

QUARTERLY
REPORT
SEPTEMBER 30,
2013
(UN-AUDITED)



GHANDHARA NISSAN LIMITED

QUARTERLY REPORT SEPTEMBER 30, 2013

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QUARTERLY REPORT SEPTEMBER 30, 2013

Company Profile

Board of Directors

Mr. Raza Kuli Khan Khattak
Lt.Gen. (Retd.) Ali Kuli Khan Khattak
Mr. Ahmed Kuli Khan Khattak
Mr. Mushtaq Ahmed Khan (FCA)
Ch. Sher Muhammad
Mr. Jamil A. Shah
Syed Haroon Rashid
Mr. Mohammad Zia
Mr. Larbi Hbil

Chairman
President
Chief Executive Officer

Company Secretary

Mr. Aqiel Amjad Ghani

Registered Office

Ghandhara House
109/2, Clifton, Karachi

Bankers of the Company

National Bank of Pakistan Limited
The Bank of Khyber
Faysal Bank Limited
Soneri Bank Limited
MCB Bank Limited
United Bank Limited
Allied Bank Limited
The Bank of Tokyo – Mitsubishi, Ltd.
NIB Bank Limited
Habib Bank Limited
Askari Commercial Bank Limited

Auditors

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

Legal & Tax Advisors

Shaukat Law Associates
217-218, Central Hotel Annexe
Abdullah Haroon Road
Karachi

Chief Financial Officer

Mr. Muhammad Saleem Baig

Factory

Truck / Car Plants
Port Bin Qasim, Karachi

Audit Committee

- Mr. Mohammad Zia	- Chairman
- Lt.Gen. (Retd.) Ali Kuli Khan Khattak	- Member
- Ch. Sher Muhammad	- Member
- Mr. Jamil A. Shah	- Member

Human Resource & Remuneration Committee

- Lt.Gen. (Retd.) Ali Kuli Khan Khattak	- Chairman
- Mr. Ahmed Kuli Khan Khattak	- Member
- Ch. Sher Muhammad	- Member
- Mr. Muhammad Zia	- Member

M/s. Muniff Ziauddin & Co.
Chartered Accountants
Business Executive Centre
F/17/3, Block 8, Clifton
Karachi

Share Registrars

T.H.K. Associates (Pvt.) Ltd.
Ground Floor, State Life Bldg. No.3
Dr. Zia uddin Ahmed Road
Karachi

DIRECTORS' REPORT

Your Directors are pleased to present the Quarterly Report alongwith the Standalone Financial Statements of Ghandhara Nissan Limited and Consolidated Financial Statements for the period ended September 30, 2013.

The turnover of the company for the period under review has been Rs.388.76 million as against Rs.374.59 million in the corresponding period last year.

The company made an after tax profit of Rs.7.13 million as against after tax loss of Rs.28.07 million in corresponding period last year.

There has been a substantial increase in the Gross Profit. This is due to decline in cost of sales on account of favorable exchange rate.

Truck Business

During the period under review, 71 units of trucks were sold as against 49 units in the corresponding period last year.

Ghandhara DF (Pvt.) Ltd.

During the period under review Ghandhara Nissan Limited has subscribed equity to the extent of Rs.10 million in the wholly owned subsidiary Ghandhara DF (Pvt.) Ltd. (GDFPL).

GDFPL is now gearing up for production. Necessary jigs and fixtures are being installed at the plant and it is expected that this will be completed by December 2013.

Future Outlook

The sale of UD Trucks has picked up over the last year. It is expected that this trend will continue and the company will be able to sell higher volumes as compared to last year.

Moreover, Ghandhara DF (Pvt.) Ltd. a wholly owned subsidiary company will commence CKD operations of Dongfeng vehicles in the second half of this year, which will supplement the earnings of the company.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi
Dated: 30th October, 2013

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2013**

		September 30, 2013	June 30, 2013
		Unaudited	Audited
		Rupees '000	
Notes			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,313,674	1,326,108
Intangible assets		148	158
Long term investments	6	440,691	422,190
Long term deposits		6,709	6,709
		1,761,222	1,755,165
CURRENT ASSETS			
Stores, spares and loose tools		32,378	32,268
Stock-in-trade	7	431,349	295,470
Trade debts		244,980	305,183
Loans and advances		14,821	18,437
Prepayments		14,081	11,602
Other receivables		32,292	27,822
Taxation-net		60,395	48,630
Bank balances		15,749	52,528
		846,046	791,940
TOTAL ASSETS		2,607,268	2,547,105
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital		800,000	800,000
80,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed & paid up capital		450,025	450,025
45,002,500 ordinary shares of Rs.10 each fully paid up			
Shares premium		40,000	40,000
Items credited directly to equity of associated company		61,453	61,116
Accumulated profit		120,557	108,409
		672,035	659,550
SURPLUS ON REVALUATION OF FIXED ASSETS		1,009,418	1,014,770
		1,681,453	1,674,320
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		69	111
Long term deposits		9,611	9,611
Staff benefits		93,296	90,828
Deferred taxation		306	306
		103,282	100,856
CURRENT LIABILITIES			
Trade and other payables		329,286	442,993
Accrued mark-up		15,560	13,776
Short term finances	8	200,461	134,592
Running finance under mark up arrangements	9	276,257	179,419
Current portion of liabilities against assets subject to finance lease		969	1,149
		822,533	771,929
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		2,607,268	2,547,105

The annexed notes form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

(Un-Audited)

Notes

*For the quarter ended
September 30,*

2013

2012

Unaudited

Rupees '000

Net Revenue	11	388,786	374,593
Cost of sales	12	<u>330,508</u>	<u>348,744</u>
Gross profit		58,278	25,849
Distribution cost		(4,132)	(4,398)
Administration expenses		(30,018)	(27,885)
Other operating income		<u>2,038</u>	<u>1,529</u>
		26,166	(4,905)
Finance cost		<u>(23,528)</u>	<u>(26,810)</u>
		2,638	(31,715)
Share of profit in associated company		<u>8,501</u>	<u>5,534</u>
		11,139	(26,181)
Taxation		(4,007)	(1,894)
Profit / (Loss) after taxation		<u>7,132</u>	<u>(28,075)</u>
Other Comprehensive income/(loss) for the quarter		-	-
Total Comprehensive income/(loss) for the quarter		<u><u>7,132</u></u>	<u><u>(28,075)</u></u>
Basic and diluted earnings / (loss) per share (Rupees)		<u><u>0.16</u></u>	<u><u>(0.62)</u></u>

The annexed notes form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2013

For the Quarter ended
September 30,

2013 2012

Unaudited

Rupees '000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments for:

Depreciation & Amortisation

Finance cost

(Profit) on bank deposits

Share of (profit) / loss in associated company

Gain on disposal of fixed asset

Exchange loss

Provision for gratuity and compensated absences

Operating profit before working capital changes

(Increase) / decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Prepayments

Other receivables

(Decrease) in trade and other payables

Net cash (used in) / generated from operation

Gratuity and compensated absences paid

Finance cost paid

Income tax paid

Cash (used in) / generated from operation

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in Subsidiary

Fixed capital expenditure

Proceeds from disposal of fixed assets

Profit on bank deposit

Long term deposits

Net cash (used in) / generated from investing activities

Net cash (used in) / generated before financing activities

CASH FLOWS FROM FINANCING ACTIVITIES

(Repayment) of lease liability

(Repayment) of long term financing

Increase / (decrease) in short term finances

Increase / (decrease) in finance under mark-up arrangement

Net cash generated from / (used-in) financing activities

(Decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

11,139 (26,181)

13,521 14,555

18,149 25,498

(561) -

(8,501) (5,534)

(34) -

5,126 1,125

2,682 2,460

30,382 38,104

41,521 11,923

(110) 2,182

(135,879) 37,455

60,203 15,770

3,616 330

(2,479) (5,999)

(4,470) 7,061

(79,120) 56,799

(118,833) (62,798)

(156,432) 5,924

(214) (239)

(16,366) (22,632)

(15,770) (9,560)

(32,350) (32,431)

(188,782) (26,507)

(10,000) -

(1,608) (527)

565 -

561 -

- (973)

(10,482) (1,500)

(199,264) (28,007)

(222) (1,792)

- (19,445)

65,869 (6,836)

96,838 30,710

162,485 2,637

(36,779) (25,370)

52,528 33,452

15,749 8,082

The annexed notes form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Share capital	Share premium	Items credited directly to equity of associated company	Accumulated profit / (Loss)	Total
<i>Rupees '000</i>					
Balance as at July 01, 2012	450,025	40,000	59,767	49,226	599,018
Total comprehensive loss for the quarter ended September 30, 2012	-	-	-	(28,075)	(28,075)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	4,797	4,797
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	337	-	337
Balance as at September 30, 2012	450,025	40,000	60,104	25,948	576,077
Total comprehensive income for nine months ended June 30, 2013	-	-	-	66,460	66,460
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	16,001	16,001
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	1,012	-	1,012
Balance as at June 30, 2013 - Audited	450,025	40,000	61,116	108,409	659,550
Total comprehensive income for the period	-	-	-	7,132	7,132
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	5,015	5,015
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	337	-	337
Balance as at September 30, 2013 - Un - Audited	450,025	40,000	61,453	120,557	672,035

The annexed notes form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1 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 Company is situated at Ghandhara House, 109/2 Clifton, Karachi. The Company's shares are listed on Karachi and Islamabad Stock Exchanges. The principal activity of the Company is assembly / progressive manufacture of Nissan passenger cars, trucks and buses; import and marketing of Nissan vehicles and assembly of other vehicles under contract agreements.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the company for the quarter ended September 30, 2013 has been prepared in accordance with the requirements of the international accounting standard 34, "Interim Financial Reporting" (IAS 34) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2013. Comparative balance sheet is extracted from annual financial statements as of June 30, 2013 where as comparative profit and loss account, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information for the quarter ended September 30, 2012.
- 2.3 This condensed interim financial information is un-audited and is being submitted to the members as required under Section 245 of the Ordinance and Listing Regulations of the Karachi and Islamabad Stock Exchanges.
- 2.4 This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand, except for earning per share which is presented in whole figure.

3 SIGNIFICANT ACCOUNTING POLICIES

The present accounting policies adopted in the preparation of these condensed interim financial information for the quarter ended September 30, 2013 are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2013.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of this condensed interim financial information 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 factor, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.
- 4.2 During the preparation of this condensed interim financial information, the significant judgements made by the management in applying Company's accounting policies and the key sources of estimations and uncertainty were the same as those that applied to audited annual financial statements of the Company for the year ended June 30, 2013.

		September 30,	June 30,
		2013	2013
		Unaudited	Audited
		Rupees '000	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1	1,313,674
			1,326,108
			1,326,108
5.1	Operating fixed assets:		
	Opening book value		1,326,108
	Additions during the period / year	5.1.1	1,608
	Disposals during the period / year	5.1.2	(531)
	Depreciation charged during the period / year		(13,511)
	Closing book value		1,313,674
			1,326,108
5.1.1	Additions		
	Owned		
	Vehicles		1,200
	Office equipment		-
	Computers		-
	Other equipments		408
			1,608
5.1.2	Disposals		
	Owned		
	Vehicles		531
			531
6	LONG TERM INVESTMENTS		
	Associated undertaking		
	Ghandhara Industries Limited		
	5,166,168 (June 30, 2013 : 5,166,168) Ordinary Shares of Rs 10 each		
	Cost		92,635
	Share of post acquisition losses		(9,042)
			83,593
	Share of items directly credited in the equity of associated company		61,453
			61,116
	Share of surplus on revaluation of Property, plant & equipment and Investment property		301,144
	Less: Dividend received to date		(15,499)
			430,691
	Others-Available for sale		
	Automotive Testing & Training Center (Private) Limited		
	187,500 Ordinary Shares of Rs 10 each		
	Equity held 10.42% (June 30, 2013: 10.42%)		
	Less: Provision for impairment in the value of investment		
			1,875
			(1,875)
	Investment In Ghandhara DF (Private) Limited		
	1,000,000 Ordinary Shares of Rs 10 each		
	Equity held 99.95% (June 30, 2013: NIL)		
	Less: Provision for impairment in the value of investment		
			10,000
			-
			10,000
			440,691
6.1	The company holds 24.25% (June 30, 2013: 24.25%) of direct equity in Ghandhara Industries Limited (the investee Company). The investee company is an associate of the Company by virtue of common directorship.		

REPORT

SEPTEMBER 30, 2013

(Un-Audited)

	As at June 30, 2013	As at June 30, 2012
	Rupees '000	
Assets	4,136,320	3,494,353
Liabilities	2,139,155	1,858,632
Net assets	1,997,165	1,635,721
Profit / (Loss) before taxation	183,166	(43,263)
Profit / (Loss) after taxation	127,736	(31,085)

6.2 The market value of investment as at September 30, 2013 was Rs. 131.840 million (June 30, 2013: Rs. 94.799 million).

	September 30, 2013 Unaudited	June 30, 2013 Audited
	Rupees '000	
7 STOCK-IN-TRADE		
Raw Material		
In hand - Trucks / Buses	120,025	48,727
In transit	172,171	168,567
	292,196	217,294
Work in process	45,745	24,320
Finished goods		
In hand - Truck	40,143	-
CBU		
Truck	46,444	47,239
	86,587	47,239
Spare parts	6,822	6,617
	431,349	295,470

8 SHORT TERM FINANCES - Secured

Finance against Imported Merchandise (FIM)			
The Bank of Khyber	8.1	19,523	24,371
Finance against Trust Receipts (FATR)	8.2	136,055	65,338
Short Term Finances	8.3	44,883	44,883
Balance as at September 30		200,461	134,592

8.1 The Company has arranged Finance against Imported Merchandise (FIM) of Rs.100 million from The Bank of Khyber (BoK). The finance facility is secured against effective pledge of imported consignments and carried mark-up at the rate of 3 months KIBOR plus 300 basis points. FIM is adjustable within 120 days of disbursement / creation. This finance facility is available upto December 31, 2013.

8.2 The Company has arranged Finance Against Trust Receipts (FATR) facility of Rs.300 million from National Bank of Pakistan. FATR is repayable within 120 days from the date of its creation. The facility is secured against duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Company's land, building and plant & machinery for Rs.400 million and carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. This finance facility is available upto October 31, 2013.

- 8.3 The Company had arranged short term loan of Rs.330 million from Faysal Bank Limited (the Bank) against outstanding import bills. Originally this loan was repayable in monthly installments of Rs.22 million each. The Company during the prior years had repaid installments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Company has made principal payments of Rs. 70.117 million till June 30, 2013 of this renewed finance facility. Year-end balance of this finance facility has been renewed by the Bank. This facility is secured against first pari passu charge of Rs.367 million on stocks and receivables, ranking charge of Rs.434 million over stocks & receivables and ranking charges of Rs.400 million on plant and machinery of the Company. The short term loan carries mark-up at the rate of six months KIBOR plus 1.80% per annum

(Un-Audited)

	September 30, 2013 Unaudited	June 30, 2013 Audited
	Rupees '000	

9 RUNNING FINANCE UNDER MARKUP ARRANGEMENTS

Secured

Running finance from banks	9.1	276,257	179,419
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- 9.1 Running finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.423.535 million (June 30, 2013: Rs 423.535 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These carry mark-up at the rates ranging from 11.28% to 13.95% (June 30, 2013: 11.28% to 13.95%) per annum. The arrangements are expiring on October 31, 2013.

10 CONTINGENCIES AND COMMITMENTS

- 10.1 There is no change in the contingencies and commitments as reported in the annual accounts for the year ended June 30, 2013; except as given below:
- 10.2 Outstanding letter of credit amounting to Rs. 351.984 million (June 30, 2013: 455.004 million).
- 10.3 Guarantees aggregating Rs.59.926 million (2013: Rs.59.926 million) are issued by banks of the Company to various government and other institutions.

11 NET REVENUE

Manufactured goods

Revenue	403,970	300,916
Sales tax	(58,696)	(41,506)
Commission	(4,950)	(3,500)
	340,324	255,910

Trading goods

Revenue	61,026	125,356
Sales tax	(8,867)	(6,673)
Commission	(3,697)	-
	48,462	118,683
	388,786	374,593

12 COST OF SALES

Stock at beginning	53,856	57,846
Cost of goods manufactured	278,836	260,660
Purchases others	91,225	166,401
Stock at end	(93,409)	(136,163)
	330,508	348,744

OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

- (a) All non-current assets of the Company at June 30, 2013 are located in Pakistan.
- (b) All of the Company's sales relate to customers in Pakistan.
- (c) The Company does not have any customer having sale of ten percent or more during the period ended September 30, 2013.

13 FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2013.

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

14 RELATED PARTY TRANSACTIONS

14.1 Significant transactions with related parties are as follows:

		September 30,	
		2013	2012
		Unaudited	
		Rupees '000	
Name of Related Party and Nature of relationship	Nature of Transaction		
(a) Holding Company Bibojee Services (Private) Limited	Rent of head office	1,350	1,350
(b) Associated Companies Universal Insurance Company Limited (Common Directorship)	Insurance premium	1,008	6,134
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	8,971	2,659
Gandhara Industries Limited (Common Directorship)	Contract assembly charges	-	30,694
	Fabrication of vehicles	-	1,320
	Reimbursement of expenses	-	39
	Sale of fleet vehicle	566	-
UD Trucks Corporation - Japan (Equity Investment / technical assistance agreement)	Purchase of CKD kits	257,995	170,301
	Royalty	1,726	1,109
Gammon Pakistan Limited (Common Directorship)	Office rent	375	375
(c) Others Employees' Provident fund	Company's Contributions	1,186	1,219
Key management personnel	Salaries and other benefits	13,111	13,649
Post retirement benefits	Gratuity	2,682	2,460
PERIOD END BALANCES			
Receivable from holding company		-	4,921
Receivable from related parties		69,231	94,179
Payable to related parties		32,144	28,014
Prepayments		14,081	16,214
Post retirement benefits		93,296	91,419
Investment in Subsidiary Gandhara DF (Pvt) Limited		10,000	-

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue on October 30, 2013, by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2013**

		September 30, 2013	June 30, 2013
		Unaudited	Audited
		Rupees '000	
	Notes		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,323,111	1,326,108
Intangible assets		148	158
Long term investments	7	430,691	422,190
Long term deposits		6,709	6,709
		<u>1,760,659</u>	<u>1,755,165</u>
CURRENT ASSETS			
Stores, spares and loose tools		32,378	32,268
Stock-in-trade	8	431,349	295,470
Trade debts		244,980	305,183
Loans and advances		14,821	18,437
Prepayments		14,081	11,602
Other receivables		32,292	27,822
Taxation-net		60,395	48,630
Bank balances		16,317	52,528
		<u>846,614</u>	<u>791,940</u>
TOTAL ASSETS		<u><u>2,607,273</u></u>	<u><u>2,547,105</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
80,000,000 ordinary shares of Rs. 10 each		<u>800,000</u>	<u>800,000</u>
Issued, subscribed & paid up capital			
45,002,500 ordinary shares of Rs.10 each fully paid up		450,025	450,025
Shares premium		40,000	40,000
Items credited directly to equity of associated company		61,453	61,116
Accumulated profit		<u>120,557</u>	<u>108,409</u>
Total equity attributable to equity holders of Ghandhara Nissan Limited		<u>672,035</u>	<u>659,550</u>
Non-controlling Interest		5	-
SURPLUS ON REVALUATION OF FIXED ASSETS		<u>1,009,418</u>	<u>1,014,770</u>
		<u>1,681,458</u>	<u>1,674,320</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		69	111
Long term deposits		9,611	9,611
Staff benefits		93,296	90,828
Deferred taxation		306	306
		<u>103,282</u>	<u>100,856</u>
CURRENT LIABILITIES			
Trade and other payables		329,286	442,993
Accrued mark-up		15,560	13,776
Short term finances	9	200,461	134,592
Running finance under mark up arrangements	10	276,257	179,419
Current portion of liabilities against assets subject to finance lease		969	1,149
		<u>822,533</u>	<u>771,929</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>2,607,273</u></u>	<u><u>2,547,105</u></u>

The annexed notes form an integral part of these condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<i>Notes</i>	<i>For the quarter ended September 30,</i>	
		<i>2013</i>	<i>2012</i>
		<i>Unaudited Rupees '000</i>	
Net Revenue	12	388,786	374,593
Cost of sales	13	<u>330,508</u>	<u>348,744</u>
Gross profit		58,278	25,849
Distribution cost		(4,132)	(4,398)
Administration expenses		(30,018)	(27,885)
Other operating income		<u>2,038</u>	<u>1,529</u>
		26,166	(4,905)
Finance cost		<u>(23,528)</u>	<u>(26,810)</u>
		2,638	(31,715)
Share of profit in associated company		<u>8,501</u>	<u>5,534</u>
		11,139	(26,181)
Taxation		(4,007)	(1,894)
Profit / (Loss) after taxation		<u>7,132</u>	<u>(28,075)</u>
Other Comprehensive income/(loss) for the quarter		-	-
Total Comprehensive income/(loss) for the quarter		<u>7,132</u>	<u>(28,075)</u>
Attributable to:			
Equity holders of Ghandhara Nissan Limited		7,132	-
Non-controlling Interest		-	-
Basic and diluted earnings / (loss) per share (Rupees)		<u>0.16</u>	<u>(0.62)</u>

The annexed notes form an integral part of these condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

*For the Quarter ended
September 30,*

2013 2012

Unaudited

Rupees '000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	11,139	(26,181)
Adjustments for:		
Depreciation & Amortisation	13,521	14,555
Finance cost	18,149	25,498
(Profit) on bank deposits	(561)	-
Share of (profit) / loss in associated company	(8,501)	(5,534)
Gain on disposal of fixed asset	(34)	-
Exchange loss	5,126	1,125
Provision for gratuity and compensated absences	2,682	2,460
	30,382	38,104
Operating profit before working capital changes	41,521	11,923

(Increase) / decrease in current assets

Stores, spares and loose tools	(110)	2,182
Stock-in-trade	(135,879)	37,455
Trade debts	60,203	15,770
Loans and advances	3,616	330
Prepayments	(2,479)	(5,999)
Other receivables	(4,470)	7,061
	(79,120)	56,799

(Decrease) in trade and other payables

	(118,833)	(62,798)
--	------------------	-----------------

Net cash (used in) / generated from operation

Gratuity and compensated absences paid	(214)	(239)
Finance cost paid	(16,366)	(22,632)
Income tax paid	(15,770)	(9,560)
	(32,350)	(32,431)
Cash (used in) / generated from operation	(188,782)	(26,507)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(11,045)	(527)
Proceeds from disposal of fixed assets	565	-
Profit on bank deposit	561	-
Long term deposits	-	(973)
Net cash (used in) / generated from investing activities	(9,919)	(1,500)
Net cash (used in) / generated before financing activities	(198,701)	(28,007)

CASH FLOWS FROM FINANCING ACTIVITIES

Shares subscribed by directors	5	-
(Repayment) of lease liability	(222)	(1,792)
(Repayment) of long term financing	-	(19,445)
Increase / (decrease) in short term finances	65,869	(6,836)
Increase / (decrease) in running finance under mark-up arrangements	96,838	30,710
Net cash generated from financing activities	162,490	2,637
(Decrease) in cash and cash equivalents	(36,211)	(25,370)
Cash and cash equivalents at beginning of the period	52,528	33,452
Cash and cash equivalents at end of the period	16,317	8,082

The annexed notes form an integral part of these condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Share capital	Share premium	Items credited directly to equity of associated company	Accumulated profit / (Loss)	Total
	<i>Rupees '000</i>				
Balance as at July 01, 2012	450,025	40,000	59,767	49,226	599,018
Total comprehensive loss for the quarter ended September 30, 2012	-	-	-	(28,075)	(28,075)
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	4,797	4,797
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	337	-	337
Balance as at September 30, 2012	450,025	40,000	60,104	25,948	576,077
Total comprehensive income for nine months ended June 30, 2013	-	-	-	66,460	66,460
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	16,001	16,001
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	1,012	-	1,012
Balance as at June 30, 2013 - Audited	450,025	40,000	61,116	108,409	659,550
Total comprehensive income for the period	-	-	-	7,132	7,132
Transferred from surplus on revaluation of Fixed Assets on account of incremental depreciation charged during the period	-	-	-	5,015	5,015
Recognition of items directly credited in equity of associated company:					
- Incremental depreciation	-	-	337	-	337
Balance as at September 30, 2013 - Un - Audited	450,025	40,000	61,453	120,557	672,035

The annexed notes form an integral part of these condensed interim consolidated financial information.

**Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER**

**Ch. Sher Muhammad
DIRECTOR**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1 REPORTING ENTITY

The group comprises the following companies:

Ghandhara Nissan Limited- Parent Company

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 Company is situated at Ghandhara House, 109/2 Clifton, Karachi. The Company's shares are listed on Karachi and Islamabad Stock Exchanges. The principal activity of the Company is assembly / progressive manufacture of Nissan passenger cars, trucks and buses; import and marketing of Nissan vehicles and assembly of other vehicles under contract agreements.

Ghandhara DF (Pvt) Limited-Subsidiary

Ghandhara DF (Pvt) Ltd. was incorporated on June 25, 2013 as a Private Limited Company under the Companies Ordinance 1984. Ghandhara Nissan Limited has acquired 99.95% shares of Ghandhara DF (Pvt) Ltd. The registered office of the Subsidiary Company is situated at Ghandhara House, 109/2, Clifton Karachi. The principal business of the Subsidiary is to carry out CKD operations of the Dongfeng vehicles. The Subsidiary is yet to commence its operations.

Ghandhara Nissan Limited and Ghandhara DF (Private) Limited are collectively referred to as "the Group " in these condensed consolidated interim financial information.

2 BASIS OF PREPARATION

- 2.1 This condensed interim consolidated financial information of the group for the quarter ended September 30, 2013 has been prepared in accordance with the requirements of the international accounting standard 34, "Interim Financial Reporting" (IAS 34) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 The disclosures in the condensed interim consolidated financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2013. Comparative balance sheet is extracted from annual financial statements of the parent company as of June 30, 2013 where as comparative profit and loss account, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information of the parent company for the quarter ended September 30, 2012.
- 2.3 This condensed interim consolidated financial information is un-audited and is being submitted to the members as required under Section 245 of the Ordinance and Listing Regulations of the Karachi and Islamabad Stock Exchanges.
- 2.4 This condensed interim consolidated financial information is presented in Pak Rupee, which is the functional currency of the Group. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand, except for earning per share which is presented in whole figure.

3 SIGNIFICANT ACCOUNTING POLICIES

The present accounting policies adopted in the preparation of these condensed interim consolidated financial information for the quarter ended September 30, 2013 are consistent with those followed in the preparation of the Group annual audited financial statements for the year ended June 30, 2013.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of this condensed interim consolidated financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.
- 4.2 During the preparation of this condensed interim consolidated financial information, the significant judgements made by the management in applying Group accounting policies and the key sources of estimations and uncertainty were the same as those that applied to audited annual financial statements of the Group for the year ended June 30, 2013.

5 BASIS OF CONSOLIDATION

Subsidiary:

Subsidiary are entities controlled by the group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights, if any, that are currently exercisable are taken into account. However, potential voting rights that are not currently exercisable are not included in determination of the proportions of profit or loss and changes in equity attributable to the Group.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiaries are changed when necessary to align them with those adopted by the Group. The assets and liabilities of the subsidiaries are consolidated on a line-by-line basis and the carrying amount of the investment in subsidiary is eliminated against the subsidiaries' share capital and pre-acquisition reserves. All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Investment in associates:

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method and are recognised initially at cost.

6 PROPERTY, PLANT AND EQUIPMENT

		September 30, 2013 <u>Unaudited</u>	June 30, 2013 <u>Audited</u>
	Notes	Rupees '000	
6.1			
Operating fixed assets	6.1	1,313,674	1,326,108
Capital work in progress		9,437	-
		<u>1,323,111</u>	<u>1,326,108</u>
6.1 Operating fixed assets:			
Opening book value		1,326,108	1,382,669
Additions during the period / year	6.1.1	1,608	2,414
Disposals during the period / year	6.1.2	(531)	(806)
Depreciation charged during the period / year		<u>(13,511)</u>	<u>(58,169)</u>
Closing book value		<u>1,313,674</u>	<u>1,326,108</u>
6.1.1 Additions			
Owned			
Vehicles		1,200	1,698
Office equipment		-	476
Computers		-	118
Other equipments		<u>408</u>	<u>122</u>
		<u>1,608</u>	<u>2,414</u>
6.1.2 Disposals			
Owned			
Vehicles		<u>531</u>	<u>806</u>
		<u>531</u>	<u>806</u>

Associated undertaking
Gandhara Industries Limited

5,166,168 (June 30, 2013 : 5,166,168) Ordinary Shares of Rs 10 each

Cost

Share of post acquisition losses

Share of items directly credited in the equity of associated company

Share of surplus on revaluation of Property, plant & equipment and Investment property

Less: Dividend received to date

Others-Available for sale

Automotive Testing & Training Center (Private) Limited

187,500 Ordinary Shares of Rs 10 each

Equity held 10.42% (June 30, 2013:10.42%)

Less: Provision for impairment in the value of investment

<i>September 30,</i> 2013	<i>June 30,</i> 2013
Unaudited	Audited
Rupees '000	
92,635	92,635
(9,042)	(17,543)
83,593	75,092
61,453	61,116
301,144	301,481
(15,499)	(15,499)
430,691	422,190
1,875	1,875
(1,875)	(1,875)
-	-
430,691	422,190

- 7.1 The Group holds 24.25% (June 30,2013: 24.25%) of direct equity in Gandhara Industries Limited (the investee Company). The investee company is an associate of the Company by virtue of common directorship.

The Group holds 24.25% (June 30,2013: 24.25%) of direct equity in Gandhara Industries Limited (the investee Company). The investee company is an associate of the Company by virtue of common directorship.

	<i>As at</i> June 30, 2013	<i>As at</i> June 30, 2012
	Rupees '000	
Assets	4,136,320	3,494,353
Liabilities	2,139,155	1,858,632
Net assets	1,997,165	1,635,721
Profit / (Loss) before taxation	183,166	(43,263)
Profit / (Loss) after taxation	127,736	(31,085)

- 7.2 The market value of investment as at September 30, 2013 was Rs. 131.840 million (June 30, 2013: Rs. 94.799 million).

8 STOCK-IN-TRADE

Raw Material

In hand - Trucks / Buses

In transit

Work in process

Finished goods

In hand - Truck

CBU

Truck

Spare parts

<i>September 30,</i> 2013	<i>June 30,</i> 2013
Unaudited	Audited
Rupees '000	
120,025	48,727
172,171	168,567
292,196	217,294
45,745	24,320
40,143	-
46,444	47,239
86,587	47,239
6,822	6,617
431,349	295,470

September 30, 2013	June 30, 2013
Unaudited	Audited
Rupees '000	

9 SHORT TERM FINANCES - Secured

Notes

Finance against Imported Merchandise (FIM)

The Bank of Khyber	9.1	19,523	24,371
Finance against Trust Receipts (FATR)	9.2	136,055	65,338
Short Term Finances	9.3	44,883	44,883
Balance as at September 30		<u>200,461</u>	<u>134,592</u>

- 9.1 The Group has arranged Finance against Imported Merchandise (FIM) of Rs.100 million from The Bank of Khyber (BoK). The finance facility is secured against effective pledge of imported consignments and carried mark-up at the rate of 3 months KIBOR plus 300 basis points. FIM is adjustable within 120 days of disbursement / creation. This finance facility is available upto December 31, 2013.
- 9.2 The Group has arranged Finance Against Trust Receipts (FATR) facility of Rs.300 million from National Bank of Pakistan. FATR is repayable within 120 days from the date of its creation. The facility is secured against duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Group's land, building and plant & machinery for Rs.400 million and carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. This finance facility is available upto October 31, 2013.
- 9.3 The Group had arranged short term loan of Rs.330 million from Faysal Bank Limited (the Bank) against outstanding import bills. Originally this loan was repayable in monthly installments of Rs.22 million each. The Group during the prior years had repaid installments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Group has made principal payments of Rs.70.117 million till June 30, 2013 of this renewed finance facility. Year-end balance of this finance facility has been renewed by the Bank. This facility is secured against first pari passu charge of Rs.367 million on stocks and receivables, ranking charge of Rs.434 million over stocks & receivables and ranking charges of Rs.400 million on plant and machinery of the Company. The short term loan carries mark-up at the rate of six months KIBOR plus 1.80% per annum.

September 30, 2013	June 30, 2013
Unaudited	Audited
Rupees '000	

Notes

10 RUNNING FINANCE UNDER MARKUP ARRANGEMENTS

Secured

Running finance from banks	10.1	<u>276,257</u>	<u>179,419</u>
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- 10.1 Running finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.423.535 million (June 30, 2013: Rs 423.535 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Group. These carry mark-up at the rates ranging from 11.28% to 13.95% (June 30, 2013: 11.28% to 13.95%) per annum. The arrangements are expiring on October 31, 2013.

11 CONTINGENCIES AND COMMITMENTS

- 11.1 There is no change in the contingencies and commitments as reported in the annual accounts for the year ended June 30, 2013; except as given below:
- 11.2 Outstanding letter of credit amounting to Rs. 351.984 million (June 30, 2013: 455.004 million).
- 11.3 Guarantees aggregating Rs.59.926 million (2013: Rs.59.926 million) are issued by banks of the Group to various government and other institutions.

12 NET REVENUE

Manufactured goods

Revenue
Sales tax
Commission

Trading goods

Revenue
Sales tax
Commission

13 COST OF SALES

Stock at beginning
Cost of goods manufactured
Purchases others
Stock at end

OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

- (a) All non-current assets of the Company at June 30, 2013 are located in Pakistan.
- (b) All of the Company's sales relate to customers in Pakistan.
- (c) The Company does not have any customer having sale of ten percent or more during the period ended September 30, 2013.

14 FINANCIAL RISK MANAGEMENT

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

The condensed interim consolidated 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 Parent Company's audited annual financial statement as at June 30, 2013.

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

September 30,	
2013	2012
Unaudited	
403,970	300,916
(58,696)	(41,506)
(4,950)	(3,500)
340,324	255,910
61,026	125,356
(8,867)	(6,673)
(3,697)	-
48,462	118,683
388,786	374,593

53,856	57,846
278,836	260,660
91,225	166,401
(93,409)	(136,163)
330,508	348,744

15 RELATED PARTY TRANSACTIONS

15.1 Significant transactions with related parties are as follows:

Name of Related Party and Nature of relationship	Nature of Transaction	September 30,	
		2013	2012
		Unaudited Rupees '000	
(a) Holding Company Bibojee Services (Private) Limited	Rent of head office	1,350	1,350
(b) Associated Companies Universal Insurance Company Limited (Common Directorship)	Insurance premium	1,008	6,134
The General Tyre and Rubber Company of Pakistan Limited (Common Directorship)	Purchase of tyres	8,971	2,659
Ghandhara Industries Limited (Common Directorship)	Contract assembly charges	-	30,694
	Fabrication of vehicles	-	1,320
	Reimbursement of expenses	-	39
	Sale of fleet vehicle	566	-
UD Trucks Corporation - Japan (Equity Investment / technical assistance agreement)	Purchase of CKD kits	257,995	170,301
	Royalty	1,726	1,109
Gammon Pakistan Limited (Common Directorship)	Office rent	375	375
(c) Others Employees' Provident fund	Company's Contributions	1,186	1,219
Key management personnel	Salaries and other benefits	13,111	13,649
Post retirement benefits	Gratuity	2,682	2,460
PERIOD END BALANCES			
Receivable from holding company		-	4,921
Receivable from related parties		69,231	94,179
Payable to related parties		32,144	28,014
Prepayments		14,081	16,214
Post retirement benefits		93,296	91,419

16 CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

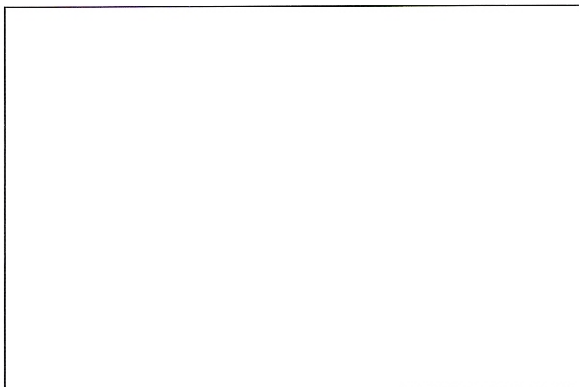
17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial information were authorised for issue on October 30, 2013, by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Ch. Sher Muhammad
DIRECTOR

BOOK POST



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