

ISUZU



GHANDHARA INDUSTRIES LIMITED
A Bibojee Group Company



CONDENSED INTERIM FINANCIAL INFORMATION
for the Quarter and Nine Months Ended
March 31, 2016 (Un-Audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Dr. Parvez Hassan	Director
Mr. Jamil Ahmed Shah	Director
Maj. (R) Muhammad Zia	Director
Mr. Shahid Kamal Khan	Independent Director

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER**

Mr. Iftikhar A. Khan

AUDITORS

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

AUDIT COMMITTEE

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Jamil Ahmed Shah	Member
Maj. (R) Muhammad Zia	Member
Mr. Shahid Kamal Khan	Member
Mr. Shahnawaz Damji	Secretary

**BOARD HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Mr. Muhammad Ali Tahir	Secretary

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
JS Bank Limited
The Bank of Punjab

REGISTERED OFFICE

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

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
4th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.



DIRECTORS' REPORT

The directors of your Company take pleasure in presenting the unaudited condensed interim financial information for the quarter and nine months ended March 31, 2016.

Financial results

The Company reported a turnover growth of 76% in the nine months ended March 31, 2016 as compared to similar period of last year. In terms of units sold, a growth of 57% was achieved during July 2015-March 2016 as compared to the similar period of last year.

Consistent sales growth since the first quarter of this year coupled with customized body fabrication and efficient cost control resulted in the highest ever profit after tax (PAT) of PKR 504 million.

The results for the Quarter and nine months ended are as follows:

	Quarter ended March 31,		Nine months ended March 31,	
	2016	2015	2016	2015
Sales (Rs '000)	1,322,922	611,671	3,503,692	1,987,005
Gross profit (Rs '000)	347,430	98,748	1,008,197	338,634
Profit from operations (Rs '000)	283,293	57,739	816,125	214,690
Profit before tax (Rs '000)	249,738	17,118	735,478	87,361
Profit after tax (Rs '000)	167,463	29,323	504,007	66,932
Earnings per share (Rs)	7.86	1.38	23.66	3.14

Future outlook

The management of your company is well aware of the competition in the industry and have placed proper management tools to increase shareholders value in the upcoming quarters.

By order of the Board

AHMAD KULI KHAN KHATTAK
Chief Executive

Karachi:
April 22, 2016




CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2016

	Note	Un-audited March 31, 2016	Audited June 30, 2015
(Rupees '000)			
ASSETS			
Non-current assets			
Property, plant & equipment	5	1,722,678	1,674,230
Intangible assets		-	45
Investment properties		89,268	89,395
Long term Investment		1,400	1,400
Long term loans		1,779	1,109
Long term deposits		3,710	3,322
		<u>1,818,835</u>	<u>1,769,501</u>
Current assets			
Stores and spares parts		1,806	2,009
Stock-in-trade	6	1,323,938	612,623
Trade debts	7	210,690	42,653
Loans and advances		168,149	255,449
Trade deposits and prepayments		209,926	301,657
Other receivables		16,750	16,292
Sales tax refundable / adjustable		195,153	3,211
Taxation - payments less provision		133,023	208,322
Cash and bank balances		77,884	135,710
		<u>2,337,319</u>	<u>1,577,926</u>
Total Assets		<u>4,156,154</u>	<u>3,347,427</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 50,000,000 (June 30, 2015: 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, 2015: 21,304,422) ordinary shares of Rs.10 each		213,044	213,044
Unappropriated profit		<u>779,048</u>	<u>365,002</u>
		<u>992,092</u>	<u>578,046</u>
Surplus on revaluation of fixed assets		1,665,432	1,671,341
Non-current liabilities			
Liabilities against assets subject to finance lease		8,003	10,584
Deferred liabilities		35,241	30,545
Deferred taxation		<u>48,777</u>	<u>47,509</u>
		<u>92,021</u>	<u>88,638</u>
Current liabilities			
Trade and other payables		446,964	783,464
Current maturity of liabilities against assets subject to finance lease		3,065	3,837
Accrued mark-up/ interest		33,407	20,961
Short term borrowings	8	<u>923,173</u>	<u>201,140</u>
		<u>1,406,609</u>	<u>1,009,402</u>
Total liabilities		<u>1,498,630</u>	<u>1,098,040</u>
Contingencies and commitments	9	-	-
Total equity and liabilities		<u>4,156,154</u>	<u>3,347,427</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
Chief Executive Officer



Shahid Kamal Khan
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

Note	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees '000)			
Sales - net	1,322,922	611,671	3,503,692	1,987,005
Cost of sales	10 (975,492)	(512,923)	(2,495,495)	(1,648,371)
Gross profit	347,430	98,748	1,008,197	338,634
Distribution cost	(44,262)	(31,477)	(136,341)	(89,823)
Administrative expenses	(22,986)	(16,559)	(63,919)	(49,524)
Other expenses	(5,803)	(1,499)	(18,569)	(8,898)
Other income	8,914	8,526	26,757	24,301
Profit from operations	283,293	57,739	816,125	214,690
Finance cost	(33,555)	(40,621)	(80,647)	(127,329)
Profit before taxation	249,738	17,118	735,478	87,361
Taxation	(82,275)	12,205	(231,471)	(20,428)
Profit after taxation	167,463	29,323	504,007	66,932
Other comprehensive income	-	-	-	-
Total comprehensive income	167,463	29,323	504,007	66,932
	(Rupees)			
Basic and diluted earnings per share	7.86	1.38	23.66	3.14

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
 Chief Executive Officer


Shahid Kamal Khan
 Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Note	Nine months ended	
		March 31, 2016	March 31, 2015
———— (Rupees '000) ————			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(398,331)	270,309
Gratuity paid		(2,209)	(3,718)
Finance cost paid		(68,201)	(79,467)
Income tax paid		(154,900)	(54,464)
Long term loans		(670)	(335)
Long term deposits		(388)	(990)
Net cash used in operating activities		(624,699)	131,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(66,968)	(12,174)
Sale proceeds from disposal of operating fixed assets		-	266
Interest received		598	241
Net cash used in investing activities		(66,370)	(11,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(85,437)	-
Liabilities against asset subject to finance lease - net		(3,353)	(5,586)
Net cash used in financing activities		(88,790)	(5,586)
Net increase / (decrease) in cash and cash equivalents		(779,859)	114,082
Cash and cash equivalents - at beginning of the period		(65,430)	(1,045,448)
Cash and cash equivalents - at end of the period	12	(845,289)	(931,367)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
 Chief Executive Officer



Shahid Kamal Khan
 Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Issued subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees '000)		
Balance as at July 1, 2014 - (Audited)	213,044	133,989	347,033
Total Comprehensive profit for the nine months ended March 31, 2015			
Profit for the period	-	66,932	66,932
Other comprehensive Income	-	-	-
	-	66,932	66,932
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,727	3,727
Balance as at March 31, 2015 (Un-audited)	213,044	204,648	417,692
Balance as at July 01, 2015 - (Audited)	213,044	365,002	578,046
Transaction with owners			
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.50 per share		(95,870)	
Total Comprehensive profit for the nine months ended March 31, 2016			
Profit for the period	-	504,007	504,007
Other comprehensive income	-	-	-
	-	504,007	504,007
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	5,909	5,909
Balance as at March 31, 2016 (Un-audited)	213,044	779,048	992,092

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
 Chief Executive Officer


Shahid Kamal Khan
 Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

1. CORPORATE INFORMATION

Gandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company's shares are quoted on Pakistan Stock Exchange Limited. 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, 2015: 8,343,397) ordinary shares of Rs.10 each of the Company as at March 31, 2016.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended March 31, 2016 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' 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. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2015.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2015.

	Note	Un-audited March 31, 2016	Audited June 30, 2015
		———— (Rupees '000) ————	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at net book value		1,694,169	1,674,230
Capital work-in-progress - at cost		28,509	-
		<u>1,722,678</u>	<u>1,674,230</u>



	Note	Un-audited March 31, 2016	Audited June 30, 2015
———— (Rupees '000) ————			
5.1 Additions of operating fixed assets during the period / year are as follows:			
Owned			
- Plant and machinery		860	11,982
- Permanent tools		-	135
- Furniture and fixture		358	141
- Motor vehicles		33,360	637
- Trucks / lift trucks		3,150	2,100
- Office machines & equipment		282	582
- Computers		452	521
Leased			
- Cars		-	6,788
		<u>38,462</u>	<u>22,886</u>
5.2 Disposal of operating fixed assets during the period / year are as follows:			
Owned - Motor vehicles Net book value		<u>3</u>	<u>2,021</u>
6. STOCK-IN-TRADE			
Raw materials and components		735,799	363,834
Work-in-process		42,494	33,875
Finished goods including components		474,649	154,649
Trading stocks		70,996	60,265
		<u>1,323,938</u>	<u>612,623</u>
7. TRADE DEBTS			
- Unsecured and considered good			
Government and semi-government agencies		20,448	36,417
Others		190,242	6,236
		<u>210,690</u>	<u>42,653</u>
8. SHORT TERM BORROWINGS - Secured			
Finance against imported merchandise		749,604	34,169
Istisna		132,400	34,800
Murabaha		41,169	132,171
		<u>923,173</u>	<u>201,140</u>



9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There has been no significant change in status of contingencies as disclosed in note 26.1 of the audited annual financial statements of the Company for the year ended June 30, 2015.

	Un-audited March 31, 2016	Audited June 30, 2015
	(Rupees '000)	
9.2 Commitments		
Bank guarantees	<u>523,536</u>	<u>1,144,655</u>
Letters of credit	<u>1,069,422</u>	<u>809,877</u>
Capital commitments	<u>5,769</u>	<u>-</u>

10. COST OF SALES

		(Un-audited)			
		Quarter ended		Nine months ended	
Note		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees '000)			
	Stocks at beginning of the period	624,990	405,281	214,914	368,323
	Cost of goods manufactured	892,281	494,198	2,778,701	1,636,605
	Trading goods - purchases	3,866	3,947	47,525	33,947
		<u>896,147</u>	<u>498,145</u>	<u>2,826,226</u>	<u>1,670,552</u>
		1,521,137	903,426	3,041,140	2,038,875
	Stocks at end of the period	(545,645)	(390,504)	(545,645)	(390,504)
		<u>975,492</u>	<u>512,922</u>	<u>2,495,495</u>	<u>1,648,371</u>
10.1	Cost of goods manufactured				
	Work in process at beginning of the period	17,698	17,364	33,875	48,127
	Raw materials and components consumed	852,805	445,693	2,565,924	1,457,747
	Direct labour and factory overheads	64,272	47,789	221,396	147,378
		<u>917,077</u>	<u>493,482</u>	<u>2,787,320</u>	<u>1,605,126</u>
		934,775	510,846	2,821,195	1,653,253
	Work in process at end of the period	(42,494)	(16,648)	(42,494)	(16,648)
		<u>892,281</u>	<u>494,198</u>	<u>2,778,701</u>	<u>1,636,605</u>



	Note	Un-audited March 31, 2016	Un-audited March 31, 2015
11. CASH USED IN OPERATIONS		(Rupees '000)	
Profit before taxation		735,478	87,361
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		18,520	18,125
- intangible assets		45	227
- investment property		125	146
Exchange loss		-	1,625
Provision for gratuity		6,905	7,102
Gain on disposal of operating fixed assets		-	(131)
Amortization of gain on sale and lease back of fixed assets		-	(42)
Interest income		(598)	(241)
Finance cost		80,647	127,329
		841,122	241,501
Working capital changes - net	11.1	<u>(1,239,453)</u>	<u>28,808</u>
		<u>(398,331)</u>	<u>270,309</u>
11.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores and spare parts		202	(641)
Stock-in-trade		(711,315)	232,612
Trade debts		(168,037)	(923)
Loans and advances		87,300	15,800
Trade deposits and prepayments		91,730	55,968
Other receivables		(458)	(14,053)
Sales tax refundable / adjustable		(191,942)	(38,971)
		<u>(892,520)</u>	<u>249,791</u>
Decrease in trade and other payables		<u>(346,933)</u>	<u>(220,983)</u>
		<u>(1,239,453)</u>	<u>28,808</u>
12. CASH AND CASH EQUIVALENTS			
Cash and bank balances		77,884	19,078
Short term borrowings		(923,173)	(950,445)
		<u>(845,289)</u>	<u>(931,367)</u>



13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and other price risk).

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2015.

There has been no change in Company's sensitivity to these risks since June 30, 2015 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

14. OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment.

All non-current assets of the Company at March 31, 2016 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited) Nine months ended	
		March 31, 2016	March 31, 2015
		———— (Rupees '000) ————	
(a) Holding Company			
Bibojee Services (Pvt.) Ltd.	Dividend paid	37,545	-
(b) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	262	256
(c) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	131,552	63,842
	Rental income	675	1,800
	Dividend paid	453	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	111,922	60,875
	Sales of parts	5	-
	Sales - truck	-	2,250
	Reimbursement of expenses	-	180
	Purchase - vehicles	34,410	-
	Dividend paid	23,248	-
Ghandhara Dong Feng (Pvt.) Ltd. (Common Directorship)	Body Fabrication	30	-




Name of related party and nature of relationship	Nature of transactions	(Un-audited) Nine months ended	
		March 31, 2016	March 31, 2015
		———— (Rupees '000) ————	
The Universal Insurance Company Limited (Common Directorship)	Dividend paid	5,329	-
Bibojee Investments (Pvt.) Ltd. (Common Directorship)	Dividend paid	96	-
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	1,350	1,350
Gammon Pakistan Ltd. (Common Directorship)	Rent expense Reimbursement of expenses	1,125 165	1,125 -
Hasan & Hasan Advocates (Common Directorship)	Retainership and legal advice fee	90	1,100
(d) Technology supplier			
Isuzu Motors Ltd. - Japan	Commission earned	25,437	22,087
	Royalty accrued	8,335	5,098
	Reimbursement of expenses	-	3,367
	Warranty claims received	104	270
	Purchase of Parts	-	1,034
(e) Other			
Key management personnel	Remuneration and other benefits Retirement benefit paid	15,083 -	15,250 552

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2015, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the nine months ended March 31, 2015.

17. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on April 22, 2016 by the Board of Directors of the Company.


Ahmad Kuli Khan Khattak
 Chief Executive Officer


Shahid Kamal Khan
 Director

BOOK POST



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

CORPORATE