

## Contents

Company Profile	02
Directors' Review	03
Directors' Review (in Urdu)	04
Auditors' Report to the Members	05
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes of the Condensed Interim Financial Information	11

## Company Profile

### Board of Directors

Lt.Gen.(Retd) Ali Kuli Khan Khattak  
 Mr. Hussain Kuli Khan  
 Mr. Adnan Ahmed  
 Mr. Ahmad Kuli Khan Khattak  
 Mr. Atif Anwar  
 Mr. Mansur Khan  
 Mr. Manzoor Ahmed  
 Mr. Muhammad Kuli Khan Khattak  
 Mr. Raza Kuli Khan Khattak  
 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. Farhan Ahmad

### Chief Financial Officer

Mr. Ashraf Yousuf Teli

### Board Audit Committee

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

Chairman

### HR & Remuneration Committee

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

Chairman

### Auditors

A.F.Ferguson & Co.  
 Chartered Accountants

### Legal Advisor

Ahmed & Qazi  
 Advocates & Legal Consultants

### Share Registrar

Share Registrar Department  
 Central Depository Company of Pakistan 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

### Registered Office & Factory

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

### Branch Offices

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

### 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, 2017.

### BUSINESS REVIEW

Net sales for the half year under review have shown a growth of 25% in terms of value as compared to last year. This was mainly due to increase in all category of tyres, specially increase in sales by 38% in Farm Rear tyres, 31% in Farm Front tyres, and 25% in Light Truck – Bias tyres. The substantial growth in sales was due to availability of increased number of tyres on account of Company's mixing plant coming in operation. This enabled the Company to sell more to the Replacement Market (RM) segment which was being starved due to higher demand from the Original Equipment Manufacturers (OEMs). The sales to RM during the review period grew by 24% compared to same period last year.

However, Net Profit Before Tax has declined from Rs. 805 million in the corresponding period to Rs. 610 million in the current period. The reasons being that downstream production constraints meant the capacity was not fully utilized, coupled with teething problems in the SAP implementation resulted in shortfall of production by two million kilos against the production which was planned for the first six months. Both have now been remedied. As a consequence the sales were also down against the plan and the Company was left with unabsorbed overhead and labour costs. Additionally, rupee depreciation during the month of December 2017 also added to the decrease in profits.

### FUTURE PROSPECTS


The production has been streamlined to achieve maximum capacity utilization and we are hopeful that the shortfall in production/sales of first six months will be recovered in the second half of the current financial year.

The raw material prices in the international market is showing increasing trend at the back of upward movement in crude oil prices. This increase in raw material prices coupled with depreciation of Pak Rupee pose threat to the profitability of the Company. However, the increase in Regulatory Duty on Tyres imposed by Federal Government will, if maintained, shall be good omen for the Company.

For and on behalf of the Board of Directors.



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director

Karachi

Dated: Feruary 23, 2018

## ڈائریکٹر کا تجزیہ۔

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017 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 کے دوران میں 25 فیصد کا اضافہ پچھلے سال کے اسی دورانیہ کے مقابلے میں دیکھا گیا جس کی مرکزی وجہ 38 فیصد زرعی ریٹائرڈ 31 فیصد زرعی فرنٹ ٹائرز اور 25 فیصد لائٹ ٹرک ٹائرز کی فروخت میں اضافہ ہے۔ اس کی وجہ مسکنگ پلانٹ کا پیداوار میں آنا ہے جس نے ریپلیسمنٹ مارکیٹ کو فروخت کے لیے زیادہ ٹائرز بحیا کئے تھے جبکہ پہلے اور بیجٹل اکیو پمنٹ مینوفیکچررز (او.ای. ایم) کی طلب زیادہ ہونے کی وجہ سے ترسل محدود تھی۔ پچھلے سال کے اسی دورانیہ کے مقابلے میں ریپلیسمنٹ مارکیٹ کو فروخت 24 فیصد زیادہ ہوئی۔

پچھلے سال کے اسی دورانیہ کے مقابلے میں پرسی ٹیکس منافع میں کمی آئی جو Rs. 805 ملین سے کم ہو کر Rs. 610 ملین ہو گیا جس کی وجہ پیداوار میں رکاوٹ جو SAP Implementation اور مکمل طور پر صلاحیت کا استعمال نہ ہونا ہے اس وجہ سے اس ششماہی میں دو ملین کلوگرام پیداوار منسوب ہے کم ہوئی ہے جس کی وجہ سے فروخت میں کمی ہوئی اور لاگت کے خرچے نہ جذب ہو سکے لیکن اب دونوں رکاوٹوں کو درست کر دیا گیا ہے۔ اس کے علاوہ دسمبر 2017 میں روپے پر فرودسودگی منافع میں کمی کی وجہ بنی۔

## مستقبل کے امکانات۔

پہلی ششماہی کی پیداواری اور فروخت میں جو کمی آئی اُس کو پورا کرنے کے لیے پیداواری صلاحیت کو مکمل طور پر بروقرارا کر اس سال کی آخری ششماہی میں اس کی کو پورا کرنے کی اُمید کرتے ہے۔

بین الاقوامی مارکیٹ میں خام مال کی قیمتوں میں اضافہ دیکھا جا رہا ہے جس کی وجہ خام تیل کی قیمتوں میں اضافہ ہے یہ اضافہ پاکستانی روپے کی قدر میں کمی کے ساتھ کمپنی کے منافع کو نقصان دے سکتا ہے۔ تاہم وفاقی حکومت کی جانب سے ٹائرز پر ریگولیٹری ڈیوٹی میں اضافہ اگر جاری رہا تو کمپنی کیلئے مثبت اقدام ہوگا۔

بورڈ آف ڈائریکٹرز کی جانب سے

عاطف انور

ڈائریکٹر

حسین قلی خان

چیف ایگزیکٹو

کراچی: 23 فروری 2018



**AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED 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, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes thereto 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 included in the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 and the notes thereto have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2017.

**Scope of Review**

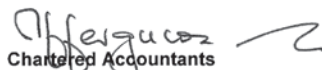
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim financial information consists of making inquiries, primarily of persons responsible 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other matter**

The financial statements of the Company for the half year ended December 31, 2016 and for the year ended June 30, 2017 were reviewed and audited by another firm of Chartered Accountants who through its reports dated February 2, 2017 and September 21, 2017, expressed an unmodified conclusion and opinion thereon respectively.

  
**Chartered Accountants**  
Karachi, February 23, 2018

**Engagement Partner: Khurshid Hasan**

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 Balance Sheet

As at December 31, 2017

	(Unaudited) December 31	(Audited) June 30
	2017	2017
Note	----- Rupees in '000 -----	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised capital		
75,000,000 (June 30, 2017: 75,000,000) ordinary shares of Rs 10 each	<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital	597,713	597,713
Reserve for capital expenditure	1,000,000	1,000,000
Unappropriated profit	1,728,997	2,198,673
<b>Total equity</b>	<u>3,326,710</u>	<u>3,796,386</u>
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Long term finances	5 1,422,322	1,018,583
Deferred staff benefits	303,608	308,417
Deferred taxation	332,094	330,982
Long term deposits from dealers	9,350	9,471
	<u>2,067,374</u>	1,667,453
<b>Current liabilities</b>		
Current maturity of long term finances	5 438,717	438,717
Short term finances	-	157,736
Running finances under mark-up arrangements	1,943,950	1,082,880
Trade and other payables	6 1,475,614	1,281,726
Accrued mark-up	35,118	57,460
Sales tax payable	14,603	-
Provisions	110,532	120,528
	<u>4,018,534</u>	3,139,047
<b>Total liabilities</b>	<u>6,085,908</u>	4,806,500
<b>Contingencies and commitments</b>	7	
<b>Total equity and liabilities</b>	<u>9,412,618</u>	<u>8,602,886</u>

# Condensed Interim Balance Sheet


As at December 31, 2017

		(Unaudited) December 31	(Audited) June 30
		2017	2017
Note		----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
	8	3,983,360	3,669,151
		53,466	62,480
		11,557	10,114
		6,978	7,325
		21,732	28,849
		<b>4,077,093</b>	<b>3,777,919</b>
<b>Current assets</b>			
		549,028	489,293
	9	2,430,556	2,074,728
		1,264,240	879,333
		93,622	310,247
		68,407	66,317
		179,156	141,806
		-	122,591
		648,072	641,080
		102,444	99,572
		<b>5,335,525</b>	<b>4,824,967</b>
		<b>9,412,618</b>	<b>8,602,886</b>

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



Ashraf Yousuf Teli  
Chief Financial Officer



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director

## Condensed Interim Profit and Loss Account (Unaudited Note 2.3)

For the half year ended December 31, 2017

	Note	For the quarter ended December 31,		For the half year ended December 31,	
		2017	2016	2017	2016
----- Rupees in '000 -----					
Sales		3,055,784	2,517,338	5,851,275	4,698,800
Cost of sales	10	(2,541,667)	(1,834,279)	(4,721,810)	(3,463,728)
Gross profit		514,117	683,059	1,129,465	1,235,072
Administrative expenses		(70,468)	(63,924)	(149,268)	(123,119)
Distribution cost		(110,218)	(107,840)	(206,378)	(203,697)
Other income		17,225	18,149	22,944	27,052
Other expenses		(43,696)	(42,835)	(78,711)	(76,097)
<b>Profit from operations</b>		<b>306,960</b>	<b>486,609</b>	<b>718,052</b>	<b>859,211</b>
Finance cost		(53,805)	(27,868)	(111,196)	(57,175)
		253,155	458,741	606,856	802,036
Share of profit of an associated company - net of tax		2,164	1,841	2,954	2,983
<b>Profit before taxation</b>		<b>255,319</b>	<b>460,582</b>	<b>609,810</b>	<b>805,019</b>
Taxation	11	(81,235)	(132,655)	(182,917)	(241,895)
<b>Profit for the period</b>		<b>174,084</b>	<b>327,927</b>	<b>426,893</b>	<b>563,124</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>174,084</b>	<b>327,927</b>	<b>426,893</b>	<b>563,124</b>
----- Rupees -----					
Earnings per share basic and diluted	12	2.91	5.49	7.14	9.42



Ashraf Yousuf Teli  
Chief Financial Officer



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director



## Condensed Interim Cash Flow Statement (Unaudited Note 2.3)

For the half year ended December 31, 2017

For the half year ended  
December 31,

2017

2016

Note

----- Rupees in '000 -----

### CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	13	605,968	1,086,601
Staff retirement gratuity paid		(29,714)	(24,283)
Compensated absences paid		(1,322)	(2,327)
Long term deposits from dealers - net		(121)	(180)
Finance cost paid		(133,538)	(51,233)
Taxes paid		(188,797)	(427,829)
Long term loans and advances - net		347	2,340
Long term deposits - net		7,117	13
Profit on bank deposits received		118	135
Net cash generated from operating activities		260,058	583,237

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(483,716)	(534,795)
Purchase of intangible assets		(2,077)	(10,593)
Proceeds from sale of operating fixed assets		2,197	2,785
Dividend received		1,511	1,007
Net cash used in investing activities		(482,085)	(541,596)

### CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances - repaid		(219,359)	(83,333)
Long term finances - obtained		623,098	337,995
Short term finances repaid		(157,736)	(128,297)
Dividend paid		(882,174)	(308)
Net cash (utilised in) / generated from financing activities		(636,171)	126,057
Net (decrease) / increase in cash and cash equivalents		(858,198)	167,698
Cash and cash equivalents at beginning of the period		(983,308)	(504,169)
Cash and cash equivalents at end of the period	14	(1,841,506)	(336,471)


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



Ashraf Yousuf Teli  
Chief Financial Officer



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director

## Condensed Interim Statement of Changes in Equity (Note 2.3)

For the half year ended December 31, 2017

	Issued, subscribed and paid-up capital	Capital reserves for capital expenditure	Revenue Reserve Unappropri- ated profit	Total
	----- Rupees in '000 -----			
Balance as at July 1, 2016 (audited)	597,713	-	2,351,809	2,949,522
<b>Total comprehensive income for the half year ended December 31, 2016</b>				
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
Balance as at July 1, 2017 (audited)	597,713	1,000,000	2,198,673	3,796,386


### Transaction with owners, recognised directly in equity

- Final dividend for the year ended June 30, 2017 at the rate of Rs 15 per share	-	-	(896,569)	(896,569)
--	---	---	-----------	-----------

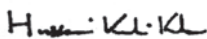
### Total comprehensive income for the half year ended December 31, 2017

Profit for the period	-	-	426,893	426,893
Other comprehensive income	-	-	-	-
	-	-	426,893	426,893
Balance as at December 31, 2017 (un-audited)	597,713	1,000,000	1,728,997	3,326,710

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



Ashraf Yousuf Teli  
Chief Financial Officer



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director

## Notes to the Condensed Interim Financial Information

For the half year ended December 31, 2017

### 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 and was subsequently converted into a public limited company. Its shares are listed on Pakistan Stock Exchange Limited. The registered office of the Company 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.
- 1.2 The Company had entered into a Royalty Technical Service Agreement dated September 1, 1984 with General Tire International Company (GTIC), USA, a subsidiary of Continental Tire The Americas, LLC (CTTA) USA whereby the Company was allowed to use the trademarks such as 'General', 'General Tire' and the logo big 'G'.

The Company concluded a new Royalty Technical Service Agreement (new RTSA) with CTTA on July 1, 2011, which became effective retrospectively from July 1, 2010. Under the new arrangement the Company continued to be entitled to use the aforementioned trademarks and logo for a period of seven years from July 1, 2010 to June 30, 2017. The arrangement under new RTSA was further extended upto November 30, 2017 through an Amendment and Extension Agreement dated October 23, 2017.

As at December 31, 2017, the Company is in negotiation process with CTTA for renewal of the royalty agreement.

### 2. BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (the SECP) read with clarification issued through circular No. 17 of 2017 by Institute of Chartered Accountants of Pakistan, the Company has prepared this financial information in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

- 2.2 This condensed interim financial information does not include all the information and disclosures required in an annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2017.
- 2.3 This condensed interim financial information include the condensed interim balance sheet as at December 31, 2017, the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the half year then ended which have been subjected to a review and have not been audited.

2.4 The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 and the related notes forming part thereof, have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2017.

### 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2017.

#### 3.2 New standards, amendments to approved accounting standards and new interpretations

3.2.1 Amendments to published approved accounting standards which were effective during the half year ended December 31, 2017

There were certain amendments to approved accounting standards which were mandatory for the Company's annual accounting period which began on July 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

#### 3.2.2 Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. Further during the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the SECP.

In addition to the foregoing, the Companies Act, 2017 which is not effective on this condensed interim financial information has added certain disclosure requirements which will be applicable in the future.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial information 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 this condensed interim financial information.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in the Company's financial statements for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements for the year ended June 30, 2017.

## 5. LONG TERM FINANCES - Secured

		(Unaudited) December 31,	(Audited) June 30
	Note	2017	2017
----- Rupees in '000 -----			
<b>Term finances - from banking companies</b>			
<b>Conventional</b>			
- Samba Bank Limited	5.1	200,000	250,000
- Askari Bank Limited -an associated company	5.1	612,500	700,000
- United Bank Limited	5.2	623,098	-
<b>Shariah compliant</b>			
- Faysal Bank Limited	5.1	425,441	507,300
		<u>1,861,039</u>	<u>1,457,300</u>
Less: current maturity classified under current liabilities		438,717	438,717
		<u>1,422,322</u>	<u>1,018,583</u>

5.1 There have been no changes in the finance facilities as disclosed in notes 5.2, 5.3 and 5.4 to the Company's financial statements for the year ended June 30, 2017.

5.2 This represents a term finance facility of Rs 700 million obtained during the period to finance capital expenditure out of which various tranches were drawn down amounting to Rs 623.098 million with effect from August 17, 2017. The principal amount drawn down is repayable in fourteen equal quarterly instalments to be commenced after a grace period of eighteen months from the date of disbursement (i.e. August 17, 2017). This finance facility carries mark-up at the rate of three months KIBOR plus 0.50% per annum and is secured by way of joint pari passu charge over stock, receivables and fixed assets (excluding land and building) of the Company to the extent of Rs 934 million.

## 6. TRADE AND OTHER PAYABLES

		(Unaudited) December 31,	(Audited) June 30
		2017	2017
----- Rupees in '000 -----			
Trade creditors		159,370	109,859
Bills payable		544,446	203,700
Accrued expenses		473,400	512,620
Advances from customers		37,690	146,066
Staff provident fund payable		22	766
Staff retirement benefits		59,641	59,641
Short term deposits		2,005	968
Workers' profit participation fund		32,742	63,599
Workers' welfare fund		12,865	24,168
Payable to Waqf-e-Kuli Khan		66,845	56,196
Retention money		550	550
Dividend payable		31,475	17,080
Interest payable on custom duties		29,933	29,933
Stamp duty payable		-	22,140
Others		24,630	34,440
		<u>1,475,614</u>	<u>1,281,726</u>

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

**7.1.1** During the period the Company has filed an appeal before Appellate Tribunal Inland Revenue against order dated June 7, 2017 issued by Commissioner Inland Revenue (Appeals - I) whereby the Company pleaded that the further tax amounting to Rs 156.020 million cannot be levied since the supplies were already subject to extra tax. The Company based on the advise of its legal counsel is anticipating favourable outcome and therefore no provision has been recognised in this condensed interim financial information.

**7.1.2** 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, 2017.

	<b>(Unaudited) December 31</b>	<b>(Audited) June 30</b>
	<b>2017</b>	<b>2017</b>
	<b>----- Rupees in '000 -----</b>	
<b>7.1.3</b> Guarantees issued by commercial banks on behalf of the Company	<b>322,302</b>	343,470
<b>7.1.4</b> Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<b>113,675</b>	91,843
<b>7.2 Commitments</b>		
<b>7.2.1 Commitments in respect of:</b>		
- letters of credit for capital expenditure	<b>395,351</b>	312,550
- letters of credit for purchase of raw material and stores & spares	<b>513,579</b>	880,158
- purchase orders issued to local suppliers for capital expenditure	<b>148,417</b>	141,600
- sales contracts entered into by the Company	-	76,043
- tentative schedules for supply of tyres	<b>1,981,476</b>	2,620,164
- indemnity bond	<b>16,775</b>	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:

Note	(Unaudited)	(Audited)
	December 31,	June 30
	2017	2017
	----- Rupees in '000 -----	
Not later than 1 year	24,528	43,401
Over 1 year and not later than 5 years	5,922	15,024
	<u>30,450</u>	<u>58,425</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	3,560,579	3,590,980
Capital work-in-progress		422,781	78,171
		<u>3,983,360</u>	<u>3,669,151</u>

### 8.1 Operating fixed assets

Book value at beginning of the period / year	3,590,980	2,292,064
Additions during the period / year	139,106	1,560,928
Disposals costing Rs 7.356 million (June 30, 2017: Rs 24.186 million) book value	(1,618)	(8,046)
Written-off book value	-	(385)
Depreciation for the period / year	(167,889)	(253,581)
Book value at end of the period / year	<u>3,560,579</u>	<u>3,590,980</u>

8.2 Details of additions to operating fixed assets during the period are as follows:

(Unaudited)  
For the half year ended  
December 31,

	2017	2016
	----- Rupees in '000 -----	
Land	-	38,907
Buildings on lease hold land	15,548	-
Electrical installations	1,024	-
Plant and machinery	25,864	51,334
Boilers and accessories	14,729	14,703
Vehicles	29,163	9,342
Laboratory equipment	1,030	-
Moulds	22,567	-
Furniture and fixtures	1,313	2,280
Factory and office equipment	26,993	4,566
Computer equipment	875	33,925
	<u>139,106</u>	<u>155,057</u>

## 9. STOCKS

	Note	(Unaudited)	(Audited)
		December 31,	June 30
		2017	2017
----- Rupees in '000 -----			
<b>Raw material</b>			
- in hand		1,058,055	1,492,732
- in transit		420,755	-
		<b>1,478,810</b>	<b>1,492,732</b>
<b>Work-in-process</b>		145,452	117,897
<b>Finished goods</b>			
- in hand	9.1	789,835	464,099
- in transit		16,459	-
		<b>806,294</b>	<b>464,099</b>
		<b>2,430,556</b>	<b>2,074,728</b>

9.1 Finished goods include items costing Rs 60.188 million (June 30, 2017: Rs 34.352 million) which are stated at their net realisable values aggregating Rs 43.487 million (June 30, 2017: Rs 24.575 million). The aggregate amount charged to the condensed interim profit and loss account in respect of stocks written down to their net realisable values is Rs 16.701 million.

## 10. COST OF SALES

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2017	2016	2017	2016
----- Rupees in '000 -----					
Opening stock of finished goods		543,452	329,636	464,099	203,526
Cost of goods manufactured	10.1	2,667,227	1,730,611	4,846,357	3,395,916
Finished goods purchased		72,859	73,504	93,759	118,226
Royalty technical service fee		64,423	52,778	123,889	98,310
		<b>2,804,509</b>	1,856,893	<b>5,064,005</b>	3,612,452
		<b>3,347,961</b>	2,186,529	<b>5,528,104</b>	3,815,978
Closing stock of finished goods		806,294	352,250	806,294	352,250
		<b>2,541,667</b>	1,834,279	<b>4,721,810</b>	3,463,728
<b>10.1 Cost of goods manufactured</b>					
Opening work-in-process		265,764	149,343	117,897	162,244
Raw materials consumed		1,657,709	1,022,350	3,069,160	1,939,296
Factory overheads		889,206	724,130	1,804,752	1,459,588
		<b>2,546,915</b>	1,746,480	<b>4,873,912</b>	3,398,884
		<b>2,812,679</b>	1,895,823	<b>4,991,809</b>	3,561,128
Closing work-in-process		145,452	165,212	145,452	165,212
		<b>2,667,227</b>	1,730,611	<b>4,846,357</b>	3,395,916



	Quarter ended December 31,		Half year ended December 31,	
	2017	2016	2017	2016
<b>11. TAXATION</b>	----- Rupees in '000 -----			
<b>Current</b>				
- for the period	61,344	115,103	174,019	229,838
- for prior period	7,787	-	7,787	-
	<u>69,131</u>	<u>115,103</u>	<u>181,806</u>	<u>229,838</u>
<b>Deferred</b>	12,104	17,552	1,111	12,057
	<u>81,235</u>	<u>132,655</u>	<u>182,917</u>	<u>241,895</u>
<b>12. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Basic earnings per share				
Profit after taxation	<u>174,084</u>	<u>327,927</u>	<u>426,893</u>	<u>563,124</u>
	----- (Number of shares) -----			
Weighted average number of ordinary shares outstanding	<u>59,771,250</u>	<u>59,771,250</u>	<u>59,771,250</u>	<u>59,771,250</u>
	----- Rupees -----			
Earnings per share basic and diluted	<u>2.91</u>	<u>5.49</u>	<u>7.14</u>	<u>9.42</u>

	Note	(Unaudited) For the half year ended December 31,	
		2017	2016
<b>13. CASH GENERATED FROM OPERATIONS</b>		----- Rupees in '000 -----	
Profit before taxation		609,810	805,019
<b>Adjustments for non-cash charges and other items</b>			
Depreciation		167,889	102,718
Amortisation		11,091	1,202
Provision for staff retirement gratuity		24,074	20,569
Net realisable value charged on stocks		16,701	-
Charge of employees compensated absences		2,153	1,059
Provision for doubtful trade debts		8,024	2,947
Profit on bank deposits		(118)	(274)
Gain on sale of operating fixed assets		(579)	(2,438)
Finance cost		111,196	57,175
Share of profit of an associated company		(2,954)	(2,983)
Working capital changes	13.1	(341,319)	101,607
		<u>605,968</u>	<u>1,086,601</u>

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

**2017                      2016**

**----- Rupees in '000 -----**

**13.1 Working capital changes**

**(Increase) / decrease in current assets:**

- Stores and spares	<b>(59,735)</b>	(1,151)
- Stocks	<b>(372,529)</b>	136,608
- Trade debts	<b>(392,931)</b>	28,008
- Loans and advances	<b>216,625</b>	52,248
- Deposits and prepayments	<b>(2,090)</b>	(8,968)
- Sales tax receivable	<b>122,591</b>	-
- Other receivables	<b>(37,350)</b>	(10,180)
	<b>(525,419)</b>	196,565

**(Decrease) / increase in current liabilities:**

- Trade and other payables	<b>179,493</b>	(63,691)
- Sales tax payable	<b>14,603</b>	3,057
- Provisions	<b>(9,996)</b>	(34,324)
	<b>184,100</b>	(94,958)
	<b>(341,319)</b>	101,607

**14. CASH AND CASH EQUIVALENTS**

Running finances under mark-up arrangements	<b>(1,943,950)</b>	(654,542)
Cash and bank balances	<b>102,444</b>	318,071
	<b>(1,841,506)</b>	(336,471)

**15. OPERATING SEGMENT**

This condensed interim financial information has been prepared on the basis of a single reportable segment. All non-current assets of the Company as at December 31, 2017 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, 2016: three) customers aggregating Rs 2,601.082 million (December 31, 2016: Rs 2,105.450 million) during the period which constituted 37.04% (December 31, 2016: 36.81%) of gross sales.

## 16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(Unaudited)  
For the half year ended  
December 31,

2017                      2016

----- Rupees in '000 -----

### 16.1 Transactions with related parties are as follows:

#### Associated companies / undertakings:

Sales of goods	224,950	189,209
Services rendered	13,631	52,163
Rent	552	450
Royalty technical service fee	112,627	89,781
Interest earned	118	135
Insurance premium	-	1,265
Mark-up on running and long term finances	25,612	19,298
Donations	10,649	14,070
Long term finance obtained	-	305,000
Dividend paid	518,100	-
Dividend received	1,511	1,007

#### Other related parties:

Purchases of bladders and spare parts	13,070	6,449
Purchases of raw materials / supplies	69,486	34,923
Provision towards staff retirement gratuity	5,333	4,540
Contribution towards employees provident fund	11,104	9,156
Salaries and other employee benefits to key management personnel	228,757	156,952
Meeting fees to key management personnel	5,900	4,300
Dividend paid	11,022	-
Sale of fixed assets to key management personal under the Company's policy	2,197	1,000

(Unaudited) (Audited)  
December 31, June 30

2017 2017

----- Rupees in '000 -----

**16.2 Period / year end balances are as follows:**

**Payables to associated companies / related parties**

Staff retirement gratuity	32,781	42,948
Running finances under mark-up arrangements	207,672	80,355
Trade and other payables	112,901	133,215
Accrued mark-up	13,392	13,295

**Receivables from associated companies / related parties**

Long term loans and advances	1,669	1,654
Loans and advances	1,996	5,861
Cash and bank balances	6,545	5,020

**17. GENERAL**

**17.1 Date of authorisation for issue**


This condensed interim financial information was authorised for issue on February 23, 2018 by the Board of Directors of the Company.

**17.2** For better presentation and in compliance with the approved accounting standards as applicable in Pakistan for interim reporting sales tax receivable amounting to Rs 122.591 million has been reclassified from other receivable to the face of the balance sheet. However there is no impact of this reclassification on total assets of the Company, therefore balance sheet as at July 1, 2016 has not been presented.

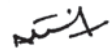
**17.3** Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Ashraf Yousuf Teli  
Chief Financial Officer



Hussain Kuli Khan  
Chief Executive



Atif Anwar  
Director