



**ISUZU**

CONDENSED INTERIM  
FINANCIAL INFORMATION  
for the First Quarter Ended  
September 30, 2014  
(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
Mr. Safar Ali	Secretary

**BOARD HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

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

**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 unaudited accounts for the quarter ended on September 30, 2014.

### Financial results

Sales revenue for the quarter has been better as compared to the corresponding period of the previous year. The sale of trucks and buses in the quarter rose to 241 units from 88 units in the same quarter of last year.

The results for the quarter are as follows:

	Quarter ended September 30,	
	2014	2013
Sales (Rs '000)	<b>789,047</b>	648,026
Gross profit (Rs '000)	<b>131,276</b>	88,190
Profit from operations (Rs '000)	<b>84,764</b>	44,582
Profit before tax (Rs '000)	<b>42,460</b>	3,281
Profit after tax (Rs '000)	<b>24,599</b>	1,721
Earnings per share (Rs)	<b>1.15</b>	0.08

Due to better product mix, higher sales quantity, and favorable exchange rate, the gross profit margin increase to 17% from 14%.

### Future outlook

The management of the Company is expecting better sales quantities in the future, however, higher inflationary pressures and uncertain economic and political environment continues to pose challenges.

By Order of the Board

Karachi:  
October 24, 2014

**AHMAD KULI KHAN KHATTAK**  
Chief Executive



**CONDENSED INTERIM BALANCE SHEET**  
AS AT SEPTEMBER 30, 2014

	Note	Unaudited September 30, 2014	Audited June 30, 2014
<b>ASSETS</b>			
<b>(Rupees '000)</b>			
<b>Non-current assets</b>			
Property, plant & equipment	5	1,674,259	1,678,603
Intangible assets		272	346
Investment properties		89,580	89,645
Long term Investment		1,400	1,400
Long term loans		607	636
Long term deposits		2,935	2,747
Deferred taxation		8,334	18,304
		<u>1,777,387</u>	<u>1,791,681</u>
<b>Current assets</b>			
Stores and spares parts		988	1,859
Stock-in-trade	6	1,030,188	1,055,872
Trade debts		251,026	220,786
Loans and advances		216,849	209,547
Trade deposits and prepayments		193,890	187,098
Other receivables		5,179	7,478
Sales tax refundable / adjustable		117,039	74,388
Taxation - payments less provision		150,970	135,719
Cash and bank balances		23,658	34,597
		<u>1,989,787</u>	<u>1,927,344</u>
<b>Total Assets</b>		<u><b>3,767,174</b></u>	<u><b>3,719,025</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		213,044	213,044
Unappropriated profit		160,445	133,989
		<u>373,489</u>	<u>347,033</u>
<b>Surplus on revaluation of fixed assets</b>		1,671,321	1,673,179
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		8,908	7,939
Deferred liabilities		26,728	24,866
		<u>35,636</u>	<u>32,805</u>
<b>Current liabilities</b>			
Trade and other payables		442,305	547,796
Accrued mark-up/ interest		42,929	30,515
Short term borrowings		1,197,251	1,080,045
Current maturity of liabilities against assets subject to finance lease		4,243	7,652
		<u>1,686,728</u>	<u>1,666,008</u>
<b>Contingencies and commitments</b>	7	-	-
<b>Total equity and liabilities</b>		<u><b>3,767,174</b></u>	<u><b>3,719,025</b></u>

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

Chief Executive Officer

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014 - UNAUDITED**

	Note	September 30, 2014	September 30, 2013
(Rupees '000)			
Net sales		789,047	648,026
Cost of sales	8	(657,771)	(559,836)
<b>Gross profit</b>		<u>131,276</u>	<u>88,190</u>
Distribution expenses		(28,336)	(17,182)
Administrative expenses		(15,460)	(17,988)
Other operating expenses		(3,338)	(8,800)
Other operating income		622	362
<b>Profit from operations</b>		<u>84,764</u>	<u>44,582</u>
Finance cost		(42,304)	(41,301)
<b>Profit before taxation</b>		<u>42,460</u>	<u>3,281</u>
Taxation		(17,861)	(1,560)
<b>Profit after taxation</b>		<u>24,599</u>	<u>1,721</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u>24,599</u></u>	<u><u>1,721</u></u>
<b>Earnings per share - basic and diluted</b>		<u><u>1.15</u></u>	<u><u>0.08</u></u>

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

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014 - UNAUDITED**

	Note	September 30, 2014	September 30, 2013
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	9	(70,405)	(119,976)
Finance cost paid		(29,885)	(29,256)
Income tax paid		(23,141)	(8,901)
Long term loans - net		28	185
Long term deposits		(188)	-
Net cash used in operating activities		<u>(123,591)</u>	<u>(157,948)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,471)	(1,674)
Interest received		357	337
Net cash used in investing activities		<u>(2,114)</u>	<u>(1,337)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease - net		(2,440)	(3,760)
<b>Net decrease in cash and cash equivalents</b>		<b>(128,145)</b>	<b>(163,045)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(1,045,448)</b>	<b>(1,174,247)</b>
<b>Cash and cash equivalents - at end of the period</b>	10	<b><u>(1,173,593)</u></b>	<b><u>(1,337,292)</u></b>

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

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014 - UNAUDITED**

	Issued subscribed and paid-up capital	Unappropriated profit	Total
(Rupees '000)			
<b>Balance as at July 1, 2013</b>	<b>213,044</b>	<b>103,933</b>	<b>316,977</b>
Total comprehensive profit for the quarter	-	1,721	1,721
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,857	1,857
<b>Balance as at September 30, 2013</b>	<b>213,044</b>	<b>107,511</b>	<b>320,555</b>
Total comprehensive profit for the quarter	-	22,347	22,347
Other Comprehensive loss	-	(1,440)	(1,440)
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	5,571	5,571
<b>Balance as at June 30, 2014</b>	<b>213,044</b>	<b>133,989</b>	<b>347,033</b>
Total comprehensive profit for the period	-	24,599	24,599
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,857	1,857
<b>Balance as at September 30, 2014</b>	<b>213,044</b>	<b>160,445</b>	<b>373,489</b>

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

Chief Executive Officer

Director





## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2014 - UNAUDITED**

### **1. CORPORATE INFORMATION**

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

Bibojee Services (Private) Limited, the ultimate Holding Company, held 8,343,397 (June 30, 2014: 8,343,397) ordinary shares of Rs.10 each as at September 30, 2014.

### **2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the quarter ended September 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2014. Comparative balance sheet is extracted from annual financial statements of June 30, 2014 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 quarter ended September 30, 2013.

### **3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2014.

### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2014.



	Note	Unaudited September 30, 2014	Audited June 30, 2014
(Rupees '000)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,672,561	1,676,905
Capital work-in-progress - advance against computer software		<u>1,698</u>	<u>1,698</u>
		<u><b>1,674,259</b></u>	<u><b>1,678,603</b></u>
<b>5.1 Operating fixed assets</b>			
Book value at the beginning of the period / year		1,676,905	1,701,672
Additions during the period / year	5.2	2,471	4,117
Less:			
Depreciation charged during the period / year		<u>6,815</u>	<u>28,884</u>
		<u><b>1,672,561</b></u>	<u><b>1,676,905</b></u>
<b>5.2 Additions during the period / year</b>			
Plant & machinery - Owned		2,471	33
Furniture & fixture		-	24
Office machines and equipment		-	483
Motor vehicles:			
- Owned		-	1,811
- Leased		-	1,019
Computers		<u>-</u>	<u>747</u>
		<u><b>2,471</b></u>	<u><b>4,117</b></u>
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components			
In hand		523,930	648,294
Less: provision for slow moving raw material		<u>20,150</u>	<u>20,150</u>
		<u><b>503,780</b></u>	<u><b>628,144</b></u>
In transit		<u>124,861</u>	<u>11,278</u>
		<u><b>628,641</b></u>	<u><b>639,422</b></u>
Work in Process		22,816	48,127
Finished goods including components		304,446	293,621
Trading stocks		<u>89,217</u>	<u>89,634</u>
Less: provision for slow moving stock		<u>14,932</u>	<u>14,932</u>
		<u><b>74,285</b></u>	<u><b>74,702</b></u>
		<u><b>1,030,188</b></u>	<u><b>1,055,872</b></u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
There is no change in status of contingent liabilities as reported in note 27.1 of the audited annual financial statements of the Company for the year ended June 30, 2014.			



		Unaudited September 30, 2014	Audited June 30, 2014
		(Rupees '000)	
<b>7.2 Commitments</b>			
Bank guarantees		<u>589,647</u>	<u>781,659</u>
Letters of credit		<u>365,702</u>	<u>435,644</u>
	Note	Unaudited September 30, 2014	Unaudited September 30, 2013
		(Rupees '000)	
<b>8. COST OF SALES</b>			
Stock at beginning		293,621	463,575
Cost of goods manufactured	8.1	667,793	475,651
Trading Stock		75,088	14,140
		<u>1,036,502</u>	<u>953,366</u>
Stock at end		<u>(378,731)</u>	<u>(393,530)</u>
		<u>657,771</u>	<u>559,836</u>
<b>8.1 COST OF GOODS MANUFACTURED</b>			
Work-in-process at beginning		48,127	121,974
Raw materials and components consumed		589,644	364,703
Direct Labour and overheads		52,838	32,353
		<u>690,609</u>	<u>519,030</u>
Work-in-process at end		<u>(22,816)</u>	<u>(43,379)</u>
		<u>667,793</u>	<u>475,651</u>
<b>9. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		42,460	3,281
Adjustment for non cash charges and other items:			
Depreciation / amortization on :			
Operating fixed assets		6,815	7,786
Intangibles		75	75
Investment properties		63	63
Amortization of gain on sale and lease back of fixed asset		(25)	(25)
Finance cost		42,304	41,301
Interest income		(361)	(337)
Provision for gratuity		1,886	1,814
		<u>93,217</u>	<u>53,958</u>
Working capital changes	9.1	<u>(163,622)</u>	<u>(173,934)</u>
		<u>(70,405)</u>	<u>(119,976)</u>



	Unaudited September 30, 2014	Unaudited September 30, 2013
	(Rupees '000)	
<b>9.1 Working capital changes</b>		
(Increase) / decrease in current assets		
Stores & spare parts	871	285
Stock-in-trade	25,684	193,791
Trade debts	(30,240)	(435,364)
Loans and advances	(7,302)	(33,697)
Trade deposits and prepayments	(6,792)	30,185
Other receivables	2,299	(1,898)
Sales tax refundable/ adjustable	(42,651)	60,635
	<u>(58,131)</u>	<u>(186,063)</u>
(Increase) / decrease in current liabilities		
Trade and other payable	(105,491)	12,129
	<u>(163,622)</u>	<u>(173,934)</u>
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	23,658	21,037
Short-term borrowings - running finances	(1,197,251)	(1,358,329)
	<u>(1,173,593)</u>	<u>(1,337,292)</u>

**11. TRANSACTIONS WITH RELATED PARTIES**

Name of related party and nature of relationship	Nature of transactions	Unaudited September 30, 2014	Unaudited September 30, 2014
		(Rupees '000)	
<b>(i) Subsidiary Company</b>			
Marghzar Industries (Pvt.) Ltd.	Financial charges	86	82
<b>(ii) Associated Companies</b>			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	30,261	10,908
	Rental Income	225	-
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	24,289	-
	Purchase of fleet vehicles	-	565
The Universal Insurance Co. Ltd. (Common Directorship)	Insurance premium	-	1,300
Rehman Cotton Mills Ltd. (Common Directorship)	Rent accrued	450	300
Gammon Pakistan Ltd. (Common Directorship)	Rent accrued	375	375
Hasan & Hasan Advocates (Common Directorship)	Retainership fee	30	30
<b>(iii) Technology supplier</b>			
Isuzu Motors Ltd. - Japan	Royalty accrued	2,252	-
<b>(iv) Key management personnel</b>			
	Remuneration and other benefits	5,147	4,987



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**12. GENERALS**

12.1 Figures have been rounded off to the nearest thousand rupees except stated otherwise.

12.2 This condensed interim financial information was approved and authorized for issue by the Board of Directors on October 24, 2014.

Chief Executive Officer

Director

# BOOK POST



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

CORPORATE