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Company Profile

Board of Directors

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

Chief Executive Mr. Hussain Kuli Khan
Mr. Chaudhry Sher Muhammad
Mr. Ikram Ul-Majeed Sehgal
Mr. Kashif Suhail
Mr. Mansur Khan
Mr. Manzoor Ahmed
Mr. Mazhar Sharif
Mr. Raza Kuli Khan Khattak
Dr. Willi Flamm

Company Secretary

Mr. Farhan Ahmad

Chief Financial Officer

Mr. Ashraf Teli

Board Audit Committee

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

HR & Remuneration Committee

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

Auditors

Shinewing 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 : 021-35375127-9

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
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office & Factory

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

Branch Offices

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

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 six months ended December 31, 2015.

BUSINESS REVIEW

The Company has closed its first half year with 3% increase in the turnover and 79% increase in the Pre-tax Profits compared to same period last year. The growth would have been much higher had the two large tractor manufacturers not closed down their production suddenly in the last month of the period under review.

In terms of number of tyres, the automobile tyres increased by 22% from 703 thousand tyres in the corresponding period last year to 856 thousand tyres in the current period. The sales to Original Equipment Manufacturers (OEMs) showed a growth of 46% in spite of closing down of two large tractor manufacturers as mentioned earlier. Motor Cycle tyre sales also witnessed increase of 25%.

The cost of salaries/wages and other expenses have increased due to increase in minimum wages by the Government and inflationary pressure. However, these have been more than off-set by savings in raw material prices in Cost of Production/Sales, and by lower Finance Cost in Operating Expenses. As a result, the Pre-tax Profit increased by Rs.276 million from Rs. 352 million in the same period last year to Rs. 628 million in the current period, which is the highest ever profit for the first half year.

The Company's expansion projects are progressing well and the Mixing Plant is expected to be commissioned in May/ June 2016.

FUTURE PROSPECTS

With the installation of Mixing Plant and Farm tyre Presses the Company will have additional capacity to produce Farm tyres which will result in better profitability. However, the Management



is keeping an eye on the lower off-take of Farm tyres by tractor OEMs, resulting from lower sales of tractors due to non-availability of subsidy to the farmers, and have alternate plans to increase its market share in the Replacement Market.

For and on behalf of the Board of Directors

Hussain Kuli Khan

Hussain Kuli Khan
Chief Executive

Mazhar Sharif

Mazhar Sharif
Director

Karachi
Dated: January 28, 2016



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi Chambers,
Haarot Mohani Road, Karachi.
Tel: 021 32412754, 32411474
Fax: 021 32424855
Email: kh@hccpk.com

Principal Office:
H88 House,
7-Bank Square, Lahore.
Tel: 042 37235084-87
Fax: 042 37235083
Email: lhr@hccpk.com
www.hccpk.com

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **The General Tyre and Rubber Company of Pakistan Limited** as at December 31, 2015 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO. *SWH*
CHARTERED ACCOUNTANTS

Karachi; **28 JAN 2016**

Engagement Partner: Muhammad Ali

a member firm of ShineWing International



Condensed Interim Balance Sheet As at December 31, 2015

	Note	December 31, June 30,	
		2015	2015
		Unaudited	Audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
75,000,000 (June 30, 2015: 75,000,000)			
ordinary shares of Rs.10 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
59,771,250 (June 30, 2015: 59,771,250)			
ordinary shares of Rs.10 each		<u>597,713</u>	<u>597,713</u>
Unappropriated profit		<u>1,775,517</u>	<u>1,760,434</u>
Total equity		<u>2,373,230</u>	<u>2,358,147</u>
Liabilities			
Non current liabilities			
Long term financies		<u>300,000</u>	<u>383,334</u>
Staff benefits		<u>255,440</u>	<u>241,157</u>
Deferred taxation		<u>205,840</u>	<u>210,871</u>
Long term deposits from dealers		<u>8,990</u>	<u>8,990</u>
		<u>770,270</u>	<u>844,352</u>
Current liabilities			
Current maturity of long term financies		<u>166,667</u>	<u>116,666</u>
Short term financies		<u>613,356</u>	<u>86,030</u>
Running financies under mark-up arrangements		<u>907,931</u>	<u>666,389</u>
Trade and other payables		<u>1,164,854</u>	<u>1,183,356</u>
Accrued mark-up		<u>18,037</u>	<u>17,331</u>
Provisions		<u>58,662</u>	<u>75,794</u>
		<u>2,929,507</u>	<u>2,145,566</u>
Total liabilities		<u>3,699,777</u>	<u>2,989,918</u>
Contingencies and commitments	5		
Total equity and liabilities		<u>6,073,007</u>	<u>5,348,065</u>

Condensed Interim Balance Sheet As at December 31, 2015

	Note	December 31, June 30,	
		2015	2015
		Unaudited	Audited
(Rupees in thousand)			
ASSETS			
Non current assets			
Property, plant and equipment	6	<u>2,241,240</u>	<u>1,935,858</u>
Intangible assets		<u>1,378</u>	<u>2,048</u>
Investment in an Associated Company	7	<u>4,235</u>	<u>3,321</u>
Long term loans and advances		<u>8,417</u>	<u>10,493</u>
Long term deposits		<u>32,763</u>	<u>33,567</u>
		<u>2,288,033</u>	<u>1,985,287</u>
Current assets			
Stores and spares		<u>488,634</u>	<u>491,657</u>
Stocks	8	<u>1,907,970</u>	<u>1,456,593</u>
Trade debts		<u>909,524</u>	<u>851,269</u>
Loans and advances		<u>70,841</u>	<u>61,501</u>
Deposits and prepayments		<u>164,695</u>	<u>125,443</u>
Other receivables		<u>39,936</u>	<u>30,982</u>
Sales tax refundable - net		<u>72,953</u>	<u>-</u>
Taxation - net		<u>47,522</u>	<u>103,564</u>
Cash and bank balances	9	<u>82,899</u>	<u>241,769</u>
		<u>3,784,974</u>	<u>3,362,778</u>
Total assets		<u>6,073,007</u>	<u>5,348,065</u>

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



Hussain Kuli Khan
Chief Executive




Mazhar Sharif
Director

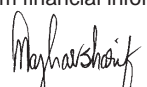
Condensed Interim Profit and Loss Account (Unaudited)

For the half year ended December 31, 2015

	Note	For the quarter ended		For the half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(Rupees in thousand)					
Sales		2,244,980	2,470,411	4,398,232	4,288,765
Cost of sales	10	(1,676,845)	(1,990,676)	(3,386,669)	(3,494,233)
Gross profit		568,135	479,735	1,011,563	794,532
Administrative expenses		(56,020)	(40,601)	(113,698)	(106,673)
Distribution cost		(86,268)	(94,825)	(167,959)	(170,976)
Other income		10,923	15,286	23,511	27,192
Other expenses		(37,442)	(20,094)	(68,235)	(36,733)
Profit from operations		399,328	339,501	685,182	507,342
Finance cost		(31,983)	(75,993)	(58,210)	(155,785)
		<u>367,345</u>	<u>263,508</u>	<u>626,972</u>	<u>351,557</u>
Share of profit of an Associated Company		609	125	1,367	187
Profit before taxation		367,954	263,633	628,339	351,744
Taxation	11	(114,767)	(93,651)	(194,857)	(125,101)
Profit after taxation		253,187	169,982	433,482	226,643
Other comprehensive income		-	-	-	-
Total comprehensive income		253,187	<u>169,982</u>	433,482	<u>226,643</u>
----- Rupees -----					
Earnings per share					
- basic and diluted		<u>4.24</u>	<u>2.84</u>	<u>7.25</u>	<u>3.79</u>

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


Hussain Kuli Khan
Chief Executive


Mazhar Sharif
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2015

	Note	For the half year ended	
		December 31, 2015	December 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	119,869	1,210,892
Staff retirement gratuity paid		(6,801)	(1,111)
Compensated absences paid		(4,225)	(2,382)
Long term deposits from dealers - net		-	(40)
Finance cost paid		(57,504)	(169,199)
Taxes paid		(143,846)	(78,947)
Long term loans and advances - net		2,076	1,176
Long term deposits - net		804	(2,760)
Net cash (used in) / generated from operating activities		(89,627)	957,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(393,269)	(108,436)
Purchase of intangible assets		-	(131)
Proceeds from sale of operating fixed assets		1,814	1,437
Dividend received		453	-
Profit on bank deposits received		149	191
Net cash used in investing activities		(390,853)	(106,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - repaid		(33,333)	(33,334)
Short term finances - net		527,326	121,606
Dividend paid		(413,925)	(384,117)
Net cash generated from / (used in) financing activities		80,068	(295,845)
Net (decrease) / increase in cash and cash equivalents		(400,412)	554,845
Cash and cash equivalents - at beginning of the period		(424,620)	(1,959,971)
Cash and cash equivalents - at end of the period	13	(825,032)	(1,405,126)

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


Hussain Kuli Khan
Chief Executive


Mazhar Sharif
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2015

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at July 1, 2014 (audited)	597,713	1,433,277	2,030,990
Transaction with owners			
Final dividend for the year ended June 30, 2014 at the rate of Rs.6.50 per share	-	(388,513)	(388,513)
Total comprehensive income for the half year ended December 31, 2014			
Profit for the period	-	226,643	226,643
Other comprehensive income	-	-	-
	-	226,643	226,643
Balance as at December 31, 2014 (un-audited)	597,713	1,271,407	1,869,120
Balance as at July 1, 2015 (audited)	597,713	1,760,434	2,358,147
Transaction with owners			
Final dividend for the year ended June 30, 2015 at the rate of Rs.7.00 per share	-	(418,399)	(418,399)
Total comprehensive income for the half year ended December 31, 2015			
Profit for the period	-	433,482	433,482
Other comprehensive income	-	-	-
	-	433,482	433,482
Balance as at December 31, 2015 (un-audited)	597,713	1,775,517	2,373,230

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



Hussain Kuli Khan
Chief Executive



Mazhar Sharif
Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2015

1. LEGAL STATUS AND OPERATIONS

The General Tyre and Rubber Company of Pakistan Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges [Pakistan Stock Exchange Limited with effect from January 11, 2016]. The Company is engaged in the manufacturing and trading of tyres and tubes for automobiles and motorcycles.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 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 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2015 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, 2015.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2015.

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, 2015.

5.1.2 Tax authorities passed orders under sections 161 / 205 of the Income Tax Ordinance, 2001 in respect of monitoring of withholding of taxes for Tax Years 2012 & 2014 and created demands of Rs.3.212 million and Rs.20.060 million respectively on the premise that requisite tax was not withheld by the Company at the time of making payments against various expenses.

The Company filed appeals with the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned orders. For tax year 2012, CIR(A) confirmed the order passed by the department, however, reduced the demand by Rs.0.203 million. The Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of CIR(A); which is pending for hearing. For tax year 2014, case has been heard by CIR(A), however, the decision is still pending.

Based on Tax Advisor's opinion, management expects a favourable outcome of the abovementioned legal proceedings; therefore no provision has been made in this condensed interim financial information relating to the above-referred demands.

	December 31, June 30,	
	2015	2015
	Unaudited	Audited
	(Rupees in thousand)	
5.1.3 Guarantees issued by banks on behalf of the Company	<u>146,397</u>	<u>146,925</u>
5.1.4 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<u>63,118</u>	<u>55,908</u>

5.2 Commitments

5.2.1 Commitments in respect of:

- letters of credit for capital expenditure	<u>707,290</u>	<u>532,935</u>
- letters of credit for purchase of raw materials and stores & spares	<u>1,399,009</u>	<u>607,098</u>
- purchase orders issued to local suppliers for capital expenditure	<u>199,712</u>	<u>236,764</u>
- sales contracts entered into by the Company	<u>3,230</u>	<u>40,598</u>
- tentative schedules for supply of tyres	<u>1,421,019</u>	<u>1,801,064</u>
- indemnity bond	<u>16,775</u>	<u>16,775</u>

5.2.2 Aggregate commitments for ijarah arrangements of plant & machinery and vehicles as at period / year end are as follows:

Note	December 31, June 30,	
	2015	2015
	Unaudited	Audited
	(Rupees in thousand)	
Not later than 1 year	<u>70,037</u>	<u>71,984</u>
Over 1 year and no later than 5 years	<u>94,381</u>	<u>143,405</u>
	<u>164,418</u>	<u>215,389</u>

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	<u>1,882,626</u>	<u>1,886,894</u>
Capital work-in-progress	6.2	<u>358,614</u>	<u>48,964</u>
		<u>2,241,240</u>	<u>1,935,858</u>

6.1 Operating fixed assets

Net book value at beginning of the period / year		<u>1,886,894</u>	<u>1,852,530</u>
Additions during the period / year	6.1.1	<u>83,619</u>	<u>204,124</u>
Disposals, costing Rs.7.611 million (June 30, 2015: Rs.9.993 million) - at net book value		<u>(798)</u>	<u>(863)</u>
Depreciation charge during the period / year		<u>(87,089)</u>	<u>(168,897)</u>
Net book value at end of the period / year		<u>1,882,626</u>	<u>1,886,894</u>

6.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:

Buildings on leasehold land	<u>10,927</u>	<u>13,340</u>
Electrical installations	<u>1,986</u>	<u>15,112</u>
Plant and machinery	<u>28,947</u>	<u>88,715</u>
Laboratory equipment	<u>-</u>	<u>33</u>
Moulds	<u>20,805</u>	<u>48,776</u>
Vehicles	<u>14,739</u>	<u>9,827</u>
Furniture and fixtures	<u>1,815</u>	<u>1,198</u>
Factory and office equipment	<u>3,488</u>	<u>25,229</u>
Computer equipment	<u>912</u>	<u>1,894</u>
	<u>83,619</u>	<u>204,124</u>

6.2 Capital work-in-progress

Buildings on leasehold land	<u>183,322</u>	<u>12,399</u>
Electrical installations	<u>2,531</u>	<u>1,339</u>
Plant and machinery	<u>144,363</u>	<u>26,410</u>
Moulds	<u>9,161</u>	<u>75</u>
Vehicles	<u>19,866</u>	<u>10,684</u>
Factory and office equipment	<u>1,646</u>	<u>332</u>
	<u>360,889</u>	<u>51,239</u>
Provision for a doubtful advance	<u>(2,275)</u>	<u>(2,275)</u>
	<u>358,614</u>	<u>48,964</u>

	December 31, June 30,	
	2015 2015	
	Unaudited	Audited
	(Rupees in thousand)	
7. INVESTMENT IN AN ASSOCIATED COMPANY - Quoted		
Ghandhara Industries Limited - Equity basis		
100,700 (June 30, 2015: 100,700) ordinary shares of Rs.10 each - cost	2,447	2,447
Equity held: 0.473% (June 30, 2015: 0.473%)		
Share of post acquisition profit	2,576	1,209
	5,023	3,656
Dividends received to date	(788)	(335)
	<u>4,235</u>	<u>3,321</u>

7.1 The above figures are based on un-audited condensed interim financial information of the investee company as at September 30, 2015. The latest financial information of the investee company as at December 31, 2015 are not presently available.

7.2 The investee company is an Associate of the Company by virtue of common directorship.

	December 31, June 30,	
	2015 2015	
	Unaudited	Audited
	(Rupees in thousand)	
8. STOCKS		
Raw materials	1,262,700	849,925
Work-in-process	172,022	195,481
Finished goods	473,248	411,187
	<u>1,907,970</u>	<u>1,456,593</u>

9. CASH AND BANK BALANCES

At banks on:		
- current accounts	74,506	170,906
- deposit account	6,927	4,845
	81,433	175,751
Cash and cheques in-hand	1,466	66,018
	<u>82,899</u>	<u>241,769</u>

9.1 These include Rs.17.386 million (June 30, 2015: Rs.31.805 million) and Rs.6.927 million (June 30, 2015: Rs.4.845 million) held with Bank Alfalah Limited and Askari Bank Limited (Associated Companies) respectively.

Note	For the quarter ended		For the half year ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	(Rupees in thousand)			

10. COST OF SALES

Opening stock of finished goods		916,309	411,187	543,789
Cost of goods manufactured	10.1	1,683,529	1,793,104	3,321,316
Finished goods purchased		18,755	32,364	34,316
Royalty technical service fee		47,681	53,013	93,098
		<u>1,749,965</u>	<u>1,878,481</u>	<u>3,448,730</u>
		2,150,093	2,794,790	3,859,917
Closing stock of finished goods		473,248	804,114	473,248
		<u>1,676,845</u>	<u>1,990,676</u>	<u>3,386,669</u>

10.1 Cost of goods manufactured

Opening stock of work-in-process	195,963	206,525	195,481	284,536
Raw materials consumed	990,969	1,132,042	1,911,563	2,138,432
Factory overheads	668,619	636,674	1,386,294	1,279,624
	<u>1,659,588</u>	<u>1,768,716</u>	<u>3,297,857</u>	<u>3,418,056</u>
	1,855,551	1,975,241	3,493,338	3,702,592
Closing stock of work-in-process	172,022	182,137	172,022	182,137
	<u>1,683,529</u>	<u>1,793,104</u>	<u>3,321,316</u>	<u>3,520,455</u>

11. TAXATION

Current	122,366	54,126	199,888	97,876
Deferred	(7,599)	39,525	(5,031)	27,225
	<u>114,767</u>	<u>93,651</u>	<u>194,857</u>	<u>125,101</u>

12. CASH GENERATED FROM OPERATIONS

Note	For the half year ended	
	December 31,	
	2015	2014
	(Rupees in thousand)	
Profit before taxation	628,339	351,744
Adjustments for non cash charges and other items:		
Depreciation	87,089	83,003
Amortisation	670	748
Provision for staff retirement gratuity	23,526	22,783
Charge of employees compensated absences	1,783	1,869
Provision for doubtful debts	6,011	5,767
Profit on bank deposits	(149)	(191)
Gain on sale of operating fixed assets	(1,017)	(574)
Finance cost	58,210	155,785
Share of profit of an Associated Company	(1,367)	(187)
Working capital changes	12.1	(683,226)
	<u>119,869</u>	<u>1,210,892</u>

**For the half year ended
December 31,**

Note	2015	2014
	(Rupees in thousand)	

12.1 Working capital changes

Decrease / (increase) in current assets

- Stores and spares	3,023	3,088
- Stocks	(451,377)	189,857
- Trade debts	(64,266)	126,318
- Loans and advances	(9,340)	5,037
- Deposits and prepayments	(39,252)	101,401
- Other receivables	(8,954)	(24,933)
- Sales tax refundable (net)	(104,288)	-
	(674,454)	400,768

Increase / (decrease) in current liabilities

- Trade and other payables	8,360	239,795
- Provisions	(17,132)	(50,418)
	(8,772)	189,377
	(683,226)	590,145

13. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(907,931)	(1,503,079)
Cash and bank balances	82,899	97,953
	(825,032)	(1,405,126)

14. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2015.

There has been no change in Company's sensitivity to these risks since June 30, 2015 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, 2015.

**For the half year ended
December 31,**

Note	2015	2014
	(Rupees in thousand)	

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Associated companies / undertakings:

Sales of goods	136,436	88,906
Services rendered	195,223	3,002
Rent	450	300
Interest earned	149	100
Insurance premium	3,095	2,036
Mark-up on running finance	9,860	30,107
Dividend paid	282,690	262,498
Dividend received	453	-
Donation	10,837	5,620

Other related parties:

Purchases of bladders and spare parts	14,383	3,348
Purchases of raw materials / supplies	37,486	23,480
Royalty technical service fee	84,634	81,289
Provision towards gratuity staff fund	4,189	4,453
Contribution towards employees provident fund	7,876	9,111
Salaries and other employee benefits to key management personnel	158,193	153,678
Meeting fees to key management personnel	5,000	4,300
Sale of operating fixed assets to key management personnel under Company policy	698	-

	December 31, 2015	June 30, 2015
	Unaudited	Audited

(Rupees in thousand)

15.2 Period / year end balances are as follows:

Payables to related parties

Staff benefits	25,890	24,956
Running finances under mark-up arrangement	307,384	95,493
Trade and other payables	74,017	128,531
Accrued mark-up	5,876	5,264

Receivables from related parties

Capital work-in-progress	45,982	1,975
Long term loans and advances	1,930	1,862
Trade debts	8,045	-
Loans and advances	1,332	2,936
Other receivables	8,220	7,189

These are in the normal course of business.

16. OPERATING SEGMENT

This condensed interim financial information has been prepared on the basis of a single reportable segment.

All non-current assets of the Company at December 31, 2015 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, 2014: two) customers aggregating Rs.1,750.596 million (December 31, 2014: Rs.1,152.987 million) during the period which constituted 32.87% (December 31, 2014: 22.39%) of gross sales.

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2015 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the half year ended December 31, 2014.

18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 28, 2016 by the Board of Directors of the Company.



Hussain Kuli Khan
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.