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## Company Profile

	Board of Directors	Major Bankers
Chairman	Lt.Gen.(Retd) Ali Kuli Khan Khattak	Allied Bank Limited
Chief Executive	Mr. Mohammad Shahid Hussain	Askari Bank Limited
	Mr. Ahmed Kuli Khan Khattak	Bank Al-Falah Limited
	Mr. Ikram Ul-Majeed Sehgal	Faysal Bank Limited
	Mr. M. A. Faisal Khan	Habib Bank Limited
	Mr. Manzoor Ahmed	Habib Metropolitan Bank Limited
	Mr. Mazhar Sharif	Meezan Bank Limited
	Mr. Raza Kuli Khan Khattak	MCB Bank Limited
	Mr. Shaharyar Ahmed	National Bank of Pakistan
	Dr. Willi Flamm	Soneri Bank Limited
		Standard Chartered Bank Pakistan Ltd
		Summit Bank Limited
		The Bank of Punjab
		United Bank Limited
	Company Secretary	
	Mr. Asif Jameel	
		Registered Office & Factory
		H-23/2, Landhi Industrial Trading Estate,
		Landhi, Karachi.
		Phone : 35080172-81, 38020207-13
		UAN : 111 487 487
		Fax : 35081212, 35080171, 35084121
		Website : www.generaltyre.com.pk
		Branch Offices
Chairman	Board Audit Committee	Lahore
	Mr. Ahmed Kuli Khan Khattak	Islamabad
	Mr. Manzoor Ahmed	Plot No. 20,
	Mr. Mazhar Sharif	Shahrah-e-Fatima
		Korang Road,
		Jinnah, Lahore.
Chairman	HR & Remuneration Committee	Sector I-10/3,
	Mr. Raza Kuli Khan Khattak	Islamabad.
	Mr. Manzoor Ahmed	Phone : 36308605-6
	Mr. M. A. Faisal Khan	Fax : 36300108
	Mr. Mohammad Shahid Hussain	Phone : 4440955-6
		Fax : 4440916
		Multan
	Auditors	Plot No. 758-759/21,
	Hameed Chaudhri & Co.	Khanewal Road,
	Chartered Accountants	Multan
		Phone : 774407
		Fax : 774408
	Legal Advisor	
	Syed Iqbal Ahmed & Co.	
		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 first quarter ended September 30, 2013.

### BUSINESS REVIEW

The Company continued its good performance in the first quarter of 2013-14 from where it had left in the previous financial year. The sales in number of tyres (excluding Motor Cycle tyres) increased by 5% and were in line with Company's plan. Additionally, the Company also sold 99K Motor Cycle tyres.

The additional sales volume mainly came from Replacement Market (RM) which showed 28% increase (excluding Motor Cycle tyres) compared to last year. This also increased the ratio of RM sales in the total sales of the Company from 35% last year to 43% in current year. The car manufacturers are still reeling from Government's liberal car policy of the past and their volumes have not picked up yet. The imposition of sales tax is also taking its toll on the tractor manufacturers whose sales are also lower than expected.

Company's Net Sales in terms of value for the current period showed an increase of 15% to Rs.1.78 billion from Rs.1.55 billion registered in the same period last year.

The weakening of Pak Rupee has increased the raw material cost. Energy cost has risen by 27% when compared with corresponding period of last year, severely affecting cost of production.

Distribution Cost rose by 40% mainly due to growth in sales volume and increase in freight charges on account of increase in petrol and diesel prices.


The combined effect of higher sales and factors explained above is net profit before tax of Rs. 55 million compared to net profit before tax of Rs. 7 million in the corresponding period.

### FUTURE PROSPECTS

Lately, the exchange parity between Pak Rupee and US Dollar has seen big variances. These sudden and unplanned variances obviously cannot be absorbed by the Company and increases the cost of doing business. Similarly, the Government also keeps on increasing the tariffs of utilities which can again increase the production cost and affect the bottom line.

On the positive side, bottle necks in production and sale of Motor Cycle tyres have been taken care of and we expect even better performance of Motor Cycle tyres in coming periods. Moreover, the uplift of tyres by Original Equipment Manufacturers is also expected to increase.

For and on behalf of the Board of Directors.

  
Mohammad Shahid Hussain  
Chief Executive

  
Mazhar Sharif  
Director

Karachi  
Dated: October 24, 2013

## Condensed Interim Balance Sheet

As at September 30, 2013

	Note	September 30,	June 30,
		2013	2013
		Unaudited	Audited
		(restated)	
		( Rupees in thousand )	
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized capital 75,000,000 (June 30, 2013: 75,000,000) ordinary shares of Rs.10 each		750,000	750,000
Issued, subscribed and paid-up capital 59,771,250 (June 30, 2013: 59,771,250) ordinary shares of Rs.10 each		597,713	597,713
Unappropriated profit		957,660	1,190,791
<b>Total Equity</b>		<b>1,555,373</b>	<b>1,788,504</b>
Non-Current Liabilities			
Long-term finance		150,000	166,667
Staff benefits		199,278	193,317
Deferred taxation		278,087	284,006
Long-term deposits from dealers		9,320	9,320
		636,685	653,310
Current Liabilities			
Current maturity of long-term finance		50,000	33,333
Short-term finances		820,054	904,241
Running finances under mark-up arrangements		1,812,832	1,198,569
Trade and other payables		1,178,123	1,292,899
Accrued mark-up		49,173	62,811
Provisions		82,031	72,075
		3,992,213	3,563,928
Contingencies and Commitments	5		
<b>Total Equity and Liabilities</b>		<b>6,184,271</b>	<b>6,005,742</b>

## Condensed Interim Balance Sheet

As at September 30, 2013

	Note	September 30,	June 30,
		2013	2013
		Unaudited	Audited
		(restated)	
		( Rupees in thousand )	
<b>ASSETS</b>			
Non-Current Assets			
Property, plant and equipment	6	1,916,607	1,938,491
Intangible assets		1,180	1,342
Investment in an Associate	7	2,442	1,848
Long-term loans and advances		10,927	5,837
Long-term deposits		22,903	22,294
		1,954,059	1,969,812
Current Assets			
Stores and spares		407,257	408,060
Stocks		1,954,183	1,788,330
Trade debts	8	1,182,742	1,186,976
Loans and advances		59,281	31,422
Deposits and prepayments		75,943	33,132
Other receivables		31,905	26,565
Taxation - net		410,970	373,765
Cash and bank balances		107,931	187,680
		4,230,212	4,035,930
<b>Total Assets</b>		<b>6,184,271</b>	<b>6,005,742</b>

The annexed notes 1 to 16 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 quarter ended September 30, 2013

	Note	For the first quarter ended	
		September 30, 2013	2012
<b>( Rupees in thousand )</b>			
Sales - net		1,776,992	1,550,672
Cost of sales	9	(1,509,064)	(1,401,074)
Gross profit		267,928	149,598
Administrative expenses		(46,783)	(32,725)
Distribution cost		(66,585)	(47,514)
Other operating expenses		(45,135)	(8,671)
Other operating income		13,351	18,593
Profit from operations		122,776	79,281
Finance cost		(68,779)	(73,015)
		53,997	6,266
Share of profit from an Associated Company		594	247
Profit before taxation		54,591	6,513
Taxation	10	(18,750)	(4,001)
Profit after taxation		35,841	2,512
Other comprehensive income		-	-
Total comprehensive income		35,841	2,512
-----Rupees-----			
Earnings per share - basic and diluted		0.60	0.04

The annexed notes 1 to 16 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 quarter ended September 30, 2013

	Note	For the first quarter ended	
		September 30, 2013	2012
<b>( Rupees in thousand )</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	(384,648)	(468,997)
Staff retirement gratuity paid		(2,640)	(7,276)
Compensated absences paid		(222)	(767)
Finance cost paid		(82,417)	(85,969)
Taxes paid		(61,875)	(6,133)
Long-term loans and advances - net		5,090	(574)
Long-term deposits - net		609	(200)
Net cash used in operating activities		(526,103)	(569,916)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(18,684)	(53,956)
Proceeds from disposal of operating fixed assets		1,115	303
Profit on bank deposits received		90	80
Net cash used in investing activities		(17,479)	(53,573)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finance		-	(43,322)
Short-term finances - net		(84,187)	(136,329)
Dividend paid		(66,243)	(3)
Net cash used in financing activities		(150,430)	(179,654)
Net decrease in cash and cash equivalents		(694,012)	(803,143)
Cash and cash equivalents - at beginning of the period		(1,010,889)	(1,030,890)
Cash and cash equivalents - at end of the period	12	(1,704,901)	(1,834,033)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
Mohammad Shahid Hussain  
Chief Executive


  
Mazhar Sharif  
Director

## Condensed Interim Statement Of Changes In Equity

For the quarter ended September 30, 2013

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	( Rupees in thousand )		
Balance as at July 1, 2012 (audited)	597,713	925,321	1,523,034
Remeasurement of retirement benefits obligation due to implementation of amendments in IAS 19 (note 3.1)	-	2,255	2,255
Balance as at July 1, 2012 (restated)	597,713	927,576	1,525,289
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 period ended September 30, 2012	-	2,512	2,512
Balance as at September 30, 2012 (unaudited)	597,713	810,545	1,408,258
Remeasurement of retirement benefits obligation due to implementation of amendments in IAS 19 (note 3.1)	-	(12,602)	(12,602)
Total comprehensive income for the nine month period ended June 30, 2013	-	392,848	392,848
Balance as at July 1, 2013 (restated)	597,713	1,190,791	1,788,504
Transaction with owners			
Final dividend for the year ended June 30, 2013 at the rate of Rs.4.50 per share	-	(268,972)	(268,972)
Total comprehensive income for the period ended September 30, 2013	-	35,841	35,841
Balance as at September 30, 2013 (unaudited)	597,713	957,660	1,555,373

The annexed notes 1 to 16 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 quarter ended September 30, 2013

### 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 and motorcycles.

### 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. 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, 2013.

### 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, 2013.

#### 3.1 Change in accounting policy due to the application of amendments in IAS 19 'Employees Benefits'

The Company has applied amendments in IAS 19, 'Employee benefits' which is applicable on accounting periods beginning on or after January 1, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The amendments require the actuarial gains and losses to be recognized in the balance sheet immediately. The charge to profit and loss statement is based on interest income or expense calculated on the net defined benefits liability/asset at the start of the year by applying the discount rate to such net liability/assets.

In accordance with the transitional provisions, the Company has considered these amendments as a change in accounting policy and applied them retrospectively. Consequently, the earliest periods presented in the Condensed Interim Statement of Changes in Equity and the Condensed Interim Balance Sheet have been restated. There is no impact on the Condensed Interim Profit and Loss Account and Condensed Interim Cash Flow Statement.

	Trade and other payable -----Rupees in '000'-----	Equity
Balance reported as at June 30, 2013	1,282,552	1,798,851
Remeasurement of retirement benefits obligation due to implementation of amendments in IAS 19 for the year ended June 30 2012	(2,255)	2,255
Remeasurement of retirement benefits obligation due to implementation of amendments in IAS 19 for the year ended June 30 2013	12,602	(12,602)
Restated balance as at June 30, 2013	<u>1,292,899</u>	<u>1,788,504</u>

#### 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, 2013.

#### 5. CONTINGENCIES AND COMMITMENTS

##### 5.1 Contingencies

5.1.1 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, 2013.

	September 30, 2013	June 30, 2013
	Unaudited	Audited
	( Rupees in thousand )	
5.1.2 Guarantees issued by a bank on behalf of the Company	<u>88,204</u>	<u>138,253</u>
5.1.3 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<u>120,744</u>	<u>108,528</u>

		September 30, 2013	June 30, 2013
	Note	Unaudited	Audited
		( Rupees in thousand )	
5.2 Commitments			
Commitments in respect of:			
- letters of credit for capital expenditure		<u>5,246</u>	<u>8,102</u>
- purchase orders issued to local suppliers for capital expenditure		<u>32,022</u>	<u>23,722</u>
- indemnity bond		<u>16,775</u>	<u>16,775</u>
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,861,095	1,871,595
Capital work-in-progress	6.3	<u>55,512</u>	<u>66,896</u>
		<u>1,916,607</u>	<u>1,938,491</u>
6.1 Operating fixed assets			
Book value at beginning of the period / year		1,871,595	1,688,852
Additions during the period / year	6.2	30,069	339,701
Disposals, costing Rs.4,989 thousand (June 30, 2013: Rs.26,905 thousand) - at book value		(637)	(4,984)
Write-off, costing Rs.Nil (June 30, 2013: Rs.3,992 thousand) - at book value		-	(2)
Depreciation charge during the period / year		(39,932)	(151,972)
Book value at end of the period / year		<u>1,861,095</u>	<u>1,871,595</u>
6.2 Additions during the period / year			
- Building on leasehold land		12,044	11,784
- Electrical installation		125	9,060
- Plant and machinery		2,830	207,523
- Boilers and accessories		6,929	2,430
- Laboratory equipment		-	1,461
- Moulds		5,274	36,944
- Vehicles		-	47,396
- Furniture and fixtures		1,103	8,884
- Office equipment		1,561	13,216
- Computer equipment		203	1,003
		<u>30,069</u>	<u>339,701</u>

	September 30, June 30,	
	2013 2013	
	Unaudited	Audited
( Rupees in thousand )		
<b>6.3 Capital work-in-progress</b>		
Building on leasehold land	32,764	43,628
Electrical installation	3,727	2,970
Plant and machinery	11,168	14,643
Moulds	1,055	2,852
Furniture and fixtures	1,417	27
Office equipment	7,656	4,271
Computer equipment	-	780
	<u>57,787</u>	<u>69,171</u>
Less: provision for a doubtful advance	<u>2,275</u>	<u>2,275</u>
	<u>55,512</u>	<u>66,896</u>
<b>7. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted</b>		
Gandhara Industries Limited - Equity basis	<u>2,442</u>	<u>1,848</u>
<b>7.1</b> The Company's holding in the investee company's shares as at September 30, 2013 was 0.473% (June 30, 2013: 0.473%). The investee company is an Associate of the Company by virtue of common directorship.		
<b>7.2</b> The market value of the investment as at September 30, 2013 was Rs.2.442 million (June 30, 2013 : Rs.1.848 million).		
	September 30, June 30,	
	2013 2013	
	Unaudited	Audited
( Rupees in thousand )		
<b>8. TRADE DEBTS - Unsecured</b>		
Considered good:		
- from related parties	8.1 29,197	23,066
- others	1,153,545	1,163,910
	<u>1,182,742</u>	<u>1,186,976</u>
Considered doubtful - others	9,271	9,271
	<u>1,192,013</u>	<u>1,196,247</u>
Less: Provision for doubtful trade debts	<u>9,271</u>	<u>9,271</u>
	<u>1,182,742</u>	<u>1,186,976</u>
<b>8.1</b> Trade debts includes following amounts due from Associated Companies		
Gandhara Industries Limited	22,828	21,162
Gandhara Nissan Limited	6,369	1,904
	<u>29,197</u>	<u>23,066</u>

	Note	For the quarter ended	
		September 30,	
		2013	2012
( Rupees in thousand )			
<b>9. COST OF SALES</b>			
Finished goods at beginning of the period		293,552	492,670
Cost of goods manufactured	9.1	1,606,922	1,525,252
Finished goods purchased		43,452	27,102
Royalty technical service fee		38,403	32,838
		<u>1,688,777</u>	<u>1,585,192</u>
		<u>1,982,329</u>	<u>2,077,862</u>
Finished goods at end of the period		<u>473,265</u>	<u>676,788</u>
		<u>1,509,064</u>	<u>1,401,074</u>
<b>9.1</b> Cost of goods manufactured:			
Work-in-process at beginning of the period		186,181	176,008
Raw materials consumed		1,121,315	1,156,022
Factory overheads		531,252	409,370
		<u>1,652,567</u>	<u>1,565,392</u>
		<u>1,838,748</u>	<u>1,741,400</u>
Work-in-process at end of the period		<u>231,826</u>	<u>216,148</u>
		<u>1,606,922</u>	<u>1,525,252</u>
<b>10. TAXATION</b>			
Current		24,670	(9,701)
Deferred		(5,920)	5,700
		<u>18,750</u>	<u>(4,001)</u>
<b>11. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		54,591	6,513
Adjustments for non-cash charges and other items:			
Depreciation		39,932	36,153
Amortisation		161	60
Staff retirement gratuity		8,068	7,411
Charge of employees compensated absences		755	342
Gain/(Loss) on disposal of operating fixed assets		1,115	(303)
Profit on bank deposits		(90)	(80)
Share of profit an Associated Company		(594)	(247)
Finance cost		68,779	73,015
Working capital changes	11.1	(557,365)	(591,861)
		<u>(384,648)</u>	<u>(468,997)</u>

For the quarter ended  
September 30,  
2013 2012

( Rupees in thousand )

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

Stores and spares	803	3,257
Stocks	(165,853)	(221,920)
Trade debts	4,234	160,479
Loans and advances	(27,859)	(14,905)
Deposits and prepayments	(42,811)	(39,059)
Other receivables	(5,340)	(1,727)
	(236,826)	(113,875)

(Decrease) / increase in current liabilities

Trade and other payables	(330,495)	(474,831)
Provisions	9,956	(3,155)
	(320,539)	(477,986)
	(557,365)	(591,861)

12. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(1,812,832)	(1,907,561)
Cash and bank balances	107,931	73,528
	(1,704,901)	(1,834,033)

13. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2013.

There has been no change in Company's sensitivity to these risks since June 30, 2013 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2013.

14. 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 September 30, 2013 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

The Company has earned revenues from three (2012: three) customers aggregating Rs.625.677 million (2012: Rs.783.521 million) during the period which constituted 29.68% (2012: 43.75%).

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

For the quarter ended  
September 30,

2013 2012

( Rupees in thousand )

Transactions	Relationship		
Sales of goods	Associated companies	20,675	20,311
Services charges	Associated companies / undertaking	774	81
Rent paid	Associated company	150	-
Purchases of machinery and spare parts	Related party	1,695	8,427
Purchases of raw materials / supplies	Related party	24,752	11,226
Insurance premium	Associated companies	1,625	9,564
Royalty technical service fee	Related party	33,797	29,853
Mark-up on short term and running finances	Associated companies	7,900	8,714
Donation	Associated undertaking	900	63
Provision for gratuity	Employees gratuity fund	8,068	7,741
Contribution towards provident fund	Employees provident fund	4,025	3,522
Salaries and other employee benefits	Chief executive and executives	75,771	42,231



September 30,    June 30,  
2013                  2013  
Unaudited      Audited  
( Rupees in thousand )

15.2 Period / year end balances are as follows:

Payables to related parties

Staff benefits	209,856	203,895
Short term finances	130,032	33,764
Running finances under mark-up arrangements	186,367	173,697
Trade and other payables	73,937	90,676
Accrued mark-up	6,724	4,755

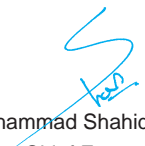
Receivables from related parties

Long term loans and advances	775	712
Loans and advances	877	1,101
Other receivables	4,105	2,052
Cash and bank balances	567	482

16. GENERAL

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

16.2 This condensed interim financial information was authorized for issue on October 24, 2013 by the Board of Directors of the Company.

  
 Mohammad Shahid Hussain  
 Chief Executive

  
 Mazhar Sharif  
 Director