</u>
<u>(Decrease) Increase in current liabilities:</u>		
Trade and other payables	(224,270)	310,231
	<u>(369,802)</u>	<u>(121,729)</u>



	December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,407	149,688
Running finances under mark-up arrangements	<u>(430,253)</u>	<u>(144,317)</u>
	<u><u>(415,846)</u></u>	<u><u>5,371</u></u>

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties are executed on same terms as those prevailing at the time for comparable transactions with unrelated parties. There are no transactions with key management personnel other than under the terms of employment. Significant transactions with related parties are as follows:

Name of Related Party and nature of relationship	Nature of Transaction	Half year ended	
		December 31, 2010	2009
		Unaudited	
	 ('000)	
(a) Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	156	107
(b) Associated companies			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	26,512	11,581
	Sale of vehicles	1,900	—
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	33,869	14,988
	Sales - Fabrication	625	—
Universal Insurance Limited (Common Directorship)	Insurance premium	4,782	7,182
	Insurance claim	45	444
Rehman Cotton Mills Limited	Rent paid	1,350	150
Hasan & Hasan	Retainership fee	60	60
Gammon Pakistan Limited	Rent paid	750	—
(c) Technology suppliers			
Isuzu Motors Limited, Japan	CKD purchased	—	9,685
	CBU purchased	20,006	523,828
	Parts purchased	12,649	4,344
(d) Key management personnel			
	Remuneration	15,261	8,743



December 31,
2010
(Unaudited)
..... (Rupees '000)

June 30,
2010
(Audited)
.....

Balances- amount due to

Ultimate holding company

Bibijee Services (Private) Limited	132,746	160,639
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Subsidiary company

Marghzar Industries (Private) Limited	2,078	2,180
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Associated companies

The General Tyre & Rubber Company of Pakistan Limited	25,313	4,773
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Gandhara Nissan Limited	69,704	35,716
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The Universal Insurance Company Limited	7,262	1,451
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Rehman Cotton Limited	150	—
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Gammon Pakistan Limited	750	—
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16. COMPARATIVES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the condensed interim financial information. There is no any major reclassification made in these condensed interim financial information.

Chief Executive Officer

Director



Consolidated Condensed Interim Balance Sheet

As at December 31, 2010

		December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant & equipment	6	1,473,225	1,476,350
Intangibles	7	1,402	442
Investment properties		90,524	90,655
Long term loans and advances		541	640
Long term deposits		5,933	5,715
CURRENT ASSETS			
Stores spares and loose tools		2,337	5,872
Stock-in-trade	8	912,254	711,728
Trade debts	9	34,311	84,771
Loans and advances		47,786	21,626
Trade deposits and prepayments		83,679	48,623
Other receivables		34,718	2,838
Sales tax refundable / adjustable		138,563	176,948
Taxation-payments less provision		56,735	54,678
Cash and bank balances		14,427	149,708
		<u>1,324,811</u>	<u>1,256,793</u>
TOTAL ASSETS		<u>2,896,436</u>	<u>2,830,594</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		213,044	213,044
Unappropriated profit		24,938	10,081
		<u>237,982</u>	<u>223,125</u>
Non-controlling Interest		182	206
		<u>238,164</u>	<u>223,331</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,458,792	1,461,574
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		25,117	26,757
Deferred liabilities	10	34,010	42,847
CURRENT LIABILITIES			
Trade and other payables		688,924	913,090
Current maturity of liabilities against assets subject to finance leases		7,737	8,558
Accrued mark up		13,439	10,120
Short term borrowings		430,253	144,317
		<u>1,140,353</u>	<u>1,076,085</u>
CONTINGENT LIABILITIES & COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>2,896,436</u>	<u>2,830,594</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Consolidated Condensed Interim Profit & Loss Account (Un-Audited) for the Quarter and Half Year Ended December 31, 2010

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2010	2009	2010	2009
.....(Rupees '000)					
Net sales		321,480	557,441	704,915	774,665
Cost of sales	12	(274,184)	(481,924)	(608,239)	(672,948)
Gross profit		47,296	75,517	96,676	101,717
Distribution expenses		(10,693)	(16,839)	(27,125)	(26,770)
Administrative expenses		(14,011)	(13,443)	(28,469)	(21,857)
Other operating expenses		(632)	(2,909)	(1,233)	(3,831)
Other operating income		729	1,349	1,196	2,205
Profit from operations		22,689	43,675	41,045	51,464
Finance cost		(21,432)	(14,744)	(32,060)	(27,901)
Profit before taxation		1,257	28,931	8,985	23,563
Taxation		4,997	(1,164)	3,066	(1,788)
Profit after taxation		6,254	27,767	12,051	21,775
Other comprehensive income		—	—	—	—
Total comprehensive (loss) / income		<u>6,254</u>	<u>27,767</u>	<u>12,051</u>	<u>21,775</u>
Attributable to:					
Equity holders of the parent		6,375	27,759	12,075	21,764
Non-controlling interest		4	7	(24)	10
		<u>6,379</u>	<u>27,766</u>	<u>12,051</u>	<u>21,774</u>
(Loss)/Earnings per share - basic and diluted		<u>0.30</u>	<u>1.30</u>	<u>0.57</u>	<u>1.02</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Consolidated Condensed Interim Cash Flow Statement (Un-Audited) for the Half Year Ended December 31, 2010

	Note	Half year ended	
		2010	2009
		December 31,	
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(369,777)	(121,904)
Gratuity paid		—	(160)
Finance cost paid		(26,325)	(26,086)
Income tax paid		(9,163)	(6,054)
Long-term loans and advances		99	202
Long-term deposits		(218)	(3,551)
Net cash used in operating activities		<u>(405,385)</u>	<u>(157,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(9,924)	(3,908)
Sale proceeds on disposal of property plant & equipments		336	14,500
Interest received		11	405
Net cash (used in) / generated from investing activities		<u>(9,577)</u>	<u>10,997</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease		(6,255)	(3,916)
Net cash used in financing activities		<u>(6,255)</u>	<u>(3,916)</u>
Net decrease in cash and cash equivalents		<u>(421,217)</u>	<u>(150,472)</u>
Cash and cash equivalents at beginning of the period		5,391	(306,022)
Cash and cash equivalents at the end of the period	14	<u><u>(415,825)</u></u>	<u><u>(456,494)</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
for the Half Year Ended December 31, 2010

	Attributable to equity holders of parent						Total	Non-controlling interest	Total equity
	Issued, subscribed and paid-up share capital	Capital Reserves			Revenue Reserves				
		Tax holiday reserve	Fixed assets replacement reserve	Contingency reserve	General reserve	Accumulated loss / unappropriated profit			
..... (Rupees '000)									
Balance as at June 30, 2009 (Audited)	213,044	5,500	10,000	25,300	2,400	(172,062)	84,182	194	84,376
Total comprehensive income for the period						21,764	21,764	10	21,774
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						1,674	1,674	—	1,674
Balance as at Dec 31, 2009 (Un-audited)	213,044	5,500	10,000	25,300	2,400	(148,624)	107,620	204	107,824
Total comprehensive income for the period						113,830	113,830	2	113,832
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						1,675	1,675	—	1,675
Balance as at June 30, 2010 (Audited)	213,044	5,500	10,000	25,300	2,400	(33,119)	223,125	206	223,331
Total comprehensive income for the period						12,075	12,075	(24)	12,051
Write-back of reserves		(5,500)	(10,000)	(25,300)	(2,400)	43,200	—	—	—
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						2,782	2,782	—	2,782
Balance as at Dec 31, 2010 (Un-audited)	213,044	—	—	—	—	24,938	237,982	182	238,164

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



Consolidated Condensed Notes to the Interim Financial Information (Un-Audited)

for the Half Year Ended December 31, 2010

1. CORPORATE INFORMATION

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

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

2. BASIS OF PRESENTATION

This interim condensed consolidated financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computations adopted in the preparation of these interim condensed consolidated financial information are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2010.

Amendments to certain existing standards and new interpretation on approved accounting standards effective during the period were not relevant to the Company's operation and did not have any impact on the accounting policies of the Company.

4. APPROVAL OF FINANCIAL INFORMATION

These interim condensed consolidated financial information were authorized for issue on February 25, 2011 by the Board of Directors of the Company.

5. PRESENTATION

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



		December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	1,466,625	1,476,350
Capital work-in-progress		6,600	—
		<u>1,473,225</u>	<u>1,476,350</u>
6.1 Operating fixed assets			
Book value at the beginning of the period / year		1,476,350	1,018,536
Additions during the period / year	6.2	3,515	46,403
Revaluation performed during the year		—	437,276
		<u>1,479,865</u>	<u>1,502,215</u>
Less: Disposal during the period / year - at book value	6.3	336	7,872
Depreciation charged during the period / year		12,904	17,993
		<u>13,240</u>	<u>25,865</u>
		<u>1,466,625</u>	<u>1,476,350</u>
6.2 Additions during the period			
Plant & Machinery		863	156
Permanent & special tools		—	1,076
Furniture & fixtures		990	1,308
Office machines & equipment		111	517
Jigs & fixtures		—	3,682
<u>Motor Vehicles</u>			
— Owned		—	3,000
— Leased		1,249	36,227
Computer		302	437
		<u>3,515</u>	<u>46,403</u>
6.3 Written down value of disposals during the period			
Motor vehicles - owned		<u>336</u>	<u>7,872</u>
7. INTANGIBLE ASSETS			
Computer software			
Opening net book value		442	—
Additions during the period		1,058	450
		<u>1,500</u>	<u>450</u>
Less: Amortization		98	8
		<u>1,402</u>	<u>442</u>



	December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
8. STOCK-IN-TRADE		
Raw materials and components		
In hand	391,073	287,876
Less: Provision for slow moving raw material	20,150	20,150
	<u>370,923</u>	<u>267,726</u>
In transit	216,873	280,805
	<u>587,796</u>	<u>548,531</u>
Work in process	61,332	51,531
Finished goods including components	230,041	79,930
Trading stocks	48,017	46,668
Less: Provision for slow moving trading stock	14,932	14,932
	<u>33,085</u>	<u>31,736</u>
	<u><u>912,254</u></u>	<u><u>711,728</u></u>

9. TRADE DEBTS

Considered Good-unsecured

Government and semi-government institutions	2,266	19,249
Others	32,045	65,522
	<u>34,311</u>	<u>84,771</u>

10. DEFERRED LIABILITIES

Deferred Taxation	20,208	30,379
Gain on sale and lease back of fixed asset	4,771	5,690
Staff gratuity	9,031	6,778
	<u>34,010</u>	<u>42,847</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the contingencies as disclosed in Note 22.1 to the annual published financial statements for the year ended June 30, 2010.

11.2 Commitments

	December 31, 2010 (Unaudited) (Rupees '000)	June 30, 2010 (Audited)
Bank guarantees	<u>390,177</u>	<u>479,756</u>
Letter of credit	<u>47,164</u>	<u>279,391</u>



Note	For the Quarter ended December 31,		For the Half year ended December 31,	
	2010	2009	2010	2009
Un-audited				
.....(Rupees '000)				
12. COST OF SALES				
Manufactured goods				
Stock at beginning of year	141,801	89,873	79,930	65,822
Cost of goods manufactured	12.1 361,546	679,107	755,688	891,923
	503,347	768,980	835,618	957,745
Stock at end of year	(230,041)	(392,963)	(230,041)	(392,963)
	273,306	376,017	605,577	564,782
Trading stock				
Stock at beginning of year	30,865	56,518	31,736	37,248
Purchases	3,098	91,862	4,011	113,390
	33,963	148,380	35,747	150,639
Stock at end of year	(33,085)	(42,473)	(33,085)	(42,473)
	878	105,907	2,662	108,166
	274,184	481,924	608,239	672,948
12.1 COST OF GOODS MANUFACTURED				
Raw material and components consumed	318,592	671,951	684,765	886,653
Direct labour & overheads	49,729	6,881	80,725	28,765
	368,321	678,832	765,489	915,418
Work-in-process at beginning of period	54,557	28,730	51,531	4,960
Work-in-process at end of period	(61,332)	(28,455)	(61,332)	(28,455)
	361,546	679,107	755,688	891,923
			December 31,	
			2010	2010
			(Unaudited)	
		 (Rupees '000)	
13. CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / profit before taxation		8,985		23,563
Adjustment for:				
Depreciation / amortisation - property plant & equipment		13,002		8,049
Depreciation - investment properties		130		130
Provision for gratuity		2,253		1,468
Interest income		(11)		(405)
Amortisation of gain on sale and lease back of fixed asset		(919)		(19)
Interest expense		29,644		26,811
Finance cost on finance leased assets		2,546		1,063
		55,630		60,660
Working capital changes:				
<u>(Increase)/decrease in current assets:</u>				
Stores, spares & loose tools		3,535		(1,215)
Stock in trade		(200,526)		(491,662)
Trade debtors		50,460		22,144
Loans and advances		(26,160)		1,947
Trade deposits and prepayments		(35,056)		(1,613)
Sales tax refundable / adjustable		38,385		—
Other receivables		(31,880)		(22,396)
		(201,242)		(492,795)
<u>(Decrease) Increase in current liabilities:</u>				
Trade and other payables		(224,166)		310,231
		(369,778)		(121,904)



December 31,
2010
(Unaudited)
..... (Rupees '000)

June 30,
2010
(Audited)

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	14,427	149,708
Running finances under mark-up arrangements	<u>(430,253)</u>	<u>(144,317)</u>
	<u>(415,826)</u>	<u>5,391</u>

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties are executed on same terms as those prevailing at the time for comparable transactions with unrelated parties. There are no transactions with key management personnel other than under the terms of employment. Significant transactions with related parties are as follows:

Name of Related Party and nature of relationship	Nature of Transaction	Half year ended	
		December 31,	
		2010	2009
		<u>Unaudited</u>	
	 ('000)	
(a) Associated companies			
General Tyre & Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	26,512	11,581
	Sale of vehicles	1,900	—
Gandhara Nissan Limited (Common Directorship)	Assembly charges	33,869	14,988
	Sales - Fabrication	625	—
Universal Insurance Limited (Common Directorship)	Insurance premium	4,782	7,182
	Insurance claim	45	444
Rehman Cotton Mills Limited	Rent paid	1,350	150
Hasan & Hasan	Retainership fee	60	60
Gammon Pakistan Limited	Rent paid	750	—
(b) Technology suppliers			
Isuzu Motors Limited, Japan	CKD purchased	—	9,685
	CBU purchased	20,006	523,828
	Parts purchased	12,649	4,344
(c) Key management personnel			
	Remuneration	15,261	8,743



December 31,
2010
(Unaudited)
..... (Rupees '000)

June 30,
2010
(Audited)
.....

**Balances- amount due to
Ultimate holding company**

Bibijee Services (Private) Limited **132,746** 160,639

Associated companies

The General Tyre & Rubber Company of Pakistan Limited **25,313** 4,773

Gandhara Nissan Limited **69,704** 35,716

The Universal Insurance Company Limited **7,262** 1,451

Rehman Cotton Limited **150** —

Gammon Pakistan Limited **750** —

16. COMPARATIVES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the condensed interim financial information. There is no any major reclassification made in these condensed interim financial information.

Chief Executive Officer

Director

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