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HALF YEARLY REPORT 2019










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INDUSTRIES LIMITED



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# Company Information

**Legal Advisors**

S. Abid Sherazi & Co.  
Ahmed and Qazi  
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  
Bank Al Falah Ltd.  
Meezan Bank Ltd.  
Bank Al Habib Ltd.  
Samba Bank Limited  
Habib Metropolitan Bank Limited

**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**

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Mrs. Shahnaz Sajjad Ahmad	Director
Maj. (R) Muhammad Zia	Director
Mr. Muhammad Kuli Khan Khattak	Director
Mr. Shahid Kamal Khan	Ind. Director
Mr. Sohail Hameed Khan	Ind. Director

**Audit Committee**

Mr. Sohail Hameed Khan	Chairman
Maj. (R) Muhammad Zia	Member
Mr. Shahid Kamal Khan	Member
Mr. Shahnawaz Damji	Secretary

**Human Resource & Remuneration**

**Committee**

Mr. Shahid Kamal Khan	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Maj. (R) Muhammad Zia	Member
Mr. Sohail Hameed Khan	Member
Mr. Hassan Mahmood	Secretary

**Chief Financial Officer**

Mr. Iftikhar Ahmed Khan

**Company Secretary**

Mr. Talha Ahmed Zaidi

**Auditors**

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

# Directors' Review

The directors of your company hereby present the unaudited financial statements both standalone and consolidated for the half year ended December 31, 2019.

## Financial results

The overall truck and bus market has decreased by 45% as compared with same period of last year, however overall market share of the company stood at approximately 42% for the half year ended December 31, 2019. The company is aware of the challenges being faced by the economy and is accordingly adapting measures to phase out negative impacts from the bottom line figures of the Company.

The results for the half year ended are as follows:

	STANDALONE		CONSOLIDATED	
	Half Year ended 31 December		Half Year ended 31 December	
	2019	2018	2019	2018
	----- Rupees in 000 -----			
Sales	5,880,616	7,567,541	5,880,616	7,567,541
Gross profit	752,755	1,054,332	752,755	1,054,332
Profit from operations	343,909	639,210	343,758	639,065
(Loss) / Profit before taxation	(144,323)	384,117	(144,290)	384,149
(Loss) / Profit after taxation	(105,075)	383,116	(105,052)	383,139
(Loss) / Earnings per share - basic and diluted (Rupees)	(2.47)	8.99	(2.47)	8.99

## Operating results

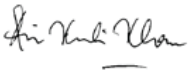
The Company's gross profit observed a decline by 29% as compared with same period last year whereas the Company posted loss after tax of Rs. 105 million as compared with profit of Rs. 383.1 Million during same period last year due to increasing costs on account of currency devaluation, inflationary pressures along with surge in finance cost which alone rose by 91% as compared with corresponding period of last year on account of increased policy rates, these all factors ultimately translated into Loss per share (LPS) of Rs. 2.47 as against EPS of Rs. 8.99 for the corresponding period of last year.

## Future outlook

The overall economic indicators of Pakistan still show a challenging outlook, interest rates and increasing inflation have adversely affected overall industry's progress. In order to revamp sustained growth and boost customer confidence government need to introduce policies that will restore market confidence and accelerate economic activities across the board especially focusing on decreasing policy rates and controlling the inflation keeping in view other fiscal and monetary measures. This could further be confirmed by the fact that had the KIBOR rate fixed at that of the June 2018 the company would still have posted profit during these six months ended December 31, 2019.

However, keeping in view the economic trends, the Company is making all necessary efforts to improve its position on the back of enhanced product line and improved competitiveness which will create sufficient potential demand in local market which will ultimately benefit the stakeholders of the Company and Economy as a whole.

## By order of the Board



**Ali Kuli Khan Khattak**  
Chairman



**Ahmad Kuli Khan Khattak**  
Chief Executive Officer

Karachi  
February 19, 2020

# ڈائریکٹرز کا جائزہ:

ہم گندھارا انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 دسمبر 2019ء کی ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہیں۔

مالیاتی نتائج:

پچھلے سال کی اسی مدت کے مقابل میں مجموعی اعتبار سے ٹرک اور بس کی مارکیٹ میں 45 فیصد کمی واقع ہوئی ہے، تاہم 31 دسمبر 2019 کو ختم ہونے والے نصف سال کے دوران کمپنی کا مجموعی طور پر مارکیٹ شیئر 42 فیصد رہا۔ کمپنی معیشت کو درپیش چیلنجوں سے آگاہ ہے اور اس کے مطابق کمپنی منفی اثرات کو زائل کرنے کے اقدامات اٹھا رہی ہے۔

اس مدت کے اہم نتائج درج ذیل ہیں:

	STANDALONE		CONSOLIDATED	
	Half Year ended 31 December		Half Year ended 31 December	
	2019	2018	2019	2018
	----- Rupees in 000 -----			
Sales	5,880,616	7,567,541	5,880,616	7,567,541
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(Loss) / Profit after taxation	(105,075)	383,116	(105,052)	383,139
(Loss) / Earnings per share - basic and diluted (Rupees)	(2.47)	8.99	(2.47)	8.99

عملی نتائج:

پچھلے سال کی اسی مدت کے مجموعی نفع کے مقابل میں کمپنی کے مجموعی نفع میں 29 فیصد کمی واقع ہوئی جبکہ ٹیکس کی ٹوٹی کے بعد 105 ملین روپے کا نقصان ہوا جو کہ اسی مدت میں پچھلے سال بعد از ٹیکس نفع 383.1 ملین روپے تھا۔ جس کی وجہ پچھلے سال کی اسی مدت کے مقابلے میں کرنسی کی گرتی ہوئی ساکھ، مالی لاگت میں 91 فیصد اضافہ، مہنگائی کا دباؤ اور شرح سود میں اضافہ ہے۔ ان سارے عوامل کے نتیجے میں فی حصص 2.47 روپے نقصان ہوا جو کہ پچھلے سال اسی مدت میں نفع فی حصص 8.99 روپے تھا۔

مستقبل پر نظر:

پاکستان کے معاشی اشارے اب بھی تقابلی نقطہ نظر کو ظاہر کرتے ہیں۔ شرح سود اور بڑھتی ہوئی افراط زر نے مجموعی صنعت کو بری طرح متاثر کیا ہے۔ مستحکم ٹوکو بہتر بنانے اور صارفین کے اعتماد میں اضافے کے لیے حکومت کو ایسی حکمت عملی اپنانے کی ضرورت ہے جو مارکیٹ میں اعتماد بحال کرے اور ہر شعبہ میں معاشی سرگرمیوں کو تیز کرے خاص طور پر مہنگائی کی روک تھام اور افراط زر میں کمی کے اقدامات پر توجہ کی ضرورت ہے۔ مزید برآں اس بات کی تصدیق اس حقیقت سے کی جاسکتی ہے کہ اگر شرح سود (KIBOR) جون 2018 کی سطح پر برقرار رکھی جاتی تو کمپنی 31 دسمبر 2019 کو اختتام پذیر ہونے والی ششماہی میں بھی نفع کا اندراج کرتی۔

تاہم، معاشی رجحانات کو مد نظر رکھتے ہوئے، کمپنی، بہتر مصنوعات کی صف میں اپنی ساکھ بہتر بنانے اور مسابقت میں بہتری کی ہر ممکنہ کوشش کر رہی ہے جس سے مقامی مارکیٹ میں طلب کار رجحان بڑھے گا جس سے بل آخر معیشت، کمپنی اور اس کے حصص یافتگان مستفید ہوں گے۔

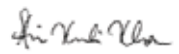
تکمیل پورڈ

کراچی: فروری 19، 2020



احمد علی خان خٹک

چیف ایگزیکٹو آفیسر



احمد علی خان خٹک

چیرمین

# Report on review of Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statements of financial position of Ghandhara Industries Limited as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cashflows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

## 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 statements 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 interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Osman Hameed Chaudhri.

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS  
KARACHI;

Date: February 19, 2020

## Condensed Interim Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	2,755,561	2,770,727
Intangible assets		197	260
Investment property		88,292	88,413
Long term investment		1,400	1,400
Long term loans		2,260	3,639
Long term deposits		23,738	21,948
Deferred taxation		229,317	87,158
		<b>3,100,765</b>	<b>2,973,545</b>
<b>Current assets</b>			
Stores		4,068	8,328
Stock-in-trade	6	8,826,142	10,359,425
Trade debts	7	507,273	88,406
Loans and advances		165,635	133,759
Trade deposits and prepayments		468,852	542,834
Other receivables		10,840	6,981
Sales tax refundable / adjustable		777,631	390,789
Taxation - payments less provision		1,052,865	918,194
Cash and bank balances		65,057	500,441
		<b>11,878,363</b>	<b>12,949,157</b>
<b>Total assets</b>		<b>14,979,128</b>	<b>15,922,702</b>

The annexed notes 1 to 16 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**

Chief Executive



**Maj. (R) Muhammad Zia**

Director



**Iftikhar Ahmed Khan**

Chief Financial Officer



## Condensed Interim Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 100,000,000 (June 30, 2019: 50,000,000) ordinary shares of Rs.10 each		1,000,000	500,000
Issued, subscribed and paid up capital 42,608,844 (June 30, 2019: 42,608,844) ordinary shares of Rs.10 each		426,088	426,088
Revenue reserve			
Unappropriated profit		2,071,656	2,172,735
Capital reserve			
Surplus on revaluation of fixed assets		2,045,565	2,049,561
		4,543,309	4,648,384
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liabilities		78,182	51,745
Compensated absences		14,623	13,045
Deferred liabilities		26,071	19,759
		118,876	84,549
<b>Current liabilities</b>			
Trade and other payables		3,343,731	4,582,157
Unpaid dividends		78,959	78,959
Unclaimed dividends		22,068	22,151
Accrued mark-up / interest		279,503	196,453
Short term borrowings	8	6,564,399	6,296,614
Current maturity of lease liabilities		28,283	13,435
		10,316,943	11,189,769
<b>Total liabilities</b>		10,435,819	11,274,318
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		14,979,128	15,922,702

The annexed notes 1 to 16 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**

Chief Executive



**Maj. (R) Muhammad Zia**

Director



**Iftikhar Ahmed Khan**

Chief Financial Officer

## Condensed Interim Statement Of Profit Or Loss And Other Comprehensive Income (Un-Audited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
----- (Rupees in '000) -----				
Sales - net	2,852,104	3,183,699	5,880,616	7,567,541
Cost of sales	(2,506,327)	(2,752,169)	(5,127,861)	(6,513,209)
<b>Gross profit</b>	<b>345,777</b>	<b>431,530</b>	<b>752,755</b>	<b>1,054,332</b>
Distribution cost	(130,880)	(139,259)	(279,010)	(275,689)
Administrative expenses	(81,885)	(78,945)	(146,342)	(142,156)
Other expenses	(3,898)	(2,756)	(4,371)	(22,265)
Other income	12,494	21,856	20,878	24,988
<b>Profit from operations</b>	<b>141,607</b>	<b>232,426</b>	<b>343,909</b>	<b>639,210</b>
Finance cost	(266,641)	(162,122)	(488,233)	(255,093)
<b>(Loss) / profit before taxation</b>	<b>(125,033)</b>	<b>70,304</b>	<b>(144,323)</b>	<b>384,117</b>
Taxation	6,251	9,109	39,248	(1,001)
<b>(Loss) / profit after taxation</b>	<b>(118,782)</b>	<b>79,413</b>	<b>(105,075)</b>	<b>383,116</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>(118,782)</b>	<b>79,413</b>	<b>(105,075)</b>	<b>383,116</b>
----- (Rupees) -----				
<b>Basic and diluted (loss) / earnings per share</b>	<b>(2.79)</b>	<b>1.86</b>	<b>(2.47)</b>	<b>8.99</b>

The annexed notes 1 to 16 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Condensed Interim Statement Of Changes In Equity (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share capital	Revenue Reserve Unappro- priated profit	Capital Reserve Surplus on revaluation of fixed assets	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2018 (Audited)	213,044	2,651,071	1,860,014	4,724,129
<b>Transaction with owners recognised directly in equity</b>				
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)
Bonus shares issued	213,044	(213,044)	-	-
<b>Total comprehensive income for the half year ended December 31, 2018</b>				
Profit for the period	-	383,116	-	383,116
Other comprehensive income	-	-	-	-
	-	383,116	-	383,116
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	2,229	(2,229)	-
<b>Balance as at December 31, 2018 (Un-audited)</b>	<b>426,088</b>	<b>2,491,023</b>	<b>1,857,785</b>	<b>4,774,896</b>
Balance as at July 1, 2019 (Audited)	426,088	2,172,735	2,049,561	4,648,384
<b>Total comprehensive income for the half year ended December 31, 2019</b>				
Loss for the period	-	(105,075)	-	(105,075)
Other comprehensive income	-	-	-	-
	-	(105,075)	-	(105,075)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,996	(3,996)	-
<b>Balance as at December 31, 2019 (Un-audited)</b>	<b>426,088</b>	<b>2,071,656</b>	<b>2,045,565</b>	<b>4,543,309</b>

The annexed notes 1 to 16 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Condensed Interim Statement of Cash Flows

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Half year ended	
	December 31, 2019	December 31, 2018
----- (Rupees in '000) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	11 (20,154)	(4,165,125)
Gratuity paid	(4,732)	(338)
Compensated absences paid	(53)	-
Finance cost paid	(405,183)	(193,005)
Income tax paid	(237,582)	(388,889)
Long term loans - net	1,379	532
Long term deposits - net	(1,790)	(7,615)
<b>Net cash used in operating activities</b>	<b>(668,115)</b>	<b>(4,754,440)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(46,617)	(124,886)
Proceeds from sale of operating fixed assets	3,824	2,717
Interest received	2,210	1,291
<b>Net cash used in investing activities</b>	<b>(40,583)</b>	<b>(120,878)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities - net	5,612	(5,023)
Dividend paid	(83)	(298,648)
<b>Net cash generated from / (used in) financing activities</b>	<b>5,529</b>	<b>(303,671)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(703,169)</b>	<b>(5,178,989)</b>
Cash and cash equivalents - at beginning of the period	(5,796,173)	(3,134,590)
<b>Cash and cash equivalents - at end of the period</b>	<b>(6,499,342)</b>	<b>(8,313,579)</b>

The annexed notes 1 to 16 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi.

Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (June 30, 2019: 16,686,794) ordinary shares of Rs.10 each of the Company.

### 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2019.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending June 30, 2020.

The Company has initially adopted IFRS 16 'Leases' from July 1, 2019. A number of other new standards are effective from July 1, 2019 but they do not have a material effect on these condensed interim financial statements.

IFRS 16 'Leases' affects primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IFRS 16, for sale and lease back transactions a transfer of asset is accounted for as a sale when a performance obligation is satisfied as required by IFRS 15.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

## Notes To The Condensed Interim Financial Statements (Un-Audited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2019

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognizes right to use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The Company presents right to use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The Company present its lease liabilities as a separate line item in the statement of financial position.

The Company recognizes a right to use asset and a lease liability at the lease commencement date. The right to use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. At transition, the Company recognised right to use assets equal to the present value of lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate is used.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

	Note	(Un-audited) December 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
Operating fixed assets	5.1	2,604,632	2,681,578
Right to use assets	5.3	76,928	-
Capital work-in-progress		74,001	89,149
		<u>2,755,561</u>	<u>2,770,727</u>

## Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		2,681,578	2,045,429
Transfer to right to use assets costing Rs.82,758 thousand		(53,884)	
Additions during the period / year	5.2	61,765	792,239
Disposals and written off, costing Rs.3,695 thousand (June 30, 2019: Rs.76,810 thousand) - at net book value		(1,616)	(14,434)
Depreciation charge for the period / year		(83,211)	(141,656)
Net book value at end of the period / year		<u>2,604,632</u>	<u>2,681,578</u>
<b>5.2 Revaluation / additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year</b>			
<b>Owned</b>			
- Leasehold land		-	189,300
- Building on leasehold land		44,375	143,039
- Plant and machinery		297	71,094
- Permanent tools		115	16,262
- Furniture and fixture		734	1,388
- Motor vehicles		11,598	32,133
- Trucks / lift trucks		-	20,923
- Office machines & equipment		2,187	10,400
- Computers		542	2,769
- Jigs and special tools		1,917	274,633
<b>Leased - Cars</b>		-	30,298
		<u>61,765</u>	<u>792,239</u>
<b>5.3 Right to use assets</b>			
Transfer from operating fixed assets costing Rs.82,758 thousand		53,884	-
Amount recognised on initial application		32,380	-
Additions during the period		3,293	-
Depreciation charge for the period		(12,629)	-
Net book value at end of the period		<u>76,928</u>	-
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components		4,901,543	7,300,167
Work-in-process		87,176	153,698
Finished goods including components		3,087,181	2,295,343
Trading stocks		750,242	610,217
		<u>8,826,142</u>	<u>10,359,425</u>

## Notes To The Condensed Interim Financial Statements (Un-Audited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	(Un-audited) December 31, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
<b>7. TRADE DEBTS - Unsecured</b>		
Government and semi-government agencies	10,468	2,072
Others including dealers - net	496,805	86,334
	<u>507,273</u>	<u>88,406</u>
<b>8. SHORT TERM BORROWINGS - Secured</b>		
Running finances	1,832,311	1,753,234
Finance against imported merchandise	2,280,235	2,941,765
Istisna	2,241,949	1,440,727
Murabaha	209,904	160,888
	<u>6,564,399</u>	<u>6,296,614</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 27.1 of the audited annual financial statements of the Company for the year ended June 30, 2019.

	(Un-audited) December 31, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
<b>9.2 Commitments</b>		
Bank guarantees	3,649,783	3,943,290
Letters of credit	<u>1,279,071</u>	<u>1,453,626</u>

	(Un-audited)			
	Quarter ended		Half year ended	
Note	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	------(Rupees in '000)-----			
<b>10. COST OF SALES</b>				

Stocks at beginning of the period	2,963,558	2,233,730	2,905,560	1,963,261
Cost of goods manufactured	3,389,802	4,462,159	5,647,288	8,349,429
Trading goods - purchases	(9,610)	182,179	412,436	326,418
	<u>3,380,192</u>	<u>4,644,338</u>	<u>6,059,724</u>	<u>8,675,847</u>
	6,343,750	6,878,068	8,965,284	10,639,108
Stocks at end of the period	(3,837,423)	(4,125,899)	(3,837,423)	(4,125,899)
	<u>2,506,327</u>	<u>2,752,169</u>	<u>5,127,861</u>	<u>6,513,209</u>



## Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 10.1 Cost of goods manufactured

Work in process at beginning of the period  
Raw materials and components consumed  
Direct labour and factory overheads

Work in process at end of the period

Note	(Un-audited)			
	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018

----- (Rupees in '000) -----

102,579	154,803	153,698	109,209
3,116,130	4,233,709	5,118,237	7,842,122
258,269	310,322	462,529	634,773
3,374,399	4,544,031	5,580,766	8,476,895
3,476,978	4,698,834	5,734,464	8,586,104
(87,176)	(236,675)	(87,176)	(236,675)
3,389,802	4,462,159	5,647,288	8,349,429

### 11. CASH USED IN OPERATIONS

(Loss) / profit before taxation  
**Adjustment for non cash charges and other items**

Depreciation / amortization on:

- property, plant and equipment
- right to use asset
- intangible assets
- investment property

Gain on disposal of operating fixed assets

Provision for compensated absences

Provision for doubtful advances

Amortization of gain on sale and lease back  
of fixed asset

Exchange loss

Provision for gratuity

Interest income

Finance cost

Working capital changes - net

Note	(Un-audited)	
	Half year ended	
	December 31,	December 31,
	2019	2018

----- (Rupees in '000) -----

(144,323)	384,117
83,211	55,322
12,629	-
63	63
121	123
(2,208)	(2,714)
1,631	-
3,730	-
(179)	(181)
23	119
11,223	12,431
(2,210)	(1,291)
488,233	255,093
451,944	703,082
(472,098)	(4,868,207)
(20,154)	(4,165,125)

11.1

## Notes To The Condensed Interim Financial Statements (Un-Audited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	(Un-audited) Half year ended	
	December 31, 2019	December 31, 2018
	----- (Rupees in '000) -----	
<b>11.1 Working capital changes</b>		
Decrease / (increase) in current assets:		
Stores	4,260	(4,278)
Stock-in-trade	1,533,283	(4,713,504)
Trade debts	(422,597)	(28,340)
Loans and advances	(31,876)	32,114
Trade deposits and prepayments	73,982	194,157
Other receivables	(3,882)	(16,310)
Sales tax refundable / adjustable	(386,842)	(297,524)
	766,328	(4,833,685)
Decrease in trade and other payables	(1,238,426)	(34,522)
	(472,098)	(4,868,207)
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	65,057	243,936
Short term borrowings	(6,564,399)	(8,557,515)
	(6,499,342)	(8,313,579)

### 13. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial statements 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 of the Company as at June 30, 2019.

There have been no changes in the risk management policies since the year end.

## Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 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	(Un-audited)	
		Half year ended	
		December 31, 2019	December 31, 2018
---- (Rupees in '000) ----			
(a) Holding Company			
Bibojee Services (Pvt.) Ltd.	Dividend paid	-	130,157
	Bonus shares issued	-	83,434
(b) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	185	177
	Reimbursement of expenses	152	145
(c) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	73,918	117,957
	Dividend paid	-	1,571
	Bonus shares issued	-	1,007
	Services rendered	-	70
	Sale of truck and parts	-	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	255,949	396,659
	Purchase of parts	-	-
	Sale of parts	50	32
	Dividend paid	-	63,432
	Rental income	1,597	1,430
	Reimbursement of expenses	444	24
	Bonus shares issued	-	40,662
The Universal Insurance Company Limited (Common Directorship)	Dividend paid	-	18,473
	Bonus shares issued	-	11,841
Bibojee Investments (Pvt.) Ltd. (Common Directorship)	Dividend paid	-	334
	Bonus shares issued	-	214
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	900
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	1,500
	Reimbursement of expenses	63	1,533
Janana De Maluchho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	1,077	834
Ghandhara DF (Pvt.) Ltd. (Common Directorship)	Rental income	1,597	-
	Sales	-	8
	Purchase of parts	2	22
(d) Other			
Provident fund	Contribution paid	4,732	-
Key management personnel	Remuneration and other benefits	64,810	64,566

## Notes To The Condensed Interim Financial Statements (Un-Audited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
<b>14.2 Period / year end balances are as follows:</b>		
<b>Receivables from related parties</b>		
Long term investment	1,400	1,400
Loans and advances	290	340
Other receivables	10,840	6,981
Payable to related parties		
Compensated absences	4,640	3,598
Trade and other payables	114,370	120,205

## 15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2019, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended December 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

## 16. DATE OF AUTHORIZATION

This condensed interim financial statement was authorized for issue on February 19, 2020 by the Board of Directors of the Company.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer



## Consolidated Condensed Interim Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	2,755,561	2,770,727
Intangible assets		197	260
Investment property		88,292	88,413
Long term loans		2,260	3,639
Long term deposits		23,738	21,948
Deferred taxation		229,317	87,158
		<b>3,099,365</b>	<b>2,972,145</b>
<b>Current assets</b>			
Stores		4,068	8,328
Stock-in-trade	6	8,826,142	10,359,425
Trade debts	7	507,273	88,406
Loans and advances		165,635	133,759
Trade deposits and prepayments		468,852	542,834
Other receivables		10,840	6,981
Sales tax refundable / adjustable		777,631	390,789
Taxation - payments less provision		1,052,832	918,170
Cash and bank balances		65,057	500,441
		<b>11,878,330</b>	<b>12,949,133</b>
<b>Total assets</b>		<b>14,977,695</b>	<b>15,921,278</b>

The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Consolidated Condensed Interim Statement Of Financial Position

AS AT DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 100,000,000 (June 30, 2019: 50,000,000) ordinary shares of Rs.10 each		1,000,000	500,000
Issued, subscribed and paid up capital 42,608,844 (June 30, 2019: 42,608,844) ordinary shares of Rs.10 each		426,088	426,088
<b>Revenue reserve</b> Unappropriated profit		2,072,635	2,173,691
<b>Capital reserve</b> Surplus on revaluation of fixed assets		2,045,565	2,049,561
		4,544,288	4,649,340
Non - controlling interest		5	5
		4,544,293	4,649,345
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liabilities		78,182	51,745
Compensated absences		14,623	13,045
Deferred liabilities		26,071	19,759
		118,876	84,549
<b>Current liabilities</b>			
Trade and other payables		3,341,314	4,579,772
Unpaid dividends		78,959	78,959
Unclaimed dividends		22,068	22,151
Accrued mark-up / interest		279,503	196,453
Short term borrowings	8	6,564,399	6,296,614
Current maturity of lease liabilities		28,283	13,435
		10,314,526	11,187,384
<b>Total liabilities</b>		10,433,402	11,271,933
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		14,977,695	15,921,278

The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

# Consolidated Condensed Interim Statement Of Profit Or Loss And Other Comprehensive Income (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Quarter ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
----- (Rupees in '000) -----				
Sales - net	2,852,104	3,183,699	5,880,616	7,567,541
Cost of sales	(2,506,327)	(2,752,169)	(5,127,861)	(6,513,209)
<b>Gross profit</b>	<b>345,777</b>	<b>431,530</b>	<b>752,755</b>	<b>1,054,332</b>
Distribution cost	(130,880)	(139,259)	(279,010)	(275,689)
Administrative expenses	(81,977)	(79,030)	(146,494)	(142,301)
Other expenses	(3,898)	(2,756)	(4,371)	(22,265)
Other income	12,494	21,856	20,878	24,988
<b>Profit from operations</b>	<b>141,515</b>	<b>232,341</b>	<b>343,758</b>	<b>639,065</b>
Finance cost	(266,548)	(162,033)	(488,048)	(254,916)
<b>(Loss) / profit before taxation</b>	<b>(125,032)</b>	<b>70,308</b>	<b>(144,290)</b>	<b>384,149</b>
Taxation	6,250	9,108	39,238	(1,010)
<b>(Loss) / profit after taxation</b>	<b>(118,782)</b>	<b>79,416</b>	<b>(105,052)</b>	<b>383,139</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>(118,782)</b>	<b>79,416</b>	<b>(105,052)</b>	<b>383,139</b>
----- (Rupees) -----				
<b>Basic and diluted (loss) / earnings per share</b>	<b>(2.79)</b>	<b>1.86</b>	<b>(2.47)</b>	<b>8.99</b>

The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer



# Consolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share capital	Revenue Reserve Unappropriated profit	Capital Reserve Surplus on revaluation of fixed assets	Total	Non - controlling interest
		----- (Rupees in '000) -----			
Balance as at July 1, 2018 (Audited)	213,044	2,651,071	1,860,014	4,724,129	5
<b>Transaction with owners recognised directly in equity</b>					
Final dividend for the year ended June 30, 2018 at the rate of Rs.15.6 per share	-	(332,349)	-	(332,349)	-
Bonus shares issued	213,044	(213,044)	-	-	-
<b>Total comprehensive income for the half year ended December 31, 2018</b>					
Profit for the period	-	383,139	-	383,139	-
Other comprehensive income	-	-	-	-	-
	-	383,139	-	383,139	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	2,229	(2,229)	-	-
<b>Balance as at December 31, 2018 (Un-audited)</b>	<b>426,088</b>	<b>2,491,046</b>	<b>1,857,785</b>	<b>4,774,919</b>	<b>5</b>
Balance as at July 1, 2019 (Audited)	426,088	2,173,691	2,049,561	4,649,340	5
<b>Total comprehensive income for the half year ended December 31, 2019</b>					
Loss for the period	-	(105,052)	-	(105,052)	-
Other comprehensive income	-	-	-	-	-
	-	(105,052)	-	(105,052)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,996	(3,996)	-	-
<b>Balance as at December 31, 2019 (Un-audited)</b>	<b>426,088</b>	<b>2,072,635</b>	<b>2,045,565</b>	<b>4,544,288</b>	<b>5</b>

The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Consolidated Condensed Interim Statement Of Cash Flows (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Half year ended	
	Note	December 31, 2019	December 31, 2018
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	11	(20,338)	(4,165,125)
Gratuity paid		(4,732)	(338)
Compensated absences paid		(53)	-
Finance cost paid		(404,998)	(193,005)
Income tax paid		(237,583)	(388,889)
Long term loans - net		1,379	532
Long term deposits - net		(1,790)	(7,615)
<b>Net cash used in operating activities</b>		<b>(668,115)</b>	<b>(4,754,440)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(46,617)	(124,886)
Proceeds from sale of operating fixed assets		3,824	2,717
Interest received		2,210	1,291
<b>Net cash used in investing activities</b>		<b>(40,583)</b>	<b>(120,878)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities - net		5,612	(5,023)
Dividend paid		(83)	(298,648)
<b>Net cash geneared from / (used in) financing activities</b>		<b>5,529</b>	<b>(303,671)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(703,169)</b>	<b>(5,178,989)</b>
Cash and cash equivalents - at beginning of the period		(5,796,173)	(3,134,590)
<b>Cash and cash equivalents - at end of the period</b>	12	<b>(6,499,342)</b>	<b>(8,313,579)</b>

The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

# Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## 1. THE GROUP AND ITS OPERATIONS

The Group consists of Ghandhara Industries Limited (the Holding Company) Marghazar Industries (Private) Limited (the Subsidiary Company).

### 1.1 Ghandhara Industries Limited

Ghandhara Industries Limited (the Holding 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, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E., Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Lahore, Multan, Rawalpindi and Peshawar.

### 1.2 Marghazar Industries (Private) Limited

Marghazar Industries (Private) Limited (the Subsidiary Company) was incorporated as a private limited company on March 7, 1969. The registered office of the Company is located at Gardee Trust Building, Napier Road, Lahore. The Company is subsidiary of Ghandhara Industries Limited; which holds 140,000 ordinary shares representing 99.79% of the total capital of the Company.

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Group for the year ended June 30, 2019.

The changes in accounting policies are also expected to be reflected in the Group's financial statements as at and for the year ending June 30, 2020.

The Group has initially adopted IFRS 16 'Leases' from July 1, 2019. A number of other new standards are effective from July 1, 2019 but they do not have a material effect on these condensed interim financial statements.

IFRS 16 'Leases' affects primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IFRS 16, for sale and lease back transactions a transfer of asset is accounted for as a sale when a performance obligation is satisfied as required by IFRS 15.

## Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

The Group has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Group recognizes right to use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Group are extendable through mutual agreement between the Group and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature. The Group recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The Group presents right to use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The Group present its lease liabilities as a separate line item in the statement of financial position.

The Group recognizes a right to use asset and a lease liability at the lease commencement date. The right to use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. At transition, the Group recognised right to use assets equal to the present value of lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate is used.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees in '000) -----			
Operating fixed assets	5.1	2,604,632	2,681,578
Right to use assets	5.3	76,928	-
Capital work-in-progress		74,001	89,149
		<u>2,755,561</u>	<u>2,770,727</u>

# Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2019
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		2,681,578	2,045,429
Transfer to right to use assets costing Rs.82,758 thousand		(53,884)	
Additions during the period / year	5.2	61,765	792,239
Disposals and written off, costing Rs.3,695 thousand (June 30, 2019: Rs.76,810 thousand) - at net book value		(1,616)	(14,434)
Depreciation charge for the period / year		(83,211)	(141,656)
Net book value at end of the period / year		2,604,632	2,681,578
<b>5.2 Revaluation / additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year</b>			
<b>Owned</b>			
- Leasehold land		-	189,300
- Building on leasehold land		44,375	143,039
- Plant and machinery		297	71,094
- Permanent tools		115	16,262
- Furniture and fixture		734	1,388
- Motor vehicles		11,598	32,133
- Trucks / lift trucks		-	20,923
- Office machines & equipment		2,187	10,400
- Computers		542	2,769
- Jigs and special tools		1,917	274,633
<b>Leased - Cars</b>		-	30,298
		61,765	792,239
<b>5.3 Right to use assets</b>			
Transfer from operating fixed assets costing Rs.82,758 thousand		53,884	-
Amount recognised on initial application		32,380	-
Additions during the period		3,293	-
Depreciation charge for the period		(12,629)	-
Net book value at end of the period		76,928	-
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components		4,901,543	7,300,167
Work-in-process		87,176	153,698
Finished goods including components		3,087,181	2,295,343
Trading stocks		750,242	610,217
		8,826,142	10,359,425

# Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

(Un-audited)  
December 31,  
2019  
----- (Rupees in '000) -----

(Audited)  
June 30,  
2019

## 7. TRADE DEBTS - Unsecured

Government and semi-government agencies  
Others including dealers - net

10,468	2,072
496,805	86,334
<b>507,273</b>	<b>88,406</b>

## 8. SHORT TERM BORROWINGS - Secured

Running finances  
Finance against imported merchandise  
Istisna  
Murabaha

1,832,311	1,753,234
2,280,235	2,941,765
2,241,949	1,440,727
209,904	160,888
<b>6,564,399</b>	<b>6,296,614</b>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 26.1 of the audited annual financial statements of the Group for the year ended June 30, 2019.

(Un-audited)  
December 31,  
2019  
----- (Rupees in '000) -----

(Audited)  
June 30,  
2019

### 9.2 Commitments

Bank guarantees  
Letters of credit

3,649,783	3,943,290
<b>1,279,071</b>	<b>1,453,626</b>

Note

Quarter ended	Half year ended
December 31, 2019	December 31, 2018
December 31, 2019	December 31, 2018

----- (Rupees in '000) -----

## 10. COST OF SALES

Stocks at beginning of the period  
Cost of goods manufactured  
Trading goods - purchases

10.1	2,963,558	2,233,730	2,905,560	1,963,261
	3,389,802	4,462,159	5,647,288	8,349,429
	(9,610)	182,179	412,436	326,418
	<b>3,380,192</b>	<b>4,644,338</b>	<b>6,059,724</b>	<b>8,675,847</b>
	6,343,750	6,878,068	8,965,284	10,639,108
	(3,837,423)	(4,125,899)	(3,837,423)	(4,125,899)
	<b>2,506,327</b>	<b>2,752,169</b>	<b>5,127,861</b>	<b>6,513,209</b>

### 10.1 Cost of goods manufactured

Work in process at beginning of the period  
Raw materials and components consumed  
Direct labour and factory overheads

102,579	154,803	153,698	109,209
3,116,130	4,233,709	5,118,237	7,842,122
258,269	310,322	462,529	634,773
<b>3,374,399</b>	<b>4,544,031</b>	<b>5,580,766</b>	<b>8,476,895</b>
3,476,978	4,698,834	5,734,464	8,586,104
(87,176)	(236,675)	(87,176)	(236,675)
<b>3,389,802</b>	<b>4,462,159</b>	<b>5,647,288</b>	<b>8,349,429</b>

# Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		(Un-audited) Half year ended	
	Note	December 31, 2019	December 31, 2018
----- (Rupees in '000) -----			
<b>11. CASH USED IN OPERATIONS</b>			
(Loss) / profit before taxation		(144,290)	384,149
Adjustment for non cash charges and other items			
Depreciation / amortization on:			
- property, plant and equipment		83,211	55,322
- right to use asset		12,629	-
- intangible assets		63	63
- investment property		121	123
Gain on disposal of operating fixed assets		(2,208)	(2,714)
Provision for compensated absences		1,631	-
Provision for doubtful advances		3,730	-
Amortization of gain on sale and lease back of fixed asset		(179)	(181)
Exchange loss		23	119
Provision for gratuity		11,223	12,431
Interest income		(2,210)	(1,291)
Finance cost		488,048	254,916
		451,792	702,937
Working capital changes - net	11.1	(472,130)	(4,868,062)
		(20,338)	(4,165,125)
<b>11.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
Stores		4,260	(4,278)
Stock-in-trade		1,533,283	(4,713,504)
Trade debts		(422,597)	(28,340)
Loans and advances		(31,876)	32,114
Trade deposits and prepayments		73,982	194,157
Other receivables		(3,882)	(16,310)
Sales tax refundable / adjustable		(386,842)	(297,524)
		766,328	(4,833,685)
Decrease in trade and other payables		(1,238,458)	(34,377)
		(472,130)	(4,868,062)
<b>12. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		65,057	243,936
Short term borrowings		(6,564,399)	(8,557,515)
		(6,499,342)	(8,313,579)

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

The condensed interim financial statements 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 of the Group as at June 30, 2019.

There have been no changes in the risk management policies since the year end.

# Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## 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	(Un-audited)	
		Half year ended December 31, 2019	December 31, 2018
---- (Rupees in '000) ----			
(a) Ultimate Holding Company			
Bibojee Services (Pvt.) Ltd.	Dividend paid	-	130,157
	Bonus shares issued	-	83,434
(b) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	73,918	117,957
	Dividend paid	-	1,571
	Bonus shares issued	-	1,007
	Services rendered	-	70
	Sale of truck and parts	-	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	255,949	396,659
	Purchase of parts	-	-
	Sale of parts	50	32
	Dividend paid	-	63,432
	Rental income	1,597	1,430
	Reimbursement of expenses	444	24
	Bonus shares issued	-	40,662
The Universal Insurance Company Limited (Common Directorship)	Dividend paid	-	18,473
	Bonus shares issued	-	11,841
Bibojee Investments (Pvt.) Ltd. (Common Directorship)	Dividend paid	-	334
	Bonus shares issued	-	214
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	900
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	1,500
	Reimbursement of expenses	63	1,533
Janana De Maluchho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	1,077	834
Ghandhara DF (Pvt.) Ltd. (Common Directorship)	Rental income	1,597	-
	Sales	-	8
	Purchase of parts	2	22
(c) Other			
Provident fund	Contribution paid	4,732	-
Key management personnel	Remuneration and other benefits	64,810	64,566

(Un-audited) (Audited)  
December 31, June 30,  
2019 2019  
----- (Rupees in '000) -----

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

Loans and advances	290	340
Other receivables	10,840	6,981
Payable to related parties		
Compensated absences	4,640	3,598
	114,370	120,205



## Consolidated Notes To The Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Group for the year ended June 30, 2019, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Group for the period ended December 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

### 16. DATE OF AUTHORIZATION

This condensed interim financial statement was authorized for issue on February 19, 2020 by the Board of Directors of the Holding Company.



Ahmad Kuli Khan Khattak

Chief Executive



Maj. (R) Muhammad Zia

Director



Iftikhar Ahmed Khan

Chief Financial Officer



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