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Condensed Interim Financial Information
for the Half Year Ended December 31, 2017



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

Website: www.gil.com.pk

Email: info@gil.com.pk

Board of Directors

Mr. Raza Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Lt. Gen. (R) Ali Kuli Khan Khattak	Director
Dr. Parvez Hassan	Director
Maj. (R) Muhammad Zia	Director
Mr. Jamil Ahmed Shah	Director
Mr. Shahid Kamal Khan	Ind. Director

Audit Committee

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Jamil Ahmed Shah	Member
Maj. (R) Muhammad Zia	Member
Mr. Shahid Kamal Khan	Member
Mr. Shahnawaz Damji	Secretary

Human Resource & Remuneration Committee

Mr. Jamil Ahmed Shah	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Maj. (R) Muhammad Zia	Member
Mr. Muhammad Ali Tahir	Secretary

Chief Financial Officer & Company Secretary

Mr. Iftikhar Ahmed Khan

Auditors

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

M/s. Junaid Shoaib Asad
Chartered Accountant
1/6, Block - 6, P.E.C.H.S,
Mohtarma Laeeq Begum Road,
off Shahrah - e - Faisla,
Near Nursery Fly Over, Karachi.

DIRECTORS' REVIEW

On behalf of the Board of Directors of Ghandhara Industries Limited we are pleased to present the unaudited accounts of the Company for the half year ended December 31, 2017.

Financial results

A notable growth has been observed in the first two quarters of the company which resulted in the sale of 1,710 units as compared to 1,114 units in the same period of last year, declared as an outstanding growth in the history of Ghandhara Industry Limited. Demand for trucks remained strong due to positive consumer sentiments and availability of reasonably priced financing. The 111% increase in sales value is an unmatched growth in the entire industry posting an increase of Rs. 4 billion in the sales revenue.

The significant results for the period are as follows:

	Half year ended December 31,	
	2017	2016
Sales (Rs '000)	7,613,462	3,601,989
Gross profit (Rs '000)	1,740,231	843,944
Profit from operations (Rs '000)	1,322,397	666,255
Profit before tax (Rs '000)	1,272,931	605,188
Profit after tax (Rs '000)	908,200	427,036
Earnings per share (Rs)	42.63	20.04

Another outstanding performance by the Company having a half year profit before tax of Rs. 1,273 million in the history of Ghandhara Industries Limited showing that the trend of making history continues.

Expenses

During the half year ended December 31, 2017, the company was able to achieve outstanding result with downward trajectory in the Distribution and Administrative expenses as a percentage of sales to 4.27% for this period from 4.94% in the same period of last year. The finance cost has also decreased to 0.65% of the total sales, as compared to 1.7% of sales in the same period of last year.

Credit Rating

The Directors are also pleased to inform you that the Company has been assigned by PACRA long term credit rating of A+ (A plus) and short term credit rating of A1 (A one).

As per PACRA standards, these ratings denote low expectation of credit risk and a strong capacity for timely repayment of financial commitments.

Future outlook

The positive macroeconomic indicators and better security situation in the country shows promising prospects for the future but political instability and upward fluctuation in the exchange rate may pose a threat for the business. However the management is confident of healthy performance for the remaining part of the financial year with well-established plans.

Acknowledgement

The board acknowledges the trust and confidence on the Company and its products by the shareholders, valued suppliers, customers, dealers and bankers and thank them for their co-operation and support. The Board is pleased to record its appreciation for the continued diligence and devotion of the employees. The Board takes the opportunity to thank the Company's principal 'Isuzu Motors Limited' and trading house 'Marubeni Corporation' for their continued support and assistance.

By order of the Board

Karachi:
February 24, 2018



Ahmad Kuli Khan Khattak
Chief Executive

ڈائریکٹرز کا جائزہ:

ہم گندھارا انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 دسمبر 2017ء کی اختتامی ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

مالیاتی نتائج:

کمپنی کے پہلے دو سہ ماہیوں میں ایک قابل ذکر اضافہ دیکھا گیا ہے جس میں 1,710 پونٹس کی فروخت ہوئی جو کہ گزشتہ سال اسی مدت میں 1,114 پونٹس تھی جسے گندھارا انڈسٹریز لمیٹڈ کی تاریخ کی بہترین کارکردگی کے طور پر سراہا جا رہا ہے۔ صارفین کے مثبت رویوں اور معقول قیمتوں پر پونٹس کی فائنالس کی دستیابی کے باعث ٹرکوں کی مانگ میں اضافے کا رجحان برقرار رہا۔ کل فروخت میں 111% اور آمدنی میں 4 ارب کا اضافہ ہوا جو کہ کمپنی کے لیے بے مثال اضافہ ہے۔

اس مدت کے اہم نتائج درج ذیل ہیں:

	Half year ended December 31	
	2017	2016
Sales (Rs '000)	7,613,462	3,601,989
Gross profit (Rs '000)	1,740,231	843,944
Profit from operations (Rs '000)	1,322,397	666,255
Profit before tax (Rs '000)	1,272,931	605,188
Profit after tax (Rs '000)	908,200	427,036
Earnings per share (Rs)	42.63	20.04

کمپنی کی طرف سے ایک اور شاندار کارکردگی جس میں منافع قبل از ٹیکس 1,273 ملین روپے رہا جو کہ گندھارا انڈسٹریز لمیٹڈ کی ترقی کے رجحان کو جاری رکھے ہوئے ہے۔

اخراجات:

31 دسمبر 2017ء کو اختتام پذیر ششماہی کے دوران، بہتر تنظیم کی بدولت انتظامی اخراجات میں کل فروخت کے لحاظ سے 4.27% رہی جو کہ گزشتہ سال اسی مدت میں 4.94% تھی۔ فائنالس اخراجات میں بھی مجموعی فروخت کے لحاظ سے شرح 0.65% رہی جو کہ گزشتہ سال اسی مدت میں 1.7% تھی۔

کریڈٹ ریٹنگ:

ڈائریکٹرز اس بات کی بھی اطلاع دیتے ہوئے مسرت محسوس کرتے ہیں کہ PACRA نے آپ کی کمپنی کے لیے طویل مدتی کریڈٹ ریٹنگ A+ (اے) (پلس) اور مختصر مدتی کریڈٹ ریٹنگ A1 (اے ون) مختص کی ہے۔

PACRA کے معیار کے مطابق یہ ریٹنگ کریڈٹ رسک میں انتہائی کم خطرہ کے امکانات اور مالیاتی وعدوں کی بروقت ادائیگی کی صلاحیت کو ظاہر کرتی ہے

مستقبل پر نظر:

مثبت مالیاتی اشارے اور ملک میں سیکورٹی کی بہتر صورتحال مستقبل سے متعلق روشن امکانات کو ظاہر کرتی ہے لیکن غیر ملکی کرنسی کے تبادلے کی شرح میں عدم استحکام کاروبار کے لیے خطرہ بھی ظاہر کرتا ہے۔ تاہم انتظامیہ اپنے جامع منصوبوں کی بنیاد پر مستقبل میں بہتر کارکردگی کے لیے پُر امید ہے۔

توثیقی بیان:

بورڈ اس موقع پر حصص یافتگان، قابل قدر سپلائرز، خریدار، ڈیلرز اور بینکوں کے تعاون اور امداد کا شکریہ ادا کرتا ہے کہ انہوں نے کمپنی اور مصنوعات پر اعتماد اور بھروسہ کیا۔ ملازمین کی ہمیشہ سے جانفشانی اور خلوص کے لیے بھی بورڈ شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے پرنسپل اوزومونڈز لمیٹڈ (Isuzu Motors Ltd.) اور ٹریڈنگ ہاؤس Marubeni Corporation کے مسلسل تعاون اور مدد کا بھی شکریہ ادا کرتا ہے۔

محمد علی خان
احمد علی خان خانگل
چیف ایگزیکٹو آفیسر

کراچی:
فروری 24، 2018

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Ghandhara Industries Limited as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

SHINEWING HAMEED CHAUDHRI & CO. CHARTERED ACCOUNTANTS

Engagement Partner: Osman Hameed Chaudhri
Karachi;

JUNAIDY SHOAB ASAD CHARTERED ACCOUNTANTS

Engagement Partner: Farrukh V. Junaidy
Karachi;

Condensed Interim Balance Sheet

As at December 31, 2017

	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,145,935	2,021,453
Intangible assets		446	462
Investment property		88,779	88,901
Long term investment		1,400	1,400
Long term loans		3,250	2,736
Long term deposits		12,738	12,688
Deferred Taxation		53,660	21,134
		2,306,208	2,148,774
Current assets			
Stores		7,125	2,560
Stock-in-trade	6	5,038,212	3,779,300
Trade debts		764,421	485,472
Loans and advances		139,961	143,340
Trade deposits and prepayments		489,343	707,242
Other receivables		3,716	2,683
Sales tax refundable / adjustable		386,688	481,756
Taxation - payments less provision		74,778	38,542
Cash and bank balances		64,343	805,135
		6,968,587	6,446,030
		9,274,795	8,594,804
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
50,000,000 (June 30, 2017: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital			
21,304,422 (June 30, 2017: 21,304,422) ordinary shares of Rs.10 each		213,044	213,044
Unappropriated profit		2,204,584	1,612,010
		2,417,628	1,825,054
Surplus on revaluation of fixed assets			
		1,861,174	1,865,114
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance lease		22,968	19,563
Deferred liabilities		51,794	45,615
		74,762	65,178
Current liabilities			
Trade and other payables	7	1,961,041	4,004,872
Accrued mark-up / interest		31,051	24,284
Short term borrowings	8	2,920,591	792,386
Current maturity of liabilities against assets subject to finance lease		8,548	17,916
		4,921,231	4,839,458
		4,995,993	4,904,636
Total liabilities			
Contingencies and commitments			
Total equity and liabilities	9	9,274,795	8,594,804

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Iftikhar Ahmed Khan
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-Audited)

For The Half Year Ended December 31, 2017

	Note	Quarter ended		Half year ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Rupees in '000)					
Sales - net		3,612,360	2,112,221	7,613,462	3,601,989
Cost of sales	10	(2,743,529)	(1,628,488)	(5,873,231)	(2,758,045)
Gross profit		868,831	483,733	1,740,231	843,944
Distribution cost		(134,590)	(71,733)	(226,818)	(119,704)
Administrative expenses		(62,195)	(35,462)	(97,935)	(58,163)
Other expenses		(45,797)	(38,257)	(96,864)	(44,154)
Other income		1,357	26,814	3,783	44,332
Profit from operations		627,606	365,095	1,322,397	666,255
Finance cost		(37,805)	(41,184)	(49,466)	(61,067)
Profit before taxation		589,801	323,911	1,272,931	605,188
Taxation		(139,428)	(76,500)	(364,731)	(178,152)
Profit after taxation		450,373	247,411	908,200	427,036
Other comprehensive income		-	-	-	-
Total comprehensive income		450,373	247,411	908,200	427,036
(Rupees)					
Basic and diluted earnings per share		21.14	11.61	42.63	20.04

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Iftikhar Ahmed Khan
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited)

For The Half Year Ended December 31, 2017

	Note	Half year ended	
		December 31, 2017	December 31, 2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(1,953,648)	(2,692,421)
Gratuity paid		(435)	-
Finance cost paid		(42,699)	(62,432)
Income tax paid		(433,493)	(163,220)
Long term loans - net		(514)	(599)
Long term deposits - net		(50)	(332)
Net cash used in operating activities		(2,430,839)	(2,919,004)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(146,148)	(22,718)
Purchase of intangible assets		-	(622)
Proceeds from sale of operating fixed assets		124	384
Interest received		2,122	2,563
Net cash used in investing activities		(143,902)	(20,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease - net		(5,963)	(4,246)
Dividend paid		(288,293)	(179,218)
Net cash used in financing activities		(294,256)	(183,464)
Net decrease in cash and cash equivalents		(2,868,997)	(3,122,861)
Cash and cash equivalents - at beginning of the period		12,749	391,706
Cash and cash equivalents - at end of the period	12	(2,856,248)	(2,731,155)

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Iftikhar Ahmed Khan
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-Audited)

For The Half Year Ended December 31, 2017

	Issued, sub- scribed and paid-up capital	Unappro- priated profit	Total
(Rupees in '000)			
Balance as at July 1, 2016 (Audited)	213,044	1,022,517	1,235,561
Transaction with owners recognised directly in equity			
Final dividend for the year ended June 30, 2016 at the rate of Rs.10 per share	-	(213,044)	(213,044)
Total comprehensive income for the half year ended December 31, 2016			
Profit for the period	-	427,036	427,036
Other comprehensive income	-	-	-
	-	427,036	427,036
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,941	3,941
Balance as at December 31, 2016 (Un-audited)	213,044	1,240,450	1,453,494
Balance as at July 1, 2017 (Audited)	213,044	1,612,010	1,825,054
Transaction with owners recognised directly in equity			
Final dividend for the year ended June 30, 2017 at the rate of Rs.15 per share	-	(319,566)	(319,566)
Total comprehensive income for the half year ended December 31, 2017			
Profit for the period	-	908,200	908,200
Other comprehensive income	-	-	-
	-	908,200	908,200
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,940	3,940
Balance as at December 31, 2017 (Un-audited)	213,044	2,204,584	2,417,628

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



Ahmad Kuli Khan Khattak
Chief Executive



Maj. (R) Muhammad Zia
Director



Iftikhar Ahmed Khan
Chief Financial Officer

Notes to The Condensed Interim Financial Information (Un-Audited) For The Half Year Ended December 31, 2017

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 and buses. 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 8,343,397 (June 30, 2017: 8,343,397) ordinary shares of Rs.10 each of the Company.

2. BASIS OF PREPARATION

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

This condensed interim financial information of the Company for the half year ended December 31, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2017 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017.

3. ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2017.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2017.

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) December 31, 2017 (Rupees in '000)	(Audited) June 30, 2017
Operating fixed assets	5.1	1,966,280	1,943,225
Capital work-in-progress		179,655	78,228
		<u>2,145,935</u>	<u>2,021,453</u>
5.1 Operating fixed assets			
Net book value at beginning of the period / year		1,943,225	1,937,957
Additions during the period / year	5.1.1	44,721	41,366
Disposals, costing Rs.291 thousand (June 30, 2017: Rs.2,615 thousand) - at net book value		(104)	(14)
Depreciation charge for the period / year		(21,562)	(36,084)
Net book value at end of the period / year		<u>1,966,280</u>	<u>1,943,225</u>
5.1.1 Additions of operating fixed assets during the period / year are as follows:			
Owned			
- Building on leasehold land		5,540	-
- Plant and machinery		5,651	8,754
- Permanent tools		-	188
- Furniture and fixture		288	3,440
- Motor vehicles		16,455	19,304
- Trucks / lift trucks		-	3,443
- Office machines & equipment		448	2,107
- Computers		1,325	2,271
- Jigs and special tools		15,014	-
Leased - Cars		-	1,859
		<u>44,721</u>	<u>41,366</u>
6. STOCK-IN-TRADE			
Raw materials and components		2,813,698	2,058,827
Work-in-process		-	136,688
Finished goods including components		2,047,728	1,409,943
Trading stocks		176,786	173,842
		<u>5,038,212</u>	<u>3,779,300</u>
7. Includes advance from customers aggregating Rs.825,640 thousand (June 30, 2017: Rs.3,177,979 thousand).			
8. SHORT TERM BORROWINGS - Secured			
Running finances		310,147	-
Finance against imported merchandise		1,910,011	168,511
Istisna		51,695	-
Murabaha		648,738	623,875
		<u>2,920,591</u>	<u>792,386</u>

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant change in status of other contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended June 30, 2017.

(Un-audited)
December 31,
2017
(Rupees in '000)

(Audited)
June 30,
2017

9.2 Commitments

Bank guarantees	2,216,845	3,480,719
Letters of credit	3,038,975	2,057,843

10. COST OF SALES

	Note	(Un-audited)			
		Quarter ended		Half year ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Rupees in '000)			
Stocks at beginning of the period		2,074,883	732,613	1,583,785	471,003
Cost of goods manufactured	10.1	2,880,409	2,515,102	6,496,134	3,811,418
Trading goods - purchases		12,751	15,678	17,826	110,529
		2,893,160	2,530,780	6,513,960	3,921,947
		4,968,043	3,263,393	8,097,745	4,392,950
Stocks at end of the period		(2,224,514)	(1,634,905)	(2,224,514)	(1,634,905)
		2,743,529	1,628,488	5,873,231	2,758,045
10.1 Cost of goods manufactured					
Work in process at beginning of the period		96,716	134,093	136,688	27,440
Raw materials and components consumed		2,327,756	2,458,030	5,814,130	3,759,475
Direct labour and factory overheads		455,937	183,024	545,316	284,548
		2,783,693	2,641,054	6,359,446	4,044,023
		2,880,409	2,775,147	6,496,134	4,071,463
Work in process at end of the period		-	(260,045)	-	(260,045)
		2,880,409	2,515,102	6,496,134	3,811,418

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

	Note	(Un-audited) Half year ended	
		December 31, 2017	December 31, 2016
		(Rupees in '000)	
11. CASH USED IN OPERATIONS			
Profit before taxation		1,272,931	605,188
Adjustment for non cash charges and other items:			
Depreciation / amortization on:			
- property, plant and equipment		21,562	17,127
- intangible assets		16	41
- investment property		122	123
Gain on disposal of operating fixed assets		(20)	(370)
Amortization of gain on sale and lease back of fixed asset		(304)	(172)
Exchange loss		-	1,560
Provision for gratuity		6,918	5,174
Interest income		(2,122)	(2,563)
Finance cost		49,466	61,067
		1,348,569	687,175
Working capital changes - net	11.1	(3,302,217)	(3,379,596)
		(1,953,648)	(2,692,421)
11.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores		(4,565)	(2,322)
Stock-in-trade		(1,258,912)	(2,537,997)
Trade debts		(278,949)	(17,811)
Loans and advances		3,379	(65,368)
Trade deposits and prepayments		217,899	92,663
Other receivables		(1,033)	(71,336)
Sales tax refundable / adjustable		95,068	(406,954)
		(1,227,113)	(3,009,125)
Decrease in trade and other payables		(2,075,104)	(370,471)
		(3,302,217)	(3,379,596)

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

12. CASH AND CASH EQUIVALENTS

	Note	(Un-audited) Half year ended	
		December 31, 2017	December 31, 2016
Cash and bank balances		64,343	49,785
Short term borrowings		(2,920,591)	(2,780,940)
		<u>(2,856,248)</u>	<u>(2,731,155)</u>

13. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2017.

There has been no change in Company's sensitivity to these risks since June 30, 2017 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2017.

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, 2017	December 31, 2016
(Rupees in '000)			
(a) Holding Company			
Bibojee Services (Pvt.) Ltd.	Dividend paid	125,151	83,434
(b) Subsidiary Company			
Marghzar Industries (Pvt.) Ltd.	Financial charges	185	180
	Reimbursement of expenses	250	143

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

Name of related party and nature of relationship	Nature of transactions	(Un-audited) Half year ended	
		December 31, 2017	December 31, 2016
(Rupees in '000)			
(c) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	203,944	130,393
	Rental income	-	450
	Dividend paid	1,511	1,007
	Services rendered	-	6
	Sale of truck and parts	2,013	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	384,228	175,711
	Purchase of parts	8	1,054
	Sale of parts	6	-
	Services rendered	-	676
	Dividend paid	77,493	51,662
	Rental income	1,320	660
	Reimbursement of expenses	21	-
The Universal Insurance Company Limited (Common Directorship)	Dividend paid	17,762	11,842
Bibojee Investments (Pvt.) Ltd. (Common Directorship)	Dividend paid	321	214
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	3,600
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	1,500
	Reimbursement of expenses	53	26
Janana De Maluchho Textile Mills Limited	Reimbursement of expenses	867	30
Hasan & Hasan Advocates (Common Directorship)	Retainership and legal advice fee	60	335
(d) Technology supplier			
Isuzu Motors Ltd. - Japan	Commission earned	-	40,117
	Royalty accrued	15,290	8,819
	Reimbursement of expenses	146	1,252
	Warranty claims received	888	1,684
(e) Other			
Key management personnel	Remuneration and other benefits	26,109	17,933

Notes to The Condensed Interim Financial Information (Un-Audited)

For The Half Year Ended December 31, 2017

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
(Rupees in '000)		
14.2 Period / year end balances are as follows:		
Receivables from related parties		
Long term investment	1,400	1,400
Long term loans	1,561	1,209
Trade debts	-	31
Loans and advances	1,667	687
Other receivables	3,716	2,683
Payable to related parties		
Trade and other payables	162,118	83,315

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2017, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the half year ended December 31, 2016.

16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 24, 2018 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



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