

THE GENERAL TYRE & RUBBER CO. OF PAKISTAN
LIMITED

NINE MONTHS' ACCOUNTS

FOR THE PERIOD ENDED

MARCH 31, 2019



DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information of your Company for the nine months period ended March 31, 2019.

BUSINESS REVIEW

Net sales in value terms for the nine months period under review was Rs. 7.49 billion as compared to Rs. 8.77 billion in the same period last year, showing decline of 14%.

In December 2018 and January 2019, sales were depressed because of general slowdown of the economic activity, tightening of Monetary Policy, impact of restriction on non-filer to purchase vehicles and plant shutdown by some of the OEMs resulting in lower volumes.

However, from February sales have started to improve and in the month of March, overall results have shown considerable improvement. In the recent supplementary budget, the Government had taken steps to improve business climate and support industrial activity in the country. Allowing non-filers to purchase vehicles at higher tax rate and improved liquidity of farmers have supported your Company in terms of improved sales of tyres.

The gross profit for the period was Rs 1.06 billion. Lower gross profit from last year is mainly due to significant devaluation of Pak Rupee, increase in utilities prices, increase in some of the raw materials prices and other manufacturing costs.

Due to devaluation of Rupee, the Company incurred exchange loss of Rs. 56 million for the nine months period. The finance cost for the period under review was Rs.390 million mainly due to increased investment in Capex and to meet working capital requirements. Since December 2017, SBP has increased discount rate by 475 basis points resulting in increase in the borrowing cost of the Company.

The profit after tax for the nine months period under review was Rs. 96 million due to the factors mentioned above.

FUTURE PROSPECTS

It is expected that due to improved business sentiments, allowing non-filers to purchase vehicles and improved liquidity of farmers will translate in increased demand of your Company's tyres. Historically Q 4 is the best quarter of the Company, due to seasonal factors in which farm tyre sales are always higher.



The Company is striving to maintain its sales volumes, improve profitability and go for leaner production. Export market is also being expanded and during the nine months period, export sales were Rs 58 million, grew by 2.5 times as compared to same period last year. Your Company is working hard to tap export market potential.

The Company is facing competition from the undocumented sector. This restricts the Company's ability to fully recover the impact of cost increase. We appeal to the Government to provide a level playing field to the documented sector, which is not only paying their due share of taxes and duties but also saving precious foreign exchange and providing employment. The undocumented sector should be brought into the tax net and smuggling should be eliminated.

Despite increasingly difficult economic situation and competitive pressures, the long term growth potential of the business is positive. Your Company is in close coordination with new auto players which would be helpful for future volume growth.

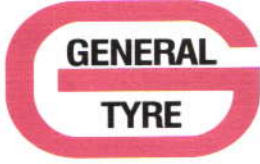
For and on behalf of the Board of Directors.

Chief Executive

Director

Karachi

Dated: April 30, 2019



ڈائریکٹرز کا تجزیہ

کمپنی کے ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والے نو ماہ کی عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کاروباری تجزیہ

زیر جائزہ نو ماہ کی مدت کے دوران خالص قیمت فروخت 7.49 ارب روپے رہی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں 14 فیصد کمی دکھاتے ہوئے 8.77 ارب روپے تھی۔

دسمبر 2018 اور جنوری 2019 میں اقتصادی سرگرمی میں کمی، سخت مالیاتی پالیسی، نان فائلرز کے لیے گاڑیوں کی خریداری پر پابندی اور کچھ OEMs کے پلانٹ کا معینہ مدت کے لیے بند ہونے کی وجہ سے فروخت کا حجم متاثر ہوا۔

البتہ فروری کے مہینے سے فروخت میں اضافہ ہونا شروع ہوا اور مارچ میں مجموعی طور پر نتائج میں کافی بہتری نظر آئی، حالیہ ضمنی بجٹ میں حکومت نے کاروباری ماحول کی بہتری اور صنعتی سرگرمی کو فروغ دینے کے لیے اقدامات اٹھائے ہیں۔ نان فائلرز کے لیے زائڈ ٹیکس کی ادائیگی پر گاڑیوں کی خریداری کی اجازت اور کسانوں کی قوت خرید کی بہتری کی وجہ سے آپ کی کمپنی کے ٹائروں کی فروخت میں مدد ملی ہے۔

اس مدت میں مجموعی منافع 1.06 ارب روپے رہا۔ پچھلے سال کے مقابلے میں مجموعی منافع میں کمی کی وجہ بنیادی طور پر پاکستانی روپے کی قدر میں نمایاں کمی، کچھ خام مال کی قیمتوں میں اضافہ، یوٹیلیٹی کی قیمتوں میں اضافہ اور دیگر پیداواری لاگت میں اضافہ ہے۔

روپے کی قدر میں کمی کی وجہ سے کمپنی کو ان نو مہینوں میں 56 ملین روپے کے تبادلے کا خسارہ اٹھانا پڑا۔ اس زیر جائزہ مدت میں مالیاتی اخراجات 390 ملین روپے رہے جسکی بڑی وجہ پلانٹ اور مشینری میں سرمایہ کاری اور کاروبار کو چلانے کیلئے سرمایہ کی ضروریات کو پورا کرنا تھا۔ علاوہ ازیں دسمبر 2017 سے اسٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ ریٹ میں 475 پیسے پوائنٹس کا اضافہ کیا ہے جسکے نتیجے میں قرضوں کے حصول کی لاگت میں اضافہ ہوا ہے۔

اوپر دیئے گئے عوامل کی وجہ سے اس تجزیاتی مدت میں منافع 96 ملین روپے رہا۔



مستقبل کے امکانات


امید کی جاتی ہے کہ اقتصادی سرگرمیوں میں بہتری اور نان فائلرز کو گاڑیوں کی خریداری کی اجازت دینے سے اور کسانوں کی قوت خرید میں بہتری کے باعث کمپنی کے ٹائروں کی طلب میں اضافہ ہوگا۔ گزشتہ ادوار میں آخری سہ ماہی میں موسمیاتی عنصر کی وجہ سے کمپنی کی فروخت بہتر ہوتی ہے جس میں فارم ٹائرز کی فروخت ہمیشہ زیادہ ہوتی ہے۔

کمپنی کی کوشش ہے کہ فروخت کا حجم برقرار رکھے اور منافع کو بہتر کرے اور پیداوار کو متوازن رکھے۔ برآمدات کی مارکیٹ میں توسیع ہوئی ہے اور نو ماہ کے دوران 58 ملین روپے کی برآمدت ہوئی جو کہ پچھلے سال کے اسی دورانیہ کے مقابلے میں ڈھائی گنا زیادہ ہے، آپ کی کمپنی ممکنہ برآمدات کے حصول کے لیے سخت محنت کر رہی ہے۔

کمپنی کو غیر دستاویزی شعبے سے مقابلہ کا سامنا ہے جو اپنے محصول اور ڈیوٹیز کا واجب الادا حصہ ادا نہیں کر رہے ہیں جو کمپنی کے لیے لاگت میں اضافہ کی مکمل حصول میں رکاوٹ کا باعث بنتے ہیں۔ ہم حکومت سے اپیل کرتے ہیں کہ دستاویزی شعبے کے ساتھ برابری کی سطح پر انصاف کرے جو نہ صرف اپنے واجب الادا محصول اور ڈیوٹیز ادا کر رہے ہیں بلکہ قیمتی زر مبادلہ بھی بچا رہے ہیں اور روزگار فراہم کر رہے ہیں۔ غیر دستاویزی شعبے کو ٹیکس نیٹ میں شامل کرنا چاہیے اور اسمگلنگ کو ختم کرنا چاہیے۔

مشکل اقتصادی صورت حال اور مسابقتی دباؤ کے باوجود طویل مدتی ممکنہ کاروبار مثبت ہے۔ آپ کی کمپنی نئی گاڑی بنانے والی کمپنیوں کے ساتھ مکمل رابطے میں ہے جو مستقبل میں حجم کی ترقی کے لیے مددگار ہوگا۔

بورڈ آف ڈائریکٹرز کی جانب سے


عدنان احمد
ڈائریکٹر



حسین قلی خان

چیف ایگزیکٹو آفیسر

کراچی: 30 اپریل 2019

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Note	Rupees in '000	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
125,000,000 (June 30, 2018: 75,000,000) ordinary shares of Rs 10 each		<u>1,250,000</u>	<u>750,000</u>
Issued, subscribed and paid-up share capital		1,016,112	597,713
Reserve for capital expenditure		1,000,000	1,000,000
Unappropriated profit		<u>1,292,406</u>	<u>1,973,483</u>
TOTAL EQUITY		3,308,518	3,571,196
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	5	754,991	1,247,285
Staff benefits		391,057	373,221
Deferred taxation		237,416	270,320
Long term deposits from dealers		<u>9,151</u>	<u>9,351</u>
		1,392,615	1,900,177
CURRENT LIABILITIES			
Current maturity of long term finances	5	590,805	471,298
Short term finances		1,974,455	946,187
Running finances under mark-up arrangements		3,278,323	1,742,566
Trade and other payables	6	1,427,673	1,928,381
Unclaimed dividend		12,938	14,034
Unpaid dividend		8,639	8,708
Accrued mark-up		129,881	58,848
Provisions		<u>44,700</u>	<u>44,700</u>
		7,487,414	5,214,722
TOTAL LIABILITIES		8,860,029	7,114,899
TOTAL EQUITY AND LIABILITIES		<u>12,168,547</u>	<u>10,686,095</u>
Contingencies and commitments	7		


 Chief Financial Officer

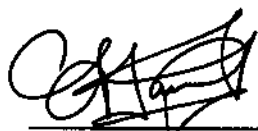

 Chief Executive


 Director


THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Note	Rupees in '000	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	4,807,045	4,247,309
Intangible assets		32,594	46,584
Investment in an associated company		17,606	15,363
Long term loans and advances		7,519	6,696
Long term deposits		20,442	19,970
		4,885,206	4,335,922
CURRENT ASSETS			
Stores and spares		642,472	596,494
Stocks	9	3,687,528	3,324,857
Trade debts		1,324,870	1,027,027
Loans and advances		159,188	254,497
Deposits and prepayments		79,605	102,605
Other receivables		262,089	279,671
Taxation - net		1,038,349	673,902
Cash and bank balances		89,240	91,120
		7,283,341	6,350,173
TOTAL ASSETS		12,168,547	10,686,095

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



Chief Financial Officer



Chief Executive




Director

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

		Quarter ended		Nine months period ended	
		March 31,		March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
Sales - net		2,477,028	2,923,399	7,493,119	8,774,674
Cost of sales	10	(2,156,998)	(2,419,065)	(6,431,480)	(7,140,875)
Gross profit		320,030	504,334	1,061,639	1,633,799
Administrative expenses		(69,397)	(79,141)	(227,647)	(228,409)
Distribution cost		(92,032)	(119,725)	(293,475)	(326,103)
Other income		16,216	22,085	54,296	45,029
Other expenses		(804)	(32,676)	(72,528)	(111,387)
Profit from operations		174,013	294,877	522,285	1,012,929
Finance cost		(167,434)	(71,893)	(389,729)	(183,089)
		6,579	222,984	132,556	829,840
Share of profit of an associated company - net of tax		375	2,131	3,814	5,085
Profit before taxation		6,954	225,115	136,370	834,925
Taxation	11	(2,117)	(71,288)	(40,420)	(254,205)
Profit for the period		4,837	153,827	95,950	580,720
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		4,837	153,827	95,950	580,720
		Rupee	Rupees	Rupee	Rupees
			(Restated)		(Restated)
Earnings per share basic and diluted	12	0.05	1.51	0.94	5.72

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


Chief Financial Officer

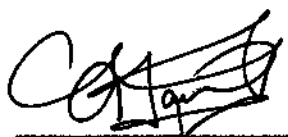

Chief Executive


Director

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Issued, subscribed and paid-up share capital	Capital reserve for capital expenditure	Revenue Reserve Unappro- priated profit	Total
	Rupees in '000			
Balance as at July 1, 2017 (audited)	597,713	1,000,000	2,198,673	3,796,386
Transaction with owners				
- 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 period ended March 31, 2018	-	-	580,720	580,720
Balance as at March 31, 2018 (un-audited)	597,713	1,000,000	1,882,824	3,480,537
Balance as at July 1, 2018 (audited)	597,713	1,000,000	1,973,483	3,571,196
Transaction with owners				
- Final dividend for the year ended June 30, 2018 at the rate of Rs 6 per share	-	-	(358,628)	(358,628)
- Bonus share issue for the year ended June 30, 2018 at the rate of 70% i.e. 7 shares for every 10 shares	418,399	-	(418,399)	-
Total comprehensive income for the period ended March 31, 2019	-	-	95,950	95,950
Balance as at March 31, 2019 (un-audited)	1,016,112	1,000,000	1,292,406	3,308,518

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



Chief Financial Officer



Chief Executive



Director

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

		Nine months period ended	
		March 31,	
		2019	2018
		Rupees in '000	
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash (used in) / generated from operations	13 (201,080)	516,261
	Staff retirement gratuity paid	(26,138)	(61,846)
	Compensated absences paid	(7,042)	(2,168)
	Long term deposits from dealers - net	(200)	(121)
	Finance cost paid	(318,696)	(193,337)
	Taxes paid	(437,771)	(242,232)
	Long term loans and advances - net	(823)	428
	Long term deposits - net	(472)	7,692
	Profit on bank deposits received	540	191
	Net cash (used in) / generated from operating activities	(991,682)	24,868
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(842,801)	(758,563)
	Purchase of intangible assets	(4,205)	(8,327)
	Proceeds from sale of operating fixed assets	3,792	4,323
	Dividend received	1,571	1,511
	Net cash used in investing activities	(841,643)	(761,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Long term finances - repaid	(372,787)	(372,788)
	Long term finances - obtained	-	700,000
	Short term finances - net	1,028,268	(11,555)
	Dividend paid	(359,793)	(890,921)
	Net cash generated / (used in) financing activities	295,688	(575,264)
	Net decrease in cash and cash equivalents	(1,537,637)	(1,311,452)
	Cash and cash equivalents at beginning of the period	(1,651,446)	(983,308)
	Cash and cash equivalents at end of the period	14 (3,189,083)	(2,294,760)

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


Chief Financial Officer


Chief Executive


Director

THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

(a) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board as notified under the Companies Act, 2017; and

(b) Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018 except those stated in note below.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

- 3.2.1 New standards, amendments and interpretation to accounting and reporting standards which were effective during the period ended March 31, 2019:

There are certain amendments and an interpretation to approved accounting and reporting standards which were mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial Instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these new standards do not have any significant impact on these condensed interim financial statements of the Company.

3.2.2 New standards, amendments and interpretations to accounting and reporting standards that are not yet effective:

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company, except for the application of IFRS 16 (effective July 1, 2019), the impacts of which are being assessed at present.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2018.

5. LONG TERM FINANCES - Secured

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Note	Rupees in '000	
Term finance - from banking companies			
Conventional			
- Samba Bank Limited	5.1	75,000	150,000
- Askari Bank Limited -an associated company	5.1	350,000	525,000
- United Bank Limited	5.1	700,000	700,000
Shariah compliant - Faysal Bank Limited	5.1	220,796	343,583
		<u>1,345,796</u>	<u>1,718,583</u>
Less: current maturity classified under current liabilities		<u>(590,805)</u>	<u>(471,298)</u>
		<u>754,991</u>	<u>1,247,285</u>

- 5.1 There have been no changes in the long term and short term finance facilities as disclosed in notes 5 and 9 to the Company's financial statements for the year ended June 30, 2018, except for enhancement of short term finance facility of Rs 200 million from a commercial bank.

6. TRADE AND OTHER PAYABLES

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Rupees in '000	
Trade creditors	279,822	187,693
Bills payable	277,129	678,359
Accrued expenses	658,121	672,037
Royalty technical service fee payable	30,088	182,913
Advances from customers	41,119	54,181
Staff provident fund payable	4,588	4,592
Staff retirement gratuity	51,929	51,929
Short term deposits	2,281	1,114
Workers' profit participation fund	7,372	414
Workers' welfare fund	2,925	18,832
Payable to Waqf-e-Kuli Khan	20,287	17,889
Interest payable on custom duties	29,933	29,933
Stamp duty payable	-	500
Others	22,079	27,995
	<u>1,427,673</u>	<u>1,928,381</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no other significant change in the status of the contingencies as disclosed in note 14.1 to the audited financial statements of the Company for the year ended June 30, 2018, except for the following:

- 7.1.1 Commissioner Inland Revenue (CIR) through its order dated December 31, 2018 has made certain additions and adjustments to the Company's taxable income for the tax year 2017 in connection with non deduction of tax on incentives to dealers and repairs and maintenance expense, on account of cash payments, expense claimed on provisional basis and disallowance of tax credit has therefore raised an aggregate tax demand of Rs 27.802 million.

The Company has filed an appeal before Commissioner Inland Revenue (Appeals) - CIR(A). Provision has not been made in these condensed interim financial statements against aforementioned demand as the management of the Company, based on the advice of the tax consultant, is of the opinion that these matters shall eventually be decided in the Company's favour.

- 7.1.2 During the period the Company filed two appeals before Appellate Tribunal Inland Revenue against orders dated December 18, 2018 and October 9, 2018 whereby Commissioner Inland Revenue (Appeals) upheld sales tax demands amounting to Rs 66.243 million and 156.020 million, respectively, against the Company which in view of the management cannot be levied since the supplies were subject to extra tax and export sales. The Company based on the advice of its tax consultant is expecting favourable outcome and therefore no provision has been recognised in these condensed interim financial statements.

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	----- Rupees in '000 -----	
7.1.3 Guarantees issued by commercial banks on behalf of the Company	<u>250,856</u>	<u>233,138</u>
7.1.4 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares	<u>78,147</u>	<u>124,773</u>
7.2 Commitments		
7.2.1 Commitments in respect of:		
- letters of credit for capital expenditure	<u>343,011</u>	<u>661,483</u>
- letters of credit for purchase of raw material and stores & spares	<u>459,660</u>	<u>721,368</u>
- purchase orders issued to local suppliers for capital expenditure	<u>45,985</u>	<u>139,600</u>
- sales contracts entered into by the Company	<u>-</u>	<u>2,508</u>
- tentative schedules for supply of tyres	<u>1,877,495</u>	<u>2,439,188</u>
- indemnity bond	<u>16,775</u>	<u>16,775</u>
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:		

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
		Rupees in '000	
Not later than 1 year		3,306	11,181
Over 1 year and not later than 5 years		220	3,003
		<u>3,526</u>	<u>14,184</u>
8. PROPERTY, PLANT AND EQUIPMENT			
		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
		Rupees in '000	
Operating fixed assets	Note 8.1	4,139,439	3,728,209
Capital work-in-progress		667,606	519,100
		<u>4,807,045</u>	<u>4,247,309</u>
8.1 Operating fixed assets			
Book value at beginning of the period / year		3,728,209	3,590,980
Transfers from CWIP during the period / year	8.2	694,295	485,152
Net book value of disposals having cost of Rs 8.572 million (June 30, 2018: Rs 35.210 million)		(3,348)	(5,134)
Depreciation for the period / year		(279,717)	(342,789)
Book value at end of the period / year		<u>4,139,439</u>	<u>3,728,209</u>
8.2 Details of transfers to operating fixed assets during the period are as follows:			
		Nine months period ended March 31,	
		2019	2018
		(Unaudited)	
		Rupees in '000	
Buildings on lease hold land		38,079	32,579
Electrical installations		15,120	1,499
Plant and machinery		475,742	35,819
Boilers and accessories		35,334	16,514
Vehicles		54,917	50,370
Laboratory equipment		-	1,030
Moulds		61,524	41,633
Furniture and fixtures		1,795	1,969
Factory and office equipment		8,713	36,206
Computer equipment		3,071	1,617
		<u>694,295</u>	<u>219,236</u>

9. STOCKS

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Note	Rupees in '000	
Raw material			
- in hand		1,558,506	1,929,457
- in transit		126,152	473,151
		1,684,658	2,402,608
Work-in-process		207,892	179,905
Finished goods			
- in hand	9.1	1,794,978	714,448
- in transit		-	27,896
		1,794,978	742,344
		3,687,528	3,324,857

- 9.1 Finished goods include items costing Rs 91.317 million (June 30, 2018: Rs 169.890 million) which are stated at their net realisable values aggregating Rs 58.954 million (June 30, 2018: Rs 121.607 million). The aggregate amount charged to profit or loss in respect of stocks written down to their net realisable value is Rs 32.363 million (June 30, 2018: Rs 48.283 million).

10. COST OF SALES

		Quarter ended		Nine months period ended	
		March 31,		March 31,	
		2019	2018	2019	2018
	Note	Rupees in '000			
Opening stock of finished goods		1,757,590	806,294	742,344	464,099
Cost of goods manufactured	10.1	2,152,288	2,355,187	7,256,969	7,201,544
Finished goods purchased		12,011	88,894	132,392	182,653
Royalty technical service fee		30,087	37,693	94,753	161,582
		2,194,386	2,481,774	7,484,114	7,545,779
		3,951,976	3,288,068	8,226,458	8,009,878
Closing stock of finished goods		1,794,978	869,003	1,794,978	869,003
		2,156,998	2,419,065	6,431,480	7,140,875

10.1 Cost of goods manufactured

Opening work-in-process	139,466	145,452	179,905	117,897
Raw materials consumed	1,484,998	1,501,925	4,534,053	4,571,085
Factory overheads	735,716	824,031	2,750,903	2,628,783
	2,220,714	2,325,956	7,284,956	7,199,868
	2,360,180	2,471,408	7,464,861	7,317,765
Closing work-in-process	207,892	116,221	207,892	116,221
	2,152,288	2,355,187	7,256,969	7,201,544

	Quarter ended		Nine months period ended	
	March 31,		March 31,	
	2019	2018	2019	2018
11. TAXATION	-----Rupees in '000-----			
Current				
- for the period	3,129	72,710	56,657	246,729
- for prior period	-	-	16,667	7,787
	3,129	72,710	73,324	254,516
Deferred	(1,012)	(1,422)	(32,904)	(311)
	2,117	71,288	40,420	254,205
12. EARNINGS PER SHARE - BASIC AND DILUTED	March 31,		March 31,	
	2019	2018	2019	2018
		(Restated)		(Restated)
	-----Rupees in '000-----			
Basic earnings per share				
Profit after taxation	4,837	153,827	95,950	580,720
	----- (Number of shares) -----			
Weighted average number of ordinary shares outstanding	101,611,125	101,611,125	101,611,125	101,611,125
	Rupee	Rupees	Rupee	Rupees
Earnings per share basic and diluted	0.05	1.51	0.94	5.72
12.1	Earnings per share has been restated to account for the impact of issue of bonus shares.			
13. CASH GENERATED FROM OPERATIONS			Nine months period ended	
			March 31,	
			2019	2018
			(Unaudited)	
	Note		----- Rupees in '000 -----	
Profit before taxation			136,370	834,925
Adjustments for non-cash charges and other items				
Depreciation			279,717	254,258
Amortisation			18,195	18,256
Provision for staff retirement gratuity			45,854	40,440
Charge of employees compensated absences			5,162	3,528
Provision for doubtful trade debts			14,162	8,551
Provision for net realisable value on stocks			(15,919)	18,054
Finance cost			389,729	183,089
Gain on sale of operating fixed assets			(444)	(2,690)
Profit on bank deposits			(540)	(191)
Share of profit of an associated company - net of tax			(3,814)	(5,085)
Working capital changes	13.1		(1,069,552)	(836,874)
			(201,080)	516,261

		Nine months period ended	
		March 31,	
		2019	2018
		(Unaudited)	
		----- Rupees in '000 -----	
13.1	Working capital changes		
	Increase / (decrease) in current assets:		
	- Stores and spares	(45,978)	(80,959)
	- Stocks	(346,752)	(908,124)
	- Trade debts	(312,005)	(604,147)
	- Loans and advances	95,309	42,089
	- Deposits and prepayments	23,000	(14,051)
	- Other receivables	17,582	39,077
		<u>(568,844)</u>	<u>(1,526,115)</u>
	(Decrease) / increase in current liabilities:		
	- Trade and other payables	(500,708)	675,035
	- Provisions	-	14,206
		<u>(500,708)</u>	<u>689,241</u>
		<u><u>(1,069,552)</u></u>	<u><u>(836,874)</u></u>
14.	CASH AND CASH EQUIVALENTS		
	Running finances under mark-up arrangements	(3,278,323)	(2,328,213)
	Cash and bank balances	89,240	33,453
		<u><u>(3,189,083)</u></u>	<u><u>(2,294,760)</u></u>

15. OPERATING SEGMENT

These condensed interim financial statements have been prepared on the basis of a single reportable segment. All non-current assets of the Company as at March 31, 2019 are located in Pakistan. The Company has earned revenues from two (March 31, 2018: three) customers aggregating Rs 2,511.476 million (March 31, 2018: Rs 4,039.993 million) during the period which constituted 27.82% (March 31, 2018: 38.42%) of gross sales.

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Nine months period ended

March 31,

2019 2018

(Unaudited)

— Rupees in '000 —

16.1 Transactions with related parties are as follows:

Associated companies / undertakings:

Sales of goods	204,282	330,775
Goods supplied and services rendered	14,634	22,535
Rent	1,350	852
Interest earned	540	192
Mark-up on running and long term finance	54,915	39,207
Donation	2,401	14,521
Dividend paid	207,240	518,100
Dividend received	1,571	1,511

Other related parties:

Purchases of bladders and spare parts	-	13,738
Purchases of raw materials / supplies	-	69,486
Provision towards gratuity staff fund	10,393	8,009
Contribution towards employees provident fund	16,889	16,802
Salaries and other employee benefits to key management personnel	182,532	209,670
Meeting fees to key management personnel	6,200	8,600
Sale of fixed assets to key management personal under the Company policy	3,276	2,197
Dividend paid	4,408	11,022

March 31,

2019

(Unaudited)

June 30,

2018

(Audited)

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

16.2 Period / year end balances are as follows:

Payables to associated companies / related parties

Staff retirement gratuity	54,207	49,315
Long term and running finances	754,986	584,908
Trade and other payables	38,922	42,114
Accrued mark-up	13,216	12,581

Receivables from associated companies / related parties

Long term loans and advances	1,204	905
Loans and advances	2,510	1,386
Bank balances	12,280	8,171

17. GENERAL**17.1 Date of authorisation for issue**

These condensed interim financial statements were authorised for issue on April 30, 2019 by the Board of Directors of the Company.

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

Chief Financial Officer

Chief Executive

Director