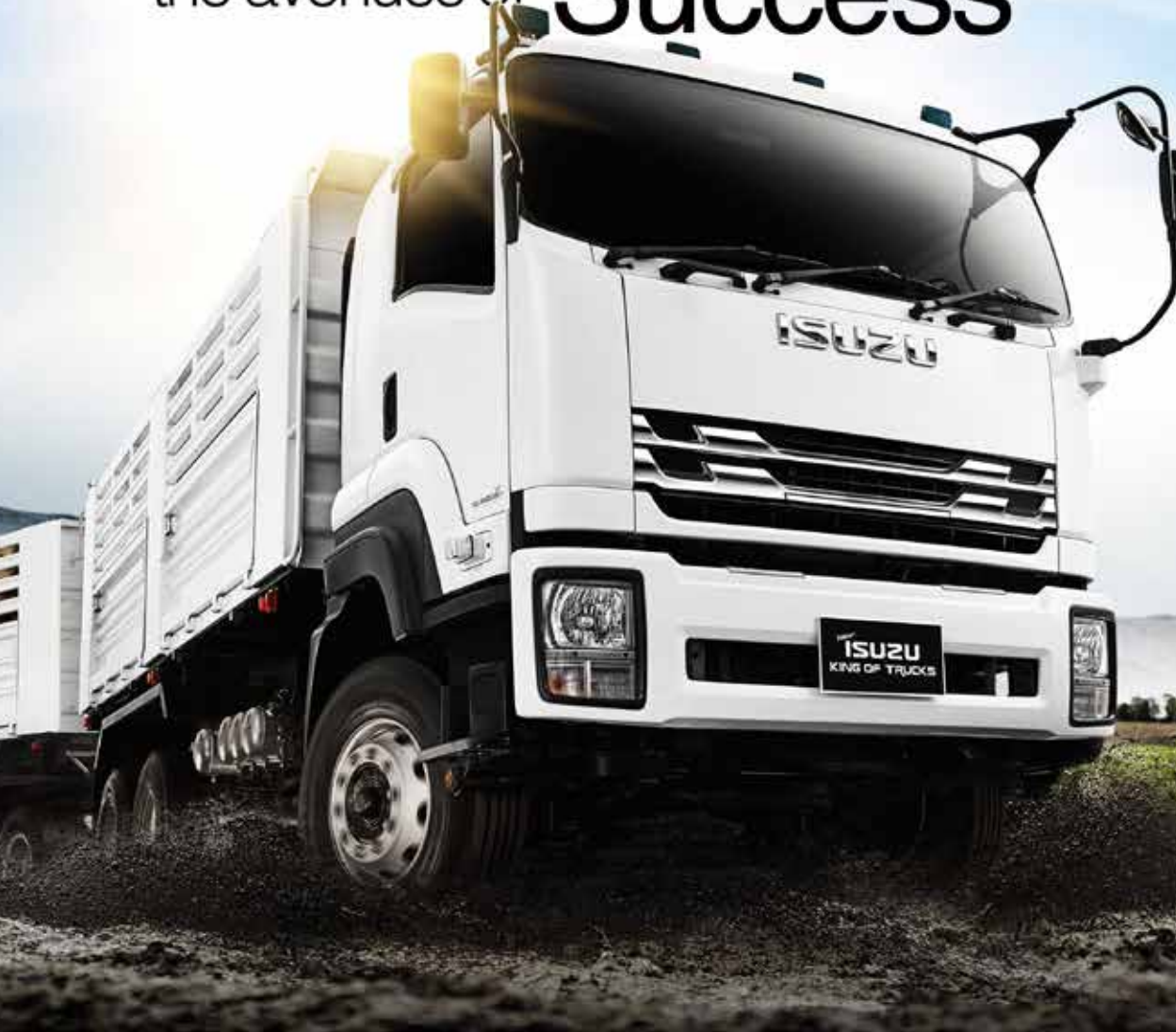


# BROADENING

the avenues of **Success**



**GHANDHARA**  
INDUSTRIES LIMITED

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## Company Profile

### Board of Directors

Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
Mr. Ahmad Kuli Khan Khattak	Chief Executive
Mrs. Shahnaz Sajjad Ahmad	Director
Maj. (R) Muhammad Zia	Director
Mr. Muhammad Kuli Khan Khattak	Director
Mr. Shahid Kamal Khan	Ind. Director
Mr. Sohail Hameed Khan, FCA	Ind. Director

### Audit Committee

Mr. Sohail Hameed Khan	Chairman
Maj. (R) Muhammad Zia	Member
Mr. Shahid Kamal Khan	Member
Mr. Shahnawaz Damji, ACA	Secretary

### Human Resource & Remuneration Committee

Mr. Shahid Kamal Khan	Chairman
Mr. Ahmad Kuli Khan Khattak	Member
Maj. (R) Muhammad Zia	Member
Mr. Sohail Hameed Khan	Member
Mr. Shahrukh Asghar	Secretary

### Chief Financial Officer

Mr. Muhammad Aamir, FCA

### Company Secretary

Mr. Talha Ahmed Zaidi, ACA

### Auditors

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

### Legal Advisors

S. Abid Sherazi & Co.  
Ahmed and Qazi  
Hassan & Hassan (Advocates)

### Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.  
4th Floor, Karachi Chamber,  
Hasrat Mohani Road, Karachi.

### Bankers

National Bank of Pakistan  
Al-Baraka Bank (Pakistan) Ltd.  
JS Bank Ltd.  
Faysal Bank Ltd.  
The Bank of Punjab  
MCB Islamic  
Bank Alfalah Ltd.  
Meezan Bank Ltd.  
Bank Al Habib Ltd.  
Samba Bank Limited  
Habib Metropolitan Bank Limited

### Registered Office

F-3, Hub Chowki Road, S.I.T.E.  
Post Box No. 2706, Karachi - 75730

Website: [www.gil.com.pk](http://www.gil.com.pk)

Email: [info@gil.com.pk](mailto:info@gil.com.pk)

## DIRECTORS' REVIEW

The Directors of your Company take pleasure to present the unaudited condensed interim financial statements for the half year ended December 31, 2020 duly reviewed by the external auditors.

### Financial results

Post Pandemic recovery of the automobile sector is a great sign for the economy and it is expected that the negative impacts of COVID-19 and subsequent lock-down will be reversed during the financial year 2021. Pakistan's economy and automobile sector are still in the recovery mode as current volumes in truck and bus market are 6% lesser than that of comparative period and the Company's sales for the half year ended 31 December 2020 are 7.5% lower as compared to the same period of last year. However, based on the information available with the Pakistan Automotive Manufacturers Association, Company's overall market share stood at 45% for the half year ended December 31, 2020. The Company is aware of the challenges being faced by the economy and is accordingly adopting measures to improve the bottom-line figures of the Company.

The results for the half year ended are as follows:

	STANDALONE		CONSOLIDATED	
	Half Year ended			
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	Rupees in 000			
Sales	5,442,757	5,880,616	5,442,757	5,880,616
Gross profit	573,042	752,755	573,042	752,755
Profit from operations	267,026	343,910	266,904	343,758
Loss before taxation	(1,511)	(144,323)	(1,443)	(144,290)
Profit / (Loss) after taxation	4,867	(105,075)	4,907	(105,052)
Earnings / (Loss) per share - basic and diluted (Rupees)	0.11	(2.47)	0.12	(2.47)

### Operating results

The Company's gross profit observed a decline of 24% as compared to the same period last year whereas it is a sign of recovery that Company posted profit after tax of Rs. 4.8 million as compared with loss after tax of Rs. 105 million during the same period last year. Recovery in Company's financial results is mainly due to decline in short term borrowings and reduction in finance cost which alone is reduced by 45% as compared to the corresponding period of last year. Recent policy adjustments made by the State bank of Pakistan and other measures taken by the Government of Pakistan to boost the economy, have positively contributed to the business sector.

Based on above, the Company reported earnings per share (EPS) of Re. 0.11 as against loss per share (LPS) of Rs. 2.47 in the corresponding period of last year.

### Future outlook

Favorable business conditions coupled with better business opportunities for the Company including new institutional sales have started to steer the Company out of losses and it is expected that during the FY 2021, the Company will record growth both in terms of volumes and profitability.

The Company is making all necessary efforts to improve its market position on the basis of advanced product line and improved competitiveness which will enhance the demand of Company's products and will ultimately benefit all stakeholders of the Company.

### Acknowledgement

The board acknowledges the trust and confidence in the Company and its products by the shareholders, valued suppliers, customers, dealers and bankers and appreciate their co-operation and support during these unusual circumstances. The Board is pleased to record its appreciation for the continued diligence and devotion of the employees. The Board takes this opportunity to thank the Company's principals Isuzu Motors Limited, Isuzu Motors Company (Thailand) Limited and Isuzu Motors International Operations (Thailand) Company Limited and the trading house Marubeni Corporation for their continued support and assistance.

On behalf of the Board of Directors



Ali Kuli Khan Khattak  
Chairman



Ahmad Kuli Khan Khattak  
Chief Executive Officer

توثیقی بیان:

بورڈ، کمپنی اور اُس کی مصنوعات پر یقین اور اعتماد پر اپنے حصص یافتگان، قابل قدر سپلائرز، صارفین، ڈیلرز اور بینکرز اور ان کے تعاون اور تائید پر مشکور ہے۔ بورڈ اپنے ملازمین کی مستقل مزاجی اور لگن پر ان کی تعریف درج کرانے پر خوش محسوس کرتا ہے۔

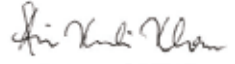
بورڈ اس موقع پر کمپنی کے پرنسپل اسوز و موٹرز لمیٹڈ، اسوز و موٹرز کمپنی (تھائی لینڈ) اور اسوز و موٹرز انٹرنیشنل آپریشنز (تھائی لینڈ) کمپنی لمیٹڈ اور ان کی ٹریڈنگ ہاؤس ماروبینی کارپوریشن کی تائید اور تعاون پر مشکور ہے۔



بھگم بورڈ

احمد فخری خان جنک

چیف ایگزیکٹو آفیسر



لیفٹینینٹ جنرل (ر) علی قلی خان جنک

چیرمین

کراچی: فروری 24، 2021

## ڈائریکٹرز کا جائزہ:

ہم گنہارا انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 دسمبر 2020ء کی اختتامی ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

## مالیاتی نتائج:

آٹوموبائل شعبہ کی وبائی مرض کے بعد کی بحالی ایک بڑی علامت ہے اور امید کی جاتی ہے کہ مالی سال 2021 کے دوران Covid-19 اور اس کے نتیجے میں ہونے والے لوک ڈاؤن کے اثرات ذائل ہو جائیں گے۔ پاکستانی معیشت اور آٹوموبائل سیکٹراب بھی بحالی کی جانب گامزن ہے جیسا کہ ٹرک اور بس مارکیٹ کا موجودہ حجم اسی دوران کے گزشتہ حجم سے 6 فیصد کم ہے اور کمپنی کی 31 دسمبر 2020 کو ہونے والی فروخت گزشتہ مدت کی اسی مدت کی سہ ماہی کے تناسب میں 7.5 فیصد کم رہی۔ تاہم پاکستان آٹوموٹیو مینوفیکچررز ایسوسی ایشن کی موجودہ معلومات کی بنیاد پر 31 دسمبر 2020 پر اختتام پزیر سہ ماہی پر کمپنی کا مارکیٹ شیئر 45 فیصد پر موجود رہا۔ کمپنی معیشت کو درپیش چیلنجز سے واقف ہے اور اسی بنیاد پر منفی اثرات کو ذائل کرنے کے اقدامات پر عمل پیرا ہے۔

اس مدت کے اہم نتائج درج ذیل ہیں :

	STANDALONE		CONSOLIDATED	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	Half Year ended			
	Rupees in 000			
Sales	5,442,757	5,880,616	5,442,757	5,880,616
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Earnings / (Loss) per share - basic and diluted (Rupees)	0.11	(2.47)	0.12	(2.47)

## عملی نتائج:

پچھلے سال کی اسی مدت کے مقابلے میں کمپنی کے مجموعی نفع میں 24 فیصد کمی واقع ہوئی ہے جبکہ یہ ایک بحالی کی علامت ہے کہ کمپنی نے 4.8 بلین روپے کا نفع بعد از ٹیکس ظاہر کیا جو کہ پچھلے سال اسی مدت میں 105 بلین روپے نقصان بعد از ٹیکس تھا۔ کمپنی کے مالی نتائج میں بہتری کی بنیادی وجہ صرف مختصر مدتی قرضوں کی تنزلی اور مالیاتی لاگت میں 45 فیصد کمی ہے۔ اسٹیٹ بینک آف پاکستان کی حالیہ ایڈجسٹمنٹ پالیسی اور معیشت کی بہتری کے لیے حکومت پاکستان کی جانب سے اٹھائے گئے دیگر اقدامات کاروباری شعبہ کے لیے مثبت طور پر مددگار رہے۔

مذکورہ بالا کی بنیاد پر، کمپنی نے نفعی حصص 0.11 روپیہ ظاہر کیا جو کہ پچھلے سال اسی مدت نقصان فی حصص 2.47 روپے تھا۔

## مستقبل پر نظر:

موزوں کاروباری حالات کے ساتھ کمپنی کے لیے بہتر کاروباری مواقع کی بدولت فروخت کا اچھا آغاز ہو چکا ہے اور امید کی جاتی ہے کہ کمپنی مالی سال 2021 میں نقصانات سے باہر آجائے گی اور حجم اور نفع کے اعتبار سے نمونہ اندراج کرے گی۔

کمپنی بہتر مقابلے کے لیے جدید مصنوعات کے ساتھ مارکیٹ میں برتری کے لئے اپنی تمام تر کوششیں کر رہی ہے جو کہ کمپنی کی مصنوعات کی طلب کو بڑھائے گی۔ بل آخر جس سے کمپنی کے تمام متعلقین فیض یاب ہوں گے۔

**Independent Auditors' Review Report to the Members of  
Gandhara Industries Limited**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Gandhara Industries 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.

**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 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 Osman Hameed Chaudhri.

*ShineWing Hameed Chaudhri & Co.*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI;

February 24, 2021

***Condensed Interim Financial Statements***

For The Half Year Ended December 31, 2020 - Un-audited

**Condensed Interim Statement of Financial Position**

AS AT DECEMBER 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	4,375,364	4,453,947
Intangible assets		3,511	136
Investment property		88,048	88,169
Long term investment		1,400	1,400
Long term loans		1,609	1,957
Long term deposits		30,739	23,738
Deferred taxation		65,815	2,473
		<b>4,566,486</b>	<b>4,571,820</b>
<b>Current Assets</b>			
Stores		15,384	22,469
Stock-in-trade	6	5,871,020	7,547,063
Trade debts	7	999,537	638,588
Loans and advances		225,082	150,547
Trade deposits and prepayments	8	1,058,042	4,260,928
Other receivables		4,850	9,263
Sales tax refundable / adjustable		822,600	162,303
Taxation - payments less provision		1,209,289	1,225,567
Cash and bank balances	9	2,187,011	340,906
		<b>12,392,815</b>	<b>14,357,634</b>
<b>Total Assets</b>		<b>16,959,301</b>	<b>18,929,454</b>



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

**Condensed Interim Statement of Financial Position**

AS AT DECEMBER 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 100,000,000 (June 30, 2020: 100,000,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital 42,608,844 (June 30, 2020: 42,608,844) ordinary shares of Rs.10 each		426,088	426,088
<b>Revenue reserve</b>			
Unappropriated profit		907,813	897,105
<b>Capital reserve</b>			
Surplus on revaluation of fixed assets		3,745,625	3,751,466
		<b>5,079,526</b>	<b>5,074,659</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Lease liabilities		77,349	66,237
Long term borrowings	10	86,571	-
Deferred income - government grant	11	4,083	-
Compensated absences		16,250	15,802
Deferred liabilities		11,624	21,425
		<b>195,877</b>	<b>103,464</b>
<b>Current liabilities</b>			
Trade and other payables		6,476,731	6,872,811
Unpaid dividends		78,959	78,959
Unclaimed dividends		21,880	21,973
Accrued mark-up / interest		203,564	229,782
Short term borrowings	12	4,763,100	6,518,396
Current maturity of lease liabilities		28,455	29,410
Current portion of long term borrowings		100,932	-
Current portion of deferred income - government grant		10,277	-
		<b>11,683,898</b>	<b>13,751,331</b>
<b>Total liabilities</b>		<b>11,879,775</b>	<b>13,854,795</b>
<b>Contingencies and commitments</b>	13		
<b>Total equity and liabilities</b>		<b>16,959,301</b>	<b>18,929,454</b>

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	..... (Rupees in '000) .....			
Sales - net	3,040,984	2,852,104	5,442,757	5,880,616
Cost of sales	(2,634,868)	(2,506,327)	(4,869,715)	(5,127,861)
<b>Gross profit</b>	<b>406,116</b>	<b>345,777</b>	<b>573,042</b>	<b>752,755</b>
Distribution expenses	(158,900)	(130,880)	(271,200)	(279,010)
Administrative expenses	(77,731)	(81,885)	(147,454)	(146,342)
Other expenses	(7,424)	(3,898)	(12,327)	(4,371)
Other income	82,376	12,494	124,965	20,878
<b>Profit from operations</b>	<b>244,437</b>	<b>141,608</b>	<b>267,026</b>	<b>343,910</b>
Finance cost	(96,731)	(266,641)	(268,537)	(488,233)
<b>Profit / (loss) before taxation</b>	<b>147,706</b>	<b>(125,033)</b>	<b>(1,511)</b>	<b>(144,323)</b>
Taxation	842	6,251	6,378	39,248
<b>Profit / (loss) after taxation</b>	<b>148,548</b>	<b>(118,782)</b>	<b>4,867</b>	<b>(105,075)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>148,548</b>	<b>(118,782)</b>	<b>4,867</b>	<b>(105,075)</b>
	..... Rupees .....			
<b>Basic and diluted earnings / (loss) per share</b>	<b>3.49</b>	<b>(2.79)</b>	<b>0.11</b>	<b>(2.47)</b>

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Share Capital	Revenue reserve	Capital Reserve	Total
		Unappropriated profit	Surplus on Revaluation of fixed assets	
----- (Rupees in '000) -----				
Balance as at July 1, 2019 (Audited)	426,088	2,172,735	2,049,561	4,648,384
<b>Total comprehensive income for the half year ended December 31, 2019</b>				
Loss for the period	-	(105,075)	-	(105,075)
Other comprehensive income	-	-	-	-
	-	(105,075)	-	(105,075)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,996	(3,996)	-
<b>Balance as at December 31, 2019 (Un-audited)</b>	<b>426,088</b>	<b>2,071,656</b>	<b>2,045,565</b>	<b>4,543,309</b>
<b>Balance as at July 1, 2020 (Audited)</b>	<b>426,088</b>	<b>897,105</b>	<b>3,751,466</b>	<b>5,074,659</b>
<b>Total comprehensive income for the half year ended December 31, 2020</b>				
Profit for the period	-	4,867	-	4,867
Other comprehensive income	-	-	-	-
	-	4,867	-	4,867
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	5,841	(5,841)	-
<b>Balance as at December 31, 2020 (Un-audited)</b>	<b>426,088</b>	<b>907,813</b>	<b>3,745,625</b>	<b>5,079,526</b>

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

**Condensed Interim Statement of Cash Flows**

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half year ended	
		December 31, 2020	December 31, 2019
..... (Rupees in '000) .....			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	15	3,733,384	(20,154)
Gratuity paid		(20,192)	(4,732)
Compensated absences paid		(280)	(53)
Finance cost paid		(289,616)	(405,183)
Income tax paid		(40,686)	(237,582)
Long term loans - net		348	1,379
Long term deposits - net		(7,001)	(1,790)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,375,957</b>	<b>(668,115)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(42,211)	(46,617)
Addition of intangible asset		(3,661)	-
Proceeds from sale of operating fixed assets		19,035	3,824
Interest received		45,492	2,210
<b>Net cash generated from / (used in) investing activities</b>		<b>18,655</b>	<b>(40,583)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term borrowings - obtained		187,503	-
Government grant - net		14,360	-
Lease liabilities - net		5,019	5,612
Dividend paid		(93)	(83)
<b>Net cash generated from financing activities</b>		<b>206,789</b>	<b>5,529</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,601,401</b>	<b>(703,169)</b>
Cash and cash equivalents - at beginning of the period		(6,177,490)	(5,796,173)
<b>Cash and cash equivalents - at end of the period</b>	16	<b>(2,576,089)</b>	<b>(6,499,342)</b>

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### **1. LEGAL STATUS AND NATURE OF BUSINESS**

Gandhara Industries Limited (the Company) was incorporated on February 23, 1963. The Company's shares are quoted on Pakistan Stock Exchange Limited. The principal activity is the assembly, progressive manufacturing and sale of Isuzu trucks, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E, Karachi.

Biboojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (June 30, 2020: 16,686,794) ordinary shares of Rs.10 each of the Company.

### **2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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.

### **3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The significant 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 for the year ended June 30, 2020 except for note 3.1.

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.

- 3.1** Government grants are recognized where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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 for the year ended June 30, 2020.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
..... (Rupees in '000) .....			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	4,231,531	4,319,229
Right of use assets	5.3	74,311	78,540
Capital work-in-progress	5.4	69,522	56,178
		<u>4,375,364</u>	<u>4,453,947</u>
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		4,319,229	2,681,578
Transfer to right of use assets costing Nil (June 30, 2020: Rs.82,758 thousand)		-	(53,884)
Additions / revaluation during the period / year	5.2	18,602	1,865,716
Disposals and written off, costing Rs.21,463 thousand (June 30, 2020: Rs.8,198 thousand) - at net book value		(15,566)	(5,218)
Depreciation charge for the period / year		(90,734)	(168,963)
Net book value at end of the period / year		<u>4,231,531</u>	<u>4,319,229</u>
<b>5.2 Addition / revaluations to operating fixed assets, including transfer from capital work-in-progress, during the period / year</b>			
<b>Owned</b>			
- Leasehold land		-	1,609,050
- Building on leasehold land		5,356	186,411
- Plant and machinery		3,762	3,997
- Permanent tools		5,569	2,696
- Furniture and fixture		41	831
- Motor vehicles		-	34,528
- Trucks / lift trucks		-	1,755
- Office machines & equipment		534	2,447
- Computers		2,312	2,253
- Jigs and special tools		1,028	21,748
		<u>18,602</u>	<u>1,865,716</u>
<b>5.3 Right of use assets</b>			
Net book value at beginning of the period / year		78,540	-
Transfer from operating fixed assets, costing Nil (June 30, 2020: Rs.82,758 thousand)		-	53,884
Transition effect on initial application of IFRS 16		-	32,380
Addition / transfer from owned during the period / year		10,535	19,609
Depreciation charged during the period / year		(14,764)	(27,333)
Net book value at end of the period / year		<u>74,311</u>	<u>78,540</u>
<b>5.4 Capital work-in-progress</b>			
Advances made for:			
- Buildings on leasehold land		2,807	8,163
- Plant and machinery		59,530	44,214
- Vehicles		6,225	-
- Computer software		960	3,801
		<u>69,522</u>	<u>56,178</u>

**6. STOCK-IN-TRADE**

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
..... (Rupees in '000) .....		

Raw materials and components	3,080,819	4,567,106
Work-in-process	335,417	116,438
Finished goods including components	1,746,703	2,100,456
Trading stocks	708,081	763,063
	<u>5,871,020</u>	<u>7,547,063</u>

**7. TRADE DEBTS - Unsecured**

Government and semi-government agencies	211,769	1,287
Others including dealers - net	787,768	637,301
	<u>999,537</u>	<u>638,588</u>

8. Includes margin against bank guarantee aggregating Rs.669,158 thousand (June 30, 2020: Rs.4,092,036 thousand).

9. Includes term deposit receipt (TDR) of Rs.1,400 million (June 30, 2020: Nil). This TDR have a maturity of 7 day and carry mark-up at the rate of 6% (June 30, 2020: Nil) per annum.

**10. LONG TERM BORROWINGS****Note**

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
..... (Rupees in '000) .....		

Loan under refinance scheme for payment of wages and salaries	10.1	201,863	-
Adjustment pertaining to fair value of loan at below market interest rate	10.2	(14,360)	-
		<u>187,503</u>	-
Current maturity		<u>(100,932)</u>	-
		<u>86,571</u>	-

10.1 This represents long term loan received from The Bank of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against first exclusive hypothecation charge over specific plant & machinery of the Company (located at survey # 36-112, plot # 36, Deh. Kanto, Port Qasim Karachi) with 25% margin limited to Rs.269,151 thousands. Mark-up is chargeable at 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly instalments starting from March 2021.

**Note**

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
..... (Rupees in '000) .....		

**10.2 Adjustment pertaining to fair value of loan at below market interest rate**

Difference of fair value of loan and loan received	17,222	-
Less: amortisation of loan	2,862	-
	<u>14,360</u>	-

**11. DEFERRED INCOME - GOVERNMENT GRANT**

Grant recognised on loan at below market interest rate	11.1	17,222	-
Less: released to statement of profit or loss		2,862	-
		<u>14,360</u>	-
Less: current portion		<u>10,277</u>	-
		<u>4,083</u>	-

11.1 The Company recognised government grant on below market interest loan received - (note 10.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

**12. SHORT TERM BORROWINGS - Secured**

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	..... (Rupees in '000) .....	
Running finances / musharrakah	1,308,392	1,420,954
Finance against imported merchandise	939,442	2,691,056
Istisna	2,127,208	2,396,073
Murabaha	388,058	10,313
	<u>4,763,100</u>	<u>6,518,396</u>

**13. CONTINGENCIES AND COMMITMENTS**

**13.1 Contingencies**

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

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	..... (Rupees in '000) .....	
Bank guarantees	<u>7,270,794</u>	<u>7,547,916</u>
Letters of credit	<u>3,989,284</u>	<u>663,298</u>

**13.2 Commitments**

Bank guarantees  
Letters of credit

**14. COST OF SALES**

(Un-audited)

	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	..... (Rupees in '000) .....		..... (Rupees in '000) .....	
Stocks at beginning of the period	3,010,353	2,963,558	2,863,519	2,905,560
Cost of goods manufactured	2,059,668	3,431,141	4,425,979	5,787,313
Trading goods - cost of sales	19,631	(50,949)	35,001	272,411
	<u>2,079,299</u>	<u>3,380,192</u>	<u>4,460,980</u>	<u>6,059,724</u>
	5,089,652	6,343,750	7,324,499	8,965,284
Stocks at end of the period	(2,454,784)	(3,837,423)	(2,454,784)	(3,837,423)
	<u>2,634,868</u>	<u>2,506,327</u>	<u>4,869,715</u>	<u>5,127,861</u>
<b>14.1 Cost of goods manufactured</b>				
Work in process at beginning of the period	227,961	102,579	116,438	153,698
Raw materials and components consumed	1,966,175	3,116,130	4,177,783	5,118,237
Direct labour and factory overheads	200,949	299,608	467,175	602,554
	<u>2,167,124</u>	<u>3,415,738</u>	<u>4,644,958</u>	<u>5,720,791</u>
	2,395,085	3,518,317	4,761,396	5,874,489
Work in process at end of the period	(335,417)	(87,176)	(335,417)	(87,176)
	<u>2,059,668</u>	<u>3,431,141</u>	<u>4,425,979</u>	<u>5,787,313</u>

	Note	(Un-audited) Half year ended	
		December 31, 2020	December 31, 2019
..... (Rupees in '000) .....			
<b>15. CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
Loss before taxation		(1,511)	(144,323)
<b>Adjustment for non cash charges and other items</b>			
Depreciation / amortization on:			
- property, plant and equipment		90,734	83,211
- right to use asset		14,764	12,629
- intangible assets		286	63
- investment property		121	121
Gain on disposal of operating fixed assets		(3,469)	(2,208)
Provision for compensated absences		728	1,631
Provision for doubtful advances		1,786	3,730
Amortization of gain on sale and lease back of fixed asset		(296)	(179)
Exchange loss		723	23
Provision for gratuity		10,417	11,223
Interest income		(45,492)	(2,210)
Finance cost		268,537	488,233
		<u>337,328</u>	<u>451,944</u>
Working capital changes - net	15.1	<u>3,396,056</u>	<u>(472,098)</u>
		<u>3,733,384</u>	<u>(20,154)</u>

**15.1 Working capital changes**

	(Un-audited) Half year ended	
	December 31, 2020	December 31, 2019
..... (Rupees in '000) .....		
Decrease / (increase) in current assets:		
Stores	7,085	4,260
Stock-in-trade	1,676,043	1,533,283
Trade debts	(362,735)	(422,597)
Loans and advances	(74,535)	(31,876)
Trade deposits and prepayments	3,202,886	73,982
Other receivables	3,690	(3,882)
Sales tax refundable / adjustable	(660,297)	(386,842)
	<u>3,792,137</u>	<u>766,328</u>
Decrease in trade and other payables	(396,081)	(1,238,426)
	<u>3,396,056</u>	<u>(472,098)</u>

**16. CASH AND CASH EQUIVALENTS**

Cash and bank balances	2,187,011	65,057
Short term borrowings	(4,763,100)	(6,564,399)
	<u>(2,576,089)</u>	<u>(6,499,342)</u>

**17. FINANCIAL RISK MANAGEMENT**

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2020.

There have been no changes in the risk management policies since the year end.

**18. TRANSACTIONS WITH RELATED PARTIES**

18.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited) Half year ended	
		December 31, 2020	December 31, 2019
<b>(i) Subsidiary Company</b>		(Rupees in '000)	
Marghzar Industries (Pvt.) Ltd.	Financial charges	190	185
	Reimbursement of expenses	150	152
<b>(ii) Associated Companies</b>			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	83,067	73,918
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	266,152	255,949
	Sale of parts	16	50
	Rental income	1,757	1,597
	Reimbursement of expenses	490	444
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	900
	Rent paid	4,500	-
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	1,500
	Reimbursement of expenses	23	63
Janana De Maluchho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	1,067	1,077
Ghandhara DF (Pvt.) Ltd. (Common Directorship)	Rental income	1,757	1,597
	Purchase of parts	4	2
<b>(iii) Other</b>			
Gratuity fund	Contribution paid	20,191	4,732
Provident fund	Contribution paid	-	17,779
Key management personnel	Remuneration and other benefits	69,617	64,810
		<b>Un-audited December 31, 2020</b>	<b>Audited June 30, 2020</b>
<b>18.2 Period / year end balances are as follows:</b>		(Rupees in '000)	
Receivables from related parties			
Long term investment		1,400	1,400
Loans and advances		-	110
Trade debts		344	-
Other receivables		4,850	9,263
<b>Payable to related parties</b>			
Compensated absences		6,381	5,740
Trade and other payables		83,237	148,198

**19. 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, 2020, whereas, the condensed interim statement of profit or loss account 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, 2019. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

**20. DATE OF AUTHORIZATION**

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

***Consolidated Condensed Interim  
Financial Statements***

For The Half Year Ended December 31, 2020 - Un-audited

**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) .....			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	4,375,364	4,453,947
Intangible assets		3,511	136
Investment property		88,048	88,169
Long term loans		1,609	1,957
Long term deposits		30,739	23,738
Deferred taxation		65,815	2,473
		<b>4,565,086</b>	<b>4,570,420</b>
<b>Current Assets</b>			
Stores		15,384	22,469
Stock-in-trade	6	5,871,020	7,547,063
Trade debts	7	999,537	638,588
Loans and advances		225,082	150,547
Trade deposits and prepayments	8	1,058,042	4,260,928
Other receivables		4,850	9,263
Sales tax refundable / adjustable		822,600	162,303
Taxation - payments less provision		1,209,269	1,225,549
Cash and bank balances	9	2,187,011	340,906
		<b>12,392,795</b>	<b>14,357,616</b>
<b>Total assets</b>		<b>16,957,881</b>	<b>18,928,036</b>



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
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) .....			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share Capital		426,088	426,088
<b>Revenue reserve</b>			
Unappropriated profit		908,855	898,109
<b>Capital reserve</b>			
Surplus on revaluation of fixed assets		3,745,625	3,751,466
		<u>5,080,568</u>	<u>5,075,663</u>
Non-controlling interest		5	5
		<u>5,080,573</u>	<u>5,075,668</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liabilities		77,349	66,237
Long term borrowings	10	86,571	-
Deferred income - government grant	11	4,083	-
Compensated absences		16,250	15,802
Deferred liabilities		11,624	21,425
		<u>195,877</u>	<u>103,464</u>
<b>Current liabilities</b>			
Trade and other payables		6,474,264	6,870,384
Unpaid dividends		78,959	78,959
Unclaimed dividends		21,880	21,973
Accrued mark-up / interest		203,564	229,782
Short term borrowings	12	4,763,100	6,518,396
Current maturity of lease liabilities		28,455	29,410
Current portion of long term borrowings		100,932	-
Current portion of deferred income - government grant		10,277	-
		<u>11,681,431</u>	<u>13,748,904</u>
<b>Total liabilities</b>		<u>11,877,308</u>	<u>13,852,368</u>
<b>Contingencies and commitments</b>	13		
<b>Total equity and liabilities</b>		<u>16,957,881</u>	<u>18,928,036</u>

The annexed notes 1 to 20 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	..... (Rupees in '000) .....		..... (Rupees in '000) .....	
Sales - net	<b>3,040,984</b>	2,852,104	<b>5,442,757</b>	5,880,616
Cost of sales	<b>(2,634,868)</b>	(2,506,327)	<b>(4,869,715)</b>	(5,127,861)
<b>Gross profit</b>	<b>406,116</b>	345,777	<b>573,042</b>	752,755
Distribution expenses	<b>(158,900)</b>	(130,880)	<b>(271,200)</b>	(279,010)
Administrative expenses	<b>(77,791)</b>	(81,977)	<b>(147,576)</b>	(146,494)
Other expenses	<b>(7,424)</b>	(3,898)	<b>(12,327)</b>	(4,371)
Other income	<b>82,376</b>	12,494	<b>124,965</b>	20,878
<b>Profit from operations</b>	<b>244,377</b>	141,516	<b>266,904</b>	343,758
Finance cost	<b>(96,635)</b>	(266,548)	<b>(268,347)</b>	(488,048)
<b>Profit / (loss) before taxation</b>	<b>147,742</b>	(125,032)	<b>(1,443)</b>	(144,290)
Taxation	<b>824</b>	6,250	<b>6,350</b>	39,238
<b>Profit / (loss) after taxation</b>	<b>148,566</b>	(118,782)	<b>4,907</b>	(105,052)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>148,566</b>	(118,782)	<b>4,907</b>	(105,052)
	..... (Rupees) .....			
<b>Basic and diluted earnings / (loss) per share</b>	<b>3.49</b>	(2.79)	<b>0.12</b>	(2.47)

The annexed notes 1 to 20 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Share capital	Revenue reserve	Capital reserve	Total	Non - Controlling interest
		Unappropriated profit	Surplus on revaluation of fixed assets		
----- (Rupees in '000) -----					
Balance as at July 1, 2019 (Audited)	426,088	2,173,691	2,049,561	4,649,340	5
<b>Total comprehensive income for the half year ended December 31, 2019</b>					
Loss for the period	-	(105,052)	-	(105,052)	-
Other comprehensive income	-	-	-	-	-
	-	(105,052)	-	(105,052)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	3,996	(3,996)	-	-
<b>Balance as at December 31, 2019 (Un-audited)</b>	<b>426,088</b>	<b>2,072,635</b>	<b>2,045,565</b>	<b>4,544,288</b>	<b>5</b>
<b>Balance as at July 1, 2020 (Audited)</b>	<b>426,088</b>	<b>898,107</b>	<b>3,751,466</b>	<b>5,075,661</b>	<b>5</b>
<b>Total comprehensive income for the half year ended December 31, 2020</b>					
Profit for the period	-	4,907	-	4,907	-
Other comprehensive income	-	-	-	-	-
	-	4,907	-	4,907	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	-	5,841	(5,841)	-	-
<b>Balance as at December 31, 2020 (Un-audited)</b>	<b>426,088</b>	<b>908,855</b>	<b>3,745,625</b>	<b>5,080,568</b>	<b>5</b>

The annexed notes 1 to 20 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

**Consolidated Condensed Interim Statement of Cash Flows**

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half year ended	
		December 31, 2020	December 31, 2019
		..... (Rupees in '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	15	3,733,222	(20,338)
Gratuity paid		(20,192)	(4,732)
Compensated absences paid		(280)	(53)
Finance cost paid		(289,428)	(404,998)
Income tax paid		(40,712)	(237,583)
Long term loans - net		348	1,379
Long term deposits - net		(7,001)	(1,790)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,375,957</b>	<b>(668,115)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(42,211)	(46,617)
Addition of intangible asset		(3,661)	-
Proceeds from sale of operating fixed assets		19,035	3,824
Interest received		45,492	2,210
<b>Net cash generated from / (used in) investing activities</b>		<b>18,655</b>	<b>(40,583)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term borrowings - obtained		187,503	-
Government grant - net		14,360	-
Lease liabilities - net		5,019	5,612
Dividend paid		(93)	(83)
<b>Net cash generated from financing activities</b>		<b>206,789</b>	<b>5,529</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,601,401</b>	<b>(703,169)</b>
Cash and cash equivalents - at beginning of the period		(6,177,490)	(5,796,173)
<b>Cash and cash equivalents - at end of the period</b>	16	<b>(2,576,089)</b>	<b>(6,499,342)</b>

The annexed notes 1 to 20 form an integral part of the consolidated condensed interim financial statements.



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director



**Muhammad Aamir**  
Chief Financial Officer

## *Notes to The Consolidated Condensed Interim Financial Statements*

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### **1. THE GROUP AND ITS OPERATIONS**

The Group consists of Ghandhara Industries Limited (the Holding Company) Marghazar Industries (Private) Limited (the Subsidiary Company).

#### **1.1 Ghandhara Industries Limited**

Ghandhara Industries Limited (the Holding Company) was incorporated on February 23, 1963. The Company's shares are quoted on Pakistan Stock Exchange Limited. The principal activity is the assembly, progressive manufacturing and sale of Isuzu trucks, buses and pick ups. The registered office of the Company is at F-3, Hub Chowki Road, S.I.T.E., Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Lahore, Multan, Rawalpindi and Peshawar.

#### **1.2 Marghazar Industries (Private) Limited**

Marghazar Industries (Private) Limited (the Subsidiary Company) was incorporated as a private limited company on March 7, 1969. The registered office of the Company is located at Gardee Trust Building, Napier Road, Lahore. The Company is subsidiary of Ghandhara Industries Limited; which holds 140,000 ordinary shares representing 99.79% of the total capital of the Company.

### **2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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.

### **3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The significant 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 for the year ended June 30, 2020 except for note 3.1.

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 Group's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

- 3.1** Government grants are recognized where there is a reasonable assurance that the grant will be received and the Group will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparation of these 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 for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
..... (Rupees in '000) .....			
Operating fixed assets	5.1	4,231,531	4,319,229
Right of use assets	5.3	74,311	78,540
Capital work-in-progress	5.4	69,522	56,178
		<u>4,375,364</u>	<u>4,453,947</u>
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		4,319,229	2,681,578
Transfer to right of use assets costing Nil (June 30, 2020: Rs.82,758 thousand)		-	(53,884)
Additions / revaluation during the period / year	5.2	18,602	1,865,716
Disposals and written off, costing Rs.21,463 thousand (June 30, 2020: Rs.8,198 thousand) - at net book value		(15,566)	(5,218)
Depreciation charge for the period / year		(90,734)	(168,963)
Net book value at end of the period / year		<u>4,231,531</u>	<u>4,319,229</u>
<b>5.2 Addition / revaluations to operating fixed assets, including transfer from capital work-in-progress, during the period / year</b>			
<b>Owned</b>			
- Leasehold land		-	1,609,050
- Building on leasehold land		5,356	186,411
- Plant and machinery		3,762	3,997
- Permanent tools		5,569	2,696
- Furniture and fixture		41	831
- Motor vehicles		-	34,528
- Trucks / lift trucks		-	1,755
- Office machines & equipment		534	2,447
- Computers		2,312	2,253
- Jigs and special tools		1,028	21,748
		<u>18,602</u>	<u>1,865,716</u>
<b>5.3 Right to use assets</b>			
Net book value at beginning of the period / year		78,540	-
Transfer from operating fixed assets, costing Nil (June 30, 2020: Rs.82,758 thousand)		-	53,884
Transition effect on initial application of IFRS 16		-	32,380
Addition / transfer from owned during the period / year		10,535	19,609
Depreciation charged during the period / year		(14,764)	(27,333)
Net book value at end of the period / year		<u>74,311</u>	<u>78,540</u>

<b>5.4 Capital work-in-progress</b>		<b>(Un-audited) December 31, 2020</b>	<b>(Audited) June 30, 2020</b>
		..... (Rupees in '000) .....	
Advances made for:			
- Buildings on leasehold land		2,807	8,163
- Plant and machinery		59,530	44,214
- Vehicles		6,225	-
- Computer software		960	3,801
		<u>69,522</u>	<u>56,178</u>
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components		3,080,819	4,567,106
Work-in-process		335,417	116,438
Finished goods including components		1,746,703	2,100,456
Trading stocks		708,081	763,063
		<u>5,871,020</u>	<u>7,547,063</u>
<b>7. TRADE DEBTS - Unsecured</b>			
Government and semi-government agencies		211,769	1,287
Others including dealers - net		787,768	637,301
		<u>999,537</u>	<u>638,588</u>
<b>8.</b>			
Includes margin against bank guarantee aggregating Rs.669,158 thousand (June 30, 2020: Rs.4,092,036 thousand).			
<b>9.</b>			
Includes term deposit receipt (TDR) of Rs.1,400 million (June 30, 2020: Nil). This TDR have a maturity of 7 day and carry mark-up at the rate of 6% (June 30, 2020: Nil) per annum.			
<b>10. LONG TERM BORROWINGS</b>			
	<b>Note</b>	<b>(Un-audited) December 31, 2020</b>	<b>(Audited) June 30, 2020</b>
		..... (Rupees in '000) .....	
Loan under refinance scheme for payment of wages and salaries	10.1	201,863	-
Adjustment pertaining to fair value of loan at below market interest rate	10.2	(14,360)	-
		<u>187,503</u>	-
Current maturity		(100,932)	-
		<u>86,571</u>	-
<b>10.1</b>			
This represents long term loan received from The Bank of Punjab under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against first exclusive hypothecation charge over specific plant & machinery of the Holding Company (located at survey # 36-112, plot # 36, Deh. Kanto, Port Qasim Karachi) with 25% margin limited to Rs.269,151 thousands. Mark-up is chargeable at 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly instalments starting from March 2021.			
<b>10.2 Adjustment pertaining to fair value of loan at below market interest rate</b>		<b>(Un-audited) December 31, 2020</b>	<b>(Audited) June 30, 2020</b>
		..... (Rupees in '000) .....	
Difference of fair value of loan and loan received		17,222	-
Less: amortisation of loan		2,862	-
		<u>14,360</u>	-
<b>11. DEFERRED INCOME - GOVERNMENT GRANT</b>			
Grant recognised on loan at below market interest rate	11.1	17,222	-
Less: released to statement of profit or loss		2,862	-
		<u>14,360</u>	-
Less: current portion		10,277	-
		<u>4,083</u>	-

11.1 The Group recognised government grant on below market interest loan received - (note 10.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

12. SHORT TERM BORROWINGS - Secured	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	..... (Rupees in '000) .....	
Running finances / musharrakah	1,308,392	1,420,954
Finance against imported merchandise	939,442	2,691,056
Istisna	2,127,208	2,396,073
Murabaha	388,058	10,313
	<u>4,763,100</u>	<u>6,518,396</u>

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

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

13.2 Commitments	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	..... (Rupees in '000) .....	
Bank guarantees	7,270,794	7,547,916
Letters of credit	3,989,284	663,298

#### 14. COST OF SALES

(Un-audited)

Note	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	..... (Rupees in '000) .....			
Stocks at beginning of the period	3,010,353	2,963,558	2,863,519	2,905,560
Cost of goods manufactured	2,059,668	3,431,141	4,425,979	5,787,313
Trading goods - cost of sales	19,631	(50,949)	35,001	272,411
	<u>2,079,299</u>	<u>3,380,192</u>	<u>4,460,980</u>	<u>6,059,724</u>
	5,089,652	6,343,750	7,324,499	8,965,284
Stocks at end of the period	(2,454,784)	(3,837,423)	(2,454,784)	(3,837,423)
	<u>2,634,868</u>	<u>2,506,327</u>	<u>4,869,715</u>	<u>5,127,861</u>
<b>14.1 Cost of goods manufactured</b>				
Work in process at beginning of the period	227,961	102,579	116,438	153,698
Raw materials and components consumed	1,966,175	3,116,130	4,177,783	5,118,237
Direct labour and factory overheads	200,949	299,608	467,175	602,554
	<u>2,167,124</u>	<u>3,415,738</u>	<u>4,644,958</u>	<u>5,720,791</u>
	2,395,085	3,518,317	4,761,396	5,874,489
Work in process at end of the period	(335,417)	(87,176)	(335,417)	(87,176)
	<u>2,059,668</u>	<u>3,431,141</u>	<u>4,425,979</u>	<u>5,787,313</u>

**15. CASH GENERATED FROM / (USED IN) OPERATIONS**

	Note	(Un-audited) Half year ended	
		December 31, 2020	December 31, 2019
		..... (Rupees in '000) .....	
Loss before taxation		(1,443)	(144,290)
<b>Adjustment for non cash charges and other items</b>			
Depreciation / amortization on:			
- property, plant and equipment		90,734	83,211
- right to use asset		14,764	12,629
- intangible assets		286	63
- investment property		121	121
Gain on disposal of operating fixed assets		(3,469)	(2,208)
Provision for compensated absences		728	1,631
Provision for doubtful advances		1,786	3,730
Amortization of gain on sale and lease back of fixed asset		(296)	(179)
Exchange loss		723	23
Provision for gratuity		10,417	11,223
Interest income		(45,492)	(2,210)
Finance cost		268,347	488,048
		<u>337,206</u>	<u>451,792</u>
Working capital changes - net	15.1	<u>3,396,016</u>	<u>(472,130)</u>
		<u><b>3,733,222</b></u>	<u><b>(20,338)</b></u>
<b>15.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
Stores		7,085	4,260
Stock-in-trade		1,676,043	1,533,283
Trade debts		(362,735)	(422,597)
Loans and advances		(74,535)	(31,876)
Trade deposits and prepayments		3,202,886	73,982
Other receivables		3,690	(3,882)
Sales tax refundable / adjustable		(660,297)	(386,842)
		<u>3,792,137</u>	<u>766,328</u>
Decrease in trade and other payables		<u>(396,121)</u>	<u>(1,238,458)</u>
		<u><b>3,396,016</b></u>	<u><b>(472,130)</b></u>
<b>16. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		2,187,011	65,057
Short term borrowings		(4,763,100)	(6,564,399)
		<u><b>(2,576,089)</b></u>	<u><b>(6,499,342)</b></u>

**17. FINANCIAL RISK MANAGEMENT**

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Group as at June 30, 2020.

There have been no changes in the risk management policies since the year end.

## 18. TRANSACTIONS WITH RELATED PARTIES

## 18.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactions	(Un-audited) Half year ended	
		December 31, 2020	December 31, 2019
<b>(i) Associated Companies</b>		(Rupees in '000)	
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	83,067	73,918
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	266,152	255,949
	Sale of parts	16	50
	Rental income	1,757	1,597
	Reimbursement of expenses	490	444
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	900	900
	Rent paid	4,500	-
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	1,500	1,500
	Reimbursement of expenses	23	63
Janana De Maluchho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	1,067	1,077
Ghandhara DF (Pvt.) Ltd. (Common Directorship)	Rental income	1,757	1,597
	Purchase of parts	4	2
<b>(ii) Other</b>			
Gratuity fund	Contribution paid	20,191	4,732
Provident fund	Contribution paid	-	17,779
Key management personnel	Remuneration and other benefits	69,617	64,810

## 18.2 Period / year end balances are as follows:

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>Receivables from related parties</b>	(Rupees in '000)	
Long term investment	-	1,400
Loans and advances	-	110
Trade debts	344	-
Other receivables	4,850	9,263
<b>Payable to related parties</b>		
Compensated absences	6,381	5,740
Trade and other payables	80,671	148,198

**19. 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 Group for the year ended June 30, 2020, whereas, the condensed interim statement of profit or loss account 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 Group for the period ended December 31, 2019. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

**20. DATE OF AUTHORIZATION**

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



**Maj. (R) Muhammad Zia**  
Director










**Muhammad Aamir**  
Chief Financial Officer



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Address: F-3, Hub Chowki Road, S.I.T.E., Karachi-75730

UAN : 111-445-111, 32560083-6, 32588708 Fax: 021-32569989, 32564458 Toll Free: 0800-11190

Email: [shareholders@gil.com.pk](mailto:shareholders@gil.com.pk), [investor.relation@gil.com.pk](mailto:investor.relation@gil.com.pk) URL: [www.gil.com.pk](http://www.gil.com.pk)