

Contents

Company Profile	02
Directors' Review	03
Directors' Review (in Urdu)	04
Independent Auditor's Review Report to the Members	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss and other Comprehensive Income	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Statement of Cash Flows	10
Notes to the Condensed Interim Financial Statements	11



Company Profile

Board of Directors*

Lt.Gen.(Retd) Ali Kuli Khan Khattak
 Mr. Hussain Kuli Khan
 Mr. Adnan Ahmed
 Mr. Atif Anwar
 Mr. Manzoor Ahmed
 Mr. Muhammad Kuli Khan Khattak
 Mr. Naveed Iftikhar Sherwani
 Mr. Raza Kuli Khan Khattak
 Mrs. Shahnaz Sajjad Ahmad
 Dr. Shaheen Kuli Khan Khattak

Chairman
 Chief Executive

Major Bankers

Al-Baraka Bank Pakistan Limited
 Askari Bank 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

Company Secretary

Mr. Yasir Ali Quraishi

Chief Financial Officer

Mr. Siraj A. Lawai

Board Audit Committee*

Mr. Adnan Ahmed
 Mr. Manzoor Ahmed
 Mr. Muhammad Kuli Khan Khattak

HR & Remuneration Committee*

Mr. Atif Anwar
 Mr. Hussain Kuli Khan
 Mr. Manzoor Ahmed
 Mr. Raza Kuli Khan Khattak

Auditors

A.F. Ferguson & Co.
 Chartered Accountants

Legal Advisor

Ahmed & Qazi Advocates & Legal Consultants

Share Registrar

CDC Share Registrar Services Limited.
 CDC House 99-B, Block-B, S.M.C.H.S.,
 Main Shahra-e-Faisal Karachi-74400
 UAN No. : (92-21) 111 111 500
 Tel : Customer Support Services
 (Toll Free) 0800-CDCPL (23275)
 Fax: (92-21) 34326053, Email: info@cdcpak.com
 Website: www.cdcpakistan.com

* Sequence of names in alphabetical order

02

2nd Quarter & Six Months Accounts December 2019



Directors' Review

The directors are pleased to present the unaudited interim financial statements of the Company for the half year ended December 31, 2019.

BUSINESS REVIEW

Net sales for the half year under review was Rs. 4.56 billion as compared to Rs. 5.02 billion in the same period last year. Despite tough economic conditions, the Company managed to restrict the topline reduction to 9%. Lower sales were mainly due to overall economic slowdown, lower production days observed by Car OEMs, shut down of farm OEMs during December, coupled with FBR and traders deadlock on CNIC and tax matters and higher auto financing rate.

The Company has mitigated the impact of lower demand from OEM, by focusing on its Replacement market segment, both in local and export markets. Replacement market depicted double digit growth in value.

The gross profit for the period was Rs. 753 million as compared to Rs. 742 million in the same period last year. Higher gross profit from last period is mainly due to increased sales in replacement market, better product mix and price increase to offset the impact of inflation and increase in utilities prices, and other manufacturing costs.

The finance cost for the period under review was Rs. 430 million as compared to Rs. 222 million in the same period last year. Increase in financial cost is mainly due to increase in interest rates and to meet additional working capital requirements. Since June 2018, SBP has increased discount rate by 575 basis points resulting in increase in the borrowing cost of the Company.

The Company has made significant investment in CAPEX over the period resulting in additional depreciation, financial cost and other overheads of expansion. Due to slow down in economy the Company could not reap full benefits. However, it is expected that once the demand revives the Company is well poised to reap the benefits. From current year, the Government has eliminated tax credit on BMR, this step is very discouraging for further investment by the manufacturing companies.

As a result of the factors mentioned above, profit before tax for the second quarter under review was Rs. 43.5 million as compared to Rs. 129.4 million reported in the same period last year.

The Baluchistan Government has levied 1% CESS on export through Chaman. The Government should facilitate export of non-traditional goods as such hurdle create impediment in growth of export.

FUTURE PROSPECTS

It is expected that major adjustments in exchange and interest rates have already taken place. Stability in these two variables along with revival of economic activity are key factors for future profitability of your Company.

The Company is striving to improve its sales volumes, profitability and go for leaner production.

We support the Government drive for documentation of the economy and to bring the undocumented sector into the tax net. This is a positive step and will definitely contribute to provide level playing field to the documented sector. Effective February 1, 2020, the condition of CNIC on purchase of more than Rs 50,000 is enforced. This may initially have some impact on replacement market sales. However, if this is implemented in its true spirit, we believe that ultimately it will benefit the documented sector.

Recently, Government has shown its eagerness to curb smuggling, which is a positive sign. We urge the Government to take necessary follow up steps on ground to curb smuggling, which is expected to bode well for the local industry.

Despite increasingly difficult economic situation and competitive pressures, the long-term growth potential of the business is positive. Your Company is in close coordination with all OEMs including both new auto players which would be helpful for future volume growth. One of the new auto players is already purchasing tyres from your Company, whereas your Company's tyre is already approved by another new auto player. It is expected that they will also start purchasing. Moreover, the Company is also participating in various tenders, if successful, this will be helpful in achieving better topline and absorbing fixed costs.

For and on behalf of the Board of Directors.


Hussain Kuli Khan
 Chief Executive


Naveed Iftikhar Sherwani
 Director

Karachi
 Dated: February 20, 2020

03

2nd Quarter & Six Months Accounts December 2019

ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والے ششماہی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

کاروباری تجزیہ

خالص قیمت فروخت زیر جائزہ ششماہی کے دوران 5.6 ملین روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 5.02 ملین روپے تھی۔ مشکل معاشی حالات کے باوجود کمپنی نے اوپری سطح کی کمی کو 9 فیصد تک محدود کرنے میں کامیاب رہی۔ فروخت میں کمی کی بڑی وجوہات، مجموعی معاشی سست روی، ٹینچر کا ریسکٹ کے اور پمپل ایکٹیو پینٹ میٹریٹل پمپرز کے پیداواری دہوں میں کمی، دسمبر کے مہینے میں فارم کے اور پمپل ایکٹیو پینٹ میٹریٹل پمپرز کا پیداواری سرگرمی کا بند کرنا، CNIC اور ٹیکس کے معاملات کے مسئلے پر FBR اور ڈیڑرز میں نقل اور قرض پر کار پائلے پر فنانسنگ کی شرح میں اضافہ ہے۔

کمپنی نے اور پمپل ایکٹیو پینٹ میٹریٹل پمپرز کی طرف سے طلب میں کمی کے اثر کو ٹینٹیمنٹ (مقامی اور برآمدی) مارکیٹ کی طرف زیادہ توجہ دے کر تخفیف کیا ہے۔ ریٹیلیمینٹ مارکیٹ کی قدر میں دگنے ہندسے میں نمو ظاہر ہوئی ہے۔

کل منافع اس ششماہی میں 753 ملین روپے تھا جو پچھلے سال اسی دورانیہ میں 742 ملین روپے تھا۔ پچھلے سال کے مقابلے میں کل منافع میں اضافہ کی بنیادی وجہ ہیز پروزڈکٹس اور قیمتوں میں اضافہ جو کہ افراط زر، پمپل کی قیمتوں میں اضافہ اور دوسرے پیداواری لاگت میں اضافہ کے اثر کم کرنے کے لیے کیا گیا۔

فنانس کے اخراجات اس تجزیاتی دورانیہ میں 430 ملین روپے تھے جو پچھلے سال اسی دورانیہ میں 222 ملین روپے تھے۔ فنانس کے اخراجات میں اضافے کی بنیادی وجہ پلانٹ اور شرح سود میں اضافہ اور کاروبار چلانے کیلئے اضافی سرمائے کی ضرورت کو پورا کرنا تھا۔ جون 2018 سے اسٹیٹ بینک آف پاکستان نے ڈسکاوونٹ ریٹ میں 575 بیسیس پوائنٹس کا اضافہ کیا ہے جسکے نتیجے میں قرضوں کے حصول کی لاگت میں اضافہ ہوا ہے۔

کمپنی نے اس مدت کے دوران پلانٹ اور مشینریز میں نمایاں سرمایہ کاری کی ہے جسکی وجہ سے فرسودگی (Depreciation Expenses)، فنانس لاگت (Finance Cost) اور دوسرے بالائے سر لاگت (Overhead Cost) میں اضافہ ہوا ہے۔ معاشی سرگرمی میں کمی کی وجہ سے کمپنی پورا فائدہ نہیں اٹھا سکی تاہم یہ توقع کی جاتی ہے کہ ایک بار طلب دوبارہ سے بحال ہو جائے تو کمپنی ایک باہر پورا فائدہ اٹھائے گی۔ اس سال سے گورنمنٹ نے BMR پر ٹیکس کرڈٹ ختم کر دیا ہے۔ اس اقدام سے میٹریٹل پمپرز کی کمپنیوں کی مزید سرمایہ کاری کی حوصلہ شکنی ہوئی ہے۔ اوپر دیے گئے عوامل کی وجہ سے اس تجزیاتی سہماہی میں منافع قبل از محمول 43.5 ملین روپے تھا جو کہ پچھلے سال اسی دورانیہ میں 129.4 ملین روپے تھا۔

بلوچستان گورنمنٹ نے جن کے راستے برآمد پر 1 فیصد CESS لگا دیا ہے۔ گورنمنٹ کو نمبر داہنی ایشیاء کی برآمد کو آسان بنا نا چاہیے اس طرح کی کاروں میں برآمد میں اضافہ پر اثر انداز ہوتی ہیں۔

مستقبل کے امکانات

یہ توقع کی جاتی ہے کہ تبادلے اور شرح سود میں بڑی ایڈجسٹمنٹ پہلے ہی ہو چکی ہیں ان دونوں متغیر (Variables) میں توازن اور اس کے ساتھ معاشی سرگرمی میں استحکام کمپنی کے مستقبل کے منافع کیلئے کلیدی عوامل ہیں۔

کمپنی اپنے فروخت کے حجم اور منافع میں بہتری اور پیداوار میں نقص کو کم کرنے کیلئے کوششیں کر رہی ہے۔

ہم گورنمنٹ کی معیشت کی دستاویزی کمی اور غیر دستاویزی کمی کے نتیجے میں لانے کی حمایت کرتے ہیں۔ یہ ایک مثبت قدم ہے جو دستاویزی شعبے کو برابری کی سطح فراہم کرنے میں معاون ثابت ہوگا۔ 1 فروری 2020 سے 50,000 روپے سے زائد کی خریداری پر CNIC کی شرط لاگو ہو جائے گی جس کی وجہ سے شروعات میں ریٹیلیمینٹ مارکیٹ کی فروخت پر کچھ اثر پڑ سکتا ہے۔ تاہم اگر اسے صحیح روح کے ساتھ لاگو کیا جاتا ہے تو ہمیں یقین ہے کہ دستاویزی شعبے کو بلاخر فائدہ ہوگا۔

حال ہی میں گورنمنٹ نے اسٹاکنگ کو کم کرنے کی طرف توجہ دھائی ہے جو کہ ایک مثبت قدم ہے۔ ہم حکومت سے گزارش کرتے ہیں کہ اسٹاکنگ کو کم کرنے کے لیے تھکنے ضروری اقدامات اٹھائے جو کہ مقامی صنعتوں کیلئے اچھی توقعات کا باعث بنے۔

مشکل معاشی حالات اور مقابلاتی دباؤ میں اضافے کے باوجود کاروباری طویل مدتی نمویت ہے۔ آج کی کمپنی تمام اور پمپل ایکٹیو پینٹ میٹریٹل پمپرز اور ڈیڑرز کا ڈیڑرز بنانے والی کمپنیوں کے ساتھ قریبی رابطے میں ہے جو مستقبل میں حجم میں اضافہ کیلئے مددگار ہوگا۔ ان میں سے ایک نئی گاڑی بنانے والی کمپنی نے آج کی کمپنی سے ٹائروں کی خریداری بھی شروع کر دی ہے، جبکہ آج کی کمپنی کے ٹائریز ایک اور نئی گاڑی بنانے والی کمپنی نے منظوری بھی دے دی ہے۔ توقع کی جاتی ہے کہ وہ بھی ٹائروں کی خریداری شروع کر دیں گے۔ اس کے علاوہ کمپنی مختلف ٹینڈرز میں بھی حصہ لے رہی ہے اگر کامیاب ہوئی تو اوپری سطح میں بہتری اور مقررہ اخراجات کو کم کرنے میں مدد ملے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

نوید افتخار شیروانی
ڈائریکٹر

حسین قلی خان
چیف ایکویٹیو آفیسر

کراچی مورخہ: 20 فروری 2020



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of The General Tyre and Rubber Company of Pakistan Limited as at December 31, 2019, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year ended (here-in-after referred to as the 'condensed interim financial statements'). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 the condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Khurshid Hasan.

A. F. Ferguson & Co.,
Chartered Accountants
Karachi
Date: February 25, 2020

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

= KARACHI = LAHORE = ISLAMABAD

Condensed Interim Statement of Financial Position

As at December 31, 2019

Note	December 31,	June 30,
	2019 (Unaudited)	2019 (Audited)
	----- Rupees in '000 -----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
	Authorised capital	
	125,000,000 (June 30, 2019: 125,000,000) ordinary shares of Rs 10 each	
	1,250,000	1,250,000
	1,219,334	1,016,112
	1,000,000	1,000,000
	1,074,157	1,324,670
	3,293,491	3,340,782
LIABILITIES		
NON CURRENT LIABILITIES		
	Long term finances 5	
	967,073	1,020,748
	42,945	-
	370,840	336,229
	238,103	299,403
	9,560	9,351
	1,628,521	1,665,731
CURRENT LIABILITIES		
	Current maturity of long term finances 5	
	473,008	608,223
	25,791	-
	762,028	1,350,000
	4,674,733	3,526,185
	2,075,408	1,783,757
	16,931	12,897
	2,902	8,641
	202,467	130,836
	48,000	48,000
	8,281,268	7,468,539
	9,909,789	9,134,270
	13,203,280	12,475,052
	Contingencies and commitments 7	

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Naveed Iftikhar Sherwani
Director

Condensed Interim Statement of Financial Position

As at December 31, 2019

Note	December 31,	June 30,
	2019 (Unaudited)	2019 (Audited)
	----- Rupees in '000 -----	
ASSETS		
NON CURRENT ASSETS		
	Property, plant and equipment 8	
	5,232,064	5,127,169
	14,508	26,562
	15,502	16,091
	6,205	6,860
	20,186	19,950
	5,288,465	5,196,632
CURRENT ASSETS		
	Stores and spares	
	626,507	659,566
	4,309,096	3,721,748
	1,306,570	1,237,309
	147,194	174,359
	65,432	67,228
	182,468	202,594
	1,158,181	1,059,685
	119,367	155,931
	7,914,815	7,278,420
	13,203,280	12,475,052
	TOTAL ASSETS	

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

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Naveed Iftikhar Sherwani
Director

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

For the half year ended December 31, 2019

Note	For the quarter ended December 31,		For the half year ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Sales - net	2,317,937	2,676,239	4,564,320	5,016,091
Cost of sales	(1,951,138)	(2,292,584)	(3,811,685)	(4,274,482)
Gross profit	366,799	383,655	752,635	741,609
Administrative expenses	(71,831)	(80,420)	(137,699)	(158,250)
Distribution cost	(109,454)	(106,983)	(204,955)	(201,443)
Other income	33,366	20,756	68,548	38,080
Other expenses	(1,615)	(45,926)	(4,746)	(71,724)
Profit from operations	217,265	171,082	473,783	348,272
Finance cost	(199,176)	(131,625)	(429,729)	(222,295)
	18,089	39,457	44,054	125,977
Share of (loss) / profit of an associated company - net of tax	343	3,008	(589)	3,439
Profit before taxation	18,432	42,465	43,465	129,416
Taxation	(5,008)	(12,246)	(14,175)	(38,303)
Profit for the period	13,424	30,219	29,290	91,113
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	13,424	30,219	29,290	91,113
	Rupee	Rupee	Rupee	Rupee
		(Restated)		(Restated)
Earnings per share - basic and diluted	0.11	0.25	0.24	0.75

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

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Naveed Iftikhar Sherwani
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2019

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve	Total
	Reserve for capital expenditure	Unappropriated profit		
	----- Rupees in '000 -----			
Balance as at July 1, 2018 (audited)	597,713	1,000,000	1,973,483	3,571,196
Transaction with owners				
- Final dividend for the year ended June 30, 2018 at the rate of Rs 6 per share	-	-	(358,628)	(358,628)
- Bonus share issue for the year ended June 30, 2018 at the rate of 70% i.e. 7 shares for every 10 shares	418,399	-	(418,399)	-
Total comprehensive income for the half year ended December 31, 2018	-	-	91,113	91,113
Balance as at December 31, 2018 (un-audited)	1,016,112	1,000,000	1,287,569	3,303,681
Balance as at July 1, 2019 (audited)	1,016,112	1,000,000	1,324,670	3,340,782
Effect of initial application of IFRS-16 - net of tax [note 3(a)]	-	-	(15,614)	(15,614)
Transaction with owners				
- Bonus share issue for the year ended June 30, 2019 at the rate of 20% i.e. 2 shares for every 10 shares	203,222	-	(203,222)	-
- First interim dividend for the year ending June 30, 2020 at the rate of Re. 0.5 per share	-	-	(60,967)	(60,967)
Total comprehensive income for the half year ended December 31, 2019	-	-	29,290	29,290
Balance as at December 31, 2019 (un-audited)	1,219,334	1,000,000	1,074,157	3,293,491

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

Siraj A. Lawai
Chief Financial Officer

Hussain Kuli Khan
Chief Executive

Naveed Iftikhar Sherwani
Director

Condensed Interim Statement of Cash Flows (Unaudited)

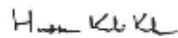
For the half year ended December 31, 2019

Note	For the half year ended December 31,	
	2019	2018
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	13 457,523	(242,728)
Staff retirement gratuity paid	(10,163)	(13,440)
Compensated absences paid	(617)	(4,771)
Long term deposits from dealers - net	209	299
Finance cost paid	(397,052)	(182,267)
Taxes paid	(167,594)	(401,199)
Long term loans and advances - net	655	(46)
Long term deposits - net	(236)	(288)
Profit on bank deposits received	497	305
Net cash used in operating activities	(116,778)	(844,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(238,654)	(615,082)
Proceeds from sale of operating fixed assets	28,535	3,792
Dividend received	-	1,571
Net cash used in investing activities	(210,119)	(609,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - repaid	(338,865)	(219,359)
Long term finances - obtained	149,975	-
Short term finances - net	(587,972)	428,268
Lease rentals paid	(18,681)	-
Dividend paid	(62,672)	(353,242)
Net cash used in financing activities	(858,215)	(144,333)
Net decrease in cash and cash equivalents	(1,185,112)	(1,598,187)
Cash and cash equivalents at beginning of the period	(3,370,254)	(1,651,446)
Cash and cash equivalents at end of the period	14 (4,555,366)	(3,249,633)

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



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Naveed Iftikhar Sherwani
Director

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended December 31, 2019

1. LEGAL STATUS AND OPERATIONS

1.1 The General Tyre and Rubber Company of Pakistan Limited (the Company) was incorporated in Pakistan on March 7, 1963 as a private limited company, under the Companies Act 1913, repealed and replaced by the Companies Ordinance, 1984 which in turn got replaced by the Companies Act 2017, and was subsequently converted into a public limited company. Its shares are quoted on Pakistan Stock Exchange. The registered office is situated at H - 23/2, Landhi Industrial Trading Estate, Landhi, Karachi with regional offices at Lahore, Multan and Islamabad. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the half year ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

- These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2019.
- The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2019 and 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2019 except those stated in note 3.2 below.
- Change in accounting standards, interpretations and amendments to published accounting and reporting standards**

(a) **Standards and amendments to accounting and reporting standards which were effective during the half year ended December 31, 2019:**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the current period but are considered not to be relevant or have any significant effect on the Company's financial reporting therefore have not been disclosed in these condensed interim financial statements. In addition to this, a new standard i.e. IFRS 16 became applicable during the current period. IFRS 16 'Leases' - replaced existing leasing guidance including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Under IFRS 16, a new concept of right to use leased item has been introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company applied IFRS 16 and recognised right of use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. Right of use assets amounting to Rs 60.871 million were measured at the amount equal to the carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the Company's incremental borrowing rate at the date of initial application i.e. July 1, 2019. Corresponding lease liabilities amounting to Rs 82.862 million were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019. On initial application, deferred tax asset amounting to Rs 6.377 million was recorded. Right of use assets and corresponding liabilities have not been recognized in respect of leases having remaining lease term of 12 months or less as of July 1, 2019.

(b) **Standards, interpretations and amendments to accounting and reporting standards that are not yet effective:**

There is a new standard and certain amendments and an interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, the standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2019.

5. LONG TERM FINANCES - Secured

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	----- Rupees in '000 -----	

Term finance - from banking companies		
Conventional	1,342,073	1,449,105
Shariah compliant	98,008	179,866
	<u>1,440,081</u>	<u>1,628,971</u>
Less: current maturity grouped under current liabilities	(473,008)	(608,223)
	<u>967,073</u>	<u>1,020,748</u>

6. TRADE AND OTHER PAYABLES

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	----- Rupees in '000 -----	

Trade creditors	274,229	201,215
Bills payable	781,637	761,848
Accrued expenses	795,092	578,270
Royalty fee payable	61,633	36,190
Advances from customers	16,867	59,373
Staff provident fund payable	4,392	4,316
Staff retirement gratuity	74,282	74,282
Short term deposits	1,381	1,261
Workers' profit participation fund	1,840	3,604
Workers' welfare fund	6,010	5,237
Payable to Waqf-e-Kuli Khan	3,803	3,070
Interest payable on custom duties	29,933	29,933
Stamp duty payable	-	488
Others	24,309	24,670
	<u>2,075,408</u>	<u>1,783,757</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no other significant change in the status of the contingencies as disclosed in note 14.1 to the audited financial statements of the Company for the year ended June 30, 2019, except for the following:

- 7.1.1 During the period, the Company filed an appeal on August 22, 2019 before Appellate Tribunal Inland Revenue against order dated July 31, 2019 whereby Commissioner Inland Revenue (Appeals) upheld alleged sales tax demands amounting to Rs 63.248 million along with default surcharge in respect of inadmissible input tax on goods and services and penalty for the tax periods from July 2015 to June 2016. The Company has paid Rs 17.928 million to obtain stay against the aforementioned demand order. The Company based on the advice of its tax consultant is expecting favourable outcome and therefore no provision has been recognised in these condensed interim financial statements.

7.1.2 During the period, the Company filed an appeal on September 13, 2019 before Appellate Tribunal Inland Revenue against order dated August 22, 2019 whereby Commissioner Inland Revenue (Appeals) upheld alleged sales tax demands amounting to Rs 234.034 million along with default surcharge in respect of inadmissible input tax on goods and services, short payment of further tax and sales tax withholding claimed by the Company and penalty for the tax periods from July 2016 to June 2018. The Company based on the advice of its tax consultant is expecting favourable outcome and therefore no provision has been recognised in these condensed interim financial statements.

	December 31, 2019 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
7.1.3 Guarantees issued by commercial banks on behalf of the Company	304,195	288,321
7.1.4 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	89,134	80,547
7.2 Commitments		
7.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	445,060	559,389
- letters of credit for purchase of raw material and stores & spares	869,148	830,087
- purchase orders issued to local suppliers for capital expenditure	43,770	55,713
- sales contracts entered into by the Company	382,575	27,329
- tentative schedules for supply of tyres	1,152,361	1,906,727
- indemnity bond	16,775	16,775

7.2.2 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, 2019 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
Not later than 1 year	692	2,518

		December 31, 2019 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	4,781,260	4,431,955
Right of use assets	8.2	52,213	-
Capital work-in-progress		398,591	695,214
		5,232,064	5,127,169
8.1 Operating fixed assets			
Book value at beginning of the period / year		4,431,955	3,728,209
Transfers from CWIP during the period / year	8.3	578,786	1,089,267
Net book value of disposals having cost of Rs 26.445 million (June 30, 2019: Rs 12.796 million)		(14,143)	(3,934)
Depreciation for the period / year		(215,338)	(381,587)
Book value at end of the period / year		4,781,260	4,431,955
8.2 Right of use assets			
Initial application of IFRS-16		60,871	-
Depreciation for the period		(8,658)	-
Book value at end of the period		52,213	-

		For the half year ended December 31, (Unaudited)	
		2019 ----- Rupees in '000 -----	2018
8.3 Details of transfers to operating fixed assets during the period are as follows:			
Buildings on lease hold land		137,085	31,064
Electrical installations		6,284	1,550
Plant and machinery	8.3.1	299,268	73,494
Boilers and accessories		10,405	22,370
Vehicles		52,905	54,341
Moulds		64,588	33,811
Furniture and fixtures		-	1,179
Factory and office equipment		6,341	5,714
Computer equipment		1,910	2,852
		578,786	226,375

8.3.1 This includes borrowing cost amounting to Rs 43.509 million directly attributable to the acquisition cost incurred during the period. The capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation is 14%.

9. STOCKS	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
----- Rupees in '000 -----			
Raw materials			
- in hand		843,580	1,478,193
- in transit		640,972	373,518
		1,484,552	1,851,711
Work-in-process		178,890	194,266
Finished goods	9.1	2,645,654	1,675,771
		4,309,096	3,721,748

9.1 Finished goods include items costing Rs 86.699 million (June 30, 2019: Rs 95.924 million) which are stated at the net realisable values aggregating Rs 66.585 million (June 30, 2019: Rs 67.512 million). The aggregate amount charged to profit or loss in respect of stocks written down to the net realisable value is Rs 20.114 million (June 30, 2019: Rs 28.412 million).

10. COST OF SALES	Note	For the quarter ended		For the half year ended	
		December 31,		December 31,	
----- Rupees in '000 -----					
		2019	2018	2019	2018
Opening stock of finished goods		2,140,009	1,275,164	1,675,771	742,344
Cost of goods manufactured	10.1	2,438,991	2,760,610	4,744,927	5,169,347
Finished goods purchased		17,792	14,400	36,641	120,381
		2,456,783	2,775,010	4,781,568	5,289,728
		4,596,792	4,050,174	6,457,339	6,032,072
Closing stock of finished goods		2,645,654	1,757,590	2,645,654	1,757,590
		1,951,138	2,292,584	3,811,685	4,274,482
10.1 Cost of goods manufactured					
Opening work-in-process		130,372	276,948	194,266	179,905
Raw materials consumed		1,528,266	1,433,820	2,891,042	3,049,055
Factory overheads		959,243	1,189,308	1,838,509	2,079,853
		2,487,509	2,623,128	4,729,551	5,128,908
		2,617,881	2,900,076	4,923,817	5,308,813
Closing work-in-process		178,890	139,466	178,890	139,466
		2,438,991	2,760,610	4,744,927	5,169,347

11. TAXATION	For the quarter ended		For the half year ended		
	December 31,		December 31,		
----- Rupees in '000 -----					
		2019	2018	2019	2018
Current					
- for the period		35,703	32,624	69,098	53,528
- for prior period		-	16,667	-	16,667
		35,703	49,291	69,098	70,195
Deferred		(30,695)	(37,045)	(54,923)	(31,892)
		5,008	12,246	14,175	38,303
12. EARNINGS PER SHARE - BASIC AND DILUTED					
		For the quarter ended		For the half year ended	
		December 31,		December 31,	
		2019	2018	2019	2018
(Restated)					
----- Rupees in '000 -----					
Basic earnings per share					
Profit after taxation		13,424	30,219	29,290	91,113
		----- (Number of shares) -----			
Weighted average number of ordinary shares outstanding		121,933,350	121,933,350	121,933,350	121,933,350
		Rupee	Rupee	Rupee	Rupee
Earnings per share - basic and diluted		0.11	0.25	0.24	0.75

12.1 Earnings per share has been restated to account for the impact of issue of bonus shares.

13. CASH GENERATED FROM OPERATIONS	Note	For the half year ended	
		December 31, (Unaudited)	
----- Rupees in '000 -----			
		2019	2018
Profit before taxation		43,465	129,416
Adjustments for non-cash charges and other items			
Depreciation on operating assets		215,338	183,994
Depreciation on right of use asset		8,658	-
Amortisation		12,054	12,215
Provision for staff retirement gratuity		40,042	29,927
Charge of employees compensated absences		5,349	2,910
(Reversal) / provision for doubtful trade debts		(4,424)	9,771
Net realisable value (reversed) / charged on stocks		(8,298)	7,555
Finance cost		425,174	222,295
Finance cost related to lease liability		4,555	-
Gain on sale of operating fixed assets		(14,392)	(444)
Profit on bank deposits		(497)	(305)
Share of loss / (profit) of an associated company - net of tax		589	(3,439)
Working capital changes	13.1	(270,090)	(836,623)
		457,523	(242,728)

**For the half year ended
December 31,
(Unaudited)**

	2019	2018
	----- Rupees in '000 -----	
13.1 Working capital changes		
Increase / (decrease) in current assets:		
- Stores and spares	33,059	(39,723)
- Stocks	(579,050)	(640,625)
- Trade debts	(64,837)	(82,137)
- Loans and advances	27,165	(4,687)
- Deposits and prepayments	1,796	18,777
- Other receivables	20,126	(10,149)
	(561,741)	(758,544)
Increase / (decrease) in current liabilities:		
- Trade and other payables	291,651	(78,079)
	(270,090)	(836,623)
14. CASH AND CASH EQUIVALENTS		
Running finances under mark-up arrangements	(4,674,733)	(3,308,500)
Cash and bank balances	119,367	58,867
	(4,555,366)	(3,249,633)

15. OPERATING SEGMENT

These condensed interim financial statements have been prepared on the basis of a single reportable segment. All non-current assets of the Company as at December 31, 2019 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material. The Company has earned revenues from one (December 31, 2018: two) customer aggregating Rs 805.053 million (December 31, 2018: Rs 1,662.745 million) during the period which constituted 14.51% (December 31, 2018: 27.47%) of gross sales.

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, companies in which directors are interested, staff retirement benefit funds, key management personnel and close members of the families of key management personnel. The Company in the normal course of business carries out transactions with various related parties.

**For the half year ended
December 31,
(Unaudited)**

	2019	2018
	----- Rupees in '000 -----	
16.1 Transactions with related parties are as follows:		
Associated companies / undertakings:		
Sale of goods	96,071	130,254
Services rendered	1,131	11,794
Rent	900	900
Interest earned	497	305
Mark-up on running and long term finance	48,936	33,987
Donation	733	2,277
Dividend paid	35,231	207,240
Bonus shares issued	117,436	-
Dividend received	-	1,571
Other related parties:		
Provision towards gratuity staff fund	7,455	6,879
Contribution towards employees provident fund	10,469	10,517
Salaries and other employee benefits to key management personnel	111,235	122,918
Meeting fees to key management personnel	4,000	4,300
Sale of fixed assets to key management personal under the Company policy	1,326	3,276
Dividend paid	732	4,408
Bonus shares issued	2,440	-

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	----- Rupees in '000 -----	

16.2 Period / year end balances are as follows:

Payables to associated companies / related parties

Staff retirement gratuity	36,042	33,589
Long term and running finances	710,324	737,697
Trade and other payables	14,413	17,830
Accrued mark-up	26,709	20,884

Receivables from associated companies / related parties

Long term loans and advances	641	1,030
Loans and advances	1,219	1,090
Bank balances	9,348	7,362

17. GENERAL


17.1 Date of authorisation for issue

These condensed interim financial statements were authorised for issue on February 20, 2020 by the Board of Directors of the Company.

17.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Siraj A. Lawai
Chief Financial Officer



Hussain Kuli Khan
Chief Executive



Naveed Iftikhar Sherwani
Director