



GHANDHARA NISSAN LIMITED



UD TRUCKS



DONGFENG
Trucks

a journey towards
progress

Quarterly Report
September 30, 2016
(Un-Audited)

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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)
Mr. Jamil A. Shah
Syed Haroon Rashid
Mr. Mohammad Zia
Mr. Behram Hasan
Mr. Muhammad Saleem Baig

Chairman
President
Chief Executive Officer

Company Secretary

Mr. Muhammad Sheharyar Aslam

Chief Financial Officer

Mr. Muhammad Umair

Registered Office

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

Factory

Truck / Car Plants
Port Bin Qasim, Karachi

Bankers of the Company

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

Audit Committee

Mr. Mohammad Zia	Chairman
Lt.Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Behram Hasan	Member
Mr. Jamil A. Shah	Member

Human Resource & Remuneration Committee

Lt.Gen. (Retd.) Ali Kuli Khan Khattak	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Muhammad Zia	Member
Mr. Jamil A. Shah	Member

Auditors

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

M/s. Junaidd Shoaib Asad
Chartered Accountants
1/6, Block-6, P.E.C.H.S., Mohtama Laeeq
Begum Road, Off Shahra-e-Faisal,
Near Nursery Flyover, Karachi

Legal & Tax Advisors

Ahmed & Qazi Associates
Advocates & Legal Consultants
404 Clifton Centre, Clifton
Karachi

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

Shelha & Mufti
Chartered Accountants
C-253, P.E.C.H.S., Block 6
Off Shahra-e-Faisal
Karachi

Share Registrars

T.H.K. Associates (Pvt.) Ltd.
2nd Floor, State Life Bldg. No.3
Dr. Zia uddin Ahmed Road
Karachi

NTN :

0802990-3

Sales Tax Registration No:

12-03-8702-001-46



a journey towards
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DIRECTORS' REPORT

Your Directors are pleased to present the Quarterly Report alongwith the standalone financial statements of Ghandhara Nissan Limited for the First Quarter ended September 30, 2016.

A comparison of the quarter results under review with that of the corresponding period last year shows improvement. The turnover has increased to Rs.1,333 million from Rs.1,138 million. The gross profit has increased to Rs.245 million from Rs.232 million. The distribution and administrative expenses have increased by Rs.13 million. The finance cost has decreased to Rs.2 million from Rs.4.8 million.

The Company has made an after tax profit of Rs.128.5 million as against Rs.119.1 million in the corresponding period.

Trucks Business

During the period under review 228 units of Trucks were sold as against 197 units in the same period last year.

Contract Assembly Business

The contract assembly undertaken during the period under review was of 637 units as against 435 units during same period last year.

Future Outlook

The economic performance of the country is positive. Therefore, we are confident that the present market trend will continue. Since the prices of Japanese vehicles are increasing due to stronger Japanese yen consequently, the Chinese make are penetrating in the heavy commercial vehicles. To meet the customer demand for low cost vehicles, GDFPL is likely to gain the market share. In view of the above we feel that the medium term outlook of the company is quite positive and are confident that the results 2017 would be equally good.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi
Dated: October 28, 2016

ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز اس رپورٹ سمیت گاندھارا نیسان لمیٹڈ کے 30 ستمبر 2016 کو ختم ہونے والی مالی سال کے مالیاتی حسابات پیش کر رہے ہیں۔

ذیل نظر میں نتائج کے موازنہ کے حوالے سے گزشتہ سال اس میں بہتری پائی گئی ہے۔ فن اور منٹا 1,138 ملین روپے سے بڑھ کر منٹا 1,333 ملین روپے ہو گیا ہے۔ کل منافع بھی منٹا 232 ملین روپے سے بڑھ کر منٹا 245 ملین روپے ہو گیا ہے۔ اس طرح وٹری وڈیشن اور انتظامی اخراجات میں بھی منٹا 13 ملین روپے کا اضافہ ہوا ہے۔ مالیاتی اخراجات میں منٹا 4.8 ملین روپے سے منٹا 2 ملین روپے کی کمی واقع ہوئی ہے۔

کھلی نے بعد از ٹیکس منافع منٹا 128.5 ملین روپے دکھایا ہے جس کا موازنہ گزشتہ مدت کے منٹا 119.1 ملین روپے سے کیا جاسکتا ہے۔

ٹرکس کا کاروبار

ذیل نظر مدت کے دوران 228 ٹرکس فروخت کئے گئے ہیں جبکہ اس کا موازنہ گزشتہ سال میں اسی مدت کے 197 ٹرکس سے کیا جاسکتا ہے۔

معاہدہ اسمبلی کا کاروبار

ذیل نظر مدت کے دوران معاہدہ اسمبلی کے حوالے سے 637 یونٹس ہیں جس کا موازنہ گزشتہ سال میں اسی مدت کے 435 یونٹس سے کیا جاسکتا ہے۔

مستقبل پر نظر

ملک کی اقتصادی کارکردگی مثبت ہے لہذا ہمیں یقین ہے کہ مارکیٹ کی موجودہ دوڑ اسی طرح برقرار رہے گی جبکہ جاپانی یون کے سہم ہونے کی وجہ سے جاپانی گاڑیوں کی قیمتوں میں اضافہ ہوا ہے۔ جس کی وجہ سے چینی ساختہ کرشل گاڑیوں کی ڈیمک میں اضافہ ہوا ہے۔ صارفین کی کم قیمت کی طلب کو پورا کرنے کے لئے نئی ای ایف پی ایل مارکیٹ میں داخل کر رہی ہے۔ لہذا گاندھارا نیسان کی روٹی میں کھٹکی کی حوصلہ دہانہ جواز مثبت ہے اور یہ یقین ہے کہ 2017ء کے نتائج بھی اچھے ہوں گے۔

یہ ڈائریکٹرز کی جانب سے

احمد کولی خان کھٹک
چیف ایگزیکٹو آفیسر

کراچی

مورہ: 28 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2016

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
		— Rupees in '000 —	
ASSETS			
Non current assets			
Property, plant and equipment	5	1,837,923	1,852,218
Intangible assets		62	66
Long term investments	6	242,630	242,630
Long term loans		9,883	9,438
Long term deposits		17,487	17,487
Due from Subsidiary Company	7	370,386	478,444
		2,478,372	2,600,283
Current assets			
Stores, spares and loose tools		71,944	68,048
Stock-in-trade		591,608	604,689
Trade debts		341,883	188,332
Loans and advances		110,461	51,116
Deposits and prepayments		74,960	18,317
Other receivables		56,581	86,131
Accrued interest/mark-up		17,452	6,648
Taxation - net		73,972	82,118
Bank balances	8	124,017	375,408
		1,462,878	1,480,807
Total assets		3,941,250	4,081,090
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
80,000,000 (June 30, 2016: 80,000,000)			
ordinary shares of Rs.10 each		800,000	800,000
Issued, subscribed and paid-up capital			
45,002,500 (June 30, 2016: 45,002,500)			
ordinary shares of Rs.10 each		450,025	450,025
Share premium		40,000	40,000
Unappropriated profit		1,246,956	1,111,191
Total equity		1,736,981	1,601,216
Surplus on revaluation of fixed assets		1,010,391	1,017,664
Liabilities			
Non current liabilities			
Liabilities against assets subject to finance lease		36,117	40,177
Long term deposits		8,611	8,611
Deferred liabilities		-	11
Deferred taxation		277,833	273,566
		322,561	322,365
Current liabilities			
Trade and other payables		856,491	1,126,050
Accrued mark-up		19	136
Current portion of liabilities against assets subject to finance lease		14,808	13,659
		871,318	1,139,845
Total liabilities		1,193,879	1,462,210
Contingencies and commitments	9	-	-
Total equity and liabilities		3,941,250	4,081,090

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		Quarter ended	
		September 30, 2016	September 30, 2015
		— Rupees in '000 —	
Note			
		1,333,080	1,137,822
Revenue			
		1,333,080	1,137,822
Cost of sales	10	(1,087,948)	(905,944)
Gross profit		245,133	231,878
Distribution cost		(10,994)	(10,283)
Administrative expenses		(49,758)	(38,527)
Other income		17,626	8,467
Other expenses		(13,814)	(11,545)
Profit from operations		188,192	179,991
Finance cost		(1,973)	(4,803)
Profit before taxation		186,219	175,188
Taxation		(57,728)	(56,060)
Profit after taxation		128,491	119,128
Other comprehensive income		-	-
Total comprehensive income		128,491	119,128
Earnings per share - basic and diluted		2.86	2.65

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended	
	September 30, 2016	September 30, 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	186,219	175,189
Adjustments for non cash charges and other items:		
Depreciation and amortisation	22,115	19,187
Interest income	(12,701)	(5,505)
Finance cost	1,286	3,807
Gain on disposal of property, plant and equipment	(6)	(1,091)
Exchange loss	188	416
Provision for gratuity	3,272	3,207
Operating profit before working capital changes	200,373	195,210
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(3,896)	730
Stock-in-trade	13,081	401,582
Trade debts	(153,550)	(90,702)
Loans and advances	(59,345)	(55,103)
Deposits and prepayments	(56,643)	25,844
Other receivables	12,098	(33,726)
	(248,255)	248,625
Increase in trade and other payables:	(269,559)	362,576
Cash generated from / (used in) operations	(317,442)	806,410
Gratuity and compensated absences paid	(3,283)	(1,352)
Long term deposits - net	-	(1,000)
Long term loans - net	(445)	(415)
Finance cost paid	(1,592)	(11,464)
Taxes paid	(38,670)	(30,095)
Net cash generated from / (used in) operating activities	(361,431)	762,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,823)	(2,149)
Proceeds from disposal of property, plant and equipment	15	1,717
Interest income received	12,701	8,320
Investment made in subsidiary	-	(50,000)
Interest bearing advance to subsidiary	108,058	-
Short term investment	-	30,092
Net cash (used in) / generated from investing activities	112,951	(12,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(2,910)	(958)
Short term finances	-	(32,259)
Running finances - net	-	(106,998)
Net cash (used in) / generated from financing activities	(2,910)	(140,215)
Net increase/(decrease) in cash and cash equivalents	(251,391)	609,849
Cash and cash equivalents - at beginning of the year / period	375,408	328,915
Cash and cash equivalents - at end of the year / period	124,017	938,764

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Issued, subscribed and paid-up capital	Share premium	Unappropriated profit	Total
	Rupees in '000			
Balance as at 1 July, 2015	450,025	40,000	784,086	1,274,111
Profit for the period	-	-	119,128	119,129
Other comprehensive income	-	-	-	-
	-	-	119,128	119,129
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	7,658	7,658
Balance as at Sept 30, 2015	450,025	40,000	910,873	1,400,898
Balance as at July 1, 2016 - Audited	450,025	40,000	1,111,191	1,601,216
Profit for the period	-	-	128,491	128,491
Other comprehensive income	-	-	-	-
	-	-	128,491	128,491
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	7,273	7,273
Balance as at September 30, 2016	450,025	40,000	1,246,956	1,736,981

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

1. THE COMPANY AND ITS OPERATIONS

Ghandhara Nissan Limited (the Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted into a public limited company on May 24, 1992. The registered office of the Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Company's shares are listed on Karachi and Islamabad Stock Exchanges [Pakistan Stock Exchange Limited with effect from January 11, 2016]. The principal business of the Company is assembly / progressive manufacturing of Nissan passenger Cars, UD Trucks and Buses, import and marketing of Nissan vehicles, import and sale of Dongfeng complete built-up trucks and assembly of other vehicles under contract agreement.

The Company is a subsidiary of Bibojee Services (Private) Limited which holds 62.32% (June 30, 2015: 62.32%) issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2016 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 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, 2016.

3. ACCOUNTING POLICIES

The 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, 2016.

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, 2016. These 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 condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial 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 for the year ended June 30, 2016.

5. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
		— Rupees in '000 —	
	Note		
Operating fixed assets	5.1	1,836,547	1,846,434
CWIP		1,376	5,764
		1,837,923	1,852,218
5.1 Operating fixed assets			
Net book value at beginning of the period / year		1,846,434	1,749,285
Additions during the period / year	5.1.1	12,211	185,609
Disposals, costing Rs.39 thousand (June 30, 2016: Rs.4,967 thousand)			
- at net book value		(9)	(1,460)
Depreciation charge for the period / year		(22,109)	(86,980)
Net book value at end of the period / year		1,836,547	1,846,434
5.1.1 Additions to property, plant and equipment during the period / year:			
Leasehold land		-	162,724
Plant and machinery		4,718	13,672
Furniture and fixtures		-	294
Vehicles			
- owned		3,077	4,581
- leased		4,324	2,658
Other equipment		-	185
Office equipment		93	220
Computers		-	1,275
		12,211	185,609

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

6. LONG TERM INVESTMENTS

Subsidiary Company - at cost

Ghandhara DF (Private) Limited

14,999,500 (June 30, 2016: 14,999,500) ordinary shares of Rs.10 each

Equity held: 99.99% (June 30, 2016: 99.99%)

Break-up value per share on the basis of latest financial statements is Rs.18.32 (June 30, 2016: Rs.13.90)

Associated Company - at cost

Ghandhara Industries Limited

5,166,168 (June 30, 2016: 5,166,168) ordinary shares of Rs.10 each

Equity held: 24.25% (June 30, 2016: 24.25%)

Fair value: Rs.3,402.852 million (June 30, 2016: 2,096.896 million)

Others - available for sale

Automotive Testing & Training Center

(Private) Limited

187,500 (June 30, 2016: 187,500) ordinary shares of Rs.10 each - cost

Provision for impairment

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	— Rupees in '000 —	
	149,995	149,995
	92,635	92,635
	1,875	1,875
	(1,875)	(1,875)
	-	-
	242,630	242,630

7. DUE FROM SUBSIDIARY COMPANY - interest bearing, unsecured

The Company, during the period, approved cash advance limit of Rs.500 million to Ghandhara DF (Private) Limited (Subsidiary Company) for its working capital requirements. This advance is unsecured and has been granted for a period of three years. It carries mark-up at rate of six months KIBOR + 3.00% and is receivable on quarterly basis.

8. BANK BALANCES

Cash at banks in:

- current accounts

- deposits accounts

- term deposits receipts

Provision for doubtful bank balances

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	— Rupees in '000 —	
	87,012	208,403
	9,917	9,917
	31,000	161,000
	127,929	379,320
	(3,912)	(3,912)
	124,017	375,408

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

9. CONTINGENCIES AND COMMITMENTS

9.1 There is no change in status of the contingencies as disclosed in note 29.1 of the audited annual financial statements of the Company for the year ended June 30, 2016.

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	— Rupees in '000 —	
9.2 Commitment in respect of irrevocable letters of credit	1,161,092	1,501,570
9.3 Outstanding bank guarantees	11,022	11,022
9.4 Corporate guarantee against letter of credit to banks utilised by subsidiary company	1,271	1,441

10. COST OF SALES

Finished goods at beginning of the period

Cost of goods manufactured

Purchases - trading goods

Finished goods at end of the period

10.1 Cost of goods manufactured

Raw materials and components consumed

Factory overheads

Note

10.1

	(Un-audited) September 30, 2016	(Un-audited) September 30, 2015
	— Rupees in '000 —	
	113,586	149,973
	1,031,773	748,201
	19,650	118,040
	1,051,423	866,241
	1,165,009	1,016,214
	(77,061)	(110,270)
	1,087,948	905,944
	898,520	621,631
	133,253	126,570
	1,031,773	748,201

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

Name	Nature of transaction	(Un-audited) -- Quarter ended --	
		September 30, 2016	September 30, 2015
		--- Rupees in '000 ---	
(i) Holding Company			
Bibojee Services (Private) Limited	Rent of head office	1,350	1,350
	Rent of showroom	3,000	3,000
(ii) Subsidiary Company			
Gandhara DF (Private) Ltd	Contract assembly charges	7,634	3,592
	Advance for issue of shares	-	50,000
	Sale of parts	169	-
	Purchase of parts	265	-
	Interest bearing advance	223,742	-
	Repayment against long-term advance	331,800	-
	Mark-up accrued on advance	11,064	-
	Guarantee commission	739	-
(iii) Associated Companies			
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	13,582	22,233
Gandhara Industries Limited	Contract assembly charges	53,633	31,110
	Purchase of parts	-	5
	Sale of parts	3	-
	Body fabrication	676	-
Gammon Pakistan Limited	Office rent	750	375
(iv) Others			
UD Trucks Corporation,	Royalty	4,307	98
	Purchases of complete knock down kits	697,531	147,113
Staff provident fund	Contribution made	1,757	1,411
Key management personnel	Remuneration and other benefits	19,215	13,514

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

11.2 Period / year end balances are as follows:

Receivables from related parties

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
Trade debts	89,481	49,350
Loans and advances	7,460	100
Other receivables	3,714	2,976
Accrued markup	17,452	6,648

Payable to related parties

Trade and other payables	40,311	31,465
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12. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and 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, 2016.

There has been no change in Company's sensitivity to these risks since June 30, 2016 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, 2016.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2016 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the quarter ended September 30, 2015.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 28, 2016 by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
Chief Executive

Karachi
Dated: October 28, 2016

Behram Hasan
Director

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 quarter ended 30th September 2016.

The Company has annexed consolidated financial statements alongwith its standalone financial statements in accordance with the requirements of the International Financial Reporting Standard-10 (Consolidated Financial Statements).

Ghandhara DF (Pvt.) Limited

Ghandhara DF (Pvt.) Limited (GDFPL) has shown a substantial improvement in the current quarter with an increase in the Net revenue and the profit after tax by more than three times. The revenue has increase to Rs.304 million from Rs. 106 million last year resulting in an increase in profit after tax by Rs.14 million in the current quarter. This is a result of an overwhelming demand for Dongfeng trucks in the local market.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Dated: October 28, 2016
Karachi

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2016ء کی اختتامی سرہائی کیلئے گندھارا نسان لمیٹڈ (جی این ایل) اور اس کے ماتحت ادارہ گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مرتب کردہ مالیاتی حسابات اور رپورٹ پیش کر رہے ہیں۔

کمپنی نے تین الاقوامی فنانس رپورٹنگ اسٹینڈرڈ 10 (مرتب کردہ مالیاتی حسابات) کے مطابق مالیاتی حسابات اور اس کی کا پیاں شملک کی ہیں۔

گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ

گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ (جی ڈی ایف پی ایل) نے موجودہ سرہائی میں شاندار کامیابی حاصل کی ہے اور اضافی آمدنی اور بعد از ٹیکس منافع میں تین گنا سے زائد اضافہ ہوا ہے اور گزشتہ سال کی آمدنی 106 ملین روپے سے بڑھ کر 304 ملین روپے ہو گئی ہے جس کے نتیجے میں موجودہ سرہائی کے دوران بعد از ٹیکس منافع میں مبلغ 14 ملین روپے کا اضافہ ہوا ہے۔ اور یہ نتیجہ مقامی مارکیٹ میں ڈونگ فینگ ٹرکس (Dongfeng Trucks) کی بڑھتی ہوئی طلب کی وجہ سے حاصل ہوا ہے۔

پور ڈ آف ڈائریکٹرز کی جانب سے

کراچی،
مورخہ: 28 اکتوبر 2016ء

احمد قلی خان خٹک
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2016

ASSETS	Note	Un-audited September 30, 2016	Audited June 30, 2016
Rupees in '000			
Non-current assets			
Property, plant and equipment	6	1,848,117	1,862,949
Intangible assets		322	344
Long term investments	7	703,747	647,079
Long term loans		9,883	9,438
Long term deposits		17,487	17,487
		2,579,557	2,537,297
Current assets			
Stores, spares and loose tools		71,944	68,048
Stock-in-trade		982,019	1,249,977
Trade debts		532,575	448,895
Loans and advances		209,767	51,993
Deposits and prepayments		76,237	23,333
Other receivables		131,438	158,323
Taxation - net		129,088	132,113
Cash and Bank balances	8	145,798	394,789
		2,278,865	2,527,471
Total assets		4,858,422	5,064,768
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
80,000,000 (June 30, 2016: 80,000,000)			
ordinary shares of Rs.10 each		800,000	800,000
Issued, subscribed and paid-up capital			
45,002,500 (June 30, 2016: 45,002,500)			
ordinary shares of Rs.10 each		450,025	450,025
Share premium		40,000	40,000
Items credited directly in equity by an Associate		66,993	66,516
Unappropriated profit		1,521,189	1,306,554
Equity attributable to shareholders of the Holding Company		2,078,207	1,863,095
Non-controlling interest		11	11
Total equity		2,078,218	1,863,106
Surplus on revaluation of fixed assets		1,362,346	1,370,097
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance lease		36,117	40,177
Long term deposits		8,611	8,611
Deferred liabilities		-	11
Deferred taxation		278,412	274,145
		323,140	322,944
Current liabilities			
Trade and other payables		1,079,890	1,494,826
Accrued mark-up		19	136
Current portions of liabilities against assets subject to finance lease		14,868	13,659
		1,094,717	1,508,621
Total liabilities		1,417,857	1,831,565
Contingencies and commitments	9	-	-
Total equity and liabilities		4,858,422	5,064,768

The annexed notes from 1 to 14 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter ended	
		September 30, 2016	September 30, 2015
Rupees in '000			
Revenue		1,629,543	1,240,881
Cost of sales	10	(1,342,267)	(998,533)
Gross profit		287,276	242,348
Distribution cost		(11,532)	(10,728)
Administrative expenses		(50,833)	(39,517)
Other income		6,545	8,467
Other expenses		(13,814)	(11,545)
Profit from operations		217,643	189,024
Finance cost		(2,256)	(4,904)
Share of profit of an Associated Company		58,650	38,038
Profit before taxation		274,037	222,158
Taxation		(66,675)	(58,829)
Profit after taxation		207,361	163,329
Other comprehensive income		-	-
Total comprehensive income		207,361	163,329
Earnings per share - basic and diluted		4.61	3.63

The annexed notes from 1 to 14 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter ended	
	September 30, 2015	September 30, 2014
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	274,037	222,158
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	22,668	19,858
Interest income	(12,701)	(5,305)
Finance cost	13,372	3,007
Gain on disposal of property, plant and equipment	(6)	(1,091)
Exchange loss	188	416
Share of profit of an Associated Company	(58,650)	(38,038)
Provision for gratuity	2,968	3,207
Provision for leave late assistance	-	2,516
Operating profit before working capital changes	241,877	207,328
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(3,896)	730
Stock-in-trade	267,958	324,677
Trade debts	(145,044)	(143,452)
Loans and advances	(59,345)	(60,745)
Deposit and prepayments	(152,987)	28,518
Other receivables	31,178	(48,404)
	(62,135)	101,324
Increase/(decrease) in trade and other payables	(468,642)	441,166
Cash generated from operations	(288,900)	749,818
Gratuity and compensated absences paid	(3,283)	1,057
Long term loans - net	(445)	(415)
Finance cost paid	(13,677)	(3,433)
Taxes paid	(52,724)	(41,611)
Net cash generated from operating activities	(359,030)	705,414
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,823)	341
Proceeds from disposal of property, plant and equipment	15	1,717
Interest income received	12,699	8,320
Short term investment - net	-	30,092
Interest bearing advance to subsidiary	108,058	-
Net cash used in investing activities	112,949	40,471
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finances - net	(2,910)	(2,986)
Short term finances - net	-	(32,259)
Running finances - net	-	(106,998)
Net cash generated from / (used in) financing activities	(2,910)	(142,243)
Net increase in cash and cash equivalents	(248,991)	603,642
Cash and cash equivalents - at beginning of the year/period	394,789	351,724
Cash and cash equivalents - at end of the year/period	145,798	955,366

The annexed notes from 1 to 14 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Share capital	Share premium	Item credited directly in equity by an Associate	Unappropriated profit	Total	Non-controlling interest
	Rupees in '000					
Balance as at 1 July, 2015	450,025	40,000	64,158	799,961	1,345,144	6
Profit for the year	-	-	-	163,329	163,329	-
Other comprehensive income	-	-	-	-	-	-
	-	-	-	163,329	163,329	-
Surplus on revaluation of fixed assets realised during the period / year (net of deferred taxation) on account of incremental depreciation	-	-	-	7,650	7,650	-
Effect of items directly credited in equity by an Associated Company	-	-	925	-	925	-
Balance as at 31 September, 2015	450,025	40,000	65,083	961,940	1,517,056	6
Balance as at 1 July, 2014	450,025	40,000	66,516	1,306,554	1,863,095	11
Profit for the period	-	-	-	207,361	207,361	-
Other comprehensive income	-	-	-	-	-	-
	-	-	-	207,361	207,361	-
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	7,273	7,273	-
Effect of items directly credited in equity by an Associated Company	-	-	477	-	477	-
Balance as at 31 September, 2014	450,025	40,000	66,993	1,521,189	2,078,207	11

The annexed notes from 1 to 14 form an integral part of these financial statements.

Ahmed Kuli Khan Khattak
Chief Executive

Behram Hasan
Director

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1. THE GROUP AND ITS OPERATIONS

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

1.2 Ghandhara Nissan Limited

Ghandhara Nissan Limited (the Holding Company) was incorporated on August 8, 1981 in Pakistan as a private limited company and subsequently converted in to a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E, Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Holding Company's shares are listed on Karachi and Islamabad Stock Exchanges. [Pakistan Stock Exchange Limited with effect from January 11, 2016]

The principal business of the Holding Company is assembly / progressive manufacture of Nissan passenger Cars, UD Trucks and Buses, import and marketing of Nissan vehicles and assembly of other vehicles under contract agreement.

1.3 Ghandhara DF (Private) Limited

Ghandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at F-3, Hub Chowki Road, S.I.T.E, Karachi. The principal business of the Subsidiary Company is to carry-out CKD operations of DongFeng vehicles.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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 for the year ended June 30, 2016.

3. PRINCIPLES OF CONSOLIDATION

The Holding Company's interest in the Subsidiary Company is 99.99% as at September 30, 2016 (June 30, 2016: 99.99%).

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

4. ACCOUNTING POLICIES

The 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, 2016 except as described below.

The Group has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2016. The adoption of these new and amended standards did not have any impact on the Group.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2016.

6. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	— Rupees in '000 —	
Operating fixed assets	6.1	1,846,741	1,857,186
CWIP		1,376	5,764
		1,848,117	1,862,949
6.1 Operating fixed assets			
Opening net book value		1,857,186	1,762,699
Additions during the period / year	6.2	12,211	185,609
Disposal during the period / year		(9)	(1,459)
Depreciation charged during the period / year		(22,647)	(89,663)
Closing book value		1,846,741	1,857,186
6.2 Additions to Operating fixed assets during the period			
Leasehold Land		-	162,724
Plant & Machinery		4,718	13,672
Vehicles - owned		3,077	4,581
Vehicles - leased		4,324	2,658
Furniture & fixtures		-	294
Other equipment		-	186
Office equipment		93	219
Computers		-	1,275
		12,211	185,609

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

7. LONG TERM INVESTMENTS

Ghandhara Industries Limited - at cost

5,166,168 (2016: 5,166,168) ordinary shares of Rs.10 each

Equity held: 24.25% (2016: 24.25%)

Cost

Share of post acquisition profits

Share of items directly credited in the equity of Associated Company

Share of surplus on revaluation of fixed assets of Associated Company

Dividend received to date

Others - available for sale:

Automotive Testing & Training Center (Private) Limited

187,500 (2016: 187,500) ordinary shares of Rs.10 each - cost

Provision for impairment

(Un-audited) September 30, 2016	(Audited) June 30, 2016
— Rupees in '000 —	
92,635	92,635
215,411	158,743
308,046	251,378
66,993	66,516
351,956	352,433
(23,248)	(23,248)
703,747	647,079
1,875	1,875
(1,875)	(1,875)
-	-
703,747	647,079

7.1 The above figure are based on audited financial information of the investee company as at June 30, 2016. The latest financial information of investee company as at September 30, 2016 is not presently available.

7.2 The investee company is an Associate of the Company by virtue of common directorship.

7.3 Summarised financial information of investee company as at June 30, 2016 is as follows:

	(Audited) As at June 30, 2016	(Audited) As at June 30, 2015
— Rupees in '000 —		
Total assets	5,160,199	3,347,427
Total liabilities	2,051,646	1,098,040
Accumulated profit	1,022,517	365,002

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	(Audited) As at June 30, 2016	(Audited) As at June 30, 2015
— Rupees in '000 —		
Revenues	5,825,579	3,293,329
Profit (Loss) before taxation	1,098,105	327,016
Profit (Loss) after taxation	745,861	223,290

The market value of the investment as at September 30, 2016 was Rs.3,402.852 million (June 30, 2016: Rs.2,096.896 million)

	(Un-audited) Sept 30, 2016	(Audited) June 30, 2016
— Rupees in '000 —		
Cash in hand	1	1
Cash at banks in:		
- current accounts	108,793	227,783
- deposit accounts	9,917	9,917
- term deposits receipts	31,000	161,000
	149,709	398,700
Provision for doubtful bank balance	(3,912)	(3,912)
	145,798	394,789

8. CASH AND BANK BALANCES

9. CONTINGENCIES AND COMMITMENTS

9.1 There is no change in status of the contingencies as disclosed in note 27.1 of the audited annual consolidated financial statements of the Group for the year ended June 30, 2016

	(Un-audited) Sept 30, 2016	(Audited) June 30, 2016
— Rupees in '000 —		
9.2 Commitment in respect of irrevocable letters of credit	1,166,298	1,509,470
9.3 Outstanding bank guarantees	11,022	11,022
9.4 Corporate guarantee against letter of credit to banks utilised by subsidiary company	1,271	1,441

10. COST OF SALES

	(Un-audited) September 2016	(Un-audited) September 30, 2015
— Rupees in '000 —		
Finished goods at beginning of the period	165,813	149,973
Cost of goods manufactured	1,303,953	840,790
Purchases - trading goods	19,427	118,040
	1,323,380	958,830
Finished goods at end of the period	(146,926)	(110,270)
	1,342,267	998,533

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

10.1 Cost of goods manufactured

Raw materials and components consumed	1,169,888	713,537
Factory overheads	134,065	127,253
	1,303,953	840,790

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

Name of Related Party and Nature of relationship	Nature of Transaction	(Un-audited) - Quarter ended - September 30, September 30, 2016 2015	
(a) Holding company			
Bibojee Services (Private) Limited	Rent of Head	1,380	1,380
	Rent of Showroom	3,000	3,000
(b) Associated company			
The General Tyre & Rubber Co of Pakistan Ltd	Purchase of Tyres, Tubes & Flaps	13,582	32,151
Ghandhara Industries Ltd.	Contract Assembly	53,633	31,110
	Body fabrication	676	-
	Sale of parts	3	-
	Purchase of Isuzu Parts	-	5
Gammon Pakistan Limited	Rent of Rawalpindi office	750	375
(c) Others			
UD Trucks Corporation Japan	Purchase of CKD Kits of Trucks	697,531	147,113
	Royalty	4,307	98
Employees' Provident Fund	Contributions	1,757	1,411
Key Management Personnel	Salaries & other benefits	19,815	13,514

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

11.2 PERIOD END BALANCES

Receivables from related parties

Trade debts	73,680	39,922
Loans and advances	607	100

Payable to related parties

Trade and other payables	40,911	31,705
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12. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign 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 consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statement for the year ended June 30, 2016.

There has been no change in Group's sensitivity to these risks since June 30, 2016 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 Group. Further, no re-classifications in the categories of financial assets have been made since June 30, 2016.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated balance sheet comprise of balances as per the audited annual consolidated financial statements of the Group for the year ended June 30, 2016 and the corresponding figures in the condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity comprise of balances of comparable period as per the condensed interim consolidated financial information of the Group for the quarter ended September 30, 2015.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 28, 2016 by the Board of Directors of the Holding Company.

Ahmed Kuli Khan Khattak
Chief Executive

Karachi

Dated: October 28, 2016

Behram Hasan
Director

BOOK POST



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