

GHANDHARA NISSAN LIMITED

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Company Profile

Board of Directors*

Mr. Raza Kuli Khan Khattak	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	President
Mr. Ahmed Kuli Khan Khattak	Chief Executive Officer
Mr. Mushtaq Ahmed Khan (FCA)	
Mr. Syed Haroon Rashid	
Mr. Mohammad Zia	
Mr. Muhammad Saleem Baig	
Mr. Polad Merwan Polad	

Company Secretary

Mr. Muhammad Sheharyar Aslam

Chief Financial Officer

Mr. Muhammad Umair

Registered Office

F-3, Hub Chowki Road, S.I.T.E., Karachi

Factory

Truck / Car Plants
Port Bin Qasim, Karachi

Regional Offices

First Floor, Luban's Arcade Main Canal Road, Lahore	400/2, Gammon House Peshawar Road Rawalpindi Cantt.
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Bankers of the Company

National Bank of Pakistan
Faysal Bank Limited
Habib Bank Limited
Allied Bank Limited
United Bank Limited
Soneri Bank Limited
MCB Bank Limited
The Bank of Tokyo – Mitsubishi, Ltd.
Standard Chartered Bank (Pakistan) Limited
Industrial & Commercial Bank of China
Summit Bank Limited
The Bank of Punjab
The Bank of Khyber
Askari Commercial Bank Limited
Meezan Bank Limited - (Shariah)
Bank Al Habib Limited
Bank Alfalah Islamic - (Shariah)
Al Baraka Bank (Pakistan) Limited - (Shariah)
JS Bank Limited
Samba Bank Limited

Audit Committee*

Mr. Polad Merwan Polad	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Mohammad Zia	Member

Human Resource & Remuneration Committee

Mr. Polad Merwan Polad	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Muhammad Zia	Member

*A Director Mr. Jamil A. Shah (Late) passed away during January, 2019.



Auditors

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

Legal & Tax Advisors

M/s. Khalid Anwer & Co,
Advocates & Legal Consultants,
153-K, Sufi Street, Block II,
PECHS, Karachi-75500

M/s. Shekha & Mufti
Chartered Accountants
C-253, P.E.C.H.S., Block 6
Off Shahrah-e-Faisal
Karachi

Share Registrars

M/s. T.H.K. Associates (Pvt.) Ltd.
1st Floor, 40-C,
Block-6, P.E.C.H.S
Karachi-75400

NTN:

0802990-3

Sales Tax Registration No:

12-03-8702-001-46





Directors' Report

Your Directors are pleased to present the half yearly report alongwith the unaudited condensed interim financial Statements of Ghandhara Nissan Limited for the half year ended December 31, 2018.

The financial results for the half year ended December 31, 2018 are summarized below:

	31 Dec, 2018	31 Dec, 2017
	----- Rupees '000 -----	
Revenue	1,221,962	1,014,548
Gross Profit	233,334	236,766
Operating Profit	230,334	259,500
Net Profit	129,044	197,055
Earnings Per Share (Rupees)	2.26	3.98

The decline in Gross Profit is primarily due to increase in price of raw materials mainly resulting from devaluation of Pak-Rupee.

Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements.

Future Outlook

With a sizable market share attained by Dongfeng business and a good market response for JAC Trucks, the company is positive about the future outlook. Further, the introduction of Renault Trucks is anticipated to achieve desired results in due course of time.

The directors are grateful to the Principals, customers, vendors, bankers and other business associates for their continued patronage and support.

For and on behalf of the Board of Directors


Ahmed Kuli Khan Khattak
Chief Executive Officer


Muhammad Zia
Director

Karachi
Dated: 16th February, 2019



ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کی جانب سے بصد خوشی گندھارا نسان لمیٹڈ کمپنی کی 31 دسمبر 2018 کو ختم ہونے والی نصف سالہ رپورٹ بشمول غیر پڑتال شدہ عبوری مالیاتی معلومات پیش خدمت ہے۔

31 دسمبر 2018 کو ختم ہونے والے نصف سال کے مالیاتی نتائج درج ذیل ہیں۔

31 دسمبر 2017

31 دسمبر 2018

(روپے ہزاروں میں)

1,014,548	1,221,962	فروخت
236,766	233,334	خام منافع
259,500	230,334	کاروباری منافع
197,055	129,044	خالص منافع
3.98	2.26	فی حصص آمدنی (روپے)

خام منافع میں کمی، بنیادی طور پر خام مال کی قیمتوں میں اضافہ کی وجہ سے ہوئی جس کا تعلق پاکستانی روپے کی قدر میں کمی سے ہے۔

متعلقہ پارٹی سودے:

تمام متعلقہ پارٹیوں کے ساتھ کاروباری لین دین کے امور شفافیت کے ساتھ کئے گئے۔ اور ان کا اظہار نصف سالہ عبوری مالیاتی معلومات میں کر دیا گیا ہے۔

مستقبل کی توقعات:

DONGFENG کاروبار سے حاصل ہونے والے مارکیٹ شئیر اور JAC ٹرکس کی بھرپور پذیرائی سے کمپنی بہتر مستقبل کی توقع رکھتی ہے۔ اس کے علاوہ RENAULT ٹرکس کے تعارف سے بھی بہتر نتائج کی توقع ہے۔

ڈائریکٹرز اپنے پرنسپل، کسٹمرز، وینڈرز، مینکریز اور دیگر کاروباری رفقاء کار کے تعاون کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

محمد ضیاء
ڈائریکٹر

احمد قلی خان خٹک
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۱۶ فروری، ۲۰۱۹

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GHANDHARA NISSAN LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statements of financial position of Ghandhara Nissan Limited as at December 31, 2018 and the related 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, 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 statements of profit or loss account and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 statement 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 in this independent auditor's review report is Raheel Ahmed.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI; Dated: 16th February, 2019

**Condensed Interim Statement of Financial Position**

As at December 31, 2018

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
		----- Rupees '000 -----	
ASSETS	Note		
Non current assets			
Property, plant and equipment	5	2,466,635	2,133,465
Intangible assets		2,401	2,744
Long term investments		222,906	222,906
Long term loans		6,609	6,972
Long term deposits		20,484	20,247
Due from Subsidiary Company		768,416	766,994
		<u>3,487,451</u>	<u>3,153,328</u>
Current assets			
Stores, spares and loose tools		86,115	91,767
Stock-in-trade		791,680	738,323
Trade debts		260,686	260,537
Loans and advances		41,680	72,190
Deposits and prepayments		66,014	11,260
Investments	6	1,191,776	100,928
Other receivables		105,724	64,605
Accrued interest / mark-up		20,349	17,755
Cash and bank balances		243,952	1,314,660
		<u>2,807,976</u>	<u>2,672,025</u>
Total assets		<u>6,295,427</u>	<u>5,825,353</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	570,025	450,025
Subscription money against right issue		-	1,054,319
Capital reserve			
- share premium	7.4	1,102,721	40,000
- surplus on revaluation of fixed assets		966,186	972,241
		<u>2,068,907</u>	<u>1,012,241</u>
Revenue reserve - unappropriated profit		<u>2,286,395</u>	<u>2,151,296</u>
Total equity		<u>4,925,327</u>	<u>4,667,881</u>
Liabilities			
Non current liabilities			
Liabilities against assets subject to finance lease		40,931	47,439
Long term deposits		8,611	9,611
Deferred taxation		262,617	264,738
		<u>312,159</u>	<u>321,788</u>
Current liabilities			
Trade and other payables		738,366	695,581
Accrued mark-up on running finance		7,642	6,736
Running finances under mark-up arrangements		242,205	-
Current portion of liabilities against assets subject to finance lease		17,108	17,721
Taxation - net		41,983	104,971
Unclaimed dividend		10,637	10,675
		<u>1,057,941</u>	<u>835,684</u>
Total liabilities		<u>1,370,100</u>	<u>1,157,472</u>
Contingencies and commitments	8		
Total equity and liabilities		<u>6,295,427</u>	<u>5,825,353</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial statements.


 Ahmed Kuli Khan Khattak
 Chief Executive Officer


 Muhammad Zia
 Director


 Muhammad Umair
 Chief Financial Officer



Condensed Interim Statement of Profit or Loss Account and other Comprehensive Income (Unaudited)

For the half year ended December 31, 2018

		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note		----- Rupees '000 -----			
		590,933	487,027	1,221,962	1,014,548
	9	(511,060)	(403,021)	(988,628)	(777,782)
		79,873	84,006	233,334	236,766
		(22,139)	(10,663)	(34,264)	(21,968)
		(73,715)	(41,804)	(127,474)	(91,498)
		120,535	95,232	171,945	152,959
		(321)	(6,629)	(13,207)	(16,759)
		104,233	120,142	230,334	259,500
		(56,486)	(2,974)	(60,218)	(5,649)
		47,747	117,168	170,116	253,851
		(7,806)	(15,791)	(41,072)	(56,796)
		39,941	101,377	129,044	197,055
		-	-	-	-
		39,941	101,377	129,044	197,055
		----- Rupees -----			
		Restated		Restated	
		0.70	2.05	2.26	3.98

The annexed notes from 1 to 13 form an integral part of this condensed interim financial statements.


 Ahmed Kuli Khan Khattak
 Chief Executive Officer


 Muhammad Zia
 Director


 Muhammad Umair
 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)**


For the half year ended December 31, 2018

	Share capital	Subscription money against right issue	Capital Reserve		Revenue Reserve Unappropriated profit	Total
			Share premium	Surplus on revaluation of fixed assets		
	Rupees '000					
Balance as at July 1, 2017	450,025	-	40,000	988,570	1,313,543	2,792,138
Transactions with owners, recognised directly in equity						
Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share	-	-	-	-	(225,013)	(225,013)
Total comprehensive income for the six months period ended December 31, 2017						
Profit for the period	-	-	-	-	197,055	197,055
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	197,055	197,055
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(13,815)	13,815	-
Balance as at December 31, 2017	450,025	-	40,000	974,755	1,299,400	2,764,180
Balance as at July 1, 2018	450,025	1,054,319	40,000	972,241	2,151,296	4,667,881
Transactions with owners, recognised directly in equity						
Subscription money received	-	131,694	-	-	-	131,694
Issuance cost	-	(3,292)	-	-	-	(3,292)
	-	128,402	-	-	-	128,402
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-
Total comprehensive income for the six months period ended December 31, 2018						
Profit for the period	-	-	-	-	129,044	129,044
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	129,044	129,044
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(6,055)	6,055	-
Balance as at December 31, 2018	570,025	-	1,102,721	966,186	2,286,395	4,925,327

The annexed notes from 1 to 13 form an integral part of this condensed interim financial statements.


 Ahmed Kuli Khan Khattak
 Chief Executive Officer


 Muhammad Zia
 Director


 Muhammad Umair
 Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)**


For the half year ended December 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	170,116	253,851
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	54,273	51,554
Provision for gratuity	5,051	3,841
Interest income	(46,509)	(27,914)
Dividend income	(82,633)	(77,493)
Gain on disposal of non current assets for sale	-	(36,509)
Amortization of gain on sale and lease back of fixed assets	-	(3)
Unrealised gain on investments at fair value through profit or loss	(24,620)	-
Finance cost	60,218	5,649
Net exchange loss	599	310
Operating profit before working capital changes	136,495	173,286
Decrease / (Increase) in current assets:		
Stores, spares and loose tools	5,652	2,386
Stock-in-trade	(53,357)	(13,018)
Trade debts	(149)	(196,147)
Loans and advances	30,510	(10,984)
Deposit and prepayments	(54,754)	1,435
Other receivables	(41,119)	6,606
	(113,217)	(209,722)
Decrease in trade and other payables	49,455	67,421
Cash generated from operations	72,733	30,985
Gratuity paid	(12,320)	(13,427)
Long term loans - net	363	(563)
Long term deposits - net	(237)	739
Finance cost paid	(59,312)	(4,792)
Taxes paid	(106,181)	(81,721)
Net cash used in operating activities	(104,954)	(68,779)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(380,007)	(91,537)
Proceeds from disposal of property, plant and equipment	1,271	177,913
Interest income received	43,915	26,493
Dividend received	82,633	77,493
Due from Subsidiary Company - net	(1,422)	(153,433)
Short term investment - net	(1,066,228)	-
Net cash (used in) / generated from investing activities	(1,319,838)	36,929
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(15,485)	(12,397)
Long term deposits received	(1,000)	-
Running finances under mark-up arrangements - net	242,205	74,168
Dividend paid	(38)	(213,628)
Subscription money against right issue	128,402	-
Net cash generated from / (used in) financing activities	354,084	(151,857)
Net decrease in cash and cash equivalents	(1,070,708)	(183,707)
Cash and cash equivalents at beginning of the period	1,314,660	514,390
Cash and cash equivalents at end of the period	243,952	330,683

The annexed notes from 1 to 13 form an integral part of this condensed interim financial statements.


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2018

1. THE COMPANY AND ITS OPERATIONS

Ghandhara Nissan Limited (the Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted into a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Company's shares are listed on Pakistan Stock Exchange Limited.

The principal business of the Company is assembly / progressive manufacturing of vehicles including JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 or IFAS, 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, 2018.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2018, except for the adoption of new and amended accounting standards effective as of July 1, 2018.

New and amended standards adopted by the Company

The Company has adopted IFRS 9, 'Financial Instruments' and IFRS 15, 'Revenue from Contract with Customer'. Neither the IFRS 9 and IFRS 15 resulted in the restatement of comparatives. The impact of the adoption is described below:

(a) IFRS 9 Financial Instruments

The IFRS 9 introduces new requirements for the recognition, classification and measurement of financial assets and liabilities & impairment of financial assets. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement'.

Classification and measurement of financial assets

Under IFRS 9, financial assets can be classified into three categories i.e. financial assets through profit & loss, financial assets measured at amortized cost & financial assets through other comprehensive income.

On July 1, 2018, the Company has assessed which measurement apply to the financial assets held by the Company. This does not have any material impact on the Company's financial statements.

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

(b) IFRS 15 Revenue from Contract with Customers:

Under IFRS 15, 'Revenue from Contracts with Customers' the Company recognize revenue when the Company satisfies the performance obligation by transferring promised good to a customer. The control of promised goods are transferred, being when the products are delivered to the customers. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue Recognition' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers recognition and measurement criteria of construction contracts. The adoption of standard does not have material impact on the timing of revenue recognition.

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3.3 The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements 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 these 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 of the Company for the year ended June 30, 2018.

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
5. PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees '000 -----	
Operating fixed assets	5.1	2,068,934	1,941,094
Capital work-in-progress		397,701	192,371
		<u>2,466,635</u>	<u>2,133,465</u>
5.1 Operating fixed assets			
Book value at beginning of the period / year		1,941,094	1,920,332
Additions during the period / year	5.2	183,041	132,450
Disposals costing Rs.2,761 thousand (June 30, 2018: Rs.6,379 thousand) - at book value		(1,271)	(3,496)
Depreciation charge for the period / year		(53,930)	(108,192)
Book value at end of the period / year		<u>2,068,934</u>	<u>1,941,094</u>
5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Building on freehold land		132,718	-
Leasehold improvements		13,860	44,751
Plant and machinery		15,218	33,740
Assembly Jigs		-	6,341
Furniture and fixtures		3,727	254
Vehicles			
- owned		6,684	11,925
- leased		8,364	15,095
Other equipment		1,692	14,154
Office equipment		342	4,338
Computers		436	1,852
		<u>183,041</u>	<u>132,450</u>

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

6. INVESTMENTS - at fair value through profit or loss

December 31, 2018	June 30, 2018		(Unaudited) December 31, 2018	(Audited) June 30, 2018
----- Numbers of Unit -----			----- Rupees '000 -----	
		BMA Chundrigar Road		
11,903,115	11,645,239	Savings Fund	101,171	100,928
68,919,422	-	BMA Empress Cash Fund	623,275	-
60,727,516	-	NAFA Money Market Fund	467,330	-
			<u>1,191,776</u>	<u>100,928</u>

7. SHARE CAPITAL**7.1 Authorized capital**

80,000,000 (June 30, 2018: 80,000,000) ordinary shares of Rs.10 each

<u>800,000</u>	<u>800,000</u>
----------------	----------------

7.2 Issued, subscribed and paid-up capital

December 31, 2018	June 30, 2018			
----- No. of shares -----				
14,800,000	14,800,000	Ordinary shares of Rs.10 each fully paid in cash	148,000	148,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
12,000,000	-	Ordinary shares of Rs.10 each issued as right (Refer note 7.4)	120,000	-
<u>57,002,500</u>	<u>45,002,500</u>		<u>570,025</u>	<u>450,025</u>

7.3 At December 31, 2018, Bibojee Services (Private) Limited (the Holding Company) holds 57.76% (June 30, 2018: 56.32%) of share capital of the Company.

7.4 Issuance of right shares at premium

The Board of Directors of the Company in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) in proportion of 26.67 shares for every 100 shares held as at May 8, 2018. The right shares were issued for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Company.

These right shares have been issued to Company's existing shareholders. Total amount raised through the rights issue is Rs.1,200 million comprising of Rs.120 million and Rs.1,080 million in respect of ordinary share capital and share premium respectively. In this respect, the Company has allotted 12,000,000 shares during the period.

Issuance cost amounting to Rs.17.28 million were incurred in relation to above right issue which has been set-off with the subscription money received and accordingly accounted for as a deduction from equity on allotment of shares.

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

8. CONTINGENCIES AND COMMITMENTS

- 8.1 There is no material change in status of the contingencies as disclosed in note 30.1 of the audited annual financial statements of the Company for the year ended June 30, 2018.
- 8.2 Commitment in respect of irrevocable letters of credit as at December 31, 2018 aggregate to Rs.329.179 million (June 30, 2018: Rs.140.251 million).
- 8.3 Guarantees aggregating Rs.5.452 million (June 30, 2018: Rs.5.601 million) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.968.001 million (June 30, 2018: Rs.538.749 million) to the commercial banks against banking facilities utilised by the Subsidiary Company.

9. COST OF SALES

		(Un-audited)			
		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees '000			
Note					
Finished goods at beginning of the period		591,069	113,214	378,552	213,001
Cost of goods manufactured	9.1	224,516	125,804	798,490	259,680
Purchases - trading goods		289,144	303,279	405,255	444,377
		513,660	429,083	1,203,745	704,057
		1,104,729	542,297	1,582,297	917,058
Finished goods at end of the period		(593,669)	(139,276)	(593,669)	(139,276)
		511,060	403,021	988,628	777,782
9.1 Cost of goods manufactured					
Raw materials and parts consumed		17,078	-	440,796	-
Factory overheads		207,438	125,804	357,694	259,680
		224,516	125,804	798,490	259,680

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

10. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, the Subsidiary Company, Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit plans, key management personnel and close members of the families of the directors & key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with and balance of related parties are as follows:

Name	Nature of transaction	----- (Un-audited) -----	
		December 31, 2018	December 31 2017
----- Rupees '000 -----			
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	3,000	3,000
	Issue of right shares including premium	757,530	-
	Dividend income	-	140,232
	Subscription money against right issue	81,734	-
(ii) Subsidiary Company			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	151,574	73,476
	Purchase of parts	25	54
	Sale of parts	45	5,400
	Long term advances given - net	1,422	153,433
	Interest received	37,338	17,331
	Interest income	39,953	18,515
	Guarantee commission	7,389	3,115
(iii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (10.1)	Contract assembly charges	396,659	384,228
	Purchase of parts	32	8
	Sale of parts	-	6
	Head office rent	1,430	1,320
	Dividend Income	63,432	77,493
	Bonus shares received	40,060	-
	Reimbursement of expenses	25	21
	The General Tyre and Rubber Company of Pakistan Limited (10.1)	Purchase of tyres, tubes and flaps	19
Gammon Pakistan Limited (10.1)	Office rent	1,500	1,500
Janana De Malucho Textile (10.1) Mills Limited	Reimbursement of expenses	834	867
(iv) Others			
Staff provident fund	Contribution made	4,681	3,938
Staff gratuity fund	Contribution made	12,320	13,427
Key management personnel	Remuneration and other short term benefits	43,468	34,792
	Issue of right shares including premium	5,288	-

10.1 Associated company by virtue of common directorship.

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

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

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees '000 -----	
Long term investment	222,906	222,906
Long term loans	200	889
Trade debts	138,955	108,999
Loan and advances	1,198	1,989
Deposits and prepayments	1,500	590
Other receivables	7,389	1,760
Accrued interest / mark-up	20,349	17,735
Payable to related parties		
Trade and other payables	40,066	47,840

These are in the normal course of business and are settled in ordinary course of business.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financials statements of the Company for the year ended June 30, 2018.

12. 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, 2018, 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, 2017. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on February 16, 2019 by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
Chief Executive Officer

Muhammad Zia
Director

Muhammad Umair
Chief Financial Officer

Consolidated Financial Statements

- **Directors' Report on Consolidated Condensed Interim Financial Statements (English)**
- **Directors' Report on Consolidated Condensed Interim Financial Statements (Urdu)**
- **Consolidated Condensed Interim Statement of Financial Position**
- **Consolidated Condensed Interim Statement of Profit or Loss account & other comprehensive income**
- **Consolidated Condensed Interim Statement of Changes in Equity**
- **Consolidated Condensed Interim Statement of Cash Flows**
- **Notes to the Consolidated Condensed Interim Financial Statements**



Directors' Report

The directors are pleased to present their report together with unaudited consolidated condensed interim financial statements of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited (GDFPL) for the half year ended 31st December 2018.

The Company has annexed unaudited consolidated condensed interim financial statements alongwith its standalone un-audited condensed interim financial statements.

The consolidated unaudited condensed interim financial statements show turnover of Rs.3,909.3 million, gross profit of Rs.576.8 million and profit after tax of Rs.313.4 million.

Considering the significant impacts due to macroeconomic factors such as exchange rate fluctuations, etc. and the resultant economic slowdown, the company is keen in taking measures to address these challenges.

However, Dongfeng business has shown stability in performance during the period due to customer loyalty achieved as result of consistency in performance and after-sales service.

Going forward, the brand is expecting growing demand from Oil Sector due to fleet replacement as a result of OGRA requirements and infrastructural projects in pipeline.

Needless to mention that the Company's consolidated outlook seems lucrative in the light of JAC and Renault Trucks which are yet to see-off their initial stage of product life cycle.

For and on behalf of the Board of Directors


Ahmed Kuli Khan Khattak
Chief Executive Officer


Muhammad Zia
Director

Karachi
Dated: 16th February, 2019



ڈائریکٹر رپورٹ

ڈائریکٹر کی جانب سے بصدر خوشی گندھارا انسان لمیٹڈ (جی این ایل) اور اس کی ذیلی کمپنی گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ (جی ڈی ایف پی ایل) کی 31 دسمبر 2018 کو ختم ہونے والی نصف سالہ رپورٹ کے لیے غیر پڑتال شدہ عبوری مالیاتی معلومات پیش خدمت ہیں۔ کمپنی نے غیر پڑتال شدہ عبوری مجموعی مالیاتی معلومات بمع انفرادی عبوری معلومات کا ضمیمہ اس کے ساتھ منسلک کر دیا ہے۔

مجموعی عبوری مالیاتی معلومات کے مطابق فروخت 3,909.3 ملین روپے ہے، خام منافع 576.8 ملین روپے اور بعد از ٹیکس منافع 313.4 ملین روپے ہے۔

کلیاتی معاشیاتی اثرات جیسا کہ بین الاقوامی کرنسی کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور معیشت کی سست روی کو مد نظر رکھتے ہوئے کمپنی ان اثرات سے نبرد آزما ہونے کے لیے اقدامات لے رہی ہے۔

تاہم DONGFENG کاروبار کے اس مدت کے دوران کارکردگی میں استحکام اور بعد از فروخت سروس میں نمایاں بہتری سے گاہکوں کی وفاداری (Customers Loyalty) میں مسلسل اضافہ ہوا۔

مزید براہ پائپ لائن میں بنیادی تعمیراتی منصوبوں اور اوگرا کی ضروریات کے مد نظر گاڑیوں کی تبدیلی کی وجہ سے ہمارے برانڈ کو آئل سیلٹر سے بڑھتی طلب کی توقع ہے۔

کمپنی کے مستقبل کا مجموعی نقطہ نظر JAC اور RENAULT کے حوالے سے روشن لگتا ہے، جو ابھی اپنے پراؤکٹ لائف سائیکل کے ابتدائی مرحلے میں ہیں۔

بورڈ آف ڈائریکٹر کی جانب سے

محمد ضیاء
ڈائریکٹر

احمد قلی خان خٹک
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۱۶ فروری، ۲۰۱۹

**Consolidated Condensed Interim Statement of Financial Position**

As at December 31, 2018

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
		----- Rupees '000 -----	
ASSETS	Note		
Non current assets			
Property, plant and equipment	6	2,475,547	2,140,333
Intangible assets		2,538	2,900
Long term investments	7	898,278	886,352
Long term loans		11,709	6,972
Long term deposits		26,805	20,735
		<u>3,414,877</u>	<u>3,057,292</u>
Current assets			
Stores, spares and loose tools		86,115	91,767
Stock-in-trade		2,234,487	1,767,583
Trade debts		1,464,458	1,201,044
Loans and advances		53,147	76,224
Deposits and prepayments		228,580	18,931
Investments	8	1,191,776	100,928
Other receivables		173,639	146,617
Taxation - net		226,432	66,965
Cash and bank balances		392,076	1,323,012
		<u>6,050,710</u>	<u>4,793,071</u>
Total assets		<u>9,465,587</u>	<u>7,850,363</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	570,025	450,025
Subscription money against right issue		-	1,054,319
Capital reserve			
- share premium	9.4	1,102,721	40,000
- surplus on revaluation of fixed assets		1,279,742	1,286,608
- Items directly credited to equity by an Associate		71,046	70,235
		<u>2,453,509</u>	<u>1,396,843</u>
Revenue reserve - unappropriated profit		<u>3,285,737</u>	<u>2,966,287</u>
Equity attributable to shareholders of the Holding Company		6,309,271	5,867,474
Non-controlling interest		61	44
Total equity		<u>6,309,332</u>	<u>5,867,518</u>
Liabilities			
Non current liabilities			
Liabilities against assets subject to finance lease		49,299	65,828
Long term deposits		8,611	9,611
Deferred taxation		262,630	265,416
		<u>320,540</u>	<u>340,855</u>
Current liabilities			
Trade and other payables		1,977,392	1,429,111
Accrued mark-up on running finance		12,506	9,528
Running finances under mark-up arrangements		795,334	153,661
Current portion of liabilities against assets subject to finance lease		39,846	39,015
Unclaimed dividend		10,637	10,675
		<u>2,835,715</u>	<u>1,641,990</u>
Total liabilities		<u>3,156,255</u>	<u>1,982,845</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>9,465,587</u>	<u>7,850,363</u>

The annexed notes from 1 to 15 form an integral part of this consolidated condensed interim financial statements.

Ahmed Kuli Khan Khattak
Chief Executive OfficerMuhammad Zia
DirectorMuhammad Umair
Chief Financial Officer




Consolidated Condensed Interim Statement of Profit or Loss Account and other Comprehensive Income (Unaudited)

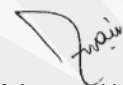
For the half year ended December 31, 2018

		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note		----- Rupees '000 -----			
Revenue		2,125,304	1,359,511	3,909,288	2,343,775
Cost of sales	11	(1,862,697)	(1,185,450)	(3,332,454)	(1,932,269)
Gross profit		262,607	174,061	576,834	411,506
Distribution cost		(28,880)	(13,465)	(47,058)	(26,502)
Administrative expenses		(84,311)	(47,520)	(145,442)	(102,954)
Other income		36,342	7,184	64,499	54,126
Other expenses		(19,745)	(6,629)	(33,801)	(16,759)
Profit from operations		166,013	113,631	415,032	319,417
Finance cost		(62,482)	(3,089)	(69,536)	(5,801)
		103,531	110,542	345,496	313,616
Share of profit of an Associate		57,965	111,023	75,358	151,508
Profit before taxation		161,496	221,565	420,854	465,124
Taxation		(41,364)	(40,138)	(107,442)	(101,060)
Profit after taxation		120,132	181,427	313,412	364,064
Other comprehensive income		-	-	-	-
Total comprehensive income		120,132	181,427	313,412	364,064
Attributable to:					
- Shareholders of the Holding Company		120,124	181,423	313,395	364,055
- Non-controlling interest		8	4	17	9
		120,132	181,427	313,412	364,064
		----- Rupees -----			
Earnings per share - basic		2.11	3.66	5.50	7.35
and diluted					

The annexed notes from 1 to 15 form an integral part of this consolidated condensed interim financial statements.


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer

**Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)**


For the half year ended December 31, 2018

	Share capital	Subscription money against right issue	Share premium	Capital Reserve Surplus on revaluation of fixed assets	Items directly credited to equity by an Associate	Revenue reserve Unappropriated profit	Total	Non-controlling interest
	----- Rupees '000 -----							
Balance as at July 1, 2017 (Audited)	450,025	-	40,000	1,389,904	68,426	1,818,045	3,766,400	26
Transactions with owners, recognised directly in equity								
Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share	-	-	-	-	-	(225,013)	(225,013)	-
Total comprehensive income for the six months period ended December 31, 2017								
Profit for the period	-	-	-	-	-	364,055	364,055	9
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	364,055	364,055	9
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(13,815)	-	13,815	-	-
Effect of item directly credited in equity by an Associated Company	-	-	-	(955)	955	-	-	-
Balance as at December 31, 2017 (Un-audited)	450,025	-	40,000	1,375,134	69,381	1,970,902	3,905,442	35
Balance as at July 1, 2018 (Audited)	450,025	1,054,319	40,000	1,286,608	70,235	2,966,287	5,867,474	44
Transactions with owners, recognised directly in equity								
Subscription money received	-	131,694	-	-	-	-	131,694	-
Issuance cost	-	(3,292)	-	-	-	-	(3,292)	-
	-	128,402	-	-	-	-	128,402	-
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2018								
Profit for the period	-	-	-	-	-	313,395	313,395	17
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	313,395	313,395	17
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(6,055)	-	6,055	-	-
Effect of item directly credited in equity by an Associated Company	-	-	-	(811)	811	-	-	-
Balance as at December 31, 2018 (Un-audited)	570,025	-	1,102,721	1,279,742	71,046	3,285,737	6,309,271	61

The annexed notes from 1 to 15 form an integral part of this consolidated condensed interim financial statements.


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer

**Consolidated Condensed Interim Statement of Cash Flows (Un-audited)**

For the half year ended December 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	420,854	465,124
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	55,227	52,133
Provision for gratuity	5,051	3,841
Interest income	(6,556)	(17,617)
Share of profit of an Associate	(75,358)	(151,508)
Gain on disposal of non current assets for sale and fixed assets	-	(36,509)
Amortization of gain on sale and lease back of fixed assets	-	(3)
Unrealised gain on investments at fair value through profit or loss	(24,620)	-
Finance cost	69,536	5,801
Net exchange loss	21,193	310
Operating profit before working capital changes	465,327	321,572
Decrease / (increase) in current assets:		
Stores, spares and loose tools	5,652	2,386
Stock-in-trade	(466,904)	(405,930)
Trade debts	(263,414)	(642,952)
Loans and advances	23,077	(19,609)
Deposit and prepayments	(209,649)	14,225
Other receivables	(27,022)	23,944
	(938,260)	(1,027,936)
Increase in trade and other payables	534,357	669,531
Cash generated from / (used in) operations	61,424	(36,833)
Gratuity paid	(12,320)	(13,427)
Long term loans - net	(4,737)	739
Long term deposits - net	(6,070)	(563)
Finance cost paid	(66,558)	(4,944)
Taxes paid	(269,695)	(160,450)
Net cash used in operating activities	(297,956)	(215,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(380,007)	(91,537)
Proceeds from disposal of property, plant and equipment	1,271	177,913
Interest income received	6,556	17,617
Dividend received	63,432	77,493
Short term investment - net	(1,066,228)	-
Net cash (used in) / generated from investing activities	(1,374,976)	181,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(27,041)	(24,278)
Long term deposits received	(1,000)	-
Running finances under mark-up arrangements - net	641,673	80,756
Dividend paid	(38)	(213,628)
Subscription money against right issue	128,402	-
Net cash generated from / (used in) financing activities	741,996	(157,150)
Net decrease in cash and cash equivalents	(930,936)	(191,142)
Cash and cash equivalents at beginning of the period	1,323,012	573,693
Cash and cash equivalents at end of the period	392,076	382,551

The annexed notes from 1 to 15 form an integral part of this consolidated condensed interim financial statements.


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer



Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2018

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Ghandhara Nissan Limited (the Holding Company) and Ghandhara DF (Private) Limited (the Subsidiary Company).

1.2 Ghandhara Nissan Limited

Ghandhara Nissan Limited (the Holding Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted into a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Holding Company's shares are listed on Pakistan Stock Exchange Limited. Bibojee Services (Private) Limited is the ultimate holding company of the Group.

The principal business of the Holding Company is assembly / progressive manufacturing of vehicles including JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.

1.3 Ghandhara DF (Private) Limited

Ghandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. It has outsourced assembly of the vehicles to the Holding Company.

The Subsidiary Company has cooperation agreement with DongFeng Commercial Vehicles Limited dated December 11, 2013 as well as 'Motor Vehicles & Related Products Distribution' agreements with Wuhan DongFeng Foreign Trade Company Limited (a subsidiary company of DongFeng Automobile Company Limited) dated January 24, 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed. The consolidated condensed interim financial statements of the Group for the half year ended December 31, 2018 is unaudited.

2.2 These consolidated condensed interim financial statements do not include all the statements and disclosures as required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended June 30, 2018.

2.3 This Consolidated condensed interim financial statements are being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of the Act.



Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2018

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements of the Group for the year ended June 30, 2018, except for the adoption of new and amended accounting standards effective as of July 1, 2018.

New and amended standards adopted by the Group

The Group has adopted IFRS 9, 'Financial Instruments' and IFRS 15, 'Revenue from Contract with Customer'. Neither the IFRS 9 and IFRS 15 resulted in the restatement of comparatives. The impact of the adoption is described below:

(a) IFRS 9 Financial Instruments

The IFRS 9 introduces new requirements for the recognition, classification and measurement of financial assets and liabilities & impairment of financial assets. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement'.

Classification and measurement of financial assets

Under IFRS 9, financial assets can be classified into three categories i.e. financial assets through profit & loss, financial assets measured at amortized cost & financial assets through other comprehensive income.

On July 1, 2018, the Group has assessed which measurement apply to the financial assets held by the Group. This does not have any material impact on the Group's financial statements.

(b) IFRS 15 Revenue from Contract with Customers:

Under IFRS 15, 'Revenue from Contracts with Customers' the Group recognize revenue when the Group satisfies the performance obligation by transferring promised good to a customer. The control of promised goods are transferred, being when the products are delivered to the customers. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue Recognition' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers recognition and measurement criteria of construction contracts. The adoption of standard does not have material impact on the timing of revenue recognition.

- 3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.3 The Group follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the consolidated condensed interim financial statements.

4. PRINCIPLES OF CONSOLIDATION

These consolidated condensed interim financial statements include the condensed interim financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at December 31, 2018 (June 30, 2018: 99.99%).

Consolidated condensed financial statements combines like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its Subsidiary, offset (eliminate) the carrying amount of the Holding Company's investment in Subsidiary and the Holding Company's portion of equity of Subsidiary and eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group.

Non-controlling interest is equity in the Subsidiary Company not attributable, directly or indirectly, to the Holding Company.

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements 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 Group'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 these consolidated 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 of the Group for the year ended June 30, 2018.

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
6. PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees '000 -----	
Operating fixed assets	6.1	2,077,846	1,947,962
Capital work-in-progress		397,701	192,371
		<u>2,475,547</u>	<u>2,140,333</u>
6.1 Operating fixed assets			
Book value at beginning of the period / year		1,947,962	1,928,917
Additions during the period / year	6.2	186,020	132,450
Disposals costing Rs.2,761 thousand (June 30, 2018: Rs.6,379 thousand) - at book value		(1,271)	(3,496)
Depreciation charge for the period / year		(54,865)	(109,909)
Book value at end of the period / year		<u>2,077,846</u>	<u>1,947,962</u>
6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Building on freehold land		132,718	-
Leasehold improvements		13,860	44,751
Plant and machinery		15,218	33,740
Assembly Jigs		-	6,341
Furniture and fixtures		3,727	254
Vehicles			
- owned		6,684	11,925
- leased		11,343	15,095
Other equipment		1,692	14,154
Office equipment		342	4,338
Computers		436	1,852
		<u>186,020</u>	<u>132,450</u>

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees '000 -----	
7. LONG TERM INVESTMENTS			
Associate - equity accounted investment	7.1	898,278	886,352
Others - available for sale	7.2	-	-
		<u>898,278</u>	<u>886,352</u>
7.1 Ghandhara Industries Limited			
Balance at beginning of the period / year		886,352	857,012
Share of profit / OCI for the period / year		75,358	346,606
Disposal of investment		-	(239,773)
Dividend received		(63,432)	(77,493)
Balance at end of the period / year		<u>898,278</u>	<u>886,352</u>

7.1.1 Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2018: 4,066,168) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2018: 19.09%) of its issued, subscribed and paid-up capital as at December 31, 2018. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.

7.1.2 The value of investment in GIL is based on unaudited financial statements of the investee company as at September 30, 2018. The latest financial statements of GIL as at December 31, 2018 are not presently available.

7.1.3 The market value of investment as at December 31, 2018 was Rs.2,234.359 million (June 30, 2018: Rs.2,873.520 million).

7.2 Others - available for sale		(Unaudited) December 31, 2018	(Audited) June 30, 2018
		----- Rupees '000 -----	
Automotive Testing & Training Centre (Private) Limited			
187,500 (June 30, 2018: 187,500) ordinary shares of Rs.10 each - cost		1,875	1,875
Provision for impairment		(1,875)	(1,875)
		<u>-</u>	<u>-</u>

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

8. INVESTMENTS - at fair value through profit or loss

December 31, 2018	June 30, 2018		(Unaudited) December 31, 2018	(Audited) June 30, 2018
----- Number of units -----			----- Rupees '000 -----	
11,903,115	11,645,239	BMA Chundrigar Road Savings Fund	101,171	100,928
68,919,422	-	- BMA Empress Cash Fund	623,275	-
60,727,516	-	- NAFA Money Market Fund	467,330	-
			<u>1,191,776</u>	<u>100,928</u>

9. SHARE CAPITAL**9.1 Authorized capital**

80,000,000 (June 30, 2018: 80,000,000) ordinary shares of Rs.10 each

800,000	800,000
---------	---------

9.2 Issued, subscribed and paid-up capital

December 31, 2018	June 30, 2018			
----- No. of shares -----				
14,800,000	14,800,000	Ordinary shares of Rs.10 each fully paid in cash	148,000	148,000
200,000	200,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	2,000	2,000
30,002,500	30,002,500	Ordinary shares of Rs.10 each issued for acquisition	300,025	300,025
12,000,000	-	Ordinary shares of Rs.10 each issued as right (Refer note 9.4)	120,000	-
<u>57,002,500</u>	<u>45,002,500</u>		<u>570,025</u>	<u>450,025</u>

9.3 At December 31, 2018, Bibojee Services (Private) Limited (the ultimate Holding Company) holds 57.76% (June 30, 2018: 56.32%) of share capital of the Holding Company.

9.4 Issuance of right shares at premium

The Board of Directors of the Holding Company in their meeting held on April 24, 2018 approved issue of 12,000,000 right shares at exercise price of Rs.100 per share (including premium of Rs.90 per share) in proportion of 26.67 shares for every 100 shares held as at May 8, 2018. The right shares were issued for the purpose of revival of existing assembly facility for the progressive manufacturing of Datsun passenger cars, as well as to enhance the capacity to cater the increase in existing operations of the Holding Company.

These right shares have been issued to Holding Company's existing shareholders. Total amount raised through the rights issue is Rs.1,200 million comprising of Rs.120 million and Rs.1,080 million in respect of ordinary share capital and share premium respectively. In this respect, the Holding Company has allotted 12,000,000 shares during the period.

Issuance cost amounting to Rs.17.28 million were incurred in relation to above right issue which has been set-off with the subscription money received and accordingly accounted for as a deduction from equity on allotment of shares.

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

10. CONTINGENCIES AND COMMITMENTS

- 10.1** There is no material change in status of the contingencies as disclosed in note 28.1 of the audited annual financial statements of the Group for the year ended June 30, 2018.
- 10.2** Commitment in respect of irrevocable letters of credit as at December 31, 2018 aggregate to Rs.1,297.180 million (June 30, 2018: Rs.140.251 million).
- 10.3** Guarantees aggregating Rs.5.601 million (June 30, 2018: Rs.5.601 million) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.1,396.405 million (June 30, 2018: Rs.538.749 million) to the commercial banks against banking facilities utilised by the Subsidiary Company.

11. COST OF SALES

		(Un-audited)			
		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note		Rupees '000			
	Finished goods at beginning of the period	789,742	195,049	615,916	302,797
	Cost of goods manufactured	1,615,568	1,045,708	3,142,212	1,543,681
	Purchases - trading goods	326,964	303,279	443,903	444,377
		1,942,532	1,348,987	3,586,115	1,988,058
		2,732,274	1,544,036	4,202,031	2,290,855
	Finished goods at end of the period	(869,577)	(358,586)	(869,577)	(358,586)
		1,862,697	1,185,450	3,332,454	1,932,269
11.1	Cost of goods manufactured				
	Raw materials and parts consumed	1,383,669	832,684	2,748,554	1,197,836
	Factory overheads	231,899	213,024	393,658	345,845
		1,615,568	1,045,708	3,142,212	1,543,681

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the ultimate Holding Company, Associated Companies, directors of the Holding and subsidiary Company, companies in which directors are interested, staff retirement benefit plans, key management personnel and close members of the families of the directors & key management personnel. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with and balance of related parties are as follows:

Name	Nature of transaction	----- (Un-audited) -----	
		December 31, 2018	December 31, 2017
		----- Rupees '000 -----	
(i) Ultimate Holding Company			
Bibojee Services (Private)	Corporate office rent	6,000	6,000
Limited - 57.76% shares held in the Holding Company	Issue of right shares including premium	757,530	-
	Dividend income	-	140,232
	Subscription money against right issue	81,734	-
(ii) Associated Companies			
Ghandhara Industries Limited	Contract assembly charges	396,659	384,228
19.09% shares held by the Holding Company (12.1)	Purchase of parts	39	8
	Sale of parts	22	6
	Head office rent	1,430	1,320
	Dividend Income	63,432	77,493
	Bonus shares received	40,060	-
	Reimbursement of expenses	25	21
The General Tyre and Rubber Company of Pakistan (12.1)	Purchase of tyres, tubes and flaps	19	17,275
Gammon Pakistan Limited (12.1)	Office rent	1,500	1,500
Janana De Malucho Textile Mills Limited (12.1)	Reimbursement of expenses	834	867
(iii) Others			
Staff provident fund	Contribution made	4,857	3,938
Staff gratuity fund	Contribution made	12,320	13,427
Key management personnel	Remuneration and other short term benefits	45,268	36,592
	Issue of right shares including premium	5,288	-

12.1 Associated company by virtue of common directorship.

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For the half year ended December 31, 2018

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees '000 -----	
12.2 Period / year end balances are as follows:		
Receivables from related parties		
Long term loans	200	889
Trade debts	96,789	90,798
Loan and advances	1,198	1,989
Deposits and prepayments	4,255	6,355
Payable to related parties		
Trade and other payables	40,056	47,840

These are in the normal course of business and are settled in ordinary course of business.

13. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Group for the year ended June 30, 2018.


14. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the Consolidated 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, 2018, whereas, the Consolidated condensed interim statement of profit or loss account and other comprehensive income, Consolidated condensed interim statement of changes in equity and Consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of Consolidated condensed interim financial statements of the Group for the period ended December 31, 2017. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

15. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial statements were authorised for issue on February 16, 2019 by the Board of Directors of the Holding Company.


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer

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Notes

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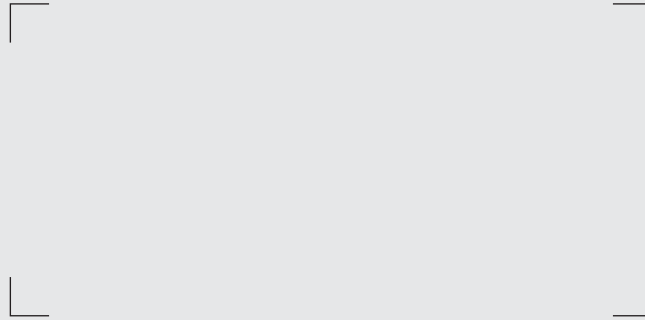
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