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Company Profile

	Board of Directors	Major Bankers
Chairman	Lt.Gen.(Retd) Ali Kuli Khan Khattak	Allied Bank Limited
Chief Executive	Mr. Mohammad Shahid Hussain Mr. Ahmed Kuli Khan Khattak Mr. Ikram Ul-Majeed Sehgal Mr. M. A. Faisal Khan Mr. Manzoor Ahmed Mr. Mazhar Sharif Mr. Raza Kuli Khan Khattak Mr. Shaharyar Ahmed Dr. Willi Flamm	Askari Bank 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 Soneri Bank Limited Standard Chartered Bank Pakistan Ltd Summit Bank Limited The Bank of Punjab United Bank Limited
	Company Secretary Mr. Asif Jameel	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
	Chief Financial Officer Mr. Ashraf Teli	
Chairman	Board Audit Committee Mr. Ahmed Kuli Khan Khattak Mr. Manzoor Ahmed Mr. Mazhar Sharif	Branch Offices Lahore Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 36308605-6 Fax : 36300108
Chairman	HR & Remuneration Committee Mr. Raza Kuli Khan Khattak Mr. Manzoor Ahmed Mr. M. A. Faisal Khan Mr. Mohammad Shahid Hussain	Islamabad Plot No. 189-A, Korang Road, Sector I-10/3, Islamabad. Phone : 4449955-6 Fax : 4440916
	Auditors Hameed Chaudhri & Co. Chartered Accountants	Multan Plot No. 758-759/21, Khanewal Road, Multan Phone : 774407 Fax : 774408
	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	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, 2013.

BUSINESS REVIEW

During the second quarter there was a planned shutdown of certain areas of the plant for two weeks to modernize one of the key component manufacturing equipment which resulted in lower production during that period. This resulted in lower sales mainly in Replacement Market (RM) segment as the Company could not afford to fall short on demands from the OEMs during this period of shutdown. Due to this reason the sales in RM segment, excluding Motor Cycle tyres was down by 5% for the first six months of the year when compared with the corresponding period of last year. The second quarter witnessed upsurge in sales to OEMs which increased by 2% in the period under review when compared with same period last year.

The Company also sold 221,937 Motor Cycle tyres during first six months of the current year. Motor Cycle tyre sale is also on the rise which showed growth of 28% in the second quarter when compared to the first quarter of the current year.

Company's Net Sales for the six months in value terms has shown increase of 7% from Rs.3.69 billion last year to Rs.3.94 billion in the current year mainly due to inclusion of sales of Motor Cycle tyres.

The increase in profitability which has shown substantial improvement from last year where the Pre-tax Profit has increased by 32% from Rs. 177 million to Rs. 233 million is good omen for the Company which is celebrating its fiftieth year in business. The main reason being growth of 51% and 15% in Truck/Bus and Farm Rear tyres in RM segment, where margins yield is comparatively higher, coupled with stable raw material prices. This result was made possible in spite of the fact that in September 2013 there was unprecedented depreciation of Pak Rupee that considerably affected the profitability of the Company negatively.

FUTURE PROSPECTS

After the rationalization of import policy of used motor vehicles the production of cars and light trucks is on the rise. This is expected to increase further with the depletion of inventory of the imported vehicles. Company has also recently introduced new variant in Rear Farm tyre which has been well accepted in the replacement market and is likely to bring good results in the coming season. In Motor Cycle tyres, Company has changed it's wrapping to look much more attractive along with white lettering feature being introduced soon on the side walls which will be the first of its kind on Motor Cycle tyres and will provide us the first entry advantage.



In case of tractors, the Government, in view of the Pakistan being an agrarian economy, has to form a very realistic policy taking all stakeholders in confidence. Once the issue of sales tax on tractors is finally settled, it should boost tractor sales and resultantly Company's sales to Farm OEMs.

For and on behalf of the Board of Directors.

Mohammad Shahid Hussain
Chief Executive

Karachi

Dated: February 14, 2014

M. A. Faisal Khan
Director



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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed Chaudhri & Co.
HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Karachi; 14 FEB 2014

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Condensed Interim Balance Sheet

As at December 31, 2013

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
Note	----- (Rupees in '000) ----- Restated	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital		
75,000,000 (June 30, 2013: 75,000,000)		
Ordinary shares of Rs.10 each	750,000	750,000
Issued, subscribed and paid-up capital		
59,771,250 (June 30, 2013: 59,771,250)		
Ordinary shares of Rs.10 each	597,713	597,713
Unappropriated profit	1,071,425	1,195,797
	1,669,138	1,793,510
Liabilities		
Non-current liabilities		
Long-term finance	133,334	166,667
Staff benefits	210,437	201,409
Deferred taxation	265,681	281,255
Long-term deposits from dealers	9,320	9,320
	618,772	658,651
Current liabilities		
Current maturity of long-term finance	66,666	33,333
Short-term finances	800,667	904,241
Running finances under mark-up arrangements	1,968,994	1,198,569
Trade and other payables	1,202,493	1,282,552
Accrued mark-up	75,774	62,811
Provisions	80,110	72,075
	4,194,704	3,553,581
	4,813,476	4,212,232
Contingencies and commitments	5	
Total equity and liabilities	6,482,614	6,005,742


Condensed Interim Balance Sheet

As at December 31, 2013

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
Note	----- (Rupees in '000) ----- Restated	
ASSETS		
Non-current assets		
Property, plant and equipment	1,927,278	1,938,491
Intangible assets	2,134	1,342
Investment in an Associate	1,774	1,848
Long-term loans and advances	11,311	5,837
Long-term deposits	23,798	22,294
	1,966,295	1,969,812
Current assets		
Stores and spares	393,913	408,060
Stocks	2,062,050	1,788,330
Trade debts	1,378,235	1,186,976
Loans and advances	45,273	31,422
Deposits and prepayments	86,074	33,132
Other receivables	30,456	26,565
Taxation - net	356,825	373,765
Cash and bank balances	163,493	187,680
	4,516,319	4,035,930
Total assets	6,482,614	6,005,742

The annexed notes 1 to 17 form an Integral part of this condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive



M. A. Faisal Khan
Director

Condensed Interim Profit And Loss Account (Unaudited)

For the half year ended December 31, 2013

Note	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees in '000) -----			
Sales - net	2,167,490	2,142,837	3,944,482	3,693,509
Cost of sales	(1,775,230)	(1,769,233)	(3,284,294)	(3,170,307)
Gross profit	392,260	373,604	660,188	523,202
Administrative expenses	(46,087)	(35,687)	(92,870)	(68,412)
Distribution cost	(80,819)	(78,071)	(147,404)	(125,585)
Other income	16,193	15,699	29,544	34,292
Other expenses	(21,195)	(27,722)	(66,330)	(36,393)
Profit from operations	260,352	247,823	383,128	327,104
Finance cost	(81,286)	(78,180)	(150,065)	(151,195)
	179,066	169,643	233,063	175,909
Share of (loss) / profit from an Associated Company	(668)	371	(74)	618
Profit before taxation	178,398	170,014	232,989	176,527
Taxation	(69,640)	(57,692)	(88,390)	(61,693)
Profit after taxation	108,758	112,322	144,599	114,834
Other comprehensive income	-	-	-	-
Total comprehensive income	108,758	112,322	144,599	114,834
	----- (Rupees) -----			
Earnings per share				
- basic and diluted	1.82	1.88	2.42	1.92

The annexed notes 1 to 17 form an Integral part of this condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2013

Note	Half year ended	
	December 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	(121,682)	(163,459)
Staff retirement gratuity paid	(2,814)	(13,226)
Compensated absences paid	(367)	(1,551)
Long-term deposits from dealers	-	100
Finance cost paid	(137,102)	(152,156)
Taxes paid	(87,024)	(35,964)
Long-term loans and advances - net	(5,474)	(686)
Long-term deposits - net	(1,504)	(200)
Net cash used in operating activities	(355,967)	(367,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(70,463)	(262,492)
Proceeds from disposal of operating fixed assets	1,752	429
Profit on bank deposits received	214	169
Net cash used in investing activities	(68,497)	(261,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	-	164,957
Repayment of long-term finance	-	(43,322)
Short-term finances - net	(103,574)	(183,461)
Dividend paid	(266,574)	(118,212)
Net cash used in financing activities	(370,148)	(180,038)
Net decrease in cash and cash equivalents	(794,612)	(809,074)
Cash and cash equivalents - at beginning of the period	(1,010,889)	(1,030,890)
Cash and cash equivalents - at end of the period	(1,805,501)	(1,839,964)

The annexed notes 1 to 17 form an Integral part of this condensed interim financial information.



Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director

Condensed Interim Statement of Changes in Equity (Unaudited) For the half year ended December 31, 2013

	Issued, subscribed and paid-up capital	Unappro- priated profit	Total
	----- (Rupees in '000) -----		
Balance as at July 1, 2012 - as previously reported	597,713	925,321	1,523,034
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 (net of tax)	-	1,488	1,488
Balance as at July 1, 2012 - as restated	597,713	926,809	1,524,522
Profit for the half year ended December 31, 2012	-	114,834	114,834
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	114,834	114,834
Transaction with owners			
Final dividend for the year ended June 30, 2012 at the rate of Rs.2.00 per share	-	(119,543)	(119,543)
Balance as at December 31, 2012 - as restated	597,713	922,100	1,519,813
Balance as at July 1, 2013 - as previously reported	597,713	1,201,138	1,798,851
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 (net of tax)	-	(5,341)	(5,341)
Balance as at July 1, 2013 - as restated	597,713	1,195,797	1,793,510
Profit for the half year ended December 31, 2013	-	144,599	144,599
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	144,599	144,599
Transaction with owners			
Final dividend for the year ended June 30, 2013 at the rate of Rs.4.50 per share	-	(268,971)	(268,971)
Balance as at December 31, 2013	597,713	1,071,425	1,669,138

The annexed notes 1 to 17 form an Integral part of this condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director

Notes To The Condensed Interim Financial Information (Unaudited) For the half year ended December 31, 2013

- 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.
- BASIS OF PREPARATION**
This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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, 2013 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 for the year ended June 30, 2013.
- ACCOUNTING POLICIES**
 - The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as detailed in note 3.2.1.
 - Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates.
 - Amendments to published standards effective in current year

Certain standards, amendments and an interpretation to accounting standards are effective for accounting period beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore not detailed in this condensed interim financial information except for IAS 19 - 'Employee Benefits' (revised in June 2011) as detailed below.

IAS 19 (Revised) requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all re-measurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The Company has applied IAS 19 retrospectively in accordance with the transitional provisions as set out in this standard and consequently the earliest period presented in condensed interim balance sheet and condensed interim statement of changes in equity has been restated. The impacts of retrospective application are as follows:

	Staff benefits	Deferred taxation	Unappro- priated profit
	----- (Rupees in '000) -----		
Balance as at June 30, 2012 - as previously reported	179,308	184,299	925,321
Restatement - recognition of re-measurement gain	(2,255)	767	1,488
Balance as at June 30, 2012 - as restated	177,053	185,066	926,809
Balance as at June 30, 2013 - as previously reported	193,317	284,006	1,201,138
Restatement - recognition of re-measurement (gain) / loss			
- For the year 2012	(2,255)	767	1,488
- For the year 2013	10,347	(3,518)	(6,829)
Balance as at June 30, 2013 - as restated	201,409	281,255	1,195,797

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim profit and loss account are not quantifiable and are also considered immaterial.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Except for as follows, there has been no change in status of contingencies as disclosed in note 14.1 of the audited annual financial statements of the Company for the year ended June 30, 2013.

The Company, during current period, filed a constitutional petition before the Honourable High Court of Sindh (the Court) on the issue of input adjustment of provincial sales tax paid on services against sales tax payable to Federal Government, which has been disallowed by Finance Act, 2013 through amendments in Sales Tax Act, 1990.

The Court, through an interim order dated December 23, 2013, issued directions and allowed the Company to adjust such input tax. The Company has adjusted input tax aggregating Rs.5.822 million in this condensed interim financial information. The legal counsel of the Company is optimistic that the final outcome of this petition will also be favourable to the Company.

	(Un-audited) December 31, 2013 ---- (Rupees in '000) ----	(Audited) June 30, 2013
5.1.2 Guarantees issued by banks on behalf of the Company	88,204	138,253
5.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	127,152	108,528
5.2 Commitments		
5.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	73,763	8,102
- letters of credit for purchase of raw materials and stores & spares	860,297	1,208,130
- purchase orders issued to local suppliers for capital expenditure	33,450	23,722
- sales contracts entered into by the Company	-	22,207
- tentative schedules for supply of tyres	957,149	1,155,477
- indemnity bond	16,775	16,775

5.2.2 Aggregate commitments for ijarah arrangements for plant & machinery and vehicles as at period-end and year-end are as follows:

Note	(Un-audited) December 31, 2013 ---- (Rupees in '000) ----	(Audited) June 30, 2013
Not later than one year	44,162	14,520
Over one year to five year	126,696	46,921
	170,858	61,441

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	1,859,458	1,871,595
Capital work-in-progress		67,820	66,896
		1,927,278	1,938,491

6.1 Operating fixed assets

Net book value at beginning of the period / year		1,871,595	1,688,852
Additions during the period / year	6.2	68,393	339,701
Write-off, costing Rs.Nil (June 30, 2013: Rs.3.992 million) - at net book value		-	(2)
Disposals, costing Rs.4.989 million (June 30, 2013: Rs.26.905 million) - at net book value		(637)	(4,984)
Depreciation charge during the period / year		(79,893)	(151,972)
Net book value at end of the period / year		1,859,458	1,871,595

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	---- (Rupees in '000) ----	
6.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:		
Buildings on leasehold land	13,649	11,784
Electrical installation	2,812	9,060
Plant and machinery	35,553	207,523
Boilers and accessories	1,378	2,430
Laboratory equipment	-	1,461
Moulds	6,361	36,944
Vehicles	-	47,396
Furniture and fixtures	3,902	8,884
Office equipment	3,777	13,216
Computer equipment	961	1,003
	68,393	339,701

7. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted

Ghandhara Industries Limited - Equity basis

100,700 (June 30, 2013: 100,700) ordinary shares of Rs.10 each - **cost**
Equity held: 0.473% (June 30, 2013: 0.473%)

Share of post acquisition profit	747	560
	3,194	3,007
Less: dividends received to date	335	335
	2,859	2,672
Less: impairment allowance	1,085	824
	1,774	1,848

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

7.2 Key information about an Associate

The following information is from un-audited interim financial information of the investee company for the period ended September 30, 2013.

	As at September 30, 2013	As at March 31, 2013
	---- (Rupees in '000) ----	
Assets	4,299,118	4,123,583
Liabilities	2,300,232	2,395,182
Unappropriated profit	109,105	69,081

	Half year ended	
	September 30, 2013	September 30, 2012
Profit / (loss) before taxation	3,281	(1,444)
Profit after taxation	1,721	1,334

7.3 The market value of the investment as at December 31, 2013 was Rs.1.774 million (June 30, 2013: Rs.1.848 million).

8. TRADE DEBTS - Unsecured

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	---- (Rupees in '000) ----	
Note		
Considered good:		
- from related parties	8,756	23,066
- others	1,369,479	1,163,910
	1,378,235	1,186,976
Considered doubtful - others	17,626	9,271
	1,395,861	1,196,247
Less: provision for doubtful debts	17,626	9,271
	1,378,235	1,186,976

8.1 Trade debts includes following amounts due from Associated Companies

Ghandhara Industries Limited	957	21,162
Ghandhara Nissan Limited	7,278	1,904
Bibojee Services (Private) Limited	521	-
	8,756	23,066

9. COST OF SALES

	(Un-audited)			
	Quarter ended December 31,		Half year ended December 31,	
	2013	2012	2013	2012
Note	----- (Rupees in '000) -----			
Finished goods at beginning of the period	473,265	676,788	293,552	492,670
Cost of goods manufactured	1,656,836	1,631,938	3,263,758	3,157,190
Finished goods purchased	28,766	10,503	72,208	37,605
Royalty technical service fee	65,642	47,140	104,045	79,978
	1,751,234	1,689,581	3,440,011	3,274,773
	2,224,499	2,366,369	3,733,563	3,767,443
Finished goods at end of the period	449,269	597,136	449,269	597,136
	1,775,230	1,769,233	3,284,294	3,170,307

9.1 Cost of goods manufactured	(Un-audited)			
	Quarter ended		Half year ended	
	December 31, 2013	2012	December 31, 2013	2012
Work-in-process at beginning of the period	231,826	216,148	186,181	176,008
Raw materials consumed	1,107,966	1,190,424	2,229,281	2,346,446
Factory overheads	530,593	420,920	1,061,845	830,290
	1,638,559	1,611,344	3,291,126	3,176,736
	1,870,385	1,827,492	3,477,307	3,352,744
Work-in-process at end of the period	213,549	195,554	213,549	195,554
	1,656,836	1,631,938	3,263,758	3,157,190

10. TAXATION				
Current	79,294	58,541	103,964	68,242
Deferred	(9,654)	(849)	(15,574)	(6,549)
	69,640	57,692	88,390	61,693

11. CASH USED IN OPERATIONS	Half year ended	
	December 31, 2013	December 31, 2012
Profit before taxation	232,989	176,527
Adjustments for non-cash and other items:		
Depreciation	79,893	72,305
Amortisation	354	118
Staff retirement gratuity	17,466	14,748
Charge of employees compensated absences	1,737	678
Provision for doubtful debts	8,355	(109)
(Gain) / loss on disposal of operating fixed assets	(1,115)	178
Profit on bank deposits	(214)	(169)
Share of loss / (profit) from an Associated Company	74	(618)
Finance cost	150,065	151,195
Working capital changes	(611,286)	(578,312)
	(121,682)	(163,459)
11.1 Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	14,147	(9,933)
Stocks	(273,720)	117,881
Trade debts	(199,614)	(138,684)
Loans and advances	(13,851)	(10,181)
Deposits and prepayments	(52,942)	(30,826)
Other receivables	(3,891)	(3,820)
	(529,871)	(75,563)
(Decrease) / increase in current liabilities		
Trade and other payables	(89,450)	(503,909)
Provisions	8,035	1,160
	(81,415)	(502,749)
	(611,286)	(578,312)

12. CASH AND CASH EQUIVALENTS

	Half year ended	
	December 31, 2013	December 31, 2012
Running finances under mark-up arrangements	(1,968,994)	(1,918,828)
Cash and bank balances	163,493	78,864
	(1,805,501)	(1,839,964)

13. 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, 2013.

There has been no change in Company's sensitivity to these risks since June 30, 2013 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, 2013.

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

Transactions	Relationship	Half year ended	
		December 31, 2013	December 31, 2012
Sales of goods	Associated companies	38,954	27,995
Services charges	Associated companies / undertaking	3,135	904
Rent paid	Associated company	300	600
Purchases of machinery and spare parts	Related party	2,252	17,529
Purchases of raw materials / supplies	Related party	25,649	25,319
Insurance premium	Associated companies	2,820	12,728
Royalty technical service fee	Related party	91,911	71,694
Mark-up on short term and running finances	Associated companies	16,753	13,850
Dividend paid	Associated companies / related party	176,523	78,455
Donation	Associated undertaking	3,615	2,868
Provision for gratuity	Employees gratuity fund	4,017	3,037
Contribution towards provident fund	Employees provident fund	8,207	6,976
Salaries and other employee benefits	Chief executive and executives	126,659	88,438

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	---- (Rupees in '000) ----	
	Restated	
14.2 Period / year end balances are as follows:		
Payables to related parties		
Staff benefits	21,634	17,617
Short term finances	156,420	33,764
Running finances under mark-up arrangements	193,496	173,697
Trade and other payables	111,434	125,584
Accrued mark-up	11,003	4,755
Receivables from related parties		
Long term loans and advances	1,824	534
Loans and advances	1,615	1,660
Other receivables	4,105	2,052
Cash and bank balances	474	482

15. 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, 2013 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, 2012: two) customers aggregating Rs.827.853 million (December 31, 2012: Rs.1,247.766 million) during the period which constituted 20.98% (December 31, 2012: 29%).

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 14, 2014 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of implementation of IAS 19 - 'Employee Benefits', certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarised in note 3.2.1.



Mohammad Shahid Hussain
Chief Executive



M. A. Faisal Khan
Director

