



ISUZU

CONDENSED INTERIM
FINANCIAL INFORMATION
for the Half Year Ended
December 31, 2014
(Un-Audited)

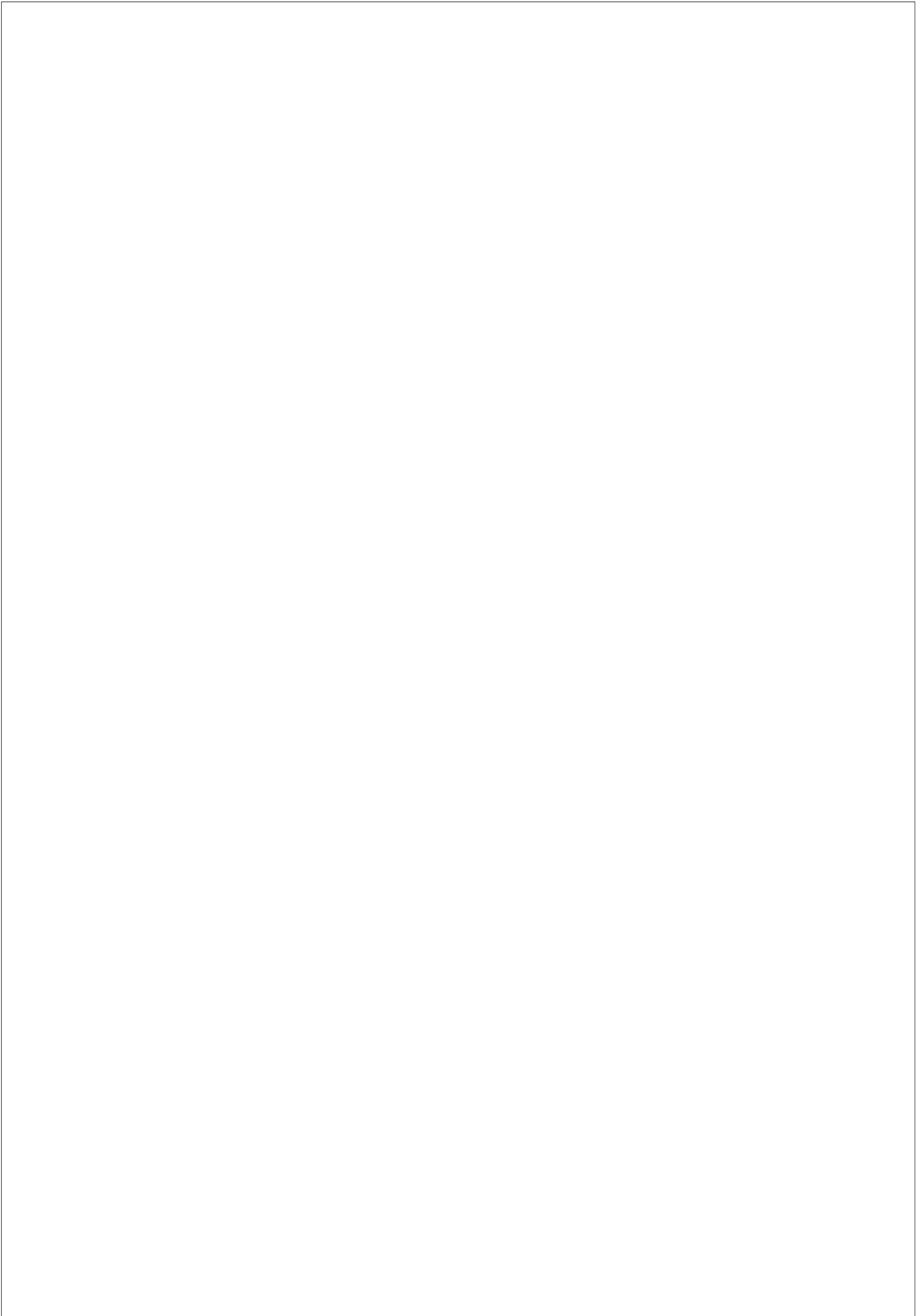


GANDHARA INDUSTRIES LIMITED
A Bibojee Group Company



CONTENTS

- COMPANY INFORMATION3
- DIRECTORS' REPORT 4
- AUDITORS' REPORT 5
- CONDENSED INTERIM BALANCE SHEET6
- CONDENSED INTERIM PROFIT & LOSS ACCOUNT7
- CONDENSED INTERIM CASH FLOW STATEMENT8
- CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY9
- NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION10





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. Muhammed 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 reviewed financial information for the half year period ended on December 31, 2014.

Financial results

Sales revenue has increased by 26% on half yearly basis and 32% on QoQ basis as compared to corresponding period. The company also achieved remarkable growth of 88% in sales volume of its normal product line. Effective cost control, efficient management of resources along with better product mix resulted in increased gross profit margin of 17.44% from 11.90%.

The results for the quarter are as follows:

	Quarter ended December 31		Half year ended December 31	
	2014	2013	2014	2013
Sales (Rs '000)	586,287	443,322	1,375,334	1,091,348
Gross profit (Rs '000)	108,610	41,688	239,886	129,879
Profit from operations (Rs '000)	72,187	9,581	156,952	54,164
Profit/(Loss) before tax (Rs '000)	27,783	(36,496)	70,243	(33,214)
Profit/(Loss) after tax (Rs '000)	13,011	(31,621)	37,610	(29,899)
Earnings/(Loss) per share (Rs)	0.62	(1.48)	1.77	(1.40)

Future outlook

The management of the Company expects to continue the trend of growth and improved results in future as well, however; uncertain economic and political environment may pose challenges.

By order of the Board

Karachi:
February 23, 2015

AHMAD KULI KHAN KHATTAK
Chief Executive



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Gandhara Industries Limited as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 8.1.1 of this interim financial information, the Company has written back in the financial statements for the year ended June 30, 2007 provision for Workers' Profit Participation Fund for the year ended June 30, 2006 based on a legal opinion and in a view of petition pending adjudication in the Sindh High Court on this matter.

If it is established that the provisions of the Company's Profits (Workers' Participation) Act, 1968 are applicable to the Company, provision in respect of year ended June 30, 2006 amounting to Rs.7.722 million including any penalties may become payable.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri
KARACHI; February 23, 2015



CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014	Audited June 30, 2014
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,678,355	1,678,603
Intangible assets		195	346
Investment property		89,519	89,645
Long term investment		1,400	1,400
Long term loans		645	636
Long term deposits		2,709	2,747
Deferred taxation		909	18,304
		<u>1,773,732</u>	<u>1,791,681</u>
Current Assets			
Stores and spare parts		2,282	1,859
Stock-in-trade		1,168,148	1,055,872
Trade debts	6	480,717	220,786
Loans and advances		197,053	209,547
Trade deposits and prepayments		106,811	187,098
Other receivables		15,045	7,478
Sales tax refundable / adjustable		100,410	74,388
Taxation - payments less provision		151,603	135,719
Cash and bank balances		7,495	34,597
		<u>2,229,564</u>	<u>1,927,344</u>
Total Assets		<u>4,003,296</u>	<u>3,719,025</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 50,000,000 (June 30, 2014: 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, 2014: 21,304,422) ordinary shares of Rs.10 each		213,044	213,044
Unappropriated profit		175,370	133,989
		<u>388,414</u>	<u>347,033</u>
Surplus on Revaluation of Fixed Assets		1,669,408	1,673,179
Non-Current Liabilities			
Liabilities against assets subject to finance lease		7,814	7,939
Deferred liabilities		27,553	24,866
		<u>35,367</u>	<u>32,805</u>
Current Liabilities			
Trade and other payables		449,640	547,796
Accrued mark-up / interest		62,616	30,515
Short term borrowings	7	1,393,666	1,080,045
Current maturity of liabilities against assets subject to finance lease		4,185	7,652
		<u>1,910,107</u>	<u>1,666,008</u>
		<u>1,945,474</u>	<u>1,698,813</u>
Contingencies and Commitments	8	-	-
Total Equity and Liabilities		<u>4,003,296</u>	<u>3,719,025</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Rupees '000)					
Sales - net		586,287	443,322	1,375,334	1,091,348
Cost of sales	9	(477,677)	(401,634)	(1,135,448)	(961,469)
Gross profit		108,610	41,688	239,886	129,879
Distribution cost		(30,009)	(25,098)	(58,345)	(42,280)
Administrative expenses		(17,505)	(17,658)	(32,965)	(35,646)
Other expenses		(4,062)	2,644	(7,400)	(6,156)
Other income		15,153	8,005	15,775	8,367
Profit from operations		72,187	9,581	156,951	54,164
Finance cost		(44,404)	(46,077)	(86,708)	(87,378)
Profit / (loss) before taxation		27,783	(36,496)	70,243	(33,214)
Taxation		(14,772)	4,875	(32,633)	3,315
Profit / (loss) after taxation		13,011	(31,621)	37,610	(29,899)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		13,011	(31,621)	37,610	(29,899)
(Rupees)					
Basic and diluted earnings / (loss) per share		0.62	(1.48)	1.77	(1.40)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	Half year ended	
		December 31, 2014	December 31, 2013
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	10	(238,195)	11,911
Gratuity paid		(2,008)	(5,263)
Finance cost paid		(54,607)	(59,843)
Income tax paid		(31,122)	(23,362)
Long term loans - net		(9)	331
Long term deposits - net		38	(302)
Net cash used in operating activities		<u>(325,903)</u>	<u>(76,528)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(11,921)	(1,674)
Sale proceeds on disposal of operating fixed assets		269	286
Interest received		424	397
Net cash used in investing activities		<u>(11,228)</u>	<u>(991)</u>
CASH USED IN FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease - net		(3,592)	(5,449)
Net decrease in cash and cash equivalents		<u>(340,723)</u>	<u>(82,968)</u>
Cash and cash equivalents - at beginning of the period		<u>(1,045,448)</u>	<u>(1,174,247)</u>
Cash and cash equivalents - at end of the period	11	<u><u>(1,386,171)</u></u>	<u><u>(1,257,215)</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued subscribed and paid-up capital	Unappropriated profit	Total
(Rupees '000)			
Balance as at July 1, 2013	213,044	103,933	316,977
Total comprehensive loss for the half year ended December 31, 2013			
Loss for the period	-	(29,899)	(29,899)
Other comprehensive income	-	-	-
	-	(29,899)	(29,899)
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	3,714	3,714
Balance as at December 31, 2013 (Un-audited)	213,044	77,748	290,792
Balance as at July 1, 2014	213,044	133,989	347,033
Total comprehensive income for the half year ended December 31, 2014			
Profit for the period	-	37,610	37,610
Other comprehensive income	-	-	-
	-	37,610	37,610
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	3,771	3,771
Balance as at December 31, 2014 (Un-audited)	213,044	175,370	388,414

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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 of the Company as at December 31, 2014.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It 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 requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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, 2014.

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, 2014 except as described below.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The adoption of these new and amended standards did not have any impact on the Company.

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 of the Company for the year ended June 30, 2014.



5. PROPERTY, PLANT AND EQUIPMENT

	Un-audited December 31, 2014	Audited June 30, 2014
	(Rupees '000)	
Operating fixed assets - at net book value	1,669,800	1,676,905
Capital work-in-progress - at cost	8,555	1,698
	<u>1,678,355</u>	<u>1,678,603</u>
5.1 Additions of operating fixed assets during the period / year are as follows:		
Owned		
- Plant and machinery	2,508	33
- Furniture and fixture	141	24
- Motor vehicles	-	1,811
- Truck	2,100	-
- Office machines & equipment	-	483
- Computers	315	747
Leased		
- Cars	-	1,019
	<u>5,064</u>	<u>4,117</u>
Disposal during the period / year - at book value		
- Motor vehicles	135	-
	<u>135</u>	<u>-</u>
6. TRADE DEBTS - Unsecured and considered good		
Government and semi-government agencies	316,257	212,831
Others	164,460	7,955
	<u>480,717</u>	<u>220,786</u>
7. SHORT TERM BORROWINGS - Secured		
Running finances	125,857	148,932
Finance against imported merchandise	525,353	282,585
Istisna	495,425	462,384
Murabaha	247,031	186,144
	<u>1,393,666</u>	<u>1,080,045</u>



8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Company had obtained legal advice in connection with the establishment of Worker's Participation Fund (the Fund) under the Companies Profits (Workers' Participation) Act, 1968 (the Act). The legal advisor is of the view that since, during the year ended June 30, 2006, the Company did not employ any person who falls under the definition of worker as defined in the Act of 1968, it was not legally or factually possible to constitute the Fund as required by section 3 of the Act. As a consequence, the Company was not required to make contributions to the Fund established pursuant to Workers' Welfare Fund Ordinance, 1971. The Company based on legal advice had written back in the financial statements for the year ended June 30, 2007 the amount of contribution of worker's participation fund provided during the year June 30, 2006.

Furthermore, the question whether a company to which the Act of 1968 and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the fund under the act and thereafter transfer the same to the fund established under the Workers' Welfare Fund Ordinance, 1971 is sub-judice before the Sindh High Court as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision in accordance with its order.

If it is established that the above provisions of the Act are applicable to the Company, provision in respect of year ended June 30, 2006 amounting to Rs.7.722 million including any penalties may become payable.

8.1.2 There has been no significant change in status of contingencies as disclosed in note 27.1 of the audited annual financial statements of the Company for the year ended June 30, 2014.

	Un-audited December 31, 2014	Audited June 30, 2014
	(Rupees '000)	
8.2 Commitments		
Bank guarantees	<u>416,448</u>	<u>781,659</u>
Letters of credit	<u>126,450</u>	<u>435,644</u>

9. COST OF SALES

		(Un-audited)			
		Quarter ended		Half year ended	
Note		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		(Rupees '000)			
	Stocks at beginning of the period	378,731	393,530	368,323	463,575
	Cost of goods manufactured	478,669	427,168	1,142,406	902,818
	Trading goods - purchases	25,558	13,682	30,000	27,822
		<u>504,227</u>	440,850	<u>1,172,406</u>	930,640
		<u>882,958</u>	834,380	<u>1,540,729</u>	1,394,215
	Stocks at end of the period	(405,281)	(432,746)	(405,281)	(432,746)
		<u>477,677</u>	401,634	<u>1,135,448</u>	961,469



	(Un-audited)			
	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees '000)			
9.1 Cost of goods manufactured				
Work in process at beginning of the period	22,816	43,379	48,127	121,974
Raw materials and components consumed	425,266	338,474	1,012,054	703,177
Direct labour and factory overheads	47,951	91,312	99,589	123,664
	473,217	429,786	1,111,643	826,841
	496,033	473,165	1,159,770	948,815
Work in process at end of the period	(17,364)	(45,997)	(17,364)	(45,997)
	478,669	427,168	1,142,406	902,818

10. CASH USED IN OPERATIONS

	Note	(Un-audited)	
		Half year ended	
		December 31, 2014	December 31, 2013
		(Rupees '000)	
Profit / (loss) before taxation		70,243	(33,214)
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		12,033	14,616
- intangible assets		151	149
- investment property		126	126
Exchange loss		1,625	-
Provision for gratuity		4,735	3,932
Gain on disposal of operating fixed assets		(131)	(286)
Amortization of gain on sale and lease back of fixed assets		(42)	(50)
Interest income		(424)	(397)
Finance cost		86,708	87,378
		175,024	72,254
Working capital changes - net	10.1	(413,219)	(60,343)
		(238,195)	11,911
10.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spare parts		(423)	1,183
Stock-in-trade		(112,276)	143,735
Trade debts		(259,931)	(36,319)
Loans and advances		12,494	(28,504)
Trade deposits and prepayments		80,287	37,520
Other receivables		(9,192)	(2,846)
Sales tax refundable / adjustable		(26,022)	7,482
		(315,063)	122,251
Decrease in trade and other payables		(98,156)	(182,594)
		(413,219)	(60,343)



(Un-audited)
Half year ended
December 31, 2014 December 31, 2013
(Rupees '000)

11. CASH AND CASH EQUIVALENTS

Cash and bank balances	7,495	21,339
Short term borrowings	<u>(1,393,666)</u>	<u>(1,278,554)</u>
	<u>(1,386,171)</u>	<u>(1,257,215)</u>

12. TRANSACTIONS WITH RELATED PARTIES

12.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transaction	(Un-audited) Half year ended	
		December 31, 2014	December 31, 2013
(Rupees '000)			
(a) Subsidiary Company			
Marghar Industries (Pvt.) Ltd.	Financial charges	171	167
(b) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	52,844	22,187
	Rental income	1,350	1,500
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	35,400	63,250
	Sales - fabrication	-	1,452
	Sales - truck	2,250	-
	Reimbursement of expenses	180	-
	Purchase of fixed assets	-	566
The Universal Insurance Co. Ltd. (Common Directorship)	Insurance premium	-	1,693
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	600
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	750	750
Hasan & Hasan Advocates (Common Directorship)	Retainership and legal advice fee	1,070	60
(c) Technology Supplier			
Isuzu Motors Ltd. - Japan	Commission earned	13,828	6,134
	Royalty accrued	3,779	1,865
	Reimbursement of expenses	3,367	3,499
	Warranty claims received	247	418
(d) Other			
Key management personnel	Remuneration and other benefits	10,167	10,180
	Retirement benefit paid	552	-



Un-audited December 31, 2014	Audited June 30, 2014
---	--------------------------------------

(Rupees '000)

12.2 Period / year end balances are as follows:**Receivables from related parties**

Capital work-in-progress	5,000	-
Long term investment	1,400	1,400
Long term loans	403	415
Loans and advances	5,668	5,511
Trade deposits and prepayments	900	-
Other receivables	15,045	7,478
Payable to related parties		
Trade and other payables	95,026	101,242

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity 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, 2014.

There has been no change in Company's sensitivity to these risks since June 30, 2014 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 December 31, 2014 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

The Company has earned revenue from one (December 31, 2013: two) customer amounting to Rs.193,282 thousand (December 31, 2013: Rs.556,473 thousand) during the current period which constituted 14.05% (December 31, 2013: 50.99%).

15. 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, 2014, 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 half year ended December 31, 2013.



16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 23, 2015 by the Board of Directors of the Company.

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