

Quarterly Report
March 31, 2018
(Un-audited)



GHANDHARA NISSAN LIMITED



JAC

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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) | |
| Mr. Jamil A. Shah | |
| Mr. Syed Haroon Rashid | |
| Mr. Mohammad Zia | |
| Mr. Muhammad Saleem Baig | |
| Mr. Polad Merwan Polad | |

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
Askari Commercial Bank Limited
Meezan Bank Limited
Bank Al Habib Limited
Bank Alfalah Islamic
Al Baraka Bank (Pakistan) Limited
JS Bank Limited

Audit Committee

| | |
|--|----------|
| Mr. Mohammad Zia | Chairman |
| Lt. Gen. (Retd.) Ali Kuli Khan Khattak | Member |
| Mr. Jamil A. Shah | Member |
| Mr. Polad Merwan Polad | 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. Junaidy Shoaib Asad
Chartered Accountants
1/6, Block-6, P.E.C.H.S, Mohtarma Laeeq
Begum Road, Off Shahrah-e-Faisal
Near Nursery Flyover, Karachi

Legal & Tax Advisors

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

Share Registrars

T.H.K. Associates (Pvt.) Ltd.
1st Floor, 40-C,
Block-6, P.E.C.H.S
Karachi-75400

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

NTN:

0802990-3

Sales Tax Registration No:

12-03-8702-001-46





Directors' Report

Your Directors are pleased to present the report alongwith the condensed interim financial information of Ghandhara Nissan Limited for the Nine months period ended March, 31, 2018.

In terms of value, the Company's net turnover was Rs. 1,740.4 million as compared to Rs. 4,035.2 million during the same period of last year. The decrease is mainly due to discontinuation of UD Trucks. The Company has started CKD operations of JAC Trucks which earlier received an overwhelming market response in CBU condition. In addition to this, the regular Dongfeng CBU business together with contract assembly has also contributed significantly in company's performance.

The operational profit of your Company for the nine months was Rs 330.8 million as compared to Rs. 614.8 million in the corresponding period of last year. Profit after tax for the nine months was Rs. 242.8 million. This profit translates into earnings per share of Rs. 5.40 as against Rs. 9.71 during the corresponding period of last year.

The company has been awarded "Category-B Brownfield Investment Status" by the Ministry of Industries and Production under the Automotive Development Policy 2016-21, for the assembly of Datsun passenger cars.

To meet the financing needs of the growing operations, the Directors have granted approval for issuance of Right shares. This, in addition to the funds generated from the partial divestment of shares in an Associated Company, will facilitate in strengthening the financial health of the company.

Further, the company has signed Importer Agreement with Renault Trucks SAS, France for heavy commercial vehicles. By virtue of that Agreement, few units have been imported from France in CBU condition primarily for "test & trial" purpose.

Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the condensed interim financial information.

The directors are also grateful to the Principals, customers, vendors, bankers and other business associates for their continued patronage and support.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive Officer

Muhammad Zia
Director

Karachi
Dated: April 24, 2018



ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کی جانب سے بصد خوشی گندھارا انسان لمیٹڈ کمپنی کی 31 مارچ 2018 کو ختم ہونے والی نو ماہ کی رپورٹ کیلئے عبوری مالیاتی معلومات پیش خدمت ہے۔

قیمت کے لحاظ سے کمپنی کا خالص ٹرن اوور مبلغ 1,740.4 ملین روپے تھا جو کہ پچھلے سال کی اسی مدت میں مبلغ 4,035.2 ملین روپے تھا۔ جس کی وجہ UD Trucks کی معطلی ہے، کمپنی نے JAC Trucks کے ڈی آپریشنز شروع کر دیا ہے جسے پہلے سے چلنے والے JAC CBU کی وجہ سے مارکیٹ میں زبردست پذیرائی ملی ہے۔ اس کے علاوہ معمول کے کاروبار بشمول معاہدہ ٹرک اسمبلی سے کمپنی کی کارکردگی میں بہتری آئی ہے۔

گذشتہ سال کے مقابلے میں آپریشنل منافع 614.8 ملین روپے سے 330.8 ملین روپے ہو گیا ہے۔ نو ماہ بعد از ٹیکس منافع 242.8 روپے ملین ہوا۔ اس منافع کے تحت گذشتہ سال کے اسی مدت کی فی حصص آمدنی مبلغ 9.71 روپے کے مقابلے میں موجودہ سال کے اسی مدت کی فی حصص آمدنی 5.40 رہی۔

کمپنی کو وزارت صنعت و پیداوار نے ڈاٹسن "DATSUN" مسافر کاروں کی اسمبلی کیلئے آٹو موٹیو ڈویلپمنٹ پالیسی 2016-21 کے تحت "Category-B Brownfield Investment Status" "زمرہ۔ بی براون فیلڈ سرمایہ کاری کی حیثیت" سے نوازا ہے۔

کمپنی آپریشنز کی بڑھتی ہوئی مالی ضروریات کو پورا کرنے کیلئے ڈائریکٹرز نے حصص حق جاری کرنے کی منظوری دے دی، اس سے اور ایسوسی ایٹ کمپنی میں حصص کی جزوی فروخت کے ذریعے پیدا ہونے والے فنڈز سے کمپنی کی مالی حالت کو مضبوط بنانے میں مدد ملے گی۔

اس کے علاوہ کمپنی نے ہیوی کمرشل گاڑیوں کے لئے رنالت "RENAULT" ٹرکس SAS، فرانس کے ساتھ درآمدات کے معاہدے پر دستخط کیے ہیں اس معاہدہ کی فضیلت سے بنیادی طور پر آزمائشی مقصد کیلئے CBU (سی بی یو) کی حالت میں فرانس سے چند ٹرکس درآمد جارہے ہیں۔

متعلقہ پارٹی ٹرانزیکشنز:

تمام متعلقہ پارٹیوں کے ساتھ کاروباری لین دین کے امور شفافیت کے ساتھ کئے گئے۔ اور ان کا اظہار نو ماہ کی عبوری مالیاتی معلومات میں کر دیا گیا ہے۔

احمد قاسم خان خٹک

چیف ایگزیکٹو آفیسر

محمد ضیاء

ڈائریکٹر



Condensed Interim Statement of Financial Position

As at March 31, 2018

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- Rupees '000 ----- | |
| ASSETS | | | |
| Non current assets | | | |
| Property, plant and equipment | 5 | 2,044,591 | 1,983,445 |
| Intangible assets | | 2,933 | 50 |
| Long term investments | 6 | 242,630 | 242,630 |
| Long term loans | | 8,315 | 9,546 |
| Long term deposits | | 20,110 | 19,266 |
| Due from Subsidiary Company | 7 | 391,073 | 313,140 |
| | | 2,709,652 | 2,568,077 |
| Current assets | | | |
| Stores, spares and loose tools | | 92,268 | 86,474 |
| Stock-in-trade | | 489,777 | 277,690 |
| Trade debts | | 498,759 | 181,088 |
| Loans and advances | | 58,825 | 49,773 |
| Deposits and prepayments | | 36,516 | 16,625 |
| Other receivables | | 57,430 | 18,082 |
| Accrued interest / mark-up | | 14,930 | 7,669 |
| Taxation - net | | 4,847 | - |
| Bank balances | 8 | 150,934 | 514,390 |
| | | 1,404,286 | 1,151,791 |
| Non current asset classified as held for sale | | - | 137,909 |
| Total assets | | 4,113,938 | 3,857,777 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital | | | |
| 80,000,000 (June 30, 2017: 80,000,000) ordinary shares of Rs.10 each | | 800,000 | 800,000 |
| Issued, subscribed and paid-up capital 45,002,500 (June 30, 2017: 45,002,500) ordinary shares of Rs.10 each | | 450,025 | 450,025 |
| Share premium | | 40,000 | 40,000 |
| Unappropriated profit | | 1,352,113 | 1,313,543 |
| Equity without surplus on revaluation | | 1,842,138 | 1,803,568 |
| Surplus on revaluation of fixed assets | | 967,844 | 988,570 |
| Total equity with surplus on revaluation | | 2,809,982 | 2,792,138 |
| Liabilities | | | |
| Non current liabilities | | | |
| Liabilities against assets subject to finance lease | | 49,051 | 53,699 |
| Long term deposits | | 9,611 | 9,611 |
| Deferred gain on sale and lease back of transaction | | 3 | 6 |
| Deferred taxation | | 287,377 | 282,527 |
| | | 346,042 | 345,843 |
| Current liabilities | | | |
| Trade and other payables | | 694,104 | 621,077 |
| Accrued mark-up on running finances | | 6,338 | 347 |
| Running finances under mark-up arrangements | | 233,445 | - |
| Current portion of liabilities against assets subject to finance lease | | 13,179 | 18,474 |
| Taxation - net | | - | 72,166 |
| Unclaimed dividend | | 10,848 | 7,732 |
| | | 957,914 | 719,796 |
| Total liabilities | | 1,303,956 | 1,065,639 |
| Contingencies and commitments | 9 | | |
| Total equity and liabilities | | 4,113,938 | 3,857,777 |

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

Ahmed Kuli Khan Khattak
Chief Executive OfficerMuhammad Zia
DirectorMuhammad Umair
Chief Financial Officer

Condensed Interim Statement of Profit and Loss Account and other Comprehensive Income (Unaudited)

For the nine months period ended March 31, 2018

| | Note | Quarter ended | | Nine months period ended | |
|---|------|----------------|----------------|--------------------------|----------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| ----- Rupees '000 ----- | | | | | |
| Revenue | | 725,887 | 1,385,559 | 1,740,435 | 4,035,234 |
| Cost of sales | 10 | (603,702) | (1,098,694) | (1,381,484) | (3,268,072) |
| Gross profit | | 122,185 | 286,865 | 358,951 | 767,162 |
| Distribution cost | | (13,123) | (9,959) | (35,091) | (30,821) |
| Administrative expenses | | (53,089) | (57,902) | (144,587) | (175,723) |
| Other income | | 22,419 | 17,119 | 175,378 | 99,376 |
| Other expenses | | (7,055) | (16,147) | (23,814) | (45,137) |
| Profit from operations | | 71,337 | 219,976 | 330,837 | 614,857 |
| Finance cost | | (8,365) | (2,106) | (14,014) | (5,834) |
| Profit before taxation | | 62,972 | 217,870 | 316,823 | 609,023 |
| Taxation | | (17,170) | (62,480) | (73,966) | (172,011) |
| Profit after taxation | | 45,802 | 155,390 | 242,857 | 437,012 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 45,802 | 155,390 | 242,857 | 437,012 |
| ----- Rupees ----- | | | | | |
| Earnings per share - basic and diluted | | 1.02 | 3.45 | 5.40 | 9.71 |

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


 Ahmed Kuli Khan Khattak
 Chief Executive Officer


 Muhammad Zia
 Director


 Muhammad Umair
 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months period ended March 31, 2018

Nine month period ended

| | March 31, 2018 | March 31, 2017 |
|---|-------------------------|-------------------|
| | ----- Rupees '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 316,823 | 609,023 |
| Adjustments for non cash charges and other items: | | |
| Depreciation and amortisation | 78,650 | 68,236 |
| Provision for gratuity | 5,762 | 8,653 |
| Interest income | (33,445) | (30,198) |
| Dividend income | (77,493) | (51,662) |
| Gain on disposal of property, plant and equipment | (36,509) | (3,689) |
| Amortization of gain on sale and lease back of fixed assets | (3) | (3) |
| Finance cost | 14,014 | 5,834 |
| Net exchange loss / (gain) | 310 | (532) |
| Operating profit before working capital changes | 268,109 | 605,662 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (5,794) | (1,858) |
| Stock-in-trade | (212,087) | (39,236) |
| Trade debts | (317,671) | (26,750) |
| Loans and advances | (9,052) | (41,885) |
| Deposits and prepayments | (19,891) | 4,163 |
| Other receivables | (39,348) | 58,369 |
| | (603,843) | (47,197) |
| Increase / (decrease) in trade and other payables | 80,382 | (462,650) |
| Cash (used in) / generated from operations | (255,352) | 95,815 |
| Gratuity paid | (13,427) | (40,425) |
| Long term deposits | (844) | (1,737) |
| Long term loans - net | 1,231 | (1,510) |
| Finance cost paid | (8,023) | (5,490) |
| Taxes paid | (146,129) | (109,165) |
| Net cash used in operating activities | (422,544) | (62,512) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for fixed capital expenditure and intangibles | (133,891) | (36,753) |
| Proceeds from disposal of property, plant and equipment / non current asset classified as held for sale | 177,913 | 5,853 |
| Interest received | 26,184 | 29,041 |
| Interest bearing advance (to) / from subsidiary - net | (77,933) | 140,739 |
| Dividend income | 77,493 | 51,662 |
| Net cash generated from investing activities | 69,766 | 190,542 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease finances - net | (22,226) | (10,967) |
| Running finances - net | 233,445 | - |
| Dividend paid | (221,897) | (222,051) |
| Net cash used in financing activities | (10,678) | (233,018) |
| Net decrease in cash and cash equivalents | (363,456) | (104,988) |
| Cash and cash equivalents - at beginning of the period | 514,390 | 375,408 |
| Cash and cash equivalents - at end of the period | 150,934 | 270,420 |

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


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer

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

For the nine months period ended March 31, 2018

| | Issued, subscribed and paid-up capital | Share premium (Capital reserve) | Unappro- priated profit (Revenue reserve) | Equity without surplus on revaluation | Surplus on revaluation of fixed assets (Capital reserve) | Total equity with surplus on revaluation |
|--|---|--|--|--|---|---|
| ----- Rupees '000 ----- | | | | | | |
| Balance as at July 1, 2016 (Audited) | 450,025 | 40,000 | 1,111,191 | 1,601,216 | 1,017,664 | 2,618,880 |
| Transaction with owners recognised directly in equity | | | | | | |
| Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share | - | - | (225,013) | (225,013) | - | (225,013) |
| Total comprehensive income for the nine months period ended March 31, 2017 | | | | | | |
| Profit for the period | - | - | 437,012 | 437,012 | - | 437,012 |
| Other comprehensive income | - | - | - | - | - | - |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation | - | - | 437,012 | 437,012 | - | 437,012 |
| Balance as at March 31, 2017 (Un-audited) | 450,025 | 40,000 | 1,345,010 | 1,835,035 | 995,844 | 2,830,879 |
| Balance as at July 1, 2017 (Audited) | 450,025 | 40,000 | 1,313,543 | 1,803,568 | 988,570 | 2,792,138 |
| Transaction with owners recognised directly in equity | | | | | | |
| Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share | - | - | (225,013) | (225,013) | - | (225,013) |
| Total comprehensive income for the nine months period ended March 31, 2018 | | | | | | |
| Profit for the period | - | - | 242,857 | 242,857 | - | 242,857 |
| Other comprehensive income | - | - | - | - | - | - |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation | - | - | 242,857 | 242,857 | - | 242,857 |
| Balance as at March 31, 2018 (Un-audited) | 450,025 | 40,000 | 1,352,113 | 1,842,138 | 967,844 | 2,809,982 |

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


Ahmed Kuli Khan Khattak
 Chief Executive Officer


Muhammad Zia
 Director


Muhammad Umair
 Chief Financial Officer



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

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 Chauki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Company's shares are listed on Pakistan Stock Exchange Limited.

The principal business of the Company is assembly / progressive manufacturing of Nissan passenger Cars, UD Trucks & buses and JAC trucks, import and marketing of Nissan vehicles, import and sale of DongFeng and JAC 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, 2017: 62.32%) of issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of or directives issued under the Act have been followed.

3. ACCOUNTING POLICIES

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

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

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- Rupees '000 ----- | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 1,940,286 | 1,920,332 |
| Capital work-in-progress | | 104,305 | 63,113 |
| | | <u>2,044,591</u> | <u>1,983,445</u> |
| 5.1 Operating fixed assets | | | |
| Net book value at beginning of the period / year | | 1,920,332 | 1,846,454 |
| Additions during the period / year | 5.2 | 102,002 | 309,256 |
| Disposals, costing Rs.6,379 thousand (June 30, 2017: Rs.9,669 thousand) - at net book value | | (3,495) | (2,294) |
| Assets classified as held for sale costing Rs.Nil (June 30, 2017: Rs. 162,724 thousand) - at book value | | - | (137,909) |
| Depreciation charge for the period / year | | (78,553) | (95,175) |
| Net book value at end of the period / year | | <u>1,940,286</u> | <u>1,920,332</u> |
| 5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows: | | | |
| Leasehold land | | - | 207,980 |
| Building on free hold land | | 44,751 | - |
| Plant and machinery | | 18,259 | 39,442 |
| Furniture and fixtures | | 256 | 14,710 |
| Vehicles | | | |
| - owned | | 9,075 | 4,300 |
| - leased | | 12,283 | 32,523 |
| Other equipment | | 12,314 | 6,188 |
| Office equipment | | 4,338 | 3,042 |
| Computers | | 726 | 1,071 |
| | | <u>102,002</u> | <u>309,256</u> |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

| | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|-----------------------------------|-------------------------------|
| | ----- Rupees '000 ----- | |
| 6. LONG TERM INVESTMENTS | | |
| Subsidiary Company - at cost | | |
| Ghandhara DF (Private) Limited | | |
| 14,999,500 (June 30, 2017: 14,999,500) ordinary shares of Rs.10 each | 149,995 | 149,995 |
| Equity held: 99.99% (June 30, 2017: 99.99%) | | |
| Break-up value per share on the basis of latest financial statements is Rs. 33.11 (June 30, 2017: Rs.24.05) | | |
| Associated Company - at cost | | |
| Ghandhara Industries Limited | | |
| 5,166,168 (June 30, 2017: 5,166,168) ordinary shares of Rs.10 each | 92,635 | 92,635 |
| Equity held: 24.25% (June 30, 2017: 24.25%) | | |
| Fair value: Rs.4,312.045 million (June 30, 2017: Rs.3,358.577 million) | | |
| Others - available for sale | | |
| Automotive Testing & Training Center (Private) Limited | | |
| 187,500 (June 30, 2017: 187,500) ordinary shares of Rs.10 each - cost | 1,875 | 1,875 |
| Provision for impairment | (1,875) | (1,875) |
| | - | - |
| | <u>242,630</u> | <u>242,630</u> |

7. DUE FROM SUBSIDIARY COMPANY - Unsecured and interest bearing

The Company has an aggregate cash limit of Rs. 800 million that can be provided as loan 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.

| | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|--------------------------------------|-----------------------------------|-------------------------------|
| | ----- Rupees '000 ----- | |
| 8. BANK BALANCES | | |
| Cash at banks on: | | |
| - current accounts | 62,329 | 202,785 |
| - deposits accounts | 10,517 | 10,517 |
| - term deposits receipts | <u>82,000</u> | <u>305,000</u> |
| | 154,846 | 518,302 |
| Provision for doubtful bank balances | (3,912) | (3,912) |
| | <u>150,934</u> | <u>514,390</u> |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

9. CONTINGENCIES AND COMMITMENTS

- 9.1 There is no change in status of the contingencies as disclosed in note 28.1 of the audited annual financial statements of the Company for the year ended June 30, 2017.
- 9.2 Commitment in respect of irrevocable letters of credit as at March 31, 2018 aggregate to Rs.44.153 million (June 30, 2017: Rs.34.80 million).
- 9.3 Guarantees aggregating Rs.4.951 million (June 30, 2017: Rs.15.787 million) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.609.141 million (June 30, 2017: Rs.259.443 million) to the commercial banks against letters of credit facilities utilised by the Subsidiary Company.

10. COST OF SALES

| | | ------(Un-Audited)----- | | | |
|---|------|-------------------------|-------------------|-------------------|-------------------|
| | | Quarter ended | | Nine months ended | |
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| | | ----- Rupees '000 ----- | | | |
| Finished goods at beginning of the period | Note | 139,276 | 148,259 | 213,001 | 113,586 |
| Cost of goods manufactured | 10.1 | 141,387 | 1,002,751 | 401,067 | 3,046,058 |
| Purchases - trading goods | | 527,970 | 229,642 | 972,347 | 390,386 |
| | | 669,357 | 1,232,393 | 1,373,414 | 3,436,444 |
| Finished goods at end of the period | | 808,633 | 1,380,652 | 1,586,415 | 3,550,030 |
| | | (204,931) | (281,958) | (204,931) | (281,958) |
| | | <u>603,702</u> | <u>1,098,694</u> | <u>1,381,484</u> | <u>3,268,072</u> |
| 10.1 Cost of goods manufactured | | | | | |
| Raw materials and components consumed | | 8,124 | 855,161 | 8,124 | 2,572,314 |
| Factory overheads | | 133,263 | 147,590 | 392,943 | 473,744 |
| | | <u>141,387</u> | <u>1,002,751</u> | <u>401,067</u> | <u>3,046,058</u> |



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

| Name | Nature of transaction | Un-audited --Nine Months ended-- | |
|---|--|--|---|
| | | March 31, 2018 | March 31, 2017 |
| ----- Rupees '000 ----- | | | |
| (i) Holding Company | | | |
| Bibojee Services (Private) Limited - 62.32% shares held in the Company | Corporate office rent Dividend | 4,500 140,232 | 7,350 140,232 |
| (ii) Subsidiary Company | | | |
| Ghandhara DF (Private) Limited 99.99% shares held by the Company | Contract assembly charges Purchase of parts Sale of parts Long term advances given - net Long term advances recovered - net Interest income Interest received Guarantee commission Reimbursement of expenses | 102,896 75 52,105 77,933 - 33,066 26,043 4,872 - | 31,491 1,520 2,221 - 140,739 26,994 - 3,094 246 |
| (iii) Associated Companies | | | |
| Ghandhara Industries Limited 24.25% shares held by the Company | Contract assembly charges Head office rent Body fabrication Sale of parts Purchase of parts Dividend income Reimbursement of expenses | 579,337 1,980 - 6 16 77,493 1,003 | 292,839 1,320 676 1,056 8 51,662 356 |
| The General Tyre and Rubber Company of Pakistan Limited | Purchase of tyres | 72 | 41,308 |
| Gammon Pakistan Limited | Office rent | 2,250 | 2,250 |
| Janana De Malucho Textile Mills Limited | Reimbursement of expenses | 1,256 | 763 |
| (iv) Others | | | |
| UD Trucks Corporation, Japan | Royalty Dividend Purchases of complete knock down kits | - 18,235 - | 11,312 18,235 2,009,252 |
| Staff provident fund | Contribution made | 6,058 | 5,446 |
| Staff gratuity fund | Contribution made | 13,427 | 40,425 |
| Key management personnel | Remuneration and other benefits | 55,820 | 53,153 |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

11.2 Period / year end balances are as follows:

Receivables from related parties

| | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|----------------------------|-----------------------------------|-------------------------------|
| Long term loans | 650 | 1,100 |
| Trade debts | 126,911 | 45,210 |
| Loans and advances | 600 | 821 |
| Deposits and prepayments | 2,840 | 708 |
| Other receivables | 1,757 | 864 |
| Accrued interest / mark-up | 14,552 | 7,528 |

Payable to related parties

| | | |
|--------------------------|--------|--------|
| Trade and other payables | 39,023 | 39,445 |
|--------------------------|--------|--------|

12. FINANCIAL RISK MANAGEMENT

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

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

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

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

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2017, whereas, the condensed interim statement of profit and loss account and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the nine months period ended March 31, 2017. In order to fulfill the requirements of the Act, following corresponding figures have been rearranged and reclassified for better presentation:

| Reclassified from component | Reclassified to component | June 30, 2017 |
|--|--|------------------|
| Surplus on revaluation of fixed assets (out of equity) | with in equity (included as part of total equity as capital reserve) | 988,570 |
| Unclaimed dividend (trade and other payables) | as separate line item on the face of statement of financial position | 7,732 |

However there is no impact of above reclassifications on total assets and profit of the Company, therefore statement of financial position as at July 1, 2016 has not been presented.

14. DATE OF AUTHORIZATION FOR ISSUE

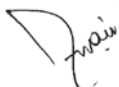
This condensed interim financial information was authorized for issue on April 24, 2018 by the Board of Directors of the Company.



Ahmed Kuli Khan Khattak
Chief Executive Officer



Muhammad Zia
Director



Muhammad Umair
Chief Financial Officer

Directors' Report

The directors are pleased to present their report together with consolidated condensed interim financial information of Ghandhara Nissan Limited (GNL) and its subsidiary Ghandhara DF (Pvt.) Limited (GDFPL) for the nine months period ended March, 31 2018.

The Company has annexed consolidated un-audited condensed interim financial information alongwith its standalone un-audited condensed interim financial information.

The consolidated un-audited condensed interim financial information shows turnover of Rs. 3,728.7 million, gross profit of Rs. 615.4 million and profit after tax of Rs. 562.1 million for the nine months period ended March, 31 2018.

Dongfeng business has remained a major contributor in the consolidated performance of the company during the current period. This has been achieved as a result of incredible efforts made by GDFPL in promoting the Chinese brand throughout the Country.

For and on behalf of the Board of Directors



Ahmed Kuli Khan Khattak
Chief Executive Officer



Muhammad Zia
Director

Karachi
Dated: April 24, 2018



ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے بصد خوشی گندھارا انسان لمیٹڈ (جی این ایل) اور اس کی ذیلی کمپنی گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ (جی ڈی ایف پی ایل) کی 31 مارچ 2018 کو ختم ہونے والی نو ماہ کی رپورٹ کے لیے عبوری مالیاتی معلومات پیش خدمت ہے۔

کمپنی نے عبوری مالیاتی معلومات بمعہ انفرادی عبوری مالیاتی معلومات کا ضمیمہ اس کے ساتھ منسلک کر دیا ہے۔

مجموعی فنانشل اسٹیٹمنٹ کے مطابق 31 مارچ 2018 کو ختم ہونے والی نو ماہ کی رپورٹ کے لیے ٹرن اوور 3,728.7 ملین روپے ہے، گراس منافع 615.4 ملین روپے اور بعد از ٹیکس منافع 562.1 ملین روپے ہے۔

DONGFENG کاروبار موجودہ مدت کے دوران کمپنی کی مجموعی کارکردگی میں اہم شراکت دار رہا ہے۔ یہ ملک بھر میں چین کے برانڈ کو فروغ دینے میں جی ڈی ایف پی ایل (GDFPL) کے ذریعے ناقابل یقین کوششوں کے نتیجے میں حاصل کیا گیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

احمد قلی خان خٹک
چیف ایگزیکٹو آفیسر

محمد ضیاء
ڈائریکٹر



Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2018

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|--|------|-----------------------------------|-------------------------------|
| ----- Rupees '000 ----- | | | |
| ASSETS | Note | | |
| Non current assets | | | |
| Property, plant and equipment | 6 | 2,051,888 | 1,992,030 |
| Intangible assets | | 3,089 | 258 |
| Long term investments | 7 | 1,040,242 | 857,012 |
| Long term loans | | 8,315 | 9,546 |
| Long term deposits | | 20,110 | 19,266 |
| | | 3,123,644 | 2,878,112 |
| Current assets | | | |
| Stores, spares and loose tools | | 92,268 | 86,474 |
| Stock-in-trade | | 1,367,808 | 699,540 |
| Trade debts | | 1,443,823 | 516,167 |
| Loans and advances | | 66,741 | 51,235 |
| Deposits and prepayments | | 82,587 | 31,372 |
| Other receivables | | 125,980 | 89,761 |
| Taxation - net | | 134,565 | - |
| Cash and bank balances | 8 | 154,257 | 573,693 |
| | | 3,468,029 | 2,048,242 |
| Non current asset classified as held for sale | | - | 137,909 |
| Total assets | | 6,591,673 | 5,064,263 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital 80,000,000 (June 30, 2017: 80,000,000) ordinary shares of Rs.10 each | | 800,000 | 800,000 |
| Issued, subscribed and paid-up capital 45,002,500 (June 30, 2017: 45,002,500) ordinary shares of Rs.10 each | | 450,025 | 450,025 |
| Share premium | | 40,000 | 40,000 |
| Items credit directly in equity by an Associate | | 69,859 | 68,426 |
| Unappropriated profit | | 2,175,844 | 1,818,045 |
| Equity without surplus on revaluation attributable to shareholders of the Holding Company | | 2,735,728 | 2,376,496 |
| Surplus on revaluation of fixed assets | | 1,367,745 | 1,389,904 |
| Equity with surplus on revaluation attributable to shareholders of the Holding Company | | 4,103,473 | 3,766,400 |
| Non-controlling interest | | 40 | 26 |
| Total equity | | 4,103,513 | 3,766,426 |
| Liabilities | | | |
| Non current liabilities | | | |
| Liabilities against assets subject to finance lease | | 77,546 | 92,194 |
| Long term deposits | | 9,611 | 9,611 |
| Deferred gain on sale and lease back transaction | | 3 | 6 |
| Deferred taxation | | 287,693 | 282,843 |
| | | 374,853 | 384,654 |
| Current liabilities | | | |
| Trade and other payables | | 1,458,906 | 862,747 |
| Accrued mark-up on running finances | | 7,618 | 347 |
| Running finances under mark-up arrangements | | 610,685 | - |
| Current portion of liabilities against assets subject to finance lease | | 25,250 | 38,313 |
| Taxation - net | | - | 4,044 |
| Unclaimed dividend | | 10,848 | 7,732 |
| | | 2,113,307 | 913,183 |
| Total liabilities | | 2,488,160 | 1,297,837 |
| Contingencies and commitments | 9 | | |
| Total equity and liabilities | | 6,591,673 | 5,064,263 |

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

Ahmed Kuli Khan Khattak
Chief Executive OfficerMuhammad Zia
DirectorMuhammad Umair
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit and Loss Account and other Comprehensive Income (Unaudited)

For the nine months period ended March 31, 2018

| | Note | Quarter ended | | Nine months period ended | |
|---|------|-------------------|-------------------|--------------------------|-------------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| ----- Rupees '000 ----- | | | | | |
| Revenue | | 1,384,911 | 2,000,715 | 3,728,686 | 5,326,509 |
| Cost of sales | 9 | (1,181,043) | (1,614,270) | (3,113,312) | (4,357,792) |
| Gross profit | | 203,868 | 386,445 | 615,374 | 968,717 |
| Distribution cost | | (16,060) | (12,608) | (42,562) | (40,686) |
| Administrative expenses | | (58,249) | (60,782) | (161,203) | (182,227) |
| Other income | | 7,597 | 8,440 | 61,723 | 19,159 |
| Other expenses | | (7,055) | (16,147) | (23,814) | (45,137) |
| Profit from operations | | 130,101 | 305,348 | 449,518 | 719,826 |
| Finance cost | | (10,083) | (2,199) | (15,884) | (6,408) |
| | | 120,018 | 303,149 | 433,634 | 713,418 |
| Share of profit of an Associate | | 109,215 | 59,997 | 260,723 | 162,206 |
| Profit before taxation | | 229,233 | 363,146 | 694,357 | 875,624 |
| Taxation | | (31,197) | (87,551) | (132,257) | (220,322) |
| Profit after taxation | | 198,036 | 275,595 | 562,100 | 655,302 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 198,036 | 275,595 | 562,100 | 655,302 |
| Attributable to: | | | | | |
| - Shareholders of the Holding Company | | 198,031 | 275,591 | 562,086 | 655,295 |
| - Non-controlling interest | | 5 | 4 | 14 | 7 |
| | | 198,036 | 275,595 | 562,100 | 655,302 |
| ----- Rupees ----- | | | | | |
| Earnings per share - basic and diluted | | 4.40 | 6.12 | 12.49 | 14.56 |

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



Ahmed Kuli Khan Khattak
Chief Executive Officer



Muhammad Zia
Director



Muhammad Umair
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months period ended March 31, 2018

| | Nine months period ended | |
|---|--------------------------|-------------------|
| | March 31, 2018 | March 31, 2017 |
| | ----- Rupees '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 694,357 | 875,624 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and amortisation | 79,990 | 69,898 |
| Interest income | (25,214) | (3,240) |
| Finance cost | 15,884 | 6,408 |
| Gain on disposal of property, plant and equipment | (36,509) | (3,692) |
| Net exchange gain | (992) | (1,200) |
| Amortization of gain on sale and lease back transaction | (3) | (4) |
| Share of profit of an Associated Company | (260,723) | (162,206) |
| Provision for gratuity | 5,762 | 8,653 |
| Operating profit before working capital changes | 472,552 | 790,241 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (5,794) | (1,858) |
| Stock-in-trade | (668,268) | 177,038 |
| Trade debts | (927,656) | (93,889) |
| Loans and advances | (15,506) | (45,411) |
| Deposit and prepayments | (51,215) | 8,021 |
| Other receivables | (36,219) | 115,281 |
| | (1,704,658) | 159,182 |
| Increase / (decrease) in trade and other payables | 604,816 | (557,277) |
| Cash (used in) / generated from operations | (627,290) | 392,146 |
| Gratuity paid | (13,427) | (40,425) |
| Long term loans-net | 1,231 | (1,510) |
| Long term deposits | (844) | (1,737) |
| Finance cost paid | (8,613) | (6,064) |
| Taxes paid | (266,016) | (168,115) |
| Net cash (used in) / generated from operating activities | (914,959) | 174,295 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for fixed capital expenditure and intangibles | (133,891) | (36,805) |
| Proceeds from disposal of property, plant and equipment / non current asset classified as held for sale | 177,913 | 5,853 |
| Interest income received | 25,214 | 3,240 |
| Dividend income | 77,493 | 51,662 |
| Net cash generated from investing activities | 146,729 | 23,950 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease finances - net | (39,994) | (10,968) |
| Running finances-net | 610,685 | - |
| Dividend paid | (221,897) | (222,051) |
| Net cash generated from / (used) in financing activities | 348,794 | (233,019) |
| Net decrease in cash and cash equivalents | (419,436) | (34,774) |
| Cash and cash equivalents - at beginning of the period | 573,693 | 394,789 |
| Cash and cash equivalents - at end of the period | 154,257 | 360,015 |

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

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended March 31, 2018

| | Issued, subscribed and paid-up capital | Share premium (Capital reserve) | Item credited directly in equity by an Associate (Capital reserve) | Unappro- priated profit (Revenue reserve) | Equity without surplus on revaluation | Surplus on revaluation of fixed assets (Capital- reserve) | Total equity with surplus on revaluation | Non- controlling interest |
|--|---|--|---|---|---|---|--|---------------------------------|
| | ----- Rupees '000 ----- | | | | | | | |
| Balance as at July 1, 2016 (Audited) | 450,025 | 40,000 | 66,516 | 1,306,554 | 1,863,095 | 1,421,841 | 3,284,936 | 11 |
| Transaction with owners recognised directly in equity | | | | | | | | |
| Final dividend for the year ended June 30, 2016 at the rate of Rs.5.00 per share | - | - | - | (225,013) | (225,013) | - | (225,013) | - |
| Total comprehensive income for the nine months period ended March 31, 2017 | | | | | | | | |
| Profit for the period | - | - | - | 655,295 | 655,295 | - | 655,295 | 7 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| | - | - | - | 655,295 | 655,295 | - | 655,295 | 7 |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation | | | | | | | | |
| Effect of item directly credited in equity by an Associated Company | - | - | 1,646 | - | 1,646 | - | 1,646 | - |
| Balance as at March 31, 2017 (un-audited) | <u>450,025</u> | <u>40,000</u> | <u>68,162</u> | <u>1,758,656</u> | <u>2,316,843</u> | <u>1,400,021</u> | <u>3,716,864</u> | <u>18</u> |
| Balance as at July 1, 2017 (Audited) | 450,025 | 40,000 | 68,426 | 1,818,045 | 2,376,496 | 1,389,904 | 3,766,400 | 26 |
| Transaction with owners recognised directly in equity | | | | | | | | |
| Final dividend for the year ended June 30, 2017 at the rate of Rs.5.00 per share | - | - | - | (225,013) | (225,013) | - | (225,013) | - |
| Total comprehensive income for the nine months period ended March 31, 2018 | | | | | | | | |
| Profit for the period | - | - | - | 562,086 | 562,086 | - | 562,086 | 14 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| | - | - | - | 562,086 | 562,086 | - | 562,086 | 14 |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation | | | | | | | | |
| Effect of item directly credited in equity by an Associated Company | - | - | 1,433 | - | 1,433 | (1,433) | - | - |
| Balance as at March 31, 2018 (un-audited) | <u>450,025</u> | <u>40,000</u> | <u>69,859</u> | <u>2,175,844</u> | <u>2,735,728</u> | <u>1,367,745</u> | <u>4,103,473</u> | <u>40</u> |

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



Ahmed Kuli Khan Khattak
Chief Executive Officer



Muhammad Zia
Director



Muhammad Umair
Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

1. THE GROUP AND ITS OPERATIONS

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 into a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chuki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi. The Holding Company's shares are listed on Pakistan Stock Exchange Limited. Bibojee Services (Private) Limited is the ultimate holding company of the Group.

The principal business of the Holding Company is assembly / progressive manufacturing of Nissan passenger Cars, UD trucks & buses and JAC, and sale, import and marketing of Nissan vehicles, import and sale of DongFeng and JAC Complete Built-up trucks 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 Chuki Road, S.I.T.E., Karachi. The principal business of the Subsidiary Company is to carry-out CKD operations of Dongfeng vehicles. It has outsourced assembly of the vehicles to the Holding Company.

2. BASIS OF PREPARATION

2.1 This consolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Act have been followed.

3. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at March 31, 2018 (June 30, 2017: 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 Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

4. ACCOUNTING POLICIES

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

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

6. PROPERTY, PLANT AND EQUIPMENT

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- Rupees '000 ----- | |
| Operating fixed assets | 6.1 | 1,947,583 | 1,928,917 |
| Capital work-in-progress | | 104,305 | 63,113 |
| | | 2,051,888 | 1,992,030 |
| 6.1 Operating fixed assets | | | |
| Book value at beginning of the period / year | | 1,928,917 | 1,857,185 |
| Additions during the period / year | 6.2 | 102,002 | 309,256 |
| Disposals costing Rs.6,379 thousand (June 30, 2017: Rs.9,669 thousand) - at book value | | (3,495) | (2,294) |
| Assets classified as held for sale costing Rs.Nil (June 30, 2017: Rs. 162,724 thousand) - at book value | | - | (137,909) |
| Depreciation charge for the period / year | | (79,841) | (97,321) |
| Book value at end of the period / year | | 1,947,583 | 1,928,917 |

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- Rupees '000 ----- | |
| Leasehold land | | - | 207,980 |
| Building on free hold land | | 44,751 | - |
| Plant and machinery | | 18,259 | 39,442 |
| Furniture and fixtures | | 256 | 14,710 |
| Vehicles | | | |
| - owned | | 9,075 | 4,300 |
| - leased | | 12,283 | 32,523 |
| Other equipment | | 12,314 | 6,188 |
| Office equipment | | 4,338 | 3,042 |
| Computers | | 726 | 1,071 |
| | | 102,002 | 309,256 |
| 7. LONG TERM INVESTMENTS | | | |
| Associate - equity accounted investment | 7.1 | 1,040,242 | 857,012 |
| Others - available for sale | 7.2 | - | - |
| | | 1,040,242 | 857,012 |
| 7.1 Associated Company - equity accounted investment | | | |
| Ghandhara Industries Limited | | | |
| Balance at beginning of the period / year | | 857,012 | 647,079 |
| Share of profit / OCI for the period / year | | 260,723 | 210,784 |
| Share of revaluation during the period / year | | - | 50,811 |
| Dividend received during the period / year | | (77,493) | (51,662) |
| Balance at end of the period / year | | 1,040,242 | 857,012 |

7.1.1 Investment in Ghandhara Industries Limited (GIL) represents 5,166,168 (June 30, 2017: 5,166,168) fully paid ordinary shares of Rs.10 each representing 24.25% (June 30, 2017: 24.25%) of its issued, subscribed and paid-up capital as at March 31, 2018. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.

7.1.2 The value of investment in GIL is based on un-audited condensed interim financial information of the investee company as at December 31, 2017.

7.1.3 The market value of investment as at March 31, 2018 was Rs.4,312.045 million (June 30, 2017: Rs.3,358.577 million).



Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

7.2 Others - available for sale

| | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|--|-----------------------------------|-------------------------------|
| | ----- Rupees '000 ----- | |
| Automotive Testing & Training Centre (Private) Limited | | |
| 187,500 (June 30, 2017: 187,500) ordinary shares of Rs.10 each - cost | 1,875 | 1,875 |
| Provision for impairment | (1,875) | (1,875) |
| | <u>-</u> | <u>-</u> |

8. CASH AND BANK BALANCES

| | | |
|--------------------------------------|----------------|----------------|
| Cash in hand | 1 | 1 |
| Cash at banks on: | | |
| - current accounts | 65,651 | 262,087 |
| - deposit accounts | 10,517 | 10,517 |
| - term deposit receipts | 82,000 | 305,000 |
| | <u>158,168</u> | <u>577,604</u> |
| Provision for doubtful bank balances | (3,912) | (3,912) |
| | <u>154,257</u> | <u>573,693</u> |

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in status of the contingencies as disclosed in note 26.1 of the audited annual financial statements of the Group for the year ended June 30, 2017.

9.1.2 Guarantees

| | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|-----------------------------------|-------------------------------|
| | ----- Rupees '000 ----- | |
| Guarantees issued by banks on behalf of the Group | 5,557 | 15,787 |
| Corporate guarantee's issued by Holding Company to the commercial banks against letters of credit facilities utilised by the Subsidiary Company | <u>609,141</u> | <u>259,443</u> |

9.2 Commitment

| | | |
|---|----------------|----------------|
| Commitments in respect of capital expenditure, raw materials and components through confirmed letters of credit | <u>154,593</u> | <u>294,243</u> |
|---|----------------|----------------|

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

10. COST OF SALES

| | | ------(Un-Audited)----- | | | |
|---|------|-------------------------|-------------------|--------------------------|-------------------|
| | | Quarter ended | | Nine months period ended | |
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| | | ----- Rupees '000 ----- | | | |
| Finished goods at beginning of the period | Note | 358,586 | 346,775 | 302,797 | 165,813 |
| Cost of goods manufactured | 10.1 | 709,488 | 1,442,573 | 2,253,169 | 4,206,008 |
| Purchases - trading goods | | 475,790 | 226,497 | 920,167 | 387,546 |
| | | 1,185,278 | 1,669,070 | 3,173,336 | 4,593,554 |
| | | 1,543,864 | 2,015,845 | 3,476,133 | 4,759,367 |
| Finished goods at end of the period | | (362,821) | (401,575) | (362,821) | (401,575) |
| | | 1,181,043 | 1,614,270 | 3,113,312 | 4,357,792 |
| 10.1 Cost of goods manufactured | | | | | |
| Raw materials and components consumed | | 645,550 | 1,277,407 | 1,843,386 | 3,706,140 |
| Factory overheads | | 63,938 | 165,166 | 409,783 | 499,868 |
| | | 709,488 | 1,442,573 | 2,253,169 | 4,206,008 |

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

| Name | Nature of transaction | Un-audited --Nine months period ended-- | |
|--|--|---|--|
| | | March 31, 2018 | March 31, 2017 |
| ----- Rupees '000 ----- | | | |
| (i) Ultimate Holding Company | | | |
| Bibojee Services (Private) Limited - 62.32% shares held in the Holding Company | Rent Dividend | 9,000 140,232 | 10,380 140,232 |
| (ii) Associated Companies | | | |
| The General Tyre and Rubber Company of Pakistan Limited | Purchase of tyres | 24,687 | 53,278 |
| Ghandhara Industries Limited - 24.25% shares held by the Holding Company | Contract assembly charges Body fabrication Sale of parts Purchase of parts Office rent Dividend income Reimbursement of expenses | 579,337 - 6 16 1,980 77,493 1,003 | 292,839 676 1,056 8 1,320 51,662 356 |
| Janana De Malucho Textile Mills Limited | Reimbursement of expenses | 1,256 | 763 |
| Gammon Pakistan Limited | Office rent | 2,250 | 2,250 |
| (iii) Others | | | |
| UD Trucks Corporation, Japan | Royalty Dividend Purchases of complete knock down kits | - 18,235 - | 11,312 18,235 2,009,252 |
| Staff provident fund | Contribution made | 6,058 | 5,446 |
| Staff gratuity fund | Contribution made | 13,427 | 40,425 |
| Key management personnel | Remuneration and other short term benefits | 58,520 | 55,799 |

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

11.2 Period / year end balances are as follows:

| | | (Un-Audited) March 31, 2018 | (Audited) June 30, 2017 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- Rupees '000 ----- | |
| Receivables from related parties | | | |
| Long term loans | | 650 | 1,100 |
| Trade debts | | 50,555 | 28,578 |
| Loan and advances | | 600 | 821 |
| Deposits and prepayments | | 10,105 | 708 |
| Payable to related parties | | | |
| Trade and other payables | | 39,240 | 40,785 |

These are in the normal course of business and are settled in ordinary course of business.

12. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange 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 consolidation financial statement for the year ended June 30, 2017.

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

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

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended March 31, 2018

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2017, whereas, the consolidated condensed interim statement of profit and loss account and other comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity have been compared with the balances of comparable period of consolidated condensed interim financial information of the Company for the nine months period ended March 31, 2017. In order to fulfill the requirements of the Act, following corresponding figures have been rearranged and reclassified for better presentation:

| Reclassified from component | Reclassified to component | June 30, 2017 ----- Rupees '000 ----- |
|--|--|--|
| Surplus on revaluation of fixed assets (out of equity) | with in equity (included as partof total equity as capital reserve) | 1,389,904 |
| Unclaimed dividend (trade and other payables) | as separate line item on the face of statement of financial position | 7,732 |

However there is no impact of above reclassifications on total assets and profit of the Company, therefore balance sheet as at July 1, 2016 has not been presented.

14. DATE OF AUTHORIZATION

This consolidated condensed interim financial information was authorized for issue on April 24, 2018 by the Board of Directors of the Holding Company.



Ahmed Kuli Khan Khattak
Chief Executive Officer



Muhammad Zia
Director



Muhammad Umair
Chief Financial Officer

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