



# ISUZU

**CONDENSED INTERIM  
FINANCIAL INFORMATION**  
for the Quarter and  
Nine Months Ended  
March 31, 2015  
(Un-Audited)



**GHANDHARA INDUSTRIES LIMITED**  
A Bibojee Group Company



# CONTENTS

- COMPANY INFORMATION .....2
- DIRECTORS' REVIEW ..... 3
- CONDENSED INTERIM BALANCE SHEET .....4
- CONDENSED INTERIM PROFIT & LOSS ACCOUNT .....5
- CONDENSED INTERIM CASH FLOW STATEMENT .....6
- CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY .....7
- NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION .....8





**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 Muhammad	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' REVIEW

The directors of your company take pleasure in presenting the unaudited condensed interim financial information for the nine months period ended on March 31, 2015.

### Financial results

Sales have increased by 20% compared to nine months of the corresponding period. Competitive quality products, favorable product mix and customer friendly after sale service resulted in 55% increase in profit from operations as compared to last year corresponding period. Stringent cost management, declining international steel prices and controlled local input cost resulted in higher gross profit margin of 17% from 12.64%.

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

	Quarter ended		Nine months ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Sales (Rs '000)	611,671	566,573	1,987,005	1,657,921
Gross profit (Rs '000)	98,748	71,626	338,634	201,506
Profit from operations (Rs '000)	57,739	84,581	214,690	138,745
Profit before tax (Rs '000)	17,118	43,022	87,361	9,807
Profit after tax (Rs '000)	29,323	43,070	66,932	13,170
Earnings per share (Rs)	1.38	2.02	3.14	0.62

### Future outlook

The management of the Company remains committed to products of customers' choice. This commitment gives us confidence that your company will attract more customers and in turn prosperity and sustainability for the Company's operations.

By order of the Board

**AHMAD KULI KHAN KHATTAK**  
Chief Executive Officer

Karachi:  
April 24, 2015



**CONDENSED INTERIM BALANCE SHEET**  
AS AT MARCH 31, 2015

	Note	Un-audited March 31, 2015	Audited June 30, 2014
(Rupees '000)			
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment	5	1,672,516	1,678,603
Intangible assets		118	346
Investment properties		89,497	89,645
Long term Investment		1,400	1,400
Long term loans		971	636
Long term deposits		3,737	2,747
Deferred taxation		-	18,304
		<u>1,768,239</u>	<u>1,791,681</u>
<b>Current Assets</b>			
Stores and spares parts		2,500	1,859
Stock-in-trade		823,260	1,055,872
Trade debts	6	221,709	220,786
Loans and advances		193,746	209,547
Trade deposits and prepayments		131,129	187,098
Other receivables		19,906	7,478
Sales tax refundable / adjustable		113,359	74,388
Taxation - payments less provision		200,207	135,719
Cash and bank balances		19,078	34,597
		<u>1,724,894</u>	<u>1,927,344</u>
		<u>3,493,133</u>	<u>3,719,025</u>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital			
50,000,000 (June 30, 2014: 50,000,000)			
ordinary shares of Rs.10 each		500,000	500,000
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		204,648	133,989
		<u>417,692</u>	<u>347,033</u>
<b>Surplus on Revaluation of Fixed Assets</b>		1,669,452	1,673,179
<b>Non-Current Liabilities</b>			
Liabilities against assets subject to finance lease		6,188	7,939
Deferred liabilities		28,209	24,866
Deferred taxation		12,149	-
		<u>46,546</u>	<u>32,805</u>
<b>Current Liabilities</b>			
Trade and other payables		326,813	547,796
Current maturity of liabilities against assets			
subject to finance lease		3,809	7,652
Accrued mark-up / interest		78,377	30,515
Short term borrowings	7	950,445	1,080,045
		<u>1,359,444</u>	<u>1,666,008</u>
<b>Contingencies and Commitments</b>	8	-	-
<b>Total Equity and Liabilities</b>		<u>3,493,133</u>	<u>3,719,025</u>

The annexed notes from 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 QUARTER AND NINE MONTHS ENDED MARCH 31, 2015**

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2015	2014	2015	2014
(Rupees '000)					
Sales - net		611,671	566,573	1,987,005	1,657,921
Cost of sales	9	(512,923)	(494,947)	(1,648,371)	(1,456,416)
<b>Gross profit</b>		<b>98,748</b>	71,626	<b>338,634</b>	201,506
Distribution cost		(31,477)	(26,233)	(89,823)	(68,513)
Administrative expenses		(16,559)	(16,885)	(49,524)	(52,531)
Other expenses		(1,499)	(1,054)	(8,898)	(7,210)
Other income		8,526	57,127	24,301	65,494
<b>Profit from operations</b>		<b>57,739</b>	84,581	<b>214,690</b>	138,745
Finance cost		(40,621)	(41,560)	(127,329)	(128,938)
<b>Profit before taxation</b>		<b>17,118</b>	43,022	<b>87,361</b>	9,807
Taxation		12,205	48	(20,428)	3,363
<b>Profit after taxation</b>		<b>29,323</b>	43,070	<b>66,932</b>	13,170
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>29,323</b>	43,070	<b>66,932</b>	13,170
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>1.38</b>	2.02	<b>3.14</b>	0.62

The annexed notes from 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 NINE MONTHS ENDED MARCH 31, 2015**

	Note	Nine months ended	
		March 31, 2015	March 31, 2014
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	270,310	106,177
Gratuity paid		(3,718)	(6,000)
Finance cost paid		(79,467)	(87,291)
Income tax paid		(54,464)	(42,227)
Long term loans		(335)	647
Long term deposits		(990)	(302)
<b>Net cash generated from / (used in) operating activities</b>		<b>131,336</b>	<b>(28,996)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(12,174)	(2,180)
Sale proceeds on disposal of property, plant and equipment		266	286
Interest received		241	482
<b>Net cash used in investing activities</b>		<b>(11,667)</b>	<b>(1,412)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease		(5,586)	(6,268)
<b>Net cash used in financing activities</b>		<b>(5,586)</b>	<b>(6,268)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>114,082</b>	<b>(36,676)</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>	11	<b>(931,366)</b>	<b>(1,210,923)</b>

The annexed notes from 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 NINE MONTHS ENDED MARCH 31, 2015**

	Issued subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees '000)		
<b>Balance as at July 1, 2013</b>	213,044	103,933	316,977
Profit for the nine months ended March 31, 2014	-	13,170	13,170
Other comprehensive income	-	-	-
	-	13,170	13,170
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	3,715	3,715
<b>Balance as at March 31, 2014</b>	<b>213,044</b>	<b>120,818</b>	<b>333,862</b>
<b>Balance as at July 1, 2014</b>	213,044	133,989	347,033
Profit for the nine months ended March 31, 2015	-	66,932	66,932
Other comprehensive income	-	-	-
	-	66,932	66,932
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	3,727	3,727
<b>Balance as at March 31, 2015</b>	<b>213,044</b>	<b>204,648</b>	<b>417,692</b>

The annexed notes from 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 NINE MONTHS ENDED MARCH 31, 2015**

**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 March 31, 2015.

**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.

**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.

	Note	Un-audited March 31, 2015	Audited June 30, 2014
————— (Rupees '000) —————			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - at net book value	5.1	1,665,818	1,676,905
Capital work-in-progress - at cost		6,698	1,698
		<u>1,672,516</u>	<u>1,678,603</u>



	Un-audited March 31, 2015	Audited June 30, 2014
	(Rupees '000)	
<b>5.1 Additions of operating fixed assets during the period / year are as follows:</b>		
Owned		
- Plant and machinery	2,858	33
- Furniture and fixture	141	24
- Motor vehicles	-	1,811
- Truck	2,100	-
- Office machines & equipment	44	483
- Computers	315	747
Leased		
- Motor Vehicles	1,858	1,019
	<u>7,316</u>	<u>4,117</u>
<b>5.2 Disposal during the period / year - at book value</b>		
Owned - Motor vehicles	135	-
	<u>135</u>	<u>-</u>
<b>6. TRADE DEBTS - Unsecured and considered good</b>		
Government and semi-government agencies	131,377	212,831
Others	90,332	7,955
	<u>221,709</u>	<u>220,786</u>
<b>7. SHORT TERM BORROWINGS - Secured</b>		
Running finances	84,000	148,932
Finance against imported merchandise	247,940	282,585
Istisna	495,425	462,384
Murabaha	123,080	186,144
	<u>950,445</u>	<u>1,080,045</u>
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
8.1.1	<p>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.</p> <p>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.</p> <p>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.</p>	
8.1.2	<p>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.</p>	



		Un-audited March 31, 2015		Audited June 30, 2014	
		(Rupees '000)			
<b>8.2</b>	<b>Commitments</b>				
	Bank guarantees		446,413		781,659
	Letters of credit		396,228		435,644
<b>9.</b>	<b>COST OF SALES</b>				
		<b>For the quarter ended</b>	<b>For the nine months ended</b>		
	<b>Note</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
		(Rupees '000)			
	Stocks at beginning of the period	405,281	432,746	368,323	463,575
	Cost of goods manufactured	494,199	449,888	1,636,605	1,352,706
	Trading goods - purchases	3,947	16,622	33,947	44,444
		498,146	466,510	1,670,552	1,397,150
		903,427	899,256	2,038,875	1,860,725
	Stocks at end of the period	(390,504)	(404,309)	(390,504)	(404,309)
		512,923	494,947	1,648,371	1,456,416
<b>9.1</b>	<b>Cost of goods manufactured</b>				
	Work in process at beginning of the period	17,364	45,997	48,127	121,974
	Raw materials and components consumed	445,693	418,758	1,457,747	1,121,935
	Direct labour and factory overheads	47,789	80,333	147,378	203,997
		493,483	499,091	1,605,126	1,325,932
		510,847	545,089	1,653,253	1,447,907
	Work in process at end of the period	(16,648)	(95,201)	(16,648)	(95,201)
		494,199	449,888	1,636,605	1,352,706
			<b>Note</b>	<b>Un-audited March 31, 2015</b>	<b>Un-audited March 31, 2014</b>
<b>10.</b>	<b>CASH GENERATED FROM OPERATIONS</b>				
				(Rupees '000)	
	Profit before taxation			70,243	9,807
	Adjustment for non cash charges and other items:				
	Depreciation / amortization on:				
	- property, plant and equipment			18,125	22,060
	- intangible assets			227	226
	- investment property			146	188
	Exchange loss			1,625	-
	Provision for gratuity			7,102	6,048
	Gain on disposal of operating fixed assets			(131)	(286)
	Amortization of gain on sale and lease back of fixed assets			(42)	(75)
	Interest income			(241)	(482)
	Finance cost			127,329	128,938
				224,383	166,424
	Working capital changes - net		10.1	28,808	(60,246)
				253,191	106,178



	Un-audited March 31, 2015	Un-audited March 31, 2014
	(Rupees '000)	
<b>10.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spare parts	(641)	(808)
Stock-in-trade	232,612	213,394
Trade debts	(923)	(87,894)
Loans and advances	15,800	5,965
Trade deposits and prepayments	55,968	18,863
Other receivables	(14,053)	(59,708)
Sales tax refundable / adjustable	(38,971)	7,777
	<u>249,791</u>	<u>97,589</u>
Trade and other payables	<u>(220,983)</u>	<u>(157,835)</u>
	<u>28,808</u>	<u>(60,246)</u>
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	19,078	22,742
Short term borrowings	<u>(950,445)</u>	<u>(1,233,665)</u>
	<u>(931,367)</u>	<u>(1,210,923)</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) Nine months ended	
		March 31, 2015	March 31, 2014
		(Rupees '000)	
<b>(a) Subsidiary Company</b>			
Marghzar Industries (Pvt.) Ltd.	Financial charges	256	251
<b>(b) Associated Companies</b>			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	63,842	33,000
	Rental income	1,800	1,800
Ghandhara Nissan Limited (Common Directorship)	Assembly charges	52,030	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	1,350	900



Name of related party and nature of relationship	Nature of transaction	(Un-audited) Nine months ended	
		March 31, 2015	March 31, 2014
(Rupees '000)			
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,125	1,125
Hasan & Hasan Advocates (Common Directorship)	Retainership fee	1,100	90
<b>(c) Technology supplier</b>			
Isuzu Motors Ltd. - Japan	Purchase of parts	1,034	-
	Commission earned	22,087	63,151
	Royalty accrued	5,098	4,754
	Reimbursement of expenses	3,367	3,499
	Warranty claims received	270	418
<b>(d) Others</b>			
Key management personnel	Remuneration and other benefits	15,250	15,181
	Retirement benefit paid	3,718	6,000

**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. 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 nine months period ended March 31, 2014.

**15. DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on April 24, 2015 by the Board of Directors of the Company.

**16. GENERAL**

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

  
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