

Tough Times Never Last, But Tough Companies Do...

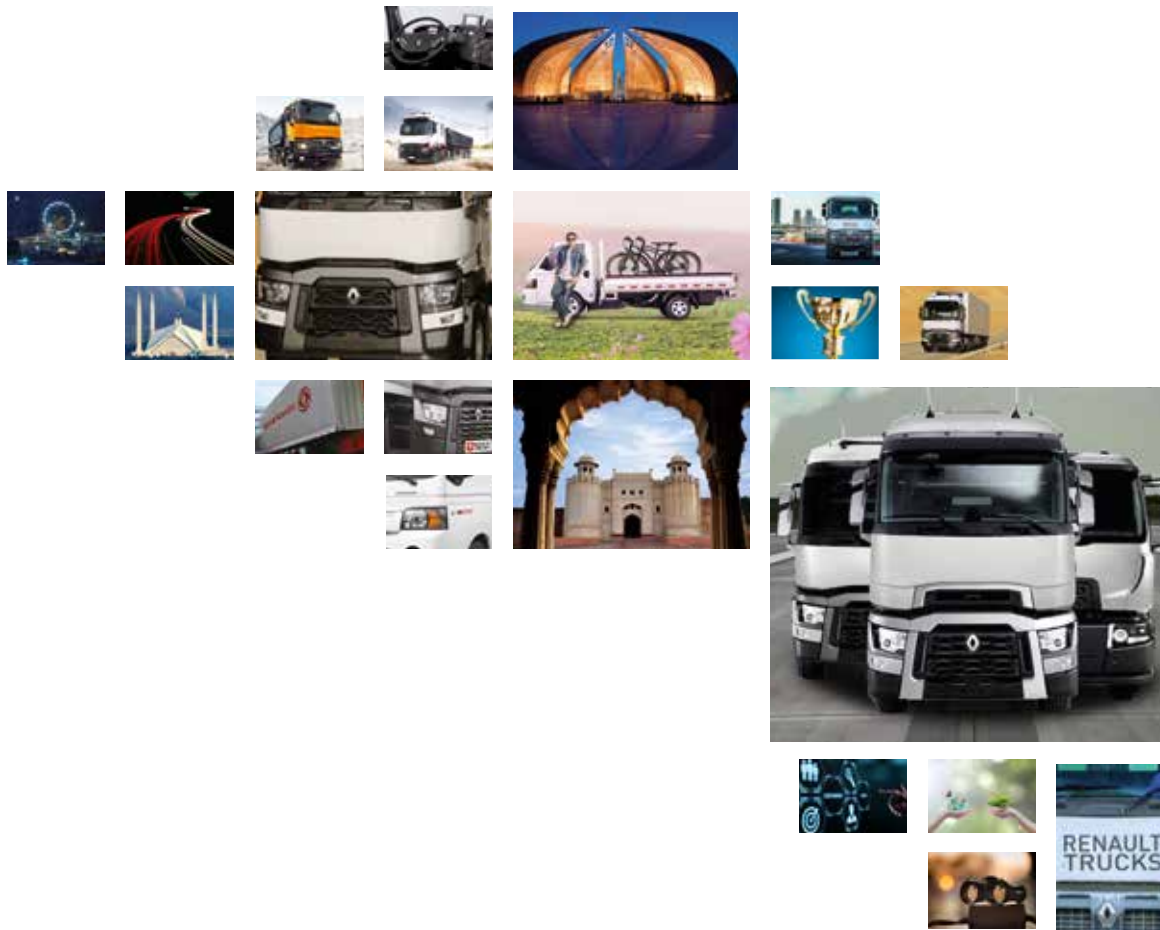




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Company Profile

Board of Directors

Mr. Raza Kuli Khan Khattak **Chairman**
Lt. Gen. (Retd.) Ali Kuli Khan Khattak **President**
Mr. Ahmad Kuli Khan Khattak **Chief Executive Officer**
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)

Chief Financial Officer

Mr. Muhammad Umair

Company Secretary

Mr. Muhammad Sheharyar Aslam

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 (CFA) **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

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
Meezan Bank Limited - (Shariah)
Bank Al Habib Limited
Bank Alfalah Islamic - (Shariah)
Al Baraka Bank (Pakistan) Limited - (Shariah)
JS Bank Limited
Samba Bank Limited
Bank Islami Pakistan Limited

NTN:

0802990-3

Sales Tax Registration No:

12-03-8702-001-46

Share Registrars

CDC Share Registrar Services Ltd.

CDC House, 99-B, Block-B
S.M.C.H.S., Main Shakra-e-Faisal
Karachi.

Legal & Tax Advisors

LEX FIRMA

Advocates, Barristers & Legal Consultants
418, Continental Trade Centre, Clifton, Karachi.

M/s. Shekha & Mufti

Chartered Accountants
C-253, PECHS., Block 6
Off Shakrah-e-Faisal
Karachi.

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 | 400/2, Gammon House
Main Canal Road, Lahore | Peshawar Road Rawalpindi Cantt.



Directors' Report

Your Directors are pleased to present the report along with the unaudited condensed interim financial statements of Ghandhara Nissan Limited for the half year ended December 31, 2020.

Macro-economic Environment

The global economy has recently shown slight recovery after the crisis caused by COVID-19. Fortunately, Pakistan as a nation has shown great courage together with supporting policies and schemes of State Bank of Pakistan. These pro-business policies have played a vital role and as a result, a noticeable improvement in macro-economic variables is evident.

Auto-Sector

In comparison to the other economies globally, the Pakistan economy has managed to show a noticeable turnaround. This recovery process gained momentum during second quarter of FY21 and the demand for auto-products, despite the seasonal impact, remained elevated. Sales volumes of auto industry for light and heavy commercial vehicles (except buses) reported by PAMA have shown a growth of approx. 31% during first half of FY2020-21 as compared to the corresponding period of last year.

Moreover, Pakistan is currently going through a transition phase in the automobile sector as far as the policy making is concerned. Also, the automobile industry has witnessed expansion as many new entrants are or have already executed their projects. Accordingly, this competitive landscape will reshape market dynamics and the customers will get optimum value for money with more diversity.

Financial Results of the Company

The financial results of the Company for the half year ended December 31, 2020 are summarized below:

	Half Year ended	
	December 2020	December 2019
	(Rupees in thousands)	
Revenue	1,336,031	861,734
Gross Profit	114,205	42,535
Operating Profit/ (Loss)	25,773	(28,058)
Net Profit/ (Loss) after tax	6,938	(69,099)
Earnings/ (Loss) Per Share (Rupees)	0.12	(1.21)

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

With the turnaround and revival of economic activities, the management anticipates a steady performance of the Company, going forward.

As the passenger car segment has witnessed revival, our company, with the objective of diversifying and bringing in economies of scale, has entered into formal arrangements with M/s. Chery International Corporation - Wuhu, China for manufacturing and distribution of Chery passenger cars (SUVs/ Crossovers). To avail the benefits of Brownfield status, the Company has submitted its business plan to Board of Investment. The project will be executed after getting regulatory approvals and fulfilment of other ancillary requirements.

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



Salman Rasheed
Director

Karachi
Dated: February 24, 2021

متعلقہ فریق کے ساتھ لین دین

متعلقہ فریقوں کے ساتھ تمالین دین کو غیر جانبداری (Arm's Length) سے انجام دے دیا گیا ہے اور مالی گوشواروں میں اس کا انکشاف کیا جا چکا ہے۔

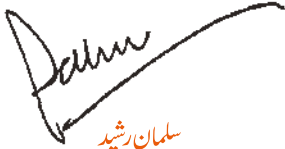
مستقبل کے امکانات

معاشی سرگرمیوں کے بہتری اور بحالی کے ساتھ، انتظامیہ مستقبل میں آگے بڑھتے ہوئے کمپنی کی مستقل کارکردگی کی توقع کرتی ہے۔

چونکہ پینجر کار کے شعبے کی بحالی دیکھنے میں آئی ہے، ہماری کمپنی نے، چیری پینجر کارز (SUVs/Crossovers) کی مینوفیکچرنگ اور ڈسٹری بیوشن کے لیے میسرز چیری انٹرنیشنل کارپوریشن۔ وہ وہو، چین کے ساتھ مل کر تنوع کے مقصد اور معیاری معیشت کو لانے کے لیے باضابطہ انتظامات کیے ہیں۔ براؤن فیلڈ اسٹیٹس کے فنانڈس سے استفادے کے لیے، کمپنی نے اپنا کاروباری منصوبہ بورڈ آف انویسٹمنٹ میں پیش کیا ہے۔ اس منصوبے کو باقاعدہ منظوری ملنے اور دیگر ضمنی ضروریات کی تکمیل کے بعد عمل میں لایا جائے گا۔

پرنسپلز، صارفین، ویڈرز، بینکرز اور دیگر کاروباری متعلقین کی مسلسل سرپرستی اور حمایت کے لیے، ڈائریکٹرز ان تمام کے بے حد مشکور گزار ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



سلمان رشید
ڈائریکٹر



احمد علی خان خٹک
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 24 فروری 2021



ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز، 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے گندھارا نسان لمیٹڈ کے غیر پڑتال شدہ عبوری مالی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

وسیع معاشی ماحول

COVID-19 کی وجہ سے پیدا ہونے والے بحران کے بعد حال ہی میں عالمی معیشت میں معمولی بحالی ہوئی ہے۔ خوش قسمتی سے، پاکستان نے بحیثیت قوم اسٹیٹ بینک آف پاکستان کی حمایتی پالیسیوں اور اسکیموں کے تحت زبردست جسارت کا مظاہرہ کیا ہے۔ ان کاروباری حامی پالیسیوں نے مالی بحالی میں ایک اہم کردار ادا کیا ہے اور اس کے نتیجے میں وسیع معاشی متغیرات میں قابل ذکر بہتری واضح ہے۔

آؤٹسائڈ

عالمی سطح پر دیگر معیشتوں کے مقابلے میں، پاکستان کی معیشت نمایاں تبدیلی کا مظاہرہ کرنے میں کامیاب رہی ہے۔ مالی سال 2021 کی دوسری سہ ماہی کے دوران بحالی کے اس عمل نے زور پکڑ لیا اور موسمی اثرات کے باوجود آؤٹمصنوعات کی طلب میں اضافہ رہا۔ پاما کے ذریعے رپورٹ کی گئی ہلکی اور بھاری تجارتی گاڑیوں (بسوں کے علاوہ) کے لیے آؤٹانڈسٹری کے فروخت کے حجم میں گزشتہ سال کے اسی عرصے کے مقابلے میں مالی سال 2020-21 کے پہلے نصف میں تقریباً 31% کا اضافہ دیکھا گیا ہے۔

مزید یہ کہ، جہاں تک پالیسی سازی کا تعلق ہے، پاکستان اس وقت آؤٹوموبائل کے شعبے میں ایک عبوری مرحلے سے گزر رہا ہے۔ نیز، آؤٹوموبائل صنعت میں توسیع دیکھنے میں آئی ہے کیوں کہ بہت سے نئے داخل ہونے والے ادارے اپنے منصوبوں کو مکمل کر رہے ہیں یا ان پر عمل درآمد کر چکے ہیں۔ اسی مناسبت سے، یہ مسابقتی پیش منظر مارکیٹ کی حرکیات کو نئی شکل دے گا اور صارفین کو مزید متنوع کے ساتھ دولت کی زیادہ سے زیادہ قدر ملے گی۔

نصف سال کا اختتام

دسمبر 2019

دسمبر 2020

(روپہ ہزاروں میں)

31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے کمپنی کے مالی نتائج ذیل میں دیے گئے ہیں:

دسمبر 2019	دسمبر 2020	
861,734	1,336,031	آمدنی
42,535	114,205	مجموعی منافع
(28,058)	25,773	آپریٹنگ منافع / (نقصان)
(69,099)	6,938	خالص منافع / (نقصان) بعد از ٹیکس
(1.21)	0.12	آمدنی / (نقصان) فی شیئر (روپے)



Independent Auditor's Review Report to the Members of Ghandhara Nissan Limited

Report on Review of Interim Financial Statements.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Ghandhara Nissan Limited as at December 31, 2020 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 statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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 statements 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.

ShineWing

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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 *ShineWing*
KARACHI;

Date: February 24, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	Un-audited	Audited
		December 31, 2020	June 30, 2020
		----- Rupees in '000 -----	
ASSETS			
Non current assets			
Property, plant and equipment	5	4,109,410	4,105,816
Intangible assets		1,775	1,903
Long term investments		222,906	222,906
Long term loans		7,200	8,444
Long term deposits		25,854	22,541
Due from the Subsidiary Company		345,599	559,724
		4,712,744	4,921,334
Current assets			
Stores, spares and loose tools		134,917	136,504
Stock-in-trade		866,716	902,496
Trade debts		337,939	322,111
Loans and advances		12,880	10,070
Deposits and prepayments		27,666	5,406
Investments	6	340,235	-
Other receivables		79,240	141,323
Accrued interest / mark-up		14,706	14,482
Taxation - net		39,964	137,035
Cash and bank balances	7	645,209	311,091
		2,499,472	1,980,518
Total assets		7,212,216	6,901,852

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



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		Un-audited December 31 2020	Audited June 30, 2020
	Note	---- Rupees in '000 ----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
- 80,000,000 (June 30, 2020: 80,000,000) ordinary shares of Rs.10 each		800,000	800,000
Issued, subscribed and paid-up capital			
- 57,002,500 (June 30, 2020: 57,002,500) ordinary shares of Rs.10 each		570,025	570,025
Capital reserve			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets		2,205,239	2,223,294
Revenue reserve - unappropriated profit		3,307,960	3,326,015
		2,007,593	1,982,600
Total equity		5,885,578	5,878,640
Liabilities			
Non current liabilities			
Lease liabilities		70,495	72,259
Long term borrowings	8	107,071	49,345
Deferred income - government grant		4,734	2,072
Long term deposits		27,727	22,611
Deferred taxation		311,259	322,399
		521,286	468,686
Current liabilities			
Trade and other payables		578,273	433,591
Accrued mark-up		1,244	12,170
Short term borrowings		82,080	50,721
Current portion of lease liabilities		26,757	25,221
Current maturity of long term borrowings	8	95,601	18,409
Current portion of deferred income - government grant		10,794	3,811
Unclaimed dividend		10,603	10,603
		805,352	554,526
Total liabilities		1,326,638	1,023,212
Contingencies and commitments	9		
Total equity and liabilities		7,212,216	6,901,852

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



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer





CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-audited)

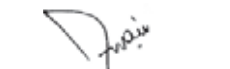
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note	Quarter ended		Half year ended	
	December 31	December 31	December 31	December 31
	2020	2019	2020	2019
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Revenue - net	645,559	387,993	1,336,031	861,734
Cost of sales	(604,795)	(374,729)	(1,221,826)	(819,199)
Gross profit	40,764	13,264	114,205	42,535
Distribution cost	(23,920)	(14,798)	(48,181)	(31,400)
Administrative expenses	(51,355)	(65,741)	(97,910)	(119,882)
Other income	38,124	38,476	59,651	80,689
Other expenses	(738)	-	(1,992)	-
Profit / (loss) from operations	2,875	(28,799)	25,773	(28,058)
Finance cost	(2,119)	(24,337)	(9,313)	(34,495)
Profit / (loss) before taxation	756	(53,136)	16,460	(62,553)
Taxation	3,978	(661)	(9,522)	(6,546)
Profit / (loss) after taxation	4,734	(53,797)	6,938	(69,099)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	4,734	(53,797)	6,938	(69,099)
	--- Rupees ---		--- Rupees ---	
Earnings / (loss) per share				
- basic and diluted	0.08	(0.94)	0.12	(1.21)

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer





CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

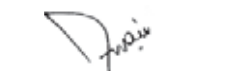
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	---Capital reserve ---				Total
	Issued, Subscribed and paid-up capital	Share premium	Surplus on revaluation of fixed assets	Revenue reserve unappropriated profit	
-----Rupees in '000-----					
Balance as at July 1, 2019 (audited)	570,025	1,102,721	2,261,358	2,149,861	6,083,965
Total comprehensive loss for the six months period ended December 31, 2019					
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 taxation	-	-	(19,032)	19,032	-
Balance as at December 31, 2019 (un-audited)	570,025	1,102,721	2,242,326	2,099,794	6,014,866
Balance as at July 1, 2020 (audited)	570,025	1,102,721	2,223,294	1,982,600	5,878,640
Total comprehensive income for the six months period ended December 31, 2020					
Profit for the period	-	-	-	6,938	6,938
Other Comprehensive income	-	-	-	-	-
	-	-	-	6,938	6,938
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	-	(18,055)	18,055	-
Balance as at December 31, 2020 (un-audited)	570,025	1,102,721	2,205,239	2,007,593	5,885,578

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)


FOR THE HALF YEAR ENDED DECEMBER 31, 2020


September 31, 2020, September 31, 2019
--- Rupees in '000 ---


CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	16,460	(62,553)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	68,662	69,770
Provision for gratuity	5,958	6,707
Provision for expected credit losses	797	-
Interest income	(38,092)	(69,379)
Gain on disposal of operating fixed assets	(2,365)	-
Dividend income	(276)	-
Realised gain on investments at fair value through profit or loss	-	(5,453)
Liabilities written back	(9,995)	-
Finance cost	8,562	34,495
Exchange loss / (gain) - net	1,242	(432)
Operating profit / (loss) before working capital changes	50,953	(26,845)
Decrease / (increase) in current assets:		
Stores, spares and loose tools	1,587	2,846
Stock-in-trade	35,780	14,240
Trade debts	(16,625)	4,662
Loans and advances	(2,810)	6,006
Deposit and prepayments	(22,260)	(13,150)
Other receivables	62,083	(6,119)
	57,755	8,485
Increase in trade and other payables	157,990	101,725
Cash generated from operations	266,698	83,365
Gratuity paid	(10,513)	(18,317)
Long term loans - net	1,244	803
Long term deposits - net	(3,313)	(6,106)
Finance cost paid	(19,488)	(38,288)
Taxes refunded / (paid)	76,409	(50,046)
Net cash generated from / (used in) operating activities	311,037	(28,589)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(68,793)	(195,572)
Intangible asset	(112)	-
Proceeds from disposal of property, plant and equipment	7,142	-
Interest income received	37,868	68,300
Dividend received	276	-
Due from Subsidiary Company - net	214,125	8,008
Short term investment - net	(340,235)	204,778
	(149,729)	85,514
Net cash (used in) / generated from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities - net	(8,228)	(12,814)
Long term borrowings - obtained	134,918	-
Deferred income - government grant	9,645	-
Short term borrowings - net	31,359	(10,940)
Long term deposits - net	5,116	500
Dividend paid	-	(7)
Net cash generated from / (used in) financing activities	172,810	(23,261)
Net increase in cash and cash equivalents	334,118	33,664
Cash and cash equivalents at beginning of the period	311,091	150,109
Cash and cash equivalents at end of the period	645,209	183,773

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


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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 Company is a subsidiary of Bibojee Services (Private) Limited. The registered office of the Company is situated at F-3, Hub Chowki Road, S.I.T.E., Karachi. Its manufacturing facilities are located at Port Qasim, Karachi 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, '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
- Provisions 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 or IFAS, the provisions of and directives issued under the Act 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, 2020.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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, 2020.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2020. 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 these condensed interim financial statements.

- 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** Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2020. The impact of re-measurement of post-employment benefit plans has not been incorporated in these 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, 2020.



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

5. PROPERTY, PLANT AND EQUIPMENT

Un-audited
December 31,
2020

Audited
June 30,
2020

Note

---- Rupees in '000 ----

Operating fixed assets	5.1	3,439,917	3,490,332
Right of use assets		90,637	94,690
Capital work-in-progress		578,856	520,794
		4,109,410	4,105,816

5.1 Operating fixed assets

Book value at beginning of the period / year		3,490,332	3,558,159
Additions during the period / year	5.2	10,731	46,882
Transfer from right of use asset		1,152	13,643
Disposals costing Rs. 14,039 thousand (June 30, 2020: Rs.14,717 thousand) - at book value		(3,895)	(3,294)
Depreciation charge for the period / year		(58,403)	(125,058)
Book value at end of the period / year		3,439,917	3,490,332

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

Buildings on freehold land		3,094	20,320
Plant and machinery		5,401	14,850
Assembly Jigs		-	590
Furniture and fixtures		43	161
Owned vehicles		-	7,373
Other equipment		1,270	2,145
Office equipment		228	345
Computers		695	1,098
		10,731	46,882



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

		Un-audited	Audited	
		December 31,	June 30,	
		2020	2020	
		----- Rupees in '000 -----		
December 31	June 30			
2020	2020			
----- Units in '000 -----				
3,402	-	Meezan Rozana Amdani Fund	170,099	-
170,099	-	NBP Islamic Daily Dividend Fund	170,136	-
		340,235	-	

7. CASH AND BANK BALANCES

Cash in hand		124
Cash at banks in:		
- current accounts	55,884	35,757
- saving accounts	314,220	255,105
- deposit accounts	-	10,517
- term deposits receipts - @ 7.00% to 7.25%	279,017	13,500
	649,121	314,879
Provision for doubtful bank balances	(3,912)	(3,912)
	645,209	311,091

8. LONG TERM BORROWINGS

Loan under refinance scheme for payment of wages and salaries		
Opening balance	67,754	-
Loan acquired during the period / year	144,563	73,637
Adjustment pertaining to fair value of loan at below market interest rate	(9,645)	(5,883)
	202,672	67,754
Less: current maturity	(95,601)	(18,409)
	107,071	49,345



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

9. CONTINGENCIES AND COMMITMENTS

- 9.1** There is no material change in status of the contingencies as disclosed in note 29.1 of the audited annual financial statements of the Company for the year ended June 30, 2020.
- 9.2** Commitment in respect of irrevocable letters of credit as at December 31, 2020 aggregate to Rs.197,220 thousand (June 30, 2020: Rs.208,690 thousand).
- 9.3** Guarantees aggregating Rs.22,178 thousand (June 30, 2020: Rs.26,766 thousand) are issued by banks of the Company to various government and other institutions. Further, the Company has issued corporate guarantees aggregating Rs.670,700 thousand (June 30, 2020: Rs.475,624 thousand) to the commercial banks against banking facilities utilised by the Subsidiary Company.

10. COST OF SALES

	Note	Un-audited		Un-audited	
		Three months period ended December 31		Six months period ended December 31	
		2020	2019	2020	2019
		---- Rupees in '000 ----		---- Rupees in '000 ----	
Finished goods at beginning of the period		-	800,521	749,729	833,003
Cost of goods manufactured	10.1	527,041	381,394	1,019,625	766,509
Purchases - trading goods		88,462	74,827	94,674	101,700
		615,503	456,221	1,114,299	868,209
		615,503	1,256,742	1,864,028	1,701,212
Finished goods at end of the period		(10,708)	(882,013)	(642,202)	(882,013)
		604,795	374,729	1,221,826	819,199
10.1 Cost of goods manufactured					
Raw materials and parts consumed		352,438	208,580	670,580	440,414
Factory overheads		174,603	172,814	349,045	326,095
		527,041	381,394	1,019,625	766,509



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the ultimate Holding Company, the Subsidiary Company, Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit plans, key management personnel (head of department) 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:

Related party name along with relation	“Nature of transaction”	Un-audited December 31, 2020	Un-audited December 31, 2019
		--- Rupees in ‘000 ---	
(i) Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Company	Corporate office rent	3,300	3,000
(ii) Subsidiary Company			
Gandhara DF (Private) Limited 99.99% shares held by the Company	Contract assembly charges	11,372	45,981
	Purchase of parts	1	2
	Sale of parts	865	983
	Long term advances given - net	-	8,008
	Receipts against long term advances - net	214,125	-
	Interest income	29,406	54,063
	Guarantee commission	1,646	2,182



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Related party name along with relation	“Nature of transaction”	Un-audited December 31, 2020	Un-audited December 31, 2019
--- Rupees in ‘000 ---			
(iii) Associated Companies			
Ghandhara Industries Limited 19.09% shares held by the Company (11.1)	Contract assembly charges	266,152	255,949
	Purchase of parts	16	50
	Head office rent	1,757	1,597
	Reimbursement of expenses	490	444
The General Tyre and Rubber Company of Pakistan (11.1)	Purchase of tyres, tubes and flaps	12,421	3,213
Gammon Pakistan Limited (11.1)	Office rent	1,650	1,500
Janana De Malucho Textile Mills Limited (11.1)	Reimbursement of expenses	1,067	1,077
(iv) Others			
Staff provident fund	Contribution made	5,998	5,461
Staff gratuity fund	Contribution made	10,513	18,317
Key management personnel	Remuneration and other short term benefits	48,861	43,029
	Sale of fleet vehicles	2,932	-

11.1 Associated company by virtue of common directorship.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

11.2 Period / year end balances are as follows:

	Un-audited December 31, 2020	Audited June 30, 2020
	----- Rupees in '000 -----	
Debit balances / receivables from related parties		
Long term investments	222,906	222,906
Long term loans	1,155	-
Trade debts	60,105	99,151
Loan and advances	1,157	523
Deposits and prepayments	2,740	-
Other receivables	2,709	3,096
Accrued interest / mark-up	13,377	14,095
Payable to related parties		
Trade and other payables	18,218	27,278

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financials statements of the Company for the year ended June 30, 2020.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for the year ended June 30, 2020 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2019. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 24, 2021 by the Board of Directors of the Company.



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer





CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS



Directors' Report On Consolidated Financial Statements

The Directors are presenting their report together with consolidated financial statements of Ghandhara Nissan Limited and its subsidiary Ghandhara DF (Pvt.) Limited for the half year ended 31st December, 2020.

Pakistan's economy has started FY21 with a positive outlook reflected by noticeable growth prospects and improved business sentiments. As a result, Auto-sector has also gained some momentum. This recovery process picked up pace during second quarter of FY21, especially in the passenger car segment where the automobile industry has witnessed expansion as many new entrants have already executed their projects.

The financial results of the Group for the half year ended December 31, 2020 are summarized below:

	Half Yearly Ended	
	December 2020	December 2019
	(Rupees in thousands)	
Revenue	1,785,813	1,463,499
Gross Profit	200,674	137,213
Operating Profit / (loss)	46,470	(28,008)
Net Loss after tax	(169,815)	(190,198)
Loss per share (rupees)	(2.98)	(3.34)

Considering the expected revival of economic activities, the Company aims to capitalize on the opportunities offered by the market to improve its performance in the near future.

For and on behalf of the Board of Directors



Ahmad Kuli Khan Khattak
Chief Executive Officer



Salman Rasheed
Director

Karachi

Dated: February 24, 2021

مجموعی مختصر عبوری مالی گوشواروں کے بارے میں ڈائریکٹرز کی رپورٹ

31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے گندھارا انسان لمیٹڈ اور اس کے ذیلی ادارے گندھارا ڈی ایف (پرائیویٹ) لمیٹڈ کے مجموعی مختصر مالی گوشواروں کے ساتھ ڈائریکٹرز اپنی رپورٹ پیش کر رہے ہیں۔

پاکستان کی معیشت نے نمایاں نمو کے امکانات اور بہتر کاروباری احساس سے ظاہر ہونے والے مثبت نقطہ نگاہ کے ساتھ مالی سال 2021 کا آغاز کیا ہے۔ اس کے نتیجے میں، آٹو سیکٹر میں بھی کچھ تیزی آئی ہے۔ مالی سال 2021 کی دوسری سہ ماہی کے دوران، بحالی کے اس عمل میں تیزی آئی، خاص طور پر پینچر کار کا شعبہ جہاں آٹوموبائل انڈسٹری میں توسیع دیکھنے میں آئی ہے کیونکہ بہت سے نئے آنے والے ادارے اپنے کاروباری منصوبوں کو پہلے ہی مکمل کر چکے ہیں۔ 31 دسمبر 2020 کو ختم ہونے والی مدت کے لیے مالی نتائج کا خلاصہ ذیل میں پیش کیا گیا ہے:

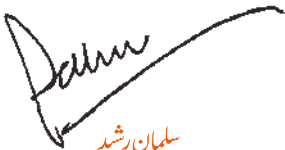
نصف سال کا اختتام

دسمبر 2020 دسمبر 2019
(روپہ ہزاروں میں)

آمدنی	1,785,813	1,463,499
مجموعی منافع	200,674	137,213
آپریٹنگ منافع (نقصان)	46,470	(28,008)
خالص نقصان بعد از ٹیکس	(169,815)	(190,198)
نقصان فی شیئر (روپے)	(2.98)	(3.34)

معاشی سرگرمیوں کی متوقع بحالی پر غور کرتے ہوئے، کمپنی کا مقصد مستقبل قریب میں اپنی کارکردگی کو بہتر بنانے کے لیے مارکیٹ کی جانب سے پیش کردہ مواقع سے فائدہ اٹھانا ہے۔

برائے اور از طرف بورڈ آف ڈائریکٹرز


سلمان رشید
ڈائریکٹر



احمد علی خان خٹک
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 24 فروری 2021





CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

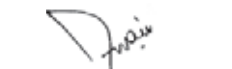
AS AT DECEMBER 31, 2020

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees in '000 -----	
ASSETS			
Non current assets			
Property, plant and equipment	6	4,126,944	4,124,881
Intangible assets		1,852	1,991
Long term investments	7	943,224	800,676
Long term loans		16,163	14,637
Long term deposits		30,674	36,231
		5,118,857	4,978,416
Current assets			
Stores, spares and loose tools		134,917	136,504
Stock-in-trade		1,548,271	1,649,965
Trade debts		720,295	674,771
Loans and advances		17,190	12,055
Deposits and prepayments		35,837	11,305
Investments	8	340,235	-
Other receivables		138,072	193,809
Taxation - net		235,320	484,070
Cash and bank balances	9	803,976	353,516
		3,974,113	3,515,995
Total assets		9,092,970	8,494,411

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer





CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

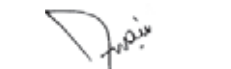
AS AT DECEMBER 31, 2020

	Note	Un-audited December 31, 2020	Audited June 30, 2020
		----- Rupees in '000 -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
- 80,000,000 (June 30, 2020: 80,000,000) ordinary shares of Rs.10 each		800,000	800,000
Issued, subscribed and paid-up capital			
- 57,002,500 (June 30, 2020: 57,002,500) ordinary shares of Rs.10 each		570,025	570,025
Capital reserve			
- share premium		1,102,721	1,102,721
- surplus on revaluation of fixed assets		2,879,818	2,572,286
- Items directly credited to equity by an Associate		74,075	73,312
		4,056,614	3,748,319
Revenue reserve - unappropriated profit		2,550,709	2,702,610
Equity attributable to shareholders of the Holding Company		7,177,348	7,020,954
Non-controlling interest		48	47
Total equity		7,177,396	7,021,001
Liabilities			
Non current liabilities			
Lease liabilities		79,510	91,278
Long term borrowings	10	107,071	49,345
Deferred income - government grant		4,734	2,072
Long term deposits		32,227	27,111
Deferred taxation		303,241	314,112
		526,783	483,918
Current liabilities			
Trade and other payables		926,419	542,533
Accrued mark-up		1,481	22,538
Short term borrowings		314,861	355,929
Current portion of lease liabilities		29,032	35,669
Current maturity of long term borrowings	10	95,601	18,409
Current portion of deferred income - government grant		10,794	3,811
Unclaimed dividend		10,603	10,603
		1,388,791	989,492
Total liabilities		1,915,574	1,473,410
Contingencies and commitments	11		
Total equity and liabilities		9,092,970	8,494,411

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-audited)


FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note	Quarter ended		Half year ended	
	December 31	December 31	December 31	December 31
	2020	2019	2020	2019
---- Rupees in '000 ----		---- Rupees in '000 ----		
Revenue - net	868,224	648,569	1,785,813	1,463,499
Cost of sales	(784,182)	(588,800)	(1,585,139)	(1,326,286)
Gross profit	84,042	59,769	200,674	137,213
Distribution cost	(33,825)	(20,857)	(67,103)	(43,341)
Administrative expenses	(60,792)	(77,856)	(116,523)	(142,646)
Other income	26,330	12,027	31,414	28,699
Other expenses	(738)	-	(1,992)	(7,933)
Profit / (loss) from operations	15,017	(26,917)	46,470	(28,008)
Finance cost	(4,529)	(48,628)	(15,787)	(84,527)
	10,488	(75,545)	30,683	(112,535)
Share of (loss) / profit of an Associate	(27,423)	2,616	(183,662)	(61,304)
Loss before taxation	(16,935)	(72,929)	(152,978)	(173,839)
Taxation	225	(3,215)	(16,836)	(16,359)
Loss after taxation	(16,710)	(76,144)	169,815	(190,198)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Share of other comprehensive income of an Associate of:				
- surplus on revaluation of fixed assets - net	-	-	326,210	37,534
- re-measurement of staff retirement benefit obligation - net	-	-	(140)	(168)
Other comprehensive income - net of tax			326,210	37,534
Total comprehensive (loss) / income for the period	(16,710)	(76,144)	156,395	(152,664)
Attributable to:				
- Shareholders of the Holding Company	(16,710)	(76,141)	156,394	(152,658)
- Non-controlling interest	-	(3)	1	(6)
	(16,710)	(76,144)	156,395	(152,664)
	----- Rupees -----		----- Rupees -----	
Loss per share - basic and diluted	(0.29)	(1.34)	(2.98)	(3.34)

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer





CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

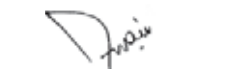
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	----- Capital reserve -----						
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of fixed assets	Items directly credited to equity by an Associate	Revenue reserve Unappro- -priated profit	Total	Non - controlling interest
----- Rupees in '000 -----							
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)
Other comprehensive income / (loss)	-	-	37,702	-	(168)	37,534	-
	-	-	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 Associate	-	-	(738)	738	-	-	-
Balance as at December 31, 2019 (un-audited)	<u>570,025</u>	<u>1,102,721</u>	<u>2,592,081</u>	<u>72,549</u>	<u>2,963,638</u>	<u>7,301,014</u>	<u>52</u>
Balance as at July 1, 2020 (audited)	570,025	1,102,721	2,572,286	73,312	2,702,610	7,020,954	47
Total comprehensive income for the six months period ended December 31, 2020	-	-	-	-	(169,816)	(169,816)	1
Loss for the period	-	-	326,350	-	(140)	326,210	-
Other comprehensive income / (loss)	-	-	326,350	-	(169,956)	156,394	1
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(18,055)	-	18,055	-	-
Effect of item directly credited in equity by an Associate	-	-	(763)	763	-	-	-
Balance as at December 31, 2020 (un-audited)	<u>570,025</u>	<u>1,102,721</u>	<u>2,879,818</u>	<u>74,075</u>	<u>2,550,709</u>	<u>7,177,348</u>	<u>48</u>

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director



Muhammad Umair
Chief Financial Officer

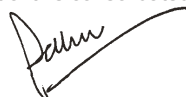
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)


FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020 ----- Rupees in '000 -----	December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(152,979)	(173,839)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	70,204	71,083
Provision for gratuity	5,958	6,706
Provision for expected credit losses	797	-
Interest income	(8,686)	(18,673)
Gain on disposal of vehicle	(2,365)	(178)
Dividend income	(276)	-
Share of loss of an Associate	183,662	61,304
Unrealised loss on investments at fair value through profit or loss	-	275
Liabilities written back	(9,995)	-
Finance cost	16,492	84,527
Exchange loss - net	3,134	7,226
	105,946	38,431
Operating profit before working capital changes		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	1,587	2,846
Stock-in-trade	101,694	372,392
Trade debts	(46,321)	63,900
Loans and advances	(5,135)	9,146
Deposit and prepayments	(24,532)	(17,340)
Other receivables	55,737	73,837
	83,030	504,781
Increase / (decrease) in trade and other payables	395,302	(62,521)
Cash generated from operations	584,278	480,691
Gratuity paid	(10,513)	(18,317)
Long term loans - net	(1,526)	(816)
Long term deposits - net	5,557	(6,484)
Finance cost paid	(37,549)	(88,275)
Taxes refunded / (paid)	221,043	(65,987)
	761,290	300,812
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(68,793)	(200,990)
Intangible assets	(112)	-
Proceeds from disposal of property, plant and equipment	7,142	589
Dividend received	276	-
Interest income received	8,686	18,673
Investments - net	(340,235)	199,256
	(393,036)	17,528
Net cash (used in) / generated from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities - net	(26,405)	(23,778)
Long term borrowings - obtained	134,918	-
Deferred income - government grant	9,645	-
Long term deposits - net	5,116	500
Short term borrowings - net	(41,068)	(213,352)
Dividend paid	-	(7)
	82,206	(236,637)
Net cash generated from / (used in) financing activities		
Net increase in cash and cash equivalents	450,460	81,703
Cash and cash equivalents at beginning of the period	353,516	202,173
Cash and cash equivalents at end of the period	803,976	283,876

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer



NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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:

NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR DECEMBER 31, 2020

- 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 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 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, 2020 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 consolidated financial statements for the year ended June 30, 2020.

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 consolidated financial statements of the Group for the year ended June 30, 2020.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2020. 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 these consolidated condensed interim financial statements.

- 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** Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2020. The impact of re-measurement of post-employment benefit plans has not been incorporated in these consolidated condensed interim financial statements.



NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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, 2020 (June 30, 2020: 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 consolidated financial statements of the Group for the year ended June 30, 2020.

NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

6. PROPERTY, PLANT AND EQUIPMENT		Un-audited December 31, 2020	Audited June 30, 2020
	Note	----- Rupees in '000 -----	
Operating fixed assets	6.1	3,450,476	3,501,648
Right of use assets		97,612	102,439
Capital work-in-progress		578,856	520,794
		<u>4,126,944</u>	<u>4,124,881</u>
6.1 Operating fixed assets			
Book value at beginning of the period / year		3,501,648	3,563,320
Additions during the period / year	6.2	10,731	55,082
Transfer from right of use asset		1,152	13,643
Disposals costing Rs. 14,039 thousand (June 30, 2020: Rs.15,737 thousand) - at book value		(3,895)	(3,706)
Depreciation charge for the period / year		(59,160)	(126,691)
Book value at end of the period / year		<u>3,450,476</u>	<u>3,501,648</u>
6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Buildings on freehold land		3,094	20,320
Plant and machinery		5,401	14,850
Assembly Jigs		-	590
Furniture and fixtures		43	8,361
Owned vehicles		-	7,373
Other equipment		1,270	2,145
Office equipment		228	345
Computers		695	1,098
		<u>10,731</u>	<u>55,082</u>



NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

7. LONG TERM INVESTMENTS

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	---- Rupees in '000 ----	
Associate - equity accounted investment	7.1	943,224	800,676
Others - available for sale	7.2	-	-
		943,224	800,676
7.1 Ghandhara Industries Limited			
Balance at beginning of the period / year		800,676	915,674
Share of loss for the period / year		(183,662)	(152,532)
Share of other comprehensive income for the period / year		326,210	37,534
Balance at end of the period / year		943,224	800,676

7.1.1 Investment in Ghandhara Industries Limited (GIL) represents 8,132,336 (June 30, 2020: 8,132,336) fully paid ordinary shares of Rs.10 each representing 19.09% (June 30, 2020: 19.09%) of its issued, subscribed and paid-up capital as at December 31, 2020. 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, 2020. The latest financial statements of GIL as at December 31, 2020 are not presently available.

7.1.3 The market value of investment as at December 31, 2020 was Rs.2,654,557 thousand (June 30, 2020: Rs.984,013 thousand).

7.2 Others - available for sale

		Un-audited December 31, 2020	Audited June 30, 2020
		---- Rupees in '000 ----	
Automotive Testing & Training Centre (Private) Limited			
187,500 (June 30, 2020: 187,500) ordinary shares of Rs.10 each - cost		1,875	1,875
Provision for impairment		(1,875)	(1,875)
		-	-

NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

8. INVESTMENTS - at fair value through profit or loss

		Un-audited December 31, 2020	Audited June 30, 2020
		----- Rupees in '000 -----	
December 31, 2020	June 30, 2020		
----- Units in '000 -----			
3,402	- Meezan Rozana Amdani Fund	170,099	-
17,014	- NBP Islamic Daily Dividend Fund	170,136	-
		340,235	-

9. CASH AND BANK BALANCES

Cash in hand	816	1,230
Cash at banks in:		
- current accounts	61,680	42,264
- saving accounts	359,875	285,417
- deposit accounts	-	10,517
- term deposits receipts - @ 7.00% to 7.30%	385,517	18,000
	807,072	356,198
Provision for doubtful bank balances	(3,912)	(3,912)
	803,976	353,516

10. LONG TERM BORROWINGS

Loan under refinance scheme for payment of wages and salaries

Opening balance	67,754	-
Loan acquired during the period / year	144,563	73,637
Adjustment pertaining to fair value of loan at below market interest rate	(9,645)	(5,883)
	202,672	67,754
Current maturity	(95,601)	(18,409)
	107,071	49,345

11. CONTINGENCIES AND COMMITMENTS

11.1 There is no material change in status of the contingencies as disclosed in note 27.1 of the audited annual consolidated financial statements of the Group for the year ended June 30, 2020.



NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

11.2 Commitment in respect of irrevocable letters of credit as at December 31, 2020 aggregate to Rs. 397,568 thousand (June 30, 2020: Rs.215,728 thousand).

11.3 Guarantees aggregating Rs.23,011 thousand (June 30, 2020: Rs.28,107 thousand) are issued by banks of the Group to various government and other institutions. Further, the Holding Company has issued corporate guarantees aggregating Rs.670,700 thousand (June 30, 2020: Rs.475,624 thousand) to the commercial banks against running finances and letters of credit facilities utilised by the Subsidiary Company.

12. COST OF SALES

	Un-audited		Un-audited	
	Three months period ended December 31		Six months period ended December 31	
	2020	2019	2020	2019
Note	---- Rupees in '000 ----		---- Rupees in '000 ----	
Finished goods at beginning of the period	912,448	1,052,829	1,120,180	1,066,260
Cost of goods manufactured 12.1	624,268	819,038	1,182,330	1,509,020
Purchases - trading goods	108,422	79,214	143,585	113,287
	732,690	898,252	1,325,915	1,622,307
	1,645,138	1,951,081	2,446,095	2,688,567
Finished goods at end of the period	(860,956)	(1,362,281)	(860,956)	(1,362,281)
	784,182	588,800	1,585,139	1,326,286
12.1 Cost of goods manufactured				
Raw materials and parts consumed	439,589	621,373	816,268	1,139,606
Factory overheads	184,679	197,665	366,062	369,414
	624,268	819,038	1,182,330	1,509,020

13. 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:

NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Related party along with relation	Nature of transaction	----- Un-audited -----	
		Six months period ended December 31, 2020	2019
--- Rupees in '000 ---			
(i) Ultimate Holding Company			
Bibojee Services (Private) Limited - 57.76% shares held in the Holding Company	Corporate office rent	6,600	6,000
(ii) Associated Companies		-	
Gandhara Industries Limited 19.09% shares held by the Holding Company (13.1)	Contract assembly revenue	266,152	255,949
	Purchase of parts	16	50
	Sale of parts	4	2
	Head office rent	3,514	3,194
	Reimbursement of expenses	490	444
The General Tyre and Rubber Company of Pakistan (13.1)	Purchase of tyres, tubes and flaps	12,421	12,259
Gammon Pakistan Limited (13.1)	Office rent	1,650	1,500
Janana De Malucho Textile Mills Limited (13.1)	Reimbursement of expenses	1,067	1,077
(iii) Others			
Staff gratuity fund	Contribution made	10,513	18,317
Staff provident fund	Contribution made	6,659	5,955
Key management Personnel	Remuneration and other short term benefits	49,466	45,129
	Sale of fleet vehicles	2,932	-

13.1 Associated company by virtue of common directorship.



NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

13.2 Period / year end balances are as follows:

	Un-audited December 31, 2020	Audited June 30, 2020
	----Rupees in '000----	
Debit balances / receivables from related parties		
Long term loans	1,155	-
Trade debts	59,045	93,745
Loan and advances	1,157	523
Deposits and prepayments	6,322	-
Other receivables	1,751	-
Payable to related parties		
Trade and other payables	18,218	27,278

14. 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, 2020.


15. CORRESPONDING FIGURES

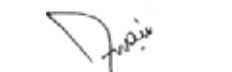
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the consolidated condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Group for the year ended June 30, 2020 and the corresponding figures in the consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity comprise of balances of comparable period as per the consolidated condensed interim financial statements of the Group for the half year ended December 31, 2019. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

16. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 24, 2021 by the Board of Directors of the Holding Company.


Ahmad Kuli Khan Khattak
Chief Executive Officer


Salman Rasheed
Director


Muhammad Umair
Chief Financial Officer