

# DREAM

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QUARTERLY REPORT 2019










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# Contents

02	Company Information
03	Directors' Review
06	Condensed Interim Statement of Financial Position
08	Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
09	Condensed Interim Statement of Cash Flows
10	Condensed Interim Statement of Changes in Equity
11	Notes to the Condensed Interim Financial information (Unaudited)
18	Consolidated Condensed Interim Statement of Financial Position
19	Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
20	Consolidated Condensed Interim Statement of Cash Flows
21	Consolidated Condensed Interim Statement of Changes in Equity
22	Notes to the Consolidated Condensed Interim Financial information (Unaudited)

# Company Information

**Legal Advisors**

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

**Bankers**

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

**Share Registrar**

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

**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)

**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	Ind. Director

**Audit Committee**

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

**Chief Financial Officer**

Mr. Iftikhar Ahmed Khan

**Company Secretary**

Mr. Talha Ahmed Zaidi

**Auditors**

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

# Directors' Review

The directors of your company take pleasure in presenting the unaudited accounts both standalone and consolidated for the quarter ended September 30, 2019.

## Financial results

The overall truck and bus market has decreased by 45%, however overall market share of GIL stood at approximately 38% for the quarter ended September 30, 2019. The company is aware of the challenges being faced by the economy and is accordingly adapting measures to phase out negative impacts from the bottom line figures of the Company.

The standalone and consolidated results for the quarter are as follows:

	STANDALONE		CONSOLIDATED	
	Quarter Ended 30 September	Quarter Ended 30 September	Quarter Ended 30 September	Quarter Ended 30 September
	2019	2018	2019	2018
	Rupees in 000			
Sales	3,028,512	4,383,842	3,028,512	4,383,842
Gross profit	406,978	622,802	406,978	622,802
Profit from operations	202,302	406,784	202,242	406,724
(Loss) / Profit before taxation	(19,290)	313,813	(19,258)	313,841
Profit after taxation	13,707	303,703	13,730	303,723
Earnings per share - basic and diluted (Rupees)	0.32	7.13	0.32	7.13

## Operating results

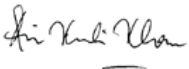
The Company's gross profit decreased by 35% as compared with same period last year mainly due to currency devaluation of Pak Rupee against US Dollar and Japanese Yen whereas the company posted the profit after tax of Rs. 13.7 million as compared to Rs 303.7 Million in first quarter of FY 2019. The major impact in decreasing overall profits was due to increased finance cost which increased by 1.4 times as compared with corresponding period of last year due to increased short term borrowings, these all factors ultimately translated into the decreased EPS to Re. 0.32 as against Rs. 7.13 for the corresponding period of last year.

## Future outlook

The overall economic indicators of Pakistan show a challenging outlook, increasing interest rates and significant devaluation of the rupee have adversely affected the company's and overall industry's progress. In order to revamp sustained growth and boost customer confidence government need to introduce policies that will restore market confidence and accelerate economic activities across the board.

However, keeping in view the economic trends, the Company is making all necessary efforts to improve its position on the back of enhanced product line and improved competitiveness which will create sufficient potential demand in local market which will ultimately benefit the stakeholders of the Company and Economy as a whole.

## By order of the Board



**Ali Kuli Khan Khattak**  
Chairman



**Ahmad Kuli Khan Khattak**  
Chief Executive Officer

Karachi  
October 26, 2019

# ڈائریکٹرز کا جائزہ:

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ انفرادی اور مجموعی مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## مالیاتی نتائج:

مجموعی طور پر ٹرک اور بسوں کی فروخت میں 45% کی کمی واقع ہوئی ہے، تاہم 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی میں گندھارا انڈسٹریز لمیٹڈ کا مجموعی فروخت میں 38% حصہ رہا۔ کمپنی معیشت کو درپیش مسائل سے آگاہ ہے اور اس کے مطابق گرتے ہوئے اعداد و شمار کو دور کرنے کے لیے ضروری اقدامات اٹھا رہی ہے۔

اس مدت کے انفرادی اور مجموعی مالیاتی نتائج درج ذیل ہیں:

	STANDALONE		CONSOLIDATED	
	Quarter Ended 30 September		Quarter Ended 30 September	
	2019	2018	2019	2018
	Rupees in 000			
Sales	3,028,512	4,383,842	3,028,512	4,383,842
Gross profit	406,978	622,802	406,978	622,802
Profit from operations	202,302	406,784	202,242	406,724
(Loss) / Profit before taxation	(19,290)	313,813	(19,258)	313,841
Profit after taxation	13,707	303,703	13,730	303,723
Earnings per share - basic and diluted (Rupees)	0.32	7.13	0.32	7.13

## آپریٹنگ نتائج:

چھٹے سال کی اسی مدت کے مقابلے میں کمپنی کے مجموعی نفع میں 35% کی کمی واقع ہوئی۔ جس کی بنیادی وجہ امریکن ڈالر اور جاپانی یان کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی ہے جبکہ کمپنی نے اس منافع کو ٹیکس کنوٹی کے بعد چھٹے سال کی اسی مدت کے مقابلے میں منافع 303.7 ملین روپے کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں 13.7 ملین روپے سے پوسٹ کیا ہے۔ مجموعی منافع کو کم کرنے میں سب سے بڑا اثر مالیاتی لاگت میں اضافے کی وجہ سے ہوا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 1.4 گنا اضافہ ہے جس کی اہم وجہ مختصر مدتی قرض میں اضافہ ہے۔ ان تمام عوامل کی بدولت EPS میں 0.32 روپے کی جو کہ گزشتہ سال کے اسی عرصے میں 7.13 روپے تھی۔

## مستقبل پر نظر:

پاکستان کی مجموعی معاشی سمت ایک تقابلی نقطہ نظر کو ظاہر کرتی ہے۔ شرح سود میں اضافے اور روپے کی قدر میں نمایاں کمی نے کمپنی اور مجموعی صنعتی پیداوار کو بڑی طرح متاثر کیا ہے۔ مستحکم نمو کو بہتر بنانے اور صارفین کے اعتماد کو بڑھانے کے لیے حکومت کو ایسی پالیسیاں متعارف کرانے کی ضرورت ہے جو مارکیٹ کا اعتماد بحال کرنے میں معاون ثابت ہوں اور معاشرے کے تمام طبقات میں معاشی سرگرمیوں کو تیز کریں۔

تاہم، معاشی رجحانات کو مد نظر رکھتے ہوئے، کمپنی اپنی بہتر مسابقت اور مصنوعات کی جستجو میں تمام تر ضروری کوششیں کر رہی ہے جو کہ مقامی مارکیٹ میں کمزور طور پر طلب پر مثبت اثرات مرتب کرے گی جس سے مجموعی طور پر معیشت اور کمپنی کے حصص یافتگان استفادہ حاصل کر سکیں گے۔

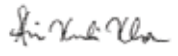
بجکم بورڈ

کراچی: اکتوبر 26، 2019



احمد علی خان بنگل

چیف ایگزیکٹو آفیسر



علی غنی خان بنگل

چیرمین



## Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2019 - UN-AUDITED

	Note	Unaudited September 30, 2019 ------(Rupees in '000)-----	Audited June 30, 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,730,658	2,770,727
Intangible assets		228	260
Investment property		88,353	88,413
Long term Investment		1,400	1,400
Long term loans		3,102	3,639
Long term deposits and prepayments		22,986	21,948
Deferred taxation		169,565	87,158
		<b>3,016,292</b>	<b>2,973,545</b>
<b>CURRENT ASSETS</b>			
Stores		8,429	8,328
Stock-in-trade	6	9,284,458	10,359,425
Trade debts	8	287,973	88,406
Loans and advances		163,470	133,759
Trade deposits and prepayments		555,353	542,834
Other receivables		9,263	6,981
Sales tax refundable / adjustable		594,941	390,789
Taxation - payments less provision		1,033,266	918,194
Cash and bank balances		56,765	500,441
		<b>11,993,918</b>	<b>12,949,157</b>
<b>TOTAL ASSETS</b>		<b>15,010,210</b>	<b>15,922,702</b>



**Ahmad Kuli Khan Khattak**

Chief Executive



**Maj. (R) Muhammad Zia**

Director



**Iftikhar Ahmed Khan**

Chief Financial Officer



# Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2019 - UN-AUDITED

	Note	Unaudited September 30, 2019 ------(Rupees in '000)-----	Audited June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 50,000,000 (June 30, 2019: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital 42,608,844 (June 30, 2019: 42,608,844) ordinary shares of Rs.10 each		426,088	426,088
<b>Capital Reserves</b> Revaluation Surplus on property, plant and equipment		2,047,563	2,049,561
<b>Revenue Reserves</b> Unappropriated profit		2,188,440	2,172,735
		4,662,091	4,648,384
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		53,094	51,745
Compensated absences		13,045	13,045
Deferred liabilities		25,370	19,759
		91,509	84,549
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,319,076	4,582,157
Unpaid dividends		78,959	78,959
Unclaimed dividends		22,071	22,151
Current maturity of liabilities against assets subject to finance lease		14,742	13,435
Accrued mark-up/ interest		208,459	196,453
Short term borrowings	8	6,613,303	6,296,614
		10,256,610	11,189,769
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		15,010,210	15,922,702

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

### FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019 ------(Rupees in '000)-----	September 30, 2018
Sales		3,028,512	4,383,842
Cost of sales	10	(2,621,534)	(3,761,040)
<b>Gross profit</b>		<b>406,978</b>	622,802
Distribution expenses		(148,130)	(136,430)
Administrative expenses		(64,457)	(63,211)
Other expenses		(473)	(19,509)
Other income		8,384	3,132
<b>Profit from operations</b>		<b>202,302</b>	406,784
Finance cost		(221,592)	(92,971)
<b>(Loss) / Profit before taxation</b>		<b>(19,290)</b>	313,813
Taxation		32,997	(10,110)
<b>Profit after taxation</b>		<b>13,707</b>	303,703
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		-	-
Impact of deferred tax		-	-
<b>Other comprehensive loss for the period - net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>13,707</b>	<b>303,703</b>
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>0.32</b>	<b>7.13</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Unaudited)**

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019 ------(Rupees in '000)-----	September 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	11	(385,507)	(1,637,269)
Gratuity paid		-	-
Compensated absences paid		-	-
Finance cost paid		(207,447)	(51,590)
Income tax paid		(164,482)	(277,277)
Long term loans		537	(1,888)
Long term deposits		(1,038)	(3,115)
Net cash used in operating activities		(757,937)	(1,971,139)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(8,016)	(72,182)
Sale proceeds from disposal of operating fixed assets		3,824	569
Interest received		1,327	852
Net cash used in investing activities		(2,865)	(70,761)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(80)	(479)
Liabilities against asset subject to finance lease - net		517	(4,430)
Net cash received / (used) in financing activities		437	(4,909)
<b>Net decrease in cash and cash equivalents</b>		<b>(760,365)</b>	<b>(2,046,809)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(5,796,173)</b>	<b>(3,134,590)</b>
<b>Cash and cash equivalents - at end of the period</b>	12	<b>(6,556,538)</b>	<b>(5,181,399)</b>

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


**Ahmad Kuli Khan Khattak**

Chief Executive


**Maj. (R) Muhammad Zia**

Director


**Iftikhar Ahmed Khan**

Chief Financial Officer

## Condensed Interim Statement of Changes in Equity

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

Share Capital	Capital Reserve	Revenue reserve	Total Equity
Issued sub- scribed and paid-up capital	Revaluation Surplus on prop- erty, plant and equipment	Unappropriated profit	Total
------(Rupees in '000)-----			

**Balance as at July 1, 2018 (Audited)**

213,044      1,860,014      2,651,071      4,724,129

**Total comprehensive income for the period  
ended September 30, 2018**

Profit for the period	-	-	303,703	303,703
Other comprehensive Income/(Loss) - net	-	-	-	-
	-		303,703	303,703
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	(2,110)	2,110	-

**Balance as at September 30, 2018 (Un-audited)**

213,044      1,857,904      2,956,884      5,027,832

**Balance as at July 1, 2019 (Audited)**

426,088      2,049,561      2,172,735      4,648,384

**Transaction with owners recognised directly in equity**
**Total comprehensive income for the period  
ended September 30, 2019**

Profit for the period	-	-	13,707	13,707
Other comprehensive Income/(Loss) - net	-	-	-	-
	-	-	13,707	13,707
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	(1,998)	1,998	-

**Balance as at September 30, 2019 (Un-audited)**

426,088      2,047,563      2,188,440      4,662,091

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Notes to the Condensed Interim Financial information (Unaudited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

### 1 CORPORATE INFORMATION

Ghandhara 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.

Bibojee Services (Private) Limited, the ultimate Holding Company, held 16,686,794 (June 30, 2019: 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, 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 provisions of and directives issued 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.

### 3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2019. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

### 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

## Notes to the Condensed Interim Financial information (Unaudited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

### 5. PROPERTY, PLANT AND EQUIPMENT

(Un-audited)  
September 30,  
2019  
----- (Rupees in '000) -----  
(Audited)  
June 30,  
2019

Operating fixed assets - at net book value	2,637,737	2,681,578
Capital work-in-progress - at cost	92,921	89,149
	<u>2,730,658</u>	<u>2,770,727</u>

#### 5.1 Additions of operating fixed assets during the period / year are as follows:

##### Owned

- Building on leasehold land	-	131,436
- Plant and machinery	-	71,094
- Permanent tools	115	16,262
- Furniture and fixture	93	1,388
- Motor vehicles	1,500	32,133
- Trucks / lift trucks	-	20,923
- Office machines & equipment	95	10,400
- Jigs and special tools	-	274,633
- Computers	788	2,769

##### Leased

- Cars	1,653	30,298
	<u>4,244</u>	<u>591,336</u>

#### 5.2 Disposal of operating fixed assets during the period / year are as follows:

Owned - Trucks Net book value

Owned - Motor vehicles Net book value

-	-
1,616	14,434

### 6 STOCK-IN-TRADE

Raw materials and components	6,218,321	7,300,167
Work-in-process	102,579	153,698
Finished goods including components	2,254,655	2,295,343
Trading stocks	708,903	610,217
	<u>9,284,458</u>	<u>10,359,425</u>

#### 7. Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

## Notes to the Condensed Interim Financial information (Unaudited)

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019

#### 8. SHORT TERM BORROWINGS - Secured

	(Un-audited) September 30, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
Running finances	1,653,831	1,753,234
Finance against imported merchandise	2,465,666	2,941,765
Istisna	2,374,269	1,440,727
Murabaha	119,537	160,888
	<u>6,613,303</u>	<u>6,296,614</u>

#### 9 CONTINGENCIES AND COMMITMENTS

##### 9.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 27.1 of the audited annual financial statements of the Company for the year ended June 30, 2019.

	(Un-audited) September 30, 2019 ------(Rupees in '000)-----	(Audited) June 30, 2019
9.2 Commitments		
Bank guarantees	4,015,230	3,943,290
Letters of credit	<u>1,287,380</u>	<u>1,453,626</u>

#### 10 COST OF SALES

	(Un-audited) Quarter ended September 30, 2019 ------(Rupees in '000)-----	2018
Stocks at beginning of the period	2,905,560	1,963,261
Cost of goods manufactured	2,257,486	3,887,270
Trading goods - purchases	422,046	144,239
	<u>2,679,532</u>	<u>4,031,509</u>
	5,585,092	5,994,770
Stocks at end of the period	<u>(2,963,558)</u>	<u>(2,233,730)</u>
	<u>2,621,534</u>	<u>3,761,040</u>

10.1

## Notes to the Condensed Interim Financial information (Unaudited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

(Un-audited)  
Quarter ended  
September 30,  
2019                      2018  
----- (Rupees in '000) -----

### 10.1 Cost of goods manufactured

Work in process at beginning of the period	153,698	109,209
Raw materials and components consumed	2,002,107	3,608,413
Direct labour and factory overheads	204,260	324,451
	2,206,367	3,932,864
	2,360,065	4,042,073
Work in process at end of the period	(102,579)	(154,803)
	2,257,486	3,887,270

### 11 CASH USED IN OPERATIONS

Profit before taxation	(19,290)	313,813
<b>Adjustment for non cash charges and other items:</b>		
Depreciation / amortization on:		
- property, plant and equipment	46,469	15,962
- intangible assets	31	31
- investment property	61	61
Exchange (gain) / loss	-	-
Provision for gratuity	5,611	3,432
Provision for doubtful advances	-	-
(Gain) / loss on disposal of operating fixed assets	(2,208)	(569)
Amortization of gain on sale and lease back of fixed assets	-	(152)
Interest income	(1,327)	(852)
Finance cost	221,592	92,971
	250,939	424,697
Working capital changes - net	(636,446)	(2,061,966)
	(385,507)	(1,637,269)

### 11.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spare parts	(101)	(3,508)
Stock-in-trade	1,074,967	(959,631)
Trade debts	(199,567)	(276,265)
Loans and advances	(29,711)	(34,775)
Trade deposits and prepayments	(12,519)	(29,733)
Other receivables	(2,282)	(51)
Sales tax refundable / adjustable	(204,152)	(264,699)
	626,635	(1,568,662)
(Decrease) / increase in trade and other payables	(1,263,081)	(493,304)
	(636,446)	(2,061,966)



## Notes to the Condensed Interim Financial information (Unaudited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	(Un-audited) Quarter ended September 30,	
	2019	2018
	----- (Rupees in '000) -----	
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	56,765	92,546
Short term borrowings	(6,613,303)	(5,273,945)
	<u>(6,556,538)</u>	<u>(5,181,399)</u>

### 13. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2019.

There has been no change in Company's sensitivity to these risks since June 30, 2019 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

### 14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Name of related party and nature of relationship	Nature of transactons	(Un-audited) September 30,	
		2019	2018
		----- (Rupees in '000) -----	
<b>(i) Subsidiary Company</b>			
Marghzar Industries (Pvt.) Ltd.	Financial charges	92	88
	Reimbursement of expenses	60	60
<b>(ii) Associated Companies</b>			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	16,269	68,746
	Services rendered	-	70
	Sales of truck and parts	-	-
	Dividend paid	-	-
	Bonus shares issued	-	-
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	102,562	205,979
	Rent income	799	704
	Purchase of parts and vehicle	-	24
	Sales of parts	43	-
	Reimbursement of expenses	-	-
	Dividend paid	-	-
	Bonus shares issued	-	-

## Notes to the Condensed Interim Financial information (Unaudited)

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Name of related party and nature of relationship	Nature of transacitons	(Un-audited)	
		September 30, 2019	2018
(Rupees in '000) ----			
Ghandhara DF (Private) Limited (Common Directorship)	Rent income	799	-
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	750	750
	Reimbursement of expenses	9	25
Janana De Malucho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	547	389
(iv) Other			
Provident fund	Contribution paid	8,524	-
Key management personnel	Remuneration and other benefits	52,057	50,008

## 15 CORRESPONDING FIGURES

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

## 16 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on October 26, 2019 by the Board of Directors of the Company.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer



## Consolidated Condensed Interim Statement Of Financial Position

AS AT SEPTEMBER 30, 2019

	Note	Unaudited September 30, 2019 ----- (Rupees in '000) -----	Audited June 30, 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,730,658	2,770,727
Intangible assets		228	260
Investment property		88,353	88,413
Long term loans		3,102	3,639
Long term deposits and prepayments		22,986	21,948
Deferred taxation		169,565	87,158
		<b>3,014,892</b>	<b>2,972,145</b>
<b>CURRENT ASSETS</b>			
Stores		8,429	8,328
Stock-in-trade	7	9,284,458	10,359,425
Trade debts		287,973	88,406
Loans and advances		163,470	133,759
Trade deposits and prepayments		555,353	542,834
Other receivables		9,263	6,981
Sales tax refundable / adjustable		594,941	390,789
Taxation - payments less provision		1,033,234	918,170
Cash and bank balances		56,765	500,441
		<b>11,993,886</b>	<b>12,949,133</b>
<b>TOTAL ASSETS</b>		<b>15,008,778</b>	<b>15,921,278</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital and reserves			
Share capital		426,088	426,088
Capital Reserves			
Revaluation Surplus on property, plant and equipment		2,047,563	2,049,561
Revenue Reserves			
Unappropriated profit		2,189,419	2,173,691
		<b>4,663,070</b>	<b>4,649,340</b>
Non-controlling interest		5	5
<b>Total Equity</b>		<b>4,663,075</b>	<b>4,649,345</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		53,094	51,745
Compensated absences		13,045	13,045
Deferred liabilities		25,370	19,759
		<b>91,509</b>	<b>84,549</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,316,660	4,579,772
Unpaid dividends		78,959	78,959
Unclaimed dividends		22,071	22,151
Current maturity of liabilities against assets subject to finance lease		14,742	13,435
Accrued mark-up/ interest		208,459	196,453
Short term borrowings	9	6,613,303	6,296,614
		<b>10,254,194</b>	<b>11,187,384</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,008,778</b>	<b>15,921,278</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

# Consolidated Condensed Interim Statement Of Profit Or Loss And Other Comprehensive Income

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

	Note	Unaudited September 30, 2019 ------(Rupees in '000)-----	Unaudited September 30, 2018
Sales		3,028,512	4,383,842
Cost of sales	11	(2,621,534)	(3,761,040)
<b>Gross profit</b>		<b>406,978</b>	<b>622,802</b>
Distribution expenses		(148,130)	(136,430)
Administrative expenses		(64,517)	(63,271)
Other expenses		(473)	(19,509)
Other income		8,384	3,132
<b>Profit from operations</b>		<b>202,242</b>	<b>406,724</b>
Finance cost		(221,500)	(92,883)
<b>(Loss) / Profit before taxation</b>		<b>(19,258)</b>	<b>313,841</b>
Taxation		32,988	(10,118)
<b>Profit after taxation</b>		<b>13,730</b>	<b>303,723</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of staff retirement benefit obligation		-	-
Impact of deferred tax		-	-
<b>Other comprehensive loss for the period - net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>13,730</b>	<b>303,723</b>
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>0.32</b>	<b>7.13</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Consolidated Condensed Interim Statement Of Cash Flows

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

	Note	September 30, 2019	2018
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	12	(385,598)	(1,637,269)
Gratuity paid		-	-
Compensated absences paid		-	-
Finance cost paid		(207,355)	(51,590)
Income tax paid		(164,483)	(277,277)
Long term loans		537	(1,888)
Long term deposits		(1,038)	(3,115)
Net cash used in operating activities		(757,937)	(1,971,139)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(8,016)	(72,182)
Sale proceeds from disposal of operating fixed assets		3,824	569
Interest received		1,327	852
Net cash used in investing activities		(2,865)	(70,761)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(80)	(479)
Liabilities against asset subject to finance lease - net		517	(4,430)
Net cash received / (used) in financing activities		437	(4,909)
<b>Net decrease in cash and cash equivalents</b>		<b>(760,365)</b>	<b>(2,046,809)</b>
<b>Cash and cash equivalents</b> - at beginning of the period		<b>(5,796,173)</b>	<b>(3,134,590)</b>
<b>Cash and cash equivalents</b> - at end of the period	13	<b>(6,556,538)</b>	<b>(5,181,399)</b>

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Consolidated Condensed Interim Statement Of Changes In Equity

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

	Issued subscribed and paid-up capita	Revaluation Surplus on property, plant and equipment	Unappropriated profit	Total	Non - controlling interest
	(Rupees in '000)				
<b>Balance as at July 1, 2018 (Audited)</b>	213,044	1,860,014	2,651,882	4,724,940	5
<b>Total comprehensive income for the period ended September 30, 2018</b>					
Profit for the period	-	-	303,723	303,723	-
Other comprehensive Income/(Loss) - net	-	-	-	-	-
	-		303,723	303,723	-
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	(2,110)	2,110	-	-
<b>Balance as at September 30, 2018 (Un-audited)</b>	213,044	1,857,904	2,957,715	5,028,663	5
<b>Balance as at July 1, 2019 (Audited)</b>	426,088	2,049,561	2,173,691	4,649,340	5
<b>Total comprehensive income for the period ended September 30, 2019</b>					
Profit for the period	-	-	13,730	13,730	-
Other comprehensive Income/(Loss) - net	-	-	-	-	-
	-	-	13,730	13,730	-
Surplus on revaluation of fixed assets realised during the period (net of deferred taxation) on account of incremental depreciation	-	(1,998)	1,998	-	-
<b>Balance as at September 30, 2019 (Un-audited)</b>	426,088	2,047,563	2,189,419	4,663,070	5

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



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer

## Notes To The Consolidated Condensed Interim Financial Information

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

#### 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, 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 provisions of and directives issued 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. The condensed interim financial information of the Group for the quarter ended September 30, 2019 is unaudited.

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

#### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2019. These 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 this condensed interim financial information.

#### 4. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of Holding Company and its Subsidiary Company. The Holding Company's direct interest in the Subsidiary Company is 99.79% as at September 30, 2019 and June 30, 2019.



## Notes To The Consolidated Condensed Interim Financial Information

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

#### 6. PROPERTY, PLANT AND EQUIPMENT

Unaudited September 30, 2019	Audited June 30, 2019
----- (Rupees in '000) -----	

Operating fixed assets - at net book value  
Capital work-in-progress - at cost

2,637,737	2,681,578
92,921	89,149
<u>2,730,658</u>	<u>2,770,727</u>

##### 6.1 Additions of operating fixed assets during the period / year are as follows:

##### Owned

- Building on leasehold land	-	131,436
- Plant and machinery	-	71,094
- Permanent tools	115	16,262
- Furniture and fixture	93	1,388
- Motor vehicles	1,500	32,133
- Trucks / lift trucks	-	20,923
- Office machines & equipment	95	10,400
- Jigs and special tools	-	274,633
- Computers	788	2,769

##### Leased

- Cars	1,653	30,298
	<u>4,244</u>	<u>591,336</u>

## Notes To The Consolidated Condensed Interim Financial Information

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

Unaudited  
September 30,  
2019  
----- (Rupees in '000) -----

Audited  
June 30,  
2019

#### 6.2 Disposal of operating fixed assets during the period / year are as follows:

**Owned** - Trucks Net book value

**Owned** - Motor vehicles Net book value

-	-
1,616	14,434

#### 7. STOCK-IN-TRADE

Raw materials and components

Work-in-process

Finished goods including components

Trading stocks

6,218,321	7,300,167
102,579	153,698
2,254,655	2,295,343
708,903	610,217
9,284,458	10,359,425

#### 8. Cash dividend and issuance of bonus shares to M/s. Essar Asset Management (Pvt.) Limited has been withheld in view of the restraining order dated November 16, 2018 passed by the Hon'ble High Court of Sindh in Suit No. 2149 of 2018.

Unaudited  
September 30,  
2019  
----- (Rupees in '000) -----

Audited  
June 30,  
2019

#### 9. SHORT TERM BORROWINGS - Secured

Running finances

Finance against imported merchandise

Istisna

Murabaha

1,653,831	1,753,234
2,465,666	2,941,765
2,374,269	1,440,727
119,537	1,608,88
6,613,303	6,296,614

#### 10. CONTINGENCIES AND COMMITMENTS

##### 10.1 Contingencies

There has been no significant change in status of contingencies other than describe below and as disclosed in note 26.1 of the audited annual financial statements of the Group for the year ended June 30, 2019.

Unaudited  
September 30,  
2019  
----- (Rupees in '000) -----

Audited  
June 30,  
2019

##### 10.2 Commitments

Bank guarantees

Letters of credit

4,015,230	3,943,290
1,287,380	1,453,626

## Notes To The Consolidated Condensed Interim Financial Information

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

11. COST OF SALES		Unaudited September 30, 2019	Unaudited September 30, 2018
	Note	----- (Rupees in '000) -----	
Stocks at beginning of the period		2,905,560	1,963,261
Cost of goods manufactured	11.1	2,257,486	3,887,270
Trading goods - purchases		422,046	144,239
		2,679,532	4,031,509
		5,585,092	5,994,770
Stocks at end of the period		(2,963,558)	(2,233,730)
		2,621,534	3,761,040
<b>11.1 Cost of goods manufactured</b>			
Work in process at beginning of the period		153,698	109,209
Raw materials and components consumed		2,002,107	3,608,413
Direct labour and factory overheads		204,260	324,451
		2,206,367	3,932,864
		2,360,065	4,042,073
Work in process at end of the period		(102,579)	(154,803)
		2,257,486	3,887,270
<b>12. CASH USED IN OPERATIONS</b>			
Profit before taxation		(19,258)	313,841
<b>Adjustment for non cash charges and other items:</b>			
Depreciation / amortization on:			
- property, plant and equipment		46,469	15,962
- intangible assets		31	31
- investment property		61	61
Exchange (gain) / loss		-	-
Provision for gratuity		5,611	3,432
Provision for doubtful advances		-	-
(Gain) / loss on disposal of operating fixed assets		(2,208)	(569)
Amortization of gain on sale and lease back of fixed assets		-	(152)
Interest income		(1,327)	(852)
Finance cost		221,500	92,971
		250,879	424,725
Working capital changes - net	12.1	(636,477)	(2,061,966)
		(385,598)	(1,637,241)

## Notes To The Consolidated Condensed Interim Financial Information

## 12.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spare parts	(101)	(3,508)
Stock-in-trade	1,074,967	(959,631)
Trade debts	(199,567)	(276,265)
Loans and advances	(29,711)	(34,775)
Trade deposits and prepayments	(12,519)	(29,733)
Other receivables	(2,282)	(51)
Sales tax refundable / adjustable	(204,152)	(264,699)
	<u>626,635</u>	<u>(1,568,662)</u>
(Decrease) / increase in trade and other payables	(1,263,112)	(493,304)
	<u>(636,477)</u>	<u>(2,061,966)</u>

### 13. CASH AND CASH EQUIVALENTS

Cash and bank balances	56,765	92,546
Short term borrowings	(6,613,303)	(5,273,945)
	<u>(6,556,538)</u>	<u>(5,181,399)</u>

## 14. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2019.

There has been no change in Group's sensitivity to these risks since June 30, 2019 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

## Notes To The Consolidated Condensed Interim Financial Information

### FOR THE PERIOD ENDED SEPTEMBER 30, 2019 - UNAUDITED

#### 15. TRANSACTIONS WITH RELATED PARTIES

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

Name of related party and nature of relationship	Nature of transactions	(Un-audited)	
		September 30, 2019	2018
---- (Rupees in '000) ----			
(i) Associated Companies			
The General Tyre and Rubber Co. of Pakistan Ltd. (Common Directorship)	Purchase of tyres	16,269	68,746
	Services rendered	-	70
Ghandhara Nissan Ltd. (Common Directorship)	Assembly charges	102,562	205,979
	Rent income	799	704
	Purchase of parts and vehicle	-	24
	Sales of parts	43	-
Ghandhara DF (Private) Limited (Common Directorship)	Rent income	799	-
Rehman Cotton Mills Ltd. (Common Directorship)	Rent expense	450	450
Gammon Pakistan Ltd. (Common Directorship)	Rent expense	750	750
	Reimbursement of expenses	9	25
Janana De Malucho Textile Mills Limited (Common Directorship)	Reimbursement of expenses	547	389
(ii) Other			
Provident fund	Contribution paid	8,524	-
Key management personnel	Remuneration and other benefits	52,057	50,008

#### 16. 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, 2019, 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 September 30, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

#### 17. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on October 26, 2019 by the Board of Directors of the Holding Company.



**Ahmad Kuli Khan Khattak**  
Chief Executive



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



**Iftikhar Ahmed Khan**  
Chief Financial Officer



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