

# Facilitating Future Growth

**Condensed Interim  
Financial Information**  
for the Half Year Ended  
December 31, 2016  
(Un-Audited)



**GHANDHARA**  
INDUSTRIES LIMITED



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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 Road, S.I.T.E.  
Post Box No. 2706, Karachi - 75730

Website: [www.gil.com.pk](http://www.gil.com.pk)  
Email: [info@gil.com.pk](mailto: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 condensed interim financial information for the half year ended December 31, 2016.

### FINANCIAL RESULTS

An outstanding performance has been achieved through increase of sales by Rs. 1.4 billion posting an increase in sales of 65% from the same period of last year.

The results for the half year ended are as follows:

	Half year ended December 31,	
	2016	2015
Sales (Rs '000)	<b>3,601,989</b>	2,180,770
Gross profit (Rs '000)	<b>843,944</b>	660,767
Profit from operations (Rs '000)	<b>666,255</b>	532,832
Profit before tax (Rs '000)	<b>605,188</b>	485,740
Profit after tax (Rs '000)	<b>427,036</b>	336,544
Earnings per share (Rs)	<b>20.04</b>	15.80

Remarkable milestone achieved through profit before tax of Rs. 605 million for the half year in the history of Ghandhara Industries Limited showing the company's commitment of continuing growth.

### FUTURE OUTLOOK

Sustainable political and gradually improving security situation in the country, along with promising overall economic indicators show better prospects for the future. 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:  
February 16, 2017



## ڈائریکٹرز کا جائزہ

آپ کے کمپنی کے ڈائریکٹرز مسرت کے ساتھ کمپنی کے ششماہی غیر ترمیم شدہ عبوری مالیاتی معاملات پیش کر رہے ہیں۔

### مالیاتی نتائج

ایک شاندار کارکردگی فروخت میں 1.4 Rs. ارب کے اضافے کے ذریعے حاصل کی گئی ہے جو کہ گزشتہ سال کی اسی مدت میں فروخت کے مقابلے میں 65% اضافہ ہے۔

ششماہی نتائج مندرجہ ذیل ہیں:

	Half year ended December 31,	
	2016	2015
Sales (Rs '000)	3,601,989	2,180,770
Gross profit (Rs '000)	843,944	660,767
Profit from operations (Rs '000)	666,255	532,832
Profit before tax (Rs '000)	605,188	485,740
Profit after tax (Rs '000)	427,036	336,544
Earnings per share (Rs)	20.04	15.80

گندھارا انڈسٹریز لمیٹڈ کی تاریخ میں ایک اور قابل ذکر 605 Rs. ملین کا PBT جس سے یہ ثابت ہوتا ہے کہ کمپنی کا مسلسل ترقی کا عزم قائم ہے۔

### مستقبل کے خدوخال

ملک میں مثبت معاشی اشارے، پائیدار سیاسی اور رفتہ رفتہ بہتر ہوتی ہوئی سیکورٹی کی صورت حال مستقبل کے لیے بہتر امکانات کو ظاہر کرتا ہے۔ منجنت کی طے شدہ منصوبہ بندی اور وافر مقدار میں مستقبل کے آرڈرز کے ساتھ مستقبل میں صحت بخش کارکردگی کا یقین ہے۔

محکم پورڈ



احمد علی خان جنک

چیف ایگزیکٹو آفیسر

کراچی: 16 فروری 2017



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

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Ghandhara Industries Limited** as at December 31, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

**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, 2016 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 condensed interim financial information. The Company had written back, in the financial statements for the year ended June 30, 2007 provision for workers' profit participation fund (WPPF) amounting Rs.7,722 thousand 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. Further, during the financial year ended June 30, 2015, based on another legal opinion, the Company had also written back outstanding balance of Rs.33,102 thousand which related to the provisions of WPPF and accrued interest thereon for eight financial years from June 30, 2007 to June 30, 2014. Provision for current period and for the period from July 1, 2014 to June 30, 2016 amounting Rs.30,877 thousand and Rs.71,057 thousand respectively has also not been incorporated based on that legal opinion.

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**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

Upon the final outcome of pending adjudication, if it is established that the provisions of the Company's Profit (Workers' Participation) Act, 1968 are applicable to the Company, provisions aggregating Rs.142,758 thousand including any penalties may become payable.

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**

Engagement Partner: Abdul Hameed Chaudhri  
KARACHI; 16 FEB 2017



# **CONDENSED INTERIM FINANCIAL INFORMATION**

For the Half Year Ended December 31, 2016  
Unaudited

## Condensed Interim Balance Sheet

As at December 31, 2016

	Note	Unaudited Dec 31, 2016	Audited Jun 30, 2016
		----- (Rupees' 000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,946,827	1,941,250
Intangible assets		581	-
Investment property		89,022	89,145
Long term investment		1,400	1,400
Long term loans		2,897	2,298
Long term deposits		12,417	12,085
		<b>2,053,144</b>	<b>2,046,178</b>
<b>CURRENT ASSETS</b>			
Stores		4,302	1,980
Stock-in-trade	6	4,161,750	1,623,753
Trade debts		277,491	259,680
Loans and advances		207,717	142,349
Trade deposits and prepayments		246,963	339,626
Other receivables		88,294	18,518
Sales tax refundable / adjustable		437,438	30,484
Taxation - payments less provision		95,510	111,896
Cash and bank balances		49,785	585,735
		<b>5,569,250</b>	<b>3,114,021</b>
<b>TOTAL ASSETS</b>		<b>7,622,394</b>	<b>5,160,199</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
50,000,000 (June 30, 2016: 50,000,000)			
ordinary shares of Rs.10 each		<b>500,000</b>	<b>500,000</b>
Issued, subscribed and paid-up capital			
21,304,422 (June 30, 2016: 21,304,422)			
ordinary shares of Rs.10 each		<b>213,044</b>	<b>213,044</b>
Unappropriated profit		<b>1,240,450</b>	<b>1,022,517</b>
		<b>1,453,494</b>	<b>1,235,561</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>1,869,051</b>	<b>1,872,992</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		<b>31,516</b>	<b>35,999</b>
Deferred liabilities		<b>42,804</b>	<b>37,802</b>
Deferred taxation		<b>50,441</b>	<b>51,895</b>
		<b>124,761</b>	<b>125,696</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,360,865</b>	<b>1,697,510</b>
Accrued mark-up / interest		<b>24,448</b>	<b>25,813</b>
Short term borrowings	7	<b>2,780,940</b>	<b>194,029</b>
Current maturity of liabilities against assets subject to finance lease		<b>8,835</b>	<b>8,598</b>
		<b>4,175,088</b>	<b>1,925,950</b>
<b>TOTAL LIABILITIES</b>		<b>4,299,849</b>	<b>2,051,646</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,622,394</b>	<b>5,160,199</b>

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

  
**Ahmad Kuli Khan Khattak**  
Chief Executive

  
**Maj. (R) Muhammad Zia**  
Director


## Condensed Interim Profit & Loss Account

For the half year ended December 31, 2016 - Unaudited

	Note	Quarter ended		Half year ended	
		Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
----- (Rupees' 000) -----					
Sales - net		2,112,221	1,238,100	3,601,989	2,180,770
Cost of sales	9	(1,628,488)	(828,647)	(2,758,045)	(1,520,003)
<b>Gross profit</b>		<b>483,733</b>	409,453	<b>843,944</b>	660,767
Distribution cost		(71,733)	(50,179)	(119,704)	(92,079)
Administrative expenses		(35,462)	(20,483)	(58,163)	(40,933)
Other expenses		(38,257)	(6,426)	(44,154)	(12,766)
Other income		26,814	5,560	44,332	17,843
<b>Profit from operations</b>		<b>365,095</b>	337,925	<b>666,255</b>	532,832
Finance cost		(41,184)	(29,181)	(61,067)	(47,092)
<b>Profit before taxation</b>		<b>323,911</b>	308,744	<b>605,188</b>	485,740
Taxation		(76,500)	(98,356)	(178,152)	(149,196)
<b>Profit after taxation</b>		<b>247,411</b>	210,388	<b>427,036</b>	336,544
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>247,411</b>	210,388	<b>427,036</b>	336,544
----- (Rupees) -----					
<b>Basic and diluted earnings per share (Rupees)</b>		<b>11.61</b>	9.88	<b>20.04</b>	15.80

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

  
**Ahmad Kuli Khan Khattak**  
Chief Executive

  
**Maj. (R) Muhammad Zia**  
Director


## Condensed Interim Cash Flow Statement

For the half year ended December 31, 2016 - Unaudited

	Note	Unaudited Dec 31, 2016	Unaudited Dec 31, 2015
----- (Rupees' 000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	10	(2,692,421)	(1,231,426)
Gratuity paid		-	(1,634)
Finance cost paid		(62,432)	(43,822)
Income tax paid		(163,220)	(117,982)
Long term loans - net		(599)	(7)
Long term deposits - net		(332)	(88)
Net cash used in operating activities		(2,919,004)	(1,394,959)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(22,718)	(9,228)
Purchase of intangible assets		(622)	-
Proceeds from sale of operating fixed assets		384	-
Interest received		2,563	368
Net cash used in investing activities		(20,393)	(8,860)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease - net		(4,246)	(2,429)
Dividend paid		(179,218)	(81,967)
Net cash used in financing activities		(183,464)	(84,396)
<b>Net decrease in cash and cash equivalents</b>		(3,122,861)	(1,488,215)
<b>Cash and cash equivalents - at beginning of the period</b>		391,706	(65,430)
<b>Cash and cash equivalents - at end of the period</b>	11	(2,731,155)	(1,553,645)

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

  
**Ahmad Kuli Khan Khattak**  
Chief Executive

  
**Maj. (R) Muhammad Zia**  
Director


## Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2016 - Unaudited

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees' 000)		
<b>Balance as at July 1, 2015 (Audited)</b>	213,044	365,002	578,046
<b>Transaction with owners recognised directly in equity</b>			
Final dividend for the year ended June 30, 2015 at the rate of Rs.4.50 per share	-	(95,870)	(95,870)
<b>Total comprehensive income for the half year ended December 31, 2015</b>			
Profit for the period	-	336,544	336,544
Other comprehensive income	-	-	-
	-	336,544	336,544
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,939	3,939
<b>Balance as at December 31, 2015 (Un-audited)</b>	<b>213,044</b>	<b>609,615</b>	<b>822,659</b>
Balance as at July 1, 2016 (Audited)	213,044	1,022,517	1,235,561
<b>Transaction with owners recognised directly in equity</b>			
Final dividend for the year ended June 30, 2016 at the rate of Rs.10 per share	-	(213,044)	(213,044)
<b>Total comprehensive income for the half year ended December 31, 2016</b>			
Profit for the period	-	427,036	427,036
Other comprehensive income	-	-	-
	-	427,036	427,036
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,941	3,941
<b>Balance as at December 31, 2016 (Un-audited)</b>	<b>213,044</b>	<b>1,240,450</b>	<b>1,453,494</b>

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

  
**Ahmad Kuli Khan Khattak**  
Chief Executive

  
**Maj. (R) Muhammad Zia**  
Director


## Notes to the Condensed Interim Financial Information

For the half year ended December 31, 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 is the assembly, progressive manufacturing and sale of Isuzu trucks and buses. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi

Biboojee 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.

### 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 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. The figures for the half year ended December 31, 2016 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, 2016.

### 3. ACCOUNTING POLICIES

The significant 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 are 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 this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. 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 the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of 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 of the Company for the year ended June 30, 2016.



	Note	Unaudited Dec 31, 2016	Audited Jun 30, 2016
		----- (Rupees' 000) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,938,052	1,937,957
Capital work-in-progress		8,775	3,293
		<u>1,946,827</u>	<u>1,941,250</u>
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		1,937,957	1,674,230
Revaluation adjustments		-	218,198
Additions during the period / year	5.1.1	17,236	104,687
Disposals, costing Rs.1,370 thousand (June 30, 2016: Rs.33,402 thousand)			
- at net book value		(14)	(31,694)
Depreciation charge for the period / year		(17,127)	(27,464)
Net book value at end of the period / year		<u>1,938,052</u>	<u>1,937,957</u>
<b>5.1.1 Additions of operating fixed assets during the period / year are as follows:</b>			
<b>Owned</b>			
- Plant and machinery		6,198	30,756
- Furniture and fixture		-	524
- Motor vehicles		2,961	34,534
- Trucks / lift trucks		3,443	3,150
- Office machines & equipment		1,633	1,256
- Computers		1,142	967
<b>Leased</b>			
- Cars		1,859	33,500
		<u>17,236</u>	<u>104,687</u>
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components		2,266,800	1,125,310
Work-in-process		260,045	27,440
Finished goods including components		1,512,065	393,420
Trading stocks		122,840	77,583
		<u>4,161,750</u>	<u>1,623,753</u>



Unaudited Dec 31, 2016	Audited Jun 30, 2016
----- (Rupees' 000) -----	

## 7. SHORT TERM BORROWINGS - Secured

Running finances	318,274	-
Finance against imported merchandise / import murabaha	2,138,491	61,629
Istisna	324,175	132,400
	<u>2,780,940</u>	<u>194,029</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 contribution of Rs.7,722 thousand of worker's participation fund provided during the year June 30, 2006.

The Company, during the financial year ended June 30, 2015, had obtained another legal opinion in connection with the establishment of the Fund under the Act and its intention to disburse workers' profit participation fund amount amongst the workers employed by an independent contractor. The opinion states that in the absence of essential entity i.e. workmen category employed by the Company neither the Fund can be established & constituted nor the Company is liable to pay 5% amount to a non-existent Fund. Consequently, the Act becomes unenforceable and ineffective.

Regarding the query of depositing the entire 5% profit amount with the Government treasury - Workers Welfare Fund (WWF) established under section 3 of the Workers Welfare Fund Ordinance, 1971; legal opinion states that deposit of the amount in the WWF arises only after the units have been so allocated. Consequently, the Company is neither liable to appropriate 5% profit amount in the balance sheet nor liable to pay the said amount to non-existent Fund / or in vacuum. Further during the current year, the Company have obtained a clarification from above legal advisor regarding the applicability of The Sindh Companies Profits (Workers' Participation) Act, 2015. The legal advisor is of the opinion that since definition of worker and other substantial provisions are same as these are in the Act of 1968, therefore, above opinion shall also be applicable for The Sindh Companies Profits (Workers' Participation) Act, 2015. The Company, during the financial year June 30, 2015, based on this legal advice had written back outstanding balance of workers' profit participation fund aggregating Rs.33,102 thousand which related to eight financial years from June 30, 2007 to June 30, 2014.

Provision for current period and for the period from July 1, 2014 to June 30, 2016 amounting Rs.30,877 thousand and Rs.71,057 thousand respectively has also not been made on the basis of this legal advice.





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 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. The matter is pending adjudication before the Sindh High Court.

If it is established that the above provisions of the Act are applicable to the Company, provisions in respect of eleven financial years from June 30, 2006 to June 30, 2016 and current period aggregating Rs.142,758 thousand including any penalties may become payable.

- 8.1.2 There has been no significant change in status of other contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended June 30, 2016.

## 8.2 Commitments

Bank guarantees  
Letters of credit

Unaudited Dec 31, 2016	Audited Jun 30, 2016
----- (Rupees' 000) -----	
1,235,120	1,884,801
1,276,543	1,351,207

		(Un-audited)			
		Quarter ended		Half year ended	
Note		Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
----- (Rupees' 000) -----					
Stocks at beginning of the period		732,613	493,343	471,003	214,914
Cost of goods manufactured	9.1	2,515,102	941,249	3,811,418	1,886,420
Trading goods - purchases		15,678	19,045	110,529	43,659
		2,530,780	960,294	3,921,947	1,930,079
		3,263,393	1,453,637	4,392,950	2,144,993
Stocks at end of the period		(1,634,905)	(624,990)	(1,634,905)	(624,990)
		1,628,488	828,647	2,758,045	1,520,003
<b>9.1 Cost of goods manufactured</b>					
Work in process at beginning of the period		134,093	46,829	27,440	33,875
Raw materials and components consumed		2,458,030	834,079	3,759,475	1,713,119
Direct labour and factory overheads		183,024	78,039	284,548	157,124
		2,641,054	912,118	4,044,023	1,870,243
		2,775,147	958,947	4,071,463	1,904,118
Work in process at end of the period		(260,045)	(17,698)	(260,045)	(17,698)
		2,515,102	941,249	3,811,418	1,886,420



**10. CASH USED IN OPERATIONS**

		(Un-audited) Half year ended	
	Note	Dec 31, 2016	Dec 31, 2015
----- (Rupees' 000) -----			
Profit before taxation		<b>605,188</b>	485,740
<b>Adjustment for non cash charges and other items:</b>			
Depreciation / amortization on:			
- property, plant and equipment		<b>17,127</b>	11,606
- intangible assets		<b>41</b>	45
- investment property		<b>123</b>	127
Gain on disposal of operating fixed assets		<b>(370)</b>	-
Amortization of gain on sale and lease back of fixed asset		<b>(172)</b>	-
Exchange loss		<b>1,560</b>	-
Provision for gratuity		<b>5,174</b>	4,603
Interest income		<b>(2,563)</b>	(368)
Finance cost		<b>61,067</b>	47,092
Working capital changes - net	10.1	<b>687,175</b> <b>(3,379,596)</b>	548,845 (1,780,271)
		<b>(2,692,421)</b>	<b>(1,231,426)</b>
<b>10.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores		<b>(2,322)</b>	534
Stock-in-trade		<b>(2,537,997)</b>	(878,603)
Trade debts		<b>(17,811)</b>	(415,825)
Loans and advances		<b>(65,368)</b>	(5,830)
Trade deposits and prepayments		<b>92,663</b>	146,891
Other receivables		<b>(71,336)</b>	10,628
Sales tax refundable / adjustable		<b>(406,954)</b>	(278,614)
		<b>(3,009,125)</b>	(1,420,819)
Decrease in trade and other payables		<b>(370,471)</b>	(359,452)
		<b>(3,379,596)</b>	<b>(1,780,271)</b>

**11. CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>49,785</b>	15,929
Short term borrowings	<b>(2,780,940)</b>	(1,569,574)
	<b>(2,731,155)</b>	<b>(1,553,645)</b>



## 12. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate/ mark-up 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.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2016.

## 13. 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, 2016 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

The Company does not have any customer having sale of ten percent or more during the period ended December 31, 2016 and December 31, 2015.

## 14. TRANSACTIONS WITH RELATED PARTIES

### 14.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	Unaudited	
		Half year ended	
		Dec 31, 2016	Dec 31, 2015
		----- (Rupees' 000) -----	
(a) Holding Company			
Bibojee Services (Pvt.) Ltd.	Dividend paid	83,434	37,545
(b) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	180	174
	Reimbursement of expenses	143	-



Name of related party and nature of relationship	Nature of transactions	Unaudited	
		Half year ended	
		Dec 31, 2016	Dec 31, 2015
----- (Rupees' 000) -----			
(c) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	130,393	73,863
	Rental income	450	450
	Dividend paid	1,007	453
	Services rendered	6	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	175,711	70,545
	Purchase of truck and parts	1,054	5
	Services rendered	676	-
	Dividend paid	51,662	23,248
	Rental income	660	-
The Universal Insurance Company Limited (Common Directorship)	Dividend paid	11,842	5,329
Bibojee Investments (Pvt.) Ltd. (Common Directorship)	Dividend paid	214	96
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	3,600	900
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	750
	Reimbursement of expenses	26	110
Janana De Maluchho Textile Mills Limited	Reimbursement of expenses	30	-
Hasan & Hasan Advocates (Common Directorship)	Retainership and legal advice fee	335	60
(d) Technology supplier			
Isuzu Motors Ltd. - Japan	Commission earned	40,117	16,966
	Royalty accrued	8,819	4,973
	Reimbursement of expenses	1,252	-
	Warranty claims received	1,684	104
(e) Other			
Key management personnel	Remuneration and other benefits	17,933	10,055



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

Long term investment  
Long term loans  
Trade debts  
Loans and advances  
Other receivables

Unaudited Half year ended	
Dec 31, 2016	Dec 31, 2015
----- (Rupees' 000) -----	

1,400	1,400
600	720
30	31
240	240
88,294	18,518

**Payable to related parties**

Trade and other payables

144,355	47,600
---------	--------

**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, 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 half year ended December 31, 2015.

**16. DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on February 16, 2017 by the Board of Directors of the Company.

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive

  
**Maj. (R) Muhammad Zia**  
 Director


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






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






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**Ghandhara Industries Limited**

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