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Condensed Interim Financial Information

for the First Quarter
Ended September 30, 2016
(Un-Audited)



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Financial Information

Company Information

Legal Advisors

S. Abid Sherazi & Co.
Hassan & Hassan (Advocates)

Bankers

National Bank of Pakistan
Al-Baraka Bank (Pakistan) Ltd.
JS Bank Ltd.
Faysal Bank Ltd.
The Bank of Punjab
MCB Islamic

Share Registrar

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

Registered Office

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

Website: www.gil.com.pk
Email: info@gil.com.pk

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
Maj. (R) Muhammad Zia	Director
Mr. Jamil Ahmed Shah	Director
Mr. Shahid Kamal Khan	Ind. Director

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

Human Resource & Remuneration Committee

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Maj. (R) Muhammad Zia	Member
Mr. Muhammad Ali Tahir	Secretary

Chief Financial Officer & Company Secretary

Mr. Iftikhar Ahmed Khan

Auditors

M/s. Shinewing Hameed Chaudhri & Co.
Chartered Accountants
5th Floor, Karachi Chambers
Hasrat Mohani Road, Karachi.



Directors' Review

The directors of your company take pleasure in presenting the unaudited accounts for the quarter ended September 30, 2016.

FINANCIAL RESULTS

This has been a remarkable quarter for the company selling 515 units as compared to 283 units in the same quarter of last year thereby making a new record to set a future challenge. The 82% increase in sales volume posted an increased sales of Rs. 547 million.

The results for the quarter are as follows:

	Quarter ended September 30,	
	2016	2015
	----- (Rupees' 000) -----	
Sales	1,489,768	942,670
Gross profit	360,211	251,314
Profit from operations	301,087	194,907
Profit before tax	281,204	176,996
Profit after tax	179,575	126,156
Earnings per share (Rs)	8.43	5.93

Another remarkable profit before tax of Rs. 281 million for a quarter in the history of Ghandhara Industries Limited showing that the trend of making history continues.

FUTURE OUTLOOK

The positive macroeconomic indicators and better security situation in the country shows promising prospects for the future but political instability may pose a threat for business. However, the management is confident of healthy performance in the future with well-established plans and sufficient future orders in hand.

By order of the Board



Ahmad Kuli Khan Khattak
 Chief Executive

Karachi:
 October 28, 2016



ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والی سرمایہ کے ان آڈیٹڈ اکاؤنٹس کو پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

کمپنی کے لیے یہ سرمایہ بیچنے پر سرمایہ کے 283 پنس کی فروخت کے مقابلے میں 515 پنس کی فروخت کے ساتھ قابل ذکر رہی جو کہ کمپنی کے لیے ایک بنیاد رکھتا ہے اور مستقبل میں کمپنی کے لیے ایک مشعل راہ۔ فروخت کے حجم میں 82 فیصد اضافے کے ساتھ 547 ملین افغانی بیلز ہوئی۔

سرمایہ کے نتائج مندرجہ ذیل ہیں:

	Quarter ended September 30,	
	2016	2015
	----- (Rupees' 000) -----	
Sales	1,489,768	942,670
Gross profit	360,211	251,314
Profit from operations	301,087	194,907
Profit before tax	281,204	176,996
Profit after tax	179,575	126,156
Earnings per share (Rs)	8.43	5.93

گندھارا انڈسٹریز لمیٹڈ کی تاریخ میں ایک اور قابل ذکر 281 ملین PBT جس سے یہ ثابت ہوتا ہے کہ تاریخ رقم کرنے کا امتحان جاری ہے۔

مستقبل پر نظر:

ملک میں مثبت معاش اشارے اور ریٹیز سکورٹی کی صورت حال مستقبل کے لئے امید افزا امکانات کو ظاہر کرتا ہے لیکن سیاسی عدم استحکام کا روبرو کرنے کے لئے ایک خطرہ ہے۔ تاہم بینجمنٹ کی طے شدہ منصوبہ بندی اور درآمد مقدار میں مستقبل کے آرڈرز کے ساتھ مستقبل میں صحت بخش کارکردگی کا یقین ہے۔

بحکم پورڈ



امیر گلی خان تنک

چیف ایگزیکٹو آفیسر

کراچی: 28 اکتوبر 2016



**CONDENSED INTERIM
FINANCIAL INFORMATION**

For the three months ended September 30, 2016
Unaudited

Condensed Interim Balance Sheet

As at September 30, 2016

	Note	Unaudited Sep 30, 2016	Audited Jun 30, 2016
----- (Rupees' 000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,937,242	1,941,250
Intangible assets		621	-
Investment properties		89,083	89,145
Long term Investment		1,400	1,400
Long term loans		2,884	2,298
Long term deposits		12,337	12,085
		2,043,567	2,046,178
CURRENT ASSETS			
Stores and spare parts		3,988	1,980
Stock-in-trade	6	2,321,636	1,623,753
Trade debts	7	131,837	259,680
Loans and advances		257,435	142,349
Trade deposits and prepayments		885,515	339,626
Other receivables		34,591	18,518
Sales tax refundable / adjustable		198,241	30,484
Taxation - payments less provision		93,337	111,896
Cash and bank balances		35,484	585,735
		3,962,064	3,114,021
TOTAL ASSETS		6,005,631	5,160,199
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (June 30, 2016: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital			
21,304,422 (June 30, 2016: 21,304,422) ordinary shares of Rs.10 each		213,044	213,044
Unappropriated profit		1,204,112	1,022,517
		1,417,156	1,235,561
SURPLUS ON REVALUATION OF FIXED ASSETS			
		1,871,022	1,872,992
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		38,175	36,000
Deferred liabilities		40,115	37,802
Deferred taxation		61,778	51,895
		140,068	125,697
CURRENT LIABILITIES			
Trade and other payables		1,714,549	1,697,510
Current maturity of liabilities against assets subject to finance lease		5,014	8,597
Accrued mark-up/ interest		29,693	25,813
Short term borrowings	8	828,129	194,029
		2,577,385	1,925,949
TOTAL LIABILITIES		2,717,453	2,051,646
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		6,005,631	5,160,199

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
Chief Executive


Jamil Ahmed Shah
Director


Condensed Interim Profit & Loss Account

For the three months ended September 30, 2016 - Unaudited

	Note	September 30,	
		2016	2015
		----- (Rupees' 000) -----	
Net sales		1,489,768	942,670
Cost of sales	10	(1,129,557)	(691,356)
Gross profit		360,211	251,314
Distribution expenses		(47,971)	(41,900)
Administrative expenses		(22,701)	(20,450)
Other expenses		(5,897)	(6,340)
Other income		17,518	12,283
Profit from operations		301,160	194,907
Finance cost		(19,883)	(17,911)
Profit before taxation		281,277	176,996
Taxation		(101,652)	(50,840)
Profit after taxation		179,625	126,156
Other comprehensive income		-	-
Total comprehensive income		179,625	126,156
Earnings per share - basic and diluted (Rupees)		8.43	5.93

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Ahmad Kuli Khan Khattak
 Chief Executive



Jamil Ahmed Shah
 Director



Condensed Interim Cash Flow Statement

For the three months ended September 30, 2016 - Unaudited

	Note	Unaudited Sep 30, 2016	Unaudited Sep 30, 2015
----- (Rupees' 000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(1,090,595)	(478,486)
Gratuity paid		(178)	(760)
Finance cost paid		(16,003)	(23,985)
Income tax paid		(73,213)	(53,539)
Long term loans		(586)	(2,804)
Long term deposits		(252)	90
Net cash used in operating activities		(1,180,827)	(559,484)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(3,930)	(880)
Sale proceeds on disposal of property, plant and equipment		350	-
Interest received		2,077	216
Net cash used in investing activities		(1,503)	(664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(9)	-
Liabilities against asset subject to finance lease		(2,012)	(993)
Net cash used in financing activities		(2,021)	(993)
Net decrease in cash and cash equivalents		(1,184,351)	(561,140)
Cash and cash equivalents - at beginning of the period		391,706	(65,430)
Cash and cash equivalents - at end of the period	12	(792,645)	(626,570)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
 Chief Executive


Jamil Ahmed Shah
 Director


Condensed Interim Statement of Changes in Equity

For the three months ended September 30, 2016 - Unaudited

	Issued subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees' 000)		
Balance as at July 1, 2015 - (Audited)	213,044	365,002	578,046
Profit for the quarter	-	126,156	126,156
Other comprehensive income	-	-	-
	-	126,156	126,156
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	2,589	2,589
Balance as at September 30, 2015	213,044	493,747	706,791
Balance as at July 1, 2016 - (Audited)	213,044	1,022,517	1,235,561
Profit for the quarter	-	179,625	179,625
Other comprehensive income	-	-	-
	-	179,625	179,625
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	1,970	1,970
Balance as at September 30, 2016	213,044	1,204,112	1,417,156

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Ahmad Kuli Khan Khattak
 Chief Executive


Jamil Ahmed Shah
 Director


Notes to the Condensed Interim Financial Information

For the three months ended September 30, 2016 - Unaudited

1. CORPORATE INFORMATION

Ghandhara 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, 2016: 8,343,397) ordinary shares of Rs.10 each of the Company as at September 30, 2016.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the three months ended September 30, 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, 2016.

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, 2016.

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, 2016. 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, 2016.



	Unaudited Sep 30, 2016	Audited Jun 30, 2016
	----- (Rupees' 000) -----	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - at net book value	1,935,223	1,937,957
Capital work-in-progress - at cost	2,019	3,293
	<u>1,937,242</u>	<u>1,941,250</u>
5.1 Additions of operating fixed assets during the period / year are as follows:		
Owned		
- Plant and machinery	-	11,982
- Permanent tools	-	135
- Furniture and fixture	-	141
- Motor vehicles	2,253	637
- Trucks / lift trucks	-	2,100
- Office machines & equipment	710	582
- Computers	382	521
Leased		
- Cars	1,859	6,788
	<u>5,204</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>-</u>	<u>2,021</u>
6. STOCK-IN-TRADE		
Raw materials and components	1,454,930	1,125,310
Work-in-process	134,093	27,440
Finished goods including components	576,593	393,420
Trading stocks	156,020	77,583
	<u>2,321,636</u>	<u>1,623,753</u>
7. TRADE DEBTS		
- Unsecured and considered good		
Government and semi-government agencies	49,964	213,651
Others	81,873	46,029
	<u>131,837</u>	<u>259,680</u>



	Unaudited Sep 30, 2016	Audited Jun 30, 2016
	----- (Rupees' 000) -----	
8. SHORT TERM BORROWINGS - Secured		
Running finances	220,032	-
Finance against imported merchandise \ Murabaha	475,697	61,629
Istisna	132,400	132,400
	<u>828,129</u>	<u>194,029</u>
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There has been no significant change in status of contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended June 30, 2016.		
	Unaudited Sep 30, 2016	Audited Jun 30, 2016
	----- (Rupees' 000) -----	
9.2 Commitments		
Bank guarantees	<u>1,774,364</u>	<u>1,144,655</u>
Letters of credit	<u>2,697,438</u>	<u>809,877</u>
	----- (Rupees' 000) -----	
	Unaudited Quarter ended	
	Sep 30, 2016	Sep 30, 2015
	----- (Rupees' 000) -----	
10. COST OF SALES		
Stocks at beginning of the period	471,003	214,914
Cost of goods manufactured	1,296,316	945,171
Trading goods - purchases	94,851	24,614
	<u>1,391,167</u>	969,785
	<u>1,862,170</u>	1,184,699
Stocks at end of the period	<u>(732,613)</u>	<u>(493,343)</u>
	<u>1,129,557</u>	<u>691,356</u>



	Unaudited Quarter ended	
	Sep 30, 2016	Sep 30, 2015
Note	----- (Rupees' 000) -----	
10.1 Cost of goods manufactured		
Work in process at beginning of the period	27,440	33,875
Raw materials and components consumed	1,301,445	879,040
Direct labour and factory overheads	101,524	79,085
	1,402,969	958,125
	1,430,409	992,000
Work in process at end of the period	(134,093)	(46,829)
	1,296,316	945,171
11. CASH USED IN OPERATIONS		
Profit before taxation	281,277	176,996
Adjustment for non cash charges and other items:		
Depreciation / amortization on:		
- property, plant and equipment	7,938	5,832
- intangible assets	-	44
- investment property	63	63
Provision for gratuity	2,586	2,302
Gain on disposal of operating fixed assets	(350)	-
Amortization of gain on sale and lease back of fixed assets	(90)	-
Interest income	(2,077)	(216)
Finance cost	19,883	17,911
	309,230	202,932
Working capital changes - net	11.1 (1,399,824)	(681,418)
	(1,090,595)	(478,486)



	Unaudited	
	Sep 30, 2016	Sep 30, 2015
	----- (Rupees' 000) -----	
11.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores and spare parts	(2,009)	917
Stock-in-trade	(697,883)	(469,584)
Trade debts	127,843	(66,863)
Loans and advances	(115,086)	86,225
Trade deposits and prepayments	(545,889)	67,844
Other receivables	(16,073)	4,621
Sales tax refundable / adjustable	(167,757)	(179,787)
	<u>(1,416,854)</u>	<u>(556,627)</u>
Decrease in trade and other payables	17,030	(124,791)
	<u>(1,399,824)</u>	<u>(681,418)</u>
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	35,484	10,133
Short term borrowings	(828,129)	(636,703)
	<u>(792,645)</u>	<u>(626,570)</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, 2016.

There has been no change in Company's sensitivity to these risks since June 30, 2016 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 September 30, 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	Unaudited	
		September 30, 2016	2015
----- (Rupees' 000) -----			
(a) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	87	87
	Reimbursement of expenses	60	60
(b) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	54,609	46,289
	Rental income	225	225
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	53,633	31,110
Rehman Cotton Mills Ltd. (Common Directorship)	Sales of parts	2,620	5
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	450	450
	Rent expense	750	375
	Reimbursement of expenses	11	-
Hasan & Hasan Advocates (Common Directorship)	Retainership and legal advice fee	30	30
(c) Technology supplier			
Isuzu Motors Ltd. - Japan	Commission earned	14,900	11,648
	Royalty accrued	4,663	2,732
(d) Other			
Key management personnel	Remuneration and other benefits	6,578	5,543



16. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on October 4, 2016 have proposed final cash dividend of Rs.10 (2015: Rs.4.5) per share, amounting to Rs.213,044 thousand (2015: Rs.95,870 thousand) for the year ended June 30, 2016. The proposed dividend will be approved in the forthcoming annual general meeting to be held on October 31, 2016.

These financial statements do not reflect the proposed dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in the period ending December 31, 2016.

17. 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, 2016, 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 three months ended September 30, 2015.

18. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on October 28, 2016 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive



Jamil Ahmed Shah
Director





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

BellCow