



ISUZU

CONDENSED INTERIM FINANCIAL INFORMATION
for the Quarter and Nine Months Ended
March 31, 2012
(Un-Audited)



GANDHARA 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

LEGAL ADVISORS

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

BANKERS

National Bank of Pakistan
The Bank of Khyber
Faysal Bank Limited
Bank Al-Habib Limited
Soneri 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' Review

The directors of your company take pleasure in presenting the unaudited accounts for the third quarter and nine months ended on March 31st, 2012.

Financial results

Sales of your company have seen improvement in this quarter. Sales are not only higher as compared to the previous two quarters of the year but are also higher as compared to the corresponding quarter of the previous year. The results for the quarter and nine months are as follows:

	Quarter ended March 31'		Nine months ended March 31'	
	2012	2011	2012	2011
Sales (Rs '000)	528,042	401,776	1,134,516	1,106,691
Profit from operations (Rs '000)	33,848	14,703	21,926	55,984
(Loss)/profit before tax (Rs '000)	(13,382)	1,748	(84,011)	10,813
(Loss)/profit after tax (Rs '000)	(7,173)	1,279	(53,905)	13,410
(Loss)/earnings per share (Rs)	(0.34)	0.06	(2.53)	0.63

Although the sales and operating profits improved but high finance costs have prevented the net profits.

Future outlook

The company's sales have improved in every quarter of the year and are expected to be even better in the last quarter. However, general inflation, imposition of sales tax and high finance cost continue to burden.

By order of the Board

Karachi:
April 24, 2012

Ahmad Kuli Khan Khattak
Chief Executive



Condensed Interim Balance Sheet

As at March 31, 2012

		March 31, 2012 Unaudited	June 30, 2011 Re-stated
	Note (Rupees '000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,450,797	1,465,156
Intangible assets		1,025	1,251
Investment properties		90,207	90,395
Long term investments		1,400	1,400
Long term loans		2,445	1,382
Long term deposits		12,009	5,340
Deferred taxation		41,320	117
CURRENT ASSETS			
Stores and spare parts		3,150	4,294
Stock-in-trade	7	1,268,203	691,703
Trade debts		655,710	173,375
Loans and advances		371,855	68,402
Trade deposits and prepayments		135,402	672,658
Other receivables		24,070	10,704
Sales tax refundable/ adjustable		79,498	111,381
Taxation - payments less provision		62,058	54,909
Cash and bank balances		19,121	9,523
		<u>2,619,067</u>	<u>1,796,949</u>
TOTAL ASSETS		<u><u>4,218,271</u></u>	<u><u>3,361,990</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		213,044	213,044
Accumulated loss		(51,983)	(2,250)
		<u>161,061</u>	210,794
SURPLUS ON REVALUATION OF FIXED ASSETS		1,451,839	1,456,011
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		10,772	19,738
Deferred liabilities		15,903	13,715
CURRENT LIABILITIES			
Trade and other payables		1,254,121	1,461,200
Current maturity of liabilities against assets subject to finance leases		9,350	6,284
Accrued mark up		65,033	30,887
Short term borrowings		1,250,193	163,362
		<u>2,578,697</u>	1,661,733
CONTINGENCIES AND COMMITMENTS	8	—	—
TOTAL EQUITY AND LIABILITIES		<u><u>4,218,271</u></u>	<u><u>3,361,990</u></u>

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

Chief Executive

Director



Condensed Interim Profit & Loss Account

For the Quarter and Nine Months Ended March 31, 2012 (Unaudited)

	Quarter ended		Nine Months ended	
	March 31,		March 31,	
	2012	2011	2012	2011
..... (Rupees '000)				
Net sales	528,042	401,776	1,134,516	1,106,691
Cost of sales	(462,870)	(359,924)	(1,025,715)	(968,163)
Gross profit	<u>65,172</u>	<u>41,852</u>	<u>108,801</u>	<u>138,528</u>
Distribution expenses	(12,825)	(14,971)	(40,605)	(42,096)
Administrative expenses	(18,795)	(12,562)	(45,045)	(40,795)
Other operating charges	255	(316)	(1,467)	(1,549)
Other operating income	39	700	240	1,896
Profit from operations	<u>33,848</u>	<u>14,703</u>	<u>21,926</u>	<u>55,984</u>
Finance cost	(47,230)	(12,955)	(105,937)	(45,171)
(Loss)/profit before taxation	<u>(13,382)</u>	<u>1,748</u>	<u>(84,011)</u>	<u>10,813</u>
Taxation	6,209	(470)	30,106	2,596
(Loss)/profit after taxation	<u>(7,173)</u>	<u>1,279</u>	<u>(53,905)</u>	<u>13,410</u>
Other comprehensive income	—	—	—	—
Total comprehensive loss / income	<u>(7,173)</u>	<u>1,279</u>	<u>(53,905)</u>	<u>13,410</u>
(Loss)/earnings per share				
– basic and diluted - Rupees	<u>(0.34)</u>	<u>0.06</u>	<u>(2.53)</u>	<u>0.63</u>

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

Chief Executive

Director



Condensed Interim Cash Flow Statement

For the Nine Months Ended March 31, 2012 (Unaudited)

	Note	Nine Months ended	
		2012 Unaudited	March 31, 2011 Re-stated
..... Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(965,426)	(59,959)
Gratuity paid		(1,752)	(396)
Finance cost paid		(71,814)	(37,893)
Income tax paid		(18,245)	(13,436)
Long-term loans		(1,063)	(328)
Long-term deposits		(6,669)	(392)
Net cash used in operating activities		<u>(1,064,969)</u>	<u>(112,403)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,042)	(17,382)
Sale proceeds on disposal of property, plant and equipment		4,000	436
Interest received		82	167
Net cash generated from/(used in) investing activities		40	(16,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease		(12,303)	(9,607)
Net cash used in financing activities		<u>(12,303)</u>	<u>(9,607)</u>
Net decrease in cash and cash equivalents		(1,077,233)	(138,789)
Cash and cash equivalents at beginning of the period		(153,839)	(13,000)
Cash and cash equivalents at the end of the period	10	<u>(1,231,072)</u>	<u>(151,789)</u>

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

Chief Executive

Director



Condensed Interim Statement of Changes in Equity

For the Nine Months Ended March 31, 2012 (Unaudited)

	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	
..... (Rupees)							
Balance as at June 30, 2010 as previously reported	213,044	5,500	10,000	25,300	2,400	(33,602)	222,642
Impact of re-statement - note - 5	—	—	—	—	—	(25,156)	(25,156)
Balance as at June 30, 2010 as re-stated	213,044	5,500	10,000	25,300	2,400	(58,757)	197,487
Total comprehensive income 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 charged for the period - net of tax	—	—	—	—	—	4,172	4,172
Balance as at March 31, 2011 as re-stated	213,044	—	—	—	—	2,025	215,069
Total comprehensive loss for the period	—	—	—	—	—	(5,666)	(5,666)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period - net of tax	—	—	—	—	—	1,391	1,391
Balance as at June 30, 2011 as re-stated	213,044	—	—	—	—	(2,250)	210,794
Total comprehensive loss for the period	—	—	—	—	—	(53,905)	(53,905)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged for the period - net of tax	—	—	—	—	—	4,172	4,172
Balance as at March 31, 2012	213,044	—	—	—	—	(51,983)	161,061

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

Chief Executive

Director



Notes to the Condensed Interim Financial Statements

For the Nine Months Ended March 31, 2012 (Unaudited)

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 manufacturing of Isuzu trucks and buses.

2 BASIS OF PRESENTATION

- 2.1** This condensed interim financial information of the Company for the nine months ended March 31, 2012 has 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 Ordinance have been followed.
- 2.2** The disclosures in the condensed interim financial information does 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, 2011. Comparative balance sheet is extracted from annual financial statements of June 30, 2011 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 period ended March 31, 2011.
- 2.3** This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Ordinance and the Listing Regulations of the Stock Exchanges.
- 2.4** This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

- 3.1** The preparation of this condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.
- 3.2** During the preparation of this condensed interim financial information, the significant judgments 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 applied to audited annual financial statements of the Company for the year ended June 30, 2011



4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

5 RE-STATEMENT

During the period, the company's liability in respect of its borrowings from financial institutions was revisited and it was mutually concluded with a financial institute that the same should have been recorded by higher amounts in the prior periods. Accordingly, the company has re-stated the financial information retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' by adjusting the opening balance of short term borrowings, accrued mark-up, deferred taxation and accumulated loss for the earliest prior period presented.

Effects of the re-statement are as follows:

(Rupees in '000)

	As at July 1, 2010			As at June 30, 2011		
	As previously stated	As re-stated	Re-statement	As previously stated	As re-stated	Re-statement
Effect on balance sheet						
Un appropriated reserve	<u>9,598</u>	<u>(15,558)</u>	<u>(25,156)</u>	<u>22,906</u>	<u>(2,250)</u>	<u>(25,156)</u>
Deferred tax liability/(assets)	<u>42,847</u>	<u>29,302</u>	<u>(13,545)</u>	<u>27,143</u>	<u>13,598</u>	<u>(13,545)</u>
Short term borrowings	<u>144,317</u>	<u>162,688</u>	<u>18,371</u>	<u>144,991</u>	<u>163,362</u>	<u>18,371</u>
Accrued markup	<u>10,120</u>	<u>30,450</u>	<u>20,330</u>	<u>10,557</u>	<u>30,887</u>	<u>20,330</u>
Decrease in equity			<u>(25,156)</u>			<u>(25,156)</u>

For the Nine Months Period ended March 31, 2011

	As previously stated	As re-stated	Re-statement
Effect on cash flow statement			
Cash and cash equivalents at the beginning of the period	<u>5,371</u>	<u>(13,000)</u>	<u>(18,371)</u>
Cash and cash equivalents at the end of the period	<u>(133,418)</u>	<u>(151,789)</u>	<u>(18,371)</u>

There was no impact on profit and loss account and earning / (loss) per share as a result of the re-statement.



	Note	March 31, 2012 Unaudited (Rupees '000)	June 30, 2011 Audited
6 PROPERTY, PLANT AND EQUIPMENT			
Book value at the beginning of the period / year		1,465,156	1,476,351
Additions during the period / year	6.1	10,445	21,605
Less:			
Disposal during the period / year - at book value	6.2	5,467	5,593
Depreciation charged during the period / year		19,337	27,207
		<u>1,450,797</u>	<u>1,465,156</u>
6.1 Additions during the period/ year			
Plant & machinery			
– Owned		3,168	1,639
– Leased		1,135	770
Permanent tools		72	966
Furniture & fixture		—	1,045
Office machines and equipment		165	3,894
Jigs and special tools		147	9,714
Motor vehicles			
– Owned		42	—
– Leased		5,268	3,151
Computers		447	426
		<u>10,445</u>	<u>21,605</u>
6.2 Written down value of disposal during period / year			
Motor vehicles - owned		—	934
Trucks - leased		5,467	4,658
		<u>5,467</u>	<u>5,593</u>
7 STOCK-IN-TRADE			
Raw materials and components			
In hand		728,086	471,429
Less: provision for slow moving raw material		20,150	20,150
		<u>707,936</u>	<u>451,279</u>
In transit		74,730	9,178
		<u>782,666</u>	<u>460,457</u>
Work in Process		134,660	100,288
Finished goods including components		321,544	97,217
Trading stocks		44,265	48,673
Less: provision for slow moving stock		14,932	14,932
		<u>29,333</u>	<u>33,741</u>
		<u>1,268,203</u>	<u>691,703</u>



8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in contingent liabilities as reported in Note 23.1 to the financial statements for the year ended June 30, 2011.

	March 31, 2012 Unaudited (Rupees '000)	June 30, 2011 Audited
8.2 Commitments		
Bank guarantees	<u>642,335</u>	<u>926,257</u>
Letters of credit	<u>113,345</u>	<u>381,125</u>
	Note	March 31, 2012 Unaudited
		2011 Re-stated
		Rupees '000
9. CASH GENERATED FROM OPERATIONS		
(Loss)/profit before taxation	(84,011)	10,813
Adjustment for non cash charges and other items:		
Depreciation / amortisation on;		
Property, plant and equipment/ intangible assets	19,563	19,717
Investment properties	188	195
Loss / (Gain) on disposal of fixed assets	1,467	(100)
Amortisation of gain on sale and lease back of fixed asset	(156)	(1,379)
Finance cost	105,937	45,171
Interest income	(82)	(167)
Provision for gratuity	<u>4,118</u>	<u>3,380</u>
	<u>47,024</u>	<u>77,630</u>
Working capital changes	9.1 <u>(1,012,450)</u>	<u>(137,587)</u>
	<u>(965,426)</u>	<u>(59,956)</u>
9.1 Working capital changes		
(Increase)/ decrease in current assets		
Stores & spare parts	1,144	2,375
Stock-in-trade	(576,500)	(227,858)
Trade debts	(482,335)	38,021
Loans and advances	(303,453)	(53,122)
Trade deposits and prepayments	537,256	(53,306)
Other receivables	(13,367)	(37,304)
Sales tax refundable/ adjustable	<u>31,883</u>	<u>32,628</u>
	<u>(805,372)</u>	<u>(298,566)</u>
Increase/ (decrease) in current liabilities		
Trade and other payables	<u>(207,078)</u>	<u>160,979</u>
	<u>(1,012,450)</u>	<u>(137,587)</u>



March 31,	June 30,
2012	2011
Unaudited	Re-stated
..... (Rupees '000)

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	19,121	9,523
Short-term borrowings	<u>(1,250,193)</u>	<u>(163,362)</u>
	<u>(1,231,071)</u>	<u>(153,839)</u>

11. Related Party Transactions

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 transactions	Nine Months Ended	
		March 31,	
		2012	2011
		Unaudited	
	 (Rupees '000)	
Subsidiary company			
Marghazar Industries (Private) Limited	Financial charges	237	233
Associated companies			
General Tyre & Rubber Company of Pakistan Limited	Purchase of tyres	24,573	37,544
(Common Directorship)	Sale of vehicles	—	1,900
Gandhara Nissan Limited	Assembly charges	90,695	48,063
(Common Directorship)	Sales - Fabrication	2,525	625
	Fleet vehicles repaired	505	—
	Reimbursement of fuel expenses	466	—
	Sales of parts	3	—
Universal Insurance Limited (Common Directorship)	Insurance premium	19,278	8,118
Rehman Cotton Mills Limited	Rent paid	1,200	1,425
Hasan & Hasan	Retainership fee	90	90
Gammon Pakistan Limited	Rent paid	1,125	1,125
Technology suppliers			
Isuzu Motors Limited, Japan	CBU purchased	—	20,006
	Parts purchased	4,578	151,018

12. APPROVAL OF FINANCIAL STATEMENTS

These condensed interim financial information were authorized for issue on April 24, 2012 by the Board of Directors of the Company.

Chief Executive

Director

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If Undelivered please return to:

GANDHARA INDUSTRIES LIMITED

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

Post Box No. 2706, Karachi - 75730