

Contents

Company Profile	2
Directors' Review	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9
Company's Vision & Mission Statement	16



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. Ahmed Abdullah Advani
Mr. Ikram Ul-Majeed Sehgal
Mr. M. A. Faisal Khan
Mr. Manzoor Ahmed
Mr. Mazhar Sharif
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

HR & Remuneration Committee

Chairman Mr. Raza Kuli Khan Khattak
Mr. Manzoor Ahmed
Mr. M. A. Faisal Khan
Mr. Mohammad Shahid Hussain

Auditors
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 : 35375127-9

Major Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah 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
The Bank of Punjab
United Bank Limited

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



Directors' Review

The Directors of your Company are pleased to present the Accounts for the first quarter ending September 30, 2012.

BUSINESS REVIEW

The Company's performance for the period under review is better compared to last year. However, the results for the first quarter of the current year remained lower than expected. The reason is unsold stocks with the dealers from high sales during June 2012 in Replacement Market (RM) & floods hampering the farm tyre sales. This got coupled with lower disposable income that kept the end consumer's focus mostly on essential items, prices of which keep increasing. The sales to Original Equipment Manufacturers (OEM) were also not as expected due to lower off-take of tyres by OEMs as sales of their vehicles were lower owing to massive import of used vehicles taking away part of their market share.

Company's Net Sales in terms of value for the current period showed an increase of 20% to Rs.1,551 million from Rs.1,289 million registered in the same period last year. Although total number of tyres sold during the period under review were almost the same as in the corresponding period of last year, the high increase in sales value is attributed to the higher ratio of Farm Tyres and, therefore, higher tonnage of sales during the period under review compared to same period last year.

When compared with corresponding period of last year, the Cost of Sales increase was lower than the increase in sales volume (in tonnage), mainly due to better procurement planning capitalizing on reduction in raw material cost, resultantly bringing in better percentage increase in the Gross Profit of the Company. Administrative Expenses showed an increase of 7% which was below the prevalent inflation rate. The Distribution Cost rose by 16% mainly due to increase in freight charges on account of increase in petrol and diesel prices. Finance Charges however, showed a decrease as a result of better working capital management by the Company due to lower utilization of borrowing limits as well as lowering of bench mark Bank Rate by State Bank of Pakistan.

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

FUTURE PROSPECTS

Second quarter onward the situation in RM is expected to improve, bringing normalcy to sales in RM. However, sales to OEM's would still experience lower sales at least in second quarter.

In order to diversify its product line, the Company had decided to cash in on the growing lucrative market of Motor Cycle tyres. The machinery for the Motor Cycle plant has been ordered with shipment under process and the Company expects to go into commercial production in the third quarter of the current financial year. The Management feels that due to the utilization of idle capacity of some of the existing machinery, this extension in product line will bring in additional profitability to the Company and holds good future prospects.

For and on behalf of the Board of Directors.


Mohammad Shahid Hussain
Chief Executive

Karachi
Dated: October 24, 2012


M. A. Faisal Khan
Director



Condensed Interim Balance Sheet

As at September 30, 2012

	Note	September 30, 2012 Unaudited	June 30, 2012 Audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital 75,000,000 (2012:75,000,000) ordinary shares of Rs.10 each		750,000	750,000
Issued, subscribed and paid-up capital		597,713	597,713
Unappropriated profit		808,290	925,321
Total Equity		1,406,003	1,523,034
Non-Current Liabilities			
Staff benefits		179,019	179,308
Deferred taxation		178,599	184,299
Long-term deposits from dealers		9,220	9,220
		366,838	372,827
Current Liabilities			
Current maturity of long-term finance		43,321	86,643
Short-term finances		583,816	720,145
Running finances under mark-up arrangements		1,907,561	1,179,312
Trade and other payables		1,088,571	1,445,412
Accrued mark-up		60,622	73,576
Provisions		68,810	71,965
		3,752,701	3,577,053
Contingencies and Commitments	5		
Total Equity and Liabilities		5,525,542	5,472,914



Condensed Interim Balance Sheet

As at September 30, 2012

	Note	September 30, 2012 Unaudited	June 30, 2012 Audited
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	1,764,534	1,746,827
Intangible assets	7	513	476
Investment in an Associate	8	901	655
Long-term loans and advances		6,100	6,674
Long-term deposits		6,912	7,112
		1,778,960	1,761,744
Current Assets			
Stores and spares		382,549	385,806
Stocks		2,103,324	1,881,404
Trade debts		789,342	949,821
Loans and advances		38,148	23,243
Deposits and prepayments		65,503	26,444
Other receivables		26,587	24,860
Taxation - net		267,601	271,170
Cash and bank balances		73,528	148,422
		3,746,582	3,711,170
Total Assets		5,525,542	5,472,914

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director



Condensed Interim Profit And Loss Account (Unaudited)

For the quarter ended September 30, 2012

	Note	For the first quarter ended September 30,	
		2012	2011
		(Rupees in thousand)	
Sales		1,550,672	1,288,509
Cost of sales	9	(1,401,074)	(1,169,187)
Gross profit		149,598	119,322
Administrative expenses		(32,725)	(30,595)
Distribution cost		(47,514)	(40,806)
Other operating expenses		(8,671)	(5,597)
Other operating income		18,593	6,767
Profit from operations		79,281	49,091
Finance cost		(73,015)	(104,260)
		6,266	(55,169)
Share of profit / (loss) from an Associated Company		247	(141)
Profit/(Loss)before taxation		6,513	(55,310)
Taxation	10	(4,001)	19,358
Profit/(Loss) after taxation		2,512	(35,952)
Other comprehensive income		-	-
Total comprehensive income/(loss)		2,512	(35,952)
		----- Rupees -----	
Earnings/(Loss) per share - basic and diluted		0.04	(0.60)

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director



Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2012

	Note	For the first quarter ended September 30,	
		2012	2011
		(Rupees in thousand)	
Cash flows from operating activities			
Cash used from operations	11	(468,997)	(265,811)
Staff retirement gratuity paid		(7,276)	(2,296)
Compensated absences paid		(767)	(526)
Long-term deposits from dealers		-	10
Finance cost paid		(85,969)	(81,571)
Taxes paid - Net		(6,133)	(34,366)
Long-term loans and advances		(574)	195
Long-term deposits		(200)	-
Net cash used in operating activities		(569,916)	(384,365)
Cash flows from investing activities			
Fixed capital expenditure		(53,956)	(26,993)
Proceeds from disposal of operating fixed assets		303	-
Profit on bank deposits received		80	86
Net cash used in investing activities		(53,573)	(26,907)
Cash flows from financing activities			
Repayment of long term loans		(43,322)	(43,322)
Short-term and running finances - net		(136,329)	271,229
Dividend paid		(3)	(6)
Net cash used in financing activities		(179,654)	227,901
Net decrease in cash and cash equivalents		(803,143)	(183,371)
Cash and cash equivalents - at beginning of the period		(1,030,890)	(1,399,496)
Cash and cash equivalents - at end of the period	12	(1,834,033)	(1,582,867)

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive

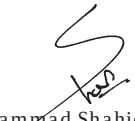

M. A. Faisal Khan
Director



Condensed Interim Statement Of Changes In Equity For the quarter ended September 30, 2012

	Issued, Subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at July 1, 2011	597,713	872,014	1,469,727
Transaction with owners			
Final dividend for the year ended June 30, 2011 at the rate of Rs.2.50 per share	-	(149,428)	(149,428)
Total comprehensive loss for the quarter ended September 30, 2011	-	(35,952)	(35,952)
Balance as at September 30, 2011 (Unaudited)	597,713	686,634	1,284,347
Total comprehensive income for the nine months period ended June 30, 2012	-	238,687	238,687
Balance as at June 30, 2012 (Audited)	597,713	925,321	1,523,034
Transaction with owners			
Final dividend for the year ended June 30, 2012 at the rate of Rs.2.00 per share	-	(119,543)	(119,543)
Total comprehensive Income for the quarter ended September 30, 2012	-	2,512	2,512
Balance as at September 30, 2012 (Unaudited)	597,713	808,290	1,406,003

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
Director



Notes To The Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 2012

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 manufacturing of tyres and tubes for automobiles.

2. BASIS OF PREPARATION

2.1 These condensed interim financial information are unaudited and are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard IAS-34, "Interim Financial Reporting", as applicable in Pakistan.

2.2 These condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012.

2.3 These condensed interim financial information are presented in Pak Rupees, which is the functional and presentation currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computations adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2012.

3.2 Amendments to certain existing standards and new interpretation on approved accounting standards effective during the period were not relevant to the Company's operation and did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2012.



5. CONTINGENCIES AND COMMITMENTS

		September 30,	June 30,	
		2012	2012	
	Note	Unaudited	Audited	
(Rupees in thousand)				
5.1	Guarantees issued by a bank on behalf of the Company	<u>82,269</u>	<u>115,978</u>	
5.2	Commitments in respect of :			
-	Letters of credit for capital expenditure	<u>287,883</u>	<u>280,179</u>	
-	Purchase orders issued to local suppliers for capital expenditure	<u>20,570</u>	<u>22,561</u>	
-	Indemnity bond	<u>16,775</u>	<u>16,775</u>	
-	Post dated cheques issued to the Collector of Customs against duty on imported plant and machinery, raw materials and stores and spares	<u>48,739</u>	<u>26,671</u>	
6	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	6.1	1,693,352	1,688,852
	Capital work-in-progress		<u>71,182</u>	<u>57,975</u>
			<u>1,764,534</u>	<u>1,746,827</u>
6.1	Operating fixed assets			
	Opening net book value		1,688,852	1,792,831
	Additions during the period	6.2	<u>40,653</u>	<u>44,652</u>
			<u>1,729,505</u>	<u>1,837,483</u>
	Less: Written down value of disposals	6.3	<u>-</u>	<u>38</u>
	Depreciation		<u>36,153</u>	<u>148,593</u>
			<u>36,153</u>	<u>148,631</u>
			<u>1,693,352</u>	<u>1,688,852</u>
6.2	Additions during the period			
	Building		744	3,190
	Electrical Installation		-	152
	Plant & Machinery		2,059	17,555
	Boilers & accessories		2,430	3,788
	Laboratory equipment		-	68
	Moulds		6,147	4,778
	Vehicles		26,016	4,575
	Furniture & fixtures		1,818	4,192
	Office equipments		1,012	3,586
	Computer equipments		<u>427</u>	<u>2,768</u>
			<u>40,653</u>	<u>44,652</u>



September 30, June 30,
2012 2012
Unaudited Audited
(Rupees in thousand)

6.3 Written down value of disposals during the period			
Plant & Machinery		<u>-</u>	<u>38</u>
		<u>-</u>	<u>38</u>
7 INTANGIBLE ASSETS			
Computer software			
Opening net book value		476	291
Additions during the period		<u>97</u>	<u>360</u>
		573	651
Less: Amortization		<u>60</u>	<u>175</u>
		<u>513</u>	<u>476</u>
8 INVESTMENTS			
Gandhara Industries Limited - Equity basis		<u>901</u>	<u>655</u>
		<u>901</u>	<u>655</u>
8.1 The Company's holding in the investee company's shares as at September 30, 2012 was 0.473% (June 30, 2012: 0.473%). The investee company is an associate of the Company by virtue of common directorship.			
8.2 The market value of the investment as at September 30, 2012 was Rs. 0.901 million (June 30, 2012: Rs. 0.655 million).			
		For the quarter ended	
		September 30,	
	Note	2012	2011
		(Rupees in thousand)	
9 COST OF SALES			
Opening stocks of finished goods		492,670	752,803
Cost of goods manufactured	9.1	<u>1,525,252</u>	<u>1,138,225</u>
Finished goods purchased		<u>27,102</u>	<u>20,298</u>
Royalty technical service fee		<u>32,838</u>	<u>27,322</u>
		<u>1,585,192</u>	<u>1,185,845</u>
		<u>2,077,862</u>	<u>1,938,648</u>
Less: Closing stocks of finished goods		<u>676,788</u>	<u>769,461</u>
		<u>1,401,074</u>	<u>1,169,187</u>



	Note	For the quarter ended September 30,	
		2012	2011
		(Rupees in thousand)	
9.1 Cost of goods manufactured			
Opening stock of work-in-process		176,008	156,314
Raw materials consumed		1,156,022	857,734
Overheads		409,370	341,173
		<u>1,565,392</u>	<u>1,198,907</u>
		1,741,400	1,355,221
Less: Closing stock of work-in-process		216,148	216,996
		<u>1,525,252</u>	<u>1,138,225</u>
10 TAXATION			
Current		(9,701)	(12,916)
Deferred		5,700	32,274
		<u>(4,001)</u>	<u>19,358</u>
11 CASH GENERATED FROM OPERATIONS			
Profit/(Loss) before taxation		6,513	(55,310)
Adjustment for non-cash charges and other items:			
Depreciation		36,153	36,242
Amortization		60	22
Gain on disposal of fixed assets		(303)	-
Staff retirement gratuity		7,411	7,226
Employee compensated absences		342	152
Profit on bank deposits		(80)	(86)
Finance cost		73,015	104,260
Working capital changes	12.1	<u>(592,108)</u>	<u>(358,317)</u>
		<u>(468,997)</u>	<u>(265,811)</u>
12.1 Working capital changes (Increase) / decrease in current assets			
Stores and spares		3,257	(2,528)
Stocks		(221,920)	(26,386)
Trade debts		160,479	147,777
Loans and advances		(14,905)	(12,386)
Deposits and prepayments		(39,059)	(16,944)
Other receivables		<u>(1,727)</u>	<u>(1,550)</u>
		(113,875)	87,983



	For the quarter ended September 30,	
	2012	2011
	(Rupees in thousand)	
Increase / (decrease) in current liabilities and provisions		
Trade and other payables	(475,078)	(440,778)
Provisions	(3,155)	(5,522)
	<u>(478,233)</u>	<u>(446,300)</u>
Working capital changes	<u>(592,108)</u>	<u>(358,317)</u>
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	73,528	37,720
Running finances under mark-up arrangements	<u>(1,907,561)</u>	<u>(1,620,587)</u>
	<u>(1,834,033)</u>	<u>(1,582,867)</u>
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 (2011: three) customers aggregating Rs.783.521 million (2011: Rs.761.230 million) during the period which constituted 43.75% (2011: 51.79%).		
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:		
		September 30, June 30,
		2012 2012
		Unaudited Audited
		(Rupees in thousand)
Balances	Relationship	
Long term loans and advances	Key management personnel	862 667
Trade debts	Associated undertaking	27,610 21,491



		September 30, 2012	June 30, 2012
		Unaudited	Audited
		(Rupees in thousand)	
Loans and advances	Key management personnel	938	1,060
Cash and bank balances	Associated undertaking	368	1,098
Staff benefits - funded gratuity	Employees gratuity fund	601	11,590
Staff benefits - unfunded gratuity	Post employment benefits	162,994	151,870
Staff benefits - compensated absences	Post employment benefits	25,235	25,660
Short term finances	Associated undertaking	6,188	118,148
Running finances	Associated undertaking	198,123	196,329
Trade and other payables	Related parties	69,100	184,741
Accrued expenses	Key management personnel	478	15,689
Staff provident fund	Employees provident fund	3,166	3,359
Accrued mark up	Associated undertaking	6,322	9,615

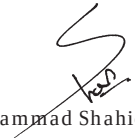
For the quarter ended
September 30,
2012 2011
(Rupees in thousand)

Transactions	Relationship		
Sale of goods	Associated undertaking	20,311	20,963
Service charges	Associated undertaking	81	212
Purchases of machinery and spare parts	Related party	8,427	4,489
Purchases of raw materials/supplies	Related party	11,226	-
Insurance premium	Associated undertaking	9,564	793
Royalty technical service fee	Related party	29,853	24,839
Mark up on short term loans	Associated undertaking	8,714	5,616
Contributions and employee benefits	Post employment/Key Management	53,508	47,168



15 APPROVAL OF FINANCIAL STATEMENTS

These condensed interim financial information were authorized for issue on October 24, 2012 by the board of directors of the company.


Mohammad Shahid Hussain
Chief Executive


M. A. Faisal Khan
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.