



Condensed Interim  
Financial Information  
for the Nine Months Period ended

**March 31, 2011**

(Un-Audited)

**ISUZU**



**GHANDHARA INDUSTRIES LIMITED**  
A Bibojee Group Company



# Contents

## **Condensed Interim Financial Statements**

- Company's Information .....2
- Directors' Report .....3
- Condensed Interim Balance Sheet .....4
- Condensed Interim Profit & Loss Account .....5
- Condensed Interim Cash Flow Statement .....6
- Condensed Interim Statement of Changes in Equity .....7
- Notes to the Condensed Interim Financial Statements .....8

## **Consolidated Condensed Interim Financial Statements**

- Consolidated Condensed Interim Balance Sheet .....12
- Consolidated Condensed Interim Profit & Loss Account .....13
- Consolidated Condensed Interim Cash Flow Statement .....14
- Consolidated Condensed Interim Statement of Changes in Equity .....15
- Notes to the Consolidated Condensed Interim Financial Statements .....16



## 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  
Habib 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 quarter and nine months ended on March 31, 2011

### **Financial Results**

Net Sales for the nine months under review is Rs. 1.107 billion as against Rs. 1.609 billion for the same period last year. This decrease is mainly attributable to depressed demand of truck and buses.

Gross profit for the current nine months is Rs. 138.528 million as against gross profit of Rs. 248.687 million for the nine months ended on March 31, 2010. The decrease in gross profit is due to decrease in sales. Depreciation of Rupee against Yen affecting cost of doing business is another cause of reduction in GP. Consequently, profit before tax is lower than the profit before tax of corresponding period last year.

Profit after tax for the nine months ended is Rs. 13.410 million as against profit of Rs. 113.674 million for nine months ended on March 31, 2010.

### **Future Outlook**

Market for the commercial vehicles has shown declining trends and improvement is dependent upon macroeconomic stability, easing of inflation and stability of exchange rate. 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

**Ahmad Kuli Khan Khattak**  
**Chief Executive**

Karachi: April 25, 2011



## Condensed Interim Balance Sheet As at March 31, 2011

	Note	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	1,474,043	1,476,350
Intangibles		1,327	442
Investment properties		90,460	90,655
Long term investments		1,400	1,400
Long term loans and advances		967	640
Long term deposits		6,107	5,715
<b>CURRENT ASSETS</b>			
Stores and spare parts		3,497	5,872
Stock-in-trade		939,587	711,728
Trade debts		46,750	84,771
Loans and advances		74,748	21,626
Trade deposits and prepayments		101,929	48,623
Other receivables		40,142	2,838
Sales tax refundable / adjustable		144,320	176,948
Taxation-payments less provision		57,132	54,701
Cash and bank balances		23,066	149,688
		<u>1,431,171</u>	<u>1,256,795</u>
<b>TOTAL ASSETS</b>		<b><u>3,005,475</u></b>	<b><u>2,831,997</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		213,044	213,044
Unappropriated profit		27,180	9,598
		<u>240,224</u>	<u>222,642</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>1,457,402</b>	<b>1,461,574</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		23,033	26,757
Deferred liabilities		30,851	42,847
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,076,161	915,182
Current maturity of liabilities against assets subject to finance leases		7,737	8,558
Accrued mark up		13,584	10,120
Short term borrowings		156,484	144,317
		<u>1,253,965</u>	<u>1,078,177</u>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>	9	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,005,475</u></b>	<b><u>2,831,997</u></b>

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

Chief Executive Officer

Director



**Condensed Interim Profit & Loss Account (Unaudited)**  
**For The Nine Months Period Ended March 31, 2011**

	Quarter ended		Nine Months ended	
	2011	2010	2011	2010
	March 31, Match 31, (Rupees '000)			
Net sales	401,776	834,260	1,106,691	1,608,925
Cost of sales	(359,924)	(687,290)	(968,163)	(1,360,238)
Gross profit	41,852	146,970	138,528	248,687
Distribution expenses	(14,971)	(21,248)	(42,096)	(48,018)
Administrative expenses	(12,562)	(7,231)	(40,795)	(30,784)
Other operating expenses	(316)	(4,612)	(1,549)	(6,239)
Other operating income	700	—	1,896	1,845
Profit from operations	14,703	113,879	55,984	165,491
Finance cost	(12,955)	(18,886)	(45,171)	(46,942)
Profit before taxation	1,748	94,993	10,813	118,549
Taxation	(470)	(3,115)	2,596	(4,875)
Profit after taxation	1,279	91,878	13,410	113,674
Other comprehensive income	—	—	—	—
Total comprehensive income	<u>1,279</u>	<u>91,878</u>	<u>13,410</u>	<u>113,674</u>
<b>Earnings per share</b>				
– basic and diluted - (Rupees)	<u>0.06</u>	<u>4.31</u>	<u>0.63</u>	<u>5.34</u>

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

Chief Executive Officer

Director



**Condensed Interim Cash Flow Statement (Unaudited)**  
**For The Nine Months Period Ended March 31, 2011**

	Note	Nine Months ended	
		2011	2010
		March 31,	
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	10	(59,959)	214,671
Gratuity paid		(396)	(90)
Finance cost paid		(37,893)	(52,614)
Income tax paid		(13,436)	(8,236)
Long-term loans and advances		(328)	(454)
Long-term deposits		(392)	(1,545)
Net cash generated from / (used in) operating activities		(112,403)	151,733
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(17,382)	(4,359)
Sale proceeds on disposal of property plant & equipments		436	14,500
Interest received		167	—
Net cash generated from / (used in) investing activities		(16,779)	10,141
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease		(9,607)	(7,497)
Net cash used in financing activities		(9,607)	(7,497)
Net increase / (decrease) in cash and cash equivalents		(138,789)	154,378
<b>Cash and cash equivalents as at July 1, 2010</b>		<b>5,371</b>	<b>(306,042)</b>
<b>Cash and cash equivalents as at March 31, 2011</b>	10.1	<b>(133,418)</b>	<b>(151,664)</b>

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

Chief Executive Officer

Director



Condensed Interim Statement of Changes in Equity (Unaudited)  
For The Nine Months Period Ended March 31, 2011

	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 / Uappropriated Profit	
..... (Rupees) .....							
Balance as at July 1, 2009	213,044	5,500	10,000	25,300	2,400	(172,514)	83,730
Profit for the period						113,674	113,674
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						2,512	2,512
<b>Balance as at March 31, 2010</b>	<u>213,044</u>	<u>5,500</u>	<u>10,000</u>	<u>25,300</u>	<u>2,400</u>	<u>(56,328)</u>	<u>199,916</u>
Balance as at July 1, 2010	213,044	5,500	10,000	25,300	2,400	(33,602)	222,642
Profit for the period						13,410	13,410
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						4,172	4,172
<b>Balance as at March 31, 2011</b>	<u>213,044</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,180</u>	<u>240,225</u>

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

Chief Executive Officer

Director





**Notes to the Condensed Interim Financial Statements (Unaudited)  
For The Nine Months Period Ended March 31, 2011**

**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**

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 is 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 adopted for the preparation of this condensed interim 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, 2010.

**4 APPROVAL OF FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on April 25, 2011.

**5 PRESENTATION**

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

	Note	March 31, 2011 (Unaudited) ..... (Rupees '000)	June 30, 2010 (Audited) .....
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	6.1	1,467,443	1,476,350
Capital work in process		6,600	—
		<u>1,474,043</u>	<u>1,476,350</u>



	March 31, 2011 (Unaudited)	June 30, 2010 (Audited)
Note	..... (Rupees '000) .....	
<b>6.1 PROPERTY, PLANT AND EQUIPMENT</b>		
Book value at the beginning of the period / year	1,476,350	1,018,536
Additions during the period / year	10,975	46,403
Revaluation performed during the year	—	437,276
Less:		
Disposal during the period / year - book value	336	7,872
Depreciation charged during the period / year	19,546	17,993
	<u>1,467,443</u>	<u>1,476,350</u>
<b>6.1.1 Additions during the period / year</b>		
Plant & Machinery	1,639	156
Permanent & Special Tools	—	1,076
Furniture & Fixture	990	1,308
Office machines and equipment	3,894	517
Jigs and fixture	2,794	3,682
Motor vehicles		
– Owned	—	3,000
– Leased	1,249	36,227
Computers	408	437
	<u>10,975</u>	<u>46,403</u>
<b>6.1.2 Disposals during the period / year - book value</b>		
Motor vehicles- Owned	<u>336</u>	<u>7,872</u>
<b>7 INTANGIBLE ASSETS</b>		
<b>Computer software</b>		
Opening net book value	442	—
Additions during the period	1,058	450
	1,500	450
Less: Amortization	173	8
	<u>1,327</u>	<u>442</u>
<b>8. STOCK-IN-TRADE</b>		
Raw materials and components		
In hand	607,922	287,876
Less: Provision for slow moving raw material	20,150	20,150
	587,772	267,726
In transit	1,978	280,805
	589,750	548,531
Work in process	102,065	51,531
Finished goods including components	217,000	79,930
Trading stocks	45,704	46,668
Less: Provision for slow moving trading stock	14,932	14,932
	30,772	31,736
	<u>939,587</u>	<u>711,728</u>



**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There is no change in contingent liabilities as reported in Note 23 to the financial statements for the year ended June 30, 2010.

	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>9.2 Commitments</b>		
Bank guarantees	<u>378,917</u>	<u>479,756</u>
Letters of credit	<u>13,221</u>	<u>279,391</u>

	2011 ..... (Rupees '000) .....	March 31, 2010
<b>10 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,813	118,549
<b>Adjustment for non cash charges and other items:</b>		
Depreciation on operating assets and intangibles	19,717	13,175
Depreciation on investment properties	195	195
Provision for gratuity	3,380	2,037
Interest income	(167)	—
Amortisation of gain on sale and lease back of fixed asset	(1,379)	(478)
Interest expense	41,357	44,486
Finance cost on finance leased assets	3,814	2,455
Gain on disposal of fixed assets	(100)	—
Cash flow from operations before working capital changes	<u>77,629</u>	<u>180,418</u>
<b>Working capital changes:</b>		
(Increase)/decrease in current assets:		
Stores, spare parts	2,375	(3,350)
Stock in trade	(227,858)	(121,744)
Trade debtors	38,021	(96,330)
Loans and advances	(53,122)	(3,331)
Trade deposits and prepayments	(53,306)	(6,984)
Sales tax refundable / adjustable	32,628	—
Other receivables	(37,304)	(29,249)
	<u>(298,566)</u>	<u>(260,988)</u>
(Decrease) Increase in current liabilities:		
Trade and other payables	<u>160,979</u>	<u>295,241</u>
<b>Cash generated from / (used in) operations</b>	<u>(59,959)</u>	<u>214,671</u>

**Gandhara Industries Limited**



	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>10.1 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	23,066	149,688
Short-term borrowings -running finances	<u>(156,484)</u>	<u>(144,317)</u>
	<u>(133,418)</u>	<u>5,371</u>

**11 TRANSACTIONS WITH RELATED PARTIES**

Name of Related Party and nature of relationship	Nature of transaction	March, 31	
		2011 ..... (Rupees '000) .....	2010
<b>(a) Subsidiary company</b>			
Marghazar Industries (Private) Limited	Financial charges	233	161
<b>(b) Associated companies</b>			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	37,544	183,589
(Common Directorship)	Sale of vehicles	1,900	—
Gandhara Nissan Limited	Assembly charges	48,063	19,949
(Common Directorship)	Sales - Fabrication	625	—
Universal Insurance Limited	Insurance premium	8,118	10,241
(Common Directorship)	Insurance claim	55	660
Rehman Cotton Mills Limited	Rent paid	1,425	225
Hasan & Hasan	Retainership fee	90	60
Gammon Pakistan Limited	Rent paid	1,125	—
<b>(c) Technology suppliers</b>			
Isuzu Motors Limited	CKD purchased	—	14,074
	CBU purchased	20,006	748,114
	Parts purchased	151,018	5,374

Chief Executive Officer

Director



## Consolidated Condensed Interim Balance Sheet

As At March 31, 2011

	Note	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	1,474,043	1,476,350
Intangibles		1,327	442
Investment properties		90,460	90,655
Long term loans and advances		967	640
Long term deposits		6,107	5,715
<b>CURRENT ASSETS</b>			
Stores and spare parts		3,497	5,872
Stock-in-trade		939,587	711,728
Trade debts		46,750	84,771
Loans and advances		74,748	21,626
Trade deposits and prepayments		101,929	48,623
Other receivables		40,142	2,838
Sales tax refundable / adjustable		144,320	176,948
Taxation-payments less provision		57,132	54,678
Cash and bank balances		23,086	149,708
		<b>1,431,191</b>	<b>1,256,792</b>
<b>TOTAL ASSETS</b>		<b><u>3,004,095</u></b>	<b><u>2,830,594</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>			
Share capital		213,044	213,044
Unappropriated profit		27,613	10,081
		<b>240,658</b>	<b>223,125</b>
<b>NON-CONTROLLING INTEREST</b>			
Total equity		185	206
		<b>240,843</b>	<b>223,331</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
		1,457,402	1,461,574
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		23,033	26,757
Deferred liabilities		30,851	42,847
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,074,163	913,090
Current maturity of liabilities against assets subject to finance leases		7,737	8,558
Accrued mark up		13,584	10,120
Short term borrowings		156,484	144,317
		<b>1,251,967</b>	<b>1,076,085</b>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>			
	9	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,004,095</u></b>	<b><u>2,830,594</u></b>

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

Chief Executive Officer

Director



**Consolidated Condensed Interim  
Profit & Loss Account (Unaudited)  
For The Nine Months Period Ended March 31, 2011**

	Quarter ended		Nine Months ended	
	2011	2010	2011	2010
	(Rupees '000)			
Net sales	401,776	834,260	1,106,691	1,608,925
Cost of sales	(359,924)	(687,290)	(968,163)	(1,360,238)
Gross profit	41,852	146,970	138,528	248,687
Distribution expenses	(14,971)	(21,257)	(42,096)	(48,027)
Administrative expenses	(12,866)	(7,342)	(41,099)	(30,895)
Other operating expenses	(316)	(4,612)	(1,549)	(6,239)
Other operating income	700	—	1,896	1,845
Profit from operations	14,399	113,760	55,680	165,370
Finance cost	(12,721)	(18,724)	(44,937)	(46,780)
Profit before taxation	1,678	95,036	10,743	118,590
Taxation	(470)	(3,132)	2,596	(4,892)
Profit after taxation	1,208	91,904	13,339	113,698
Other comprehensive income	—	—	—	—
Total comprehensive income	<u>1,208</u>	<u>91,904</u>	<u>13,339</u>	<u>113,698</u>
Attributed to:				
Equity holders of parent	1,285	91,905	13,360	113,689
Non-controlling interest	3	(1)	(21)	9
	<u>1,288</u>	<u>91,904</u>	<u>13,339</u>	<u>113,698</u>
<b>Earnings per share</b>				
– basic and diluted - (Rupees)	<u>0.06</u>	<u>4.31</u>	<u>0.63</u>	<u>5.34</u>

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

Chief Executive Officer

Director



## Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For The Nine Months Period Ended March 31, 2011

	Note	Nine Months ended	
		2011	2010
		March 31,	
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	10	(60,169)	214,532
Gratuity paid		(396)	(90)
Finance cost paid		(37,660)	(52,453)
Income tax paid		(13,459)	(8,258)
Long-term loans and advances		(328)	(454)
Long-term deposits		(392)	(1,545)
Net cash generated from / (used in) operating activities		(112,403)	151,733
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(17,382)	(4,359)
Sale proceeds on disposal of property plant & equipments		436	14,500
Interest received		167	—
Net cash generated from / (used in) investing activities		(16,779)	10,141
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease		(9,607)	(7,497)
Net cash used in financing activities		(9,607)	(7,497)
Net increase / (decrease) in cash and cash equivalents		(138,789)	154,377
<b>Cash and cash equivalents as at July 1, 2010</b>		<b>5,391</b>	<b>(306,022)</b>
<b>Cash and cash equivalents as at March 31, 2011</b>	10.1	<b>(133,398)</b>	<b>(151,645)</b>

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

Chief Executive Officer

Director



## Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For The Nine Months Period Ended March 31, 2011

Issued, Subscribed and paid up Share Capital	Attributable to equity holders of parent						Non-Controlling Interest	Total Equity
	Capital Reserves			Revenue Reserves				
	Tax Holiday Reserve	Fixed Assets Replacement Reserve	Contingency Reserve	General Reserve	Accumulated Loss / Unappropriated Profit	Total		
..... (Rupees) .....								

<b>Balance as at July 1, 2009</b>	213,044	5,500	10,000	25,300	2,400	(172,062)	84,182	194	84,376
Profit for the period						113,698	113,698	9	113,707
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation						2,512	2,512	—	2,512
<b>Balance as at March 31, 2010</b>	<u>213,044</u>	<u>5,500</u>	<u>10,000</u>	<u>25,300</u>	<u>2,400</u>	<u>(55,852)</u>	<u>200,392</u>	<u>203</u>	<u>200,595</u>
<b>Balance as at July 1, 2010</b>	213,044	5,500	10,000	25,300	2,400	(33,119)	223,125	206	223,331
Profit for the period						13,360	13,360	(21)	13,339
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						4,172	4,172	—	4,172
<b>Balance as at March 31, 2011</b>	<u>213,044</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,613</u>	<u>240,658</u>	<u>185</u>	<u>240,842</u>

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

Chief Executive Officer

Director





## Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For The Nine Months Period Ended March 31, 2011

### 1 CORPORATE INFORMATION

Gandhara Industries Limited (The holding company) was incorporated on 23 February 1963. The holding Company's shares are listed on Karachi, Lahore and Islamabad 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 Marghazar Industries (Private) Limited

### 2 BASIS OF PRESENTATION

This consolidated 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 consolidated condensed interim financial information is 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 consolidated 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 adopted for the preparation of this consolidated condensed interim 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, 2010.

### 4 APPROVAL OF FINANCIAL STATEMENTS

These consolidated condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 25, 2011.

### 5 PRESENTATION

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

	Note	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	6.1	1,467,443	1,476,350
Capital work in process		6,600	—
		<u>1,474,043</u>	<u>1,476,350</u>



	March 31, 2011 (Unaudited)	June 30, 2010 (Audited)
Note	..... (Rupees '000) .....	
<b>6.1 PROPERTY, PLANT AND EQUIPMENT</b>		
Book value at the beginning of the period / year	1,476,350	1,018,536
Additions during the period / year	10,975	46,403
Revaluation performed during the year	—	437,276
Less:		
Disposal during the period / year - book value	336	7,872
Depreciation charged during the period / year	19,546	17,993
	<u>1,467,443</u>	<u>1,476,350</u>
<b>6.1.1 Additions during the period / year</b>		
Plant & Machinery	1,639	156
Permanent & Special Tools	—	1,076
Furniture & Fixture	990	1,308
Office machines and equipment	3,894	517
Jigs and fixture	2,794	3,682
Motor vehicles		
– Owned	—	3,000
– Leased	1,249	36,227
Computers	408	437
	<u>10,975</u>	<u>46,403</u>
<b>6.1.2 Disposals during the period / year - book value</b>		
Motor vehicles- Owned	<u>336</u>	<u>7,872</u>
<b>7 INTANGIBLE ASSETS</b>		
<b>Computer software</b>		
Opening net book value	442	—
Additions during the period	1,058	450
	1,500	450
Less: Amortization	173	8
	<u>1,327</u>	<u>442</u>
<b>8. STOCK-IN-TRADE</b>		
Raw materials and components		
In hand	607,922	287,876
Less: Provision for slow moving raw material	20,150	20,150
	587,772	267,726
In transit	1,978	280,805
	589,750	548,531
Work in process	102,065	51,531
Finished goods including components	217,000	79,930
Trading stocks	45,704	46,668
Less: Provision for slow moving trading stock	14,932	14,932
	30,772	31,736
	<u>939,587</u>	<u>711,728</u>



**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There is no change in contingent liabilities as reported in Note 23 to the financial statements for the year ended June 30, 2010.

	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited)
<b>9.2 Commitments</b>		
Bank guarantees	<u>378,917</u>	<u>479,756</u>
Letters of credit	<u>13,221</u>	<u>279,391</u>

	March 31, 2011 ..... (Rupees '000) .....	March 31, 2010
<b>10 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,743	118,590
<b>Adjustment for:</b>		
Depreciation on operating assets and intangibles	19,717	13,175
Investment properties	195	195
Provision for gratuity	3,380	2,037
Interest income	(167)	—
Amortisation of gain on sale and lease back of fixed asset	(1,379)	(478)
Interest expense	41,123	44,325
Finance cost on finance leased assets	3,814	2,455
Gain on sale of fixed assets	(100)	—
Cash flow from operations before working capital changes	<u>77,325</u>	<u>180,298</u>
<b>Working capital changes:</b>		
(Increase) / decrease in current assets:		
Stores, spare parts	2,375	(3,350)
Stock in trade	(227,858)	(121,744)
Trade debtors	38,021	(96,330)
Loans and advances	(53,122)	(3,331)
Trade deposits and prepayments	(53,306)	(6,984)
Sales tax refundable / adjustable	32,628	—
Other receivables	(37,304)	(29,249)
	<u>(298,566)</u>	<u>(260,988)</u>
(Decrease) / Increase in current liabilities:		
Trade and other payables	161,073	295,222
<b>Cash generated from / (used in) operations</b>	<u>(60,169)</u>	<u>214,532</u>

**Gandhara Industries Limited**



	March 31, 2011 (Unaudited) ..... (Rupees '000) .....	June 30, 2010 (Audited) .....
<b>10.1 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	23,086	149,702
Short-term borrowings -running finances	<u>(156,484)</u>	<u>(144,317)</u>
	<u>(133,398)</u>	<u>5,391</u>

**11 TRANSACTIONS WITH RELATED PARTIES**

Name of Related Party and nature of relationship	Nature of transaction	March, 31	
		2011 ..... (Rupees '000) .....	2010
<b>(a) Associated companies</b>			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	37,544	183,589
(Common Directorship)	Sale of vehicles	1,900	—
Gandhara Nissan Limited	Assembly charges	48,063	19,949
(Common Directorship)	Sales - Fabrication	625	—
Universal Insurance Limited	Insurance premium	8,118	10,241
(Common Directorship)	Insurance claim	55	660
Rehman Cotton Mills Limited	Rent paid	1,425	225
Hasan & Hasan	Retainership fee	90	60
Gammon Pakistan Limited	Rent paid	1,125	—
<b>(b) Technology suppliers</b>			
Isuzu Motors Limited	CKD purchased	—	14,074
	CBU purchased	20,006	748,114
	Parts purchased	151,018	5,374

Chief Executive Officer

Director

# Book Post

If Undelivered please return to:

**GHANDHARA INDUSTRIES LIMITED**

F-3, Hub Chouki Road, S.I.T.E.,

Post Box No. 2706, Karachi - 75730