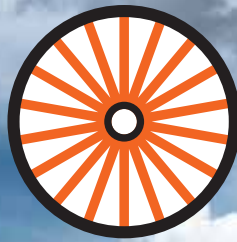


# HALF YEARLY REPORT

DECEMBER 31, 2019 (Un-audited)



**GHANDHARA  
NISSAN  
LIMITED**



## CONTENTS

- |   |  |
|---|--|
| <b>02</b> Company Profile   | <b>20</b> Directors' Report on Consolidated Condensed Interim Financial Statements (English)                           |
| <b>04</b> Directors' Report on Condensed Interim Financial Statements (English)                           | <b>21</b> Directors' Report on Consolidated Condensed Interim Financial Statements (Urdu)                              |
| <b>06</b> Directors' Report on Condensed Interim Financial Statements (Urdu)                              | <b>22</b> Consolidated Condensed Interim Statement of Financial Position   |
| <b>07</b> Independent Auditors' Review Report to the Members of Ghandhara Nissan Limited                  | <b>24</b> Consolidated Condensed Interim Statement of Profit or Loss account & other comprehensive income (Un-audited) |
| <b>08</b> Condensed Interim Statement of Financial Position   | <b>25</b> Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)                                   |
| <b>10</b> Condensed Interim Statement of Profit or Loss account & other comprehensive income (Un-audited) | <b>26</b> Consolidated Condensed Interim Statement of Cash Flows (Un-audited)  |
| <b>11</b> Condensed Interim Statement of Changes in Equity (Un-audited)                                   | <b>27</b> Notes to the Consolidated Condensed Interim Financial Statements   |
| <b>12</b> Condensed Interim Statement of Cash Flows (Un-audited)  |  |
| <b>13</b> Notes to the Condensed Interim Financial Statements   |  |



## Company Profile

### Board of Directors

Mr. Raza Kuli Khan Khattak  
Lt. Gen. (Retd.) Ali Kuli Khan Khattak  
Mr. Ahmad Kuli Khan Khattak  
Mrs. Shahnaz Sajjad Ahmad  
Mr. Mohammad Zia  
Syed Haroon Rashid  
Mr. Muhammad Saleem Baig  
Mr. Polad Merwan Polad  
Mr. Salman Rasheed (FCA)  
Mr. Muhammad Jawaid Iqbal (CFA)

Chairman  
President  
Chief Executive Officer

### Company Secretary

Mr. Muhammad Sheharyar Aslam

### Chief Financial Officer

Mr. Muhammad Umair

### Registered Office

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

### Factory

Truck / Car Plants  
Port Bin Qasim, Karachi

### Regional Offices

First Floor, Laban's Arcade  
Main Canal Road, Lahore

400/2, Gammon House  
Peshawar Road  
Rawalpindi Cantt.

### 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  
Standard Chartered Bank (Pakistan) Limited  
Industrial & Commercial Bank of China  
The Bank of Punjab  
The Bank of Khyber  
Askari Commercial Bank Limited  
Meezan Bank Limited - (Shariah)  
Bank Al Habib Limited  
Bank Alfalah Islamic - (Shariah)  
Al Baraka Bank (Pakistan) Limited - (Shariah)  
JS Bank Limited  
Samba Bank Limited

### Audit Committee

Mr. Polad Merwan Polad	Chairman
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member
Mr. Salman Rasheed (FCA)	Member
Mr. Muhammad Zia	Member
Mr. Muhammad Saleem Baig	Member

### Human Resource & Remuneration Committee

Mr. Muhammad Jawaid Iqbal	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Mrs. Shahnaz Sajjad Ahmad	Member
Mr. Mohammad Zia	Member
Mr. Polad Merwan Polad	Member





**Auditors**

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

**NTN:**

0802990-3

**Share Registrars**

CDC Share Registrar Services Limited  
CDC House, 99-B, Block- `B` ,  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi-74400

**Sales Tax Registration No:**

12-03-8702-001-46

**Legal & Tax Advisors**

M/s. Khalid Anwer & Co.  
Advocate & Legal Consultants,  
153-K, Sufi Street, Block II,  
PECHS, Karachi-75500

M/s. Shekha & Mufti  
Chartered Accountants  
C-253, PECHS., Block 6  
Off Shakrah-e-Faisal  
Karachi.





## Directors' Report

Your Directors are pleased to present the half yearly report alongwith the unaudited condensed interim financial statements of Ghandhara Nissan Limited for the half year ended December 31, 2019.

### Auto-Sector

Due to significant increase in discount rates, rising energy tariffs and aggressive revenue collection measures set by FBR, the overall confidence amongst businesses and consumers remained weak. They have struggled to preserve their purchasing power, causing the industrial sector to continue its decline. Particularly auto-sector struggled with inventory build-ups amid rising input costs, thereby facing significant increase in bank borrowings and accordingly increase in financial cost. This, together with steep fall in sales volumes, has dented the performance of automobile sector in particular which is striving hard to minimize losses.

As per PAMA, sales volumes of auto industry for heavy commercial vehicles (HCVs) were 1,691 units during HY 2019-20 as compared to 3,225 units during HY 2018-19 showing a decline of 48%. Similarly, for light commercial vehicles (LCVs), sales were 6,634 units during HY 2019-20 as compared to 12,657 units during HY 2018-19 showing a decline of 48%.

### Financial Results of the Company

The turnover has decreased to Rs.861.7 million during current period from Rs.1,221.9 million in the corresponding period of previous year. The gross profit has decreased to Rs.42.5 million from Rs.233.3 million.

The Company has made an after tax loss of Rs.69.1 million as against profit after tax of Rs.129.0 million in the corresponding period. Loss per share of the company is Rs.1.21 as compared to earning of Rs.2.26 per share during corresponding period of previous year.

### Reasons for the Loss

The main reason of loss during the period is significant drop in sales and contract assembly volumes. This has resulted in under-absorption of factory overheads due to which gross profit has declined substantially. Moreover, the decline in gross profit is also attributable to increase in depreciation charge during current period owing to revaluation conducted during FY 2019.

### Related Party Transactions

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

### Future Outlook

Going forward, the business sentiments are unlikely to witness a considerable positivity in the near future. However, we expect some improvement in economic activities from next financial year as a result of expected initiation of majority of Government's PSDP projects, implementation of Government's business friendly policies, reduction in discount rates and exchange rate stability. Owing to these improvements, we hope to recover the losses during second half of the year 2020.

The directors are 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

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Muhammad Jawaid Iqbal  
Director

Karachi

Dated: February 19, 2020





## خسارے کی وجوہات

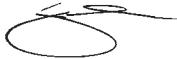
مدت کے دوران خسارے کی بنیادی وجہ فروخت اور کنٹریکٹ اسمبلی کے حجم میں نمایاں کمی ہے۔ اس کا نتیجہ فیکٹری کے لازمی اخراجات (اورور ہیڈز) کے کم جذب ہونے کی شکل میں سامنے آیا جس سے مجموعی منافع میں نمایاں کمی واقع ہوئی ہے۔ اس کے علاوہ مالی سال 2019 کے دوران دوبارہ کی گئی قدر پیمائی کے نتیجے میں فرسودگی چارج میں اضافہ بھی مجموعی منافع میں کمی کی ایک وجہ ہے۔

## مستقبل کی توقعات

مستقبل میں آگے بڑھتے ہوئے، قریب میں نمایاں مثبت کاروباری کامیابیوں کا امکان نہیں ہے۔ تاہم، حکومت کے پبلک سیکٹر ڈیولپمنٹ پروگرامز کے متوقع آغاز، حکومت کی کاروبار دوست پالیسیوں کے نفاذ، شرح سود میں کمی اور شرح مبادلہ کے استحکام کے نتیجے میں ہم آئندہ مالی سال سے معاشی سرگرمیوں میں کچھ بہتری کی امید رکھتے ہیں۔ اس بہتری کی بدولت ہم مالی سال 2020 کے دوسرے نصف حصے کے دوران خساروں میں کمی کی امید رکھتے ہیں۔

ڈائریکٹرز مسلسل سرپرستی اور معاونت پر نرسپلز، صارفین، وینڈرز، بینکرز اور دیگر کاروباری ساتھیوں کے شکرگزار ہیں۔

برائے و مخائب بورڈ آف ڈائریکٹرز

  
محمد جاوید اقبال  
ڈائریکٹر

  
احمد قاسمی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 19 فروری 2020



## ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو ختم ہونے والی ششماہی رپورٹ کے لیے گندھارا انسان لمیٹڈ کے غیر پڑتال شدہ مختصر عبوری مالیاتی گوشواروں کے ہمراہ ڈائریکٹرز رپورٹ پیش خدمت ہے۔

### آؤسیکٹر

شرح سود میں میں نمایاں اضافے، بجلی کے بڑھتے نرخوں اور ایف بی آر کی طرف سے مقرر کردہ ریوینیو وصولی کے جارحانہ اقدامات کی وجہ سے کاروباری افراد اور صارفین میں مجموعی اعتماد کمزور رہا۔ انہیں اپنی قوت خرید برقرار رکھنے میں مشکل پیش آئی ہے جس کے نتیجے میں صنعتی شعبے کی تنزلی کا سلسلہ جاری رہا۔ خاص طور پر آؤسیکٹر کو بڑھتی ہوئی پیداواری لاگتوں کے ساتھ تیار گاڑیوں کے اسٹاک کی مجموعی تعداد میں اضافے اور اس طرح بینکوں کے قرضہ جات اور اسی کے مطابق مالیاتی لاگتوں میں نمایاں اضافے کا سامنا کرنا پڑا۔ اس نے، فروخت کے حجم میں تیزی سے کمی کے ساتھ آؤسیکٹر کی کارکردگی کو خصوصی طور پر نقصان پہنچایا جو خساروں کو کم سے کم رکھنے کے لیے سخت جدوجہد کر رہا ہے۔

PAMA کے مطابق، بھاری تجارتی گاڑیوں (HCVs) کے لئے آؤسیکٹر کی فروخت کا حجم 19-2018 کے نصف سال کے دوران 3,225 کے مقابلے میں مالی سال 2019-20 کے نصف سال میں 1,691 یونٹ رہا اور اس طرح 48% کمی دیکھنے میں آئی۔ اسی طرح لائٹ کمرشل گاڑیوں (LCVs) کی فروخت کا حجم 19-2018 کے نصف سال کے دوران 12,657 کے مقابلے میں مالی سال 2019-20 کے نصف سال میں 6,634 یونٹ رہا اور اس طرح 48% کمی آئی۔

### کمپنی کے مالی نتائج

پچھلے سال کی اسی مدت میں 1,221.9 ملین روپے کے مقابلے میں موجودہ مدت کے دوران فروخت 861.7 ملین روپے رہی ہے۔ اسی طرح مجموعی منافع 233.3 ملین روپے سے 42.5 ملین روپے رہا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 129.0 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں اس سال 69.1 ملین روپے بعد از ٹیکس نقصان کیا ہے۔

اس دوران کمپنی کا فی شیئر نقصان گزشتہ سال اسی مدت میں 2.26 روپے فی شیئر آمدنی کے مقابلے میں 1.21 روپے رہا ہے۔





**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

Karachi Chambers,  
Hasrat Mohani Road, Karachi.  
Tel: +92 21 32412754, 32411474  
FAX: +92 21 32424835  
Email: khl@hccpk.com

Principal Office:  
HM House,  
7-Bank Square, Lahore.  
Tel: +92 42 37235084-87  
Fax: +92 42 37235083  
Email: lhr@hccpk.com  
www.hccpk.com

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF  
GHANDHARA NISSAN LIMITED**

**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statements of financial position of **Ghandhara Nissan Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statements of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

**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 statement 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Raheel Ahmed.

*ShineWing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
**KARACHI;**

Dated: February 19, 2020

a member firm of *ShineWing* International

**Praxity™**  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS





**Condensed Interim Statement of Financial Position**

As at December 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	4,085,570	3,912,436
Intangible assets		2,220	2,537
Long term investments		222,906	222,906
Long term loans		9,338	10,141
Long term deposits		19,474	13,368
Due from Subsidiary Company		642,749	650,757
		<u>4,982,257</u>	<u>4,812,145</u>
<b>Current assets</b>			
Stores, spares and loose tools		121,660	124,506
Stock-in-trade		1,055,414	1,069,654
Trade debts - net		247,817	252,479
Loans and advances		22,583	28,589
Deposits and prepayments		32,609	19,459
Investments		190,000	389,325
Other receivables		167,444	161,325
Accrued interest / mark-up		28,606	27,527
Taxation - net		99,763	62,870
Bank balances		183,773	150,109
		<u>2,149,669</u>	<u>2,285,843</u>
<b>Total assets</b>		<u><u>7,131,926</u></u>	<u><u>7,097,988</u></u>



**Condensed Interim Statement of Financial Position**

As at December 31, 2019

	Un-audited December 31, 2019	Audited June 30, 2019
	----- Rupees in '000 -----	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised capital		
- 80,000,000 (June 30, 2019: 80,000,000) ordinary shares of Rs.10 each	800,000	800,000
Issued, subscribed and paid-up capital		
- 57,002,500 (June 30, 2019: 57,002,500) ordinary shares of Rs.10 each	570,025	570,025
<b>Capital reserve</b>		
- share premium	1,102,721	1,102,721
- surplus on revaluation of fixed assets	2,242,326	2,261,358
	3,345,047	3,364,079
<b>Revenue reserve - unappropriated profit</b>	2,099,794	2,149,861
<b>Total equity</b>	6,014,866	6,083,965
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Lease liabilities	74,173	44,767
Long term deposits	9,111	8,611
Deferred taxation	347,705	354,312
	430,989	407,690
<b>Current liabilities</b>		
Trade and other payables	470,884	381,201
Accrued mark-up	18,494	22,287
Short term borrowings	162,730	173,670
Current portion of lease liabilities	23,359	18,564
Unclaimed dividend	10,604	10,611
	686,071	606,333
<b>Total liabilities</b>	1,117,060	1,014,023
<b>Contingencies and commitments</b>	6	
<b>Total equity and liabilities</b>	7,131,926	7,097,988

The annexed notes from 1 to 11 form an integral part of this condensed interim financial statements.

Ahmad Kuli Khan Khattak  
Chief Executive OfficerMuhammad Jawaid Iqbal  
DirectorMuhammad Umair  
Chief Financial Officer



## Condensed Interim Statement of Profit or Loss and other Comprehensive Income (Un-audited)

For The Six Months Period Ended December 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
----- Rupees in '000 -----					
Revenue - net		387,993	590,933	861,734	1,221,962
Cost of sales	7	(374,729)	(511,060)	(819,199)	(988,628)
<b>Gross profit</b>		<b>13,264</b>	<b>79,873</b>	<b>42,535</b>	<b>233,334</b>
Distribution cost		(14,798)	(22,139)	(31,400)	(34,264)
Administrative expenses		(65,741)	(73,715)	(119,882)	(127,474)
Other income		38,476	120,535	80,689	171,945
Other expenses		-	(321)	-	(13,207)
<b>(Loss) / profit from operations</b>		<b>(28,799)</b>	<b>104,233</b>	<b>(28,058)</b>	<b>230,334</b>
Finance cost		(24,337)	(56,486)	(34,495)	(60,218)
<b>(Loss) / profit before taxation</b>		<b>(53,136)</b>	<b>47,747</b>	<b>(62,553)</b>	<b>170,116</b>
Taxation		(661)	(7,806)	(6,546)	(41,072)
<b>(Loss) / profit after taxation</b>		<b>(53,797)</b>	<b>39,941</b>	<b>(69,099)</b>	<b>129,044</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(53,797)</b>	<b>39,941</b>	<b>(69,099)</b>	<b>129,044</b>
----- Rupees -----					
<b>(Loss) / earnings per share - basic and diluted</b>		<b>(0.94)</b>	<b>0.70</b>	<b>(1.21)</b>	<b>2.26</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial statements.

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Muhammad Jawaid Iqbal  
Director

  
Muhammad Umair  
Chief Financial Officer






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


For The Six Months Period Ended December 31, 2019

	Share capital	Subscription money against right issue	-----Capital reserve-----		Revenue Reserve Unappropriated profit	Total
			Share premium	Surplus on revaluation of fixed assets		
----- Rupees in '000 -----						
Balance as at July 1, 2018 (audited)	450,025	1,054,319	40,000	972,241	2,151,296	4,667,881
<b>Transactions with owners, recognised directly in equity</b>						
Subscription money received	-	131,694	-	-	-	131,694
Issuance cost	-	(3,292)	-	-	-	(3,292)
	-	128,402	-	-	-	128,402
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-
<b>Total comprehensive income for the six months period ended December 31, 2018</b>						
Profit for the period	-	-	-	-	129,044	129,044
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	129,044	129,044
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(6,055)	6,055	-
<b>Balance as at December 31, 2018 (un-audited)</b>	<b>570,025</b>	<b>-</b>	<b>1,102,721</b>	<b>966,186</b>	<b>2,286,395</b>	<b>4,925,327</b>
Balance as at July 1, 2019 (audited)	570,025	-	1,102,721	2,261,358	2,149,861	6,083,965
<b>Total comprehensive loss for the six months period ended December 31, 2019</b>						
Loss for the period	-	-	-	-	(69,099)	(69,099)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(69,099)	(69,099)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(19,032)	19,032	-
<b>Balance as at December 31, 2019 (un-audited)</b>	<b>570,025</b>	<b>-</b>	<b>1,102,721</b>	<b>2,242,326</b>	<b>2,099,794</b>	<b>6,014,866</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial statements.

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Muhammad Jawaid Iqbal  
Director

  
Muhammad Umair  
Chief Financial Officer

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

For The Six Months Period Ended December 31, 2019

	December 31, 2019	December 31, 2018
----- Rupees in '000 -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(62,553)	170,116
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	69,770	54,273
Provision for gratuity	6,707	5,051
Interest income	(69,379)	(46,509)
Dividend income	-	(82,633)
Unrealised gain on investments at fair value through profit or loss	-	(24,620)
Realised gain on investment at fair value through profit or loss	(5,453)	-
Finance cost	34,495	60,218
Exchange (gain) / loss - net	(432)	599
Operating (loss) / profit before working capital changes	(26,845)	136,495
Decrease / (increase) in current assets:		
Stores, spares and loose tools	2,846	5,652
Stock-in-trade	14,240	(53,357)
Trade debts	4,662	(149)
Loans and advances	6,006	30,510
Deposit and prepayments	(13,150)	(54,754)
Other receivables	(6,119)	(41,119)
	8,485	(113,217)
Increase in trade and other payables	101,725	49,455
Cash generated from operations	83,365	72,733
Gratuity paid	(18,317)	(12,320)
Long term loans - net	803	363
Long term deposits - net	(6,106)	(237)
Finance cost paid	(38,288)	(59,312)
Taxes paid	(50,046)	(106,181)
Net cash used in operating activities	(28,589)	(104,954)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(195,572)	(380,007)
Proceeds from disposal of property, plant and equipment	-	1,271
Interest income received	68,300	43,915
Dividend received	-	82,633
Due from Subsidiary Company - net	8,008	(1,422)
Short term investment - net	204,778	(1,066,228)
Net cash generated from / (used in) investing activities	85,514	(1,319,838)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities - net	(12,814)	(15,485)
Long term deposits received / (paid)	500	(1,000)
Short term borrowings - net	(10,940)	242,205
Dividend paid	(7)	(38)
Subscription money against right issue	-	128,402
Net cash (used in) / generated from financing activities	(23,261)	354,084
Net increase / (decrease) in cash and cash equivalents	33,664	(1,070,708)
Cash and cash equivalents - at beginning of the period	150,109	1,314,660
Cash and cash equivalents - at end of the period	183,773	243,952

The annexed notes from 1 to 11 form an integral part of this condensed interim financial statements.

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive Officer

  
**Muhammad Jawaid Iqbal**  
 Director

  
**Muhammad Umair**  
 Chief Financial Officer



## Notes to the Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

### 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 Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. The Company's shares are listed on Pakistan Stock Exchange Limited.

The principal business of the Company is assembly / progressive manufacturing of vehicles including JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved 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 Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

### 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2019, except for the adoption of new and amended accounting standards effective as of July 1, 2019.

#### New and amended standards adopted by the Company

IFRS 16 'Leases' - is effective for periods beginning from or after January 01, 2019 and replaces the previous lease standard: IAS 17 'Leases'. It primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right to use assets and records lease liabilities for leases - i.e. these leases are on the statement of financial position.

In case of previously recognised finance leases, the Company now transferred lease assets from operating fixed assets and separately presents as right to use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns (Note 5.1 and 5.2), while the Company is already presenting its related lease liabilities as a separate line item in the statement of financial position.

## Notes to the Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

In case of initial application regarding previously recognised operating leases, the Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss. Accordingly, initial application of IFRS 16 did not have any impact on these condensed interim financial statements.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

- 3.2** Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.3** The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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, 2019.

#### 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees in '000 -----	
Operating fixed assets	5.1	3,503,387	3,620,513
Right to use assets	5.2	100,479	-
Capital work-in-progress		481,704	291,923
		<u>4,085,570</u>	<u>3,912,436</u>
<b>5.1 Operating fixed assets</b>			
Book value at beginning of the period / year		3,620,513	1,941,094
Transfer to right to use asset	5.2	(62,355)	-
Additions during the period / year	5.1.1	5,791	382,784
Revaluation adjustments		-	1,431,103
Disposals costing Rs. Nil (June 30, 2019: Rs.33,207 thousand) - at book value		-	(15,084)
Depreciation charge for the period / year		<u>(60,562)</u>	<u>(119,384)</u>
Book value at end of the period / year		<u>3,503,387</u>	<u>3,620,513</u>

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For The Six Months Period Ended December 31, 2019

5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:	Un-audited December 31, 2019	Audited June 30, 2019
Note	----- Rupees in '000 -----	
Buildings on freehold land	780	8,489
Buildings on leasehold land	-	93,745
Leasehold improvements	-	42,455
Plant and machinery	2,529	174,253
Assembly Jigs	590	-
Furniture and fixtures	29	25,923
Vehicles		
- owned	-	15,029
- leased	-	19,607
Other equipment	1,229	1,692
Office equipment	134	690
Computers	500	901
	<u>5,791</u>	<u>382,784</u>
<b>5.2 Right to use assets</b>		
Amount transferred from own assets	5.1 62,355	-
Additions during the period	47,015	-
Depreciation charged during the period	(8,891)	-
Net book value at end of the period	<u>100,479</u>	<u>-</u>

**6. CONTINGENCIES AND COMMITMENTS**

- 6.1 There is no material 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, 2019.
- 6.2 Commitment in respect of irrevocable letters of credit as at December 31, 2019 aggregate to Rs.60,401 thousand (June 30, 2019: Rs.31,941 thousand).
- 6.3 Guarantees aggregating Rs.19,490 thousand (June 30, 2019: Rs.6,490 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.254,400 thousand (June 30, 2019: Rs.466,100 thousand) to the commercial banks against banking facilities utilised by the Subsidiary Company.

**7. COST OF SALES**

	Note	-----Un-audited-----			
		Three months period ended December 31,		Six months period ended December 31,	
		2019	2018	2019	2018
		----- Rupees in '000 -----			
Finished goods at beginning of the period		800,521	591,069	833,003	378,552
Cost of goods manufactured	7.1	381,394	224,516	766,509	798,490
Purchases - trading goods		74,827	289,144	101,700	405,255
		<u>456,221</u>	<u>513,660</u>	<u>868,209</u>	<u>1,203,745</u>
		1,256,742	1,104,729	1,701,212	1,582,297
Finished goods at end of the period		(882,013)	(593,669)	(882,013)	(593,669)
		<u>374,729</u>	<u>511,060</u>	<u>819,199</u>	<u>988,628</u>



## Notes to the Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

		-----Un-audited-----			
		Three months period ended December 31,		Six months period ended December 31,	
		2019	2018	2019	2018
		----- Rupees in '000 -----			
<b>7.1</b>	<b>Cost of goods manufactured</b>				
	Raw materials and parts consumed	208,580	17,078	440,414	440,796
	Factory overheads	172,814	207,438	326,095	357,694
		<u>381,394</u>	<u>224,516</u>	<u>766,509</u>	<u>798,490</u>

### 8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, the Subsidiary Company, Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit plans, key management personnel and close members of the families of the directors & key management personnel. The Company in the normal course of business carries out transactions with various related parties and are settled in ordinary course of business. Significant transactions with and balance of related parties are as follows:

		--- Un-audited ---	
		Six months period ended December 31,	
		2019	2018
		--- Rupees in '000 ---	
Related party name along with relation	Nature of transaction		
<b>(i) Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	3,000	3,000
	Subscription money against right issue	-	81,734
	Issue of right shares including premium	-	757,530
<b>(ii) Subsidiary Company</b>			
Ghandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	45,981	151,574
	Purchase of parts	2	25
	Sale of parts	983	45
	Receipts against long term advances - net	7,983	-
	Long term advances given - net	-	1,422
	Interest income	54,063	39,953
	Guarantee commission	2,182	7,389
<b>(iii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Company (8.1)	Contract assembly charges	255,949	396,659
	Purchase of parts	50	32
	Head office rent	1,597	1,430
	Dividend Income	-	63,432
	Bonus shares received	-	40,060
	Reimbursement of expenses	444	25
The General Tyre and Rubber Company of Pakistan (8.1)	Purchase of tyres, tubes and flaps	3,213	19
Gammon Pakistan Limited (8.1)	office rent	1,500	1,500
Janana De Malucho Textile Mills Limited (8.1)	Reimbursement of expenses	1,077	834

**Notes to the Condensed Interim Financial Statements (Un-audited)**

For The Six Months Period Ended December 31, 2019

Related party name along with relation	Nature of transaction	--- Un-audited ---	
		Six months period ended December 31, 2019	2018
--- Rupees in '000 ---			
<b>(iv) Others</b>			
Staff provident fund	Contribution made	5,461	4,681
Staff gratuity fund	Contribution made	18,317	12,320
Key management personnel	Remuneration and other short term benefits	43,029	43,468
	Issue of right shares including premium	-	5,288

8.1 Associated company by virtue of common directorship.

8.2 Period / year end balances are as follows:

	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----		
<b>Debit balances / receivables from related parties</b>		
Long term investments	222,906	222,906
Long term loans	56	1,723
Trade debts	99,364	101,006
Loan and advances	1,108	1,996
Deposits and prepayments	750	-
Other receivables	820	1,834
Accrued interest / mark-up	28,309	27,230
<b>Payable to related parties</b>		
Trade and other payables	51,814	60,861

**9. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2019.

**10. CORRESPONDING FIGURES**

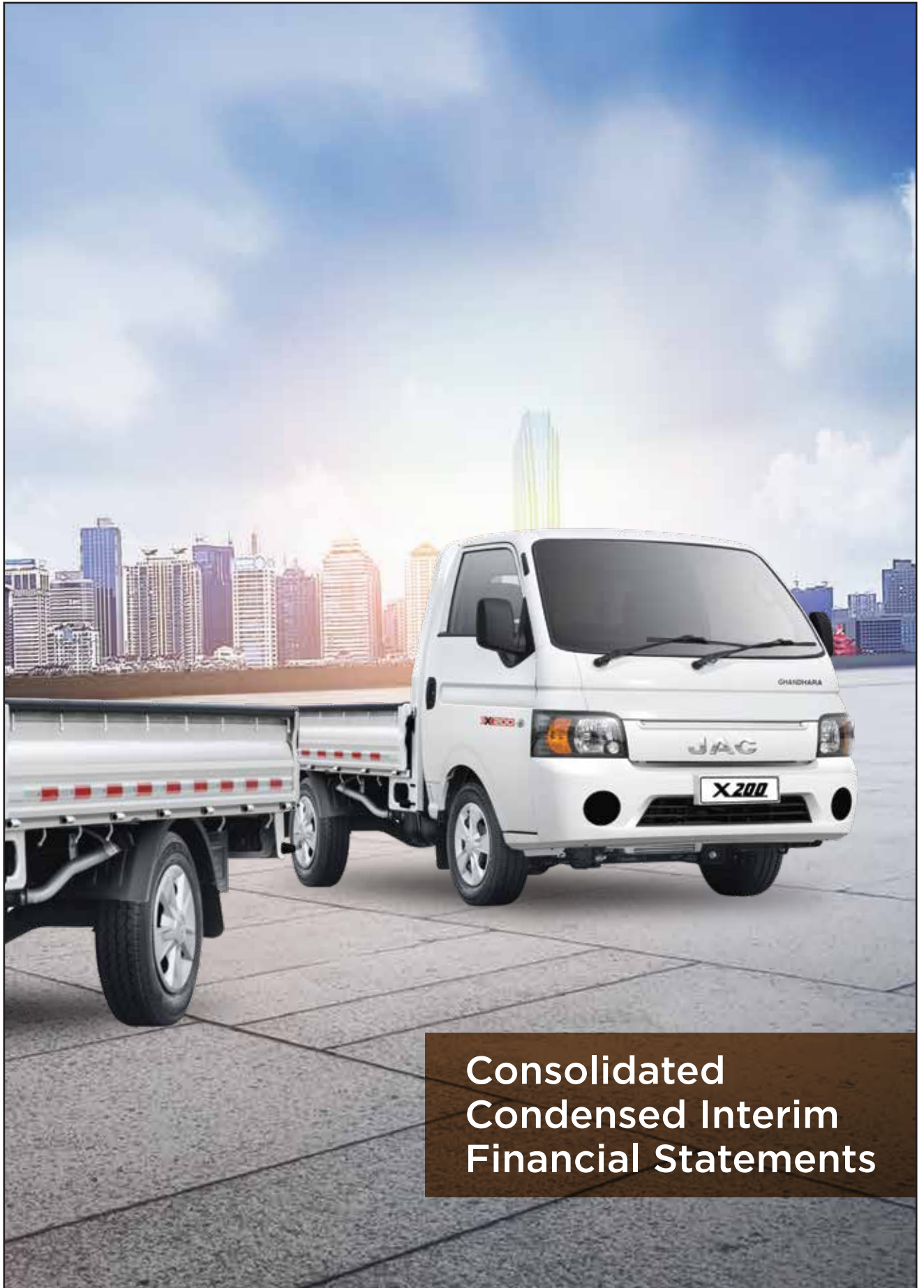
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2019, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended December 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

**11. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial statements were authorised for issue on February 19, 2020 by the Board of Directors of the Company.

Ahmad Kuli Khan Khattak  
Chief Executive OfficerMuhammad Jawaid Iqbal  
DirectorMuhammad Umair  
Chief Financial Officer





**Consolidated  
Condensed Interim  
Financial Statements**



## Directors' Report

The directors are pleased to present their report together with un-audited consolidated condensed interim financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Private) Limited for the half year ended December 31, 2019.

The financial results for the half year ended December 31, 2019 are summarized below:-

	December 31, 2019	December 31, 2018
	----- Rupees in '000 -----	
Revenue	1,463,499	3,909,288
Gross Profit	137,213	576,834
Operating (Loss)/ Profit	(28,008)	415,032
Net (Loss)/ Profit after Tax	(190,198)	313,412

The main reasons of loss during the period are reduction in sales volumes, increase in finance cost and share of loss accounted for an associated company under Equity method.

As a result of soaring interest rate, costlier energy and fuel and aggressive collection measures taken by FBR, the economic activities have remained slow, thus auto-sector has shown continued declining trend.

Going forward, with the expected stability in macro-economic situation, together with Government's planned infrastructure development projects, we are hopeful of steady improvement in financial performance of the group in the light of established Dongfeng and JAC business alongwith Renault trucks.

For and on behalf of the Board of Directors

Ahmad Kuli Khan Khattak  
Chief Executive Officer

Muhammad Jawaid Iqbal  
Director

Karachi

Dated: February 19, 2020



## ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو ختم ہونے والی ششماہی رپورٹ کے لیے گندھارا انسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے غیر پڑتال شدہ مجموعی مختصر عبوری مالیاتی گوشواروں کے ہمراہ ڈائریکٹرز رپورٹ پیش خدمت ہے۔

31 دسمبر 2019 کو ختم ہونے والی ششماہی رپورٹ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:


31 دسمبر 2018	31 دسمبر 2019	
3,909,288	1,463,499	آمدنی
576,834	137,213	مجموعی منافع
415,032	(28,008)	آپریٹنگ (نقصان) / منافع
313,412	(190,198)	بعد از ٹیکس خالص (نقصان) / منافع


فروخت کے حجم میں کمی، مالیاتی لاگتوں میں اضافہ اور حصہ داری کے طریقہ کار (ایکویٹی میٹھڈ) کے تحت متعلقہ کمپنی کے خسارے میں شمولیت اس مدت کے دوران خسارے کی بنیادی وجوہات ہیں۔

سود کی بڑھی ہوئی شرح، انتہائی مہنگی بجلی اور ایندھن اور ایف بی آر کی طرف سے محصولات وصولی کے جارحانہ اقدامات کے نتیجے میں اقتصادی سرگرمیاں مندی کا شکار ہیں، لہذا آٹو سیکٹر کا پستی کی طرف رجحان جاری رہا۔

مستقبل میں آگے بڑھتے ہوئے حکومت کے انفراسٹرکچر سے متعلق ترقیاتی منصوبوں کے ساتھ مجموعی معاشی صورتحال میں متوقع استحکام کی روشنی میں ریٹائٹ ٹرس کے ساتھ ڈونگ فینگ اور جے اے سی کاروبار کے قیام کی بدولت ہم گروپ کی مالیاتی کارکردگی میں مستحکم بہتری کے لیے پُر امید ہیں۔

برائے و منجانب بورڈ آف ڈائریکٹرز

  
محمد جاوید اقبال  
ڈائریکٹر

  
احمد قلی خان خٹک  
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 19 فروری 2020

**Consolidated Condensed Interim Statement of Financial Position**

As at December 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	4,106,509	3,927,906
Intangible assets		2,323	2,654
Long term investments	7	891,904	915,674
Long term loans		15,757	14,941
Long term deposits		33,164	26,680
		<u>5,049,657</u>	<u>4,887,855</u>
<b>Current assets</b>			
Stores, spares and loose tools		121,660	124,506
Stock-in-trade		1,755,349	2,127,741
Trade debts - net		923,440	987,340
Loans and advances		24,025	33,171
Deposits and prepayments		43,748	26,408
Investments		193,347	392,878
Other receivables		234,079	307,916
Taxation - net		460,220	417,107
Cash and bank balances		283,876	202,173
		<u>4,039,744</u>	<u>4,619,240</u>
<b>Total assets</b>		<u><u>9,089,401</u></u>	<u><u>9,507,095</u></u>



**Consolidated Condensed Interim Statement of Financial Position**

As at December 31, 2019

	Un-audited December 31, 2019	Audited June 30, 2019
Note	----- Rupees in '000 -----	
<b>EQUITY AND LIABILITIES</b>		
<i>Share capital and reserves</i>		
Authorised capital		
- 80,000,000 (June 30, 2019: 80,000,000)		
ordinary shares of Rs.10 each	<u>800,000</u>	<u>800,000</u>
Issued, subscribed and paid-up capital		
- 57,002,500 (June 30, 2019: 57,002,500)		
ordinary shares of Rs.10 each	<u>570,025</u>	<u>570,025</u>
<b>Capital reserve</b>		
- share premium	1,102,721	1,102,721
- surplus on revaluation of fixed assets	2,592,081	2,574,149
- Items directly credited to equity by an Associate	72,549	71,811
	<u>3,767,351</u>	<u>3,748,681</u>
<b>Revenue reserve</b> - unappropriated profit	<u>2,963,638</u>	<u>3,134,966</u>
Equity attributable to shareholders of the Holding Company	<u>7,301,014</u>	<u>7,453,672</u>
Non-controlling interest	<u>52</u>	<u>58</u>
<b>Total equity</b>	<u>7,301,066</u>	<u>7,453,730</u>
<i>Liabilities</i>		
<b>Non current liabilities</b>		
Lease liabilities	102,781	71,017
Long term deposits	9,111	8,611
Deferred taxation	341,269	347,784
	<u>453,161</u>	<u>427,412</u>
<b>Current liabilities</b>		
Trade and other payables	581,065	647,970
Accrued mark-up	37,738	41,486
Short term borrowings	662,321	875,673
Current portion of Lease liabilities	43,446	50,213
Unclaimed dividend	10,604	10,611
	<u>1,335,174</u>	<u>1,625,953</u>
<b>Total liabilities</b>	<u>1,788,335</u>	<u>2,053,365</u>
<b>Contingencies and commitments</b>	8	
<b>Total equity and liabilities</b>	<u>9,089,401</u>	<u>9,507,095</u>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial statements.

Ahmad Kuli Khan Khattak  
Chief Executive OfficerMuhammad Jawaid Iqbal  
DirectorMuhammad Umair  
Chief Financial Officer



## Consolidated Condensed Interim Statement of Profit or Loss and other Comprehensive Income (Un-audited)

For The Six Months Period Ended December 31, 2019

	Quarter ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note	----- Rupees in '000 -----			
Revenue - net	648,569	2,125,304	1,463,499	3,909,288
Cost of sales	(588,800)	(1,862,697)	(1,326,286)	(3,332,454)
<b>Gross profit</b>	<b>59,769</b>	<b>262,607</b>	<b>137,213</b>	<b>576,834</b>
Distribution cost	(20,857)	(28,880)	(43,341)	(47,058)
Administrative expenses	(77,856)	(84,311)	(142,646)	(145,442)
Other income	12,027	36,342	28,699	64,499
Other expenses	-	(19,745)	(7,933)	(33,801)
<b>(Loss) / profit from operations</b>	<b>(26,917)</b>	<b>166,013</b>	<b>(28,008)</b>	<b>415,032</b>
Finance cost	(48,628)	(62,482)	(84,527)	(69,536)
	(75,545)	103,531	(112,535)	345,496
<b>Share of profit / (loss) of an Associate</b>	<b>2,616</b>	<b>57,965</b>	<b>(61,304)</b>	<b>75,358</b>
<b>(Loss) / profit before taxation</b>	<b>(72,929)</b>	<b>161,496</b>	<b>(173,839)</b>	<b>420,854</b>
Taxation	(3,215)	(41,364)	(16,359)	(107,442)
<b>(Loss) / profit after taxation</b>	<b>(76,144)</b>	<b>120,132</b>	<b>(190,198)</b>	<b>313,412</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Share of associate's:				
- surplus on revaluation of fixed assets	-	-	38,344	-
- re-measurement of staff retirement benefits - net	-	-	(168)	-
- effect of change in tax rates on balance of revaluation of fixed assets	-	-	(642)	-
<b>Other comprehensive income - net</b>	<b>-</b>	<b>-</b>	<b>37,534</b>	<b>-</b>
<b>Total comprehensive (loss) / income</b>	<b>(76,144)</b>	<b>120,132</b>	<b>(152,664)</b>	<b>313,412</b>
<b>Attributable to:</b>				
- Shareholders of the Holding Company	(76,121)	120,124	(152,658)	313,395
- Non-controlling interest	(23)	8	(6)	17
	(76,144)	120,132	(152,664)	313,412
<b>(Loss) / earnings per share</b>	----- Rupees -----			
- basic and diluted	(1.34)	2.11	(3.34)	5.50

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial statements.



Ahmad Kuli Khan Khattak  
Chief Executive Officer



Muhammad Jawaid Iqbal  
Director



Muhammad Umair  
Chief Financial Officer


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

For The Six Months Period Ended December 31, 2019

	Share capital	Subscription money against right issue	Share premium	Capital Reserve			Revenue reserve	Non-controlling interest
				Surplus on revaluation of fixed assets	Items directly credited to equity by an Associate	Unappropriated profit		
	Rupees in '000							
Balance as at July 1, 2018 (audited)	450,025	1,054,319	40,000	1,286,608	70,235	2,966,287	5,867,474	44
Transactions with owners, recognised directly in equity								
Subscription money received	-	131,694	-	-	-	-	131,694	-
Issuance cost	-	(3,292)	-	-	-	-	(3,292)	-
	-	128,402	-	-	-	-	128,402	-
Issuance of right shares at premium	120,000	(1,182,721)	1,062,721	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2018	-	-	-	-	-	313,395	313,395	17
Profit for the period	-	-	-	-	-	6,749	-	-
Other comprehensive income	-	-	-	-	-	313,395	313,395	17
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(6,749)	-	-	-	-
Effect of item directly credited in equity by an Associated Company	-	-	-	(408)	408	-	-	-
Balance as at December 31, 2018 (un-audited)	570,025	-	1,102,721	1,279,451	70,643	3,286,431	6,309,271	61
Balance as at July 1, 2019 (audited)	570,025	-	1,102,721	2,574,149	71,811	3,134,966	7,453,672	58
Total comprehensive loss for the six months period ended December 31, 2019	-	-	-	-	-	(190,192)	(190,192)	(6)
Loss for the period	-	-	-	37,702	-	(168)	37,534	-
Other comprehensive income/ (loss)	-	-	-	37,702	-	(190,360)	(152,658)	(6)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(19,032)	-	19,032	-	-
Effect of item directly credited in equity by an Associated Company	-	-	-	(738)	738	-	-	-
Balance as at December 31, 2019 (un-audited)	570,025	-	1,102,721	2,592,081	72,549	2,963,638	7,301,014	52

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial statements.

  
**Ahmad Kuli Khan Khattak**  
 Chief Executive Officer

  
**Muhammad Jawaid Iqbal**  
 Director

  
**Muhammad Umair**  
 Chief Financial Officer



GHANDHARA NISSAN LIMITED



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

For The Six Months Period Ended December 31, 2019

	December 31, 2019	December 31, 2018
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(173,839)	420,854
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	71,083	55,227
Provision for gratuity	6,706	5,051
Interest income	(18,673)	(6,556)
Gain on disposal of vehicle	(178)	-
Share of (loss) / profit of an Associate	61,304	(75,358)
Unrealised loss / (profit) on investments at fair value through profit or loss	275	(24,620)
Finance cost	84,527	69,536
Exchange loss - net	7,226	21,193
Operating profit before working capital changes	<u>38,431</u>	<u>465,327</u>
Decrease / (Increase) in current assets:		
Stores, spares and loose tools	2,846	5,652
Stock-in-trade	372,392	(466,904)
Trade debts	63,900	(263,414)
Loans and advances	9,146	23,077
Deposit and prepayments	(17,340)	(209,649)
Other receivables	73,837	(27,022)
	504,781	(938,260)
(Decrease) / increase in trade and other payables	(62,521)	534,357
Cash generated from operations	<u>480,691</u>	<u>61,424</u>
Gratuity paid	(18,317)	(12,320)
Long term loans - net	(816)	(4,737)
Long term deposits - net	(6,484)	(6,070)
Finance cost paid	(88,275)	(66,558)
Taxes paid	(65,987)	(269,695)
Net cash generated from / (used in) operating activities	<u>300,812</u>	<u>(297,956)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(200,990)	(380,007)
Proceeds from disposal of property, plant and equipment	589	1,271
Interest income received	18,673	6,556
Dividend received	-	63,432
Investments - net	199,256	(1,066,228)
Net cash generated from / (used in) investing activities	<u>17,528</u>	<u>(1,374,976)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities - net	(23,778)	(27,041)
Long term deposit received	500	(1,000)
Short term borrowings - net	(213,352)	641,673
Dividend paid	(7)	(38)
Subscription money against right issue	-	128,402
Net cash (used in) / generated from financing activities	<u>(236,637)</u>	<u>741,996</u>
Net increase / (decrease) in cash and cash equivalents	81,703	(930,936)
Cash and cash equivalents at - beginning of the period	202,173	1,323,012
Cash and cash equivalents at - end of the period	<u>283,876</u>	<u>392,076</u>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial statements.

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Muhammad Jawaid Iqbal  
Director

  
Muhammad Umair  
Chief Financial Officer



## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

### 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 into a public limited company on May 24, 1992. The registered office of the Holding Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi and regional offices in Lahore and Rawalpindi. 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 vehicles including JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.

#### 1.3 Ghandhara DF (Private) Limited

Ghandhara DF (Private) Limited (the Subsidiary Company) was incorporated on June 25, 2013 in Pakistan as a private limited company. The registered office of the Subsidiary Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. It has outsourced assembly of the vehicles to the Holding Company.

The Subsidiary Company has cooperation agreement with DongFeng Commercial Vehicles Limited dated December 11, 2013 as well as 'Motor Vehicles & Related Products Distribution' agreements with Wuhan DongFeng Foreign Trade Company Limited (a subsidiary company of DongFeng Automobile Company Limited) dated January 24, 2014.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the approved 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 Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed. These consolidated condensed interim financial statements of the Group for the six months period ended December 31, 2019 is un-audited.

2.2 These consolidated condensed interim financial statements do not include all the statements and disclosures as required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended June 30, 2019.

### 3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements of the Group for the year ended June 30, 2019, except for the adoption of new and amended accounting standards effective as of July 1, 2019.



## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

### New and amended standards adopted by the Company

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019 and replaces the previous lease standard: IAS 17 'Leases'. It primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right to use assets and records lease liabilities for leases - i.e. these leases are on the statement of financial position.

In case of previously recognised finance leases, the Group now transferred lease assets from operating fixed assets and separately presents as right to use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns (Note 6.1 and 6.2), while the Group is already presenting its related lease liabilities as a separate line item in the statement of financial position.

In case of initial application regarding previously recognised operating leases, the Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Group are extendable through mutual agreement between the Group and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature. The Group recognizes the lease payments associated with these leases as an expense in statement of profit or loss. Accordingly, initial application of IFRS 16 did not have any impact on these condensed interim financial statements.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

- 3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.3 The Group follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the consolidated condensed interim financial statements.
4. PRINCIPLES OF CONSOLIDATION

These consolidated condensed interim financial statements include the condensed interim financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.99% as at December 31, 2019 ( June 30, 2019: 99.99%).

Consolidated condensed financial statements 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.

### 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements, 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 financial statements of the Group for the year ended June 30, 2019.

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

6. PROPERTY, PLANT AND EQUIPMENT		Un-audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees in '000 -----	
Operating fixed assets	6.1	3,515,863	3,631,186
Right to use assets	6.2	106,925	-
Capital work-in-progress		483,721	296,720
		<u>4,106,509</u>	<u>3,927,906</u>
<b>6.1 Operating fixed assets</b>			
Book value at beginning of the period / year		3,631,186	1,947,962
Transfer to right to use asset	6.2	(67,866)	-
Additions during the period / year	6.1.1	13,991	388,895
Revaluation adjustments		-	1,431,103
Disposals costing Rs. 1,020 thousand (June 30, 2019: Rs.34,207 thousand) - at book value		(412)	(15,432)
Depreciation charge for the period / year		(61,036)	(121,342)
Book value at end of the period / year		<u>3,515,863</u>	<u>3,631,186</u>
<b>6.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>			
Buildings on freehold land		780	8,489
Buildings on leasehold land		-	93,745
Leasehold improvements		-	42,455
Plant and machinery		2,529	174,253
Assembly Jigs		590	-
Furniture and fixtures		8,229	25,923
Vehicles			
- owned		-	15,029
- leased		-	25,718
Other equipment		1,229	1,692
Office equipment		134	690
Computers		500	901
		<u>13,991</u>	<u>388,895</u>
<b>6.2 Right to use assets</b>			
Amount transferred from own assets	6.1	67,866	-
Additions during the period		48,775	-
Depreciation charged during the period		(9,716)	-
Net book value at end of the period		<u>106,925</u>	<u>-</u>

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----			
<b>7. LONG TERM INVESTMENTS</b>			
Associate - equity accounted investment	7.1	891,904	915,674
Others - available for sale	7.2	-	-
		<u>891,904</u>	<u>915,674</u>
<b>7.1 Ghandhara Industries Limited</b>			
Balance at beginning of the period / year		915,674	886,352
Share of (loss) / profit for the period / year		(61,304)	94,451
Share of other comprehensive income / (loss) for the period / year		37,534	(1,697)
Dividend received		-	(63,432)
Balance at end of the period / year		<u>891,904</u>	<u>915,674</u>

**7.1.1** Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2019: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2019: 19.09%) of its issued, subscribed and paid-up capital as at December 31, 2019. 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 financial statements of the investee company as at September 30, 2019. The latest financial statements of GIL as at December 31, 2019 are not presently available.

**7.1.3** The market value of investment as at December 31, 2019 was Rs.1,083,878 thousand (June 30, 2019: Rs.710,522 thousand).

	Note	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----			
<b>7.2 Others - available for sale</b>			
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>			
187,500 (June 30, 2019: 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. CONTINGENCIES AND COMMITMENTS

**8.1** There is no material 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, 2019.

**8.2** Commitment in respect of irrevocable letters of credit as at December 31, 2019 aggregate to Rs.60,401 thousand (June 30, 2019: Rs.133,345 thousand).

**8.3** Guarantees aggregating Rs.19,999 thousand (June 30, 2019: Rs.6,999 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.254,400 thousand (June 30, 2019: Rs.466,100 thousand) to the commercial banks against financing facilities utilised by the Subsidiary Company.

**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**

For The Six Months Period Ended December 31, 2019

**9. COST OF SALES**

		-----Un-audited-----			
		Three months period ended December 31,		Six months period ended December 31,	
		2019	2018	2019	2018
Note		----- Rupees in '000 -----			
	Finished goods at beginning of the period	1,052,829	789,742	1,066,260	615,916
	Cost of goods manufactured	819,038	1,615,568	1,509,020	3,142,212
	Purchases - trading goods	79,214	326,964	113,287	443,903
		<u>898,252</u>	<u>1,942,532</u>	<u>1,622,307</u>	<u>3,586,115</u>
		1,951,081	2,732,274	2,688,567	4,202,031
	Finished goods at end of the period	(1,362,281)	(869,577)	(1,362,281)	(869,577)
		<u>588,800</u>	<u>1,862,697</u>	<u>1,326,286</u>	<u>3,332,454</u>
<b>9.1</b>	<b>Cost of goods manufactured</b>				
	Raw materials and parts consumed	621,373	1,383,669	1,139,606	2,748,554
	Factory overheads	197,665	231,899	369,414	393,658
		<u>819,038</u>	<u>1,615,568</u>	<u>1,509,020</u>	<u>3,142,212</u>

**10. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of the ultimate Holding Company, Associated Companies, directors of the Holding and subsidiary Company, companies in which directors are interested, staff retirement benefit plans, key management personnel and close members of the families of the directors & key management personnel. The Group in the normal course of business carries out transactions with various related parties and are settled in ordinary course of business. Significant transactions with and balance of related parties are as follows:

		--- Un-audited ---	
		Six months period ended December 31,	
		2019	2018
		--- Rupees in '000 ---	
Related party name along with relation	Nature of transaction		
<b>(i) Ultimate Holding Company</b>			
Bibojee Services (Private) Limited - 57.76% shares held in the Holding Company	Corporate office rent	6,000	6,000
	Subscription money against right issue	-	81,734
	Issue of right shares including premium	-	757,530
<b>(ii) Associated Companies</b>			
Ghandhara Industries Limited 19.09% shares held by the Holding Company (10.1)	Contract assembly revenue	255,949	396,659
	Purchase of parts	50	39
	Sale of parts	2	22
	Head office rent	3,194	1,430
	Dividend Income	-	63,432
	Bonus shares received	-	40,060
	Reimbursement of expenses	444	25
The General Tyre and Rubber Company of Pakistan (10.1)	Purchase of tyres, tubes and flaps	12,259	19
Gammon Pakistan Limited (10.1)	Office rent	1,500	1,500
Janana De Malucho Textile Mills Limited (10.1)	Reimbursement of expenses	1,077	834
<b>(iii) Others</b>			
Staff gratuity fund	Contribution made	18,317	12,320
Staff provident fund	Contribution made	5,955	4,857
Key management personnel	Remuneration and other short term benefits	45,129	45,268
	Issue of right shares including premium	-	5,288
<b>10.1</b>	<b>Associated company by virtue of common directorship.</b>		





## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For The Six Months Period Ended December 31, 2019

10.2 Period / year end balances are as follows:

	Un-audited December 31, 2019	Audited June 30, 2019
----- Rupees in '000 -----		
<b>Debit balances / receivables from related parties</b>		
Long term loans	56	1,723
Trade debts	94,488	94,650
Loan and advances	1,108	1,996
Deposits and prepayments	3,515	-
<b>Payable to related parties</b>		
Trade and other payables	51,814	61,096

11. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Group for the year ended June 30, 2019.

12. 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 Group for the year ended June 30, 2019, whereas, the Consolidated condensed interim statement of profit or loss account and other comprehensive income, Consolidated condensed interim statement of changes in equity and Consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of Consolidated condensed interim financial statements of the Group for the period ended December 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

13. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial statements were authorised for issue on February 19, 2020 by the Board of Directors of the Holding Company.

  
Ahmad Kuli Khan Khattak  
Chief Executive Officer

  
Muhammad Jawaid Iqbal  
Director

  
Muhammad Umair  
Chief Financial Officer



www.jamapunji.pk















 **Jama  
Punji**  
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Online Quizzes
-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices

# BOOK POST

PRINTED MATTER  
UNDER POSTAL CERTIFICATE



*If undelivered please return to*



Ghandhara Nissan Limited

---

F-3, Hub Chowki Road, S.I.T.E., Karachi-75730  
Tel: 021-32556901 - 10 UAN: 111-190-190 Fax: 021-32556911 - 12  
Email: info@ghandhara.com.pk Web: www.ghandharanissan.com.pk

Designed & Printed by:  
**BRAND RADAR**

