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Company Profile

Board of Directors

Lt.Gen.(Retd) Ali Kuli Khan Khattak Chairman
 Mr. Hussain Kuli Khan Chief Executive
 Mr. Atif Anwar
 Mr. Ikram Ul-Majeed Sehgal
 Mr. Mansur Khan
 Mr. Manzoor Ahmed
 Mr. Muhammad Kuli Khan Khattak
 (Alternate Director Mr. Ahmad Kuli Khan Khattak)
 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

Mr. Manzoor Ahmed Chairman
 Mr. Ikram Ul-Majeed Sehgal
 Mr. Mazhar Sharif

HR & Remuneration Committee

Mr. Raza Kuli Khan Khattak Chairman
 Mr. Hussain Kuli Khan
 Mr. Mansur Khan
 Mr. Manzoor Ahmed

Auditors

ShineWing Hameed Chaudhri & Co.
 Chartered Accountants

Legal Advisor

Ahmed & Qazi

Share Registrar

Share Registrar Department
 Central Depository Company
 of Pakistan Limited
 CDC House, 99-B, Block 'B'
 S.M.C.H.S., Main Shahrah-e-Faisal
 Karachi-74400
 Tel: Customer Support Services
 (Toll Free) 0800-CDCPL (23275)
 Fax: (92-21) 34326053

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
 Industrial and Commercial Bank of China Limited
 MCB Bank Limited
 National Bank of Pakistan
 Samba Bank Limited
 The Bank of Punjab
 United Bank Limited

Registered Office & Factory

H-23/2, Landhi Industrial Trading Estate,
 Landhi, Karachi.
 Phone : 021-35080172-81, 021-38020207-13
 UAN : 111 487 487
 Fax : 021-35081212, 021-35080171,
 021-35084121
 Website : www.generaltyre.com.pk

Branch Offices

Lahore Plot No. 20, Shahrah-e-Fatima Jinnah, Lahore. Phone : 042-36308605-6 Fax : 042-36300108	Islamabad Plot No. 189-A, Korang Road, Sector I-10/3, Islamabad. Phone : 051-4449955-6 Fax : 051-4440916
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Multan

Plot No. 758-759/21,
 Khanewal Road,
 Multan
 Phone : 061-774407
 Fax : 061-774408

Customer Care & Service Centre

Lahore
 Plot No. 20,
 Shahrah-e-Fatima Jinnah,
 Lahore.
 Phone : 042-36308605-6
 Fax : 042- 36308607

Directors' Review

The Directors of your Company are pleased to present the Accounts for the half year ended December 31, 2016.

BUSINESS REVIEW

Net sales for the half year under review have shown a growth of 7% in terms of value as compared to last year. This was mainly due to increase in sales by 27% in Farm Rear tyres and 13% in Farm Front tyre. This has also resulted in increased Net Profit Before Tax by 28% and Earning Per Share (EPS) by 30% when compared with same period last year.

There was a reduction in sale of Light Truck tyres to one of the Original Equipment Manufacturer (OEM) as their sale to Government of Punjab under the Punjab Taxi Scheme was not available this year. However, this shortfall was compensated by increase in sales of Farm Tyres. Motor Cycle tyres showed a reduction of 5% as compared to last year.

The Cost of Sales stayed the same as the raw material cost did not register any increase due to Company carrying lower purchase priced inventory; and there was reduction in cost of utility due to reduction in tariff of electricity. This resulted in better Gross Profit which rose by 22% when compared with corresponding period. Operating expenses remained within control except increase in advertising and sales promotion expenses which has become essential to increase Company's market share in the Replacement Market (RM).

FUTURE PROSPECTS

With the installation of new mixing plant, which has started functioning, we are expecting better availability of tyres in RM which have been low specially in Passenger Car category due to high demand by OEM's. The Company is also launching Motor Cycle Tubeless tyres with rims from the 3rd Quarter of the current financial year which will be the first in Pakistan. This will improve the quality and life of the Motor Cycle Tyres besides bringing convenience to the consumer in case of punctures. It is expected that this will create more demand for our Motor Cycle tyres.

With the increase in price of Crude Oil and demand for raw material, the prices of the raw materials have started to show upward trend. However, the management is keeping a close watch and will take measures to mitigate the expected negative impact.

For and on behalf of the Board of Directors.



Hussain Kuli Khan
 Chief Executive



Mazhar Sharif
 Director

Karachi
 Dated: February 2, 2017

ڈائریکٹرز تجزیہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے ششماہی کی عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں

کاروباری تجزیہ۔

خالص قیمت فروخت زیر جائزہ ششماہی میں 7 فیصد کا اضافہ پچھلے سال کے اسی دورانیہ کے مقابلے میں دیکھا گیا ہے جس کی مرکزی وجہ 27 فیصد زرعی ریٹائرمنٹ اور 13 فیصد زرعی فرٹ نائز کی فروخت میں اضافہ ہے۔ اس وجہ سے گزشتہ سال اسی عرصے کے مقابلے میں خالص منافع میں 28 فیصد اور فی حصص کمائی میں 30 فیصد اضافہ ہوا۔

لائسنس ٹرک نائز کی فروخت ایک اور سیکل ایکویپمنٹ مینوفیکچررز (او ای ایم) کو کم ہوئی چونکہ ان کی جانب سے جو پنجاب گورنمنٹ کی ٹیکس کی گارنٹیوں کی ترسیل تھی اب ختم ہو گئی، لیکن اس کی کو زرعی نائز کی فروخت نے پورا کیا۔ موٹرسائیکل نائز کی سیکل میں پچھلے سال کے اسی دورانیہ کے مقابلے میں 5 فیصد کمی ہوئی۔

کمپنی میں کم قیمت والا خام مال دستیاب ہونے اور سیکل کی فی یونٹ قیمت میں کمی کی وجہ سے فروخت کی لاگت ٹھہری رہی۔ نتیجہ کے طور پر خام منافع میں پچھلے سال کے اسی دورانیہ کے مقابلے میں 22 فیصد بہتری ہوئی۔ کاروبار چلانے کے اخراجات قابو میں رہے سوائے ایڈورٹائزنگ اور سیل پرموشن کے خرچے جو کہ کمپنی کے ریٹیلر منسٹ مارکیٹ کی سیکل کو بڑھانے کیلئے بہت ضروری ہے۔

مستقبل کے امکانات۔

نیاسنگ پلانٹ اپنی تنصیب کے بعد قابل عمل ہو چکا ہے، ہم توقع کرتے ہیں کہ ریٹیلر منسٹ مارکیٹ میں بہتر نائز مہیا کر سکیں گے جو کہ خاص طور سے پینچر کار کیلئے کی کمی کو پورا کرے گا جس کی وجہ اور سیکل ایکویپمنٹ مینوفیکچررز کی بہت زیادہ مانگ ہے، کمپنی اس مالیاتی سال کے تیسرے کوارٹر سے موٹرسائیکل ٹیوب لیس نائز کے ساتھ پاکستان میں پہلی بار متعارف کروا رہی ہے، یہ موٹرسائیکل نائز کے معیار اور معیاد کو بڑھانے کا اسکے علاوہ صارف کو پینچر کی صورت میں سہولت فراہم کرے گا۔ توقع کی جاتی ہے کہ یہ ہمارے موٹرسائیکل نائز کی مانگ میں اضافے کا باعث بنے گا۔

خام تیل کی قیمت میں اور خام مال کی طلب میں اضافے کی وجہ سے خام مال کی قیمت میں اضافے کا رجحان دیکھا گیا ہے تاہم کمپنی کی انتظامیہ کڑی نظر رکھ رہی ہے اور ضرورت پڑنے پر ایسے اقدام کرے گی جو اس کے متوقع منفی اثرات کو کم کرے گا۔

Majid Hashmi
مظہر شریف
ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے
Hameed Chaudhri
حسین علی خان
چیف ایگزیکٹو آفیسر
کراچی: 2 فروری 2017

ShineWing | SHINewing HAMEED CHAUDHRI & CO.
PAKISTAN | CHARTERED ACCOUNTANTS

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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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

ShineWing Hameed Chaudhri & Co.
SHINewing HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi; 02 FEB 2017

Engagement Partner: Osman Hameed Chaudhri

Praxity
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

a member firm of ShineWing International

Condensed Interim Balance Sheet

As at December 31, 2016

	Note	December 31,	June 30,
		2016	2016
		Unaudited	Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 75,000,000 (June 30, 2016: 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, 2016: 59,771,250) ordinary shares of Rs.10 each		<u>597,713</u>	<u>597,713</u>
Unappropriated profit		<u>2,914,933</u>	<u>2,351,809</u>
Total equity		3,512,646	2,949,522
Liabilities			
Non current liabilities			
Long term finances	5	<u>1,066,772</u>	<u>920,276</u>
Staff benefits		<u>272,305</u>	<u>277,287</u>
Deferred taxation		<u>244,338</u>	<u>232,281</u>
Long term deposits from dealers		<u>8,750</u>	<u>8,930</u>
		<u>1,592,165</u>	<u>1,438,774</u>
Current liabilities			
Current maturity of long term finances	5	<u>332,223</u>	<u>224,057</u>
Short term finances		<u>15,592</u>	<u>143,889</u>
Running finances under mark-up arrangements		<u>654,542</u>	<u>621,020</u>
Trade and other payables		<u>1,232,094</u>	<u>1,293,036</u>
Accrued mark-up		<u>38,871</u>	<u>32,929</u>
Provisions		<u>74,958</u>	<u>109,282</u>
		<u>2,348,280</u>	<u>2,424,213</u>
Total liabilities		3,940,445	3,862,987
Contingencies and commitments	6		
Total equity and liabilities		<u>7,453,091</u>	<u>6,812,509</u>

Condensed Interim Balance Sheet

As at December 31, 2016

	Note	December 31,	June 30,
		2016	2016
		Unaudited	Audited
		(Rupees in thousand)	
ASSETS			
Non current assets			
Property, plant and equipment	7	<u>3,600,429</u>	<u>3,168,699</u>
Intangible assets		<u>45,606</u>	<u>36,215</u>
Investment in an associated company	8	<u>7,995</u>	<u>6,019</u>
Long term loans and advances		<u>8,548</u>	<u>10,888</u>
Long term deposits		<u>32,654</u>	<u>32,667</u>
		<u>3,695,232</u>	<u>3,254,488</u>
Current assets			
Stores and spares		<u>497,703</u>	<u>496,552</u>
Stocks		<u>1,433,986</u>	<u>1,570,594</u>
Trade debts		<u>993,715</u>	<u>1,024,670</u>
Loans and advances		<u>49,226</u>	<u>101,474</u>
Deposits and prepayments		<u>75,098</u>	<u>66,130</u>
Other receivables		<u>79,220</u>	<u>68,901</u>
Taxation - net		<u>310,840</u>	<u>112,849</u>
Cash and bank balances	9	<u>318,071</u>	<u>116,851</u>
		<u>3,757,859</u>	<u>3,558,021</u>
Total assets		<u>7,453,091</u>	<u>6,812,509</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hussain Kuli Khan
Chief Executive




Mazhar Sharif
Director

Condensed Interim Profit and Loss Account (Unaudited)

For the half year ended December 31, 2016

	Note	For the quarter ended		For the half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
(Rupees in thousand)					
Sales		2,517,338	2,244,980	4,698,800	4,398,232
Cost of sales	10	(1,834,279)	(1,676,845)	(3,463,728)	(3,386,669)
Gross profit		683,059	568,135	1,235,072	1,011,563
Administrative expenses		(63,924)	(56,020)	(123,119)	(113,698)
Distribution cost		(107,840)	(86,268)	(203,697)	(167,959)
Other income		18,149	10,923	27,052	23,511
Other expenses		(42,835)	(37,442)	(76,097)	(68,235)
Profit from operations		486,609	399,328	859,211	685,182
Finance cost		(27,868)	(31,983)	(57,175)	(58,210)
		458,741	367,345	802,036	626,972
Share of profit of an Associated Company		1,841	609	2,983	1,367
Profit before taxation		460,582	367,954	805,019	628,339
Taxation	11	(132,655)	(114,767)	(241,895)	(194,857)
Profit for the period		327,927	253,187	563,124	433,482
Other comprehensive income		-	-	-	-
Total comprehensive income		327,927	253,187	563,124	433,482
-----Rupees -----					
Earnings per share					
- basic and diluted		5.49	4.24	9.42	7.25

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Hussain Kuli Khan
Chief Executive



Mazhar Sharif
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2016

	Note	For the half year ended	
		December 31, 2016	December 31, 2015
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,086,601	119,869
Staff retirement gratuity paid		(24,283)	(6,801)
Compensated absences paid		(2,327)	(4,225)
Long term deposits from dealers - net		(180)	-
Finance cost paid		(51,233)	(57,504)
Taxes paid		(427,829)	(143,846)
Long term loans and advances - net		2,340	2,076
Long term deposits - net		13	804
Net cash generated from / (used in) operating activities		583,102	(89,627)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(534,795)	(393,269)
Purchase of intangible assets		(10,593)	-
Proceeds from sale of operating fixed assets		2,785	1,814
Dividend received		1,007	453
Profit on bank deposits received		135	149
Net cash used in investing activities		(541,461)	(390,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - repaid		(83,333)	(33,333)
Long term finances - obtained		337,995	-
Short term finances - net		(128,297)	527,326
Dividend paid		(308)	(413,925)
Net cash generated from financing activities		126,057	80,068
Net increase / (decrease) in cash and cash equivalents		167,698	(400,412)
Cash and cash equivalents - at beginning of the period		(504,169)	(424,620)
Cash and cash equivalents - at end of the period	13	(336,471)	(825,032)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Hussain Kuli Khan
Chief Executive


Mazhar Sharif
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2016

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at July 1, 2015 (audited)	597,713	1,760,434	2,358,147
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2015 at the rate of Rs.7.00 per share	-	(418,399)	(418,399)
Total comprehensive income for the half year ended December 31, 2015			
Profit for the period	-	433,482	433,482
Other comprehensive income	-	-	-
	-	433,482	433,482
Balance as at December 31, 2015 (un-audited)	597,713	1,775,517	2,373,230
Balance as at July 1, 2016 (audited)	597,713	2,351,809	2,949,522
Total comprehensive income for the half year ended December 31, 2016			
Profit for the period	-	563,124	563,124
Other comprehensive income	-	-	-
	-	563,124	563,124
Balance as at December 31, 2016 (un-audited)	597,713	2,914,933	3,512,646

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hussain Kuli Khan
Chief Executive



Mazhar Sharif
Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2016

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 its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In the case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

3. ACCOUNTING POLICIES

The significant 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, 2016.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparation of 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 of the Company for the year ended June 30, 2016.

5. LONG TERM FINANCES

	December 31, June 30,	
	2016	2016
	Unaudited	Audited
	(Rupees in thousand)	
Habib Bank Limited	-	33,333
Samba Bank Limited	300,000	350,000
Askari Bank Limited - an associated company	655,000	350,000
Faysal Bank Limited	443,995	411,000
	<u>1,398,995</u>	<u>1,144,333</u>
Current maturity grouped under current liabilities	<u>(332,223)</u>	<u>(224,057)</u>
	<u>1,066,772</u>	<u>920,276</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 There is no change in status of the contingencies as disclosed in note 14.1 of the audited annual financial statements of the Company for the year ended June 30, 2016.

6.1.2 Tax authorities passed orders under sections 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) in respect of monitoring of withholding of taxes for Tax Year 2015 and created demand of Rs.29.675 million (including default surcharge and penalty) on the premise that requisite tax was not withheld by the Company at the time of making payments against incentives to dealers and advertising & publicity.

The Company filed appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. Hearing in appeal has been conducted however decision of appeal is pending.

Further, the Company has also deposited Rs.20.663 million against abovementioned demand and classify this in other receivables as 'Income tax paid under protest'.

6.1.3 Section 5A of the Income Tax Ordinance 2001, imposes a tax @ 10% on reserves of a company that exceeds amount of its share capital in case company derives profit but doesn't distribute cash dividend. The Company have filed suit for declaration and permanent injunction before the Honourable Sindh High Court (SHC) challenging the vires of the above said section. The SHC passed an interim order restraining the defendant from taking any coercive action against the Company. The case is pending adjudication.

Based on legal advisor's opinion, management expects a favourable outcome of the abovementioned case; therefore no provision for tax on undistributed reserves has been made in this condensed interim financial information.

	December 31, June 30,	
	2016	2016
	Unaudited	Audited
	(Rupees in thousand)	
6.1.4 Guarantees issued by banks on behalf of the Company	320,653	314,575
6.1.5 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	118,161	97,351

6.2 Commitments

6.2.1 Commitments in respect of:

- letters of credit for capital expenditure	374,961	745,745
- letters of credit for purchase of raw materials and stores & spares	1,132,832	331,929
- purchase orders issued to local suppliers for capital expenditure	64,634	101,148
- service contracts against implementation of SAP	24,099	34,693
- sales contracts entered into by the Company	21,254	108,084
- tentative schedules for supply of tyres	1,805,046	1,722,167
- indemnity bond	16,775	16,775

6.2.2 The Company has entered into Ijarah arrangements for plant & machinery and vehicles with a commercial bank. Aggregate commitments for these ijarah arrangements are as follows:

	December 31, June 30,	
	2016	2016
	Unaudited	Audited
	(Rupees in thousand)	
Not later than 1 year	64,155	65,469
Over 1 year and no later than 5 years	32,102	53,437
	<u>96,257</u>	<u>118,906</u>

	Note	December 31, June 30,	
		2016 2016	
		Unaudited	Audited
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,344,056	2,292,064
Capital work-in-progress	7.2	1,256,373	876,635
		<u>3,600,429</u>	<u>3,168,699</u>
7.1 Operating fixed assets			
Net book value at beginning of the period / year		2,292,064	1,886,894
Additions during the period / year	7.1.1	155,057	589,354
Disposals, costing Rs.15.089 million (June 30, 2016: Rs.26.689 million) - at net book value		(347)	(5,349)
Depreciation charge during the period / year		(102,718)	(178,835)
Net book value at end of the period / year		<u>2,344,056</u>	<u>2,292,064</u>
7.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Land		38,907	-
Buildings		-	11,937
Electrical installations		-	4,232
Plant and machinery		51,334	298,236
Boilers and accessories		14,703	140,698
Laboratory equipment		-	8,631
Moulds		-	45,961
Vehicles		9,342	60,941
Furniture and fixtures		2,280	3,900
Factory and office equipment		4,566	11,399
Computer equipment		33,925	3,419
		<u>155,057</u>	<u>589,354</u>
7.2 Capital work-in-progress			
Buildings		382,652	359,714
Electrical installations		44,111	19,818
Plant and machinery		824,744	467,675
Vehicles		5,639	6,653
Factory and office equipment		1,502	1,534
Computers and equipment		-	23,516
		<u>1,258,648</u>	<u>878,910</u>
Provision for a doubtful advance		(2,275)	(2,275)
		<u>1,256,373</u>	<u>876,635</u>

	Note	December 31, June 30,	
		2016 2016	
		Unaudited	Audited
8. INVESTMENT IN AN ASSOCIATED COMPANY - Quoted			
Ghandhara Industries Limited			
- Equity accounted investment			
Balance at beginning of the period / year		6,019	3,321
Share of comprehensive income for the period / year		2,983	3,151
Dividend received during the period / year		(1,007)	(453)
Balance at end of the period / year		<u>7,995</u>	<u>6,019</u>
8.1 Investment in Ghandhara Industries Limited (GIL) represents 100,700 (June 30, 2016: 100,700) fully paid ordinary shares of Rs.10 each representing 0.473% (June 30, 2016: 0.473%) of its issued, subscribed and paid-up capital as at December 31, 2016. GIL was incorporated on February 23, 1963 and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of GIL is the assembly, progressive manufacturing and sale of Isuzu trucks and buses.			
8.2 The above figures are based on unaudited condensed interim financial information of GIL as at September 30, 2016. The latest financial statements of GIL as at December 31, 2016 are not presently available.			
8.3 The market value of investment as at December 31, 2016 was Rs.73.044 million (June 30, 2016: Rs.40.873 million).			
8.4 The investee company is an Associate of the Company by virtue of common directorship.			
9. CASH AND BANK BALANCES			
Cash at banks on:			
- current accounts		59,324	101,922
- deposit account	9.1	7,228	7,469
- term deposit receipt	9.2	250,000	-
		<u>316,552</u>	<u>109,391</u>
Cash and cheques-in-hand		1,519	7,460
		<u>318,071</u>	<u>116,851</u>

9.1 Deposit account is held with Askari Bank Limited - an Associated Company and it carries mark-up at the rate of 3.75% (June 30, 2016: 3.75%) per annum.

9.2 Term deposit receipt (TDR) has ninety maturity days (June 30, 2016: Nil) from respective date of acquisition. This TDR carries mark-up at the rate of 6.75% (June 30, 2016: Nil) per annum.

	Note	For the quarter ended		For the half year ended	
		December 31,		December 31,	
		2016	2015	2016	2015
(Rupees in thousand)					
10. COST OF SALES					
Opening stock of finished goods		329,636	400,128	203,526	411,187
Cost of goods manufactured	10.1	1,730,611	1,683,529	3,395,916	3,321,316
Finished goods purchased		73,504	18,755	118,226	34,316
Royalty technical service fee		52,778	47,681	98,310	93,098
		1,856,893	1,749,965	3,612,452	3,448,730
		2,186,529	2,150,093	3,815,978	3,859,917
Closing stock of finished goods		352,250	473,248	352,250	473,248
		1,834,279	1,676,845	3,463,728	3,386,669
10.1 Cost of goods manufactured					
Opening work-in-process		149,343	195,963	162,244	195,481
Raw materials consumed		1,022,350	990,969	1,939,296	1,911,563
Factory overheads		724,130	668,619	1,459,588	1,386,294
		1,746,480	1,659,588	3,398,884	3,297,857
		1,895,823	1,855,551	3,561,128	3,493,338
Closing work-in-process		165,212	172,022	165,212	172,022
		1,730,611	1,683,529	3,395,916	3,321,316
11. TAXATION					
Current		115,103	122,366	229,838	199,888
Deferred		17,552	(7,599)	12,057	(5,031)
		132,655	114,767	241,895	194,857

	Note	For the half year ended	
		December 31,	
		2016	2015
(Rupees in thousand)			
12. CASH GENERATED FROM OPERATIONS			
Profit before taxation		805,019	628,339
Adjustments for non cash charges and other items:			
Depreciation		102,718	87,089
Amortisation		1,202	670
Provision for staff retirement gratuity		20,569	23,526
Charge of employees compensated absences		1,059	1,783
Provision for doubtful debts		2,947	6,011
Profit on bank deposits		(274)	(149)
Gain on sale of operating fixed assets		(2,438)	(1,017)
Finance cost		57,175	58,210
Share of profit of an associated company		(2,983)	(1,367)
Working capital changes	12.1	101,607	(683,226)
		1,086,601	119,869
12.1 Working capital changes			
(Increase) / decrease in current assets			
- Stores and spares		(1,151)	3,023
- Stocks		136,608	(451,377)
- Trade debts		28,008	(64,266)
- Loans and advances		52,248	(9,340)
- Deposits and prepayments		(8,968)	(39,252)
- Other receivables		(10,180)	(8,954)
- Sales tax refundable (net)		-	(104,288)
		196,565	(674,454)
(Decrease) / increase in current liabilities			
- Trade and other payables		(60,634)	8,360
- Provisions		(34,324)	(17,132)
		(94,958)	(8,772)
		101,607	(683,226)
13. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements		(654,542)	(907,931)
Cash and bank balances		318,071	82,899
		(336,471)	(825,032)

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and 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, 2016.

There has been no change in Company's sensitivity to these risks since June 30, 2016 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, 2016.

Note	For the half year ended December 31,	
	2016	2015
	(Rupees in thousand)	

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Associated companies / undertakings:

Sales of goods	189,209	136,436
Services rendered	52,163	195,223
Rent	450	450
Interest earned	135	149
Insurance premium	1,265	3,095
Mark-up expense	19,298	9,860
Long term finances - obtained	305,000	-
Dividend paid	-	282,690
Dividend received	1,007	453
Donation	14,070	10,837

Note	For the half year ended December 31,	
	2016	2015
	(Rupees in thousand)	
Other related parties:		
Purchases of bladders and spare parts	6,449	14,383
Purchases of raw materials / supplies	34,923	37,486
Royalty technical service fee	89,781	84,634
Provision towards gratuity staff fund	4,540	4,189
Contribution towards employees provident fund	9,156	7,876
Salaries and other employee benefits to key management personnel	156,952	158,193
Meeting fees to key management personnel	4,300	5,000
Sale of operating fixed assets to key management personnel under Company policy	1,000	698
	December 31, 2016	June 30, 2016
	Unaudited	Audited
	(Rupees in thousand)	

15.2 Period / year end balances are as follows:

Payables to related parties		
Staff benefits	15,558	33,705
Running finances under mark-up arrangement	78,923	3,803
Trade and other payables	103,635	128,941
Accrued mark-up	12,893	1,029
Receivables from related parties		
Capital work-in-progress	-	23,516
Long term loans and advances	632	850
Trade debts	33,337	-
Loans and advances	722	858
Other receivables	-	9,174

These are in the normal course of business.

16. 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, 2016 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

The Company has earned revenues from three (December 31, 2015: two) customers aggregating Rs.2,105.450 million (December 31, 2015: Rs.1,750.596 million) during the period which constituted 36.81% (December 31, 2015: 32.87%) of gross sales.

17. 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, 2016 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, 2015.

18. GENERAL

18.1 Non-adjusting event after the balance sheet date

The board of Directors, in their meeting held on February 2, 2017 has approved the transfer of Rs.1.00 billion from unappropriated profit to reserve for Capital Expenditure. This condensed interim financial information does not include the effect of the said appropriation.

18.2 Date of authorization for issue

This condensed interim financial information was authorized for issue on February 2, 2017 by the Board of Directors of the Company.

Handwritten signature of Hussain Kuli Khan in black ink.

Hussain Kuli Khan
Chief Executive

Handwritten signature of Mazhar Sharif in black ink.

Mazhar Sharif
Director