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## Company Profile

### Board of Directors

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

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

Company Secretary  
Mr. Asif Jameel

Chief Financial Officer  
Mr. Ashraf Teli

Board Audit Committee  
Chairman Mr. Ahmed Kuli Khan Khattak  
Mr. Manzoor Ahmed  
Mr. Mazhar Sharif

HR & Remuneration Committee  
Chairman Mr. Raza Kuli Khan Khattak  
Mr. Manzoor Ahmed  
Mr. M. A. Faisal Khan  
Mr. Mohammad Shahid Hussain

Auditors  
Hameed Chaudhri & Co.  
Chartered Accountants

Legal Advisor  
Syed Iqbal Ahmed & Co.

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

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

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

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

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

Customer Care & Service Centre  
Lahore  
Plot No. 20,  
Shahrah-e-Fatima Jinnah,  
Lahore.  
Phone : 36308605-6  
Fax : 36308607



## Directors' Review

The Directors of your Company are pleased to present the Accounts for the six months ended December 31, 2012.

### BUSINESS REVIEW

During the period under review, the sales of Passenger Car tyres to the Original Equipment Manufacturers (OEMs) stayed depressed compared to same period last year due to large scale import of second hand vehicles resulting in reduced production of cars by the OEMs. Similarly, compared to last year, there was reduction of our sales of Light Truck tyres to a particular OEM as during this year they did not get the order for the Light Trucks under Punjab Government Taxi Scheme. OEM's situation on farm tyres, was no different both on rear and front tyres, since at the end of second quarter, majority of the orders for farm tyres were canceled by OEM's on short notice owing to un-sold stocks i.e. low off take. However, the Management of the Company was able to quickly react to the situation, formulate their counter strategy and at the end was able to recover more than the shortfall by aggressively marketing its product in the Replacement Market (RM). While recovering for the shortfall coming through OEM's, the Company after a very long time was also able to demonstrate in the second quarter RM vs. OEM sales ratio of 55:45 which in itself is a clear sign of Company's brand strength in the market.

Company's Net Sales for the six months in value terms, therefore, increased by 18% from Rs.3.12 billion to Rs.3.69 billion from the same period last year.

The Cost of Sales, in absolute terms, registered an increase of 14% due to higher sales volume. However, in terms of percentage of net sales, Cost of Sales in the period under review decreased to 85.9% from 88.7% of the corresponding period. The main reasons were decrease in raw material prices, improvement in production processes and economies of scale due to higher production. The Company had to pay substantially high freight charges for upcountry supply due to non availability of transport as a result of opening of NATO supply routes. On the other hand, the Financial Charges




showed significant decrease as a result of considerably lower inventory compared to last year due to close coordination and strategic meetings amongst sales, production planning and procurement functions.

The combined effect of above is a Net Profit Before Tax of Rs.176 million compared to Net Loss Before Tax of Rs. 15 million in the same period last year.

#### FUTURE PROSPECTS

With the rationalisation of import policy of the used cars, it is hoped that the OEMs of passenger cars and light truck will revert to their normal production once the used car inventory in the market has exhausted. This will have a favourable impact on the sales of Company's tyres in these categories. The Company is also launching its Motor Cycle tyres whose commercial production and sales is expected to start from February 2013. This segment will also contribute positively during the balance period of the current financial year.

  
 Mohammad Shahid Hussain  
 Chief Executive

  
 Mazhar Sharif  
 Director

Karachi  
Dated: February 21, 2013



## 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** (the Company) as at December 31, 2012 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

#### 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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
 HAMEED CHAUDHRI & CO.,  
 CHARTERED ACCOUNTANTS  
 Karachi; 21 FEB 2013

Engagement Partner: Muhammad Ali

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 GLOBAL ALLIANCE OF  
 INDEPENDENT FIRMS



## Condensed Interim Balance Sheet

As at December 31, 2012

	Note	December 31,	June 30,
		2012	2012
		Unaudited	Audited
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized capital 75,000,000 (June 30, 2012: 75,000,000) ordinary shares of Rs.10 each		750,000	750,000
Issued, subscribed and paid-up capital 59,771,250 (June 30, 2012: 59,771,250) ordinary shares of Rs.10 each		597,713	597,713
Unappropriated profit		920,612	925,321
<b>Total Equity</b>		<b>1,518,325</b>	<b>1,523,034</b>
Non-Current Liabilities			
Long-term finance	5	164,957	-
Liabilities against assets subject to finance lease	6	32,334	-
Staff benefits		175,826	179,308
Deferred taxation		177,750	184,299
Long-term deposits from dealers		9,320	9,220
		560,187	372,827
Current Liabilities			
Current maturity of long-term finance		43,321	86,643
Short-term finances		536,684	720,145
Running finances under mark-up arrangements		1,918,828	1,179,312
Trade and other payables		945,193	1,445,412
Accrued mark-up		72,615	73,576
Provisions		73,125	71,965
		3,589,766	3,577,053
Contingencies and Commitments	7		
<b>Total Equity and Liabilities</b>		<b>5,668,278</b>	<b>5,472,914</b>




## Condensed Interim Balance Sheet

As at December 31, 2012

	Note	December 31,	June 30,
		2012	2012
		Unaudited	Audited
(Rupees in thousand)			
<b>ASSETS</b>			
Non-Current Assets			
Property, plant and equipment	8	1,967,395	1,746,827
Intangible assets		1,704	476
Investment in an Associate	9	1,273	655
Long-term loans and advances		5,988	6,674
Long-term deposits		6,912	7,112
		1,983,272	1,761,744
Current Assets			
Stores and spares		395,739	385,806
Stocks		1,763,523	1,881,404
Trade debts	10	1,088,614	949,821
Loans and advances		33,424	23,243
Deposits and prepayments		57,270	26,444
Other receivables		28,680	24,860
Taxation - net		238,892	271,170
Cash and bank balances		78,864	148,422
		3,685,006	3,711,170
<b>Total Assets</b>		<b>5,668,278</b>	<b>5,472,914</b>

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

  
Mohammad Shahid Hussain  
Chief Executive


  
Mazhar Sharif  
Director



## Condensed Interim Profit And Loss Account (Unaudited) For the half year ended December 31, 2012

	Note	For the quarter ended December 31,		For the half year ended December 31,	
		2012	2011	2012	2011
( Rupees in thousand )					
Sales - net		2,142,837	1,834,119	3,693,509	3,122,628
Cost of sales	11	(1,769,233)	(1,602,791)	(3,170,307)	(2,771,978)
Gross profit		373,604	231,328	523,202	350,650
Administrative expenses		(35,687)	(33,640)	(68,412)	(64,235)
Distribution cost		(78,071)	(54,307)	(125,585)	(95,113)
Other operating expenses		(27,722)	(11,741)	(36,393)	(17,338)
Other operating income		15,699	12,032	34,292	18,799
Profit from operations		247,823	143,672	327,104	192,763
Finance cost		(78,180)	(103,701)	(151,195)	(207,961)
		169,643	39,971	175,909	(15,198)
Share of profit / (loss) from an Associated Company		371	38	618	(103)
Profit / (loss) before taxation		170,014	40,009	176,527	(15,301)
Taxation	12	(57,692)	(28,867)	(61,693)	(9,509)
Profit / (loss) after taxation		112,322	11,142	114,834	(24,810)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		112,322	11,142	114,834	(24,810)
----- (Rupees) -----					
Earnings / (loss) per share - basic and diluted		1.88	0.19	1.92	(0.42)

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

  
Mohammad Shahid Hussain  
Chief Executive


  
Mazhar Sharif  
Director



## Condensed Interim Cash Flow Statement (Unaudited) For the half year ended December 31, 2012

	Note	For the half year ended December 31,	
		2012	2011
( Rupees in thousand )			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	13	(163,459)	123,445
Staff retirement gratuity paid		(13,226)	(4,745)
Compensated absences paid		(1,551)	(786)
Long-term deposits from dealers		100	210
Finance cost paid		(152,156)	(192,284)
Taxes paid		(35,964)	(70,869)
Long-term loans and advances - net		(686)	924
Long-term deposits - net		(200)	259
Net cash used in operating activities		(367,142)	(143,846)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(294,826)	(30,357)
Proceeds from disposal of operating fixed assets		429	6
Profit on bank deposits received		169	196
Net cash used in investing activities		(294,228)	(30,155)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance obtained		164,957	-
Repayment of long term finance		(43,322)	(43,322)
Lease finance obtained		32,334	-
Short-term finances - net		(183,461)	238,222
Dividend paid		(118,212)	(146,726)
Net cash (used in) / generated from financing activities		(147,704)	48,174
Net decrease in cash and cash equivalents		(809,074)	(125,827)
Cash and cash equivalents - at beginning of the period		(1,030,890)	(1,399,496)
Cash and cash equivalents - at end of the period	14	(1,839,964)	(1,525,323)

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

  
Mohammad Shahid Hussain  
Chief Executive


  
Mazhar Sharif  
Director



## Condensed Interim Statement Of Changes In Equity (Unaudited) For the half year ended December 31, 2012

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	( Rupees in thousand )		
Balance as at July 1, 2011	597,713	872,014	1,469,727
Transaction with owners			
Final dividend for the year ended June 30, 2011 at the rate of Rs.2.50 per share	-	(149,428)	(149,428)
Total comprehensive loss for the half year ended December 31, 2011	-	(24,810)	(24,810)
Balance as at December 31, 2011	<u>597,713</u>	<u>697,776</u>	<u>1,295,489</u>
Balance as at July 1, 2012	597,713	925,321	1,523,034
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)
Total comprehensive income for the half year ended December 31, 2012	-	114,834	114,834
Balance as at December 31, 2012	<u>597,713</u>	<u>920,612</u>	<u>1,518,325</u>

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

  
Mohammad Shahid Hussain  
Chief Executive

  
Mazhar Sharif  
Director



## Notes To The Condensed Interim Financial Information (Unaudited) For the half year ended December 31, 2012

### 1. THE COMPANY AND ITS ACTIVITIES

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.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited 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. 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, 2012 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2012.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2012.

### 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 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.

During the preparation of 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 that were applied to the audited annual financial statements for the year ended June 30, 2012.

### 5. LONG TERM FINANCE - Secured

This represents a term finance facility of Rs.200 million arranged from Habib Bank Limited for planned expansion of the Company. The principal amount draw down is repayable in twelve equal quarterly instalments commencing from fifteen months from date of disbursement (i.e. October 23, 2012). This finance facility carries mark-up at the rate of three months KIBOR plus 3.25% per annum, however, rebate of 1.00% per



annum on the spread will be available to the Company subject to specified leverage for each year of finance. Term finance is secured by way of first pari passu charge over all the present and future plant & machinery of the Company to the extent of Rs.267 million.

#### 6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

The Company, during the period, has entered into a lease finance / ijarah agreement to the limit of Rs.140 million with Al Baraka Bank (Pakistan) Limited to purchase / import specific machineries and related capital works. The Company has availed this finance facility in tranches and at period-end a single tranche of Rs.32.334 million has been utilised. Tenor of this finance facility is 4 years and it carries mark-up at the rate of six months KIBOR plus 2.00% per annum. The rentals are re-payable in sixteen quarterly instalments. The Company intends to purchase the leased assets after expiry of the lease term.

#### 7. CONTINGENCIES AND COMMITMENTS

##### 7.1 Contingencies

7.1.1 There is no change in status of the contingencies as disclosed in note 15.1 of the audited annual financial statements of the Company for the year ended June 30, 2012.

Note	December 31, June 30,	
	2012	2012
	Unaudited	Audited
	(Rupees in thousand)	

7.1.2 Guarantees issued by a bank on behalf of the Company

80,935	115,978
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7.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares

80,396	26,671
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##### 7.2 Commitments

Commitments in respect of:

- letters of credit for capital expenditure
- purchase orders issued to local suppliers for capital expenditure
- sales contracts entered into by the Company
- tentative schedules for supply of tyres
- indemnity bond

90,554	280,179
25,209	22,561
6,588	38,558
1,485,094	1,456,553
16,775	16,775

#### 8. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2012	June 30, 2012
Operating fixed assets	8.1	1,676,100	1,688,852
Capital work-in-progress	8.3	291,295	57,975
		<u>1,967,395</u>	<u>1,746,827</u>



Note	December 31, June 30,	
	2012	2012
	Unaudited	Audited
	(Rupees in thousand)	

#### 8.1 Operating fixed assets

Book value at beginning of the period / year	1,688,852	1,792,831
Additions during the period / year	60,160	44,652

Disposals, costing Rs.10,078 thousand (June 30, 2012: Rs.521 thousand) - at book value	(607)	-
Write-off, costing Rs.Nil (June 30, 2012: Rs.36,577 thousand) - at book value	-	(38)

Depreciation charge during the period / year	(72,305)	(148,593)
--	----------	-----------

Book value at end of the period / year	<u>1,676,100</u>	<u>1,688,852</u>
--	------------------	------------------

#### 8.2 Additions during the period / year

- Building on leasehold land	744	3,190
- Electrical installation	-	152
- Plant and machinery	6,253	17,555
- Boilers and accessories	2,430	3,788
- Laboratory equipment	1,461	68
- Moulds	11,249	4,778
- Vehicles	33,528	4,575
- Furniture and fixtures	2,114	4,192
- Office equipment	1,735	3,586
- Computer equipment	646	2,768
	<u>60,160</u>	<u>44,652</u>

#### 8.3 Capital work-in-progress

Building on leasehold land	43,497	31,701
Electrical installation	7,749	1,747
Plant and machinery		
- owned	197,516	1,009
- leased	32,334	-
Moulds	6,000	
Vehicles	3,606	20,971
Furniture and fixtures	1,965	57
Office equipment	861	4,715
Computer equipment	42	50
	<u>293,570</u>	<u>60,250</u>

Less: provision for a doubtful advance	2,275	2,275
	<u>291,295</u>	<u>57,975</u>

8.4 Mark-up amounting Rs.2,681 thousand (June 30, 2012: Rs.Nil) has been included in the capital work-in-progress at the rate of 13% per annum.



	Note	December 31,	June 30,
		2012	2012
		Unaudited	Audited
(Rupees in thousand)			
9. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted			
Ghandhara Industries Limited - Equity basis			
100,700 (June 30, 2012: 100,700) ordinary shares of Rs.10 each - cost		2,447	2,447
Share of post acquisition profit / (loss)		114	(13)
		2,561	2,434
Less: dividends received to date		335	335
		2,226	2,099
Less: impairment allowance		953	1,444
		1,273	655
9.1 The Company's holding in the investee company's shares as at December 31, 2012 was 0.473% (June 30, 2012: 0.473%). The investee company is an Associate of the Company by virtue of common directorship.			
9.2 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, 2012.			
		As at	As at
		September 30,	March 31,
		2012	2012
		(Rupees in thousand)	
Assets		3,812,275	4,218,271
Liabilities		2,175,220	2,605,371
Accumulated loss		(25,046)	(51,983)
		Half Year ended	
		September 30,	
	Note	2012	2011
Loss before taxation		(1,444)	(35,797)
Profit / (loss) after taxation		1,334	(27,467)
9.3 The market value of the investment as at December 31, 2012 was Rs.1.273 million (June 30, 2012 : Rs.0.655 million).			



	Note	December 31,	June 30,		
		2012	2012		
		Unaudited	Audited		
(Rupees in thousand)					
10. TRADE DEBTS - Unsecured					
Considered good:					
- from related parties	10.1	24,068	21,491		
- others		1,064,546	928,330		
		1,088,614	949,821		
Considered doubtful - others		11,342	11,451		
		1,099,956	961,272		
Less: Provision for doubtful trade debts		11,342	11,451		
		1,088,614	949,821		
10.1 Trade debts includes following amounts due from Associated Companies					
Ghandhara Industries Limited		17,244	12,291		
Ghandhara Nissan Limited		6,136	7,623		
Bibojee Services (Private) Limited		688	1,577		
		24,068	21,491		
		For the quarter ended			
		December 31,	For the half year ended		
		December 31,	December 31,		
	Note	2012	2011		
		U n a u d i t e d			
		(Rupees in thousand)			
11. COST OF SALES					
Finished goods at beginning of the period		676,788	769,461	492,670	752,803
Cost of goods manufactured	11.1	1,631,938	1,554,787	3,157,190	2,693,012
Finished goods purchased		10,503	25,999	37,605	46,297
Royalty technical service fee		47,140	58,977	79,978	86,299
		1,689,581	1,639,763	3,274,773	2,825,608
		2,366,369	2,409,224	3,767,443	3,578,411
Finished goods at end of the period		597,136	806,433	597,136	806,433
		1,769,233	1,602,791	3,170,307	2,771,978
11.1 Cost of goods manufactured					
Work-in-process at beginning of the period		216,148	216,996	176,008	156,314
Raw materials consumed		1,190,424	1,166,126	2,346,446	2,023,860
Factory overheads		420,920	394,918	830,290	736,091
		1,611,344	1,561,044	3,176,736	2,759,951
		1,827,492	1,778,040	3,352,744	2,916,265
Work-in-process at end of the period		195,554	223,253	195,554	223,253
		1,631,938	1,554,787	3,157,190	2,693,012





Note	For the quarter ended December 31,		For the half year ended December 31,	
	2012	2011	2012	2011

U n a u d i t e d

( Rupees in thousand )

12. TAXATION				
Current	58,541	18,483	68,242	31,399
Deferred	(849)	10,384	(6,549)	(21,890)
	<u>57,692</u>	<u>28,867</u>	<u>61,693</u>	<u>9,509</u>

For the half year ended

December 31,

Note

2012 2011

( Rupees in thousand )

## 13. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation		176,527	(15,301)
Adjustments for non-cash charges and other items:			
Depreciation		72,305	71,718
Amortisation		118	43
Staff retirement gratuity		14,748	14,495
Charge of employees compensated absences		678	305
Loss on disposal of operating fixed assets		178	33
Profit on bank deposits		(169)	(196)
Share of (profit) / loss from an Associated Company		(618)	103
Finance cost		151,195	207,961
Working capital changes	13.1	(578,421)	(155,716)
		<u>(163,459)</u>	<u>123,445</u>

13.1 Working capital changes  
(Increase) / decrease in current assets

Stores and spares	(9,933)	(6,524)
Stocks	117,881	(214,529)
Trade debts	(138,793)	221,437
Loans and advances	(10,181)	(4,328)
Deposits and prepayments	(30,826)	(26,386)
Other receivables	(3,820)	672
	(75,672)	(29,658)

## (Decrease) / increase in current liabilities

Trade and other payables	(503,909)	(110,630)
Provisions	1,160	(15,428)
	(502,749)	(126,058)
	<u>(578,421)</u>	<u>(155,716)</u>



Note	For the half year ended December 31,	
	2012	2011

( Rupees in thousand )

## 14. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(1,918,828)	(1,582,556)
Cash and bank balances	78,864	57,233
	<u>(1,839,964)</u>	<u>(1,525,323)</u>

## 15. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2012.

There has been no change in Company's sensitivity to these risks since June 30, 2012 except for change in liquidity risk as Company, during the period, has availed long term finance (note 5) and lease finance (note 6) from Habib Bank Limited and Al Baraka Bank (Pakistan) Limited respectively and 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, 2012.

## 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, 2012 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, 2011: three) customers aggregating Rs.1,247.766 million (December 31, 2011: Rs.1,551.929 million) during the period which constituted 29% (December 31, 2011: 49.70%).



For the half year ended  
December 31,  
2012      2011  
Un-audited  
( Rupees in thousand )

## 17. TRANSACTIONS WITH RELATED PARTIES

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

Transactions	Relationship	2012	2011
Sales of goods	Associated companies	27,995	35,393
Services charges	Associated companies / undertaking	904	380
Rent paid	Associated company	600	-
Purchases of machinery and spare parts	Related party	17,529	9,184
Purchases of raw materials / supplies	Related party	25,319	9,567
Insurance premium	Associated companies	12,728	12,064
Royalty technical service fee	Related party	71,694	78,454
Mark-up on short term and running finances	Associated companies	13,850	12,308
Dividend paid	Associated companies / related party	78,455	98,068
Donation	Associated undertaking	2,868	-
Provision for gratuity	Employees gratuity fund	3,037	2,991
Contribution towards provident fund	Employees provident fund	6,976	6,491
Salaries and other employee benefits	Chief executive and executives	88,438	70,794
		December 31, 2012	June 30, 2012
		<u>Unaudited</u>	<u>Audited</u>

( Rupees in thousand )

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


Payables to related parties		
Staff benefits	189,768	189,120
Short term finances	-	118,148
Running finances under mark-up arrangements	172,289	196,329
Trade and other payables	93,235	203,789
Accrued mark-up	5,094	9,615
Receivables from related parties		
Long term loans and advances	899	667
Loans and advances	1,705	1,060
Other receivables	2,052	2,052
Cash and bank balances	261	1,098



## 18. GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees except stated otherwise.

18.2 This condensed interim financial information was authorized for issue on February 21, 2013 by the Board of Directors of the Company.

  
Mohammad Shahid Hussain  
Chief Executive

  
Mazhar Sharif  
Director



## Company's Vision & Mission Statement

### Vision

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

### Mission

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