Contents

Vision

To remain at the forefront of quality, innovation and cost competitiveness in the Manufacturing and Marketing of Polyester Filament Yarn, PET Preforms and other Polyester related products.

To achieve corporate success while achieving this vision.

Mission

To achieve the stated vision of the company with dynamism, business excellence with challenging spirit and flexibility.

To serve the need of the customers by providing high quality products as per their requirement and to their ultimate satisfaction.

To be a good employer by creating a work environment which motivates the employees and promotes team work to encourage the employees to pursue the fulfillment of the vision and mission of the company.

To seek long term good relations with suppliers, banks and financial institutions with fair and honest dealings.

To play our role as a good corporate citizen through socially responsible behaviour and through service of the community where we do business.

To achieve the basic aim of benefiting shareholders and stake-holders while adhering to the above vision and mission.

Corporate Information

Board of Directors

Haji Haroon Bilwani - Chairman
Peer Mohammad Diwan - Chief Executive
Abdul Razak Diwan
Zakaria Bilwani
Usman Bilwani
Iqbal Bilwani
Shabbir Diwan
Muhammad Taufiq Bilwani

Audit Committee Members

Iqbal Bilwani - Chairman
Haji Haroon Bilwani
Zakaria Bilwani
Usman Bilwani

HR & Remuneration Committee Members

Usman Bilwani - Chairman
Iqbal Bilwani
Shabbir Diwan

Chief Financial Officer

Rizwan Diwan

Company Secretary

Mohammad Yasin Bilwani

Auditors

M/s. Hyder Bhimji & Company
Chartered Accountants
Karachi.

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Share Registrar

C&K Management Associates (Private) Limited
Room No. 404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel,
Karachi-75530 - Pakistan.
Tel: 021-35687839, 35685930

Bankers

Bank Alfalah Limited
Bank AL-Habib Limited
Barclays Bank PLC, Pakistan
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Plant

Plot No.M-2, Sec. M. H.I.T.E.,
Main R.C.D. Highway,
Hub Chowki, Lasbella Distt.,
Balochistan - Pakistan.

Registered Office

Room No.32, First Floor,
Ahmed Complex,
Jinnah Road, Quetta - Pakistan.

Liaison/Correspondence Office

11th Floor, G&T Tower,
18 Beaumont Road,
Civil Lines-10,
Karachi-75530 - Pakistan.
U.A.N. 021-111-71-71-71
Fax: 021-35659516

Email

headoffice@gatron.com

Website

www.gatron.com

AGM
2013 Annual General Meeting

Notice is hereby given that the Thirty third Annual General Meeting of Gatron (Industries) Limited will be held on Wednesday, October 23, 2013 at 09:30 a.m., at Plot No.M-2, Sec. 'M', H.I.T.E., Main R.C.D. Highway, Hub Chowki, Lasbella Distt., Balochistan to transact the following business:

1. To confirm the minutes of the Thirty second Annual General Meeting of the Company held on October 19, 2012.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2013 together with the Auditors' Report thereon and Directors' Report for the year then ended.
3. To approve payment of final cash dividend at Rs. 4.00 per share (40%) as recommended by the Board of Directors for the year ended June 30, 2013.
4. To appoint company's auditors for the year ending June 30, 2014 and fix their remuneration.
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Mohammad Yasin Bilwani
Company Secretary

September 12, 2013

Notes:

1. The Share Transfer Books of the Company will remain closed from October 16, 2013 to October 23, 2013 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s. C&K Management Associates (Private) Limited, Karachi, before the close of business on October 15, 2013 will be considered in time for the purpose of entitlement of final cash dividend.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the liaison office of the company not less than 48 hours before the time of holding the meeting. Proxy form is annexed.
3. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her Participant ID number and account/sub account number along with original computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.
5. Members (whose shares are in physical form) are requested to provide by mail, email or fax, photocopy of their Computerized National Identity Card [CNIC] enabling the Company to comply with relevant laws.
6. The shareholders are advised to notify to the company's share registrar of any change in their addresses.

Report Of The Board Of Directors

GATRON

Directors' Report

Dear Shareholders,

The Directors of your Company are pleased to present the annual report of the Company together with the audited financial statements for the year ended June 30, 2013.

The financial synopsis for the year under review represented by net sales of Rs. 11,348 million, operating profit of Rs. 20 million, Financial Charges of Rs. 78 million, net loss before investment of Rs. 57 million, investment income of Rs. 286 million, profit before income tax of Rs. 229 million and profit after income tax of Rs. 320 million with EPS Rs. 8.34.

The net sales in monetary terms remained similar to the previous corresponding year and stood at Rs.11,348 million. Further, the quantum of sales as well as quantum of production was also almost same as compared to last year. Moreover, the declining trend in spreads over raw material in the polyester chain coupled with jump in local costs has tapered the gross profit down to a lower level compared to last year. The reducing level of spreads over raw material is a result of significant capacity of Polyester Filament Yarn coming on stream in the region, mainly China. Thus the average utilization level of world (production over capacity) has ranged from 58% to 70% during various times of the year, which has led to desperate selling by international producers. It seems that the theme of thin spreads of PTA producers witnessed in the last 2 years is now being played out with the Filament Yarn producers.

Feedstock prices remained volatile in the period, with PTA and MEG prices ranging between USD 1,000 to 1,225 and USD 925 to 1,225, respectively. Last quarter of the fiscal year saw the raw material prices fall appreciably, resulting in a situation of higher priced raw material after being processed, fetching a lower price as processed product when sold. This further aggravated the operating result of the year under consideration and also expected to continue its effect in the following periods.

Manufacturing costs continued to escalate this year, driven largely by the rising energy prices. This has further eroded margins. Power cost increased by 14% in the past year, primarily on the increase in gas prices from Rs.460 per MMBTU to Rs.488 per MMBTU at the start of the second half of fiscal year. This, coupled with the impact of provisioning of Rs. 50 per MMBTU on account of Gas Infrastructure Development Cess (GIDC), has increased the cost of power tremendously. Further, in August, 2013, the Government has again raised gas rate for captive power by Rs. 85 per MMBTU, which will pose a very challenging scenario.

Administrative expenses rose on account of the new rental premises and increased expenses on security measures. Financial charges too headed north on increased short term borrowing, necessitated due to increase in value of inventory and trade receivables.

During the year, exchange loss amounted to Rs. 25 million due to volatility and devaluation of Pak Rupee against US $. Stock in trade has increased by Rs. 499 million due to quantitative as well as unit value increased in stocks of raw material and Preforms finished goods. Trade debts also rose by Rs. 355 million and reached to Rs. 1,156 million.

The Company is conducting business in a complex and challenging environment for which the Management is continuously trying to come up with the most efficient and practical solutions.

Directors' Report

The challenges faced are:

- Inflationary pressures, pushing up the salaries & wages and other conversion costs;
- Rising energy cost on account of continuous increase in fuel, gas and power prices;
- Escalating transportation cost due to continuous increase in petrol and diesel prices;
- Increase in auxiliary and packing material costs on account of increase in energy costs;
- Devaluation of Pak Rupee against US $;
- Law and order situation in the country; and
- Increase in minimum wage.

Other Matters

- The overall performance of 100% owned subsidiary M/s Gatro Power (Pvt) Limited supplying power to the Company, is average. The Performance is affected by higher incidence of low gas pressure/ supply curtailment by the Gas supply company as well as some unwarranted Maintenance and electronic issues in the turbine and turbine compressor. The low gas pressure necessitates operation of gensets on more expensive fuel or cut down of output. The Board of Directors of M/s. Gatro Power (Pvt) Limited has proposed for payment of final cash dividend of Rs. 3.00 per share (30%) for the year 2012-13. This is in addition of interim cash dividend of Rs 15.00 per share (150%) already paid, accumulating to a total dividend for the year of Rs. 18.00 per share (180%). Moreover, during the year subsidiary company issued 50% bonus shares.

- The Company contributed Rs. 637.220 million to the national ex-chequer in the form of sales tax, income tax, imports duties and other statutory levies, not including the significant amount of withholding tax deducted by the Company from employees, suppliers and contractors and submitted to Government treasury.

Capital Expenditures

During the year under consideration, the Company has made capital expenditures to perform more efficiently and cost effectively.

In view of frequent drop in gas pressure to levels to which the HTM Oven is very sensitive and does not operate which results in frequent use of expensive furnace oil, the Company has completed installation of a coal based HTM Oven, which will be used as a standby for heating purposes particularly in winter months. Coal is the least expensive alternate fuel to gas at the moment and with the increasing gas prices it may become equal to Gas. However, the electric power generation of the Company as well as its Subsidiary company, is still based majority on gas with the implications of low gas pressure and shortage already noted above.

The installation of PTA conveyor system is in process to reduce transporting and handling cost of raw material.

The Company has commissioned a 24 end direct spinning unit, which will add to the production capacity of the Polyester Filament Yarn by around 1000 tons per year based on 75 denier.

While in the past years, smaller, inefficient utilities like chiller, compressors etc have been replaced with bigger more efficient latest technology machines, the company has now launched a program to replace 25 years of production machinery or sections of production machinery with latest and efficient machinery. This rejuvenation program will be done in phases over the next few years. Over the past years on the production machinery side, the Company has already replaced Draw Twisters with new Texturising machines, giving the capability to produce more value added texturized yarn in place of Polyester Flat Yarn.

FUTURE OUTLOOK

- There have been tremendous additions in the world of new capacities for Production of Polyester Filament Yarn, which will result in oversupply. This has already affected the pricing of imported yarn competing with our product. The international suppliers are selling the Polyester Yarn to Pakistan at around $550 per ton over the cost of PTA and MEG. The cost of producing chips / polymer and other auxiliary raw material, packing material and electric power cost equivalent to $ 520 per ton. As such the international suppliers are simply flushing their excess inventory into Pakistan as long as they recover their variable costs.

- Of course the import duty on this competing imported yarn is providing some protection to your Company. But then in addition to above variable costs there are Salaries, Wages, Spares, Depreciation, Interest costs which need to be covered. Moreover the import duty protection is also diluted by the menace of under invoicing, for which the Filament Yarn Manufacturers Association is pursuing the customs to set correct realistic pricing of imported yarn for duty assessment.

- The rising trend in cost of energy as well as other costs is going to make the situation more difficult for Company to show positive performance, in coming periods.

- The anomalies in the sales tax law whereby service sales tax paid to the province is not allowed to be adjusted against the Federal Sales tax, it further draining the finances of the company.

- The environment on all facets is thus challenging. The Company is doing all efforts to save costs and to improve value addition of the products being produced.

- Activities in respect of reconstruction of the Company as mentioned in earlier reports are in progress. Special Purpose Financial Statements as at June 30, 2013 to reflect latest financial position is under process. Let us hope that this assignment is accomplished as planned

Human Resources Development

Our commitment "to provide on time, best value products and services for our customers" originates from our belief that if our people excel, only then we can deliver on our commitment. It is imperative that we not only hire quality people, but also our people are well trained and better equipped to deliver required performance. This is why we put great emphasis on the continuous learning and development of our people. We promote a culture of mutual respect and collaboration among our people. We also endeavor to provide a safe and healthy environment. We recognize that the success of our Company depends upon the successful performance of our people, thus if our people excel, then only we will continue to deliver best value products and services to our customers.

Corporate Governance

The Board of Directors throughout the year, complied with the "Code of Corporate Governance" contained in the listing requirements of the Stock Exchanges and the "Corporate and Financial Reporting Framework" of the Securities and Exchange Commission of Pakistan.

The Board believes in transparency of information to shareholders and investors. This means accuracy and reliability of financial and other reporting framework, effective internal control principles including risk management, setting of targets, planning and monitoring of company's operations and performance under direct and indirect supervision through delegated authorities.

This is considered necessary to achieve the Board's objective and encourage effective participation of the shareholders in general meetings.

Information & Communication Technology (ICT)

Information & Communication Technology is the key enabler seeking continuous improvement in the business processes of the company with a high emphasis on information integrity and control. The governance of ICT is based upon proactive infrastructure management and providing resilience to internal and external challenges with a view to ensuring continuity of business operation at all time.

Keeping in view the above together with the business challenges of the future and a trend for globalization a Data Center of the Tier-2 Classification conforming to the International TIA Standard had been recently setup in the company. The objective of which is to create a Private Cloud which could take over the entire business operation of the company and making it available round-the-clock for business transactions as well as for carrying out video conferences and meetings and thus keeping the business units connected with each other. Management and evaluation of such an environment and bringing about necessary changes in the infrastructure is an ongoing process within ICT.

During the year under review several applications were revisited in order to further streamline the systems and improve their visibility and control. Refresher trainings being integral to system compliance were also imparted to the end users.

Risk Management

A successful risk management policy can reduce the chances and consequences of risks materializing. It also delivers benefits when it comes to making strategic decisions and helps increase overall efficiency.

The department tasked with risk management ensures that the company maintains an effective system of managing risk and internal control; whilst at the same time undertaking a constant evaluation of the level of risk involved and whether it is sustainable.

We have adopted an enterprise-wide approach to manage risk which enables us to consider the potential impact of all key risks on different processes. The risk management team continuously strives to determine the overall level of risk within different processes and activities and ensures that it is within the limits that can be sustained. Additionally, we strive to prioritize risks and identify the weakest critical control cells. Insurance of physical assets continues to be an important part of the company's risk management activities. Premises and assets are insured against major risks.

The company is well committed to operating within a strong system of internal control that enables us to take risks without exposing ourselves unduly to unacceptable potential failures. With well integrated strategies the company is well equipped to take on any challenge and turn it into a new opportunity.

In the management of risk, we have to account for all kinds of threats to the bottom line such as injury and accidents, as well as incidents of law and order disruption that threaten efficiency or cause losses.

Directors' Report

Health, Safety Environment (HSE)

The Company has Health, Safety & Environment Department, which is lead by the Qualified and Certified Team Leaders. The Company has made objective based efforts for reducing unsafe and un healthy work practices and conditions by Safe System such as Work Permits for all routine and critical activities or tasks.

As per Proactive Approach a review of hazards identification and reduction through Fire and Safety Risk Assessment is regularly carried out for the reduction of work place hazards as well as incidents and accidents. Statistic Data analysis and follow up for corrective/preventive safety measures are taken to reduce accidents. In addition Comprehensive Occupational Health and Safety Training Sessions including Fire Fighting Drills are conducted for our all employees.

The Company has complete Fixed Fire Fighting Pumps and Fire Hydrants System as well as Fire Tenders equipped with all the facilities to cope with the Fire Fighting and Rescue Operations.

The Company recognise the importance of a healthy work force, Safe workplaces as well as Property protection by developing a hazards free and peaceful environment as well as maintaining Fire and Safety Equipments on site by dedicated Staff, for all the time readiness and effectiveness.

In addition First Aid on site, Mobilization by Ambulance to hospital as well as medical arrangements / measures are also being taken accordingly.

Corporate Social Responsibility (CSR)

The company has distinguished itself as a good neighbor, not only we have consistently delivered returns to our shareholders, we have worked hard to be a good employer, to be a catalyst for the social and economic development of the communities in which we operate, and to minimize our environmental impact.

We have continued our role as a responsible corporate citizen and regularly contribute towards social and welfare activities through donation to various charitable institutions. We have also contributed to the flood affectees, being committed towards national cause.

The company is engaged in community development activities with special emphasis on health and education promotion.

During the period Company has made donations amounting to Rs. 21.552 million which includes:

1. Donation of Rs. 8.655 million to Gatron Foundation (related party). The company through the Gatron Foundation contributed towards flood relief activities and provided food and water to flood hit areas.

2. Donation of Rs. 8 million to Institute of Business Administration (IBA) for development of infrastructure as well as the faculty and teaching method.

3. Donation of Rs. 4.545 million to HANDS for flood relief activities.

Appropriations

The Board of Directors in their meeting held on August 31, 2013 has proposed a final cash dividend at Rs. 4.00 per share i.e. 40% to the shareholders of the Company for the year ended June 30, 2013. The approval of the members for the dividend shall be obtained in the 33rd Annual General Meeting of the members of the Company. These financial statements do not include the effect of this proposed final cash dividend.

Directors' Report

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

Auditors

Mr. Hyder Ali Bhimji, Senior Partner of our external auditors, M/s. Hyder Bhimji & Company, Chartered Accountants has expired on 4th July, 2013. The Board places its condolence to the sad demise of Mr. Hyder Ali Bhimji. May Allah rest his soul in eternal peace.

The existing external Auditors, M/s. Hyder Bhimji & Co., Chartered Accountants, retire at the conclusion of the 33rd Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

As suggested by the Audit Committee, the Board recommends the appointment of M/s. Hyder Bhimji & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2014

Financial Statements

The Auditors of the company M/s. Hyder Bhimji & Co. Chartered Accountants have issued an unqualified review report to the members of the company. As regard to the emphasis paragraph of the Auditors' Report, the detailed explanations have already been given in Note 25.1 of the financial statements for the year ended June 30, 2013.

The Auditors have made emphasis paragraph in their review report regarding the Company's management view, that the law on workers' participation in profits, necessitates participation of the workers, in the manner laid down in the law, from net profit [from which all the expenses, including cesses, levies and taxes, have been fully deducted] available for participation and attributable to workers role.

Consolidated Financial Statements

The consolidated financial statements of the Group along with notes thereto and auditors' report thereon, have also been included in this annual report.

Statement on Corporate and Financial Reporting Framework

- The financial statements for the year ended June 30, 2013, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of account of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- Significant deviations from last year in operating results of the company is disclosed in this report;
- There are no significant doubts upon the company's ability to continue as a going concern;

Directors' Report

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Key operating and financial data of last six years in summarized form is annexed;
- The fair value of the provident Funds investments as at June 30, 2013 was Rs. 306.790 million.
- During the year 04 Board meetings, 04 Audit Committee Meetings and 03 HR & Remuneration Committee meeting were held. Attendance by each director / member was as follows:

	Board Meetings Attendance
Haji Haroon Bilwani	3
Mr. Peer Mohammad Diwan	4
Mr. Abdul Razak Diwan	2
Mr. Zakaria Bilwani	4
Mr. Usman Bilwani	4
Mr. Iqbal Bilwani	3
Mr. Muhammed Arif Bilwani	3
Mr. Shabbir Diwan	3

Leave of absence was granted to the directors, who could not attend the meetings.

	Audit Committee Meetings Attendance
Mr. Muhammed Arif Bilwani	4
Haji Haroon Bilwani	3
Mr. Zakaria Bilwani	4
Mr. Iqbal Bilwani	4

	HR & Remuneration Committee Meetings Attendance
Mr. Usman Bilwani	3
Mr. Iqbal Bilwani	3
Mr. Shabbir Diwan	3

Mr. Usman Bilwani, a Non-Executive Director of the company has been appointed as new member in Audit Committee in place of Mr. Muhammed Arif Bilwani who ceased to be a member of Audit Committee after resignation from the office of the Director.

Pattern of shareholding

A statement showing pattern of shareholding of the company and additional information as at June 30, 2013 is included in the report.

The Board has determined threshold under clause xvi(i) of the Code of Corporate Governance 2012 in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs.1.5 million or more.

Delivery of Unclaimed Shares

Members of the Company are once again requested to contact the Liaison Office of the Company or the Company's Share Registrar, M/s. C&K Management Associates (Private) Limited for collection of their shares which they have not yet received due to any reasons.

Board of Directors

Effective from July 10, 2013 Mr. Muhammad Taufiq Bilwani has been appointed as Director of the Company on the resignation of Mr. Muhammed Arif Bilwani. The Board places on record its appreciation for the services rendered by the outgoing Director. The Board unanimously welcomes Mr. Muhammad Taufiq Bilwani as new Director and hope that the Company will prosper further under his able guidance.

Mr. Muhammad Taufiq Bilwani, a new Director on the Board has obtained certification from the Institute of Chartered Accountants of Pakistan (ICAP) for Directors' Training Program. The rest directors of the company are exempted from the requirement of training program.

Acknowledgment

We would like to take this opportunity to thank our employees, customers, banks, financial institutions, and strategic partners for their support and commitment towards helping us achieve new heights of success and commendable results. The Board also places on record its gratitude to its esteemed shareholders, Government of Pakistan and regulatory bodies for their continued support.

On behalf of the Board

Peer Mohammad Diwan
Chief Executive

August 31, 2013

Focus On Sustainability

The Management of Gatron (Industries) Limited is responsible for business sustainability and managing the triple bottom line - a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet.

We are in the 21st century where governments, societies and businesses are being confronted by economic, ecological and social challenges that need specific answers and rapid action. Gatron (Industries) Ltd. is aware of these challenges and is taking them seriously. For the sake of future generations, we want to act responsibly and make economic, ecological and social progress.

Care for Communities

Our capacity to work with our stakeholders at the various levels of the business is a key in maintaining and succeeding in today's economic and social environment. Regular engagement helps us learn about their concerns, and provides us with an opportunity to better address them.

Our stakeholders include our shareholders, employees, local communities, suppliers, regulators, customers, civil society and intergovernmental organizations. Some of our engagements with stakeholders are listed below:

Investors and Owners

We connect with investors and shareowners in regular meetings, keeping them abreast on all issues, including those relating to sustainability and social activities. They are increasingly interested in how we conduct our businesses. We try to give them:

- Good returns
- Strong growth
- Stability
- Increased adherence to corporate governance

Employees

We try and make sure our workplace is diverse. We listen carefully to our employees' views, using their broad and diverse insights to develop and improve our culture; providing them with equal opportunities. Our approach includes:

- Satisfactory compensation and benefits
- Pleasant work environment with recreational activities
- Job satisfaction
- Professional growth and development
- Safe and secure working conditions

Local Communities

We try and work with the communities in which we operate to help build a prosperous, educated and healthy society. Our approach is to ensure:

- Health support
- Education support
- Employment generation
- Infrastructure development

Suppliers

We work with our supply chain partners on a regular basis to have sustainable supplier portfolio. With respect to suppliers we believe in:

- Regular orders
- Timely payments

- Recognition and feedback
- Performance evaluation
- Long term association

Government

We work with government at local and national levels, adhering with laws and regulations in every field of our business. Our approach is:

- Compliance with Laws and Regulations.
- Adherence to Corporate governance guidelines
- Contribution towards direct and indirect taxation

Customers

We try and understand our customer needs, and the end use of our product to be in a position to cater our customers even better. This process helps us underpin new product developments and enhances their satisfaction levels. Accordingly we ensure:

- Product availability
- Increased quality
- Competitive price
- Customer service

Economic Performance & Contribution

Economic performance is a key indicator of Company's contribution towards country prosperity and welfare. Our economic contribution includes direct and indirect employment, buying from local, regional and global suppliers, the distribution of our products, and contribution to the national exchequer via direct and indirect taxes.

In 2012-13, Gatron generated over Rupees 24,303 million of economic value, of which the majority was distributed through the course of our business to our employees, shareholders and investors, suppliers and governments as well as to local communities through our Corporate Social Investment activities.

Economic Contribution in 2012-13

Pak Rupee in Thousand

Revenues Revenue plus dividend receipts and proceeds of sales of assets.	11,644,094
Operating Costs Cost of materials, services and facilities.	10,851,677
Employee wages and benefits Cost of employees' salaries and benefits.	823,721
Payments to providers of Capital All financial payments made to the providers of the Company's capital	230,437
Payments to Governments Tax paid, including remittance taxes and excise taxes and withholding taxes	731,554
Community Investments Voluntary contributions and investment of funds in the broader community	21,552
Economic Contribution	**24,303,035**

Sustainability

We aim to pay the right and correct amount of tax according to the laws of the Country. During the year Gatron has contributed in excess of Rs. 654.854 million to the national exchequer through various taxes and duties

Environment

Environment friendly business practices and responsibility to conserve the environment has always been on the forefront at Gatron. The management recognizes its responsibility for the sustainable consumption of raw materials, energy and water resources.

Gatron is committed to preserve the environment and prevent generation of pollution from its activities and operations and to protect employees and workplaces from hazards of pollution. We consistently endeavor to control hazards and environmental risks that could harm people, property and causes loss to business or Company's image.

Keeping in view the impact of rising carbon emissions on the environment, we at Gatron are working to better manage our environmental impact. We are continually working to improve the environmental profile of our operations by focusing on a reduction in energy usage, streamlined business processes and disposal and reuse of generated waste and water treatment.

For business sustainability purposes, the Company regularly conducts technical evaluations of its vendors and contractors in order to rationalize its operations in a more efficient and effective manner

Resource Conservation

We maximize our resource utilization by recovering and reusing most of our non-product outputs, reducing our requirement for fresh materials. Reuse of paper tubes, cartons, chips bagging materials and wooden cases and printing papers being done to minimize consumption. The waste generated, is either recycled within the plant or disposed off in an environment friendly way. Water conservation and reduction in effluents is ensured by recycling water from various streams for horticulture purposes. We take adequate safety measures and strive to avoid significant spills by monitoring our production sites. We try to contain spill and recover it. This year, we had no significant spills or leaks.

Measure, analyze & control

Measurement and control are part of our sustainable practices. Not only we collect information for monitoring and analyzing our departmental efficiencies, we are also transparent with outsiders. Reporting system has been up graded from Oracle 8 i to 10g, Steering committee is working & conducting effective meetings and ISO audits are being conducted timely. Video conference & Radio link facilities have been made available at both factory and head office.

Environmental Management Systems

- These systems provide the structures and processes that help embed environmental efficiency into a Company's culture and mitigate risks.
- An environment friendly business practice; to conserve the environment has always been on the forefront at Gatron.
- A major glory available at Company's profile is ISO 14001 certification, proves Gatron is eco-friendly Company which satisfies all the international Environmental standards.
- We monitor our gaseous emissions (SOx, NOx & CO) and suspended particulate matter (SPM), as per regulatory norms.
- Septic tank project is going on for collecting chemical effluents for safe disposal.
- Our team visits exhibitions, attends seminars, workshops & conferences and is engaged with vendors, engineering companies, machinery sellers & raw material, packing material & auxiliary

manufacturers to gather new ideas & information about activities going on worldwide, this helps us to innovate new products or enhance quality & performance of existing products to cater customers' requirements.

Social / People

Social Engagement

The company has distinguished itself as a good neighbor, not only we have consistently delivered returns to our shareholders, we have worked hard to be a good employer, to be a catalyst for the social and economic development of the communities in which we operate, and to minimize our environmental impact.

We have continued our role as a responsible corporate citizen and regularly contribute towards social and welfare activities through donation to various charitable institutions. We have also contributed to the flood affectees, being committed towards national cause.

The company is engaged in community development activities with special emphasis on health and education promotion.

During the period Company has made donations amounting to Rs. 21.552 million which includes:

1. Donation of Rs. 8.655 million to Gatron Foundation (related party). The company through the Gatron Foundation contributed towards flood relief activities and provided food and water to flood hit areas.
2. Donation of Rs. 8 million to Institute of Business Administration (IBA) for development of infrastructure as well as the faculty and teaching method.
3. Donation of Rs. 4.545 million to HANDS for flood relief activities.

People Development

We view learning and development as a shared responsibility between the Company and our individual employees, with the Company providing the resources and individuals providing the essential motivation and commitment.

Our team members are provided a supportive environment, one that encourages open communications within the workforce, and one which helps in the sharing and development of new ideas. New recruits are provided on job training to help them settled. In particular, the Trainee Engineer Programme has become a popular learning platform for young engineering graduates, where they can learn and earn at the same time.

Facilities and Support

At Gatron, activities are carried out to create a comfortable and friendly environment, far from the monotony of constant work, without compromising on discipline and productivity. Team members are provided with several facilities in return for their tremendous efforts to excel in corporate as well as social work.

Security

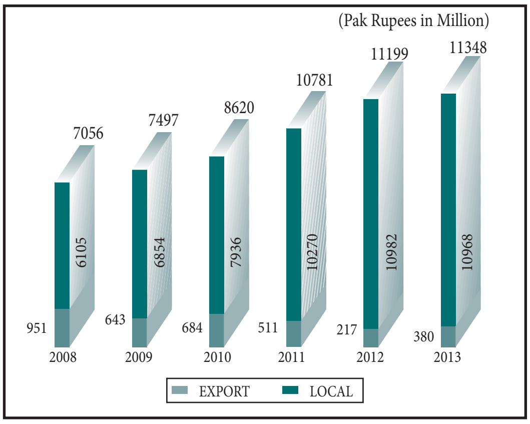
At Gatron, security is an integrated business function which manages a range of risks to our people, our property, our information and our reputation.

Financial Highlights

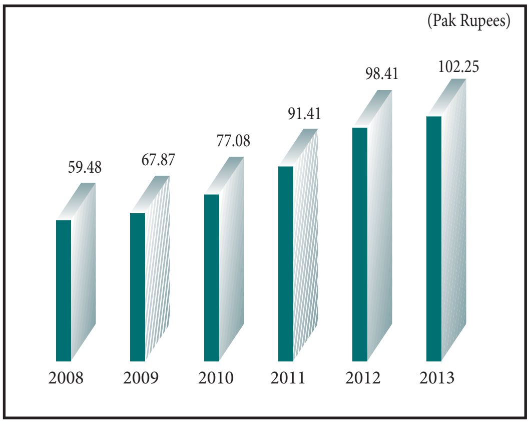
Particulars	2012	2011	2010	2009	2008	2007
Operating Results						
Pak Rupees in Thousand						
Sales	11,199,270	10,780,531	8,620,045	7,497,075	7,056,483	5,992,937
Gross Profit	1,117,480	871,698	566,874	567,999	785,307	543,368
Operating Profit	644,490	553,148	295,505	264,323	384,320	352,292
Profit after taxation	652,293	626,444	410,975	379,320	156,644	137,220
Percentage						
Dividend	95.00	50.00	20.00	15.00	15.00	15.00
Financial Position						
Pak Rupees in Thousands						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	3,391,993	3,123,345	2,573,630	2,220,202	1,898,429	1,799,332
Property, Plant & Equipment	1,860,764	2,047,881	2,357,159	2,429,297	2,447,092	2,477,898
Current Assets	3,725,008	3,713,325	2,671,278	3,102,234	3,119,717	2,465,399
Current Liabilities	1,675,047	2,013,047	1,603,698	2,396,989	2,652,657	2,147,458
Net Current Assets	2,049,961	1,700,278	1,067,580	705,245	467,060	317,941
Long Term Liabilities	-	79,158	298,815	337,472	415,405	458,836
Deferred Liabilities	437,417	463,770	470,731	495,241	518,703	455,897
Financial Ratios & Percentages						
Percentages						
Gross Profit Ratio	9.98	8.09	6.58	7.58	11.13	9.07
Return on Capital Employed	23.06	22.49	14.24	16.26	10.98	8.35
Return on Equity	17.28	17.86	13.90	14.57	6.86	6.29
Number of Times						
Inventory Turnover	4.94	5.96	4.81	3.77	3.91	3.46
Debtors Turnover	11.24	12.57	16.15	12.62	12.05	13.96
Total Assets Turnover	1.87	1.89	1.54	1.28	1.27	1.14
Fixed Assets Turnover	5.73	4.89	3.60	3.07	2.87	2.41
Interest Cover	31.34	8.53	1.71	1.03	2.55	2.06
Ratio						
Debt-Equity	00 : 100	02 : 98	09 : 91	11 : 89	15 : 85	17 : 83
Current Ratio	2.22 : 1	1.84 : 1	1.67 : 1	1.29 : 1	1.18 : 1	1.15 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up Value	98.41	91.41	77.08	67.87	59.48	56.90
Earnings per Share – Basic and diluted	17.00	16.33	10.71	9.89	4.08	3.58
Dividend per Share	9.50	5.00	2.00	1.50	1.50	1.50
Percentages						
Dividend Yield	10.17	9.51	4.76	2.48	1.83	0.89
Dividend Pay Out	55.88	30.62	18.67	15.17	36.76	41.90
Number of Times						
Price Earning Ratio – Year end price	5.50	3.22	3.92	6.12	20.14	47.30
Share Performance						
Pak Rupees						
Highest	95.78	58.80	77.00	81.72	186.65	186.65
Lowest	49.00	36.80	35.77	32.50	75.05	80.00
At year end	93.45	52.60	42.00	60.50	82.17	169.35

GRAPHICAL PRESENTATION

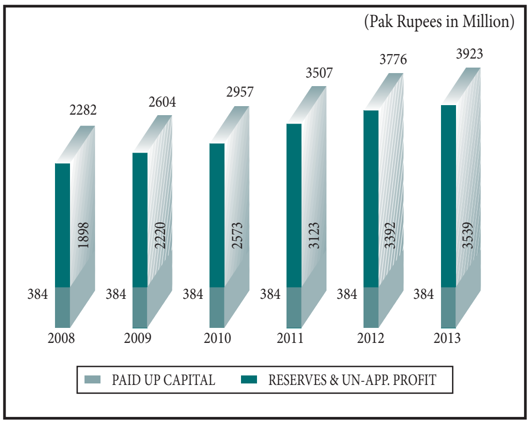
SALES



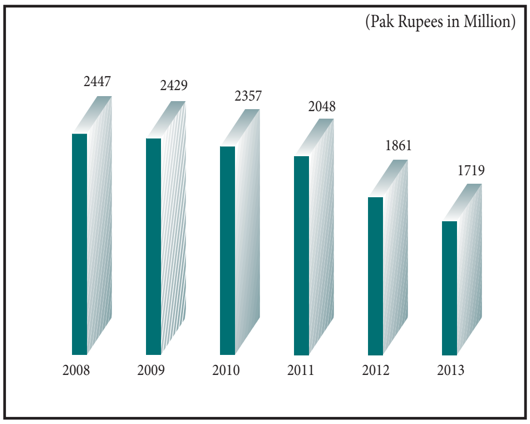
BREAK UP VALUE OF SHARE



SHAREHOLDERS' EQUITY



PROPERTY, PLANT AND EQUIPMENT



HYDER BHIMJI & CO.
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Review Report to the Members
On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **Gatron (Industries) Limited** to comply with the Listing Regulations of Karachi, Lahore and Islamabad 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 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, The Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval of 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 applicable to the company for the year ended June 30, 2013.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: 31 AUG 2013

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Statement of Compliance With The Code of Corporate Governance

Name of the Company: **Gatron (Industries) Limited**
Year Ended: **June 30, 2013**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of the Karachi Stock Exchange Limited 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 Directors	Mr. Peer Mohammad Diwan, Chief Executive Mr. Abdul Razak Diwan Mr. Zakaria Bilwani Mr. Shabbir Diwan Mr. Muhammad Taufiq Bilwani
Non-Executive Directors	Haji Haroon Bilwani, Chairman Mr. Usman Bilwani Mr. Iqbal Bilwani

The condition of clause 1(b) of CCG in relation to independent director will be applicable after next election of directors in December, 2014.

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred on the Board on June 29, 2013 was filled up by the inclusion of new Director in July 10, 2013.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its 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 the 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(s) and non-executive directors, have been taken by the board.

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 new inductee in the Board i.e., Mr. Muhammad Taufiq Bilwani has completed the training in compliance with CCG requirement and has obtained certificate of Director's Training Course from ICAP.

10. The board has already ratified appointments of 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 CEO and 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 04 members, of whom 03 are non-executive directors including the Chairman of the committee.

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 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 HR and Remuneration Committee. It comprises 03 members, of whom 02 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 and personnel involved are considered suitable, qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program 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 final result, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

Peer Mohammad Diwan
Chief Executive

August 31, 2013

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GATRON (INDUSTRIES) LIMITED** ("the Company') as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, 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 statements 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 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

   ii. 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, statement of comprehensive income, 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, total comprehensive income, 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 the central zakat fund established under section 7 of that Ordinance.

Emphasis of matter paragraph

We draw attention to the contents of notes 25.1 (a) of the annexed financial statements relating to the manner of determining the provision for WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for further liability, that may arise, has been made in the annexed Financial Statements. Our opinion is not qualified in respect of this matter.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: 31 AUG 2013

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BALANCE SHEET
AS AT JUNE 30, 2013

	Notes	2013	2012
		(Pak Rupees in Thousand)	
ASSETS			
Non-current Assets			
Property, plant and equipment	4	**1,719,259**	1,860,764
Long term investments	5	**300,632**	300,750
Long term loans	6	**152**	561
Long term deposits	7	**1,251**	1,019
		2,021,294	2,163,094
Current Assets			
Stores, spare parts and loose tools	8	**426,851**	366,610
Stock in trade	9	**2,644,785**	2,145,909
Trade debts	10	**1,155,689**	800,947
Loans and advances	11	**43,729**	21,112
Trade deposits and short term prepayments	12	**15,858**	6,201
Other receivables	13	**246,213**	214,364
Income tax refundable payments less provision	14	**43,014**	-
Advance income tax		**51,217**	51,152
Taxes and duties refundable from Federal Government	15	**10,544**	13,442
Cash and bank balances	16	**52,408**	105,271
		4,690,308	3,725,008
TOTAL ASSETS		**6,711,602**	5,888,102
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised capital 44,000,000 Ordinary shares of Rs.10 each		**440,000**	440,000
Paid up capital	17	**383,645**	383,645
Capital reserves	18	**458,645**	458,645
General reserve	19	**2,500,000**	1,910,000
Unappropriated profit		**580,534**	1,023,348
		3,922,824	3,775,638
LIABILITIES			
Non-current Liabilities			
Deferred liabilities	20	**394,920**	437,417
Current Liabilities			
Trade and other payables	21	**1,439,226**	1,408,793
Accrued mark up	22	**19,765**	11
Short term borrowings	23	**934,867**	156,514
Provision for income tax less payments	24	**-**	109,729
		2,393,858	1,675,047
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		**6,711,602**	5,888,102

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Conversion rates as at June 30, 2013 were 1 US$ = Rs. 98.80, 1 Euro € = Rs. 129.11 and 1 Pound £ = Rs. 150.87

Profit And Loss Account
FOR THE YEAR ENDED JUNE 30, 2013

	Notes	2013	2012
		(Pak Rupees in Thousand)	
Sales	26	**11,348,105**	11,199,270
Cost of sales	27	**10,851,677**	10,081,790
Gross profit		**496,428**	1,117,480
Distribution and selling expenses	28	**199,499**	209,737
Administrative expenses	29	**217,083**	148,671
Other operating expenses	30	**65,909**	118,862
		482,491	477,270
		13,937	640,210
Other income	31	**6,301**	4,280
Operating profit		**20,238**	644,490
Finance cost	32	**77,588**	23,083
		(57,350)	621,407
Investment income - Dividend	33	**285,950**	240,800
Profit before income tax		**228,600**	862,207
Income tax	34	**(91,226)**	209,914
Profit after income tax		**319,826**	652,293
Earnings per share - Basic and diluted (Rupees)	35	**8.34**	17.00

(1) The Board of Directors has recommended final cash dividend for the year ended June 30, 2013 of Rs.4.00 per share (i.e. 40%)

(2) The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Statement Of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2013

	(Pak Rupees in Thousand)	
	2013	2012
Profit after income tax	**319,826**	652,293
Other comprehensive income	-	-
Total comprehensive income	**319,826**	652,293

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Pak Rupees in Thousand)	
Cash Flow (towards)/from Operating Activities			
Profit before income tax		**228,600**	862,207
Adjustments for:			
Depreciation		**285,430**	311,678
Provision for defined benefit plan		**24,375**	25,691
Gain on disposal of property, plant and equipment		**(4,633)**	(2,760)
Loss on disposal of property, plant and equipment		**68**	34
Impairment in long term investment		**158**	-
Provision for doubtful trade debts-net		**10,862**	8,602
Provision for slow moving stores, spare parts and loose tools-net		**177**	7,550
Dividend income		**(285,950)**	(240,800)
Finance cost		**77,588**	23,083
		108,075	133,078
		336,675	995,285
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		**(60,418)**	(55,141)
Stock in trade		**(498,876)**	(213,871)
Trade debts		**(365,604)**	382,419
Loans and advances		**(21,837)**	(5,092)
Trade deposits and short term prepayments		**(9,657)**	(1,706)
Other receivables		**(31,849)**	(79,201)
Taxes and duties refundable from Federal Government		**2,898**	(13,442)
		(985,343)	13,966
Increase in Trade and other payables		**30,810**	108,854
Cash flow (towards)/from operations		**(617,858)**	1,118,105
Payments for :			
Long term loans		**(371)**	(2,120)
Long term deposits		**(232)**	(16)
Defined benefit plan		**(7,138)**	(5,427)
Dividend		**(172,603)**	(404,954)
Finance cost		**(57,834)**	(29,898)
Income tax		**(121,316)**	(318,020)
Net cash flow (towards)/from operating activities		**(977,352)**	357,670
Cash Flow from/(towards) Investing Activities			
Addition in property, plant and equipment		**(149,813)**	(146,537)
Proceeds from disposal of property, plant and equipment		**10,039**	5,883
Increase in Investment in Subsidiary Company		**(40)**	(235)
Dividend received		**285,950**	240,800
Net cash flow from investing activities		**146,136**	99,911
Cash Flow (towards)/from Financing Activities			
Long term financing - repayments		-	(183,315)
Net cash flow towards financing activities		-	(183,315)
Net (decrease)/increase in cash and cash equivalents		**(831,216)**	274,266
Cash and cash equivalents at the beginning		**(51,243)**	(325,509)
Cash and cash equivalents at the end	36	**(882,459)**	(51,243)

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Statement Of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2013

(Pak Rupees in Thousand)

	Paid-up capital	Capital Reserves: Share premium	Capital Reserves: Others	Capital Reserves: Sub Total	General reserve	Unappropriated profit	Total
Balances as at July 01, 2011	383,645	383,645	75,000	458,645	1,910,000	754,700	3,506,990
Total comprehensive income for the year ended June 30, 2012	-	-	-	-	-	652,293	652,293
Transactions with owners							
Final cash dividend for the year ended June 30, 2011 at Rs.5.00 per share i.e. @50%	-	-	-	-	-	(191,822)	(191,822)
Interim cash dividend for the year ended June 30, 2012 at Rs.5.00 per share i.e. @50%	-	-	-	-	-	(191,823)	(191,823)
	-	-	-	-	-	(383,645)	(383,645)
Balances as at June 30, 2012	383,645	383,645	75,000	458,645	1,910,000	1,023,348	3,775,638
Total comprehensive income for the year ended June 30, 2013	-	-	-	-	-	319,826	319,826
Transfer to General reserve	-	-	-	-	590,000	(590,000)	-
Transactions with owners							
Final cash dividend for the year ended June 30, 2012 at Rs.4.50 per share i.e. @45%	-	-	-	-	-	(172,640)	(172,640)
Balances as at June 30, 2013	**383,645**	**383,645**	**75,000**	**458,645**	**2,500,000**	**580,534**	**3,922,824**

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Notes To The Financial Statements
FOR THE YEAR ENDED JUNE 30, 2013

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at all the Stock Exchanges of Pakistan since 1992. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta. The principal business of the Company is manufacturing of Polyester Filament Yarn alongwith its raw material viz. Yarn Grade Polyester Chips. However, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET Preforms. The Company also owns wholly owned subsidiaries i.e. Messrs. Gatro Power (Private) Limited which is engaged in power generation, Messrs. GT Universal Limited, with objective to carry on diversified manufacturing activities in textile sector, has not yet commenced its operations till date and Messrs. Global Synthetics Limited for reconstruction purpose.

The Board of Directors, subject to the approval of the Court, regulatory authorities and shareholders of the Company, has in principle decided reconstruction of the Company's preform business into a separate entity i.e. Messrs. Global Synthetics Limited (comprising the preform business) and the rest of the business would continue under Gatron (Industries) Limited. The finalization of Scheme of Arrangement is under process.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, amendments and interpretations are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 1 - 'Presentation of Financial Statements' (Amendment), is effective for the accounting periods beginning on or after January 01, 2012. The amendment to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point (for example, net gain on hedges of net investments, exchange differences on translation of foreign operations, net movement of cash flow hedges and net losses or gains on available for sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

IAS 12 Income Taxes (Amendment) - 'Deferred Tax: Recovery of underlying assets', is effective for the accounting periods beginning on or after January 01, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sales. Furthermore, it introduces the requirement that deferred tax on non depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset.

b) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective.**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact except IAS 19 on the Company's financial statements other than certain additional disclosures.

		Effective for the periods beginning on or after
Revision/amendments to IFRSs and interpretations		
IFRS 7	Financial instruments: Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1	Presentation of Financial Statements (Amendment)	January 01, 2013
IAS 16	Property, Plant & Equipment - Classification of servicing equipment (Amendment)	January 01, 2013
IAS 19	Employees benefits (revised)	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investment in Associates and Joint Ventures	January 01, 2013
IAS 32	Financial Instruments: Presentation (Amendment)	January 01, 2013 & January 01, 2014
IAS 34	Interim Financial reporting - interim reporting of segment information for total assets and total liabilities	January 01, 2013
IFRIC 20	Striping Costs in the Production Phase of Surface Mine	January 01, 2013
Standards issued by IASB but not yet notified by SECP		
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of interests in other entities	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013
IAS 27 (revised 2011)	Separate Financial Statements	January 01, 2013
IAS 28 (revised 2011)	Investment in Associates and Joint Ventures	January 01, 2013

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.4 Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by management that have significant effect on the financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:

a) **Property, plant and equipment**
The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on each financial year end. The Company reviews the value of the assets for possible impairment on each financial year end. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

b) **Trade debts**
The estimates of doubtful trade debts, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

c) **Stock in trade**
The Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each financial year end. Any change in the estimates in future years might affect the carrying amount of stock in trade with a corresponding affect on impairment. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

d) **Stores, spare parts and loose tools**
The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

e) **Defined benefit plan**
The actuarial valuations of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 3.8 (b) to the financial statements. Changes in assumptions in future years may affect the liability under this scheme upto those years.

f) **Income tax**
In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as disclosed in note 3.10 to the financial statements.

2.5 Functional and reporting currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment if any, except free hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values. Depreciation is charged on diminishing balance method at the rates mentioned in Note 4.1, whereby the depreciable amount of an asset is written off over its estimated useful life.

Depreciation on addition is charged from the month of the asset is available for use upto the month prior to disposal.

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to profit and loss account.

The carrying amounts of the Company's assets are reviewed at each financial year end whether there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Gain or loss on disposal or loss on retirement of property, plant and equipment, if any, is taken to profit and loss account.

3.2 Impairment of assets

Value of all Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account .

3.3 Investments

Subsidiary and Associated Companies
Investment in Subsidiary and Associated Companies are stated at cost less impairment, if any.

The investment in associated company has not been accounted for using the equity method in these accounts as the company prepares Consolidated Financial Statements in accordance with IAS-27-Consolidated & Separate Financial Statements.

3.4 Stores, spare parts and loose tools

These are valued at monthly weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the balance sheet date. Adequate provision is made for slow moving and obsolete items based on parameter set out by the management. The major value spares and stand by equipments are capitalized.

3.5 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents cost of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the balance sheet date.

3.6 Trade debts

Trade debts are initially recognised at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision.

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

3.8 Employees' post employment benefits

a) Defined contribution plan
The Company and the eligible employees contribute equally to recognised Provident Funds.

b) Defined benefit plan
The Company operates an unfunded defined gratuity scheme, being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial calculation and the latest actuarial valuation was conducted on the balances as at June 30, 2012.

The actuary has used the Projected Unit Credit Method of valuation. The valuation discount rate has been taken at 12.50% and salary increases assumed to average 10.50% per annum in the long term.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are charged or credited to profit or loss account over the employees' expected average remaining working lives.

3.9 Compensated unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

3.10 Income Tax

Current
Liability for current income tax is accounted for in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

Deferred
The Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will 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 balance sheet date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

3.11 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in future for goods and services.

3.12 Provision

Provision is recognised when the Company has present legal or constructive obligations as result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

3.13 Borrowings and their cost

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

3.14 Foreign currency transactions and translation

Foreign currency transactions are recorded into Pak Rupee using the prevailing exchange rates. As on balance sheet date, monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the prevailing exchange rates on the balance sheet date. Resultant exchange differences are taken to profit and loss account.

3.15 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Sale and processing services are recognised on dispatch of goods to customer.
- Post acquisition dividend income is recognised when the right of receipt is established. Pre acquisition dividend is adjusted against the purchase prices.
- Storage and handling income is recognised when the material is received in the storage tanks.

3.16 Dividend and appropriation to reserves

Liability for dividend and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

3.17 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the financial instruments and derecognised fully or partly when the Company fully or partly losses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is fully or partly discharged, cancelled or expired. Any gain or loss representing value differential if any on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

3.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

3.19 Segment information

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure if any, is the total cost incurred during the year to acquire property, plant and equipment.

(Pak Rupees in Thousand)

			2013	2012
4	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	4.1	**1,634,040**	1,812,638
	Capital work in progress	4.4	**85,219**	48,126
			1,719,259	1,860,764

4.1 Operating assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
	(Pak rupees in thousand)											
Net carrying value												
Year ended June 30, 2013												
Opening net book value	25,320	13,748	1,243	138,868	6,497	1,550,346	4,084	8,418	13,925	50,189	-	1,812,638
Additions at cost	-	-	-	-	-	3,415	256	1,392	1,722	26,988	29,909	63,682
Transfer from capital work in progress	-	-	-	-	-	59,738	-	-	-	-	-	59,738
Disposal / Transfer at NBV	-	-	-	-	-	-	-	-	98	5,376	11,114	16,588
Depreciation	-	-	124	13,887	650	251,438	845	1,761	3,682	11,470	1,573	285,430
Closing net book value	**25,320**	**13,748**	**1,119**	**124,981**	**5,847**	**1,362,061**	**3,495**	**8,049**	**11,867**	**60,331**	**17,222**	**1,634,040**
Gross carrying value												
At June 30, 2013												
Cost	25,320	13,748	14,248	425,517	9,902	5,653,347	18,309	38,770	63,323	131,577	18,795	6,412,856
Accumulated depreciation	-	-	13,129	300,536	4,055	4,291,286	14,814	30,721	51,456	71,246	1,573	4,778,816
Net book value	**25,320**	**13,748**	**1,119**	**124,981**	**5,847**	**1,362,061**	**3,495**	**8,049**	**11,867**	**60,331**	**17,222**	**1,634,040**
Net carrying value												
Year ended June 30, 2012												
Opening net book value	25,320	13,748	1,381	148,028	7,219	1,714,845	4,109	9,421	12,963	48,957	-	1,985,991
Additions at cost	-	-	-	-	-	2,334	517	940	1,767	15,179	1,412	22,149
Transfer from capital work in progress	-	-	-	6,212	-	110,539	412	27	3,555	-	-	120,745
Disposal / Transfer at NBV	-	-	-	-	-	-	23	-	32	3,102	1,412	4,569
Depreciation	-	-	138	15,372	722	277,372	931	1,970	4,328	10,845	-	311,678
Closing net book value	**25,320**	**13,748**	**1,243**	**138,868**	**6,497**	**1,550,346**	**4,084**	**8,418**	**13,925**	**50,189**	**-**	**1,812,638**
Gross carrying value												
At June 30, 2012												
Cost	25,320	13,748	14,248	425,517	9,902	5,590,194	18,053	37,378	61,979	119,334	-	6,315,673
Accumulated depreciation	-	-	13,005	286,649	3,405	4,039,848	13,969	28,960	48,054	69,145	-	4,503,035
Net book value	**25,320**	**13,748**	**1,243**	**138,868**	**6,497**	**1,550,346**	**4,084**	**8,418**	**13,925**	**50,189**	**-**	**1,812,638**
Depreciation rate % per annum	-	-	10	10	10	15 to 25	20	20	20 to 30	20	15	

4.2 Depreciation for the year has been allocated as follows:-

(Pak Rupees in Thousand)

	2013	2012
Cost of sales	**279,066**	304,778
Distribution and selling expenses	**939**	1,172
Administrative expenses	**5,425**	5,728
	285,430	311,678

4.3 Details of property, plant and equipment disposed off during the year :

(Pak Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
MOTOR VEHICLES					
Suzuki Cultus AJA-056	555	92	423	Company Policy	**Mr. Muhammad Hanif** Employee of the company
Toyota Corolla ASY-337	1,384	771	1,015	--do--	**Mr. Muhammad Usman** Employee of the company
Suzuki Cultus AMT-921	600	149	360	--do--	**Mr. Iqbal Hussain** Employee of the company
Suzuki Cultus ANE-369	660	161	371	--do--	**Mr. Anwer Shah** Employee of the company
Suzuki Cultus APA-549	656	201	386	--do--	**Mr. Zain-ul-Abideen** Employee of the company
Honda Civic ASB-970	1,759	798	1,191	--do--	**Syed Hasnain Akhter** Employee of the company
Suzuki Cultus AJZ-257	639	126	365	--do--	**Mr.Shakeel Ahmed Khan** Employee of the company
Honda Civic LEB-06-110	1,371	317	896	--do--	**Mr. Mukhtar Ali** Employee of the company
Suzuki Alto APM-840	503	143	503	--do--	**Mr. Zeeshan Ahmer** Employee of the company
Honda City APD-890	895	258	469	--do--	**Mr. Muhammad Zakaria** Employee of the company
Honda City AQU-593	930	331	604	--do--	**Mr. Irshad Karim** Employee of the company
Toyota Corolla ANX-729	1,011	291	564	--do--	**Mr. Abdul Wahab** Employee of the company
Toyota Corolla AQR-240	1,056	286	547	--do--	**Mr. Abdul Wahab Tajwani** Employee of the company
Toyota Corolla AWE-519	1,679	1,284	1,450	Negotiation	**Mr. Umer Daraz Khan** House# 11, Street# 33, Khayaban-e-Shamsheer, DHA, Karachi.
Suzuki Cultus ALP-607	595	138	275	--do--	**Mr. Abdul Haq Memon** House # B-83, Gulistan-e-Juhar, Block 15, Karachi.
Items having book value upto Rs.50 thousand each	452	30	590	Various	**Various**
Sub Total	**14,745**	**5,376**	**10,009**	--	--
OFFICE EQUIPMENT					
Triangular Antena Tower	328	71	13	Negotiation	**M/s. Aircom Telecommunication Technologies** Suite#U-25, Glass Tower, Main Clifton Road, Karachi.
Items having book value upto Rs.50 thousand each	50	27	17	Negotiation	Various
Sub Total	**378**	**98**	**30**	--	--
Total	**15,123**	**5,474**	**10,039**	--	--
Total - 2012	**9,420**	**3,157**	**5,883**	--	--

4.4 Capital Work-in-Progress

(Pak Rupees in Thousand)

	Balance as at July 1, 2012	Additions	Transfer to Operating assets	Adjustment	Balance as at June 30, 2013
Factory building on lease hold land	-	1,594	-	-	1,594
Plant and machinery	48,126	95,237	(59,738)	-	83,625
	48,126	**96,831**	**(59,738)**	**-**	**85,219**

	Balance as at July 1, 2011	Additions	Transfer to Operating assets	Adjustment	Balance as at June 30, 2012
Factory building on lease hold land	18,227	-	(6,212)	(12,015)	-
Plant and machinery	12,853	157,850	(110,539)	(12,038)	48,126
Furniture and fixture	105	307	(412)	-	-
Factory equipment	-	27	(27)	-	-
Office equipment	3,541	14	(3,555)	-	-
	34,726	**158,198**	**(120,745)**	**(24,053)**	**48,126**

5 LONG TERM INVESTMENTS

Related Parties

(Pak Rupees in Thousand)

	Note	2013	2012
Wholly owned Subsidiary Companies			
22.575 million including 7.525 million bonus shares (2012: 15.050 million shares) in Messrs. Gatro Power (Private) Limited	5.1	**150,500**	150,500
25,000 (2012: 25,000) shares in Messrs. G T Universal Limited - Unlisted	5.2	**250**	250
4,000 shares (2012: Nil) in Messrs. Global Synthetics Limited - Unlisted	5.3	**40**	-
		150,790	150,750
Impairment loss		**(158)**	-
		150,632	150,750
Associated Companies			
27 million including 12 million bonus shares (2012: 27 million shares) in Messrs. Novatex Limited - Unlisted	5.4	**150,000**	150,000
		300,632	300,750

5.1 The value of investment on the basis of the net assets, as disclosed in its audited financial statements as at June 30, 2013 amounted to Rs.557.028 million (2012: Rs.584.127 million) .

5.2 The value of investment on the basis of the net assets, as disclosed in its audited financial statements as at June 30, 2013 amounted to Rs.0.126 million (2012: Rs.0.158 million).

5.3 Messrs. Global Synthetics Limited has been incorporated to reconstruct the Gatron (Industries) Limited's preform business into a separate entity. The value of the investment on the basis of the net assets, as disclosed in its audited financial statements as at June 30, 2013 amounted to Rs.0.006 million (2012: Nil). The shares are held in the name of nominees of the Company as permitted u/s 209(3) of the Companies Ordinance, 1984.

5.4 The value of 27 million (2012: 27 million) shares being 36.83% holding of the total issued share capital of Associated Company, on the basis of the net assets, as disclosed in its un-audited financial statements as at March 31, 2013 amounted to Rs.3,163.411 million (March 2012: Rs.3,039.328 million).

(Pak Rupees in Thousand)

6 LONG TERM LOANS - Considered good

Secured - Interest free

	2013	2012
To employees other than Chief Executive & Directors	**4,711**	4,340
Amount due in twelve months shown under current assets	**(4,559)**	(3,779)
Recoverable within three years	**152**	561

6.1 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

6.2 It includes loans to executives and its reconciliation is as under:

	2013	2012
Balance at beginning	**590**	-
Disbursements	**216**	848
Repayments	**(498)**	(258)
Balance at end	**308**	590

6.2.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.0.659 million (2012: Rs.0.669 million).

7 LONG TERM DEPOSITS

	2013	2012
Security deposits for utilities and others	**1,251**	1,019

8 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013	2012
In hand:			
Stores		**118,961**	87,337
Spare parts		**311,874**	277,288
Loose tools		**4,163**	1,132
		434,998	365,757
Provision for slow moving stores, spare parts and loose tools	8.1	**(12,952)**	(12,775)
		422,046	352,982
In transit		**4,805**	13,628
		426,851	366,610

			(Pak Rupees in Thousand)	
			2013	**2012**
8.1	Provision for slow moving stores, spare parts and loose tools			
	Balance at beginning		**12,775**	5,225
	Charge for the year		**492**	7,555
	Reversals due to consumption		**(315)**	(5)
	Balance at end		**12,952**	12,775

9 STOCK IN TRADE

		2013	2012
Raw material		**775,256**	468,407
Raw material in transit		**16,310**	14,553
Goods in process		**747,624**	699,572
Finished goods	9.1	**1,105,595**	963,377
		2,644,785	2,145,909

9.1 These includes items costing Rs.91.281 million (2012: Rs.82.819 million) valued at net realisable value of Rs.63.605 million (2012: Rs.57.377 million)

10 TRADE DEBTS

		2013	2012
Considered good			
Secured	10.1	**89,115**	57,864
Unsecured		**1,066,574**	743,083
		1,155,689	800,947
Considered doubtful			
Unsecured		**24,963**	14,101
Provision for doubtful debts	10.2	**(24,963)**	(14,101)
		-	-
		1,155,689	800,947

10.1 These are secured against irrevocable letters of credit issued by banks in favour of the Company.

		2013	2012
10.2	Provision for doubtful debts		
	Balance at beginning	**14,101**	5,499
	Charge for the year	**22,944**	12,508
	Reversals since recovered	**(12,082)**	(3,906)
	Balance at end	**24,963**	14,101

11 LOANS AND ADVANCES - Considered good

		2013	2012
Secured			
Amount recoverable in twelve months from employees and executives	6	**4,559**	3,779
Advances to employees	11.1	**532**	539
		5,091	4,318
Unsecured			
Advances:			
to suppliers and contractors		**38,433**	16,652
for imports		**205**	142
		38,638	16,794
		43,729	21,112

11.1 These represent advances against monthly salaries under the terms of employment.

			(Pak Rupees in Thousand) 2013	2012
12	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**615**	1,220
	Prepayments	12.1	**15,243**	4,981
			15,858	6,201

12.1 These includes prepayments to a related party i.e. Messrs. Novatex Limited Rs. 14.963 million (2012: Rs. 4.259 million).

			2013	2012
13	**OTHER RECEIVABLES - Considered good**			
	Receivable from suppliers		**186,760**	210,725
	Claims receivable from suppliers		**1,430**	1,371
	Claims receivable from Insurance Companies		**1,758**	-
	Sales tax		**54,227**	-
	Others	13.1	**2,038**	2,268
			246,213	214,364

13.1 These includes Rs.0.360 million (2012: Rs.0.274 million) and Rs.0.044 million (2012: Nil) receivable from related parties i.e. Messrs. Gatro Power (Private) Limited and Global Synthetics Limited respectively.

			2013	2012
14	**INCOME TAX REFUNDABLE PAYMENTS LESS PROVISION**			
	Balance at beginning	24	**(109,729)**	-
	Net tax payments/adjustments during the year		**121,251**	-
			11,522	-
	Prior year tax reversal		**31,492**	-
	Balance at end		**43,014**	-
15	**TAXES AND DUTIES REFUNDABLE FROM FEDERAL GOVERNMENT**			
	Sales tax refundable		**10,544**	13,442
16	**CASH AND BANK BALANCES**			
	Cash :			
	In hand		**1,727**	1,345
	At banks in current accounts : Local currency		**49,526**	102,369
	Foreign currency	16.1	**1,155**	1,557
			52,408	105,271

16.1 These represent balances of US$:10,235.02 and Euro €:1,129.98 (2012 : US$:15,141.72 and Euro €:1,129.98).

		(Pak Rupees in Thousand) 2013	2012
17	**PAID UP CAPITAL**		

30,136,080	Ordinary shares of Rs.10/-each allotted for consideration paid in cash	**301,361**	301,361
8,228,400	Ordinary shares of Rs.10/-each allotted as fully paid bonus shares	**82,284**	82,284
38,364,480		**383,645**	383,645

These include 1,620,387 (2012 : 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

18 CAPITAL RESERVES

Share premium	18.1	**383,645**	383,645
Others	18.2	**75,000**	75,000
		458,645	458,645

18.1 This represents premium of Rs. 20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs. 10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

18.2 This represents reserve for replacement of plant and machinery.

19 GENERAL RESERVE

This represents reserve created from accumulation of past years' profit, to meet future exigencies.

20 DEFERRED LIABILITIES

Income tax-net	20.1	**276,643**	336,377
Defined benefit plan	20.2	**118,277**	101,040
		394,920	437,417

20.1 This comprises of the following major timing differences:

Deferred tax liability arising in respect of accelerated tax depreciation allowances	**289,534**	345,783
Deferred tax asset arising in respect of :		
Provision for doubtful debts	**(8,487)**	(4,935)
Provision for slow moving stores, spare parts and loose tools	**(4,404)**	(4,471)
	276,643	336,377

20.2 Actuarial valuation of the plan was carried out as at June 30, 2012. The calculation for provision of defined benefit plan is as under:-

Movement of the liability recognised in the balance sheet

Balance at beginning		**101,040**	80,776
Expense	20.2.1	**24,375**	25,691
Payment		**(7,138)**	(5,427)
Balance at end		**118,277**	101,040

	(Pak Rupees in Thousand) 2013	2012
Reconciliation due to defined benefit plan		
Present value of defined benefit obligation	**149,440**	133,980
Unrecognised actuarial losses	**(31,163)**	(32,940)
Closing net liability	**118,277**	101,040

20.2.1 Expense

	2013	2012
Service cost	**5,851**	12,935
Interest cost	**16,747**	12,229
Recognition of actuarial losses	**1,777**	527
	24,375	25,691

	2013	2012
Actuarial (losses)/gains to be recognized		
Corridor limit		
The limit of corridor as at beginning		
a) 10% of present value of obligation	**13,398**	9,678
b) 10% of fair value of plan assets	-	-
Higher of a) and b) above	**13,398**	9,678
Unrecognised net actuarial losses as at beginning	**(32,940)**	(16,006)
Excess	**(19,542)**	(6,328)
Average expected remaining working lives in years	**11**	12
Actuarial losses recognised	**(1,777)**	(527)

21 TRADE AND OTHER PAYABLES

	Note	2013	2012
Trade creditors	21.1	**386,129**	329,350
Bills payable		**585,628**	575,411
Accrued expenses		**151,422**	141,310
Advance payments from customers		**207,685**	143,308
Creditors for capital expenditures		-	414
Sales tax payable		-	12,508
Security deposits from contractors		**8,191**	17,263
Workers' Profit Participation Fund	21.2	-	18,477
Workers' Welfare Fund		**4,906**	46,996
Infrastructure Cess on imports	21.3	**59,885**	89,481
Unclaimed dividend		**9,002**	8,965
Other liabilities	21.4	**26,378**	25,310
		1,439,226	1,408,793

21.1 These include Rs.19.907 million (2012: Rs.6.645 million) payable to a related party, Messrs. Novatex Limited.

21.2 Workers' Profit Participation Fund

	2013	2012
Balance at beginning	**18,477**	11,780
Interest on funds utilised in the Company's business	**620**	-
Allocation	-	18,477
Payments	**(19,097)**	(11,780)
Balance at end	-	18,477

	(Pak Rupees in Thousand) 2013	2012
21.3 Infrastructure Cess on imports		
Balance at beginning	**89,481**	111,356
(Reversal)/provision made during the year	**(16,804)**	22,875
Payment made during the year	**(12,792)**	(44,750)
Balance at end	**59,885**	89,481

The Company had filed a petition in the High Court of Sindh at Karachi challenging the levy of Infrastructure Cess on imports. The Divisional Bench announced Judgment adjudicating the levy collected upto December 27, 2006 as invalid and collection thereafter as valid. The Company and the respondent filed appeals before the Supreme Court of Pakistan challenging the partial judgment of the High Court of Sindh.

In due course of time, the Government of Sindh withdrew its petition from the Supreme Court. Later on the Supreme Court vide its order dated May 20, 2011 set aside the order passed by the High Court of Sindh. Consequently a new petition was filed by the Company in the High Court of Sindh. Through an interim order dated May 31, 2011, the High Court of Sindh ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. Till balance sheet date, the Company has provided bank guarantee amounting to Rs.59.865 million (2012: Rs. 48.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006. Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in the accounts as an abundant precaution.

21.4 These included Rs. 23.497 million (2012: Rs.23.325 million) received from employees under company car policy.

22 ACCRUED MARK UP

	2013	2012
Mark up on short term borrowings	**19,765**	11

23 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	2013	2012
Running finance	**849,867**	156,514
Export re-finance	**85,000**	-
	934,867	156,514

23.1 The Company has aggregate facilities of short term borrowings amounting to Rs.4,905 million (2012: Rs.3,955 million) from various commercial banks (as listed in Note 23.3) out of which Rs.4,085 million (2012: Rs. 3,955 million) remained unutilised at the year end. The company also has Rs.325 million (2012: Rs. 325 million) swinging facility with an Associate Company, out of which Rs. 115 million (2012: Rs. 157 million) utilized by the Company at the year end. The mark up rates for running finance and export re-finance ranged between Rs.0.2742 to Rs.0.3255 per Rs.1000/- per day and 8.45% to 8.65% per annum respectively. These facilities are renewable annually at respective maturities.

23.2 These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Company.

23.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Barclays Bank PLC Pakistan, Citibank N.A., Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, HSBC Bank Middle East Limited, JS Bank Limited, MCB Bank Limited, Meezan Bank Limited, National Bank of Pakistan, NIB Bank Limited, Standard Chartered Bank (Pakistan) Limited, Samba Bank Limited and United Bank Limited.

		2013	2012
		(Pak Rupees in Thousand)	

24 PROVISION FOR INCOME TAX LESS PAYMENTS

	2013	2012
Balance at beginning	-	168,504
Provision for the year	-	256,531
	-	425,035
Less: Payments/adjustment during the year	-	(315,306)
Balance at end	-	109,729

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) The Company has made provision for Workers' Profit Participation Fund for the preceding year recorded based on the management's considered view that the law on workers' participation in profits, necessitates participation of the workers, in the manner laid down in the law, from net profit [from which all the expenses, including cesses, levies and taxes, are fully deducted] and which is available for participation and attributable to workers role which may be subject to interpretation by the relevant authority. The quantum of the differential amount involved is Rs. 27.623 million and no provision for that amount is considered in the financial statements as the management is confident that no further liability will arise on this account. Accordingly, the Company has discharged its liability and so far no negative inference has been communicated to the Company.

b) Bank guarantee issued by the bank on behalf of the Company amounted to Rs.0.010 million (2012:Rs.0.010 million).

25.2 Commitments

The Company's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

	2013	2012
Property, plant and equipment	-	26,465
Raw material	**132,905**	189,209
Spare parts and others	**42,606**	38,768
	175,511	254,442

26 SALES

	Note	2013	2012
Gross local sales and tax	26.1	**11,339,719**	11,359,251
Third party processing charges		**49,896**	48,724
		11,389,615	11,407,975
Less: Sales tax		**421,779**	425,961
Local sales		**10,967,836**	10,982,014
Export sales		**380,269**	217,256
		11,348,105	11,199,270

26.1 These include local zero rated upto February, 2013 and reduced rate on supplies thereafter.

		(Pak Rupees in Thousand)	
27 COST OF SALES		**2013**	**2012**
Raw material consumed		**8,096,250**	7,752,309
Stores, spare parts and loose tools consumed		**152,710**	151,387
Outsource processing charges		**143,645**	136,163
Salaries, wages, allowances and benefits	27.1	**675,419**	573,102
Power, fuel and gas		**1,501,900**	1,316,663
Rent, rates and taxes		**1,316**	1,281
Insurance		**32,826**	32,581
Cartage & Transportation		**102,706**	95,797
Repairs and maintenance		**57,414**	86,048
Communications & Computer expenses		**2,229**	1,277
Water supply		**1,836**	1,601
Travelling		**1,870**	3,083
Legal, professional & subscription fees		**2,832**	2,409
Sundry		**16,627**	6,008
Depreciation	4.2	**279,066**	304,778
		11,068,646	10,464,487
Duty draw back		**(97)**	(86)
Scrap sales		**(26,602)**	(23,178)
		11,041,947	10,441,223
Opening stock of goods-in-process		**699,572**	671,514
Closing stock of goods-in-process		**(747,624)**	(699,572)
Cost of goods manufactured		**10,993,895**	10,413,165
Opening stock of finished goods		**963,377**	632,002
Closing stock of finished goods		**(1,105,595)**	(963,377)
		10,851,677	10,081,790

27.1 These include Rs.13.537 million (2012: Rs.12.194 million) and Rs.7.565 million (2012: Rs.8.458 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

28. DISTRIBUTION AND SELLING EXPENSES

Salaries, allowances and benefits	28.1	**27,003**	23,940
Insurance		**3,860**	4,442
Rent, rates and taxes		**520**	584
Handling, freight and transportation		**159,255**	171,218
Advertisement and sales promotion		**1,728**	1,563
Communications		**332**	581
Travelling		**2,049**	767
Legal, professional & subscription fees		**515**	1,103
Sundry		**3,298**	4,367
Depreciation	4.2	**939**	1,172
		199,499	209,737

28.1 These include Rs.0.812 million (2012 : Rs.0.699 million) and Rs.3.406 million (2012 : Rs.3.344 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

29 ADMINISTRATIVE EXPENSES

	Note	2013 (Pak Rupees in Thousand)	2012
Salaries, allowances and benefits	29.1	**121,299**	101,481
Rent, rates and taxes		**45,453**	4,597
Insurance		**1,002**	1,409
Repairs and maintenance		**9,511**	5,218
Travelling		**5,512**	5,237
Communications		**2,313**	3,518
Legal, professional & subscription fees		**7,863**	4,875
Utilities		**6,305**	6,672
Printing and stationery		**2,203**	1,703
Transportation		**4,008**	4,063
Sundry		**6,189**	4,170
Depreciation	4.2	**5,425**	5,728
		217,083	148,671

29.1 These include Rs.4.013 million (2012 : Rs.3.670 million) and Rs.13.404 million (2012 : Rs.13.889 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

30 OTHER OPERATING EXPENSES

	Note	2013	2012
Loss on disposal of property, plant and equipment		**68**	34
Provision for doubtful trade debts - net	10.2	**10,862**	8,602
Provision for slow moving stores, spare parts and loose tools - net	8.1	**177**	7,550
Impairment in long term investments		**158**	-
Exchange loss - net		**25,094**	43,333
Corporate social responsibilities	30.1	**21,552**	23,991
Workers' Profit Participation Fund		**-**	18,477
Workers' Welfare Fund - current		**4,906**	15,775
Workers' Welfare Fund - prior		**1,902**	-
Auditors' remuneration	30.2	**1,190**	1,100
		65,909	118,862

30.1 These include donation of Rs.8.655 million (2012: Rs.7.214 million) to Messrs. Gatron Foundation in which Chief Executive and seven directors of the Company are governors. None of the directors or their spouses has any interest in any donee fund, in so far as other donations are concerned.

30.2 Auditors' remuneration

	2013	2012
Audit fee - Annual accounts	**1,000**	1,000
Limited review, audit of consolidated financial statements, provident funds and certification fee	**122**	55
Out of pocket expenses	**68**	45
	1,190	1,100

31 OTHER INCOME

	2013	2012
Income from non -financial assets		
Storage and handling income	**1,189**	1,188
Gain on disposal of property, plant and equipment	**4,633**	2,760
	5,822	3,948
Others		
Liabilities no more payable written back	**341**	218
Miscellaneous income	**138**	114
	479	332
	6,301	4,280

		(Pak Rupees in Thousand)	
		2013	2012

32 FINANCE COST

		2013	2012
Mark up on long term financing		-	8,503
Mark up on short term borrowings		**73,734**	11,981
Interest on Workers' Profit Participation Fund		**620**	-
Bank charges		**3,234**	2,599
		77,588	23,083

33 INVESTMENT INCOME - DIVIDEND

		2013	2012
Dividend income from wholly owned subsidiary - M/s. Gatro Power (Private) Limited		**285,950**	240,800

34 INCOME TAX

	Note	2013	2012
For the current year	34.1	-	256,531
For the prior year		**(31,492)**	-
		(31,492)	256,531
Deferred		**(59,734)**	(46,617)
		(91,226)	209,914

34.1 During the current year, minimum tax provision is not required owing to available tax credits.

Relationship between income tax and profit before income tax :

	2013	2012
Profit before income tax	**228,600**	862,207
Income tax rate	**35%**	35%
Income tax on profit before income tax	**80,010**	301,772
Tax effect of income assessed under final tax regime	**(10,466)**	(5,208)
Tax effect of admissible/inadmissible expenses, exempt income	**(114,450)**	(65,698)
Tax effect of change in statutory tax rate for next year	**(8,137)**	-
Tax credits	**(6,691)**	(20,952)
Prior year reversal for income tax	**(31,492)**	-
Income tax for the year	**(91,226)**	209,914

35 EARNINGS PER SHARE - Basic and diluted

	2013	2012
Profit after income tax	**319,826**	652,293
	(Number of Shares)	
Number of Ordinary shares	**38,364,480**	38,364,480
	Rupees	**Rupees**
Earnings per share - Basic and diluted	**8.34**	17.00

There is no dilutive effect on the basic earnings per share of the company.

36 CASH AND CASH EQUIVALENTS

	Note	2013	2012
		(Pak Rupees in Thousand)	
Cash and bank balances	16	**52,408**	105,271
Short term borrowings	23	**(934,867)**	(156,514)
		(882,459)	(51,243)

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(Pak Rupees in Thousand)

	Interest/mark-up bearing			Non-Interest/mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	**2013 Total**	2012 Total
Financial Assets								
Long term investments	-	-	-	-	300,632	300,632	**300,632**	300,750
Loans and advances	-	-	-	5,091	152	5,243	**5,243**	4,879
Deposits	-	-	-	615	1,251	1,866	**1,866**	2,239
Trade debts	-	-	-	1,155,689	-	1,155,689	**1,155,689**	800,947
Other receivables	-	-	-	191,540	-	191,540	**191,540**	214,008
Cash and bank balances	-	-	-	52,408	-	52,408	**52,408**	105,271
	-	-	-	1,405,343	302,035	1,707,378	**1,707,378**	1,428,094
Financial Liabilities								
Trade and other payables	-	-	-	1,166,750	-	1,166,750	**1,166,750**	1,116,500
Accrued mark up	-	-	-	19,765	-	19,765	**19,765**	11
Short term borrowings	934,867	-	934,867	-	-	-	**934,867**	156,514
	934,867	-	934,867	1,186,515	-	1,186,515	**2,121,382**	1,273,025

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate at their fair value except Long term investments which are carried at cost.

37.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

A **Market Risk**

i **Foreign exchange risk**

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro and AED. The Company's exposure to foreign currency risk is as follows:

	(Pak Rupees in Thousand)	
	2013	**2012**
Bills Payable	**585,628**	575,411
Trade Debts	**(70,302)**	(21,573)
Receivable from suppliers	**(172,068)**	(210,725)
Foreign currency bank accounts	**(1,155)**	(1,557)
	342,103	341,556
Commitments - Outstanding letters of credit	**144,519**	222,616
Net exposure	**486,622**	564,172

The following significant exchange rates have been applied

	Average rate		Reporting date rate	
	2013	**2012**	**2013**	**2012**
	Rupees			
USD to PKR	**96.91**	89.64	**98.80**	94.20
Euro to PKR	**125.73**	120.08	**129.11**	118.50
AED to PKR	**26.38**	24.41	**26.90**	25.65

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro and AED with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	Average rate		Reporting date rate	
	2013	**2012**	**2013**	**2012**
	(Pak Rupees in Thousand)			
Effect on profit & loss account				
USD to PKR	**48,113**	53,623	**49,102**	56,400
Euro to PKR	**251**	145	**258**	142
AED to PKR	**(686)**	(120)	**(698)**	(125)
	47,678	53,648	**48,662**	56,417

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

ii **Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate 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.

The Company is not exposed to equity price risk since there are no investment in listed equity securities.

iii **Interest / Markup rate risk**

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. The Company has long term finance and short term borrowings at variable rates. At the balance sheet date the interest profile of the Company's interest-bearing financial instrument is:

	2013	2012	2013	2012
	Effective rate (in %)		(Pak Rupees in Thousand) Carrying amount	
Financial Liabilities				
Variable rate instruments				
Short term borrowings	**9.13 - 11.31**	2.35 - 13.58	**934,867**	156,514

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points 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 variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2012.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2013		
Cash flow sensitivity - Variable rate financial liabilities	**(9,349)**	9,349
As at June 30, 2012		
Cash flow sensitivity - Variable rate financial liabilities	**(1,565)**	1,565

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

B **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the company does not have significant exposure in relation to individual customer. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.1,707.378 million (2012 : Rs.1,428.094 million), the financial assets which are subject to credit risk amounted to Rs.1,405.019 million (2012: Rs.1,125.999 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Pak Rupees in Thousand)	
	2013	**2012**
Loans and advances	**5,243**	4,879
Deposits	**1,866**	2,239
Trade debts	**1,155,689**	800,947
Other receivables	**191,540**	214,008
Bank balances	**50,681**	103,926
	1,405,019	1,125,999

The aging of trade debts and other receivables at the reporting date

Not past due	**798,980**	913,289
Past due 1-30 days	**152,529**	21,348
Past due 31-90 days	**339,877**	43,585
Past due 91-180 days	**47,860**	25,312
Past due 180 days	**32,946**	25,522
	1,372,192	1,029,056
Provision for doubtful debts	**(24,963)**	(14,101)
	1,347,229	1,014,955

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Bank	**Rating Agency**	**Rating**	
		Short term	**Long term**
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Barclays Bank PLC Pakistan	S&P	A-1	A
Citibank N.A	Moody's	P-2	A3
Deutsche Bank AG	S&P	A-1	A
Faysal Bank Limited	JCR-VIS	A-1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
HSBC Bank Middle East Ltd	Moody's	P-1	A2
JS Bank Limited	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
National Bank of Pakistan	JCR-VIS	A-1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+

C Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2013, the Company has Rs.4,905 million plus Rs.325 million swinging facility with Associate Company, available borrowing limit from financial institutions.

The Company has unutilised borrowing facilities of Rs.4,085 million in addition to balances at banks of Rs.51 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years
	----------------------------		(Pak Rupees in Thousand)		---------------------------	
2013						
Trade and other payables	1,166,750	1,166,750	1,166,750	-	-	-
Accrued mark up	19,765	19,765	19,765	-	-	-
Short term borrowings	934,867	934,867	934,867	-	-	-
	2,121,382	2,121,382	2,121,382	-	-	-
2012						
Trade and other payables	1,116,500	1,116,500	1,116,500	-	-	-
Accrued mark up	11	11	11	-	-	-
Short term borrowings	156,514	156,514	156,514	-	-	-
	1,273,025	1,273,025	1,273,025	-	-	-

37.3 CAPITAL RISK MANAGEMENT

The Company's objectives in managing capital is to ensure the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2013 and 2012 were as follows:

	(Pak Rupees in Thousand) 2013	2012
Total borrowings	**934,867**	156,514
Cash and bank balances	**(52,408)**	(105,271)
Net debt	**882,459**	51,243
Total equity	**3,922,824**	3,775,638
Total capital	**4,805,283**	3,826,881
Gearing ratio	**18%**	1%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including long term and short term finances as shown in the balance sheet) less cash and bank balances. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit and loss account for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

(Pak Rupees in Thousand)

	Chief Executive		Directors		Executives		TOTAL	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Managerial remuneration	**12,644**	10,991	**22,886**	19,906	**83,097**	67,051	**118,627**	97,948
Post employment benefits	**5,159**	4,337	**9,411**	7,919	**13,835**	10,819	**28,405**	23,075
Utilities	**62**	70	**124**	152	**48**	61	**234**	283
Other benefits	-	-	**1,142**	885	**42,156**	32,700	**43,298**	33,585
	17,865	15,398	**33,563**	28,862	**139,136**	110,631	**190,564**	154,891
Number of persons								
for remuneration	**1**	1	**3**	3	**59**	45	**63**	49

38.1 Aggregate amount of meeting fee to 4 non-executive Directors (2012: 4 non-executive Directors) was Rs.65 thousand (2012: Rs 95 thousand).

38.2 In addition, the Chief Executive is provided with Company maintained car and certain directors and executives are provided with household furniture and cars under Company policies, the monetary impact where of is not quantifiable.

38.3 An Associated Company reimbursed Rs.28.038 million (2012: Rs.29.904 million) in respect of services provided by certain directors and executives during the year.

39 SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. From current financial year, in view of diversified business strategy and competitive situation, the management has decided to determine the operating segments based on the information presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance, hence comparative figures are not applicable. Based on internal management reporting structure and products produced and sold, the Company organised into the following two operating segments.

- Polyester Filament Yarn
- Polyester PET Preforms

Other operating expenses, other income, finance cost, investment income and taxation are managed at Company level.

39.1 Segment analysis

The segment information for the reportable segment for the year ended June 30, 2013 is as follows:

	Polyester Filament Yarn	Polyester PET Preform	Total
	(Pak Rupees in Thousand)		
Year ended June 30, 2013			
Sales	8,812,617	2,535,488	11,348,105
Segment result	(112,602)	192,448	79,846

Reconciliation of segment results with profit before income tax:

Total results for reportable segments	79,846
Other operating expenses	(65,909)
Other income	6,301
Finance cost	(77,588)
Investment income	285,950
Profit before income tax	**228,600**

Assets and liabilities by segments are as follows:

	Polyester Filament Yarn	Polyester PET Preform	Total
Segment assets	4,164,637	1,618,004	5,782,641
Segment liabilities	607,834	162,593	770,427

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	Assets	Liabilities
Total for reportable segments	5,782,641	770,427
Unallocated assets/liabilities	928,961	2,018,351
Total as per balance sheet	6,711,602	2,788,778

Other segment information is as follows:

	Polyester Filament Yarn	Polyester PET Preform	Total
Depreciation	202,606	82,824	285,430
Capital expenditures	125,075	14,707	139,782
Unallocated capital expenditures			10,031
Total			149,813

39.2 96.65% (2012: 98.06%) out of total sales of the Company relates to customers in Pakistan.

39.3 All non-current assets of the Company as at June 30, 2013 are located in Pakistan.

39.4 The Company does not have transaction with any external customer which amount to 10 percent or more of the Company's revenue.

40 PLANT CAPACITY AND ACTUAL PRODUCTION

		(Metric Tons) 2013	2012
Annual capacity (Based on 75 denier Yarn and 39 gms Preform)		**51,797**	51,797
Actual production		**55,536**	55,168
40.1 Polyester Filament Yarn	40.1.1		
Annual capacity		**24,191**	24,191
Actual production		**40,886**	41,230
40.2 Polyester P.E.T. Preforms	40.2.1		
Annual capacity		**27,606**	27,606
Actual production		**14,650**	13,938

40.1.1 The capacity is determined based on 75 denier and 24 filament. Actual production represents production of various deniers.

40.2.1 The capacity is determined based on 39 gms 12 months production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of very low preform demand/production in winter months of the year. The actual production of preforms (various grammage) in pieces was 461.719 million (2012: 450.333 million) against annual capacity (based on 39 gms) of 707.858 million pieces.

41 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:

		(Pak Rupees in Thousand) 2013	2012
Subsidiary Companies	Purchase of power	**1,296,054**	1,150,439
	Investment in shares	**40**	235
	Receipt of dividend	**285,950**	240,800
	On account of rent/storage & handling and reimbursement of expenses	**21,144**	19,895
Associated Company	Purchase / sale of services	**186,654**	178,166
	Purchase of other material	**3,726**	-
	On account of rent	**44,890**	3,741
	On account of reimbursement of expenses	**45,430**	31,758
Other Related Parties	Payment of dividend	**7,292**	16,204
	Charges on account of handling	**5,638**	5,165
	Sale of goods	**3,539**	22,451
	Payment of donation	**8,655**	7,214

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP), Workers' Profits Participation Fund (WPPF) and Key Management Personnel (KMP) have been disclosed in notes 27.1, 28.1, 29.1 of DCP; 21.2 of WPPF; 6.2 and 38 of KMP respectively. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers its Chief Executive, Executive Directors and other executives to be KMP.

42 PROVIDENT FUND RELATED DISCLOSURES

The Following information is based on latest un-audited financial statements of the Funds.

	(Pak Rupees in Thousand)	
	2013	**2012**
Size of the Funds- Total Assets	**306,912**	277,456
Cost of Investments made	**287,256**	256,940
Percentage of investments made	**100%**	100%
Fair Value of investments	**306,790**	277,366

42.1 The Break-up of fair value of investments is:

	(Pak Rupees in Thousand)			
	2013		**2012**	
	Amount	**%**	**Amount**	**%**
Shares in Listed Companies	1	0.00%	1	0.00%
Government Securities	232,325	75.73%	166,962	60.20%
Debt Securities	20,631	6.72%	36,039	12.99%
Bank Deposits	53,833	17.55%	74,364	26.81%
	306,790	100.00%	277,366	100.00%

42.2 The investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012 respectively are as follows:

	(Number of employees)	
	2013	**2012**
Average number of employees during the year	**1,148**	1,164
Number of employees as at June 30	**1,127**	1,177

44 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors, in its meeting held on August 31, 2013, has recommended final cash dividend of Rs.4.00 per share (2012: Rs.4.50 per share final cash dividend) for approval of the members at the Annual General Meeting. Since it is a non adjusting event, the financial statements for the year ended June 30, 2013 do not include the effect of the recommended cash dividend.

45 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation. Significant changes made during the year are as follows:

Reclassification from component	Reclassification to component	(Pak Rupees in Thousand)
Loans and Advances	Trade deposit and short term prepayments	
Others	Prepayments	4,259
Loans and Advances	Other receivables	
Others	Others	274
Taxes and duties refundable from Federal Government	Trade and other payable	
Sales tax refundable	Sales tax payable	12,508

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2013 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest thousand of Pak Rupees.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Pattern Of Shareholding

AS ON JUNE 30, 2013

Sr. No.	No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	306	1	100	17,773
2	672	101	500	310,188
3	257	501	1,000	166,658
4	76	1,001	5,000	150,590
5	8	5,001	10,000	53,388
6	3	10,001	15,000	36,114
7	1	15,001	20,000	15,100
8	1	20,001	25,000	22,940
9	1	55,001	60,000	59,019
10	1	65,001	70,000	70,000
11	3	110,001	115,000	345,000
12	2	130,001	135,000	266,000
13	1	190,001	195,000	190,504
14	1	215,001	220,000	217,320
15	1	225,001	230,000	229,880
16	1	285,001	290,000	287,750
17	1	350,001	355,000	350,414
18	1	470,001	475,000	470,117
19	1	580,001	585,000	581,921
20	2	630,001	635,000	1,263,302
21	1	660,001	665,000	664,950
22	1	670,001	675,000	671,451
23	1	970,001	975,000	973,000
24	1	1,025,001	1,030,000	1,027,700
25	1	1,170,001	1,175,000	1,172,422
26	1	1,255,001	1,260,000	1,259,067
27	1	1,520,001	1,525,000	1,520,565
28	1	1,600,001	1,605,000	1,602,920
29	1	1,615,001	1,620,000	1,619,624
30	1	1,620,001	1,625,000	1,620,387
31	2	2,045,001	2,050,000	4,093,397
32	1	2,240,001	2,245,000	2,240,195
33	1	2,280,001	2,285,000	2,281,100
34	1	2,795,001	2,800,000	2,796,884
35	1	2,805,001	2,810,000	2,808,070
36	1	3,445,001	3,450,000	3,445,400
37	1	3,460,001	3,465,000	3,463,370
Total	1358			38,364,480

Shareholders' Categories	**No. of Shareholders**	**Shares Held**	**Holding Percentage**
Individual	1,340	25,550,093	66.60
Joint Stock Companies	8	3,230,307	8.42
Financial Institutions	4	3,530	0.01
Insurance Companies	1	200	0.00
Modaraba Companies	1	110	0.00
Investment Companies	4	9,580,240	24.97
Total	1,358	38,364,480	100.00

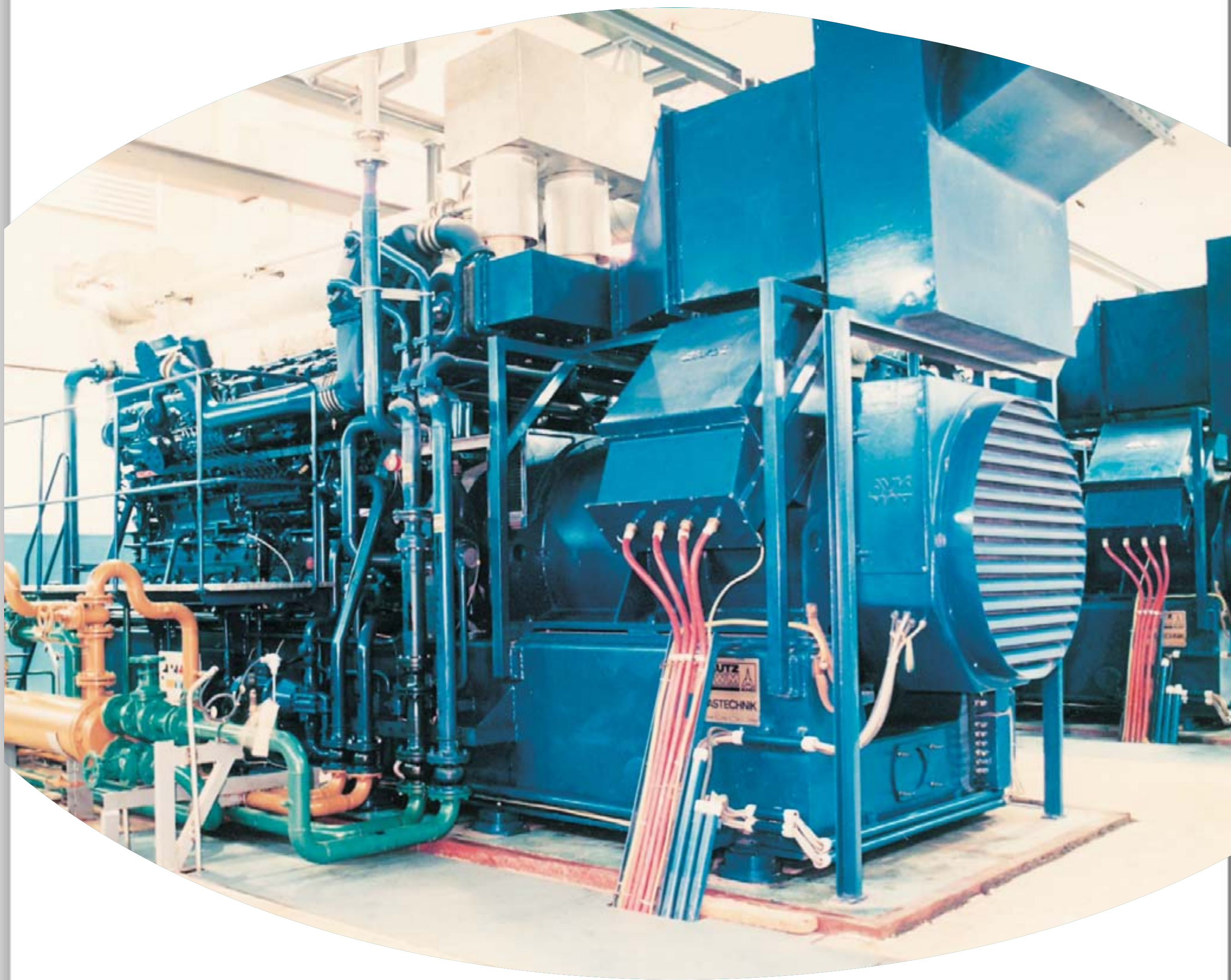
Detail Of Pattern Of Shareholding

	Shares Held
Associated Company	
M/s. Gani & Tayub (Private) Limited	1,620,387
Mutual Funds	None
NIT	3,050
Directors and their spouse (s) and minor children	
Haji Haroon Bilwani	2,240,195
Mr. Peer Mohammad Diwan	2,796,884
Mr. Abdul Razak Diwan	3,445,400
Mr. Zakaria Bilwani	1,620,624
Mr. Usman Bilwani	2,048,048
Mr. Iqbal Bilwani	1,260,067
Mr. Mohammad Arif Bilwani	675,764*
Mr. Shabbir Diwan	421,414
Mst. Majida Haroon	230,880
Bai Amina	287,750
Mst. Razia Ahmed	639,803
Executives	1,657,015
Public Sector Companies and Corporations	2,637,510
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	8,553,440
Shareholders holding 10% or more	None
No trading in the shares by Directors/Executives of the company, execpt following transmission of shares of their late mother	
Mr. Usman Bilwani	400,926
Mr. Mohammad Yasin Bilwani	400,925

* Resigned w.e.f., June 29, 2013

Gatron (Industries) Limited and Subsidiary Companies

Consolidated Financial Statements For the year ended June 30, 2013



Directors' Report

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2013.

The Group

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, GT Universal Limited and Global Synthetics Limited.

Gatro Power (Private) Limited

The Board of Directors of the wholly owned subsidiary Gatro Power (Private) Limited proposed for payment of final cash dividend of Rs. 3.00 per share (30%) for the year 2012-2013. This is in addition to interim dividend of Rs. 15.00 per share (150%) already paid, resulting a total dividend for the year of Rs. 18.00 per share (180%). Further during the year it has issued 50% bonus shares.

The results of the power producing subsidiary of the Company are reflection of the time to time power and gas tariff changes in the country during the year.

GT Universal Limited

The company has not yet commenced its operations till date.

Global Synthetics Limited

The company has been incorporated for the purpose of reconstruction of Gatron (Industries) Limited.

Consolidated Financials

	(Pak Rupees in Thousand)
Profit before income tax	201,592
Income tax	(91,226)
Share of profit after income tax in associated company	124,083
Profit after income tax	416,901
Un- appropriated Profit brought forward	4,056,077
Dividend	172,640
Transfer to General Reserve	590,000
Un- appropriated Profit carried forward	3,710,338
State of Affairs as on June 30, 2013	
Property, Plant and Equipment	2,233,628
Other non-current assets	3,164,814
Current assets	4,984,376
Total assets	10,382,818
Deduct:	
Non-current liabilities	395,122
Current liabilities	2,650,068
Total liabilities	3,045,190
Net assets financed by shareholders' equity	7,337,628
Earning Per Share (Rupees)	10.87

The sum of Rs. 258.851 million and Rs. 124.083 million being the profits attributable to the wholly owned power producing subsidiary and the accretion in the value of shares in associated company respectively, have been included in the Group profit after income tax of Rs. 416.901 million as depicted above.

On behalf of the Board

August 31, 2013

Peer Mohammad Diwan
Chief Executive

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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KRESTON INTERNATIONAL
with affiliated offices worldwide

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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed Consolidated Financial statements comprising Consolidated Balance Sheet of GATRON (INDUSTRIES) LIMITED (The Holding Company) and its Subsidiary Companies Gatro Power (Private) Limited, Global Synthetics Limited and GT Universal Limited as at June 30, 2013 and the related Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the Financial Statements of GATRON (INDUSTRIES) LIMITED and its Subsidiary Companies Gatro Power (Private) Limited, Global Synthetics Limited and GT Universal Limited. These Financial Statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements present fairly the financial position of GATRON (INDUSTRIES) LIMITED and its Subsidiary Companies as at June 3C, 2013 and the results of their operations for the year then ended.

<u>Emphasis of matter paragraph</u>

We draw attention to the contents of notes 26.1 (a) and (b) of the annexed consolidated financial statements relating to provision in respect of WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for any liability, that may arise, has been made in the annexed Financial Statements, Our opinion is not qualified in respect of this matter.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: 3 1 AUG 2013

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Consolidated Balance Sheet
AS AT JUNE 30, 2013

	Notes	2013 (Pak Rupees in Thousand)	2012 (Pak Rupees in Thousand)
ASSETS			
Non-current Assets			
Property, plant and equipment	5	**2,233,628**	2,290,143
Long term investment	6	**3,163,411**	3,039,328
Long term loans	7	**152**	561
Long term deposits	8	**1,251**	1,019
		5,398,442	5,331,051
Current Assets			
Stores, spare parts and loose tools	9	**638,330**	497,169
Stock in trade	10	**2,644,785**	2,145,909
Trade debts	11	**1,155,689**	800,947
Loans and advances	12	**46,862**	21,366
Trade deposits and short term prepayments	13	**44,195**	20,081
Other receivables	14	**240,039**	227,601
Income tax refundable payments less provision	15	**44,407**	-
Advance income tax		**51,217**	51,152
Taxes and duties refundable from Federal Government	16	**11,337**	13,833
Cash and bank balances	17	**107,515**	233,609
		4,984,376	4,011,667
TOTAL ASSETS		**10,382,818**	9,342,718
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised capital			
44,000,000 Ordinary shares of Rs.10 each		**440,000**	440,000
Paid up capital	18	**383,645**	383,645
Capital reserves	19	**458,645**	458,645
General reserve	20	**2,785,000**	2,195,000
Unappropriated profit		**3,710,338**	4,056,077
		7,337,628	7,093,367
LIABILITIES			
Non-current Liabilities			
Deferred liabilities	21	**395,122**	437,762
Current Liabilities			
Trade and other payables	22	**1,695,436**	1,545,737
Accrued mark up	23	**19,765**	11
Short term borrowings	24	**934,867**	156,514
Provision for income tax less payments	25	-	109,327
		2,650,068	1,811,589
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		**10,382,818**	9,342,718

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Conversion rates as at June 30, 2013 were 1 US$ = Rs. 98.80, 1 Euro € = Rs. 129.11 and 1 Pound £ = Rs. 150.87

Consolidated Profit And Loss Account

FOR THE YEAR ENDED JUNE 30, 2013

	Notes	2013	2012
		(Pak Rupees in Thousand)	
Sales	27	**11,140,027**	11,015,200
Cost of sales	28	**10,375,303**	9,652,229
Gross profit		**764,724**	1,362,971
Distribution and selling expenses	29	**199,499**	209,737
Administrative expenses	30	**218,024**	149,605
Other operating expenses	31	**73,454**	124,204
		490,977	483,546
		273,747	879,425
Other income	32	**5,856**	3,835
Operating profit		**279,603**	883,260
Finance cost	33	**78,011**	23,435
Profit before income tax		**201,592**	859,825
Income tax	34	**(91,226)**	209,914
Share of profit after income tax in associated company		**124,083**	503,690
Profit after income tax		**416,901**	1,153,601
Earnings per share - Basic and diluted (Rupees)	35	**10.87**	30.07

(1) The Board of Directors of Parent Company has recommended final cash dividend for the year ended June 30, 2013 of Rs.4.00 per share (i.e. 40%)

(2) The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Consolidated Statement Of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2013

	(Pak Rupees in Thousand)	
	2013	**2012**
Profit after income tax	**416,901**	1,153,601
Other comprehensive income	-	-
Total comprehensive income	**416,901**	1,153,601

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Consolidated Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Pak Rupees in Thousand)	
Cash Flow (towards)/from Operating Activities			
Profit before income tax		**201,592**	859,825
Adjustments for:			
Depreciation		**329,472**	359,220
Provision for defined benefit plan		**24,455**	25,848
Gain on disposal of property, plant and equipment		**(4,633)**	(2,760)
Loss on disposal of property, plant and equipment		**68**	34
Provision for doubtful trade debts-net		**10,862**	8,602
Provision for slow moving stores, spare parts and loose tools-net		**160**	7,061
Finance cost		**78,011**	23,435
		438,395	421,440
		639,987	1,281,265
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(141,321)**	(68,212)
Stock in trade		**(498,876)**	(213,871)
Trade debts		**(365,604)**	382,419
Loans and advances		**(24,716)**	(6,845)
Trade deposits and short term prepayments		**(24,114)**	(15,181)
Other receivables		**(12,438)**	(92,357)
Taxes and duties refundable from Federal Government		**2,898**	(13,442)
		(1,064,171)	(27,489)
Increase in Trade and other payables		**137,232**	137,970
Cash flow (towards)/from operations		**(286,952)**	1,391,746
Payments for :			
Long term loans		**(371)**	(2,120)
Long term deposits		**(232)**	(16)
Defined benefit plan		**(7,361)**	(5,427)
Dividend		**(172,603)**	(404,954)
Finance cost		**(58,257)**	(30,250)
Income tax		**(122,709)**	(318,422)
Net cash flow (towards)/from operating activities		**(648,485)**	630,557
Cash Flow (towards) / from Investing Activities			
Addition in property, plant and equipment		**(266,001)**	(146,662)
Proceeds from disposal of property, plant and equipment		**10,039**	5,883
Net cash flow towards investing activities		**(255,962)**	(140,779)
Cash Flow (towards) / from Financing Activities			
Long term financing - repayments		**-**	(183,315)
Net cash flow towards financing activities		**-**	(183,315)
Net (decrease)/increase in cash and cash equivalents		**(904,447)**	306,463
Cash and cash equivalents at the beginning		**77,095**	(229,368)
Cash and cash equivalents at the end	36	**(827,352)**	77,095

The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

(Pak Rupees in Thousand)

	Paid-up capital	Capital Reserves			General reserve	Unappropriated profit	Total
		Share premium	Others	Sub Total			
Balances as at July 01, 2011	383,645	383,645	75,000	458,645	2,195,000	3,286,121	6,323,411
Total comprehensive income for the year ended June 30, 2012	-	-	-	-	-	1,153,601	1,153,601
Transactions with owners							
Final cash dividend for the year ended June 30, 2011 at Rs.5.00 per share i.e. @50%	-	-	-	-	-	(191,822)	(191,822)
Interim cash dividend for the year ended June 30, 2012 at Rs.5.00 per share i.e. @50%	-	-	-	-	-	(191,823)	(191,823)
	-	-	-	-	-	(383,645)	(383,645)
Balances as at June 30, 2012	383,645	383,645	75,000	458,645	2,195,000	4,056,077	7,093,367
Total comprehensive income for the year ended June 30, 2013	-	-	-	-	-	416,901	416,901
Transfer to General reserve	-	-	-	-	590,000	(590,000)	-
Transactions with owners							
Final cash dividend for the year ended June 30, 2012 at Rs.4.50 per share i.e. @45%	-	-	-	-	-	(172,640)	(172,640)
Balances as at June 30, 2013	**383,645**	**383,645**	**75,000**	**458,645**	**2,785,000**	**3,710,338**	**7,337,628**

(1) Included in un-appropriated profit , is a sum of Rs. 2,893.411 million, representing proportionate share in un-appropriated profits of associated company upto March 31, 2013, which is not available for distribution to the shareholder of the Parent Company, until realised.

(2) The notes 1 to 47 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

Gatron (Industries) Limited
Gatro Power (Private) Limited
GT Universal Limited
Global Synthetics Limited

The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at all the Stock Exchanges of Pakistan since 1992. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta. The principal business of the Company is manufacturing of Polyester Filament Yarn alongwith its raw material viz. Yarn Grade Polyester Chips. However, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET Preforms.

Gatro Power (Private) Limited is a wholly owned Subsidiary of Gatron (Industries) Limited. The principal business of the Company is to generate electric power.

GT Universal Limited is a wholly owned Subsidiary of Gatron (Industries) Limited, with objective to carry on diversified manufacturing activities in textile sector, has not commenced its operations till date.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited to reconstruct the Company's preform business into a separate entity.

The Board of Directors, subject to the approval of the Court, regulatory authorities and shareholders of the Company, has in principle decided to reconstruction of the Company's preform business into a separate entity i.e. Messrs. Global Synthetics Limited (comprising the preform business) and the rest of the business would continue under Gatron (Industries) Limited. The finalization of Scheme of Arrangement is under process.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Gatron (Industries) Limited, Gatro Power (Private) Limited, GT Universal Limited and Global Synthetics Limited. The financial statements of the parent and subsidiary companies are prepared upto the same reporting date using consistent accounting policies and are consolidated on a line by line basis. All intra Group balances and transactions are eliminated.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, amendments and interpretations are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 1 - 'Presentation of Financial Statements' (Amendment), is effective for the accounting periods beginning on or after January 01, 2012. The amendment to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point (for example, net gain on hedges of net investments, exchange differences on translation of foreign operations, net movement of cash flow hedges and net losses or gains on available for sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

IAS 12 Income Taxes (Amendment) - 'Deferred Tax: Recovery of underlying assets', is effective for the accounting periods beginning on or after January 01, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sales. Furthermore, it introduces the requirement that deferred tax on non depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact except IAS 19 on the Company's financial statements other than certain additional disclosures.

		Effective for the periods beginning on or after
Revision/amendments to IFRSs and interpretations		
IFRS 7	Financial instruments: Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1	Presentation of Financial Statements (Amendment)	January 01, 2013
IAS 16	Property, Plant & Equipment - Classification of servicing equipment (Amendment)	January 01, 2013
IAS 19	Employees Benefits (revised)	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investment in Associates and Joint Ventures	January 01, 2013
IAS 32	Financial Instruments: Presentation (Amendment)	January 01, 2014
IAS 34	Interim Financial reporting - interim reporting of segment information for total assets and total liabilities	January 01, 2013
IFRIC 20	Striping Costs in the Production Phase of Surface Mine	January 01, 2013
Standards issued by IASB but not yet notified by SECP		
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of interests in other entities	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013
IAS 27 (revised 2011)	Separate Financial Statements	January 01, 2013
IAS 28 (revised 2011)	Investment in Associates and Joint Ventures	January 01, 2013

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

3.4 Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by management that have significant effect on the financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:

a) Property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on each financial year end. The Group reviews the value of the assets for possible impairment on each financial year end. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

b) Trade debts

The estimates of doubtful trade debts, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

c) Stock in trade

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each financial year end. Any change in the estimates in future years might affect the carrying amount of stock in trade with a corresponding affect on impairment. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

d) Stores, spare parts and loose tools

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

e) Defined benefit plan

The actuarial valuations of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 4.8 (b) to the financial statements. Changes in assumptions in future years may affect the liability under this scheme upto those years.

f) **Income tax**

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as disclosed in note 4.10 to the financial statements.

3.5 Functional and reporting currency

These financial statements are presented in Pakistan Rupees, which is the Group's functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values. Depreciation is charged on diminishing balance method at the rates mentioned in Note 5.1, whereby the depreciable amount of an asset is written off over its estimated useful life.

Depreciation on addition is charge from the month of the asset is available for use upto the month prior to disposal.

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to profit and loss account.

The carrying amounts of the Group's assets are reviewed at each financial year end whether there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Gain or loss on disposal or retirement of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Impairment of assets

Value of all Group's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account currently.

4.3 Investments

Associated Company

Investment in Associated Company is stated under Equity Method of accounting after having initially recognised at cost. Gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless in case of losses the transaction provides evidence of an impairment of the assets transferred.

4.4 Stores, spare parts and loose tools

These are valued at monthly weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the balance sheet date. Adequate provision is made for slow moving and obsolete items based on parameter set out by the management. The major value spares and stand by equipments are capitalized.

4.5 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents cost of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the balance sheet date.

4.6 Trade debts

Trade debts are initially recognised at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debt is established when there is objective evidence that the Parent Company will not be able to collect amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provisions recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

4.8 Employees' post employment benefits

a) Defined contribution plan

The Group and the eligible employees contribute equally to recognised provident funds.

b) Defined benefit plan

The Group operates an unfunded defined gratuity scheme, being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation and the latest actuarial valuation is conducted on the balances as at June 30, 2012.

The actuary has used the Projected Unit Credit Method of valuation. The valuation discount rate has been taken at 12.50% and salary increases assumed to average 10.50% per annum in the long term.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are charged or credited to profit or loss account over the employees' expected average remaining working lives.

4.9 Compensated unavailed leaves

The Group accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

4.10 Income Tax

Current

Parent Company accounts for liability for current income tax in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

Profits and gains derived by the Subsidiary Company i.e. Gatro Power (Private) Limited from electric power generation project are exempt from income tax under clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001. The Subsidiary Company is also exempt from minimum tax on turnover under section 113 as per clause 11 (V) of the Part-IV of Second Schedule to the Income Tax Ordinance, 2001.

Deferred

The Parent Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred tax in respect of investment in associate company accounted for on equity method, is not recognised when reversal of temporary difference is not likely to occur in foreseeable future. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will 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 balance sheet date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

4.11 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in future for goods and services.

4.12 Provision

Provision is recognised when the Group has present legal or constructive obligations as result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

4.13 Borrowings and their cost

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

4.14 Foreign currency transactions and translation

Foreign currency transactions are recorded into Pak Rupee using the prevailing exchange rates. As on balance sheet, monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the prevailing exchange rates on the balance sheet date. Resultant exchange differences are taken to profit and loss account.

4.15 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Parent Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Sale and processing services are recognised on dispatch of goods to customer.

- Post acquisition dividend income is recognised when the right of receipt is established. Pre-acquisition dividend is adjusted against the purchase prices.

- Storage and handling income is recognised when the material is received in the Storage tanks.

4.16 Dividend and appropriation to reserves

Liability for dividend and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

4.17 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the financial instruments and derecognised fully or partly when the Group fully or partly losses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is fully or partly discharged, cancelled or expired. Any gain or loss representing value differential if any on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Group has a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

4.19 Segment information

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure have the total cost incurred during the year to acquire property, plant and equipment.

5 PROPERTY, PLANT AND EQUIPMENT

		(Pak Rupees in Thousand)	
		2013	**2012**
Operating assets	5.1	**2,036,698**	2,242,004
Capital work in progress	5.4	**196,930**	48,139
		2,233,628	2,290,143

5.1 Operating assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
	(Pak rupees in thousand)											
Net carrying value												
Year ended June 30, 2013												
Opening net book value	25,320	15,214	1,243	139,583	6,497	1,977,500	4,096	8,427	13,935	50,189	-	2,242,004
Additions at cost	-	-	-	-	-	3,542	684	1,392	1,722	26,988	32,671	66,999
Transfer from capital work in progress	-	-	-	-	-	73,755	-	-	-	-	-	73,755
Disposal / Transfer at NBV	-	-	-	-	-	-	-	-	98	5,376	11,114	16,588
Depreciation	-	-	124	13,958	650	295,086	926	1,763	3,685	11,470	1,810	329,472
Closing net book value	**25,320**	**15,214**	**1,119**	**125,625**	**5,847**	**1,759,711**	**3,854**	**8,056**	**11,874**	**60,331**	**19,747**	**2,036,698**
Gross carrying value												
At June 30, 2013												
Cost	25,320	15,214	14,248	429,904	9,902	6,485,687	18,907	38,904	63,373	131,577	21,557	7,254,593
Accumulated depreciation	-	-	13,129	304,279	4,055	4,725,976	15,053	30,848	51,499	71,246	1,810	5,217,895
Net book value	**25,320**	**15,214**	**1,119**	**125,625**	**5,847**	**1,759,711**	**3,854**	**8,056**	**11,874**	**60,331**	**19,747**	**2,036,698**
Net carrying value												
Year ended June 30, 2012												
Opening net book value	25,320	15,214	1,381	148,823	7,219	2,189,340	4,124	9,432	12,977	48,957	-	2,462,787
Additions at cost	-	-	-	-	-	2,446	517	940	1,767	15,179	1,412	22,261
Transfer from capital work in progress	-	-	-	6,212	-	110,539	412	27	3,555	-	-	120,745
Disposal / Transfer at NBV	-	-	-	-	-	-	23	-	32	3,102	1,412	4,569
Depreciation	-	-	138	15,452	722	324,825	934	1,972	4,332	10,845	-	359,220
Closing net book value	**25,320**	**15,214**	**1,243**	**139,583**	**6,497**	**1,977,500**	**4,096**	**8,427**	**13,935**	**50,189**	**-**	**2,242,004**
Gross carrying value												
At June 30, 2012												
Cost	25,320	15,214	14,248	429,904	9,902	6,408,390	18,223	37,512	62,029	119,334	-	7,140,076
Accumulated depreciation	-	-	13,005	290,321	3,405	4,430,890	14,127	29,085	48,094	69,145	-	4,898,072
Net book value	**25,320**	**15,214**	**1,243**	**139,583**	**6,497**	**1,977,500**	**4,096**	**8,427**	**13,935**	**50,189**	**-**	**2,242,004**
Depreciation rate												
% per annum	-	-	10	10	10	10 to 25	20	20	20 to 30	20	10 to 15	

	(Pak Rupees in Thousand) 2013	2012
5.2 Depreciation for the year has been allocated as follows:-		
Cost of sales	**323,108**	352,320
Distribution and Selling Expenses	**939**	1,172
Adminstrative Expenses	**5,425**	5,728
	329,472	359,220

5.3 Details of property, plant and equipment disposed off during the year :

(Pak Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
Motor vehicles					
Suzuki Cultus AJA-056	555	92	423	Company Policy	**Mr. Muhammad Hanif** Employee of the company
Toyota Corolla ASY-337	1,384	771	1,015	--do--	**Mr. Muhammad Usman** Employee of the company
Suzuki Cultus AMT-921	600	149	360	--do--	**Mr. Iqbal Hussain** Employee of the company
Suzuki Cultus ANE-369	660	161	371	--do--	**Mr. Anwer Shah** Employee of the company
Suzuki Cultus APA-549	656	201	386	--do--	**Mr. Zain-ul-Abideen** Employee of the company
Honda Civic ASB-970	1,759	798	1,191	--do--	**Syed Hasnain Akhter** Employee of the company
Suzuki Cultus AJZ-257	639	126	365	--do--	**Mr. Shakeel Ahmed Khan** Employee of the company
Honda Civic LEB-06-110	1,371	317	896	--do--	**Mr. Mukhtar Ali** Employee of the company
Suzuki Alto APM-840	503	143	503	--do--	**Mr. Zeeshan Ahmer** Employee of the company
Honda City APD-890	895	258	469	--do--	**Mr. Muhammad Zakaria** Employee of the company
Honda City AQU-593	930	331	604	--do--	**Mr. Irshad Karim** Employee of the company
Toyota Corolla ANX-729	1,011	291	564	--do--	**Mr. Abdul Wahab** Employee of the company
Toyota Corolla AQR-240	1,056	286	547	--do--	**Mr. Abdul Wahab Tajwani** Employee of the company
Toyota Corolla AWE-519	1,679	1,284	1,450	Negotiation	**Mr. Umer Daraz Khan** House# 11, Street# 33, Khayaban-e-Shamsheer, DHA, Karachi.
Suzuki Cultus ALP-607	595	138	275	--do--	**Mr. Abdul Haq Memon** House# B-83, Gulistan-e-Juhar, Block 15, Karachi.
Items having book value upto Rs.50 thousand each	452	30	590	Various	**Various**
Sub Total	**14,745**	**5,376**	**10,009**	--	--
OFFICE EQUIPMENT					
Triangular Antena Tower	328	71	13	Negotiation	**M/s. Aircom Telecommunication Technologies** Suite # U-25, Glass Tower, Main Clifton Road, Karachi.
Items having book value upto Rs.50 thousand each	50	27	17	Negotiation	**Various**
Sub Total	**378**	**98**	**30**	--	--
Total	**15,123**	**5,474**	**10,039**	--	--
Total - 2012	**9,420**	**3,157**	**5,883**	--	--

5.4 Capital Work-in-Progress

(Pak Rupees in Thousand)

	Balance as at July 1, 2012	Additions	Transfer to Operating assets	Adjustment	Balance as at June 30, 2013
Factory building on lease hold land	-	1,594	-	-	1,594
Plant and machinery	48,139	220,952	(73,755)	-	195,336
	48,139	**222,546**	**(73,755)**	**-**	**196,930**

	Balance as at July 1, 2011	Additions	Transfer to Operating assets	Adjustment	Balance as at June 30, 2012
Factory building on lease hold land	18,227	-	(6,212)	(12,015)	-
Plant and machinery	12,853	157,863	(110,539)	(12,038)	48,139
Furniture and fixture	105	307	(412)	-	-
Factory equipment	-	27	(27)	-	-
Office Equipment	3,541	14	(3,555)	-	-
	34,726	**158,211**	**(120,745)**	**(24,053)**	**48,139**

6 LONG TERM INVESTMENT
Related Party

	(Pak Rupees in Thousand) 2013	2012
In Associated Company - Unlisted Public Limited Company		
At the beginning of the year	**3,039,328**	2,535,638
Share of profit after income tax for the period	**124,083**	503,690
	3,163,411	3,039,328

This represents value of 27 million including 12 million Bonus shares (2012: 27 million shares) invested in an associated company namely Messrs. Novatex Limited representing 36.83% of its total issued/paid up capital.

In compliance with IAS-28 "Investment in Associates", the above investment has been valued, using equity method. The annual audit of associate's accounts as on June 30, 2013, was still in progress, at the time, when Board of Directors of the Parent Company approved the consolidated accounts of the Group. Upon request of the Parent Company, the associate company has communicated its unaudited, estimated financial results, as on March 31, 2013 for the purpose of application of equity method. The accumulated addition of Pak Rupees. 2,893.411 million (March 2012 : Rs.2,769.328 million), to the Parent Company's unappropriated profit, is not available for distribution, to the shareholders of the Parent Company, until realised.

7 LONG TERM LOANS - Considered good
Secured - Interest free

	2013	2012
To employees other than Chief Executive & Directors	**4,711**	4,340
Amount due in twelve months shown under current assets	**(4,559)**	(3,779)
Recoverable within three years	**152**	561

7.1 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

7.2 It includes loans to executives and its reconciliation is here under:

		2013	2012
		(Pak Rupees in Thousand)	
Balance at beginning		**590**	-
Disbursements		**216**	848
Repayments		**(498)**	(258)
Balance at end		**308**	590

7.2.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.0.659 million (2012: Rs.0.669 million)

8 LONG TERM DEPOSITS

		2013	2012
Security deposits for utilities and others		**1,251**	1,019

9 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013	2012
In hand:			
Stores		**146,856**	119,087
Spare parts		**489,261**	375,618
Loose tools		**5,924**	2,759
		642,041	497,464
Provision for slow moving stores, spare parts and loose tools	9.1	**(14,212)**	(14,052)
		627,829	483,412
In transit		**10,501**	13,757
		638,330	497,169

9.1 Provision for slow moving stores, spare parts and loose tools

	2013	2012
Balance at beginning	**14,052**	6,991
Charge for the year	**508**	7,618
Reversals due to consumption	**(348)**	(557)
Balance at end	**14,212**	14,052

10. STOCK IN TRADE

	Note	2013	2012
Raw material		**775,256**	468,407
Raw material in transit		**16,310**	14,553
Goods in process		**747,624**	699,572
Finished goods	10.1	**1,105,595**	963,377
		2,644,785	2,145,909

10.1 These includes items costing Rs.91.281 million (2012: Rs.82.819 million) valued at net realisable value of Rs.63.605 million (2012: Rs.57.377 million)

11 TRADE DEBTS

	Note	2013	2012
Considered good			
Secured	11.1	**89,115**	57,864
Unsecured		**1,066,574**	743,083
		1,155,689	800,947
Considered doubtful			
Unsecured		**24,963**	14,101
Provision for doubtful debts	11.2	**(24,963)**	(14,101)
		-	-
		1,155,689	800,947

11.1 These are secured against irrevocable letters of credit issued by banks in favour of the Parent Company.

	Note	2013	2012
		(Pak Rupees in Thousand)	
11.2 Provision for doubtful debts			
Balance at beginning		**14,101**	5,499
Charge for the year		**22,944**	12,508
Reversals since recovered		**(12,082)**	(3,906)
Balance at end		**24,963**	14,101

12 LOANS AND ADVANCES - Considered good

	Note	2013	2012
Secured			
Amount recoverable in twelve months from employees and executives	7	**4,559**	3,779
Advances to employees	12.1	**532**	539
		5,091	4,318
Unsecured			
Advances :			
to suppliers and contractors		**41,533**	16,903
for imports		**238**	145
		41,771	17,048
		46,862	21,366

12.1 These represent advances against monthly salaries under terms of employment.

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2013	2012
Security deposits		**765**	1,220
Prepayments	13.1	**43,430**	18,861
		44,195	20,081

13.1 These includes prepayments to a related party i.e. Messrs. Novatex Limited Rs.14.963 million (2012: Rs.4.259 million).

14 OTHER RECEIVABLES - Considered good

	2013	2012
Receivable from suppliers	**186,760**	210,725
Claims receivable from suppliers	**1,594**	14,802
Claim receivable from Insurance Companies	**1,758**	-
Sales tax	**48,145**	-
Others	**1,782**	2,074
	240,039	227,601

15 INCOME TAX REFUNDABLE PAYMENTS LESS PROVISION

	Note	2013	2012
Balance at beginning	25	**(109,327)**	-
Net tax payments/adjustments during the year		**122,242**	-
		12,915	-
Prior year tax reversal		**31,492**	-
Balance at end		**44,407**	-

16 TAXES AND DUTIES REFUNDABLE FROM FEDERAL GOVERNMENT

	2013	2012
Income tax	**793**	391
Sales tax refundable	**10,544**	13,442
	11,337	13,833

			(Pak Rupees in Thousand) 2013	2012
17	**CASH AND BANK BALANCES**			
	Cash :			
	In hand		**1,857**	1,471
	At banks in current accounts : Local currency		**104,503**	230,581
	Foreign currency	17.1	**1,155**	1,557
			107,515	233,609

17.1 These represent balances of US$:10,235.02 and Euro €:1,129.98 (2012 : US$:15,141.72 and Euro €:1,129.98).

18 PAID UP CAPITAL

30,136,080	Ordinary shares of Rs.10/-each allotted for consideration paid in cash	**301,361**	301,361
8,228,400	Ordinary shares of Rs.10/-each allotted as fully paid bonus shares	**82,284**	82,284
38,364,480		**383,645**	383,645

These include 1,620,387 (2012 : 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

19 CAPITAL RESERVES

Share premium	19.1	**383,645**	383,645
Others	19.2	**75,000**	75,000
		458,645	458,645

19.1 This represents premium of Rs. 20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Parent Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

19.2 This represents reserve for replacement of plant and machinery.

20 GENERAL RESERVE

This represents reserve created from accumulation of past years' profit, to meet future exigencies.

21 DEFERRED LIABILITIES

Income tax-net	21.1	**276,643**	336,377
Defined benefit plan	21.2	**118,479**	101,385
		395,122	437,762

21.1 This comprises of the following major timing differences:

Deferred tax liability arising in respect of accelerated tax depreciation allowances	**289,534**	345,783
Deferred tax asset arising in respect of :		
Provision for doubtful debts	**(8,487)**	(4,935)
Provision for slow moving stores, spare parts and loose tools	**(4,404)**	(4,471)
	276,643	336,377

21.2 Actuarial valuation of the plan is carried out as at June 30, 2012. The calculation for provision of defined benefit plan is as under:-

		(Pak Rupees in Thousand) 2013	2012
Movement of the liability recognised in the balance sheet			
Balance at beginning		**101,385**	80,964
Expense	21.2.1	**24,455**	25,848
Payment		**(7,361)**	(5,427)
Balance at end		**118,479**	101,385
Reconciliation			
Obligation		**149,608**	134,291
Unrecognised actuarial losses		**(31,129)**	(32,906)
Provision		**118,479**	101,385

21.2.1 Expense

Service cost	**5,892**	13,059
Interest cost	**16,786**	12,260
Recognition of actuarial losses	**1,777**	529
	24,455	25,848

Actuarial (losses)/gains to be recognized		
Corridor limit		
The limit of corridor as at beginning		
a) 10% of present value of obligation	**13,429**	9,702
b) 10% of fair value of plan assets	-	-
Higher of a) and b) above	**13,429**	9,702
Unrecognised net actuarial losses as at beginning	**(32,906)**	(16,057)
Excess	**(19,477)**	(6,355)
Average expected remaining working lives in years	**11**	12
Actuarial losses recognised	**(1,777)**	(529)

22 TRADE AND OTHER PAYABLES

Trade creditors	22.1	**518,212**	404,276
Bills payable		**585,628**	575,411
Accrued expenses		**224,160**	166,647
Advance payments from customers		**207,685**	143,308
Creditors for capital expenditures		**19,794**	7,364
Sales tax payable		-	18,001
Security deposits from contractors		**8,191**	17,263
Workers' Profit Participation Fund	22.2	-	18,477
Workers' Welfare Fund	22.3	**36,489**	71,228
Infrastructure Cess on imports	22.4	**59,885**	89,481
Unclaimed dividend		**9,002**	8,965
Other liabilities	22.5	**26,390**	25,316
		1,695,436	1,545,737

22.1 These include Rs.19.907 million (2012: Rs.6.645 million) payable to a related party, Messrs. Novatex Limited.

	2013	2012
	(Pak Rupees in Thousand)	
22.2 Workers' Profit Participation Fund		
Balance at beginning	**18,477**	11,780
Interest on funds utilised in the Parent Company's business	**620**	-
Allocation	-	18,477
Payments	**(19,097)**	(11,780)
Balance at end	-	18,477

22.3 Workers' Welfare Fund

The Subsidiary Company i.e. Gatro Power (Private) Limited, owing to numerous, constitutional, legal and other reasons, is fully confident and has unflinching conviction, that Workers' Welfare Fund is not payable by the Subsidiary Company, since 2008-09 and intends impugning the charge, in the court of law with utmost vehemence. The provision is being carried only as an abundant precaution and does not signify acceptance, by the Subsidiary Company, of the aforesaid Workers' Welfare Fund liability.

22.4 Infrastructure Cess on imports

	2013	2012
Balance at beginning	**89,481**	111,356
(Reversal)/provision made during the year	**(16,804)**	22,875
Payment made during the year	**(12,792)**	(44,750)
Balance at end	**59,885**	89,481

The Parent Company had filed a petition in the Honorable High Court of Sindh at Karachi challenging the levy of Infrastructure Cess on imports. The Divisional Bench announced Judgment adjudicating the levy collected upto December 27, 2006 as invalid and collection thereafter as valid. The Parent Company and the respondent filed appeals before the Supreme Court of Pakistan challenging the partial judgment of the Honorable High Court of Sindh.

In due course of time, the Government of Sindh withdrew its petition from the Supreme Court. Later on the Supreme Court vide its order dated May 20, 2011 set aside the order passed by the High Court of Sindh. Consequently a new petition was filed by the Parent Company in the High Court of Sindh. Through an interim order dated May 31, 2011, the High Court of Sindh ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. Till balance sheet date, the Parent Company has provided bank guarantee amounting to Rs.59.865 million (2012: Rs. 48.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006. Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in the accounts as an abundant precaution.

22.5 These included Rs. 23.497 million (2012: Rs.23.325 million) received from employees under company car policy.

23 ACCRUED MARK UP

	2013	2012
Mark up on short term borrowings	**19,765**	11

	(Pak Rupees in Thousand) 2013	2012

24 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	2013	2012
Running finance	**849,867**	156,514
Export re-finance	**85,000**	-
	934,867	156,514

24.1 The Parent Company has aggregate facilities of short term borrowings amounting to Rs.4,905 million (2012: Rs.3,955 million) from various commercial banks (as listed in Note 24.3) out of which Rs. 4,085 million (2012: Rs .3,955 million) remained unutilised at the year end. The Parent Company also has Rs. 325 million (2012: Rs. 325 million) swinging facility with an Associate Company, out of which Rs. 115 million (2012: Rs. 157 million) utilized by the Parent Company at the year end. The mark up rates for running finance and export re-finance ranged between Rs.0.2742 to Rs.0.3255 per Rs.1000/- per day and 8.45% to 8.65% per annum respectively. These facilities are renewable annually at respective maturities.

24.2 These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Parent Company.

24.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Barclays Bank PLC Pakistan, Citibank N.A., Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, HSBC Bank Middle East Limited, JS Bank Limited, MCB Bank Limited, Meezan Bank Limited, National Bank of Pakistan, NIB Bank Limited, Standard Chartered Bank (Pakistan) Limited, Samba Bank Limited and United Bank Limited.

25 PROVISION FOR INCOME TAX LESS PAYMENTS

	2013	2012
Balance at beginning	-	168,333
Provision for the year	-	256,531
	-	424,864
Less: Payments/adjustment during the year	-	(315,537)
Balance at end	-	109,327

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

a) The Parent Company has made provision for Workers' Profit Participation Fund for the preceding year recorded based on the management's considered view that the law on workers' participation in profits, necessitates participation of the workers, in the manner laid down in the law, from net profit [from which all the expenses, including cesses, levies and taxes, are fully deducted] and which is available for participation and attributable to workers role which may be subject to interpretation by the relevant authority. The quantum of the differential amount involved is Rs. 27.623 million and no provision for that amount is considered in the financial statements as the management is confident that no further liability will arise on this account. Accordingly, the Parent Company has discharged its liability and so far no negative inference has been communicated to the Company.

b) The Subsidiary Company i.e. Gatro Power (Private) Limited has not made any provision in respect of Workers' Profit Participation Fund on the ground that there are no workers as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly the said Act does not apply to the Subsidiary Company. The Subsidiary Company is confident that no liability will arise on this account.

c) Bank guarantee issued by the bank on behalf of the Parent Company amounted to Rs.0.010 million (2012: Rs.0.010 million).

26.2 Commitments

The Group's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

	(Pak Rupees in Thousand)	
	2013	2012
Property, plant and equipment	-	31,497
Raw material	**132,905**	189,209
Spare parts and others	**173,551**	154,600
	306,456	375,306

27 SALES

	Note	2013	2012
Gross local sales and tax	27.1	**11,339,719**	11,359,251
Third party processing charges		**49,896**	48,724
		11,389,615	11,407,975
Less: Sales tax		**629,857**	610,031
Local sales		**10,759,758**	10,797,944
Export sales		**380,269**	217,256
		11,140,027	11,015,200

27.1 These include local zero rated upto February, 2013 and reduced rate on supplies thereafter.

28 COST OF SALES

	Note	2013	2012
Raw material consumed		**8,096,250**	7,752,309
Stores, spare parts and loose tools consumed		**190,163**	191,642
Outsource processing charges		**143,645**	136,163
Salaries, wages, allowances and benefits	28.1	**680,496**	578,144
Power, fuel and gas		**831,444**	715,637
Rent, rates and taxes		**1,316**	1,281
Insurance		**41,835**	41,227
Cartage & Transportation		**102,706**	95,797
Repairs and maintenance		**133,014**	134,408
Communications & Computer expenses		**2,229**	1,277
Water supply		**1,836**	1,601
Travelling		**1,870**	3,083
Legal, professional & subscription fees		**2,832**	2,409
Sundry		**39,736**	27,756
Depreciation	5.2	**323,108**	352,320
		10,592,480	10,035,054
Duty draw back		**(97)**	(86)
Scrap sales		**(26,810)**	(23,306)
		10,565,573	10,011,662
Opening stock of goods-in-process		**699,572**	671,514
Closing stock of goods-in-process		**(747,624)**	(699,572)
Cost of goods manufactured		**10,517,521**	9,983,604
Opening stock of finished goods		**963,377**	632,002
Closing stock of finished goods		**(1,105,595)**	(963,377)
		10,375,303	9,652,229

28.1 These include Rs.13.632 million (2012 : Rs.12.331 million) and Rs.7.636 million (2012: Rs.8.592 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

(Pak Rupees in Thousand)

29 DISTRIBUTION AND SELLING EXPENSES

	Note	2013	2012
Salaries, allowances and benefits	29.1	**27,003**	23,940
Insurance		**3,860**	4,442
Rent, rates and taxes		**520**	584
Handling, freight and transportation		**159,255**	171,218
Advertisement and sales promotion		**1,728**	1,563
Communications		**332**	581
Travelling		**2,049**	767
Legal, professional & subscription fees		**515**	1,103
Sundry		**3,298**	4,367
Depreciation	5.2	**939**	1,172
		199,499	209,737

29.1 These include Rs.0.812 million (2012 : Rs.0.699 million) and Rs.3.406 million (2012 : Rs. 3.344 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

30 ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries, allowances and benefits	30.1	**122,161**	102,215
Rent, rates and taxes		**45,502**	4,616
Insurance		**1,002**	1,409
Repairs and maintenance		**9,511**	5,218
Travelling		**5,512**	5,237
Communications		**2,313**	3,518
Legal, professional & subscription fees		**7,863**	4,875
Utilities		**6,305**	6,672
Printing and stationery		**2,203**	1,703
Transportation		**4,008**	4,063
Sundry		**6,219**	4,351
Depreciation	5.2	**5,425**	5,728
		218,024	149,605

30.1 These include Rs.4.057 million (2012 : Rs.3.707 million) and Rs.13.413 million (2012 : Rs.13.912 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

31 OTHER OPERATING EXPENSES

	Note	2013	2012
Loss on disposal of property, plant and equipment		**68**	34
Provision for doubtful trade debts - net	11.2	**10,862**	8,602
Provision for slow moving stores, spare parts and loose tools - net	9.1	**160**	7,061
Exchange loss - net		**25,340**	43,333
Corporate social responsibilities	31.1	**21,552**	23,991
Workers' Profit Participation Fund		**-**	18,477
Workers' Welfare Fund - current		**12,257**	21,483
Workers' Welfare Fund - prior		**1,902**	-
Auditors' remuneration	31.2	**1,313**	1,223
		73,454	124,204

31.1 These include donation of Rs.8.655 million (2012: Rs. 7.214 million) to Messrs. Gatron Foundation in which Chief Executive and seven directors of the Parent Company are governors. None of the directors of the Parent Company or their spouses has any interest in any donee fund, in so far as other donations are concerned.

		(Pak Rupees in Thousand) 2013	2012
31.2 Auditors' remuneration			
Audit fee - Annual accounts		**1,123**	1,123
Limited review, audit of consolidated financial statements provident funds and certification fee		**122**	55
Out of pocket expenses		**68**	45
		1,313	1,223

32 OTHER INCOME

		2013	2012
Income from non -financial assets			
Storage and handling income		**750**	749
Gain on disposal of property, plant and equipment		**4,633**	2,760
		5,383	3,509
Others			
Liabilities no more payable written back		**341**	218
Miscellaneous income		**132**	108
		473	326
		5,856	3,835

33 FINANCE COST

		2013	2012
Mark up on long term financing		**-**	8,503
Mark up on short term borrowings		**73,734**	11,981
Interest on Workers' Profit Participation Fund		**620**	-
Bank charges		**3,657**	2,951
		78,011	23,435

34 INCOME TAX

		2013	2012
For the current year	34.1	**-**	256,531
For the prior year		**(31,492)**	-
		(31,492)	256,531
Deferred		**(59,734)**	(46,617)
		(91,226)	209,914

34.1 During the current year, minimum tax provision is not required owing to available tax credits.

Relationship between income tax and profit before income tax :

	2013	2012
Profit before income tax	**201,592**	859,825
Income tax rate	**35%**	35%
Income tax on profit before income tax	**70,557**	300,939
Tax effect of income assessed under final tax regime	**(10,466)**	(5,208)
Tax effect of admissible/inadmissible expenses	**(14,422)**	18,581
Tax effect of change in statutory tax rate for next year	**(8,137)**	-
Tax credits	**(6,691)**	(20,952)
Prior year reversal for income tax	**(31,492)**	-
Tax effect of income exempt from subsidiary	**(90,598)**	(83,459)
Tax effect of loss from subsidiaries	**23**	13
Income tax for the year	**(91,226)**	209,914

34.2 Deferred tax liability in respect of investment in associate company accounted for on equity method, has not been recognised as the associate is not likely to distribute dividend in the foreseeable future thus reversal of temporary difference will not occur as a consequence.

35 EARNINGS PER SHARE - BASIC AND DILUTED

		2013	2012
		(Pak Rupees in Thousand)	
Profit after income tax		**416,901**	1,153,601
		(Number of Shares)	
Number of Ordinary shares		**38,364,480**	38,364,480
		Rupees	Rupees
Earnings per share - Basic and diluted		**10.87**	30.07

There is no dilutive effect on the basic earnings per share of the Group.

36 CASH AND CASH EQUIVALENTS

	Note	2013	2012
Cash and bank balances	17	**107,515**	233,609
Short term borrowings	24	**(934,867)**	(156,514)
		(827,352)	77,095

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(Pak Rupees in Thousand)

	Interest / mark-up bearing			Non-Interest / mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	**2013 Total**	2012 Total
Financial Assets								
Long term investment	-	-	-	-	3,163,411	3,163,411	**3,163,411**	3,039,328
Loans and advances	-	-	-	5,091	152	5,243	**5,243**	4,879
Deposits	-	-	-	765	1,251	2,016	**2,016**	2,239
Trade debts	-	-	-	1,155,689	-	1,155,689	**1,155,689**	800,947
Other receivables	-	-	-	191,448	-	191,448	**191,448**	227,245
Cash and bank balances	-	-	-	107,515	-	107,515	**107,515**	233,609
	-	-	-	1,460,508	3,164,814	4,625,322	**4,625,322**	4,308,247
Financial Liabilities								
Trade and other payables	-	-	-	1,391,377	-	1,391,377	**1,391,377**	1,223,719
Accrued mark up	-	-	-	19,765	-	19,765	**19,765**	11
Short term borrowings	934,867	-	934,867	-	-	-	**934,867**	156,514
	934,867	-	934,867	1,411,142	-	1,411,142	**2,346,009**	1,380,244

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate at their fair value.

37.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

A Market Risk

i Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro and AED. The Group's exposure to foreign currency risk is as follows:

	(Pak Rupees in Thousand)	
	2013	**2012**
Bills Payable	**585,628**	575,411
Creditors for capital expenditure	**12,844**	-
Trade Debts	**(70,302)**	(21,573)
Receivable from suppliers	**(172,068)**	(210,725)
Foreign currency bank accounts	**(1,155)**	(1,557)
	354,947	341,556
Commitments - Outstanding letters of credit	**144,519**	227,648
Net exposure	**499,466**	569,204

The following significant exchange rates have been applied

	Average rate		Reporting date rate	
	2013	**2012**	**2013**	**2012**
		Rupees		
USD to PKR	**96.91**	89.64	**98.80**	94.20
Euro to PKR	**125.73**	120.08	**129.11**	118.50
AED to PKR	**26.38**	24.41	**26.90**	25.65

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro and AED with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	Average rate		Reporting date rate	
	2013	**2012**	**2013**	**2012**
		(Pak Rupees in Thousand)		
Effect on profit & loss account				
USD to PKR	**49,373**	53,623	**50,386**	56,400
Euro to PKR	**251**	655	**258**	645
AED to PKR	**(686)**	(120)	**(698)**	(125)
	48,938	54,158	**49,946**	56,920

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

ii Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate 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.

The Group is not exposed to equity price risk since there are no investment in listed equity securities.

iii Interest / Markup rate risk

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. The Parent Company has long term finance and short term borrowings at variable rates. At the balance sheet date the interest profile of the Group's interest-bearing financial instrument is:

	2013	2012	2013	2012
	Effective rate (in %)		Carrying amount (Pak Rupees in Thousand)	
Financial Liabilities				
Variable rate instruments				
Short term borrowings	**9.13 - 11.31**	2.35 - 13.58	**934,867**	156,514

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points 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 variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2012.

	Profit and loss	
	100 bp increase	**100 bp** decrease
As at June 30, 2013		
Cash flow sensitivity - Variable rate financial liabilities	**(9,349)**	**9,349**
As at June 30, 2012		
Cash flow sensitivity - Variable rate financial liabilities	(1,565)	1,565

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

B Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Group manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the Group does not have significant exposure in relation to individual customer. Consequently, the Group believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.4,625.322 million (2012 : Rs.4,308.247 million), the financial assets which are subject to credit risk amounted to Rs.1,460.054 million (2012: Rs.1,267.448 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Pak Rupees in Thousand) 2013	2012
Loans and advances	**5,243**	4,879
Deposits	**2,016**	2,239
Trade debts	**1,155,689**	800,947
Other receivables	**191,448**	227,245
Bank balances	**105,658**	232,138
	1,460,054	1,267,448

The aging of trade debts and other receivables at the reporting date

	2013	2012
Not past due	**798,724**	926,321
Past due 1-30 days	**152,529**	21,348
Past due 31-90 days	**339,877**	43,585
Past due 91-180 days	**47,860**	25,312
Past due 180 days	**33,110**	25,727
	1,372,100	1,042,293
Provision for doubtful debts	**(24,963)**	(14,101)
	1,347,137	1,028,192

The credit quality of Group's bank balances can be assessed with reference to external credit rating as follows:

Bank	Rating Agency	Rating Short term	Rating Long term
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Barclays Bank PLC Pakistan	S&P	A-1	A
Citibank N.A	Moody's	P-2	A3
Deutsche Bank AG	S&P	A-1	A
Faysal Bank Limited	JCR-VIS	A-1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
HSBC Bank Middle East Ltd	Moody's	P-1	A2
JS Bank Limited	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
National Bank of Pakistan	JCR-VIS	A-1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+

C Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2013, the Parent Company has Rs.4,905 million available borrowing limit from financial institutions plus Rs.325 million swinging facility with Associate Company. The Group has unutilised borrowing facilities of Rs. 4,085 million in addition to balances at banks of Rs.106 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years
	(Pak Rupees in Thousand)					
2013						
Trade and other payables	1,391,377	1,391,377	1,391,377	-	-	-
Accrued mark up	19,765	19,765	19,765	-	-	-
Short term borrowings	934,867	934,867	934,867	-	-	-
	2,346,009	2,346,009	2,346,009	-	-	-
2012						
Trade and other payables	1,223,719	1,223,719	1,223,719	-	-	-
Accrued mark up	11	11	11	-	-	-
Short term borrowings	156,514	156,514	156,514	-	-	-
	1,380,244	1,380,244	1,380,244	-	-	-

37.3 CAPITAL RISK MANAGEMENT

The Group's objectives in managing capital is to ensure the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2013 and 2012 were as follows:

	2013	2012
	(Pak Rupees in Thousand)	
Total borrowings	**934,867**	156,514
Cash and bank	**(107,515)**	(233,609)
Net debt	**827,352**	(77,095)
Total equity	**7,337,628**	7,093,367
Total capital	**8,164,980**	7,016,272
Gearing ratio	**10%**	0%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including long term and short term finances as shown in the balance sheet) less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit and loss account for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group are as follows:

(Pak Rupees in Thousand)

	Chief Executive		Directors		Executives		TOTAL	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Managerial remuneration	**12,644**	10,991	**22,886**	19,906	**84,336**	68,688	**119,866**	99,585
Post employment benefits	**5,159**	4,337	**9,411**	7,919	**13,835**	10,959	**28,405**	23,215
Utilities	**62**	70	**124**	152	**48**	61	**234**	283
Other benefits	-	-	**1,142**	885	**42,785**	33,371	**43,927**	34,256
	17,865	15,398	**33,563**	28,862	**141,004**	113,079	**192,432**	157,339
Number of persons								
for remuneration	**1**	1	**3**	3	**60**	47	**64**	51

38.1 Aggregate amount of meeting fee to 4 non-executive Directors (2012: 4 non-executive Directors) was Rs.65 thousand (2012: Rs.95 thousand).

38.2 In addition, the Chief Executive is provided with company maintained car and certain directors and executives are provided with household furniture and cars under Company policies, the monetary impact whereof is not quantifiable.

38.3 An Associated Company reimbursed Rs.28.038 million (2012: Rs.29.904 million) in respect of services provided by certain directors and executives during the year.

39 SEGMENT REPORTING

39.1 Reportable segments

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. From current financial year, in view of diversified business strategy and competitive situation, the management of the Parent Company has decided to determine the operating segments based on the information presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance, hence comparative figures, where available, have been disclosed. Based on internal management reporting structure and products produced and sold, the Group organised into the following three operating segments.

- Polyester Fimaent Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material. This includes the results of Messrs. GT Universal Limited, which has not yet commenced their operations till date.

- Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Messrs. Global Synthetics Limited, which has not yet commenced their operations till date.

- Electric Power generation-it comprises operations of Gatro Power (Pvt) Limited.

Other operating expenses, other income, finance cost and taxation are managed at group level.

39.2 Segment results:

(Pak Rupees in Thousand)

	Polyester Polymer				Power generation		Group	
	Polyester Filament Yarn	Polyester PET Preform	TOTAL 2013	TOTAL 2012	2013	2012	2013	2012
Sales	8,812,617	2,535,488	11,348,105	11,199,270	1,296,054	1,150,439	12,644,159	12,349,709
Segment result	(112,612)	192,414	79,802	759,059	266,954	244,125	346,756	1,003,184

Reconciliation of segment sales & results with sales & profit before income tax:

Total sales for reportable segment	**12,644,159**	12,349,709
Elimination of inter-segment sales from subsidiary	**(1,504,132)**	(1,334,509)
Sales	**11,140,027**	11,015,200

Total results for reportable segments	**79,802**	759,059	**266,954**	244,125	**346,756**	1,003,184
Other operating expenses	**(65,932)**	(118,885)	**(7,697)**	(5,808)	**(73,629)**	(124,693)
Other income	**6,301**	4,280	**17**	489	**6,318**	4,769
Finance cost	**(77,588)**	(23,083)	**(423)**	(352)	**(78,011)**	(23,435)
Investment income	**285,950**	240,800	-	-	**285,950**	240,800
	228,533	862,171	**258,851**	238,454	**487,384**	1,100,625
Elimination of intra group transaction					**(285,792)**	(240,800)
Profit before income tax					**201,592**	859,825

Assets and liabilities by segments are as follows:

	Polyester Filament Yarn	Polyester PET Preform	Power Generation	Total
Segment assets	4,164,785	1,618,054	819,859	6,602,698
Segment liabilities	607,857	162,637	262,831	1,033,325

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	Assets	Liabilities
Total for reportable segments	6,602,698	1,033,325
Unallocated assets/liabilities	3,942,372	2.018.351
Elimination of intra group transaction	(162,252)	(6,486)
Total as per balance sheet	**10,382,818**	**3,045,190**

Other segment information is a follows:

	Polyester Filament Yarn	Polyester PET Preform	Power Generation	Total
Depreciation	202,606	82,824	44,042	329,472
Capital expenditures	125,075	14,707	116,188	255,970
Unallocated Capital expenditure				10,031
Total				266,001

39.3 All non-current assets of the Group as at 30 June 2013 are located in Pakistan.

39.4 The Group does not have transaction with any external customer which amount to 10 percent or more of the Group's revenue.

40 PLANT CAPACITY AND ACTUAL PRODUCTION

			(Metric Tons)	
			2013	**2012**
Annual capacity (Based on 75 denier Yarn and 39 gms Preform)			**51,797**	51,797
Actual production			**55,536**	55,168
40.1	Polyester Filament Yarn	40.1.1		
	Annual capacity		**24,191**	24,191
	Actual production		**40,886**	41,230
40.2	Polyester P.E.T. Preforms	40.2.1		
	Annual capacity		**27,606**	27,606
	Actual production		**14,650**	13,938
			(KWH in Thousand)	
40.3	Electric Power	40.3.1		
	Annual capacity		**193,945**	193,945
	Actual production		**153,153**	159,358

40.1.1 The capacity is determined based on 75 denier and 24 filament. Actual production represents production of various deniers.

40.2.1 The capacity is determined based on 39 gms 12 months production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of very low preform demand/production in winter months of the year. The actual production of preforms (various grammage) in pieces was 461.719 million (2012: 450.333 million) against annual capacity (based on 39 gms) of 707.858 million pieces.

40.3.1 The capacity includes capacities of standby generators.

41 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:

		(Pak Rupees in Thousand)	
Associated Company	Purchase / sale of services	**186,654**	178,166
	Purchase of other material	**3,726**	-
	On account of rent	**44,890**	3,741
	On account of reimbursement of expenses	**45,430**	31,758
Other Related Parties	Payment of dividend	**7,292**	16,204
	Charges on account of handling	**5,638**	5,165
	Sale of goods	**3,539**	22,451
	Payment of donation	**8,655**	7,214

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP), Worker's Profits Participation Fund (WPPF) and Key Management Personnel (KMP) have been disclosed in notes 28.1, 29.1, 30.1 of DCP; 22.2 of WPPF; 7.2 and 38 of KMP; respectively. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Group considers its Chief Executive, Executive Directors and other executives to be KMP.

42 PROVIDENT FUND RELATED DISCLOSURES

(Pak Rupees in Thousand)

The Following information is based on latest un-audited financial statements of the Funds.

	2013	2012
Size of the Funds- Total Assets	**306,912**	277,456
Cost of Investments made	**287,256**	256,940
Percentage of investments made	**100%**	100%
Fair Value of investments	**306,790**	277,366

42.1 The Break-up of fair value of investments is:

	2013 Amount	2013 %	2012 Amount	2012 %
Shares in Listed Companies	**1**	**0.00%**	1	0.00%
Government Securities	**232,325**	**75.73%**	166,962	60.20%
Debt Securities	**20,631**	**6.72%**	36,039	12.99%
Bank Deposits	**53,833**	**17.55%**	74,364	26.81%
	306,790	**100.00%**	277,366	100.00%

(Pak Rupees in Thousand)

42.2 The investments out of provident funds have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012 respectively are as follows:

(Number of employees)

	2013	2012
Average number of employees during the year	**1,151**	1,169
Number of employees as at June 30	**1,131**	1,181

44 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company in the meeting held on August 31, 2013 has recommended final cash dividend of Rs.4.00 per share (2012: Rs. 4.50 per share cash dividend) for approval of the members at the Annual General Meeting. Since it is a non adjusting event, the financial statements for the year ended June 30, 2013 do not include the effect of the recommended cash dividend.

45 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation. Significant changes made during the year are as follows:

Reclassification from component	Reclassification to component	(Pak Rupees in Thousand)
Loans and Advances Others	Trade deposit and short term prepayments Prepayments	4,259
Trade and other payable Sales tax payable	Taxes and duties refundable from Federal Government Sales tax refundable	13,442
Administrative expenses Sundry	Finance cost Bank charges	352

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2013 by the Board of Directors of the Parent Company.

47 GENERAL

Figures have been rounded off to the nearest thousand of Pak Rupees.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Gatron (Industries) Limited

September 12, 2013

To: All Shareholders of the Company

DIVIDEND MANDATE FORM

The Company vide its circular letter dated September 8, 2012 published in the Printed Annual Accounts for the year ended June 30, 2012 had requested to the shareholders of the Company to provide Dividend Mandate Form to credit the dividend in your bank account as per section 250 of the Companies Ordinance, 1984 if so desire.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No.18 of 2012 dated June 05, 2012, we vide this request letter give apportunity to all the registered shareholders of Gatron (Industries) Limited, if they desire to authorize the Company to directly credit in your bank account cash dividend declared by the Company.

Please note that this dividend mandate is optional and not compulsory. In case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you through the dividend warrant(s) / demand draft(s) as usual.

If you wish the cash dividend declared by the Company is directly credited in your bank account, instead of issue of dividend warrant(s) / demand draft(s), please tick " ✓ " any of the following boxes:

Yes	No

If yes then please provide the following information of your banker to the Company's Share Registrar, M/s. C&K Management Associates (Pvt) Limited, Room No.404, 4th Floor, Trade Centre, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530. **CDC shareholders are requested to update information in their respective accounts.**

Transferee Details	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Name of the Shareholder	
Folio No.	
Computerized National Identity Card No.	

It is stated that the above mentioned information is correct and that I will intimate the changes in the above mentioned information to the company and the concerned share Registrar as soon as these occur.

Signature of the Shareholder

Gatron (Industries) Limited

September 12, 2013

To: All the Shareholders of the Company who's shares are in Physical Form.

COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan Vide SRO No.779(I)/2011 and SRO No. 831(I)/2012 dated August 18, 2011 and July 05, 2012 respectively the "Dividend Warrant(s)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members.

The Company vide various circular letters and publications in the Printed Accounts had already requested to provide a copy of your CNIC for compliance of the directions of SECP.

Accordingly, Members who have not yet submitted copy of their valid CNIC are once again requested to fill the required information in the lower portion of this page marked for the purpose and return the same to the company's share registrar, M/s. C&K Management Associates (Private) Limited, Room No. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 by post or by sending email directly to the company at "shares@gatron.com" at an early date to enable us to comply with the law requirement.

In case of non-receipt of copy of valid CNIC and non-compliance of the above mentioned SROs of SECP, the company may be constrained to withhold dispatch of dividend warrants to you.

The Company shall, in deed, appreciate the cooperation of the members in this regard.

Thanking you,

Yours faithfully,
For **Gatron (Industries) Limited**

Mohammad Yasin Bilwani
Company Secretary

Folio No. ---------------------------------

Name: ---------------------------------

CNIC No. ---------------------------------
(copy attached)

Proxy Form

I/We, ______________________________ of ______________________________

being member of **Gatron (Industries) Limited** and holder of ______________________________

Ordinary shares as per Share Register Folio No. ______________________________ and/or CDC

Participant ID No. ____________________ and Account/Sub-Account No. ____________________

hereby appoint ______________________________ of ______________________________ as my/our

proxy to attend, speak and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Wednesday, October 23, 2013 and at any adjournment thereof.

Signed this ________________ day of , ________________ 2013.

Witness:

1. Signature ____________________
   Name ____________________
   Adress ____________________
   CNIC No. ____________________

2. Signature ____________________
   Name ____________________
   Adress ____________________
   CNIC No. ____________________

Signature on Revenue Stamp of Rs.5/-

Notes:

1. The proxy form in order to be valid must be signed across five rupees revenue stamp and should be deposited with the company not later than 48 hours before the time of holding the meeting.

2. The proxy must be a member of the company.

3. Signature should agree with the specimen signature, registered with the company.

4. CDC shareholders and their proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this proxy form.