



# DRIVING THE FUTURE

2nd Quarter & Six Months Accounts **December 2014**



THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED  
HEAD OFFICE/FACTORY

H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi, Pakistan  
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ARGUS ■



Manufacturer of Pakistan's  
Largest Selling Tyre

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## Company Profile

### Board of Directors

**Chairman** Lt.Gen.(Retd) Ali Kuli Khan Khattak

**Chief Executive** Mr. Mohammad Shahid Hussain  
Mr. Ahmed Kuli Khan Khattak  
Mr. Ikram Ul-Majeed Sehgal  
Mr. M. A. Faisal Khan  
Mr. Mansur Khan  
Mr. Manzoor Ahmed  
Mr. Mazhar Sharif  
Mr. Raza Kuli Khan Khattak  
Dr. Willi Flamm

### Company Secretary

Mr. Farhan Ahmad

### Chief Financial Officer

Mr. Ashraf Teli

### Board Audit Committee

**Chairman** Mr. Manzoor Ahmed  
Mr. Ahmed Kuli Khan Khattak  
Mr. Mazhar Sharif

### HR & Remuneration Committee

**Chairman** Mr. M. A. Faisal Khan  
Mr. Raza Kuli Khan Khattak  
Mr. Manzoor Ahmed  
Mr. Mohammad Shahid Hussain

### Auditors

Hameed Chaudhri & Co.  
Chartered Accountants

### Legal Advisor

Syed Iqbal Ahmed & Co.

### Share Registrar

Management & Registration  
Services (Pvt.) Ltd.  
Business Executive Centre,  
F/17/3, Block-8, Clifton, Karachi  
Phone : 35375127-9

### Major Bankers

Allied Bank Limited  
Askari Bank Limited  
Al-Baraka Bank Pakistan Limited  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank Pakistan Ltd  
Summit Bank Limited  
The Bank of Punjab  
United Bank Limited

### Registered Office & Factory

H-23/2, Landhi Industrial Trading Estate,  
Landhi, Karachi.  
Phone : 35080172-81, 38020207-13  
UAN : 111 487 487  
Fax : 35081212, 35080171, 35084121  
Website : www.generaltyre.com.pk

### Branch Offices

<b>Lahore</b> Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 36308605-6 Fax : 36300108	<b>Islamabad</b> Plot No. 189-A, Korang Road, Sector I-10/3, Islamabad. Phone : 4449955-6 Fax : 4440916
--	---

### Multan

Plot No. 758-759/21,  
Khanewal Road,  
Multan  
Phone : 774407  
Fax : 774408

### Customer Care & Service Centre

**Lahore**  
Plot No. 20,  
Shahrah-e-Fatima Jinnah,  
Lahore.  
Phone : 36308605-6  
Fax : 36308607

## Directors' Review

The Directors of your Company are pleased to present the Accounts for the six months ended December 31, 2014.

### BUSINESS REVIEW

The Company has maintained its track record of recent past of consistently showing increase in its profitability. During the period under review the Company has again shown substantial improvement from last year where the Pre-tax Profit has increased by 51% from Rs.233 million to Rs.352 million.

On the sales side the Company had another successful quarter where not only the sales in term of tonnage increased by 9% (previous quarter 2%) but sales in terms of number of tyres also increased by 6% (previous quarter negative 5%). This has translated into a Net Sales of Rs.4.29 billion in the current period compared to Rs.3.94 billion in the corresponding period last year, an increase of 9%.

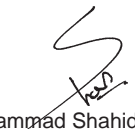
The excellent bottom-line has been a combined effort of highest ever monthly production in December 2014, which resulted in higher overhead absorption; Company's vigilant monitoring of prices of materials and timely decisions on procurement; and stable raw material prices and exchange rates, off-setting the adverse impact of increase in cost of energy. The results are more commendable in view of the challenging economic conditions the country is going through.

### FUTURE PROSPECTS

Presently the only area of any concern is the sale of our Passenger Car tyres in Replacement Market which has been facing competition from smuggled and under invoiced tyres. The new twist to the problem is the import of tyres under the garb of used/second-hand tyres which are available at one fourth the price of new tyres. However, the Management is constantly in touch with relevant

departments of the Government and once the Company is provided with the level playing field, this segment of our sales has potential to grow substantially.

For and on behalf of the Board of Directors



Mohammad Shahid Hussain  
Chief Executive



Mazhar Sharif  
Director

Karachi  
Dated: January 28, 2015



**HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **The General Tyre and Rubber Company of Pakistan Limited** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.


The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

**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 information 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 condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS  
Karachi; 28 JAN 2015

Engagement Partner: Muhammad Ali

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## Condensed Interim Balance Sheet

As at December 31, 2014


	Note	December 31,	June 30,
		2014	2014
		Unaudited	Audited
( Rupees in thousand )			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
75,000,000 (June 30, 2014: 75,000,000) ordinary shares of Rs.10 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
59,771,250 (June 30, 2014: 59,771,250) ordinary shares of Rs.10 each		<u>597,713</u>	<u>597,713</u>
Unappropriated profit		<u>1,271,407</u>	<u>1,433,277</u>
<b>Total equity</b>		<b>1,869,120</b>	<b>2,030,990</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Long term finance		<u>66,667</u>	<u>100,001</u>
Staff benefits		<u>218,831</u>	<u>197,673</u>
Deferred taxation	5	<u>269,243</u>	<u>242,018</u>
Long term deposits from dealers		<u>11,130</u>	<u>11,170</u>
		<b>565,871</b>	<b>550,862</b>
<b>Current liabilities</b>			
Current maturity of long term finance		<u>66,666</u>	<u>66,666</u>
Short term finances		<u>836,019</u>	<u>714,413</u>
Running finances under mark-up arrangements		<u>1,503,079</u>	<u>2,180,130</u>
Trade and other payables	6	<u>1,082,621</u>	<u>838,429</u>
Accrued mark-up		<u>64,903</u>	<u>78,317</u>
Provisions		<u>52,939</u>	<u>103,357</u>
		<b>3,606,227</b>	<b>3,981,312</b>
<b>Total liabilities</b>		<b>4,172,098</b>	<b>4,532,174</b>
<b>Contingencies and commitments</b>	7		
<b>Total equity and liabilities</b>		<b>6,041,218</b>	<b>6,563,164</b>

## Condensed Interim Balance Sheet

As at December 31, 2014

	Note	December 31,	June 30,
		2014	2014
		Unaudited	Audited
( Rupees in thousand )			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	8	<b>1,938,138</b>	1,913,568
Intangible assets		<b>1,805</b>	2,422
Investment in an Associated Company	9	<b>3,111</b>	2,924
Long term loans and advances		<b>8,833</b>	10,009
Long term deposits		<b>33,772</b>	31,012
		<b>1,985,659</b>	1,959,935
<b>Current assets</b>			
Stores and spares		<u>459,076</u>	462,164
Stocks		<u>1,809,299</u>	1,999,156
Trade debts		<u>1,258,468</u>	1,390,553
Loans and advances		<u>31,145</u>	36,182
Deposits and prepayments		<u>144,847</u>	246,248
Other receivables		<u>58,675</u>	33,742
Taxation - net		<u>196,096</u>	215,025
Cash and bank balances	10	<u>97,953</u>	220,159
		<b>4,055,559</b>	4,603,229
<b>Total assets</b>		<b>6,041,218</b>	<b>6,563,164</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
 Mohammad Shahid Hussain  
 Chief Executive

  
 Mazhar Sharif  
 Director




## Condensed Interim Profit And Loss Account (Unaudited)

For the half year ended December 31, 2014

	Note	For the quarter ended		For the half year ended	
		December 31,		December 31,	
		2014	2013	2014	2013
( Rupees in thousand )					
Sales - net		2,470,411	2,167,490	4,288,765	3,944,482
Cost of sales	11	(1,990,676)	(1,775,230)	(3,494,233)	(3,284,294)
Gross profit		479,735	392,260	794,532	660,188
Administrative expenses		(40,601)	(46,087)	(106,673)	(92,870)
Distribution cost		(94,825)	(80,819)	(170,976)	(147,404)
Other income		15,286	16,193	27,192	29,544
Other expenses		(20,094)	(21,195)	(36,733)	(66,330)
Profit from operations		339,501	260,352	507,342	383,128
Finance cost		(75,993)	(81,286)	(155,785)	(150,065)
		263,508	179,066	351,557	233,063
Share of profit / (loss) of an Associated Company		125	(668)	187	(74)
Profit before taxation		263,633	178,398	351,744	232,989
Taxation	12	(93,651)	(69,640)	(125,101)	(88,390)
Profit after taxation		169,982	108,758	226,643	144,599
Other comprehensive income		-	-	-	-
Total comprehensive income		169,982	108,758	226,643	144,599
----- (Rupees) -----					
Earnings per share					
- basic and diluted		2.84	1.82	3.79	2.42

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
Mohammad Shahid Hussain  
Chief Executive

  
Mazhar Sharif  
Director

## Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2014

	Note	For the half year ended	
		December 31,	
		2014	2013
( Rupees in thousand )			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	13	1,210,892	(121,682)
Staff retirement gratuity paid		(1,111)	(2,814)
Compensated absences paid		(2,382)	(367)
Long term deposits from dealers		(40)	-
Finance cost paid		(169,199)	(137,102)
Taxes paid		(78,947)	(87,024)
Long term loans and advances		1,176	(5,474)
Long term deposits		(2,760)	(1,504)
<b>Net cash generated from / (used in) operating activities</b>		<b>957,629</b>	<b>(355,967)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(108,436)	(70,463)
Purchase of intangible assets		(131)	-
Proceeds from sale of operating fixed assets		1,437	1,752
Profit received on bank deposits		191	214
<b>Net cash used in investing activities</b>		<b>(106,939)</b>	<b>(68,497)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance - repaid		(33,334)	-
Short term finances - net		121,606	(103,574)
Dividend paid		(384,117)	(266,574)
<b>Net cash used in financing activities</b>		<b>(295,845)</b>	<b>(370,148)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>554,845</b>	<b>(794,612)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(1,959,971)</b>	<b>(1,010,889)</b>
<b>Cash and cash equivalents - at end of the period</b>	14	<b>(1,405,126)</b>	<b>(1,805,501)</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
Mohammad Shahid Hussain  
Chief Executive


  
Mazhar Sharif  
Director


## Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2014

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	( Rupees in thousand )		
<b>Balance as at July 1, 2013</b>	597,713	1,195,797	1,793,510
<b>Transaction with owners</b>			
Final dividend for the year ended June 30, 2013 at the rate of Rs.4.50 per share	-	(268,971)	(268,971)
<b>Total comprehensive income for the half year ended December 31, 2013</b>			
Profit for the period	-	144,599	144,599
Other comprehensive income	-	-	-
	-	144,599	144,599
<b>Balance as at December 31, 2013 (un-audited)</b>	<u>597,713</u>	<u>1,071,425</u>	<u>1,669,138</u>
<b>Balance as at July 1, 2014</b>	597,713	1,433,277	2,030,990
<b>Transaction with owners</b>			
Final dividend for the year ended June 30, 2014 at the rate of Rs.6.50 per share	-	(388,513)	(388,513)
<b>Total comprehensive income for the half year ended December 31, 2014</b>			
Profit for the period	-	226,643	226,643
Other comprehensive income	-	-	-
	-	226,643	226,643
<b>Balance as at December 31, 2014 (un-audited)</b>	<u>597,713</u>	<u>1,271,407</u>	<u>1,869,120</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
Mohammad Shahid Hussain  
Chief Executive

  
Mazhar Sharif  
Director

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

For the half year ended December 31, 2014

### 1. LEGAL STATUS AND OPERATIONS

The General Tyre and Rubber Company of Pakistan Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing of tyres and tubes for automobiles and motorcycles.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

### 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, 2014 except as described below.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The adoption of these new and amended standards did not have any impact on the Company.

### 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 expense. 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 uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2014.

## 5. DEFERRED TAXATION

As at December 31, 2014, deferred tax asset / liability on the deductible / taxable temporary differences has been recognised at the rate of 33%, being the rate substantively enacted at the reporting date and is expected to apply to the periods when the asset is realized or the liability is settled.

	December 31, 2014	June 30, 2014
	Unaudited	Audited
	( Rupees in thousand )	

## 6. TRADE AND OTHER PAYABLES

	December 31, 2014	June 30, 2014
	Unaudited	Audited
Trade creditors	101,906	26,546
Bills payable	404,548	167,087
Accrued expenses	327,306	269,225
Advances from customer	77,255	147,540
Staff provident fund payable	3,836	3,521
Staff retirement gratuity	31,922	31,922
Short term deposits	3,187	1,298
Workers' (profit) participation fund	18,950	40,253
Workers' welfare fund	29,560	22,485
Sales tax payable	-	54,257
Payable to Waqf-e-Kuli Khan	18,464	12,844
Retention money	362	1,939
Dividend payable	14,433	10,037
Interest payable on custom duties	29,933	29,933
Others	20,959	19,542
	<u>1,082,621</u>	<u>838,429</u>

6.1 Trade and other payables include balances aggregating Rs.142.378 million (June 30, 2014: Rs.63.672 million) which pertain to related parties.

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

7.1.1 There is no change in status of the contingencies as disclosed in note 15.1 of the audited annual financial statements of the Company for the year ended June 30, 2014.

	December 31, 2014	June 30, 2014
	Unaudited	Audited
	( Rupees in thousand )	

7.1.2 Guarantees issued by banks on behalf of the Company

	<u>128,609</u>	<u>153,044</u>
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	December 31, 2014	June 30, 2014
	Unaudited	Audited
	( Rupees in thousand )	

7.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares

	<u>52,261</u>	<u>49,352</u>
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### 7.2 Commitments

7.2.1 Commitments in respect of:

- letters of credit for capital expenditure	<u>19,460</u>	<u>28,977</u>
- letters of credit for purchase of raw materials and stores & spares	<u>717,498</u>	<u>424,491</u>
- purchase orders issued to local suppliers for capital expenditure	<u>24,710</u>	<u>19,114</u>
- sales contracts entered into by the Company	<u>71,537</u>	<u>84,492</u>
- tentative schedules for supply of tyres	<u>1,649,196</u>	<u>872,093</u>
- indemnity bond	<u>16,775</u>	<u>16,775</u>

7.2.2 Aggregate commitments for ijarah arrangements of plant & machinery and vehicles as at period / year end are as follows:

	December 31, 2014	June 30, 2014
	Unaudited	Audited
	( Rupees in thousand )	

Not later than 1 year	<u>69,272</u>	<u>63,703</u>
Over 1 year and no later than 5 years	<u>154,516</u>	<u>186,220</u>
	<u>223,788</u>	<u>249,923</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	<u>1,834,808</u>	1,852,530
Capital work-in-progress		<u>103,330</u>	61,038
		<u>1,938,138</u>	<u>1,913,568</u>

### 8.1 Operating fixed assets

Net book value at beginning of the period / year		<u>1,852,530</u>	1,871,595
Additions during the period / year	8.2	<u>66,144</u>	143,923
Write-off, costing Rs.Nil (June 30, 2014: Rs.17.869 million) - at net book value		-	(1)
Disposals, costing Rs.2.964 million (June 30, 2014: Rs.17.407 million) - at net book value		<u>(863)</u>	(743)
Depreciation charge during the period / year		<u>(83,003)</u>	(162,244)
Net book value at end of the period / year		<u>1,834,808</u>	<u>1,852,530</u>



	December 31, June 30,	
	2014	2014
	Unaudited	Audited
	( Rupees in thousand )	
<b>8.2</b> Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:		
Buildings on leasehold land	9,800	26,995
Electrical installations	6,652	5,373
Plant and machinery	9,704	59,218
Boilers and accessories	-	1,378
Laboratory equipment	-	62
Moulds	28,399	8,344
Vehicles	7,388	-
Furniture and fixtures	694	5,976
Office equipment	3,194	33,958
Computer equipment	313	2,619
	<u>66,144</u>	<u>143,923</u>

#### 9. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted

Ghandhara Industries Limited - Equity basis 100,700 (June 30, 2014: 100,700) ordinary shares of Rs.10 each - cost	2,447	2,447
Equity held: 0.473% (June 30, 2014: 0.473%)		
Share of post acquisition profit	999	812
	<u>3,446</u>	<u>3,259</u>
Dividends received to date	(335)	(335)
	<u>3,111</u>	<u>2,924</u>

9.1 The above figures are based on un-audited condensed interim financial information of the investee company as at September 30, 2014. The latest financial information of the investee company as at December 31, 2014 are not presently available.

9.2 The investee company is an Associate of the Company by virtue of common directorship.

9.3 Summarised un-audited financial information of the investee company as at September 30, 2014 is as follows:

	September 30, March 31,	
	2014	2014
	Unaudited	Audited
	( Rupees in thousand )	
Total assets	<u>3,767,174</u>	<u>4,020,286</u>
Total liabilities	<u>1,722,364</u>	<u>2,011,546</u>
Unappropriated profit	<u>160,445</u>	<u>120,817</u>

	Three months period ended	
	September 30, 2014	2013
	( Rupees in thousand )	
Revenues	<u>789,047</u>	<u>648,026</u>
Profit before taxation	<u>42,460</u>	<u>3,281</u>
Profit after taxation	<u>24,599</u>	<u>1,721</u>

9.4 The market value of the investment as at December 31, 2014 was Rs.4.754 million (June 30, 2014: Rs.3.391 million).

	December 31, June 30,	
	2014	2014
	Unaudited	Audited
	( Rupees in thousand )	
10. CASH AND BANK BALANCES		
At banks on:		
- current accounts	90,515	180,621
- deposit account	5,838	6,066
	<u>96,353</u>	<u>186,687</u>
Cash and cheques in-hand	1,600	33,472
	<u>97,953</u>	<u>220,159</u>

10.1 Cash and bank balances include Rs.31.582 million (June 30, 2014: Rs.39.502 million) which pertain to Bank Al-Falah Limited (a related party).

Note	For the quarter ended		For the half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	( Rupees in thousand )			
11. COST OF SALES				
Opening stock of finished goods	916,309	473,265	543,789	293,552
Cost of goods manufactured	1,793,104	1,656,836	3,520,455	3,263,758
Finished goods purchased	32,364	28,756	144,685	72,208
Royalty technical service fee	53,013	65,642	89,418	104,045
	<u>1,878,481</u>	<u>1,751,234</u>	<u>3,754,558</u>	<u>3,440,011</u>
	<u>2,794,790</u>	<u>2,224,499</u>	<u>4,298,347</u>	<u>3,733,563</u>
Less; Closing stock of finished goods	804,114	449,269	804,114	449,269
	<u>1,990,676</u>	<u>1,775,230</u>	<u>3,494,233</u>	<u>3,284,294</u>

	For the quarter ended December 31,		For the half year ended December 31,	
	2014	2013	2014	2013
( Rupees in thousand )				
<b>11.1 Cost of goods manufactured</b>				
Opening stock of work-in-process	206,525	231,826	284,536	186,181
Raw materials consumed	1,132,042	1,107,966	2,138,432	2,229,281
Factory overheads	636,674	530,593	1,279,624	1,061,845
	1,768,716	1,638,559	3,418,056	3,291,126
	1,975,241	1,870,385	3,702,592	3,477,307
Less: Closing stock of work-in-process	182,137	213,549	182,137	213,549
	1,793,104	1,656,836	3,520,455	3,263,758
<b>12. TAXATION</b>				
Current	54,126	79,294	97,876	103,964
Deferred	39,525	(9,654)	27,225	(15,574)
	93,651	69,640	125,101	88,390

For the half year ended  
December 31,  
Note 2014 2013  
( Rupees in thousand )

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

Profit before taxation		351,744	232,989
<b>Adjustments for non cash charges and other items:</b>			
Depreciation		83,003	79,893
Amortisation		748	354
Provision for staff retirement gratuity		22,783	17,466
Charge of employees compensated absences		1,869	1,737
Provision for doubtful debts		5,767	8,355
Gain on disposal of operating fixed assets		(574)	(1,115)
Profit on bank deposits		(191)	(214)
Finance cost		155,785	150,065
Share of (profit) / loss of an Associated Company		(187)	74
Working capital changes	13.1	590,145	(611,286)
		1,210,892	(121,682)
<b>13.1 Working capital changes</b>			
Decrease / (increase) in current assets			
- Stores and spares		3,088	14,147
- Stocks		189,857	(273,720)
- Trade debts		126,318	(199,614)
- Loans and advances		5,037	(13,851)
- Deposits and prepayments		101,401	(52,942)
- Other receivables		(24,933)	(3,891)
		400,768	(529,871)

Increase / (decrease) in current liabilities

- Trade and other payables	239,795	(89,450)
- Provisions	(50,418)	8,035
	189,377	(81,415)
	590,145	(611,286)

**14. CASH AND CASH EQUIVALENTS**

Running finances under mark-up arrangements	(1,503,079)	(1,968,994)
Cash and bank balances	97,953	163,493
	(1,405,126)	(1,805,501)

**15. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity 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, 2014. There has been no change in Company's sensitivity to these risks since June 30, 2014 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2014.

**16. TRANSACTIONS WITH RELATED PARTIES**

		For the half year ended December 31, 2014 2013 ( Rupees in thousand )	
<b>16.1 Significant transactions with related parties are as follows:</b>			
	<b>Transactions</b>	<b>Relationship</b>	
	Sales of goods	Associated companies	88,906 38,954
	Services rendered	Associated companies / undertaking	3,002 3,135
	Rent	Associated company	300 300
	Purchases of bladders and spare parts	Related party	3,348 2,252
	Purchases of raw materials / supplies	Related party	23,480 25,649

		For the half year ended	
		December 31,	
		2014	2013
		( Rupees in thousand )	
Insurance premium	Associated companies	2,036	2,820
Royalty technical service fee	Related party	81,289	91,911
Mark-up on running finance	Associated company	17,555	16,753
Dividend paid	Associated companies / related party	262,498	176,523
Donation	Associated undertaking	5,620	3,615
Provision for gratuity	Employees gratuity fund	4,453	4,017
Contribution towards provident fund	Employees provident fund	9,111	8,207
Salaries and other employee benefits	Chief executive and executives	153,678	126,659
		<b>December 31, 2014</b>	<b>June 30, 2014</b>
		<b>Unaudited</b>	<b>Audited</b>
		( Rupees in thousand )	

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

##### Payables to related parties

Staff benefits	22,488	18,093
Running finance under mark-up arrangement	340,298	331,671
Accrued mark-up	8,821	8,660

##### Receivables from related parties

Long term loans and advances	1,783	1,821
Trade debts	-	3
Loans and advances	1,924	1,536
Other receivables	6,177	4,104

#### 17. OPERATING SEGMENT

This condensed interim financial information has been prepared on the basis of a single reportable segment.

All non-current assets of the Company at December 31, 2014 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.


The Company has earned revenues from two (December 31, 2013: two) customers aggregating Rs.1,152.987 million (December 31, 2013: Rs.827.853 million) during the period which constituted 22.39% (December 31, 2013: 20.98%) of gross sales.

#### 18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 28, 2015 by the Board of Directors of the Company.

#### 19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2014 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the half year ended December 31, 2013.

  
 Mohammad Shahid Hussain  
 Chief Executive

  
 Mazhar Sharif  
 Director

## Company's Vision & Mission Statement

### Vision

To be the leader in tyre technology by building the Company's image through quality improvement, competitive prices, customers' satisfaction and meeting social obligations.

### Mission

- To endeavor to be the market leader by enhancing market share, consistently improving efficiency and the quality of our products.
- To offer quality products and after sales service to our customers at competitive prices.
- To improve performance in all operating areas, improve profitability thereby ensuring growth for the company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of our employees.
- To enhance productivity and continue discharging its obligation to society and environment by contributing to social welfare and adopting environmental friendly practices and processes to serve the society.