Company Profile

Board of Directors

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

Chief Executive Mr. Mohammad Shahid Hussain

Mr. Ahmed Kuli Khan Khattak
Mr. Ikram Ul-Majeed Sehgal
Mr. M. A. Faisal Khan
Mr. Manzoor Ahmed
Mr. Mazhar Sharif
Mr. Nabil Daudur Rahman
Mr. Raza Kuli Khan Khattak
Dr. Willi Flamm

Company Secretary
Mr. Asif Jameel

Chief Financial Officer
Mr. Ashraf Teli

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

Major Bankers
Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank Pakistan Ltd
Summit Bank Limited
United Bank Limited

Auditors
Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor
Syed Iqbal Ahmed & Co.

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

Branch Offices

Lahore
Plot No. 20,
Shahrah-e-Fatima
Jinnah, Lahore.
Phone : 36308605-6
Fax : 36300108

Islamabad
Plot No. 189-A,
Korang Road,
Sector I-10/3,
Islamabad.
Phone : 4449955-6
Fax : 4440916

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

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

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

Directors' Review

The Directors of your Company are pleased to present the Accounts for the six months ending December 31, 2011.

BUSINESS REVIEW

The issue of Sales Tax on tractors kept haunting the tractor OEMs in the second quarter as well which in turn badly affected the sales of the Company. In the Replacement Market (RM), while the over all demand remained low due to economic and other conditions, the farm tyre sales were heavily depressed in particular due to farmers not being able to fetch a good support price of their cotton crop hence affecting their disposable income. Due to these reasons the farm tyre sales in second quarter were down by 56% compared to same period last year.

Company's Net Sales for the six months in value terms, therefore, decreased by 13% from Rs.3.59 billion to Rs.3.12 billion and in terms of volume the sales were also down by 13% when compared to same period last year.

The Cost of Sales, in absolute terms, registered a decrease due to lower sales volume. In terms of percentage of net sales, Cost of Sales in the period under review increased to 88.7% from 85.4% of same period last year. The main reasons were increase in material cost **due to higher raw material prices** and under absorption of manufacturing overheads due to lower production. The Financial Charges showed considerable increase due to build up of inventories on account of substantial decrease in sales to tractor OEMs.

The combined effect of lower sales volume and increase in costs is a net loss before tax of Rs.15 million compared to net profit before tax of Rs. 233 million in the corresponding period last year.

FUTURE PROSPECTS

The Government has announced a reduction in Sales Tax on tractors from 16% to 5%, which shall be increased back to 16% in phases over the three year period. While Millat Tractors has commenced its production at a low scale toward the end of January 2012, Al-ghazi has not yet started. With the resolution of the issue of Sales Tax the Company has started to receive small orders from one of the tractor OEMs and hope to do well in following quarters.

Similarly, since it has been more than two quarters witnessing over all low demand on Farm Tyres, a big gap exists in the RM as far as Farm Tyre sales vs. demand is concerned. Tractor owners who have withheld their purchases during last six months are therefore likely to return to the market. It is expected that with support prices of crops hopefully improving, March 2012 onward should witness a good demand emerging for Farm Tyres coupled with usual peak sales of PCR and LT/LTR category bringing back some relief to the lost sales in the previous quarters.

A fresh Technical Service Agreement for seven years effective July 1, 2010 has been signed by the Company and the technology provider M/s Continental Tire The Americas, LLC which will bring further benefits to the Company.

For and on behalf of the Board of Directors.

Mohammad Shahid Hussain	Manzoor Ahmed
Chief Executive	Director

Karachi
Dated: February 23, 2012

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' 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 & Rubber Company of Pakistan Limited** ("the Company") as at December 31, 2011 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 (here-in-after referred to as "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 for the condensed interim profit and loss account for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the 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, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed Chaudhri & Co.

Karachi 23 FEB 2012
Engagement Partner: Abdul Majeed Chaudhri

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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URL: www.hccpk.com

Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Condensed Interim Balance Sheet

As at December 31, 2011

	Note	December 31, 2011 Unaudited	June 30, 2011 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised			
75,000,000 (June 2010: 75,000,000) ordinary shares of Rs. 10 each		750,000	750,000
Issued, subscribed and paid-up		597,713	597,713
Unappropriated profit		697,776	872,014
		1,295,489	1,469,727
NON CURRENT LIABILITIES			
Long term loans		43,321	86,643
Staff benefits		164,304	158,026
Deferred taxation		198,470	220,360
Long term deposits from dealers		9,320	9,110
		415,415	474,139
CURRENT LIABILITIES			
Current maturity of long-term loans		86,643	86,643
Short-term finances		948,121	709,899
Running finances under mark-up arrangements		1,582,556	1,521,902
Trade and other payables		1,240,908	1,345,845
Accrued mark up		97,003	81,326
Provisions		60,275	75,703
		4,015,506	3,821,318
CONTINGENCIES AND COMMITMENTS	5		
		5,726,410	5,765,184

Condensed Interim Balance Sheet

As at December 31, 2011

	Note	December 31, 2011 Unaudited	June 30, 2011 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,779,029	1,820,663
Intangible assets	7	482	291
Investments	8	733	836
Long term loans and advances		4,778	5,702
Long term deposits		6,975	7,234
		1,791,997	1,834,726
CURRENT ASSETS			
Stores and spares		378,731	372,207
Stocks		2,494,941	2,280,412
Trade debts		626,564	848,001
Loans and advances		34,708	30,380
Deposits and prepayments		48,232	21,846
Other receivables		30,656	31,328
Taxation		263,348	223,878
Cash and bank balances		57,233	122,406
		3,934,413	3,930,458
		5,726,410	5,765,184

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

Mohammad Shahid Hussain
Chief Executive

Manzoor Ahmed
Director

Condensed Interim Profit And Loss Account (Unaudited)

For the half year ended December 31, 2011

	Note	For the quarter ended December 31, 2011	For the quarter ended December 31, 2010	For the half year ended December 31, 2011	For the half year ended December 31, 2010
		(Rupees in thousand)			
Net sales		1,834,119	2,206,413	3,122,628	3,599,741
Cost of sales	9	1,602,791	1,859,005	2,771,978	3,073,103
Gross profit		231,328	347,408	350,650	526,638
Administrative expenses		33,640	26,954	64,235	50,398
Distribution cost		54,307	60,469	95,113	103,908
		87,947	87,423	159,348	154,306
Operating profit		143,381	259,985	191,302	372,332
Other operating expenses		11,741	15,389	17,338	26,274
		131,640	244,596	173,964	346,058
Other operating income		12,032	24,131	18,799	32,520
		143,672	268,727	192,763	378,578
Finance cost		103,701	69,876	207,961	148,124
Share of profit / (loss) from associated company		38	2,305	(103)	2,305
Profit / (loss) before taxation		40,009	201,156	(15,301)	232,759
Taxation	10	28,867	68,308	9,509	82,289
Profit / (loss) after taxation		11,142	132,848	(24,810)	150,470
Other comprehensive income		-	-	-	-
Total comprehensive income /(loss)		11,142	132,848	(24,810)	150,470
Earning / (loss) per share - Basic and diluted (Rupee)		0.19	2.22	(0.42)	2.52

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

Mohammad Shahid Hussain
Chief Executive

Manzoor Ahmed
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2011

	Note	For the half year ended December 31, 2011	2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	123,445	385,190
Staff retirement gratuity paid		(4,745)	(1,063)
Compensated absences paid		(786)	(228)
Long-term deposits from dealers		210	220
Finance cost paid		(192,284)	(161,733)
Taxes paid		(70,869)	(54,651)
Long-term loans and advances		924	(875)
Long-term deposits and prepayments		259	-
Net cash (used in) / generated from operating activities		(143,846)	166,860
Cash flows from investing activities			
Fixed capital expenditure		(30,357)	(48,252)
Proceeds from disposal of operating fixed assets		6	1,353
Profit on bank deposits received		196	235
Net cash used in investing activities		(30,155)	(46,664)
Cash flows from financing activities			
Long-term loans		(43,322)	(102,697)
Short-term finances		238,222	38,469
Dividends paid		(146,726)	(118,035)
Net cash generated / (used in) financing activities		48,174	(182,263)
Decrease in cash and cash equivalents		(125,827)	(62,067)
Cash and cash equivalents at the beginning of the period		(1,399,496)	(1,081,006)
Cash and cash equivalents at the end of the period	12	(1,525,323)	(1,143,073)

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

Mohammad Shahid Hussain
Chief Executive

Manzoor Ahmed
Director

Condensed Interim Statement Of Changes In Equity

For the half year ended December 31, 2011

	Share capital	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at June 30, 2010 (Audited)	597,713	732,957	1,330,670
Transaction with owners directly recorded in equity			
Final dividend for the year ended June 30, 2010 @ Rs.2.00 per share	-	(119,543)	(119,543)
	-	(119,543)	(119,543)
Comprehensive income for the period			
Profit for the period ended December 31, 2010	-	150,470	150,470
Total comprehensive income for the period	-	150,470	150,470
Balance as at December 31, 2010 (Unaudited)	597,713	763,884	1,361,597
Comprehensive income for the period			
Profit for the period ended June 30, 2011	-	108,130	108,130
Total comprehensive income for period	-	108,130	108,130
Balance as at June 30, 2011 (Audited)	597,713	872,014	1,469,727
Transaction with owners directly recorded in equity			
Final dividend for the year ended June 30, 2011 @ Rs.2.50 per share	-	(149,428)	(149,428)
	-	(149,428)	(149,428)
Comprehensive loss for the period			
Loss for the period ended December 31, 2011	-	(24,810)	(24,810)
Total comprehensive loss for the period	-	(24,810)	(24,810)
Balance as at December 31, 2011 (Unaudited)	597,713	697,776	1,295,489

Mohammad Shahid Hussain
Chief Executive

Manzoor Ahmed
Director

Notes To The Condensed Interim Financial Information (Unaudited)
For the half year ended December 31, 2011

1. STATUS AND NATURE OF BUSINESS

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. The Company's shares are quoted on the Karachi and Lahore stock exchanges. The registered office of the Company is situated at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi. The Company is engaged in the manufacture of tyres and tubes for automobiles.

1.2 The Company has concluded a new Royalty Technical Service Agreement (RTSA) with Continental Tire the Americas, LLC on July 01, 2011, which has become effective from July 01, 2010. Under the new arrangement the Company, shall continue to be entitled to use the trademarks such as 'General', 'General Tire' and the logo big 'G' for a period of seven years from July 01, 2010.

The Company agrees to pays Royalty Fee at the rate of 2% of net sales provided that in any calendar year, fee shall not be more than US $ 3.00 million and not less than US $ 1.70 million.

2. BASIS OF PRESENTATION

2.1 This condensed interim financial information of the Company for the half year ended December 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) 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.

2.2 The disclosures in the condensed interim financial information does not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2011. Comparative balance sheet is extracted from annual financial statements as of June 30, 2011 where as comparative profit and loss account, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information for the half year ended December 31, 2010.

2.3 This condensed interim financial information is un-audited and is being submitted to the members as required under Section 245 of the Ordinance and the Listing Regulations of the Karachi and Lahore Stock Exchanges.

2.4 This condensed interim financial information are presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand.

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

3. ACCOUNTING ESTIMATES AND JUDGMENTS

3.1 The preparation of this condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

3.2 During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to audited annual financial statements of the Company for the year ended June 30, 2011.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2011. The following standards, amendments and interpretations of approved accounting standards, effective for accounting period beginning as mentioned there against are either not relevant to the Company's current operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from;
- IAS 1 (Amendment), 'Presentation of financial statements'	January 1, 2011
- IAS 12 (Amendment), 'Income taxes'	January 1, 2011
- IAS 24 (Revised), 'Related party transactions'	January 1, 2011
- IAS 28 (Amendement), 'Investments in associates'	July 1, 2010
- IAS 34 (Amendment), 'Interim Financial reporting'	January 1, 2011
- IFRS 1 (Amendment), 'First-time adoption of International Financial Reporting Standards'	January 1, 2011
- IFRS 7 (Amendment), 'Financial instruments: Disclosures'	January 1, 2011
- IFRIC 13 (Amendment), 'Customer loyalty programmes'	January 1, 2011
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'	January 1, 2011

Notes To The Condensed Interim Financial Information (Unaudited)
For the half year ended December 31, 2011

5. CONTINGENCIES AND COMMITMENTS

5.1 There is no change in the contingencies as disclosed in Note 15.1 to 15.4 to the annual published financial statements for the year ended June 30, 2011.

	Note	December 31, 2011 Unaudited	June 30, 2011 Audited
		(Rupees in thousand)	
Contingencies			
Guarantees issued by a bank on behalf of the company		80,318	78,228
Commitments in respect of:			
Letters of credit for capital expenditure		3,840	16,624
Purchase orders issued to local suppliers for capital expenditure		12,152	19,830
Tentative schedules for supply of tyres		768,789	1,233,712
Indemnity bond		16,775	16,775
Post dated cheques issued to the Collector of Customs against duty on imported plant and machinery, raw materials and stores and spares		36,182	42,089

6 PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2011 Unaudited	June 30, 2011 Audited
Operating fixed assets	6.1	1,747,187	1,792,831
Capital work-in-progress		31,842	27,832
		1,779,029	1,820,663

6.1 Operating fixed assets

	Note	December 31, 2011 Unaudited	June 30, 2011 Audited
Opening net book value		1,792,831	1,801,390
Additions during the period	6.2	26,113	141,404
		1,818,944	1,942,794
Less: Written down value of disposals	6.3	39	816
Less: Depreciation		71,718	149,147
		71,757	149,963
		1,747,187	1,792,831

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

	December 31, 2011	June 30, 2011
	Unaudited	Audited
	(Rupees in thousand)	
6.2 Additions during the period		
Buildings	1,980	1,375
Electrical Installation	153	1,766
Plant & Machinery	18,097	91,806
Moulds	3,671	7,985
Vehicles	-	19,252
Furniture & fixtures	825	2,093
Office equipments	571	6,930
Computer equipments	816	10,197
	26,113	141,404
6.3 Written down value of disposals during the period		
Plant & machinery	39	-
Office equipments	-	783
Computer equipments	-	33
	39	816
7 INTANGIBLE ASSETS		
Computer software		
Opening net book value	291	21
Additions during the period	234	350
	525	371
Less: Amortization	43	80
	482	291
8 INVESTMENTS		
Associated undertaking		
Ghandhara Industries Limited - Equity basis		
100,700 (June 30, 2011 : 100,700) Ordinary Shares of Rs 10 each		
Cost	2,447	2,447
Add : Share of post acquisition profits	98	242
	2,545	2,689
Less:		
Dividend received to date	335	335
Impairment	1,477	1,518
	1,812	1,853
	733	836

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

8.1 The Company holds 0.473% (June 30, 2011 : 0.473%) of equity of Ghandhara Industries Limited. The investee company is an associate of the Company by Virtue of Common Directorship.

8.2 The share in net assets of the associate has been determined on the basis of unaudited interim financial information for the period ended on September 30, 2011.

Summarized financial information of associate:

	As at September 30, 2011	As at March 31, 2011
	(Rupees in thousand)	
Assets	2,984,640	3,005,475
Liabilities	1,294,657	1,307,849
Accumulated (Loss) / profit	(28,326)	27,180
	Half year ended September 30,	
	2011	**2010**
(Loss) / profit before taxation	(35,797)	7,697
(Loss) / profit after taxation	(27,467)	5,766

8.3 The market value of investment as at December 31, 2011 was Rs 0.733 million (June, 2011: Rs. 0.836 million).

	Note	For the quarter ended December 31, 2011	For the quarter ended December 31, 2010	For the half year ended December 31, 2011	For the half year ended December 31, 2010
		Unaudited			
		(Rupees in thousand)			
9 COST OF SALES					
Opening stocks of finished goods		769,461	601,617	752,803	308,352
Cost of goods manufactured	9.1	1,554,787	1,649,458	2,693,012	3,124,099
Finished goods purchased		25,999	24,085	46,297	27,536
Royalty technical service fee		58,977	46,385	86,299	75,656
		1,639,763	1,719,928	2,825,608	3,227,291
		2,409,224	2,321,545	3,578,411	3,535,643
Less: Closing stocks of finished goods		806,433	462,540	806,433	462,540
		1,602,791	1,859,005	2,771,978	3,073,103

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

	Note	For the quarter ended December 31, 2011	2010	For the half year ended December 31, 2011	2010
		Unaudited			
		(Rupees in thousand)			
9.1 Cost of goods manufactured					
Opening stock of work-in-process		216,996	181,754	156,314	108,882
Raw materials consumed		1,166,126	1,230,593	2,023,860	2,424,103
Overheads		394,918	396,068	736,091	750,071
		1,561,044	1,626,661	2,759,951	3,174,174
		1,778,040	1,808,415	2,916,265	3,283,056
Less: Closing stock of work-in-process		223,253	158,957	223,253	158,957
		1,554,787	1,649,458	2,693,012	3,124,099
10 TAXATION					
Current		18,483	22,593	31,399	36,424
Deferred		10,384	45,715	(21,890)	45,865
		28,867	68,308	9,509	82,289

	Note	For the half year ended December 31, 2011	2010
		(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(15,301)	232,759
Adjustment for non-cash charges and other items:			
Depreciation		71,718	74,473
Amortization		43	30
Loss / (gain) on disposal of fixed assets		33	(958)
Staff retirement gratuity		14,495	12,449
Employee compensated absences		305	859
Profit on bank deposits		(196)	(235)
Share of Loss/(profit) from associated undertaking		103	(2,305)
Finance cost		207,961	148,124
Working capital changes	11.1	(155,716)	(80,006)
		138,746	152,431
		123,445	385,190

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

	For the half year ended December 31, 2011	For the half year ended December 31, 2010
	(Rupees in thousand)	
11.1 Working capital changes		
(Increase) / decrease in working capital		
Stores and spares	(6,524)	(55)
Stocks	(214,529)	51,528
Trade debts	221,437	(86,010)
Loans and advances	(4,328)	(14,983)
Deposits and prepayments	(26,386)	(3,229)
Other receivables	672	2,068
	(29,658)	(50,681)
Increase / (decrease) in working capital		
Trade and other payables	(110,630)	(51,654)
Provisions	(15,428)	22,329
	(126,058)	(29,325)
Working capital changes	(155,716)	(80,006)

12 CASH AND CASH EQUIVALENTS

	2011	2010
Cash and bank balances	57,233	84,156
Running finances under mark-up arrangements	(1,582,556)	(1,227,229)
	(1,525,323)	(1,143,073)

13 OPERATING SEGMENT

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

- The company does not hold non current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material.

- The Company has earned revenues from three (2010: two) customers aggregating Rs. 1,551.929 million (2010: Rs. 1,416.115 million) during the period which constituted 49.70 % (2010: 33.18%).

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are executed on same terms as those prevailing at the time for comparable transactions with unrelated parties. There are no transactions with key management personnel other than under the terms of employment. Significant balances and transactions with related parties are as follows:

Notes To The Condensed Interim Financial Information (Unaudited)

For the half year ended December 31, 2011

Balances	Relationship	December 31, 2011 Unaudited	June 30, 2011 Audited
		(Rupees in thousand)	
Long term Loans and advances	Key management personnel	547	362
Trade debts	Associated undertaking	40,152	30,483
Loans and advances	Key management personnel	1,830	1,114
Cash and bank balances	Associated undertaking	1,285	794
Staff benefits - funded gratuity	Employees gratuity fund	9,441	18,576
Staff benefits - unfunded gratuity	Post employment benefits	139,993	143,906
Staff benefits - compensated absences	Post employment benefits	21,707	22,767
Short term finances	Associated undertaking	157,687	117,031
Trade and other payables	Related parties	110,675	189,210
Accrued expenses	Key management personnel	10,192	8,323
Staff provident fund	Employees provident fund	2,738	2,742
Accrued mark up	Associated undertaking	4,265	4,739

Transactions	Relationship	For the half year ended December 31, 2011	2010
		(Rupees in thousand)	
Sales of goods	Associated undertaking	35,393	50,297
Services charges	Associated undertaking	380	460
Purchases of machinery and spare parts	Related party	9,184	10,878
Purchases of raw materials/supplies	Related party	9,567	22,053
Purchase of fixed assets	Associated undertaking	-	9,810
Insurance premium	Associated undertaking	12,064	14,873
Royalty technical service fee	Related party	78,454	68,779
Mark up on short term loan	Associated undertaking	12,308	5,054
Provision - funded gratuity	Employees gratuity fund	2,991	1,980
Contribution - provident fund	Employees provident fund	6,491	6,033
Provision - compensated absences	Post employment benefits	305	859
Provision - unfunded gratuity	Post employment benefits	11,504	10,469
Salaries and other employee benefits	Key management personnel	70,794	57,635
Dividend paid	Related party/Associated undertaking	98,068	78,455

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2011.

16 APPROVAL OF FINANCIAL STATEMENTS

These condensed interim financial information were authorized for issue on February 23, 2012 by the Board of Directors of the Company.

17 COMPARATIVES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the condensed interim financial information.

Mohammad Shahid Hussain	Manzoor Ahmed
Chief Executive	Director