UD TRUCKS

NISSAN

QUARTERLY REPORT

SEPTEMBER 30, 2014

(UN-AUDITED)



GHANDHARA NISSAN LIMITED

QUARTERLY REPORT SEPTEMBER 30,2014 (Un-Audited)

CONTENTS

02 Company Profile

03 Directors' Report

04 Condensed Interim Balance Sheet

05 Condensed Interim Profit & Loss Account

06 Condensed Interim Cash Flow Statement

07 Condensed Interim Statement of Changes in Equity

08 Notes to the Condensed Interim Financial Information

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)	
Ch. Sher Muhammad	
Mr. Jamil A. Shah	
Syed Haroon Rashid	
Mr. Mohammad Zia	
Mr. Larbi Hbil	

Company Secretary

Mr. Aqiel Amjad Ghani

Chief Financial Officer

Mr. Muhammad Saleem Baig

Registered Office

Ghandhara House
109/2, Clifton, Karachi

Factory

Truck / Car Plants
Port Bin Qasim, 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

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
Mr. Jamil A.Shah	Member

Auditors

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

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

Legal & Tax Advisor

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

Share Registrar

T.H.K. Associates (Pvt.) Ltd.
Ground Floor, State Life Bldg. No.3
Dr. Ziauddin 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 statement for the First Quarter ended September 30, 2014.

A comparison of the quarter results under review with that of the corresponding period last year shows an improvement. The turnover has increased to Rs.1,057.77 million from Rs.388.78 million. The gross profit has increased to Rs.154.21 million from Rs.58.27 million. The distribution and administrative expenses have increased by Rs.6.46 million. The Finance Cost has increased to Rs.30.09 million from Rs.23.52 million.

The Company has made an after tax profit of Rs.46.08 million as against an after tax restated loss of Rs.1.36 million in the corresponding period. The profit in the current period is due to improved exchange rate and market conditions.

Truck Business

During the period under review, 181 units of Trucks were sold as against 71 units in the same period last year.

Contract Assembly Business

The contract assembly undertaken during the period under review was of 353 units as against 333 units during first quarter ended 30th September, 2013.

Future Outlook

The sale of UD Trucks has picked up over the last year. The company has orders in-hand for additional 375 units. Moreover, the introduction of Dongfeng locally assembled units by Ghandhara DF (Pvt.) Ltd. a wholly owned subsidiary will supplement the profitability of the Company.

For and on behalf of the Board of Directors.

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi
Dated: October 24, 2014

QUARTERLY REPORT SEPTEMBER 30,2014 (Un-Audited)

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	Notes	September 30, 2014	June 30, 2014
		Unaudited	Audited
		---------- Rupees '000 ----------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,748,264	1,764,038
Intangible assets		111	118
Long term investments	6	152,630	152,630
Long term loans		4,864	4,864
Long term deposits		8,938	8,031
		1,914,806	1,929,681
CURRENT ASSETS			
Stores, spares and loose tools		30,519	44,055
Stock-in-trade		779,020	692,474
Trade debts		446,663	395,583
Loans and advances		35,904	25,541
Deposits and prepayments		14,571	15,721
Other receivables		66,349	49,211
Short term Investment		38,000	38,000
Taxation-net		66,844	96,070
Bank balances		153,475	148,618
		1,631,345	1,505,273
TOTAL ASSETS		3,546,151	3,434,954
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (June 30, 2014: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed & paid up capital			
45,002,500 (June 30, 2014: 45,002,500) ordinary shares of Rs.10 each fully paid up		450,025	450,025
Shares premium		40,000	40,000
Unappropriated profit		382,497	334,375
TOTAL EQUITY		872,522	824,400
SURPLUS ON REVALUATION OF FIXED ASSETS		1,052,154	1,054,188
		1,924,676	1,878,588
LIABILITIES			
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		12,031	13,006
Long term deposits		9,611	9,611
Staff benefits		96,937	94,795
Deferred taxation		164,783	158,039
		283,362	275,451
CURRENT LIABILITIES			
Trade and other payables		706,830	768,840
Accrued mark-up		17,088	5,178
Short term finances	7	320,141	448,861
Running finance under mark up arrangements	8	290,453	54,380
Current portion of liabilities against assets subject to finance lease		3,601	3,656
		1,338,113	1,280,915
TOTAL LIABILITIES		1,621,475	1,556,366
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		3,546,151	3,434,954

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	Notes	For the quarter ended September 30, 2014	2013 Re-Stated
		Unaudited	
		---------- Rupees '000 ----------	
Net Revenue		**1,057,770**	388,786
Cost of sales	10	**(903,558)**	(330,508)
Gross profit		**154,212**	58,278
Distribution cost		**(8,280)**	(4,132)
Administration expenses		**(32,334)**	(30,018)
Other income		**2,968**	2,038
Other expenses		**(5,814)**	-
Profit from operations		**110,752**	26,166
Finance cost		**(30,094)**	(23,528)
Profit before taxation		**80,658**	2,638
Taxation		**(34,570)**	(4,007)
Profit / (Loss) after taxation		**46,088**	(1,369)
Other Comprehensive income/(loss)		**-**	-
Total Comprehensive income/(loss)		**46,088**	(1,369)
		---------- Rupees '000 ----------	
Basic and diluted earnings / (loss) per share		**1.02**	(0.03)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	For the Quarter ended September 30,	
	2014	*2013*
		Re-Stated
	Unaudited	
	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**80,658**	2,638
Adjustments for:		
Depreciation & Amortisation	**15,782**	13,521
Interest Income	**(166)**	(561)
Finance cost	**24,224**	18,149
Gain on disposal of Property,Plant and Equipment	**-**	(34)
Exchange loss	**5,870**	5,126
Provision for gratuity	**2,688**	2,682
	48,398	38,883
Operating profit before working capital changes	**129,056**	41,521
(Increase) / decrease in current assets		
Stores, spares and loose tools	**13,536**	(110)
Stock-in-trade	**(86,546)**	(135,880)
Trade debts	**(51,080)**	60,203
Loans and advances	**(10,363)**	3,616
Deposit and Prepayments	**1,150**	(2,479)
Other receivables	**(17,138)**	(4,470)
	(150,441)	(79,120)
(Decrease) in trade and other payables	**(67,880)**	(118,833)
Net cash (used in) operation	**(89,265)**	(156,432)
Gratuity and compensated absences paid	**(546)**	(214)
Finance cost paid	**(12,314)**	(16,366)
Taxes paid	**1,400**	(15,770)
	(11,460)	(32,350)
Cash (used in) operation	**(100,725)**	(188,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**-**	(1,608)
Proceeds from disposal of fixed assets	**-**	565
Interest Income received	**166**	561
Investment made in Subsidiary	**-**	(10,000)
Long term deposits-net	**(907)**	-
Net cash (used in) investing activities	**(741)**	(10,482)
Net cash (used in) before financing activities	**(101,466)**	(199,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	**(1,030)**	(222)
Increase / (decrease) in short term finances	**(128,720)**	65,869
Increase / (decrease) in finance under mark-up arrangement	**236,073**	96,838
Net cash generated from financing activities	**106,323**	162,485
Increase / (Decrease) in cash and cash equivalents	**4,857**	(36,779)
Cash and cash equivalents at beginning of the period	**148,618**	52,528
Cash and cash equivalents at end of the period	**153,475**	15,749

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

QUARTERLY REPORT SEPTEMBER 30,2014 (Un-Audited)

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	Share capital	Share premium	Item credited directly in equity by an Associate	Unappropriated profit	Total
	---------- Rupees in '000 ----------				
Balance as at July 1, 2013 - as re-stated	**450,025**	**40,000**	**-**	**142,819**	**632,844**
Total comprehensive income for the year ended June 30, 2014					
Profit for the year	-	-	-	173,930	173,930
Other comprehensive loss	-	-	-	(2,436)	(2,436)
	-	-	-	171,494	171,494
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	20,062	20,062
Balance as at June 30, 2014	**450,025**	**40,000**	**-**	**334,375**	**824,400**
Total comprehensive income for the quarter ended Sep 30, 2014					
Profit for the quarter	-	-	-	46,088	46,088
Other comprehensive Income / (loss)	-	-	-	-	-
	-	-	-	46,088	46,088
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	2,034	2,034
Balance as at Sep 30, 2014	**450,025**	**40,000**	**-**	**382,497**	**872,522**

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30,2014

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

This condensed interim financial information is un-audited and 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.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, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial information for the quarter ended September 30, 2014 are consistent with those followed in the preparation of the Company's audited annual published financial statements for the year ended June 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 The preparation of this condensed interim financial information in conformity with the approved accouting standards requires the use of certain critical accounting estimates and assumptions. 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 expectations of future events that are believed to be reasonable under the circumstances. However , actual results may differ from these estimates.

4.2 During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimations and uncertainty were the same as those that were applied to the audited annual financial statements of the Company for the year ended June 30, 2014.

	Notes	*September 30, 2014* Unaudited	June 30, 2014 Audited
		Rupees '000	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**1,747,219**	1,759,365
Capital Work in Progress		**1,045**	4,673
		1,748,264	1,764,038
5.1 Operating fixed assets:			
Opening book value		**1,759,365**	1,326,108
Additions during the period	5.1.1	**3,628**	20,367
Revaluation Net		-	468,345
Disposals during the period	5.1.2	-	(915)
Depreciation charged during the period		**(15,774)**	(54,540)
Closing book value		**1,747,219**	1,759,365

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

		September 30, 2014 Unaudited	June 30, 2014 Audited
		Rupees '000	
5.1.1 Additions			
Owned			
Vehicles-Owned		**3,628**	2,214
Vehicles-under Finance lease		**-**	17,181
Other equipments		**-**	755
Computers		**-**	217
		3,628	20,367
5.1.2 Disposals			
Owned			
Vehicles		**-**	915
6 LONG TERM INVESTMENTS			
Subsidiary Company - at cost			
Ghandhara DF (Private) Limited			
5,999,500 (June 30, 2014: 5,999,500)ordinary shares of Rs.10 each		**59,995**	59,995
Equity held: 99.99% (June 30, 2014: 99.99%)			
Break-up value per share on the basis of latest financial statements is Rs.10			
Associated Company - at cost			
Ghandhara Industries Limited - at cost			
5,166,168 (June 30, 2014: 5,166,168) ordinary shares of Rs.10 each			
Equity held: 24.25% (June 30, 2014: 24.25%)		**92,635**	92,635
Fair value: Rs.171.72 million (June 30, 2014: Rs.173.945 million)			
Others - available for sale			
Automotive Testing & Training Center (Private) Limited			
187,500 (June 30, 2014: 187,500) ordinary shares of Rs.10 each - **cost**		**1,875**	1,875
Provision for impairment		**(1,875)**	(1,875)
		-	-
		152,630	152,630
7 SHORT TERM FINANCES - Secured			
Finance against Imported Merchandise (FIM)			
The Bank of Khyber	7.1	**51,973**	181,245
Soneri Bank Ltd.	7.2	**39,505**	-
Finance against Trust Receipts (FATR)			
National Bank of Pakistan	7.3	**189,163**	225,743
Short Term Finances			
Faysal Bank Ltd.	7.4	**39,500**	41,873
		320,141	448,861

7.1 The Company has arranged FIM of Rs.250 million (June 30, 2014: Rs.250 million) from the Bank of Khyber. This finance facility is secured against effective pledge of imported consignments and carries 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, 2014.

7.2 The Company has arranged FIM of Rs. 250 million from the Soneri Bank Ltd. This finance facility is secured against effective pledge of imported CKD kit with margin Rs.1.250 million for every kit plus duties and taxes paid thereon,carries mark-up at the rate of 3 months KIBOR plus 225 basis points. This facility is secured against first pari passu charge of Rs.267 million over stocks and receivables.FIM is adjustable within 120 days of disbursement / creation. This finance facility is available upto March 31, 2015.

7.3 The Company has arranged Finance against Imported Merchandise (FIM) and Finance Against Trust Receipts (FATR) facilities of an aggregate limit of Rs.500 million (June 30, 2014 : Rs.500 million) from National Bank of Pakistan. These facilities are secured against effective pledge of imported goods, duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Company's land, building and plant & machinery for Rs.467 million. These facilities carry mark-up at the rate of 3 months KIBOR plus 200 basis points. FIM and FATR are repayable within 120 days of disbursement / creation. These finance facilities are available upto October 31, 2014.

7.4 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 instalments of Rs.22 million each. The Company during the prior years had repaid instalments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Company has made principal payments of Rs.75.50 million till Sep 30, 2014 of this renewed finance facility. Year-end balance of this finance facility has been again 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.

	Notes	*September 30, 2014* Unaudited	June 30, 2014 Audited
		---------- Rupees '000 ----------	
8 RUNNING FINANCE UNDER MARKUP ARRANGEMENTS			
Secured			
Running finance from banks	8.1	**290,453**	54,380

8.1 Running finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.375 million (June 30, 2014: Rs.375 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 11.06% to 12.17% (June 30, 2014: 11.06% to 12.17%) per annum. The arrangements are expiring on March 31, 2015.

9 CONTINGENCIES AND COMMITMENTS

9.1 There is no change in the contingencies and commitments as reported in the annual accounts for the year ended June 30, 2014; except as given below:

9.2 Outstanding letter of credit amounting to Rs. 1,090.247 million (June 30, 2014: Rs.777.335 million).

9.3 Guarantees aggregating Rs.10.303 million (2014: Rs.10.303 million) are issued by banks of the Company to various government and other institutions.

	September 30, 2014 Unaudited	2013 Unaudited
10 COST OF SALES		
Stock at beginning	**58,621**	53,856
Cost of goods manufactured	**830,179**	278,836
Purchases others	**58,765**	91,225
Stock at end	**(44,007)**	(93,409)
	903,558	330,508

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

10.1 COST OF GOODS MAUFACTURED

	September 30, 2014	2013
	Unaudited	
	Rupees '000	
Work-in-process at beginning of the period	-	24,320
Raw Material and component consumed	713,286	243,947
Factory Overheads	116,893	56,314
	830,179	300,261
	830,179	324,581
Work-in-process at end of the period	-	(45,745)
	830,179	278,836

11 RELATED PARTY TRANSACTIONS

11.1 Significant transactions with related parties are as follows:

Name of Related Party and Nature of relationship	Nature of Transaction	September 30, 2014	2013
		Unaudited	
		Rupees '000	
(a) Holding Company			
Bibojee Services (Private) Limited	Rent of head office	**1,350**	1,350
(b) Subsidiary Company			
Ghandhara DF (Pvt) Limited	Investment made	-	10,000
(C) Associated Companies			
Universal Insurance Company Limited	Insurance premium	-	1,008
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	**14,746**	8,971
Ghandhara Industries Limited	Contract assembly charges	**24,289**	-
	Sale of fleet vehicle	-	566
UD Trucks Corporation - Japan	Purchase of CKD kits	**586,702**	257,995
	Royalty	**3,446**	1,726
Gammon Pakistan Limited	Office rent	**375**	375
(d) Others			
Employees' Provident fund	Company's Contributions	**1,224**	1,186
Key management personnel	Salaries and other benefits	**9,887**	13,111
Post retirement benefits	Gratuity	**2,688**	2,682
PERIOD END BALANCES			
Receivable from related parties		**91,910**	69,231
Payable to related parties		**16,338**	32,144
Prepayments		**7,768**	14,081
Post retirement benefits		**96,937**	93,296

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

12 OPERATING SEGMENTS

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

(a) All non-current assets of the Group at September 30, 2014 are located in Pakistan.

(b) The company has earned revenue from one customer amounting Rs.204.017 million (Sep 2013: Nil) during the period which constituted 19.29% (Sep 2013: nil) of the total sales.

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, 2014.

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

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 24, 2014, by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

Karachi
Dated: 24th October, 2014

CONTENTS CONSOLIDATED

14 Directors' Report

15 Condensed Interim Consolidated Balance Sheet

16 Condensed Interim Consolidated Profit & Loss Account

17 Condensed Interim Consolidated Cash Flow Statement

18 Condensed Interim Consolidated Statement of Changes in Equity

19 Notes to the Condensed Interim Consolidated Financial Information

DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited for the first quarter ended 30th September 2014.

The Company has annexed consolidated financial statements alongwith its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

Ghandhara DF (Pvt.) Limited

Ghandhara DF (Pvt.) Limited (GDFPL) was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on 25th June 2013. GNL holds 99.99% shares of GDFPL as on 30th September 2014, to carry on exclusive business of Dongfeng vehicles.

The principal activity of the subsidiary company is assembly/progressive manufacture under toll assembly agreement with GNL and sale of Dongfeng Commercial vehicles.

For and on behalf of the Board of Directors

Karachi
Dated: 24th October, 2014

Ahmed Kuli Khan Khattak
Chief Executive Officer

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Notes	September 30, 2014	June 30, 2014
		Unaudited	Audited
		---------- Rupees '000 ----------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,762,177	1,770,743
Intangible assets		111	118
Long term investments	6	492,878	490,236
Long term loans		4,864	4,864
Long term deposits		8,938	8,031
		2,268,967	2,273,992
CURRENT ASSETS			
Stores, spares and loose tools		30,519	44,055
Stock-in-trade		803,931	717,386
Trade debts		446,663	395,583
Loans and advances		38,702	25,704
Deposits and prepayments		14,571	15,721
Other receivables		68,601	53,700
Short term Investment		38,000	38,000
Taxation-net		68,605	97,031
Bank balances		192,489	171,442
		1,702,081	1,558,622
TOTAL ASSETS		3,971,048	3,832,614
SHARE EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (June 30, 2014: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed & paid up capital			
45,002,500 (June 30, 2014: 45,002,500) ordinary shares of Rs.10 each fully paid up		450,025	450,025
Shares premium		40,000	40,000
Item credited directly in equity by an Associate		62,354	62,354
Unappropriated profit		364,302	312,540
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE HOLDING COMPANY.		916,681	864,919
Non-controlling interest		5	5
TOTAL EQUITY		916,686	864,924
SURPLUS ON REVALUATION OF FIXED ASSETS		1,408,749	1,410,783
		2,325,435	2,275,707
LIABILITIES			
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		12,031	13,006
Long term deposits		9,611	9,611
Staff benefits		96,937	94,795
Deferred taxation		164,783	158,039
		283,362	275,451
CURRENT LIABILITIES			
Trade and other payables		730,968	769,381
Accrued mark-up		17,088	5,178
Short term finances	7	320,141	448,861
Running finance under mark up arrangements	8	290,453	54,380
Current portion of liabilities against assets subject to finance lease		3,601	3,656
		1,362,251	1,281,456
TOTAL LIABILITIES		1,645,613	1,556,907
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		3,971,048	3,832,614

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

QUARTERLY REPORT SEPTEMBER 30,2014 (Un-Audited)

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	Notes	For the quarter ended September 30, 2014	2013 Re-Stated
		Unaudited	
		Rupees '000	
Net Revenue		**1,076,659**	388,786
Cost of sales	10	**(920,276)**	(330,508)
Gross profit		**156,383**	58,278
Distribution cost		**(8,357)**	(4,132)
Administration expenses		**(32,781)**	(30,018)
Other income		**2,968**	2,038
Other expenses		**(5,812)**	-
Profit from operations		**112,401**	26,166
Finance cost		**(30,254)**	(23,528)
Share of profit in associated company		**2,643**	8,501
Profit before taxation		**84,789**	11,139
Taxation		**(35,061)**	(4,007)
Profit after taxation		**49,728**	7,132
Other Comprehensive income/(loss)		**-**	-
Total Comprehensive income/(loss)		**49,728**	7,132
		Rupees	
Basic and diluted earnings per share		**1.11**	0.16

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	For the Quarter ended September 30,	
	2014	*2013*
		Re-Stated
	Unaudited	
	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**84,789**	11,139
Adjustments for:		
Depreciation & Amortisation	**15,782**	13,521
Interest Income	**(166)**	(561)
Finance cost	**24,384**	18,149
Gain on disposal of Property,Plant and Equipment	**-**	(34)
Exchange loss	**5,870**	5,126
Share of profit in associated company	**(2,643)**	(8,501)
Provision for gratuity	**2,688**	2,682
	45,915	30,382
Operating profit before working capital changes	**130,705**	41,521
(Increase) / decrease in current assets		
Stores, spares and loose tools	**13,536**	(110)
Stock-in-trade	**(86,545)**	(135,879)
Trade debts	**(51,080)**	60,203
Loans and advances	**(12,998)**	3,616
Deposit and Prepayments	**1,150**	(2,480)
Other receivables	**(14,901)**	(4,470)
	(150,838)	(79,120)
(Decrease) in trade and other payables	**(44,283)**	(118,833)
Net cash (used in) from operation	**(64,416)**	(156,432)
Gratuity and compensated absences paid	**(546)**	(214)
Finance cost paid	**(12,474)**	(16,366)
Taxes paid	**109**	(15,770)
	(12,911)	(32,350)
Cash (used in) from operation	**(77,327)**	(188,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(7,208)**	(11,045)
Proceeds from disposal of fixed assets	**-**	565
Interest Income received	**166**	561
Long term deposits-net	**(907)**	-
Net cash (used in) from investing activities	**(7,949)**	(9,919)
Net cash (used in) before financing activities	**(85,276)**	(198,701)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares subscribed by Directors of subsidiary company	**-**	5
Repayment of lease liability	**(1,030)**	(222)
Increase / (decrease) in short term finances	**(128,720)**	65,869
Increase / (decrease) in finance under mark-up arrangement	**236,073**	96,838
Net cash generated from / (used-in) financing activities	**106,323**	162,490
Increase / (Decrease) in cash and cash equivalents	**21,047**	(36,211)
Cash and cash equivalents at beginning of the period	**171,442**	52,528
Cash and cash equivalents at end of the period	**192,489**	16,317

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2014

	Share capital	Share premium	Item credited directly in equity by an Associate	Unappropriated profit	Total	Non-Controlling Interest
	---------- Rupees in '000 ----------					
Balance as at July 1, 2013 - as re-stated	**450,025**	**40,000**	**61,116**	**109,777**	**660,918**	**-**
Non-controlling interst arising from business combination	-	-	-	-	-	-
	-	-	-	-	-	6
Total comprehensive income for the year ended June 30, 2014						
Profit for the year	-	-	-	185,137	185,137	(1)
Other comprehensive loss	-	-	-	(2,436)	(2,436)	-
	-	-	-	182,701	182,701	(1)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	20,062	20,062	-
Effect of Item credited directly in equity by an Associate	-	-	1,238	-	1,238	-
Balance as at June 30, 2014	**450,025**	**40,000**	**62,354**	**312,540**	**864,919**	**5**
Total comprehensive income for the quarter ended Sep 30, 2014						
Profit for the quarter	-	-	-	49,728	49,728	-
Other comprehensive loss	-	-	-	-	-	-
	-	-	-	49,728	49,728	-
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	2,034	2,034	
Balance as at Sep 30, 2014	**450,025**	**40,000**	**62,354**	**364,302**	**916,681**	**5**

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30,2014

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 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.

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 Company is situated at Ghandhara House, 109/2 Clifton, Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The principal business of the Subsidiary Company is to carry-out CKD operations of DongFeng vehicles.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information of the group is un-audited and 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.This condensed interim consolidated financial information does not include all the information required for consolidated annual financial statements and therefore should be read in conjunction with the Audited Annual consolidated financial statements of the company for the year ended June 30, 2014.

3 PRINCIPLE OF CONSOLIDATION

These consolidated financial statements of the Group include the financial statements of Holding Company and of its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at September 30, 2014 (June 30, 2014: 99.99%).

Consolidated financial statements combine 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.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim consolidated financial information for the quarter ended September 30, 2014 are consistent with those followed in the preparation of the Company's audited annual published consolidated financial statements for the year ended June 30, 2014.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 The preparation of this condensed interim consolidated financial information in conformity with the approved accouting standards requires the use of certain critical accounting estimates and assumptions. 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 expectations of future events that are believed to be reasonable under the circumstances. However , actual results may differ from these estimates.

4.2 During the preparation of this condensed interim consolidated financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimations and uncertainty were the same as those that were applied to the audited annual consolidated financial statements of the Company for the year ended June 30, 2014.

QUARTERLY REPORT SEPTEMBER 30,2014 (Un-Audited)

	Notes	*September 30, 2014* Unaudited	June 30, 2014 Audited
		Rupees '000	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**1,747,219**	1,759,365
Capital Work in Progress		**14,958**	11,378
		1,762,177	1,770,743
5.1 Operating fixed assets:			
Opening book value		**1,759,365**	1,326,108
Additions during the period	5.1.1	**3,628**	20,367
Revaluation Net		**-**	468,345
Disposals during the period	5.1.2	**-**	(915)
Depreciation charged during the period		**(15,774)**	(54,540)
Closing book value		**1,747,219**	1,759,365
5.1.1 Additions			
Owned			
Vehicles-Owned		**3,628**	2,214
Vehicles-under Finance lease		**-**	17,181
Other equipments		**-**	755
Computers		**-**	217
		3,628	20,367
5.1.2 Disposals			
Owned			
Vehicles		**-**	915
6 LONG TERM INVESTMENTS			
Associated Company			
Ghandhara Industries Limited - Equity basis			
5,166,168 (30, June 2014: 5,166,168) ordinary shares of Rs.10 each			
Equity held: 24.25% (30, June2014: 24.25%)			
Cost		**92,635**	92,635
Share of post acquisition losses		**(3,207)**	(5,849)
Share of items directly credited in the equity of Associated Company		**89,428**	86,786
Share of surplus on revaluation of fixed assets of Associated Company		**62,354**	62,354
Dividend received to date			
Others - available for sale		**356,595**	356,595
Automotive Testing & Training Center (Private) Limited		**(15,499)**	(15,499)
187,500 (30, June 2014: 187,500) ordinary shares of Rs.10 each - **cost**		**492,878**	490,236
Provision for impairment		**1,875**	1,875
		(1,875)	(1,875)
		-	-
		492,878	490,236

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

6.1 Summarised financial information of the investee company as at June 30, 2014 is as follows:

	June 30, 2014 Audited	June 30, 2013 Audited
	Rupees '000	
Total assets	**3,719,025**	4,136,320
Total liabilities	**1,698,813**	2,140,749
Accumulated profit	**133,989**	103,933
Revenues	**2,466,127**	2,812,958
Profit before taxation	**15,812**	183,166
Profit after taxation	**24,068**	127,736

6.2 The market value of investment as at September 30, 2014 was Rs.171.72 million (2014: Rs.173.945 million).

		September 30, 2014 Unaudited	June 30, 2014 Audited
7 SHORT TERM FINANCES - Secured		Rupees '000	
Finance against Imported Merchandise (FIM)			
The Bank of Khyber	7.1	**51,973**	181,245
Soneri Bank Ltd.	7.2	**39,505**	
Finance against Trust Receipts (FATR)			
National Bank of Pakistan	7.3	**189,163**	225,743
Short Term Finances			
Faysal Bank Ltd.	7.4	**39,500**	41,873
		320,141	448,861

7.1 The Company has arranged FIM of Rs. 250 million (June 30, 2014: Rs.250 million) from the Bank of Khyber. This finance facility is secured against effective pledge of imported consignments and carries 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, 2014.

7.2 The Company has arranged FIM of Rs. 250 million from the Soneri Bank Ltd. This finance facility is secured against effective pledge of imported CKD kit with margin Rs.1.250 million for every kit plus duties and taxes paid thereon,carries mark-up at the rate of 3 months KIBOR plus 225 basis points. This facility is secured against first pari passu charge of Rs.267 million over stocks and receivables.FIM is adjustable within 120 days of disbursement / creation. This finance facility is available upto March 31, 2015.

7.3 The Company has arranged Finance against Imported Merchandise (FIM) and Finance Against Trust Receipts (FATR) facilities of an aggregate limit of Rs.500 million (June 30, 2014 : Rs.500 million) from National Bank of Pakistan. These facilities are secured against effective pledge of imported goods, duly signed trust receipts and cumulative charge (equitable and hypothecation) over the Company's land, building and plant & machinery for Rs.467 million. These facilities carry mark-up at the rate of 3 months KIBOR plus 200 basis points. FIM and FATR are repayable within 120 days of disbursement / creation. These finance facilities are available upto October 31, 2014.

7.4 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 instalments of Rs.22 million each. The Company during the prior years had repaid instalments aggregating Rs.215 million and balance of Rs.115 million was renewed by the Bank. The Company has made principal payments of Rs.75.50 million till Sep 30, 2014 of this renewed finance facility. Year-end balance of this finance facility has been again 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.

	Notes	*September 30, 2014* Unaudited	June 30, 2014 Audited
		Rupees '000	
8 RUNNING FINANCE UNDER MARKUP ARRANGEMENTS			
Secured			
Running finance from banks	8.1	290,453	54,380

8.1 Running finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.375 million (2014: Rs.375 million) and are secured by way of equitable, hypothecation and pari passu charge over fixed and current assets of the Company. These, during the current financial year, carry mark-up at the rates ranging from 11.06% to 12.17% (June 30, 2014: 11.06% to 12.17%) per annum. The arrangements are expiring on March 31, 2015.

9 CONTINGENCIES AND COMMITMENTS

9.1 There is no change in the contingencies and commitments as reported in the annual accounts for the year ended June 30, 2014; except as given below:

9.2 Outstanding letter of credit amounting to Rs. 1,107.095 million (June 30, 2014: Rs.813.560. million).

9.3 Guarantees aggregating Rs.10.303 million (2014: Rs.10.303 million) are issued by banks of the Company to various government and other institutions.

	September 30, 2014 Unaudited	2013
	Rupees '000	
10 COST OF SALES		
Stock at beginning	59,543	53,856
Cost of goods manufactured	846,897	278,836
Purchases others	57,843	91,225
Stock at end	(44,007)	(93,409)
	920,276	330,508

10.1 COST OF GOODS MAUFACTURED

Work-in-process at beginning of the period	-	24,320
Raw Material and component consumed	729,795	243,947
Factory Overheads	117,102	56,314
	846,897	300,261
	846,897	324,581
Work-in-process at end of the period	-	(45,745)
	846,897	278,836

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

11 RELATED PARTY TRANSACTIONS

11.1 Significant transactions with related parties are as follows:

	Name of Related Party and Nature of relationship	Nature of Transaction	September 30, 2014 (Unaudited) Rupees '000	2013
(a)	**Holding Company**			
	Bibojee Services (Private) Limited	Rent of head office	**1,350**	1,350
(b)	**Subsidiary Company**			
	Ghandhara DF (Pvt) Limited	Investment made	**-**	10,000
(C)	**Associated Companies**			
	Universal Insurance Company Limited	Insurance premium	**-**	1,008
	The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	**14,746**	8,971
	Ghandhara Industries Limited	Contract assembly charges	**24,289**	-
		Sale of fleet vehicle	**-**	566
	UD Trucks Corporation - Japan	Purchase of CKD kits	**586,702**	257,995
		Royalty	**3,446**	1,726
	Gammon Pakistan Limited	Office rent	**375**	375
(d)	**Others**			
	Employees' Provident fund	Company's Contributions	**1,224**	1,186
	Key management personnel	Salaries and other benefits	**9,887**	13,111
	Post retirement benefits	Gratuity	**2,688**	2,682
	PERIOD END BALANCES			
	Receivable from related parties		**91,910**	69,231
	Payable to related parties		**16,338**	32,144
	Prepayments		**7,768**	14,081
	Post retirement benefits		**96,937**	93,296

12 OPERATING SEGMENTS

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

(a) All non-current assets of the Group at September 30, 2014 are located in Pakistan.

(b) The Group has earned revenue from one customer amounting Rs.221.111 million (Sep 2013: Nil) during the period which constituted 20.54% (Sep 2013: nil) of the total sales.

QUARTERLY REPORT SEPTEMBER 30, 2014 (Un-Audited)

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 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 Company's audited annual consolidated financial statement as at June 30, 2014.

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

14 CORRESPONDING FIGURES

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

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 24, 2014, by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
CHIEF EXECUTIVE OFFICER

Mohammad Zia
DIRECTOR

Karachi
Dated: 24th October, 2014

BOOK POST

Ghandhara Nissan Limited
Ghandhara House, 109/2, Clifton,
P.O.Box 3812, Karachi - 75600
Tel : 35830251 - 57
UAN : 111-190-190
Fax : 35830258