

The ISUZU logo is displayed in a bold, red, sans-serif font.

**GHANDHARA INDUSTRIES LIMITED**  
**A Bibojee Group Company**



**CONDENSED INTERIM FINANCIAL INFORMATION**  
**For the First Quarter Ended September 30, 2015**  
**(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
Ch. Sher Muhammad	Director
Mr. Shahid Kamal Khan	Independent 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. Jamil Ahmed Shah	Member
Ch. Sher Muhammad	Member
Mr. Shahid Kamal Khan	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.  
4th 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 1<sup>st</sup> quarter ended September 30, 2015.

### Financial results

The Company has achieved an impressive growth in revenue of Rs. 153.6 million which is 19% higher as compared to similar period of last year (SPLY). The sales volume was also enhanced to 283 units from 241 units SPLY.

The management has currently shifted its focus by selling tailor made customized body fabricated vehicles instead of truck chassis only. This together with better product mix, higher sales quantity, better plant utilization and efficient cost control, has resulted in improved net profit to 13% from 3%.

The results for the quarter are as follows:

	<b>Quarter ended September</b>	
	<b>2015</b>	<b>2014</b>
Sales (Rs '000)	<b>942,670</b>	789,047
Gross profit (Rs '000)	<b>251,314</b>	131,276
Profit from operations (Rs '000)	<b>194,907</b>	84,764
Profit before tax (Rs '000)	<b>176,996</b>	42,460
Profit after tax (Rs '000)	<b>126,156</b>	24,599
Earnings per share (Rs)	<b>5.93</b>	1.15

### Future outlook

Government's Auto Policy is in process which will define future of the auto industry. The management will strive hard to provide consistent result by offering customized body fabrication solution together with proactive approach and other marketing initiatives, which will ensure steady growth and financial performance in upcoming quarters.

By Order of the Board

**Ahmad Kuli Khan Khattak**  
Chief Executive

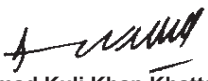
Karachi:  
October 22, 2015



**CONDENSED INTERIM BALANCE SHEET**  
AS AT SEPTEMBER 30, 2015

	Note	Unaudited September 30, 2015 (Rupees '000)	Audited June 30, 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	5	1,669,279	1,674,230
Intangible assets		-	45
Investment properties		89,332	89,395
Long term Investment		1,400	1,400
Long term loans		3,913	1,109
Long term deposits		3,232	3,322
		<u>1,767,156</u>	<u>1,769,501</u>
<b>Current assets</b>			
Stores and spares parts		1,092	2,009
Stock-in-trade		1,082,207	612,623
Trade debts		109,516	42,653
Loans and advances		169,224	255,449
Trade deposits and prepayments		233,812	301,657
Other receivables		11,671	16,292
Sales tax refundable / adjustable		182,998	3,211
Taxation - payments less provision		209,171	208,322
Cash and bank balances		10,133	135,710
		<u>2,009,824</u>	<u>1,577,926</u>
<b>Total assets</b>		<u><b>3,776,980</b></u>	<u><b>3,347,427</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital		213,044	213,044
Unappropriated profit		493,747	365,002
		<u>706,791</u>	<u>578,046</u>
<b>Surplus on revaluation of fixed assets</b>		1,668,753	1,671,341
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		10,555	10,584
Deferred liabilities		32,087	30,545
Deferred taxation		45,659	47,509
		<u>88,301</u>	<u>88,638</u>
<b>Current liabilities</b>			
Trade and other payables		658,673	783,464
Accrued mark-up/ interest		14,887	20,961
Short term borrowings	6	636,703	201,140
Current maturity of liabilities against assets subject to finance lease		2,872	3,837
		<u>1,313,135</u>	<u>1,009,402</u>
<b>Contingencies and commitments</b>	7	-	-
<b>Total equity and liabilities</b>		<u><b>3,776,980</b></u>	<u><b>3,347,427</b></u>

The annexed notes from 1 to 16 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**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015 - UNAUDITED**

	Note	September 30, 2015	September 30, 2014
(Rupees '000)			
Net sales		942,670	789,047
Cost of sales	8	(691,356)	(657,771)
<b>Gross profit</b>		<b>251,314</b>	<b>131,276</b>
Distribution expenses		(41,900)	(28,336)
Administrative expenses		(20,450)	(15,460)
Other expenses		(6,340)	(3,338)
Other income		12,283	622
<b>Profit from operations</b>		<b>194,907</b>	<b>84,764</b>
Finance cost		(17,911)	(42,304)
<b>Profit before taxation</b>		<b>176,996</b>	<b>42,460</b>
Taxation		(50,840)	(17,861)
<b>Profit after taxation</b>		<b>126,156</b>	<b>24,599</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>126,156</b>	<b>24,599</b>
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>5.93</b>	<b>1.15</b>

The annexed notes from 1 to 16 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  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 - UNAUDITED**

	Note	September 30, 2015	September 30, 2014
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	9	(478,485)	(70,405)
Gratuity paid		(760)	-
Finance cost paid		(23,985)	(29,885)
Income tax paid		(53,539)	(23,141)
Long term loans		(2,804)	28
Long term deposits		90	(188)
Net cash used in operating activities		(559,483)	(123,591)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(880)	(2,471)
Interest received		216	357
Net cash used in investing activities		(664)	(2,114)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against asset subject to finance lease		(993)	(2,440)
Net cash used in financing activities		(993)	(2,440)
<b>Net decrease in cash and cash equivalents</b>		<b>(561,140)</b>	<b>(128,145)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(65,430)</b>	<b>(1,045,448)</b>
<b>Cash and cash equivalents - at end of the period</b>	10	<b>(626,570)</b>	<b>(1,173,593)</b>

The annexed notes from 1 to 16 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  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 - UNAUDITED**

	Issued subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees '000)		
<b>Balance as at July 1, 2014</b>	<b>213,044</b>	<b>133,989</b>	<b>347,033</b>
Comprehensive profit after taxation for the period ended September 30, 2014	-	24,599	24,599
Other comprehensive income	-	-	-
	-	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>
<b>Balance as at July 01, 2015</b>	<b>213,044</b>	<b>365,002</b>	<b>578,046</b>
Comprehensive profit after taxation for the period ended September 30, 2015	-	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
<b>Balance as at September 30, 2015</b>	<b>213,044</b>	<b>493,747</b>	<b>706,791</b>

The annexed notes from 1 to 16 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  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 - 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, 2015: 8,343,397) ordinary shares of Rs.10 each of the Company as at Sep 30, 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, 2015 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, 2015. 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, 2015.

	Note	Unaudited September 30, 2015	Audited June 30, 2015
(Rupees '000)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,669,279	1,674,230
		<u>1,669,279</u>	<u>1,674,230</u>



	Unaudited September 30, 2015	Audited June 30, 2015
	(Rupees '000)	
<b>5.1 Additions of operating fixed assets during the period / year are as follows:</b>		
<b>Owned</b>		
- Plant and machinery	440	11,982
- Furniture and fixture	-	141
- Motor vehicles		
- Owned	-	637
- Leased	-	6,788
- Truck	-	2,100
- Permanent tools	-	135
- Office machines & equipment	90	582
- Computers	350	521
	<u>880</u>	<u>22,886</u>
<b>6. SHORT TERM BORROWINGS - Secured</b>		
Running finances	4,960	-
Finance against imported merchandise	501,354	34,169
Istisna	-	34,800
Murabaha	130,389	132,171
	<u>636,703</u>	<u>201,140</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 26.1 of the audited annual financial statements of the Company for the year ended June 30, 2015.		
<b>7.2 Commitments</b>		
Bank guarantees	863,949	1,144,655
Letters of credit	464,845	809,877
	<u>863,949</u>	<u>1,144,655</u>
	<u>464,845</u>	<u>809,877</u>
	Unaudited September 30, 2015	Unaudited September 30, 2014
	(Rupees '000)	
<b>8. COST OF SALES</b>		
Stocks at beginning of the period	214,914	368,323
Cost of goods manufactured	945,171	667,793
Trading goods - purchases	24,614	386
	<u>969,785</u>	<u>668,179</u>
	1,184,699	1,036,502
Stocks at end of the period	(493,343)	(378,731)
	<u>691,356</u>	<u>657,771</u>
<b>8.1 Cost of goods manufactured</b>		
Work in process at beginning of the period	33,875	48,127
Raw materials and components consumed	879,040	589,644
Direct labour and factory overheads	79,085	52,838
	<u>958,125</u>	<u>642,482</u>
	992,000	690,609
Work in process at end of the period	(46,829)	(22,816)
	<u>945,171</u>	<u>667,793</u>



	Note	Unaudited September 30, 2015	Unaudited September 30, 2014
		(Rupees '000)	
<b>9. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		176,996	42,460
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		5,832	6,815
- intangible assets		44	75
- investment property		63	63
Provision for gratuity		2,303	1,886
Amortization of gain on sale and lease back of fixed assets		-	(25)
Interest income		(216)	(361)
Finance cost		17,911	42,304
		<u>202,933</u>	<u>93,217</u>
Working capital changes	9.1	<u>(681,418)</u>	<u>(163,622)</u>
		<u>(478,485)</u>	<u>(70,405)</u>
<b>9.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spare parts		917	871
Stock-in-trade		(469,584)	25,684
Trade debts		(66,863)	(30,240)
Loans and advances		86,225	(7,302)
Trade deposits and prepayments		67,844	(6,792)
Other receivables		4,621	2,299
Sales tax refundable / adjustable		(179,787)	(42,651)
		<u>(556,627)</u>	<u>(58,131)</u>
Decrease in trade and other payables		<u>(124,791)</u>	<u>(105,491)</u>
		<u>(681,418)</u>	<u>(163,622)</u>
<b>10. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		10,133	23,658
Short term borrowings		(636,703)	(1,197,251)
		<u>(626,570)</u>	<u>(1,173,593)</u>



**11. TRANSACTIONS WITH RELATED PARTIES**

Name of related party and nature of relationship	Nature of transaction	Unaudited September 30, 2015	Unaudited September 30, 2014
<b>(Rupees '000)</b>			
<b>(a) Subsidiary Company</b>			
Marghzar Industries (Pvt.) Ltd.	Financial charges	87	86
	Reimbursement of expenses	60	-
<b>(b) Associated Companies</b>			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	46,289	30,261
	Rental income	225	225
Gandhara Nissan Ltd. (Common Directorship)	Assembly charges	31,110	24,289
	Sale of Parts	5	-
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	375	375
Hasan & Hasan Advocates (Common Directorship)	Retainership fee	30	30
<b>(c) Technology supplier</b>			
Isuzu Motors Ltd. - Japan	Commission earned	11,648	-
	Royalty accrued	2,732	2,252
<b>(d) Other</b>			
<b>Key management personnel</b>	Remuneration and other benefits	5,543	5,147

**12. 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, 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.

**13. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors of the Company in their meeting held on September 16, 2015 have proposed final cash dividend of Rs. 4.5 per share, amounting to Rs. 95,870 thousand, for the year ended June 30, 2015. The proposed dividend has been approved in the annual general meeting held on October 22, 2015.

This condensed interim financial information does not reflect the approved dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in the period ending December 31, 2015.

**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, 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 quarter ended September 30, 2014.

**15. DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on October 22, 2015 by the Board of Directors of the Company.

**16. GENERAL**

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

  
**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