Content

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 sale services 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.

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

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
Al-Baraka Bank Pakistan 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 Limited
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
Plot No. 20,
Shahrah-e-Fatima
Jinnah, Lahore.
Phone : 36308605-6
Fax : 36300108

Islamabad
Plot No. 189-A,
Korang Road,
Sector 1-10/3,
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

Chairman's Review

I take pleasure in presenting to the members of General Tyre and Rubber Company of Pakistan Limited, review on the performance of the company for the financial year ended June 30, 2013.

At the outset I would like to felicitate Team GTR for making 2013 a record performance year.

The Company made a Pre-tax Profit of Rs. 579.6 million for the current year. This when compared to Rs. 247.3 million made in the previous year, is a quantum jump of 134% in spite of the fact that Country as well as the Company faced many challenges during the year.

In the year under review your Company introduced Motor Cycle Tyres which were launched in the last quarter of the financial year. Sales, other than Motor Cycle Tyres, to Original Equipment Manufacturers (OEMs) declined by 20% on account of lower sales of Passenger Car Tyres - due to availability of imported cars in the market, Light Truck Tyres - due to discontinuation of Bolan Taxi Scheme by Punjab and Truck/Bus Tyres - due to reduction in NATO supplies. However, the Company was able, to a large extent; offset this shortfall by gearing up its efforts in Replacement Market (RM) sales of which rose by 17% when compared to last year. The overall decline in sales units (excluding Motor Cycle Tyre) was 6%.

The Company produced 1.63 million tyres during the year compared to 1.54 million tyres produced last year, an increase of 6%. The growth was hampered by power and gas crisis which has now become a regular feature. Had the power/gas crisis not been there, Company would have achieved even higher increase in production and sales.

Net Sales revenues at Rs. 8.2 billion reflect a growth of 5% over Rs. 7.8 billion of the previous year mainly due to increase in sales volume and mix. The stable raw material prices, in some cases reduction, and relatively smaller depreciation in Pak Rupee helped in reduction in cost of sales as a percentage of sales which decreased from 87.2% to 83.7%. The quantum jump in Distribution Cost reflects the advertising and sales promotion campaign undertaken for launching of Motor Cycle Tyre and to boost sales in RM. The reduction in Finance Cost is on account of improved liquidity and reduction in borrowing cost. Due to the reasons enumerated above, the Company has showed a record Pre-Tax Profit as stated above.

Future Outlook

As mentioned above, the Company launched tyres and tubes in the Motor Cycle category during the year under review which has received positive response from the market. This category has potential to grow and Company would be willing to invest in this category further to become a major player in this market.

The Company continues to plead its case with the Government to rectify the anomaly present in the market due to availability of under invoiced and smuggled tyres. The Government actions are too little too late but the Company continues to exert pressure to correct the situation.

The power and gas load shedding has now become a norm and the Company has got accustomed, to a certain degree, to work its way around it and it also intends to make investments to mitigate the losses due to these load shedding.

Code of Corporate Governance

Our Company takes Corporate Governance seriously. The Company keeps close co-ordination with the Securities and Exchange Commission of Pakistan and the Karachi/Lahore Stock Exchanges and complies with the Code of Good Corporate Governance in letter and spirit.

Board Changes

During the year Mr. Umar Rasul Qureshi, a nominee of Pakistan Kuwait Investment Company Limited (PKIC) resigned from the directorship and in his place Mr. Ahmed Abdullah Advani was co-opted. Subsequently, Mr. Ahmed Abdullah Advani also resigned and in his place Mr. Shaharyar Ahmed was co-opted. The Board records its appreciation for the valuable services rendered by Mr. Umar Rasul Qureshi and Mr. Ahmed Abdullah Advani and warmly welcomes Mr. Shaharyar Ahmed on Board.

The Board offers thanks to its bankers and financial institutions for providing support, as solicited.

The Board appreciates the dedicated services rendered by the employees and the management which is evidenced by the Company's record performance and results achieved for the period under review.

The relations with workers union's Collective Bargaining Agent ("CBA") remained cordial and they are contributing positively towards the goals and objectives of the Company.

Lastly I would also like to thank all our OEM and Replacement market customers for their patronage and loyalty with General brand.

LT.GEN. (RETD) ALI KULI KHAN KHATTAK
Chairman, Board of Directors

Karachi
Dated: August 22, 2013

Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2013.

	2013	2012
Financial Results	------ Rupees in '000 ------	
Profit for the year after taxation	395,360	202,735
Unappropriated profit brought forward	925,321	872,014
	1,320,681	1,074,749
Appropriation		
Dividend	(119,543)	(149,428)
Unappropriated profit carried forward	1,201,138	925,321
Basic earnings per share	Rs. 6.61	Rs. 3.39

The Board of Directors has recommended 45% dividend for the year ended June 30, 2013.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance, the Directors are pleased to confirm that:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last 6 years have been included in the Annual Report.
- Information regarding outstanding taxes and levies is given in the notes to the financial statements.
- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of Investment	Year ended
Provident Fund	Rs. 285.19 Million	June 30, 2012
Gratuity Fund	Rs. 76.90 Million	June 30, 2012

- No trading in the shares of the Company was carried out by the Directors, CFO, Company Secretary, their spouses and minor children.

Corporate Social Responsibility

The General Tyre and Rubber Company of Pakistan has the culture and history of undertaking social and philanthropic activities which reflects the commitment of its sponsors towards the social uplift of the down trodden.

The Company regularly pays to Wakf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class. During the current year the Company has provided for Rs. 9.88 million as donation to Wakf-e-Kuli Khan. Additionally, the Company also paid during the year donations amounting to Rs. 1.20 million to various hospitals and charitable organizations.

During the Year the Company contributed Rs. 1,607 million towards national exchequer under various modes.

Board Meetings

During the year five (5) meetings of the Board of Directors were held. Attendances by each Director are as follows:

S. No.	Name of Director	No. of Meetings Attended
1.	Lt. Gen. (Retd) Ali Kuli Khan Khattak	5
2.	Mr. Ahmed Kuli Khan Khattak	5
3.	Mr. Ahmed Abdullah Advani*	1
4.	Mr. Ikram Ul-Majeed Sehgal	5
5.	Mr. Manzoor Ahmed	4
6.	Mr. Mazhar Sharif	5
7.	Mr. M.A. Faisal Khan	5
8.	Mr. Raza Kuli Khan Khattak	5
9.	Mr. Shaharyar Ahmed**	3
10.	Mr. Umar Rasul Qureshi***	1
11.	Dr. Willi Flamm	5

* Appointed on October 24, 2012 and resigned on November 29, 2012.
** Appointed on January 2, 2013
*** Resigned on October 2, 2012.

Chairman's Review

The Directors of the Company endorse the contents of the Chairman's Review which covers plans and decisions for business along with future outlook and industry review.

Pattern of shareholding

A statement showing the pattern of holding of shares as at June 30, 2013 is attached.

Auditors

The present Auditors, Messrs Hameed Chaudhri & Co., Chartered Accountants retire and being eligible, offered themselves for re-appointment. On the recommendation of the Audit Committee, the Board of Directors has recommended to appoint Messrs Hameed Chaudhri & Co. Chartered Accountants as Auditors of the Company for the year ending June 30, 2014.

For and on behalf of the Board of Directors

Mohammad Shahid Hussain
Chief Executive Officer

Karachi
Dated: August 22, 2013

Notice of Fiftieth (50th) Annual General Meeting

Notice is hereby given that the Fiftieth (50th) Annual General Meeting of The General Tyre & Rubber Company of Pakistan Limited will be held at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Thursday, September 26th, 2013, at 10.00 a.m., to transact the following business:

Ordinary Business

1. To confirm the minutes of 49th Annual General Meeting held on September 27th, 2012.
2. To receive and consider the Audited Financial Statements for the year ended June 30th, 2013, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of final cash dividend @ 45%, i.e., Rs. 4.50 per share, as recommended by the Directors.
4. To appoint auditors for the year ending June 30th, 2014 and to fix their remuneration. The retiring auditors, Messrs Hameed Chaudhri & Co., Chartered Accountants, being eligible, offered themselves for reappointment. The Board recommends appointment of Messrs Hameed Chaudhri & Co. Chartered Accountants, as the Auditors for the year ending June 30th, 2014.
5. Any other business with the permission of the Chair.

By Order of the Board

Asif Jameel
Company Secretary

Karachi
Dated: August 22, 2013

NOTES:

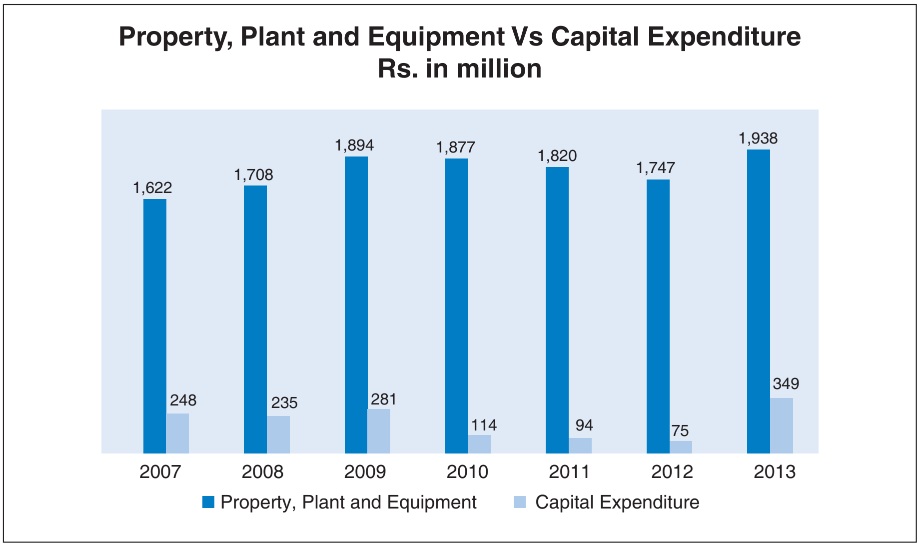
1. The share transfer books of the Company shall remain closed from September 18th, 2013 to September 26th, 2013 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/ her vote by proxy. Proxies must be deposited at the Company's Registered Office at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi not later than 48 hours before the time for holding the meeting.
3. Individual beneficial owners of CDC entitled to attend and vote at this meeting must bring his/her participant ID and account / sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/ power of attorney with specimen signature of the nominees shall be produced (unless provided earlier) at the time of meeting.
4. For appointing proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account / sub-account number together with attested copy of their CNIC or passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original CNIC or passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/power of attorney with specimen signature shall be submitted (unless submitted earlier) along with the proxy form.
5. Members are requested to notify change in their address, if any, immediately.
6. Members are requested to provide by mail or fax, photocopy of their CNIC, and in case of foreigner, copy of Passport, unless it has already been provided and e-mail address to enable the Company to comply with the relevant laws.
7. For the convenience of the members a Proxy Application Form is attached with this report.
8. As per the directions to all Listed Companies by SECP vide Letter No. SM/ CDC 2008 dated: April 5th, 2013., all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandates including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

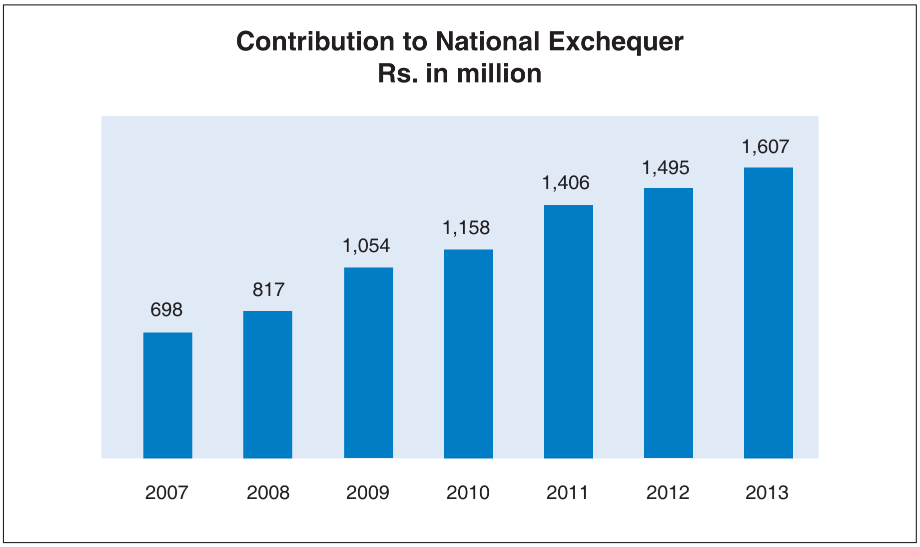
Key Operating and Financial Data

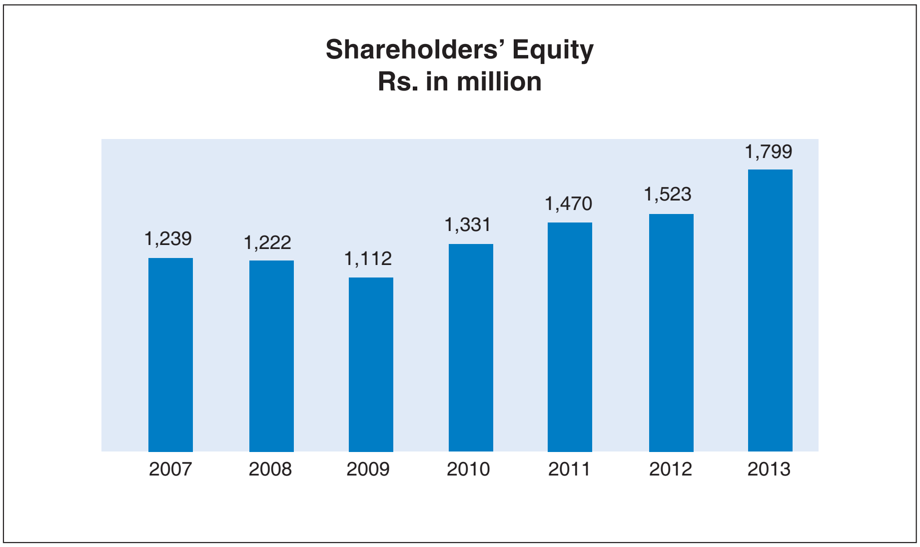
	2013	2012	2011	2010	2009	2008	2007
			Rupees in million				
Operating Results							
Net sales	**8,167**	7,806	7,478	6,355	5,351	4,615	3,951
Gross profit	**1,329**	998	998	965	541	510	468
Profit /(Loss) before taxation	**580**	247	395	409	(142)	7	106
Profit/(Loss) after taxation	**395**	203	259	218	(110)	(17)	63
Cash dividend *	**20%**	25%	20%	-	-	-	20.0%
Financial Position							
Operating Fixed assets - at cost	**3,894**	3,585	3,578	3,444	3,170	2,960	2,852
Share capital	**598**	598	598	598	598	598	598
Unappropriated profit	**1,201**	925	872	733	514	624	641
Shareholders' equity	**1,799**	1,523	1,470	1,331	1,112	1,222	1,239
Long -term loans	**167**	-	87	173	321	353	499

* The Board of directors has recommended 45% dividend for the year ended June 30, 2013

As per accounting policy, dividend is recognised as a liability in the period in which it is approved by the shareholders.


Property, Plant and Equipment Vs Capital Expenditure
Rs. in million
1,622
248
1,708
235
1,894
281
1,877
114
1,820
94
1,747
75
1,938
349
2007
2008
2009
2010
2011
2012
2013
Property, Plant and Equipment
Capital Expenditure


Contribution to National Exchequer
Rs. in million
698
817
1,054
1,158
1,406
1,495
1,607
2007
2008
2009
2010
2011
2012
2013


Shareholders' Equity
Rs. in million
1,239
1,222
1,112
1,331
1,470
1,523
1,799
2007
2008
2009
2010
2011
2012
2013

Statement of Value Addition

For the year ended June 30, 2013

	2013	2012
	------ Rupees in '000 ------	
Value addition		
Gross sales	9,615,119	9,131,143
Other income	68,357	49,310
	9,683,476	9,180,453
Value distribution		
Cost of sales	6,091,257	6,127,687
Distribution expenses	218,703	155,979
Administrative expenses	32,090	24,281
Employee's cost		
Salaries, wages, benefits and staff welfare	954,125	835,523
Workers' profit participation fund	31,124	13,334
Government		
Income tax	184,250	44,581
Sales tax	1,323,097	1,239,860
Workers' welfare fund	11,745	6,034
To providers of Capital		
Dividend to shareholders	119,543	149,428
Mark up/ interest on barrowed money	289,217	381,671
Retained for reinvestment & future growth		
Depreciation & retained profit	428,325	202,075
	9,683,476	9,180,453

Statement of Compliance with Code of Corprate Governance

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Director (1)	Mr. Mohammad Shahid Hussain
Non Executive Directors (9)	Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmed Kuli Khan Khattak Mr. Raza Kuli Khan Khattak Mr. Ikram-ul -Majeed Sehgal Dr. Willi Flamm Mr. M. A. Faisal Khan Mr. Mazhar Sharif Mr. Shaharyar Ahmed Mr. Manzoor Ahmed

   Currently the Board do not have any Independent Director. Since the election of Directors was held on August 18, 2011., and at the time of implementation of Code of Corporate Governance-2012, the Company had already initiated the process for election of Director. Therefore, the Company will adhere with this clause at the time of next election of Directors due in 2014. Moreover, there is no representation of minority shareholders on the Board.

2. The directors, except for the followings, have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

   Lt. Gen. (Retd.) Ali Kuli Khan Khattak
   Mr. Ahmed Kuli Khan Khattak
   Mr. Raza Kuli Khan Khattak
   Mr. Manzoor Ahmed

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies have occurred during the period under review. These vacancies were filled up by the directors within 90 days.

5. The Company has prepared a Code of Conduct and have ensured that appropriate steps have been taken to disseminate it throughout the Company along with the supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors have been taken by the Board/ Shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged one training program for its director during the year.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members and all of them are non-executive directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has set -up an effective Internal Audit Function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'Closed Period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Mohammad Shahid Hussain
Chief Executive Officer

Karachi
August 22, 2013.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **The General Tyre and Rubber Company of Pakistan Limited** to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

KARACHI; 22 AUG 2013

Hameed Chaudhri & Co.
HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Ali

KARACHI
Karachi Chambers, Hasrat Mohani Road.
Off : +9221 32411474, 32412754
Fax : +9221 32424835
E-Mail : khi@hccpk.com

LAHORE
HM House, 7- Bank Square.
Off : +9242 37235084-87
Fax : +9242 37235083
E-Mail : lhr@hccpk.com

URL : www.hccpk.com

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of **The General Tyre and Rubber Company of Pakistan Limited** as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co.

KARACHI; 2 2 AUG 2013

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Ali

KARACHI
Karachi Chambers, Hasrat Mohani Road.
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E-Mail : khi@hccpk.com

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Fax : +9242 37235083
E-Mail : lhr@hccpk.com

URL : www.hccpk.com

Balance Sheet

As at June 30, 2013

	Note	2013	2012
		------ Rupees in '000 ------	
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	4	597,713	597,713
Unappropriated profit		1,201,138	925,321
Total equity		1,798,851	1,523,034
Liabilities			
Non current liabilities			
Long term finances	5	166,667	-
Staff benefits	6	193,317	179,308
Deferred taxation	7	284,006	184,299
Long term deposits from dealers	8	9,320	9,220
		653,310	372,827
Current liabilities			
Current maturity of long term finances	5	33,333	86,643
Short term finances	9	904,241	720,145
Running finances under mark-up arrangements	10	1,198,569	1,179,312
Trade and other payables	11	1,282,552	1,445,412
Accrued mark-up	12	62,811	73,576
Provisions	13	72,075	71,965
		3,553,581	3,577,053
Total liabilities		4,206,891	3,949,880
Contingencies and commitments	14		
Total equity and liabilities		6,005,742	5,472,914

Balance Sheet

As at June 30, 2013

	Note	2013	2012
		------ Rupees in '000 ------	
ASSETS			
Non current assets			
Property, plant and equipment	15	1,938,491	1,746,827
Intangible assets	16	1,342	476
Investment in an Associate	17	1,848	655
Long term loans and advances	18	5,837	6,674
Long term deposits		22,294	7,112
		1,969,812	1,761,744
Current assets			
Stores and spares	19	408,060	385,806
Stocks	20	1,788,330	1,881,404
Trade debts	21	1,186,976	949,821
Loans and advances	22	31,422	23,243
Deposits and prepayments	23	33,132	26,444
Other receivables	24	26,565	24,860
Taxation - net		373,765	271,170
Cash and bank balances	25	187,680	148,422
		4,035,930	3,711,170
Total assets		6,005,742	5,472,914

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shahid Hussain
Chief Executive Officer

Mazhar Sharif
Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		------ Rupees in '000 ------	
Sales	26	8,167,086	7,806,470
Cost of sales	27	(6,838,488)	(6,808,073)
Gross profit		1,328,598	998,397
Administrative expenses	28	(138,137)	(116,373)
Distribution cost	29	(307,027)	(230,711)
Other income	30	68,357	49,310
Other expenses	31	(84,157)	(71,455)
Profit from operations		867,634	629,168
Finance cost	32	(289,217)	(381,671)
		578,417	247,497
Share of profit / (loss) from an Associated Company		1,193	(181)
Profit before taxation		579,610	247,316
Taxation	33	(184,250)	(44,581)
Profit after taxation		395,360	202,735
Other comprehensive income		-	-
Total comprehensive income		395,360	202,735
		------ Rupees ------	
Earnings per share - basic and diluted	34	6.61	3.39

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shahid Hussain
Chief Executive Officer

Mazhar Sharif
Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		------ Rupees in '000 ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	712,621	1,217,724
Staff retirement gratuity paid		(25,125)	(31,385)
Compensated absences paid		(3,289)	(2,446)
Long term deposits from dealers		100	110
Finance cost paid		(299,982)	(389,421)
Taxes paid		(187,137)	(127,934)
Long term loans and advances		837	(972)
Long term deposits		(15,182)	122
Net cash generated from operating activities		182,843	665,798
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(348,622)	(75,090)
Proceeds from disposal of operating fixed assets		7,886	496
Additions in intangible assets		(1,402)	(360)
Profit on bank deposits received		348	442
Net cash used in investing activities		(341,790)	(74,512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - repaid		(86,643)	(86,643)
Long term finances - obtained		200,000	-
Short term finances - net		184,096	10,246
Dividend paid		(118,505)	(146,283)
Net cash generated from / (used in) financing activities		178,948	(222,680)
Net increase in cash and cash equivalents		20,001	368,606
Cash and cash equivalents - at beginning of the year		(1,030,890)	(1,399,496)
Cash and cash equivalents - at end of the year	36	(1,010,889)	(1,030,890)

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shahid Hussain
Chief Executive Officer

Mazhar Sharif
Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Unappro-priated profit	Total
	-------------- Rupees in '000	----------------	----------------
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 income for the year	-	202,735	202,735
Balance as at June 30, 2012	**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 year	-	395,360	395,360
Balance as at June 30, 2013	597,713	1,201,138	1,798,851

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shahid Hussain
Chief Executive Officer

Mazhar Sharif
Director

Notes to the Financial Statements

For the year ended June 30, 2013

1. LEGAL STATUS AND OPERATIONS

The General Tyre and Rubber Company of Pakistan Limited (the Company) was incorporated in Pakistan on March 7, 1963 as a private limited company and was subsequently converted into a public limited company. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office 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 and motorcycles.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for liabilities towards defined benefit plans which are carried at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.4 Initial application of standards, amendments or an interpretation to existing standards

2.4.1 Amendments to published standards effective in the current year

Certain amendments to approved accounting standards are effective for accounting periods beginning on July 1, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to published standards are not effective (although available for early adoption) for the financial year beginning on or after July 1, 2012 and have not been early adopted by the Company:

(a) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, ‘First time adoption’, IAS 1, ‘Financial statement presentation’, IAS 16, ‘Property, plant and equipment’, IAS 32, ‘Financial instruments; Presentation’ and IAS 34, ‘Interim financial reporting’. The application of these amendments have no material impact on the Company’s financial statements.

(b) IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The Company shall apply these amendments from July 1, 2013 and does not expect to have a material impact on its financial statements.

(c) IFRS 9 - 'Financial instruments - classification and measurement'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply this standard from July 1, 2015 and does not expect to have a material impact on its financial statements.

(d) IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 1, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The Company shall apply these amendments from July 1, 2013 and its impact on retained earnings shall be Rs.8.092 million due to recognition of current unrecognised actuarial losses on its defined benefit plans.

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However they are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company for accounting periods on the dates prescribed therein.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

- staff retirement benefits (notes 3.1 and 6.1.9);

- provision for taxation (note 3.2);

- useful lives and residual values of property, plant & equipment and intangible assets (notes 3.5 and 3.6);

- net realizable values of stores & spares and stocks (note 3.9);

- provision for doubtful debts (note 3.10); and

- provisions (notes 3.17 and 3.18).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Staff retirement benefits

3.1.1 Defined benefit plans

The Company operates an approved funded gratuity scheme for its senior executive staff. The Company also operates an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. Contributions are made to these schemes on the basis of actuarial valuations. The valuations of both schemes are carried-out annually by an independent expert, using the 'Projected Unit Credit Method' with the latest valuation being carried-out as on June 30, 2013.

The obligations in respect of defined benefit plans recognised in the balance sheet represent the present value of the defined benefit obligations as adjusted for unrecognised actuarial gains and losses as reduced by the fair value of plan assets, if any. Any asset resulting from this calculation is limited to unrecognised actuarial losses plus present value of available refunds and reductions in future contributions to the plan.

Actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, if any, as at the end of the prior year are amortised over the average expected remaining working lives of employees.

3.1.2 Defined contribution plan

The Company operates a recognised provident fund (the fund) for of its employees. Equal monthly contributions at the rate of 10% of basic salary are made to the fund both by the Company and employees.

3.1.3 Employee compensated absences

The liability in respect of compensated absences of employees is accounted for in period in which these are earned in terms of basic salary upto the reporting date. The provision is recognised on the basis of an actuarial valuation, which was conducted as at June 30, 2013.

3.2 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.3 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.4 Mark-up bearing loans and borrowings

Mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

3.5 Property, plant and equipment

3.5.1 Operating fixed assets and depreciation thereon

Operating fixed assets other than leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost. Cost of certain assets consists of historical cost and the related borrowing cost on loans utilised for the acquisition of those assets.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is charged-off over its estimated useful life depending upon the class of assets. Depreciation is charged at rates stated in note 15.1.

Depreciation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

Items of property, plant and equipment individually costing Rs.10,000 or less are charged to profit and loss account as and when purchased.

Maintenance and normal repairs are charged to expenses as and when incurred. Major renewals and improvements are capitalised and are depreciated over the remaining useful life of the related asset.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method over their estimated useful lives. Amortisation is charged at the rate stated in note 16.

Amortisation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Useful lives of intangible assets are reviewed at each reporting date and adjusted if the impact of amortisation is significant.

3.7 Investment in an Associate

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are Associates and are accounted for by using equity method of accounting.

This investment is initially recognised at cost, thereafter the carrying amount is increased or decreased to recognise the Company's share of profit or loss of an Associate. Share of post acquisition profit and loss of an Associate is accounted for in the Company's profit and loss account. Distribution received from investee company reduces the carrying amount of investment. The changes in Associate's equity which are not to be recognised in the Associate's profit and loss account, are recognised directly in the equity of the Company.

3.8 Stores and spares

Stores and spares are stated at lower of cost or net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items-in-transit are valued at cost accumulated upto the reporting date.

Provision for obsolete items, if any, is based on their condition as at the reporting date depending upon the management's judgement.

3.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost in relation to raw materials in hand is calculated on weighted average basis.

The cost of work-in-process and finished goods comprises of direct materials, labour and appropriate portion of production overheads.

Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost accumulated upto the reporting date.

Claim tyres are valued at their estimated net realisable value.

Net realisable value is determined on the basis of the estimated selling price of the product in ordinary course of business less costs necessary to be incurred for its sale.

3.10 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.11 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes loans & advances, deposits, trade debts, other receivables, cash & bank balances, long term finances, long term deposits from dealers, short term finances, running finances, trade & other payables, accrued mark-up and provisions . All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.12 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, deposits held with banks and running finances under mark-up arrangements.

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, sales returns, trade discounts and incentives. Revenue from different sources is recognised on the following basis:

- revenue from sale of goods is recorded on despatch of goods to customers; and

- interest income is accrued on the time proportion basis by reference to the principal outstanding and applicable rate of return.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of that asset until such time the asset is substantially ready for its intended use. A qualifying asset is a non current asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the profit and loss account in the period in which they are incurred.

3.16 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end foreign exchange rates. Non monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to profit and loss account currently.

3.17 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.18 Warranty - tyre replacement allowance

Warranty expense is recognised in the year of sale on the basis of estimates of warranty claims to be received against those sales.

3.19 Ijarah / Operating leases

Ijarah / Operating lease in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir / lessor are classified as Ijarah / Operating lease. Payments / ujrah rentals are charged to the profit and loss account on a straight-line basis over the period of the Ijarah / lease.

3.20 Dividend and appropriation to reserves

Dividend and other appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.22 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 39 to these financial statements.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
--- Number of shares ---			------ Rupees in '000 ------	
7,133,320	7,133,320	Ordinary shares of Rs.10 each fully paid in cash	71,333	71,333
186,680	186,680	Ordinary shares of Rs.10 each issued for consideration other than cash	1,867	1,867
52,451,250	52,451,250	Ordinary shares of Rs.10 each issued as fully paid bonus shares	524,513	524,513
59,771,250	59,771,250		597,713	597,713

			2013	2012
			--- Number of shares ---	
4.1	**Ordinary shares of the Company held by the related parties as at year end:**			
	Bibojee Services (Private) Limited		16,608,712	16,608,712
	Pakistan Kuwait Investment Co. (Private) Limited		16,774,292	16,774,292
	Continental Global Holding Netherlands B.V.		5,844,300	5,844,300
			39,227,304	39,227,304

		Note	2013	2012
			------ Rupees in '000 ------	
5.	**LONG TERM FINANCES** - Secured			
	Term finance - I	5.1	-	86,643
	Term finance - II	5.2	200,000	-
			200,000	86,643
	Less: current maturity grouped under current liabilities		33,333	86,643
			166,667	-

5.1 This finance facility of Rs.500 million was arranged from National Bank of Pakistan for planned expansion of the Company. The Company during the current year has fully repaid the outstanding balance of this finance facility.

5.2 This represents a term finance facility of Rs.200 million availed from Habib Bank Limited to finance the import, installation and capex of motorcycle tyre plant & machinery, equipment and accessories. The principal amount draw down is repayable in twelve equal quarterly instalments commencing from fifteen months from date of disbursement (i.e. October 23, 2012). This finance facility carries mark-up at the rate of three months KIBOR plus 3.25% per annum, however, rebate of 1.00% per annum on the spread will be available to the Company subject to specified leverage for each year of finance. This term finance is secured by way of first pari passu charge over all the present and future plant & machinery of the Company to the extent of Rs.267 million.

		Note	2013	2012
6.	**STAFF BENEFITS**		------ Rupees in '000 ------	
	Staff retirement gratuity	6.1	167,548	154,979
	Employee compensated absences	6.2	25,769	24,329
			193,317	179,308

6.1 The Company's obligation as per the latest actuarial valuation and other related details in respect of defined benefit gratuity plans are as follows:

	Funded 2013	Funded 2012	Unfunded 2013	Unfunded 2012	Total 2013	Total 2012
	------------------------------ Rupees in '000					---------------------------
6.1.1 Balance sheet reconciliation						
Present value of defined benefit obligation	92,849	87,013	167,191	149,207	260,040	236,220
Fair value of plan assets	(75,232)	(75,015)	-	-	(75,232)	(75,015)
Unrecognised actuarial (loss) / gain	(6,071)	(408)	(2,021)	2,663	(8,092)	2,255
Liability at end of the year	11,546	11,590	165,170	151,870	176,716	163,460
Less: payable within next twelve months	599	602	8,569	7,879	9,168	8,481
	10,947	10,988	156,601	143,991	167,548	154,979
6.1.2 Movement in net liability recognised						
Balance at beginning of the year	11,590	18,576	151,870	143,906	163,460	162,482
Charge for the year (note 6.1.6)	14,200	10,933	24,181	21,430	38,381	32,363
Benefits paid during the year	(13,242)	(2,919)	(10,881)	(13,466)	(24,123)	(16,385)
Contributions made during the year	(1,002)	(15,000)	-	-	(1,002)	(15,000)
Balance at end of the year	11,546	11,590	165,170	151,870	176,716	163,460
6.1.3 Movement in the present value of defined benefit obligation						
Balance at beginning of the year	87,013	66,811	149,207	139,269	236,220	206,080
Current service cost	8,882	4,777	10,803	6,998	19,685	11,775
Interest cost	9,766	9,402	17,701	18,285	27,467	27,687
Benefits paid during the year	(22,097)	(234)	(10,881)	(13,466)	(32,978)	(13,700)
Benefits paid on behalf of the fund	-	(2,919)	-	-	-	(2,919)
Actuarial loss	4,962	5,323	4,684	1,974	9,646	7,297
Transferred to managerial cadre	4,323	3,853	(4,323)	(3,853)	-	-
Balance at end of the year	92,849	87,013	167,191	149,207	260,040	236,220
6.1.4 Movement in the fair value of plan assets						
Balance at beginning of the year	75,015	57,052	-	-	75,015	57,052
Expected return on plan assets	8,771	6,832	-	-	8,771	6,832
Contributions made during the year	1,002	15,000	-	-	1,002	15,000
Benefits paid during the year	(22,097)	(234)	-	-	(22,097)	(234)
Benefits paid on behalf of the fund	13,242	-	-	-	13,242	-
Actuarial loss	(701)	(3,635)	-	-	(701)	(3,635)
Balance at end of the year	75,232	75,015	-	-	75,232	75,015
6.1.5 Plan assets						
Debt instruments	63,049	70,462	-	-	63,049	70,462
Mutual fund securities - units	11,883	4,073	-	-	11,883	4,073
Others	300	480	-	-	300	480
	75,232	75,015	-	-	75,232	75,015

	Funded		Unfunded		Total	
	2013	2012	2013	2012	2013	2012
	------------------------------ Rupees in '000 ---------------------------					
6.1.6 Amount recognised in profit and loss account						
Current service cost	8,882	4,777	10,803	6,998	19,685	11,775
Interest cost	9,766	9,402	17,701	18,285	27,467	27,687
Expected return on plan assets	(8,771)	(6,832)	-	-	(8,771)	(6,832)
Actuarial gain recognised	-	(267)	-	-	-	(267)
Transferred to managerial cadre	4,323	3,853	(4,323)	(3,853)	-	-
	14,200	10,933	24,181	21,430	38,381	32,363
6.1.7 Actual return on the plan assets	8,069	3,198	-	-	8,069	3,198

6.1.8 Comparison of present value of defined benefit obligation, fair value of plan assets and deficit / surplus for the current and previous four years is as follows:

	2013	2012	2011	2010	2009
	------------------------------ Rupees in '000 ---------------------------				
Funded					
Present value of defined benefit obligation	92,849	87,013	66,811	56,716	43,489
Fair value of plan assets	75,232	75,015	57,052	51,895	50,718
Deficit / (surplus)	17,617	11,998	9,759	4,821	(7,229)
Experience adjustment on obligation	4,962	5,323	(4,727)	3,498	1,629
Experience adjustment on plan assets	(701)	(3,635)	1,448	(779)	(1,851)
Unfunded					
Present value of defined benefit obligation	167,191	149,207	139,269	132,511	126,429
Experience adjustment on obligation	4,684	1,974	(6,561)	(6,190)	5,227

	Funded		Unfunded	
6.1.9 Principal actuarial assumptions used in the actuarial dvaluation	2013	2012	2013	2012
Discount rate - per annum	11.50%	12.50%	11.50%	12.50%
Expected rate of increase in future salaries - per annum	11.50%	11.50%	11.50%	11.50%
Expected rate of return on plan assets - per annum	11.50%	12.00%	-	-
Retirement age - years	60	60	60	60

6.1.10 Expected charge for the year ending June 30, 2014 amounts to Rs.7.120 million and Rs.27.578 million for funded and unfunded gratuity plans respectively.

	Note	2013	2012
6.2 Employee compensated absences		------ Rupees in '000 ------	
Balance as at June 30,	6.2.1	27,179	25,660
Less: payable within next twelve months		1,410	1,331
		25,769	24,329

	Note	2013	2012
6.2.1 Movement in the account during the year is as follows:		------ Rupees in '000 ------	
Balance at beginning of the year		25,660	22,767
Add: Provision for the year		4,808	5,339
		30,468	28,106
Less: Payments made during the year		3,289	2,446
Balance at end of the year		27,179	25,660

7. DEFERRED TAXATION - Net

		2013	2012
Credit balance arising in respect of accelerated tax depreciation allowance		413,720	390,683
Debit balances arising in respect of:			
- provision for staff retirement gratuity`		60,083	57,211
- interest payable on custom duties		10,177	10,477
- provisions for tyre replacement allowance and incentive to dealers		24,506	25,188
- provision for doubtful debts		3,152	4,007
- provision for doubtful custom duty rebates recoverable		30,500	31,397
- minimum tax recoverable against normal tax charge in future years		-	76,770
- others		1,296	1,334
		129,714	206,384
		284,006	184,299

8. LONG TERM DEPOSITS FROM DEALERS

These deposits are interest free and are not refundable during the subsistence of dealership.

9. SHORT TERM FINANCES - Secured

		2013	2012
Balance as at June 30,		904,241	720,145

9.1 Short term finance facilities available from various commercial banks aggregate to Rs.1,550 million (2012: Rs.1,400 million). These finance facilities carry mark-up at the rates ranging from 10.41% to 14.43% (2012:13.03% to 15.56%) per annum and are secured against pari passu charge over fixed assets, stocks and trade debts of the Company. These facilities are expiring on various dates upto December, 2013.

9.2 The year-end balance includes Rs.33.764 million (2012: Rs.118.148 million) payable to Meezan Bank Limited - an Associated Company.

10. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

		2013	2012
Balance as at June 30,		1,198,569	1,179,312

10.1 The Company has arranged short term running finance facilities from various banks on mark-up basis to the extent of Rs.2,200 million (2012: Rs.2,330 million). The rates of mark-up on these arrangements range from 10.31% to 13.97% (2012: 12.90% to 15.54%) per annum. These finance facilities are secured against pari passu charge over fixed assets, stocks and trade debts of the Company and are expiring on various dates upto May 31, 2014.

10.2 The facilities for opening letters of credit and guarantee as at June 30, 2013 aggregate to Rs.3,400 million (2012: Rs.3,350 million) of which the amount remained unutilised at the year-end was Rs.2,045 million (2012: Rs.1,382 million).

10.3 The year-end balance includes Rs.173.697 million (2012: Rs.196.329 million) payable to Bank Alfalah Limited - an Associated Company.

10.4 The maximum available aggregate limit for utilisation of facilities for short term finances (note 9.1) and running finance facilities (note 10.1) is Rs 3,750 million (2012: Rs 3,730 million).

	Note	2013	2012
		------ Rupees in '000 ------	
11. TRADE AND OTHER PAYABLES			
Trade creditors		78,960	53,706
Bills payable		668,414	932,287
Accrued expenses	11.1	282,942	332,246
Advances from customers		98,106	11,061
Staff provident fund payable		3,228	3,359
Staff retirement gratuity	6.1.1	9,168	8,481
Short term deposits		5,001	3,726
Workers' (profit) participation fund	11.2	31,124	13,334
Workers' welfare fund		17,753	12,410
Sales tax payable		27,175	19,955
Payable to Waqf-e-Kuli Khan		9,884	5,068
Retention money		1,695	3,387
Dividend payable		8,166	7,128
Interest payable on custom duties	11.3	29,933	29,933
Others	11.5	11,003	9,331
		1,282,552	1,445,412
11.1 Accrued expenses includes the following amounts due to related parties:			
Continental Reifen Deutschland GmbH		39,729	36,641
Continental Tire The Americas, LLC		50,947	148,049
Universal Insurance Co. Ltd.		-	24
Wackenhut Pakistan (Pvt.) Ltd.		-	27
Key management personnel		25,024	15,689
		115,700	200,430
11.2 Workers' (profit) participation fund			
Balance at the beginning of the year		13,334	21,244
Add: Interest on funds utilised in the Company's business	32	252	1,833
		13,586	23,077
Less: Payments made during the year		13,586	23,077
		-	-
Add: Allocation for the year	31	31,124	13,334
Balance at the end of the year		31,124	13,334

11.3 The Company had deferred the recognition of import levies relating to the plant and machinery imported under a finance lease arrangement with Islamic Development Bank (IDB), Jeddah as these were not payable by the Company until the ownership of the subject plant and machinery was transferred in the Company's name. The Federal Board of Revenue (FBR) had imposed a condition that interest at the prevailing bank rate shall be payable on the import levies deferred till the date such levies are paid.

During the year ended June 30, 2001 the Appraisement Collectorate, Custom House, Karachi (ACCH) issued a final notice to the Company to deposit all outstanding dues amounting to Rs.208.323 million being interest on custom duties including surcharge and delayed surcharge calculated upto March 31, 2001. In reply the Company had filed an application with the High Court of Sindh to vacate the said charge of interest.

During the year ended June 30, 2005 the High Court of Sindh dismissed the petition filed by the Company. The ACCH, however, issued another final notice to the Company to deposit all outstanding dues amounting to Rs.294.907 million being interest on custom duties including surcharge and delayed surcharge calculated upto May 15, 2005. The Company had filed an appeal with the Supreme Court of Pakistan against the decision of the High Court of Sindh.

However, during the year ended June 30, 2006 the Company filed an application for alternate dispute resolution with the Supreme Court of Pakistan.

During the year ended June 30, 2007 the Alternate Dispute Resolution Committee (ADRC) recommended that the Company shall be liable to interest on late payment of principal amounting to Rs.111.547 million and surcharge on late payment of principal amounting to Rs.2.983 million, however, the Company shall not be liable to surcharge on late payment of interest. The FBR accepted the recommendations of the ADRC except for the waiver of surcharge on the late payment of interest.

Further, during the year ended June 30, 2008, the FBR accepted all the recommendations made by the ADRC and instructed the Company to pay Rs.114.531 million on account of interest on custom duties including surcharge thereon. The Company's pending refund claims amounting to Rs.20.195 million had also been processed and adjusted by the ACCH. The Company had made a partial payment amounting to Rs.40 million in respect of FBR's demand during the year ended June 30, 2008.

During the year ended June 30, 2009, the Company had further made a partial payment amounting to Rs.20 million in respect of FBR's demand.

During the year ended June 30, 2011, the FBR had adjusted an amount of Rs.4.403 million against outstanding interest and customs duties which resulted in the reduction of liability towards FBR from Rs.34.336 million to Rs.29.933 million.

11.4 During the year ended June 30, 2001 an amount of Rs.5.00 million was paid by the Company under protest on account of interest on import levies. Further, amounts of Rs.4.923 million and Rs.4.070 million being refunds of custom duty rebates were adjusted by the customs authorities during the year ended June 30, 2000 and 2001 respectively against their demand of interest on import levies referred to in note 11.3 above. Based on its consultant's opinion, the management is of the view that the above adjustments aggregating Rs.13.993 million will be made against the amount of interest payable on custom duties, as more fully explained in note 11.3 above, and is accordingly included in the current account balances with statutory authorities (note 23) as a receivable.

11.5 Others include vehicle deposits under Company's vehicle policy aggregating Rs.0.938 million (2012: Rs.Nil).

12. ACCRUED MARK-UP

	Note	2013	2012
		------ Rupees in '000 ------	
Mark-up accrued on:			
- long term finance		4,220	5,843
- short term finances	12.1	9,403	16,517
- running finances	12.2	49,188	51,216
		62,811	73,576

12.1 Includes mark-up amounting Rs.0.099 million (2012: Rs.4.920 million) due to Meezan Bank Ltd. - an Associated Company.

12.2 Includes mark-up amounting Rs.4.656 million (2012: Rs.4.695 million) due to Bank Alfalah Limited - an Associated Company.

		Note	2013	2012
13.	**PROVISIONS**		------ Rupees in '000 ------	
	Tyre replacement allowance	13.1	38,800	42,600
	Incentive to dealers	13.2	33,275	29,365
			72,075	71,965
13.1	**Provision for tyre replacement allowance**			
	Balance at beginning of the year		42,600	47,525
	Add: Charge during the year	27.1	23,609	20,933
			66,209	68,458
	Less: Claims adjusted during the year		27,409	25,858
	Balance at end of the year		38,800	42,600

13.1.1 This represents provision on account of tyre replacement claims expected to be received by the Company in the coming years.

		Note	2013	2012
13.2	**Provision for incentive to dealers**			
	Balance at beginning of the year		29,365	28,178
	Add: Charge during the year	26	53,496	46,554
			82,861	74,732
	Less: Incentives paid during the year		49,586	45,367
	Balance at end of the year		33,275	29,365

13.2.1 This represents provision on incentive to dealers, related to the year's turnover, which is expected to be borne by the Company in the coming years.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Central Excise and Taxation Department had issued a demand notice for payment of sales tax of Rs.16.775 million. This represents sales tax levied on agricultural tyres supplied to approved assembly plants which were otherwise exempt under SRO.553(I)/94 dated June 9, 1994 as amended vide SRO.555(I)/94 dated June 9, 1994 during the period July 1994 to September 1995. The Company had filed an appeal with the Collector, Central Excise and Land Customs (Appeals) on November 25, 1997 which was rejected. The Company filed an appeal against that order before the Customs, Central Excise and Sales Tax Appellate Tribunal which had stayed the recovery of sales tax from the Company, subject to the condition that the Company furnishes an indemnity bond to the satisfaction of the Collector of Sales Tax. Subsequently, the Company had furnished the indemnity bond dated March 18, 1998 for Rs.16.775 million.

The Company had also filed an application No. B&CA/2.020/01/97 dated November 25, 1997 with the Collector of Sales Tax (East), Karachi for grant of exemption from sales tax in terms of section 65 of the Sales Tax Act, 1990. However, the Federal Board of Revenue (FBR) on finalisation of the report by the Collector of Sales Tax and Central Excise (East), rejected the Company's application through letter No. C No. 1/52-STT/97 dated July 19, 2000. The Company had filed a constitutional petition No.1939/2000 against the decision of the FBR in the High Court of Sindh under article 199 of the Constitution of Pakistan, 1973 which was dismissed.

The Collector of Sales Tax and Central Excise (East), Karachi had adjusted refund claims filed by the Company aggregating Rs.12.823 million against the aforementioned demand notice up to the year ended June 30, 2002.

During the year ended June 30, 2004 the Company had deposited the remaining balance aggregating Rs.3.952 million representing 'payment under protest'.

However, during the year ended June 30, 2006 the Customs, Excise and Sales Tax Appellate Tribunal allowed the Company's appeal and had set aside the order of the Collector of Customs, Sales Tax and Central Excise (Appeals).

During the year ended June 30, 2007 the Collector of Customs, Sales Tax and Central Excise (Appeals) filed a request for rectification of error before the Custom, Excise and Sales Tax Appellate Tribunal.

The management continues to claim the adjusted refunds together with the payment made under protest aggregating Rs.16.775 million which is included in sales tax refundable (note 24).

14.1.2 During the year ended June 30, 2010, the Company's records were inspected by an officer of the Board of Revenue, Government of Sindh and as a result thereof, the Inspector of Stamps has (i) claimed an amount of Rs.6.549 million on account of non payment of stamp duty on various documents; (ii) asked to handover the aforementioned documents; and (iii) asked to depute an authorised officer or advocate to appear before the Chief Inspector of Stamps for a hearing on the aforementioned matters, through a notice dated October 21, 2009. The Company has filed an appeal before the Chief Inspector of Stamps, Board of Revenue on April 7, 2010, that since a true and correct interpretation of various provisions of the Stamp Act, 1899 is involved in the matter, the Chief Revenue Authority may make a reference to the Honourable High Court of Sindh, Karachi, for adjudication thereon, and further, as similar cases are pending before the Supreme Court of Pakistan, therefore this matter be considered according to their final decision, when made. A hearing was fixed on June 29, 2010, which was adjourned.

The management of the Company, based on the advise of its legal advisors, are of the view that the matter will be decided in their favour, therefore no provision in this respect has been made in the enclosed financial statements.

14.1.3 Certain other claims have been filed against the Company in respect of employees' matters for an aggregate amount of approximately Rs.5.575 million (2012: Rs.3.890 million). These cases are pending in labour courts. The management is confident that the outcome of those cases will be in the Company's favour.

	Note	2013	2012
		------ Rupees in '000 ------	
14.1.4 Guarantees issued by commercial banks on behalf of the Company		138,253	115,978
14.1.5 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares		108,528	26,671
14.2 Commitments			
14.2.1 Commitments in respect of :			
- letters of credit for capital expenditure		8,102	280,179
- letters of credit for purchase of raw materials and stores & spares		1,208,130	1,572,085
- purchase orders issued to local suppliers for capital expenditure		23,722	22,561
- sales contracts entered into by the Company		22,207	38,558
- tentative schedules for supply of tyres		1,155,477	1,456,553
- indemnity bond	14.1.1	16,775	16,775

14.2.2 The Company has entered into Ijarah arrangements for plant & machinery and vehicles with a commercial bank. Aggregate commitments for these ijarah arrangements as at June 30, are as follows:

	2013	2012
Not later than one year	14,520	-
later than one year but not later than five years	46,921	-
	61,441	-

	Note	2013	2012
		------ Rupees in '000 ------	

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
Operating fixed assets	15.1	1,871,595	1,688,852
Capital work-in-progress	15.4	66,896	57,975
		1,938,491	1,746,827

15.1 Operating fixed assets

	Lease-hold land	Buildings on leasehold land	Electrical installation	Plant and machinery	Boilers and access-ories	Laboratory equipment	Moulds	Vehicles	Furniture and fixtures	Office equipment	Computer equipment	Total
	Rupees in '000											
As at July 1, 2011												
Cost	555	326,409	89,637	2,676,806	54,377	31,334	177,607	91,496	12,138	71,053	46,227	3,577,639
Accumulated depreciation	-	143,896	61,234	1,244,779	37,972	29,402	112,069	62,800	7,402	49,472	34,728	1,783,754
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	182,513	28,403	1,431,336	16,405	1,932	65,175	28,696	4,736	21,581	11,499	1,792,831
Year ended June 30, 2012												
Opening net book value	555	182,513	28,403	1,431,336	16,405	1,932	65,175	28,696	4,736	21,581	11,499	1,792,831
Additions	-	3,190	152	17,555	3,788	68	4,778	4,575	4,192	3,586	2,768	44,652
Written-off												
- cost	-	-	-	19,503	1,594	998	14,482	-	-	-	-	36,577
- accumulated depreciation	-	-	-	(19,465)	(1,594)	(998)	(14,482)	-	-	-	-	(36,539)
	-	-	-	38	-	-	-	-	-	-	-	38
Disposals												
- cost	-	-	-	186	-	-	-	165	-	170	-	521
- accumulated depreciation	-	-	-	(186)	-	-	-	(165)	-	(170)	-	(521)
	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	13,483	4,589	93,428	4,624	740	12,031	9,504	994	5,695	3,505	148,593
Closing net book value	555	172,220	23,966	1,355,425	15,569	1,260	57,922	23,767	7,934	19,472	10,762	1,688,852
As at June 30, 2012												
Cost	555	329,599	89,789	2,674,672	56,571	30,404	167,903	95,906	16,330	74,469	48,995	3,585,193
Accumulated depreciation	-	157,379	65,823	1,318,556	41,002	29,144	109,618	72,139	8,396	54,997	38,233	1,895,287
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	172,220	23,966	1,355,425	15,569	1,260	57,922	23,767	7,934	19,472	10,762	1,688,852
Year ended June 30, 2013												
Opening net book value	555	172,220	23,966	1,355,425	15,569	1,260	57,922	23,767	7,934	19,472	10,762	1,688,852
Additions	-	11,784	9,060	207,523	2,430	1,461	36,944	47,396	8,884	13,216	1,003	339,701
Written-off												
- cost	-	-	-	-	-	-	-	-	-	-	3,992	3,992
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(3,990)	(3,990)
	-	-	-	-	-	-	-	-	-	-	2	2
Disposals												
- cost	-	-	-	4,808	-	-	-	19,273	-	275	2,549	26,905
- accumulated depreciation	-	-	-	(3,830)	-	-	-	(15,267)	-	(275)	(2,549)	(21,921)
	-	-	-	978	-	-	-	4,006	-	-	-	4,984
Depreciation charge for the year	-	13,721	4,695	92,978	2,454	853	13,317	12,210	1,552	6,327	3,865	151,972
Closing net book value	555	170,283	28,331	1,468,992	15,545	1,868	81,549	54,947	15,266	26,361	7,898	1,871,595
As at June 30, 2013												
Cost	555	341,383	98,849	2,877,387	59,001	31,865	204,847	124,029	25,214	87,410	43,457	3,893,997
Accumulated depreciation	-	171,100	70,518	1,407,704	43,456	29,997	122,935	69,082	9,948	61,049	35,559	2,021,348
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	170,283	28,331	1,468,992	15,545	1,868	81,549	54,947	15,266	26,361	7,898	1,871,595
Depreciation rate (% per annum)		5	10	5	10	15	10	20	10	15	25	

15.2 Depreciation charge for the year has been allocated as follows:

	Note	2013	2012
		------ Rupees in '000 ------	
Cost of goods manufactured	27.1	142,348	140,473
Administrative expenses	28	5,377	4,819
Distribution cost	29	4,247	3,301
		151,972	148,593

15.3 The details of operating fixed assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
Assets having book value exceeding Rs.50,000 each	----------------- Rupees in '000 -----------------					
Plant and machinery						
Air dryers and ultra filter	2,311	1,713	598	113	Tender	Mr. Aziz ur Rehman, Khuramabad, Landhi, Karachi
Rotary tyre building drums	2,497	2,117	380	28	Tender	Mr. Muhammad Siddiq Awan, Shershah, Karachi
	4,808	3,830	978	141		
Vehicles						
Suzuki Cultus	863	403	460	460	Company policy	Mr. Riaz ud Din Siddiqui (ex-employee)
Suzuki Cultus	868	391	477	477	Company policy	Mr. Muhammad Tariq (ex-employee)
Suzuki Cultus	868	434	434	434	Company policy	Mr. Naveed Rahman (ex-employee)
Toyota Corolla	1,672	85	1,587	167	Company policy	Syed Hasan I. Hussain (ex-employee)
Suzuki Cultus	868	449	419	506	Company policy	Mr. Ali I. Hussain (ex-employee)
Suzuki Cultus	706	648	58	240	Company policy	Mr. Abdullah Sheikh (employee)
Nissan Sunny	974	973	1	321	Company policy	Brig. (Retd.) Najam Uz Zafar (key management person)
Suzuki Cultus	706	648	58	240	Company policy	Dr. Syed M. Sarwar Ali (employee)
Nissan Sunny	1,289	1,288	1	425	Company policy	Mr. Hussain Kuli Khan (key management person)
Suzuki Cultus	707	684	23	247	Company policy	Mr. Ali Asad Usmani (employee)
Suzuki Cultus	868	435	433	521	Company policy	Syed Masood Jamil (ex-employee)
Nissan Sunny	1,149	1,148	1	379	Company policy	Mr. Rashid I. Malik (key management person)
Toyota Corolla	1,014	963	51	335	Company policy	Mr. Muhammad Amin Khan, (key management person)
	12,552	8,549	4,003	4,752		
Various assets having book value upto Rs. 50,000 each	9,545	9,542	3	2,993	Tender / Company policy	Various
	26,905	21,921	4,984	7,886		

		Note	2013	2012
15.4	Capital work-in-progress		------ Rupees in '000 ------	
	Buildings		43,628	31,701
	Electrical installation		2,970	1,747
	Plant and machinery		14,643	1,009
	Moulds		2,852	-
	Vehicles		-	20,971
	Furniture & fixtures		27	57
	Office equipment		4,271	4,715
	Computer equipment		780	50
			69,171	60,250
	Less: provision for a doubtful advance		2,275	2,275
			66,896	57,975

15.4.1 Capital work-in-progress includes Rs.20.213 million (2012: Rs.40.224 million) representing advance payments made to suppliers for procurement of operating fixed assets.

15.5 Mark-up amounting Rs.5.946 million (2012: Rs.Nil) has been included in the cost of property, plant and equipments at the rates ranged from 11.54% to 12.00% (2012: Nil) per annum.

16. INTANGIBLE ASSETS

These represent computer softwares.

	2013	2012
Cost		
As at July 1,	4,090	3,730
Additions during the year	1,402	360
As at June 30,	5,492	4,090
Accumulated amortisation		
As at July 1,	3,614	3,439
Amortisation charge for the year	536	175
As at June 30,	4,150	3,614
Net book value	1,342	476
Amortisation rate (% per annum)	33.33	33.33

16.1 Amortisation charge for the year has been allocated as follows:

	Note	2013	2012
Cost of goods manufactured	27.1	268	87
Administrative expenses	28	161	53
Distribution cost	29	107	35
		536	175

17. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted

Ghandhara Industries Limited - Equity basis

	2013	2012
100,700 (2012: 100,700) ordinary shares of Rs.10 each - cost	2,447	2,447
Share of post acquisition profit / (loss)	560	(13)
	3,007	2,434
Less: dividends received to date	335	335
	2,672	2,099
Less: impairment allowance	824	1,444
	1,848	655

17.1 The Company's holding in the investee company's shares as at June 30, 2013 was 0.473% (2012: 0.473%). The investee company is an Associate of the Company by virtue of common directorship.

17.2 Key information about an Associate

The following information is from un-audited financial statements of the investee company for the nine months period ended March 31, 2013.

	As at March 31, 2013	As at March 31, 2012
	------ Rupees in '000 ------	
Assets	4,123,583	4,218,271
Liabilities	2,395,182	2,605,371
Accumulated profit / (loss)	69,081	(51,983)

	Nine months period ended	
	March 31, 2013	March 31, 2012
Profit / (loss) before taxation	118,178	(84,011)
Profit / (loss) after taxation	92,680	(53,905)

17.3 The market value of the investment as at June 30, 2013 was Rs.1.848 million (2012: Rs.0.655 million).

18. LONG TERM LOANS AND ADVANCES
- Considered good

	Note	2013	2012
		------ Rupees in '000 ------	
Due from:			
- executives	18.1 & 18.2	1,574	1,471
- other employees	18.1	8,870	9,742
		10,444	11,213
Less: recoverable within one year and grouped under current assets		4,607	4,539
		5,837	6,674

18.1 These represent interest free loans and advances provided to employees and executives as per the terms of employment. Loans are provided for purchase of motor vehicles and advances for furnishing. These are repayable in lump sum or by way of monthly instalments over a period of two to five years. These are secured against respective motor vehicles and employees' vested retirement benefits.

18.2 Reconciliation of carrying amount of loans and advances to executives

Balance at beginning of the year	1,471	1,132
Add: Disbursements	1,330	1,300
	2,801	2,432
Less: Repayments	1,227	961
Balance at end of the year	1,574	1,471

18.3 The maximum amount outstanding at the end of any month during the year ended June 30, 2013 from executives aggregated to Rs.1.945 million (2012: Rs.1.551 million).

18.4 Advances to executives include an amount of Rs.0.278 million (2012: Rs.0.444 million) provided to the Chief Executive of the Company as furniture advance in accordance with his terms of employment.

	Note	2013	2012
		------ Rupees in '000 ------	
19. STORES AND SPARES			
In hand		400,706	382,478
In transit		7,354	3,328
		408,060	385,806
20. STOCKS			
Raw materials			
- in hand		1,050,151	861,704
- in transit		258,268	349,896
- with third parties		178	1,126
		1,308,597	1,212,726
Work-in-process		186,181	176,008
Finished goods including in-transit valuing Rs.47.086 million (2012: Rs.11.886 million)	20.1	293,552	492,670
		1,788,330	1,881,404

20.1 Finished goods include items costing Rs.111.068 million (2012: Rs.142.926 million) which are stated at their net realisable values aggregating Rs.87.302 million (2012: Rs.132.078 million). The aggregate amount charged to profit and loss account in respect of stocks written down to their net realisable values is Rs.23.766 million (2012: Rs.10.848 million).

20.2 All fixed and current assets of the Company upto a maximum amount of Rs.5,717 million (2012: Rs.5,486 million) are under hypothecation / pledge charge as security for long term, short term and running finance facilities (notes 5, 9 and 10).

	Note	2013	2012
21. TRADE DEBTS			
Consider good - unsecured			
- from Associated Companies	21.1	23,066	21,491
- others		1,163,910	928,330
		1,186,976	949,821
Considered doubtful - others		9,271	11,451
		1,196,247	961,272
Less: provision for doubtful debts	21.4	9,271	11,451
		1,186,976	949,821
21.1 Trade debts include following amounts due from Associated Companies:			
Ghandhara Industries Limited		21,162	12,291
Ghandhara Nissan Limited		1,904	7,623
Bibojee Services (Private) Limited		-	1,577
		23,066	21,491
21.2 The ageing of trade debts at June 30, is as follows:			
0 to 30 days		826,045	855,987
31 to 180 days		358,337	92,870
181 to 360 days		5,189	1,929
Over one year		6,676	10,486
		1,196,247	961,272
Less: provision for doubtful debts		9,271	11,451
		1,186,976	949,821

21.3 As at June 30, 2013, trade debts from Associated Companies were outstanding for not more than 180 days.

	Note	2013	2012
21.4 Provision for doubtful debts		------ Rupees in '000 ------	
Balance at beginning of the year		11,451	9,755
Add: Charge for the year	28	-	1,696
Less: Reversal during the year	30	2,180	-
Balance at end of the year		9,271	11,451

22. LOANS AND ADVANCES - Considered good

	Note	2013	2012
Loans due from:			
- executives		1,040	883
- other employees		6,858	7,054
		7,898	7,937
Advances due from:			
- executives		620	177
- other employees		3,399	2,177
- others	22.1	19,505	12,952
		23,524	15,306
		31,422	23,243

22.1 Includes Rs.0.207 million (2012: Rs.Nil) advance made to Continental Tire The Americas, LLC - a related party for purchase of bladders.

23. DEPOSITS AND PREPAYMENTS

	Note	2013	2012
Short term prepayments		7,554	6,238
Current account balances with statutory authorities	11.4	17,548	14,976
Short term deposits		8,030	5,230
		33,132	26,444

24. OTHER RECEIVABLES - Unsecured

	Note	2013	2012
Export benefit receivable (duty drawback)		658	648
Sales tax refundable		17,775	17,775
Custom duty rebates recoverable	24.1	89,705	89,705
Less: Provision for custom duty rebates recoverable		89,705	89,705
		-	-
Others	24.2	9,669	7,974
Less: Provision for doubtful receivables		1,537	1,537
		8,132	6,437
		26,565	24,860

24.1 Claims for custom duty rebates are over three years old have been classified as considered doubtful and fully provided for.

24.2 Includes Rs.2.052 (2012: Rs.2.052 million) receivable from Continental Reifen Deutschland GmbH - a related party on account of product liability insurance premium.

25. CASH AND BANK BALANCES

	Note	2013	2012
Balances with banks on:			
- current accounts	25.1	149,298	78,626
- deposit accounts	25.2 & 25.3	5,819	5,012
		155,117	83,638
Remittances-in-transit		3,803	12,162
Cash and cheques in-hand		28,760	52,622
		187,680	148,422

25.1 These include an amount of Rs.0.482 million (2012: Rs.1.098 million) which is held with Meezan Bank Limited - an Associated Company.

25.2 These carry mark-up at the rate of 5.50% (2012: 6%) per annum.

25.3 Balances in deposit accounts include a separate account for deposits from dealers aggregating Rs.5.819 million (2012: Rs.5.012 million).

	Note	2013	2012
		------ Rupees in '000 ------	
26. SALES - Net			
Own manufactured			
- local		9,386,996	8,857,031
- export		33,354	121,493
Trading goods - local		194,769	152,619
		9,615,119	9,131,143
Less:			
- sales tax		1,323,097	1,239,816
- special excise duty		-	44
- discounts		71,440	38,259
- incentives to dealers	13.2	53,496	46,554
		1,448,033	1,324,673
		8,167,086	7,806,470

27. COST OF SALES

	Note	2013	2012
Finished goods at beginning of the year		492,670	752,803
Cost of goods manufactured	27.1	6,298,627	6,247,680
Finished goods purchased		164,582	114,269
Royalty technical service fee	27.2	176,161	185,991
		6,639,370	6,547,940
Finished goods at end of the year		(293,552)	(492,670)
		6,838,488	6,808,073

27.1 Cost of goods manufactured

	Note	2013	2012
Work-in-process at beginning of the year		176,008	156,314
Raw materials consumed	27.3	4,556,517	4,738,094
Stores and spares consumed		191,199	206,689
Stores and spares written-off		10,054	-
Salaries, wages and benefits	27.4	759,754	676,907
Travelling and conveyance		6,481	6,507
Vehicles running expenses		22,073	14,043
Legal and professional charges		1,586	1,643
Power and fuel		461,360	363,481
Rent, rates and taxes		6,973	2,875
Ijarah rentals		770	-
Insurance		17,068	15,517
Repairs and maintenance		43,773	34,668
Tyre replacement allowance	13.1	23,609	20,933
Depreciation	15.2	142,348	140,473
Amortisation	16.1	268	87
Printing and stationery		1,503	3,552
Postage and telephone		2,091	1,909
Freight and insurance		56,057	35,786
Other manufacturing expenses		5,316	4,210
		6,484,808	6,423,688
Work-in-process at end of the year		(186,181)	(176,008)
Cost of goods manufactured		6,298,627	6,247,680

27.2 The royalty technical service fee include federal excise duty amounting Rs.19.172 million (2012: Rs.16.908 million).

27.3 Raw materials consumed

	Note	2013	2012
		------ Rupees in '000 ------	
Stocks at beginning of the year		1,212,726	1,371,295
Purchases during the year		4,664,922	4,592,172
		5,877,648	5,963,467
Less:			
Indirect materials consumed		12,534	12,647
Stocks at end of the year		1,308,597	1,212,726
		1,321,131	1,225,373
		4,556,517	4,738,094

27.4 Salaries and benefits include Rs.26.049 million (2012: Rs.23.092 million) and Rs.9.537 million (2012: Rs.9.847 million) in respect of staff retirement gratuity and staff provident fund respectively.

28. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries and benefits	28.1	106,047	87,220
Travelling and conveyance		5,505	4,611
Vehicles running expenses		3,564	3,201
Legal and professional charges		3,506	3,325
Auditors' remuneration	28.2	1,871	1,871
Rent, rates and taxes		960	1,308
Provision for doubtful debts	21.4	-	1,696
Insurance		2,730	552
Repairs and maintenance		537	404
Depreciation	15.2	5,377	4,819
Amortisation	16.1	161	53
Printing and stationery		711	666
Postage and telephone		727	697
Entertainment		657	260
Computer expenses		2,950	2,976
Directors' fee		1,740	1,595
Other expenses		1,094	1,119
		138,137	116,373

28.1 Salaries and benefits include Rs.7.198 million (2012: Rs.5.317 million) and Rs.3.089 million (2012: Rs.2.727 million) in respect of staff retirement gratuity and staff provident fund respectively.

28.2 Auditors' remuneration

		2013	2012
Fee for:			
Annual audit		1,500	1,500
Audit of provident fund		41	41
Special certification		95	35
Out-of-pocket expenses		235	295
		1,871	1,871

29. DISTRIBUTION COST

	Note	2013	2012
Salaries and benefits	29.1	88,324	71,396
Travelling, conveyance and entertainment		11,671	11,561
Vehicle running expenses		6,986	5,991
Legal and professional charges		43	227
Sales promotion		7,683	10,124
Advertising		56,649	38,452
Rent, rates and taxes		12,314	10,881
Ijarah rentals		151	-
Insurance		862	339
Repairs and maintenance		1,075	1,636
Depreciation	15.2	4,247	3,301
Amortisation	16.1	107	35
Printing and stationery		623	473
Postage and telephone		2,157	2,227
Freight and insurance		102,645	70,812
Gas and electricity		1,660	1,383
Others		9,830	1,873
		307,027	230,711

29.1 Salaries and benefits include Rs.5.136 million (2012: Rs.3.954 million) and Rs.2.127 million (2012: Rs.1.764 million) in respect of staff retirement gratuity and staff provident fund respectively.

30. OTHER INCOME

	Note	2013	2012
		------ Rupees in '000 ------	
Income from financial assets			
Profit on bank deposits		348	442
Income from other than financial assets			
Sale of scrap		62,479	46,609
Gain on disposal of operating fixed assets	15.3	2,902	496
Balances written-back		-	1,240
Reversal of provision for doubtful debts	21.4	2,180	-
Others		448	523
		68,357	49,310

31. OTHER EXPENSES

	Note	2013	2012
Workers' (profit) participation fund	11.2	31,124	13,334
Workers' welfare fund		11,745	6,034
Exchange loss - net		30,202	45,486
Operating fixed assets written-off	15.1	2	38
Balances written-off		-	295
Donation	31.1	11,084	6,268
		84,157	71,455

31.1 Donation of Rs. 9.884 million (2012: Rs.5.068 million) charged in these financial statements is payable to Waqf-e-Kuli Khan, 2nd Floor, Gammon House, 400-2, Chour Chowk, Peshawar Road, Rawalpindi (the Trust). Lt. Gen. (Retd.) Ali Kuli Khan Khattak, Chairman of the Company, Mr. Ahmed Kuli Khan Khattak and Mr. Raza Kuli Khan Khattak, Directors of the Company, are trustees of the Trust.

32. FINANCE COST

	Note	2013	2012
Interest on workers' (profit) participation fund	11.2	252	1,833
Mark-up on:			
- long term finances		9,954	18,167
- short term finances		70,092	124,367
- running finances		205,066	232,409
Bank charges and guarantees commission		3,853	4,895
		289,217	381,671

33. TAXATION

		2013	2012
Current		84,542	80,642
Deferred			
- relating to temporary differences		102,780	(36,061)
- resulting from reduction in tax rate		(3,072)	-
		99,708	(36,061)
		184,250	44,581

33.1 Relationship between tax expense andaccounting profit

		2013	2012
Profit before taxation		579,610	247,316
Tax at the applicable rate of 35% (2012: 35%)		202,864	86,561
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account		102,643	130,076
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account		(119,988)	(113,238)
Tax effect of share of (profit) / loss from Associated Company		(418)	63
Effect of tax credits		(104,017)	(23,790)
Tax effect of income subject to final tax regime		3,458	970
Deferred taxation		99,708	(36,061)
		184,250	44,581

34. EARNINGS PER SHARE

34.1 Basic earnings per share

	Note	2013	2012
		------ Rupees in '000 ------	
Net profit for the year		395,360	202,735
		--- Number of shares ---	
Weighted average number of ordinary shares in issue during the year		59,771,250	59,771,250
		------ Rupees ------	
Basic earnings per share		6.61	3.39

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2013 and June 30, 2012 which would have any effect on the earnings per share if the option to convert is exercised.

35. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
		------ Rupees in '000 ------	
Profit before taxation		579,610	247,316
Adjustments for non-cash charges and other items:			
Depreciation		151,972	148,593
Amortisation		536	175
Staff retirement gratuity		38,381	32,363
Charge of employee compensated absences		4,808	5,339
Provision for doubtful debts - (reversal) / charge		(2,180)	1,696
Gain on disposal of operating fixed assets		(2,902)	(496)
Operating fixed assets written-off		2	38
Stores and spares written-off		10,054	-
Profit on bank deposits		(348)	(442)
Balances written-off		-	295
Balances written-back		-	(1,240)
Finance cost		289,217	381,671
Share of (profit) / loss from an Associated Company		(1,193)	181
Unrealized exchange loss - net		1,057	23,671
Working capital changes	35.1	(356,393)	378,564
		712,621	1,217,724

35.1 Working capital changes

	2013	2012
(Increase) / decrease in current assets:		
Stores and spares	(32,308)	(13,599)
Stocks	93,074	399,008
Trade debts	(234,975)	(103,516)
Loans and advances	(8,179)	7,137
Deposits and prepayments	(6,688)	(4,598)
Other receivables	(1,705)	6,468
	(190,781)	290,900
(Decrease) / increase in current liabilities:		
Trade and other payables	(165,722)	91,402
Provisions	110	(3,738)
	(165,612)	87,664
	(356,393)	378,564

36. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of following:

	Note	2013	2012
		------ Rupees in '000 ------	
Running finances under mark-up arrangements	10	(1,198,569)	(1,179,312)
Cash and bank balances	25	187,680	148,422
		(1,010,889)	(1,030,890)

37. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executive	
	2013	2012	2013	2012
	-------------------- Rupees in '000 --------------------			
Managerial remuneration and allowances	15,928	13,509	124,370	99,318
Bonus	4,277	3,726	21,914	11,963
Company's contribution to provident fund and gratuity	1,144	1,656	15,099	10,359
Medical	200	126	9,327	7,405
Leave passage	569	527	4,433	3,717
Others	1,312	1,212	23,382	16,677
	23,430	20,756	198,525	149,439
Number of persons	1	1	58	44

37.1 The Chief Executive is provided with free use of a Company maintained car. Some of the executives are also provided with free use of Company's maintained cars.

37.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fee to thirteen (2012: fourteen) non-executive directors was Rs.1.540 million (2012: Rs.1.360 million).

38. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign currency risk, interest rate risk and other price risk).

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk mainly arises from cash and cash equivalents, as well as credit exposure to Original Equipment Manufacturers, Replacement Market dealers and Government Institutions, including outstanding receivables and committed transactions. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an evaluation of customers profile and payment history. Outstanding customer receivables are regularly monitored.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The bank balances aggregating Rs.156.388 million placed with banks have a short term credit rating of at least A-1.

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk aggregated to Rs.1,430.866 million (2012: Rs.1,133.987 million) as at June 30, 2013. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2013	2012
	------ Rupees in '000 ------	
Long term loans and advances	5,837	6,674
Long term deposits	22,294	7,112
Trade debts	1,186,976	949,821
Loans and advances	11,917	10,291
Short term deposits	8,030	5,230
Other receivables	8,132	6,437
Cash and bank balances	187,680	148,422
	1,430,866	1,133,987

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties.

All the trade debts at the reporting date represent domestic parties.

The maximum exposure to credit risk for trade debts by type of counter party as at reporting date is as follows:

	2013	2012
Original equipment manufacturer	538,641	493,831
Government Institutions	38,336	11,825
Replacement market	619,270	455,616
	1,196,247	961,272
Less: provision for doubtful debts	9,271	11,451
	1,186,976	949,821

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

June 30, 2013	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 2 years	3 years and above
	-------------	-------------	Rupees in '000	-------------	-------------
Long term finances	200,000	248,161	55,015	83,023	110,123
Long term deposits from dealers	9,320	9,320	-	-	9,320
Short term finances	904,241	929,007	929,007	-	-
Running finances	1,198,569	1,198,569	1,198,569	-	-
Trade and other payables	1,078,461	1,078,461	1,078,461	-	-
Accrued mark-up	62,811	62,811	62,811	-	-
Provisions	72,075	72,075	72,075	-	-
	3,525,477	3,598,404	3,395,938	83,023	119,443

June 30, 2012	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 2 years	3 years and above
	-------------	-------------	Rupees in '000	-------------	-------------
Long term finances	86,643	89,765	89,765	-	-
Long term deposits from dealers	9,220	9,220	-	-	9,220
Short term finances	720,145	737,022	737,022	-	-
Running finances	1,179,312	1,179,312	1,179,312	-	-
Trade and other payables	1,358,719	1,358,719	1,358,719	-	-
Accrued mark-up	73,576	73,576	73,576	-	-
Provisions	71,965	71,965	71,965	-	-
	3,499,580	3,519,579	3,510,359	-	9,220

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2013.

38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on import of raw materials, stores & spares and export of goods denominated in U.S. Dollar and Euro. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2013 Rupees	2013 U.S.$	2013 Euro	2012 Rupees	2012 U.S.$	2012 Euro
	---------- Rupees in '000	----------				
Bills payable	668,414	6,686	60	932,287	9,897	-
Accrued expenses	35,893	-	278	90,334	610	278
	704,307	6,686	338	1,022,621	10,507	278

The following significant exchange rates have been applied:

	Balance sheet date rate 2013	Balance sheet date rate 2012
U.S. $ to Rupee	98.80	94.20
Euro to Rupee	129.11	118.50

Sensitivity Analysis

At the reporting date, if Rupee had weakened by 10% against U.S. Dollar and Euro with all other variables held constant, profit before taxation for the year would have been lower by the amount shown below mainly as a result of foreign exchange loss on translation of financial liabilities.

	2013	2012
Effect on profit for the year:	---- Rupees in '000	----
U.S. $ to Rupee	66,058	98,976
Euro to Rupee	4,364	3,294
	70,422	102,270

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Company arises from short & long term borrowings from banks and mark-up bearing deposits held with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2013	2012
Fixed rate instruments		
Financial assets - note 25	5,819	5,012
Variable rate instruments		
Financial liabilities	2,302,810	1,986,100

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect materially profit for the year.

Sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Increase	Decrease
Cash flow sensitivity - variable rate instruments	---- Rupees in '000	----
As at June 30, 2013	23,028	(23,028)
As at June 30, 2012	19,861	(19,861)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

(c) Other price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2013 / 2012 the Company did not have any financial instruments dependent on market prices.

38.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

As at June 30, 2013 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in an Associated Company which is valued under equity method of accounting. Further, staff loans are valued at their original cost less repayments.

38.5 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company’s approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

39. ENTITY - WIDE INFORMATION

39.1 These financial statements have been prepared on the basis of single reportable segment.

39.2 Information about customers

The principal classes of customers of the Company are Original Equipment Manufacturers, Replacement Market, Government Institutions and Exports. The Company's principal classes of products accounted for the following percentages of sales:

	2013 %	2012 %
Original equipment manufacturers (OEM)	50.28	57.89
Replacement market	47.84	39.72
Government institutions	1.53	1.06
Exports	0.35	1.33
	100	100

39.3 Information about geographical areas

All non-current assets of the Company as at June 30, 2013 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

39.4 Information about major customers

The Company has earned revenues from two (2012: three) customers, classified as OEM, aggregating Rs.2,550.672 million (2012: Rs.4,211.813 million) during the year ended June 30, 2013 which constituted 26.53% (2012: 46.13%) of the total revenues.

40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit funds, key management personnel and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 37. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	2013	2012
			---- Rupees in '000 ----	
Ghandhara Industries Limited	Associated company	Sales	39,928	45,960
Ghandhara Nissan Limited	Associated company	Sales	15,959	35,590
Bibojee Services (Private) Limited	Associated company	Sales	4,159	3,011
		Dividend paid	33,217	41,522
		Rent	1,200	-
Continental Reifen Deutschland GmbH	Related party	Purchase of spare parts / bladders	14,530	358
Continental Tire The Americas, LLC	Related party	Purchase of machinery and spare parts / bladders	10,191	13,520
		Purchase of raw materials	59,101	42,099
		Royalty technical service fee	156,989	169,083
Continental Global Holding Netherlands, B.V.	Related party	Dividend paid	11,689	14,611
Universal Insurance Co. Limited	Associated company	Insurance premium	13,588	12,233
Pak Kuwait Takaful Co. Limited	Associated company	Insurance premium	1,722	1,687
Wackenhut Pakistan (Private) Limited	Associated company	Service charges	2,553	576
Meezan Bank Limited	Associated company	Mark-up on short term finance	2,916	21,781
Pak Kuwait Investment Co. (Private) Ltd.	Associated company	Dividend paid	33,549	41,936
Bank Alfalah Limited	Associated company	Mark-up on running finance	20,192	4,667
Waqf-e-Kuli Khan	Associated undertaking	Donation	9,884	5,068
Staff provident fund	Employees fund	Contributions made	14,753	14,338
Staff gratuity fund	Employees fund		Refer note 6	

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		Note	2013	2012
			------ Number of units ------	
Capacity:	Tyre sets	41.1	3,112,875	2,032,875
Production:	Tyre sets	41.2	1,625,340	1,535,551

41.1 This includes capacity of motorcycle tyre and tube plant which operated only in the last quarter of the year; the annual capacity of this plant is 1,080,000 tyres and tubes.

41.2 Actual production was sufficient to meet the demand.

Actual production comprises of:	2013	2012
	--- Number of units ---	
Passenger car	830,177	903,783
Light truck	268,357	320,018
Truck bus	22,943	20,582
Farm front	200,163	179,229
Farm rear	137,960	111,939
Motorcycle	165,740	-
	1,625,340	1,535,551

42. NUMBER OF EMPLOYEES

	2013	2012
Number of employees as at June 30,		
- Permanent	1,065	1,054
- Contractual	1,104	915
Average number of employees during the year		
- Permanent	1,052	1,041
- Contractual	951	946

43. DISCLOSURE RELATING TO PROVIDENT FUND

43.1 The Company operates a recognised Provident Fund (the Fund) for its permanent employees.

	2013	2012
	------ Rupees in '000 ------	
(i) Size of the Fund	342,580	329,422
(ii) Cost of investments made	324,238	312,275
(iii) Percentage of investments made	94.65%	94.79%
(iv) Fair value of investments	329,638	320,084

43.2 Break-up of the investments is as follows:

	2013	2012	2013	2012
	----- Percentage -----		--- Rupees in '000 ---	
Special account in a scheduled bank	5.90	8.22	20,221	27,083
Debt securities	37.76	32.04	129,369	105,550
Government securities	42.61	45.48	145,989	149,827
Listed securities	0.52	2.14	1,782	7,057
Mutual fund securities - units	7.85	6.91	26,877	22,758

43.3 The figures for year ended June 30, 2013 are based on un-audited financial statements of the Fund. Investment out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

44. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors have proposed a dividend of Rs.4.50 (2012: Rs.2.00) per share, amounting to Rs.268.971 million (2012: Rs.119.543 million), for the year ended June 30, 2013 after their meeting held on August 22 , 2013 subject to approval of the members at the annual general meeting to be held on September 26, 2013. These financial statements do not recognise this appropriation to dividend as a liability as it has been proposed subsequent to the balance sheet date.

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 22, 2013 by the board of directors of the Company.

46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison and better presentation, the effect of which is not material.

Mohammad Shahid Hussain
Chief Executive Officer

Mazhar Sharif
Director

Pattern of Shareholding

As on 30th June 2013

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING To	NO. OF SHARES HELD
460	1	100	12,188
458	101	500	138,609
248	501	1000	223,736
580	1001	5000	1,378,072
114	5001	10000	883,937
45	10001	15000	571,530
24	15001	20000	426,309
9	20001	25000	215,312
12	25001	30000	336,481
8	30001	35000	259,748
5	35001	40000	185,767
5	40001	45000	210,862
8	45001	50000	388,506
1	50001	55000	52,000
1	55001	60000	55,500
3	60001	65000	195,000
1	65001	70000	66,210
1	70001	75000	71,800
1	75001	80000	75,500
1	80001	85000	84,061
1	85001	90000	90,000
1	90001	95000	90,500
0	95001	100000	-
1	100001	105000	101,399
1	105001	110000	110,000
3	115001	120000	357,744
1	120001	125000	121,442
1	135001	140000	140,000
1	140001	145000	144,500
2	145001	150000	298,764
1	150001	155000	152,892
1	195001	200000	200,000
1	200001	205000	203,000
1	205001	210000	206,500
1	210001	215000	213,500
2	215001	220000	435,100
1	230001	235000	231,382
1	235001	240000	238,493
1	240001	245000	240,418
0	285001	290000	-
1	340001	345000	344,301
0	355001	360000	-
1	520001	525000	522,000
1	530001	535000	530,839
0	665001	670000	-
1	710001	715000	715,000
1	740001	745000	743,000
0	745001	750000	-
0	830001	835000	-
1	975001	980000	978,000
0	995001	1000000	-
1	1075001	1080000	1,076,068
0	1160001	1165000	-
0	1595001	1600000	-
1	2200001	2250000	2,206,600
1	2560001	2565000	2,563,500
1	3660001	3665000	3,664,476
0	3765001	3770000	-
1	5800001	5850000	5,844,300
1	14400001	14405000	14,402,112
1	16770001	16775000	16,774,292
2020			59,771,250

Categories of Shareholders

As at June 30, 2013

NUMBER	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
7	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN	600,540	1.00
3	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	39,227,304	65.63
1	NIT	3,664,476	6.13
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	3,239,089	5.42
2	INSURANCE COMPANIES	220,679	0.37
2	MUTUAL FUNDS	152,913	0.26
1977	GENERAL PUBLIC/ INDIVIDUALS	11,338,820	18.97
19	JOINT STOCK COMPANIES	856,837	1.43
5	OTHERS	470,592	0.79
2020		59,771,250	100.00

ADDITIONAL INFORMATION

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
BIBOJEE SERVICES (PRIVATE) LIMITED	1	16,608,712
PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED	1	16,774,292
CONTINENTAL GLOBAL HOLDING NETHERLANDS B.V.	1	5,844,300
	3	39,227,304
DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		
LT. GEN. (RETD) ALI KULI KHAN KHATTAK	1	238,493
MR. RAZA KULI KHAN KHATTTAK	1	240,418
MR. AHMED KULI KHAN KHATTAK	1	121,442
MR. IKRAM UL MAJEED SEHGAL	1	7
DR. WILLI FLAMM	1	80
MR. M. A. FAISAL KHAN	1	50
MR. MAZHAR SHARIF	1	50
	7	600,540
Bank, Development Financial Institutions, Non-banking Financial Institution, Companies, Modarabas & Mutual Funds	8	3,612,681
SHAREHOLDERS HOLDING 5% OR MORE		
BIBOJEE SERVICES (PRIVATE) LIMITED	1	16,608,712
PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED	1	16,774,292
CONTINENTAL GLOBAL HOLDING NETHERLANDS B.V.	1	5,844,300
NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENET NIUT FUND	1	3,664,476
OTHERS		
TRUSTEES AL-BADER WELFARE TRUST	1	4,500
TRUSTEES MOHAMAD AMIN WAKF ESTATE	1	66,210
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	344,301
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	12,081
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	43,500

Form of Proxy

The Secretary
The General Tyre and Rubber Company
of Pakistan Limited
H-23/2, Landhi Industrial Trading Estate
Landhi, Karachi

Please quote:
No. of Shares held -----------------

Folio No. -----------------------------
CDC Part. ID ------------------------
A/C/Sub A/C No. -------------------

I/We --
of ------------------------- Member(s) of The General Tyre and Rubber Company of Pakistan Limited
do hereby appoint ---
of --------------------------------------- or failing him ---
of ------------------------------ as proxy in my/our behalf at the Fiftieth(50th) Annual General Meeting of the Company to be held at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Thursday, September 26, 2013 at 10.00 a.m., and at any adjournment thereof.

Signature on
Revenue Stamp
of Rs. 5/=

Signature of Shareholder ------------------------------

Name of Shareholder ----------------------------------

Witnesses:

Signature --- Signature ---

Name --- Name --

CNIC/Passport No. -------------------------------- CNIC/Passport No. ---

AFFIX
POSTAGE

The Company Secretary
The General Tyre and Rubber Company
of Pakistan Limited
H-23/2, Landhi Industrial Trading Estate,
Landhi, Karachi.