



NISSAN

HALF YEARLY REPORT DECEMBER 31, 2014



GHANDHARA NISSAN LIMITED

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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)

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

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

- Mr. Jamil A. Shah

- Member

Auditors

Hameed Chaudhri & Co.

Chartered Accountants

5th Floor, Karachi Chambers

Hasrat Mohani Road

Karachi

Muniff Ziauddin & Co.

Chartered Accountants

Business Executive Centre

F/17/3, Block 8, Clifton

Karachi

Legal & Tax Advisors

Shaukat Law Associates

217-218, Central Hotel Annexe

Abdullah Haroon Road

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 Half Yearly Report along with the standalone financial statements of Ghandhara Nissan Limited and consolidated financial statement for the Half year ended December 31, 2014.

A comparison of the current six months results under review with that of the corresponding period last year shows an improvement. The turnover has increased to 1,880.59 million as against Rs.981.18 million. The gross profit margin has been Rs.270.155 million as against Rs.156.00 million. The selling and administrative expenses have increased to Rs.99.56 million as against Rs.69.02 million. The Finance Cost has increased to Rs.55.95 million as against Rs.41.08 million on account of higher level of activity.

The Company has made an after tax profit of Rs.79.70 million as against Rs.29.130 million during the same period last year. The profit in the current period is due to improved market conditions.

Truck Business

During the period under review, the sale of Trucks increased substantially as against the sale in the same period last year.

Contract Assembly Business

The contract assembly undertaken during the period under review improved as compared the six months ended 31st December, 2013.

Future Outlook

The sale of UD Trucks has picked up over the last year. It is expected that this trend will continue.

Moreover, Ghandhara DF (Pvt.) Ltd., a wholly owned subsidiary company, has commenced CKD operations of Dongfeng vehicles in the current period. The difference in selling prices of Dongfeng vehicles as compared with Japanese models will help Dongfeng vehicles to acquire significant share of the market of heavy duty and light commercial vehicles.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi
Dated: February 23, 2015

HALF YEARLY

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

REPORT
DECEMBER 31, 2014

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gandhara Nissan Limited** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Karachi; February 23, 2015

Engagement Partner: Osman Hameed Chaudhri

MUNIF ZIAUDDIN & CO.,
CHARTERED ACCOUNTANTS
Karachi; February 23, 2015

Engagement Partner: Mohammad Moin Khan

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

ASSETS

Non current assets

Property, plant and equipment
Intangible assets
Long term investments
Long term loans
Long term deposits

Note

(Un-audited)
December 31,
2014

(Audited)
June 30,
2014

— Rupees in '000 —

Current assets

Stores, spares and loose tools
Stock-in-trade
Trade debts
Loans and advances
Deposits and prepayments
Other receivables
Short term investment
Taxation - net
Bank balances

Total assets

EQUITY AND LIABILITIES

Share capital and reserves

Authorised capital
80,000,000 (June 30, 2014: 80,000,000)
ordinary shares of Rs.10 each
Issued, subscribed and paid-up capital
45,002,500 (June 30, 2014: 45,002,500)
ordinary shares of Rs.10 each
Share premium
Unappropriated profit
Total equity

Surplus on revaluation of fixed assets

Liabilities

Non current liabilities

Liabilities against assets subject to finance lease
Long term deposits
Deferred liabilities
Deferred taxation

Current liabilities

Trade and other payables
Accrued mark-up
Short term finances
Running finances under mark-up arrangements
Current portion of liabilities against assets
subject to finance lease

Total liabilities

Contingencies and commitments

Total equity and liabilities

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

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

GHANDHARA NISSAN LIMITED | 05

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

Note	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	Rupees in '000			
Revenue - net	822,827	592,400	1,880,597	981,186
Cost of sales	11 (706,884)	(494,634)	(1,610,442)	(825,142)
Gross profit	115,943	97,766	270,155	156,044
Distribution cost	(10,469)	(4,179)	(18,749)	(8,311)
Administrative expenses	(48,473)	(30,693)	(80,807)	(60,711)
Other income	8,912	4,064	11,880	6,102
Other expense	(2,917)	(2,602)	(8,731)	(2,602)
Profit from operations	62,996	64,356	173,748	90,522
Finance cost	(25,853)	(17,551)	(55,947)	(41,079)
Profit before taxation	37,143	46,805	117,801	49,443
Taxation	(1,263)	(16,306)	(38,132)	(20,313)
Profit after taxation	35,880	30,499	79,669	29,130
Other comprehensive income	-	-	-	-
Total comprehensive income	35,880	30,499	79,669	29,130
	(Rupees)			
Earnings per share - basic and diluted	0.80	0.68	1.77	0.65

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

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

	Half year ended	
	December 31, 2014	December 31, 2013
	Rupees in '000	
Profit before taxation	117,801	49,443
Adjustments for non cash charges and other items:		
Depreciation and amortisation	36,134	27,111
Finance cost	45,614	28,192
Interest income	(3,064)	(565)
Amortization of gain on sale and lease back of fixed assets	(2)	-
Gain on disposal of property, plant and equipment	(1,429)	(567)
Exchange loss	10,333	12,887
Provision for gratuity	6,630	5,363
Provision for compensated absences	6,007	-
	218,024	121,864

(Increase) / decrease in current assets:

Stores, spares and loose tools	(2,415)	(324)
Stock-in-trade	(575,710)	14,252
Trade debts	40,873	160,925
Loans and advances	(21,740)	(268)
Deposits and prepayments	(13,578)	1,800
Other receivables	12,581	(9,393)
	(559,989)	166,992
	223,026	(187,580)

Increase / (decrease) in trade and other payables

Cash (used in) / generated from operations	(118,939)	101,276
Gratuity and compensated absences paid	(1,804)	(973)
Long term deposits - net	(1,467)	-
Long term loans - net	(482)	-
Finance cost paid	(33,767)	(33,520)
Taxes paid	(39,429)	(36,367)
Net cash (used in) / generated from operating activities	(195,888)	30,416

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(7,687)	(2,622)
Proceeds from disposal of property, plant and equipment	4,645	1,482
Interest income received	3,064	565
Investment made in Subsidiary Company	(10,000)	(10,000)
Short term investment	38,000	-
Net cash generated from / (used in) investing activities	28,022	(10,575)

CASH FLOWS FROM FINANCING ACTIVITIES

Lease finances - net	2,353	(443)
Short term finances - net	158,783	(38,607)
Running finances - net	264,662	(6,414)
Dividend paid	(77,580)	-
Net cash generated from / (used in) financing activities	348,218	(45,464)
Net increase / (decrease) in cash and cash equivalents	180,352	(25,623)
Cash and cash equivalents - at beginning of the period	148,618	52,528
Cash and cash equivalents - at end of the period	328,970	26,905

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

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Issued, subscribed and paid-up capital	Share premium	Unappro- priated profit	Total
	Rupees in '000			
Balance as at July 1, 2013	450,025	40,000	142,819	632,844
Total comprehensive income for the half year ended December 31, 2013				
Profit for the period	-	-	29,130	29,130
Other comprehensive income	-	-	-	-
	-	-	29,130	29,130
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	-	10,031	10,031
Balance as at December 31, 2013	450,025	40,000	181,980	672,005
Balance as at July 1, 2014	450,025	40,000	334,375	824,400
Transaction with owners				
Final dividend for the year ended June 30, 2014 at the rate of Rs.2 per share	-	-	(90,005)	(90,005)
Total comprehensive income for the half year ended December 31, 2014				
Profit for the period	-	-	79,669	79,669
Other comprehensive income	-	-	-	-
	-	-	79,669	79,669
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	-	15,434	15,434
Balance as at December 31, 2014	450,025	40,000	339,473	829,498

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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 in to a public limited company on May 24, 1992. 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 Company's shares are listed on Karachi and Islamabad Stock Exchanges.

The principal business of the 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.

The Company is a subsidiary of Bibojee Services (Private) Limited which holds 62.32% (June 30, 2014: 62.32%) share capital of the Company.

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. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

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, 2014 except as described below.

The Company 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, 2014. The adoption of these new and amended standards did not have any impact on the Company.

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 expense. 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 uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2014.

5. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	— Rupees in '000 —	
Operating fixed assets	5.1	1,732,409	1,759,365
Capital work-in-progress		-	4,673
		<u>1,732,409</u>	<u>1,764,038</u>

HALF YEAR REPORT DECEMBER 31, 2014

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	— Rupees in '000 —	
5.1 Operating fixed assets	Note	
Net book value at beginning of the period / year	1,759,365	1,326,108
Additions during the period / year	5.1.1 12,363	20,367
Revaluation adjustments	-	468,345
Disposals, costing Rs.7,583 thousand (June 30, 2014: Rs.3,088 thousand)		
- at net book value	(3,199)	(915)
Depreciation charge for the period / year	(36,120)	(54,540)
Net book value at end of the period / year	1,732,409	1,759,365
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:		
Vehicles		
- owned	6,917	2,214
- leased	4,676	17,181
Other equipment	86	272
Office equipment	635	483
Computers	49	217
	12,363	20,367
6. LONG TERM INVESTMENTS		
Subsidiary Company - at cost		
Gandhara DF (Private) Limited		
5,999,500 (June 30, 2014: 5,999,500) ordinary shares of Rs.10 each - cost	59,995	59,995
Break-up value per share on the basis of latest financial information is Rs.10.68 (June 30, 2014: Rs.10)		
Equity held: 99.99% (June 30, 2014: 99.99%)		
Advance for issue of shares	10,000	-
	69,995	59,995
Associated Company - at cost		
Gandhara Industries Limited		
5,166,168 (June 30, 2014: 5,166,168) ordinary shares of Rs.10 each	92,635	92,635
Equity held: 24.25% (June 30, 2014: 24.25%)		
Fair value: Rs.243.895 million (June 30, 2014: Rs.173.945 million)		
Others - available for sale		
Automotive Testing & Training Center (Private) Limited		
187,500 (2013: 187,500) ordinary shares of Rs.10 each - cost	1,875	1,875
Provision for impairment	(1,875)	(1,875)
	-	-
	162,630	152,630

7. STOCK IN TRADE

	Note	(Un-audited) December 31, 2014 --- Rupees in '000 ---	(Audited) June 30, 2014
Raw materials			
- in hand		743,563	331,465
- in transit		328,470	302,388
		1,072,033	633,853
Finished goods			
- in hand		186,291	27,017
- in transit		9,860	31,604
		196,151	58,621
		1,268,184	692,474

8. BANK BALANCES

Cash at bank in			
- current accounts		163,966	88,232
- deposits accounts		9,916	10,298
- term deposits receipts	8.1	159,000	54,000
		332,882	152,530
Provision for doubtful bank balance		(3,912)	(3,912)
		328,970	148,618

8.1 Term deposit receipts (TDRs) have maturity days ranging from sixty to one eighty five days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 6.60% to 8.50% (June 30, 2014: 7.00% to 8.50%) per annum.

9. SHORT TERM FINANCES - Secured

	Note	(Un-audited) December 31, 2014 --- Rupees in '000 ---	(Audited) June 30, 2014
Finance against imported merchandise			
- Soneri Bank Limited	9.1	61,977	-
- The Bank of Khyber	9.2	291,624	181,245
- National Bank of Pakistan		110,356	-
		463,957	181,245
Finance against trust receipts			
- National Bank of Pakistan		103,428	225,743
Short term demand finance			
- Faysal Bank Limited		40,259	41,873
		607,644	448,861

9.1 The Company has arranged finance against imported merchandise (FIM) facility of Rs.200 million (June 30, 2014: Rs.200 million) from Soneri Bank Limited. This finance facility is secured against effective pledge of imported CKD kits with margin of Rs.1.250 million for every kit plus taxes & duties paid thereon and first pari passu charge of Rs.267 million over stocks and receivables and carries mark-up at the rate of 3 months KIBOR plus 225 basis points.

9.2 The Company has arranged FIM facilities aggregating Rs.565 million (June 30, 2014: Rs.250 million) from the Bank of Khyber. The total limit include a facility of Rs.315 million which is a one-off facility. These facilities are secured against effective pledge of imported consignments and carry mark-up at the rate of 3 months KIBOR plus 300 basis points.

10. CONTINGENCIES AND COMMITMENTS

10.1 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, 2014.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	--- Rupees in '000 ---	
10.2 Outstanding bank guarantees	10,303	10,303
10.3 Commitment in respect of irrevocable letters of credit	575,436	777,335

11. COST OF SALES

	(Un-audited)			
	Quarter ended December 31, 2014		Half year ended December 31, 2013	
	2014	2013	2014	2013
Note	----- Rupees in '000 -----			
Finished goods at beginning of the period	44,007	93,409	58,621	53,856
Cost of goods manufactured	798,267	544,027	1,628,446	822,863
Purchases - trading goods	60,761	27,611	119,526	118,836
	859,028	571,638	1,747,972	941,699
	903,035	665,047	1,806,593	995,555
Finished goods at end of the period	(196,151)	(170,413)	(196,151)	(170,413)
	706,884	494,634	1,610,442	825,142
11.1 Cost of goods manufactured				
Work in process at beginning of the period	-	45,745	-	24,320
Raw materials and components consumed	699,990	431,421	1,413,276	675,368
Factory overheads	98,277	66,861	215,170	123,175
	798,267	544,027	1,628,446	822,863

12. TRANSACTIONS WITH RELATED PARTIES

12.1 Significant transactions with related parties are as follows:

Name	Nature of transaction	(Un-audited) - Half year ended - December 31, December 31, 2014 2013	
		--- Rupees in '000 ---	
(I) Holding Company			
Bibojee Services (Private) Limited	Rent of head office	2,700	2,700
	Dividend	56,092	-
(ii) Subsidiary Company			
Ghandhara DF (Private) Limited	Investment made	-	10,000
	Advance for issue of shares	10,000	-
	Contract assembly charges	1,193	-
	Sale of truck	1,000	-
(III) Associated Companies			
Universal Insurance Company Limited	Insurance premium	-	250
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	33,689	16,246
	Sale of parts	-	59

Name	Nature of transaction	(Un-audited) — Half year ended — December 31, 2014 December 31, 2013	
		— Rupees in '000 —	
Gandhara Industries Limited	Contract assembly charges	41,418	63,250
	Fabrication of vehicles	-	1,452
	Re-imbursement of expense	180	-
	Sale of fixed asset	-	566
	Purchase of fixed asset	2,250	-
Gammon Pakistan Limited	Office rent	750	750
(iv) Others			
UD Trucks Corporation, Japan	Royalty	7,400	2,321
	Dividend	7,294	-
	Purchases of complete knock down kits	1,412,714	358,044
Staff provident fund	Contribution made	2,660	2,422
Key management personnel	Remuneration and other benefits	21,937	19,235
	Sale of fixed assets	-	917
		Un-audited December 31, 2014	Audited June 30, 2014
		— Rupees in '000 —	

12.2 Period / year end balances are as follows:

Receivables from related parties

Trade debts	86,137	91,122
Loans and advances	1,503	1,910
Deposits and prepayments	6,418	9,118

Payable to related parties

Trade and other payables	55,464	39,273
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13. FINANCIAL RISK MANAGEMENT

The Company'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 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, 2014.

There has been no change in Company's sensitivity to these risks since June 30, 2014 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, 2014.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed Interim financial information was authorized for issue on February 23, 2015 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

HALF YEARLY

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, 2014 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 half year ended December 31, 2013.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

Karachi
Dated: February 23, 2015



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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 half year ended 31st December 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 31st December 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

Ahmed Kuli Khan Khattak
Chief Executive Officer

Karachi
Dated: February 23, 2015

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014**

ASSETS

Non current assets

Property, plant and equipment	6	1,747,007	1,770,743
Intangible assets		104	118
Long term investments	7	498,495	490,236
Long term loans		5,346	4,864
Long term deposits		8,498	8,031
		<u>2,259,450</u>	<u>2,273,992</u>

Current assets

Stores, spares and loose tools		46,470	44,055
Stock-in-trade	8	1,354,551	717,386
Trade debts		372,767	395,583
Loans and advances		50,203	25,704
Deposits and prepayments		29,299	15,721
Other receivables		37,628	53,700
Short term investment		-	38,000
Taxation - net		117,096	97,031
Cash and bank balances	9	363,604	171,442
		<u>2,371,618</u>	<u>1,558,622</u>

Total assets

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 and paid-up capital

45,002,500 (June 30, 2014: 45,002,500) ordinary shares of Rs.10 each

450,025 450,025

Share premium

40,000 40,000

Item credited directly in equity by an Associate

63,705 62,354

Unappropriated profit

330,232 312,540

Equity attributable to shareholders of the Holding Company

883,962 864,919

Non-controlling interest

7 5

Total equity

883,969 864,924

Surplus on revaluation of fixed assets

1,393,998 1,410,783

Liabilities

Non current liabilities

Liabilities against assets subject to finance lease

14,751 13,006

Long term deposits

8,611 9,611

Deferred liabilities

105,646 94,795

Deferred taxation

176,584 158,039

305,592 275,451

Current liabilities

Trade and other payables

1,099,534 769,381

Accrued mark-up

17,025 5,178

Short term finances

607,644 448,861

Running finances under mark-up arrangements

319,042 54,380

Current portion of liabilities against assets

4,264 3,656

subject to finance lease

2,047,509 1,281,456

2,353,101 1,556,907

Total liabilities

Contingencies and commitments

4,631,068 3,832,614

Total equity and liabilities

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		Rupees in '000			
Revenue - net		852,637	592,400	1,929,296	981,186
Cost of sales	12	(732,209)	(494,634)	(1,652,485)	(825,142)
Gross profit		120,428	97,766	276,811	156,044
Distribution cost		(10,476)	(4,179)	(18,833)	(8,311)
Administrative expenses		(48,459)	(30,693)	(81,240)	(60,711)
Other income		9,252	4,064	12,220	6,102
Other expenses		(2,919)	(2,602)	(8,731)	(2,602)
Profit from operations		67,826	64,356	180,227	90,522
Finance cost		(25,706)	(17,551)	(55,960)	(41,079)
		42,120	46,805	124,267	49,443
Share of profit of an Associated Company		5,616	417	8,259	8,918
Profit before taxation		47,736	47,222	132,526	58,361
Taxation		(5,200)	(16,306)	(40,261)	(20,313)
Profit after taxation		42,536	30,916	92,265	38,048
Other comprehensive income		-	-	-	-
Total comprehensive income		42,536	30,916	92,265	38,048
Attributable to:					
- Shareholders of the Holding Company		42,534	30,916	92,263	38,048
- Non-controlling interest		2	-	2	-
		42,536	30,916	92,265	38,048
(Rupees)					
Earnings per share					
- attributable to the shareholders of Holding Company		0.95	0.69	2.05	0.85

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended	
	December 31, 2014	December 31, 2013
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	132,526	58,361
Adjustments for non cash charges and other items:		
Depreciation and amortisation	36,449	27,111
Finance cost	45,627	28,192
Interest income	(3,064)	(565)
Amortization of gain on sale and lease back of fixed assets	(2)	-
Gain on disposal of property, plant and equipment	(1,429)	(567)
Exchange loss	10,333	12,887
Share of profit of an Associated Company	(8,259)	(8,918)
Provision for gratuity	6,630	5,363
Provision for compensated absences	6,007	-
	224,818	121,864
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(2,415)	(324)
Stock-in-trade	(637,165)	14,252
Trade debts	22,816	160,925
Loans and advances	(24,499)	(268)
Deposits and prepayments	(13,578)	1,800
Other receivables	16,072	(9,393)
	(638,769)	166,992
Increase / (decrease) in trade and other payables	307,395	(187,580)
Cash (used in) / generated from operations	(106,556)	101,276
Gratuity and compensated absences paid	(1,804)	(973)
Long term deposits - net	(1,467)	-
Long term loans - net	(482)	-
Finance cost paid	(33,780)	(33,520)
Tax paid	(41,781)	(36,367)
Net cash (used in) / generated from operating activities	(185,870)	30,416
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,898)	(12,045)
Proceeds from disposal of property, plant and equipment	4,648	1,482
Interest income received	3,064	565
Short term investment	38,000	-
Net cash generated from / (used in) investing activities	29,814	(9,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares subscribed by directors of the Subsidiary Company	-	5
Lease finances - net	2,353	(443)
Short term finances - net	158,783	(38,607)
Running finances - net	264,662	(6,414)
Dividend paid	(77,580)	-
Net cash generated from / (used in) financing activities	348,218	(45,459)
Net increase / (decrease) in cash and cash equivalents	192,162	(25,041)
Cash and cash equivalents - at beginning of the period	171,442	52,528
Cash and cash equivalents - at end of the period	363,604	27,487

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Share premium	Items credited directly in equity of an Associate	Unappro- priated profit	Total	Non- controlling interest
	Rupees in '000					
Balance as at July 1, 2013	450,025	40,000	61,116	109,777	660,918	-
Total comprehensive income for the half year ended December 31, 2013						
Profit for the period	-	-	-	38,048	38,048	-
Other comprehensive income	-	-	-	-	-	-
	-	-	-	38,048	38,048	-
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	-	-	10,031	10,031	-
Effect of Item directly credited in equity by an Associated Company	-	-	788	-	788	-
Non-controlling interest arisen on consolidation	-	-	-	-	-	5
Balance as at December 31, 2013	450,025	40,000	61,904	157,856	709,785	5
Balance as at July 1, 2014	450,025	40,000	62,354	312,540	864,919	5
Transaction with owners						
Final dividend for the year ended June 30, 2014 at the rate of Rs.2 per share	-	-	-	(90,005)	(90,005)	-
Total comprehensive income for the half year ended December 31, 2014						
Profit for the period	-	-	-	92,263	92,263	2
Other comprehensive income	-	-	-	-	-	-
	-	-	-	92,263	92,263	2
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	-	-	15,434	15,434	-
Effect of Item directly credited in equity by an Associated Company	-	-	1,351	-	1,351	-
Balance as at December 31, 2014	450,025	40,000	63,705	330,232	883,962	7

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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 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 Ghandhara House, 109/2, Clifton, Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Holding Company's shares are listed on Karachi and Islamabad Stock Exchanges.

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 Ghandhara House, 109/2 Clifton, 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 for the half year ended December 31, 2014 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 consolidated financial information does not include all the information required for annual consolidated financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2014.

3. PRINCIPLES OF CONSOLIDATION

The Holding Company's interest in the Subsidiary Company is 99.99% as at December 31, 2014 (June 30, 2014: 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.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of audited annual consolidated financial statements for the year ended June 30, 2014 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, 2014. 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 consolidated financial statements for the year ended June 30, 2014.

6. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	— Rupees in '000 —	
Operating fixed assets	6.1	1,747,007	1,759,365
Capital work-in-progress		-	11,378
		<u>1,747,007</u>	<u>1,770,743</u>
6.1 Operating fixed assets			
Net book value at beginning of the period / year		1,759,365	1,326,108
Additions during the period / year	6.1.1	27,276	20,367
Revaluation adjustments		-	468,345
Disposals, costing Rs.7,583 thousand (June 30, 2014: Rs.3,088 thousand) - at net book value		(3,199)	(915)
Depreciation charge for the period / year		(36,435)	(54,540)
Net book value at end of the period / year		<u>1,747,007</u>	<u>1,759,365</u>
6.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Assembly jigs		13,913	-
Vehicles			
- owned		7,917	2,214
- leased		4,676	17,181
Other equipment		86	272
Office equipment		635	483
Computers		49	217
		<u>27,276</u>	<u>20,367</u>

7. LONG TERM INVESTMENTS

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	— Rupees in '000 —	
Associated Company		
Gandhara Industries Limited - Equity basis		
5,166,168 (June 30, 2014: 5,166,168) ordinary shares of Rs.10 each		
Equity held: 24.25% (June 30, 2014: 24.25%)		
Cost	92,635	92,635
Share of post acquisition profit / (losses)	2,410	(5,849)
	95,045	86,786
Share of items directly credited in the equity of Associated Company	63,705	62,354
Share of surplus on revaluation of fixed assets of Associated Company	355,244	356,595
Dividend received to date	(15,499)	(15,499)
	498,495	490,236
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)
	-	-
	498,495	490,236

7.1 The above figures are based on unaudited condensed interim financial information of the investee company as at September 30, 2014. The latest interim financial information of investee company as at December 31, 2014 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 September 30, 2014 is as follows:

	As at September 30, 2014	As at March 31, 2014
	— Rupees in '000 —	
Total assets	3,767,174	4,020,286
Total liabilities	1,722,364	2,011,546
Accumulated profit	160,445	120,817
	Three months period ended	
	September 30, 2014	September 30, 2013
Revenues	789,047	648,026
Profit before taxation	42,460	3,281
Profit after taxation	24,599	1,721

The market value of the investment as at December 31, 2014 was Rs.243.895 million (June 30, 2014: Rs.173.495 million).

8. STOCK IN TRADE

	Note	(Un-audited) December 31, 2014	(Audited) June 30, 2014
		— Rupees in '000 —	
Raw materials			
- in hand		743,781	355,455
- in transit		396,398	302,388
		1,140,179	657,843
Finished goods			
- in hand		204,512	27,939
- in transit		9,860	31,604
		214,372	59,543
		1,354,551	717,386

9. CASH AND BANK BALANCES

Cash in hand		1	1
Cash at banks in:			
- current accounts		171,599	111,055
- deposits accounts		9,916	10,298
- term deposits receipts	9.1	186,000	54,000
		367,515	175,353
		(3,912)	(3,912)
Provision for doubtful bank balance		363,603	171,441
		363,604	171,442

9.1 Term deposit receipts (TDRs) have maturity days ranging from sixty to one eighty five days from respective dates of acquisition. These TDRs carry mark-up at rates ranging from 6.60% to 8.50% (June 30, 2014: 7.00% to 8.50%) per annum.

10. SHORT TERM FINANCES - Secured

	Note	(Un-audited) December 31, 2014	(Audited) June 30, 2014
		— Rupees in '000 —	
Finance against imported merchandise			
- Soneri Bank Limited	10.1	61,977	-
- The Bank of Khyber	10.2	291,624	181,245
- National Bank of Pakistan		110,356	-
		463,957	181,245
Finance against trust receipts			
- National Bank of Pakistan		103,428	225,743
Short term demand finance			
- Faysal Bank Limited		40,259	41,873
		607,644	448,861

10.1 The Holding company has arranged finance against imported merchandise (FIM) facility of Rs.200 million (June 30, 2014: Rs.200 million) from Soneri Bank Limited. This finance facility is secured against effective pledge of imported CKD kits with margin of Rs.1.250 million for every kit plus taxes & duties paid thereon and first pari passu charge of Rs.267 million over stocks and receivables and carries mark-up at the rate of 3 months KIBOR plus 225 basis points.

10.2 The Holding company has arranged FIM facilities aggregating Rs.565 million (June 30, 2014: Rs.250 million) from the Bank of Khyber. The total limit include a facility of Rs.315 million which is a one-off facility. These facilities are secured against effective pledge of imported consignments and carry mark-up at the rate of 3 months KIBOR plus 300 basis points.

11. CONTINGENCIES AND COMMITMENTS

- 11.1 There is no change in status of the contingencies as disclosed in note 29.1 of the audited annual consolidated financial statements of the Group for the year ended June 30, 2014.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	— Rupees in '000 —	
11.2 Outstanding bank guarantees	10,303	10,303
11.3 Commitment in respect of irrevocable letters of credit	575,436	813,560

12. COST OF SALES

		(Un-audited)	
		Quarter ended December 31, 2014	Half year ended December 31, 2013
		2014	2013
Note		Rupees in '000	
Finished goods at beginning of the period		44,007	93,409
Cost of goods manufactured	12.1	840,891	544,027
Purchases - trading goods		61,683	27,611
		902,574	571,638
		946,581	665,047
Finished goods at end of the period		(214,372)	(170,413)
		732,209	494,634
12.1 Cost of goods manufactured			
Work-in-process at the beginning of the period		-	45,745
Raw materials and components consumed		742,507	431,421
Factory overheads		98,384	66,861
		840,891	544,027

13. TRANSACTIONS WITH RELATED PARTIES

- 13.1 Significant transactions with related parties are as follows:

		(Un-audited)	
		— Half year ended — December 31, 2014	December 31, 2013
		— Rupees in '000 —	
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited	Rent of head office	2,700	2,700
	Dividend	56,092	-
(ii) Associated Companies			
Universal Insurance Company Limited	Insurance premium	-	250
The General Tyre and Rubber Company of Pakistan Limited	Purchase of tyres	33,689	16,246
	Sale of parts	-	59

Name	Nature of transaction	(Un-audited)	
		December 31, 2014	December 31, 2013
		-- Rupees in '000 --	
Ghandhara Industries Limited	Contract assembly charges	41,418	63,250
	Fabrication of vehicles	-	1,452
	Re-imbursment of expenses	180	-
	Sale of fixed asset	-	566
	Purchase of fixed asset	2,250	-
	Office rent	750	750
Gemmon Pakistan Limited			
(III) Others			
UD Trucks Corporation, Japan	Royalty	7,400	2,321
	Dividend	7,294	-
	Purchases of complete knock down kits	1,412,714	358,044
Staff provident fund	Contribution made	2,660	2,422
Key management personnel	Remuneration and other benefits	21,937	19,235
	Sale of fixed assets	-	917

Un-audited
December 31,
2014
— Rupees in '000 —

Audited
June 30,
2014

13.2 Period / year end balances are as follows:

Receivables from related parties

Trade debts	84,944	91,122
Loans and advances	2,672	1,910
Deposits and prepayments	6,418	9,118

Payable to related parties

Trade and other payables	55,464	39,273
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14. 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, 2014.

There has been no change in the Group's sensitivity to these risks since June 30, 2014 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, 2014.

15. OPERATING SEGMENTS

This condensed interim consolidated financial information has been prepared on the basis of a single reportable segment.

- (a) All non-current assets of the Group at December 31, 2014 are located in Pakistan.
- (b) Revenues from external customers attributed to foreign countries in aggregate are not material.
- (c) The Group has earned revenues from one (December 31, 2013: one) customer amounting to Rs.357.3 million (December 31, 2013: Rs.184.25 million) during the current period which constituted 18.52% (December 31, 2013: 18.77%).

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on February 23, 2015 by the Board of Directors of the Holding company.

17. 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 consolidated annual financial statements of the Group for year ended June 30, 2014 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 half year ended December 31, 2013.

Ahmed Kuli Khan Khattak
Chief Executive

Syed Haroon Rashid
Director

Karachi
Dated: February 23, 2015

BOOK POST



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