THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED

Annual Report 2011

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Company's Vision & Mission Statement

Vision

To be the leader in tyre technology by building the Company's image through quality improvement, competitive prices, customers' satisfaction and meeting social obligations.

Mission

- To endeavor to be the market leader by enhancing market share, consistently improving efficiency and the quality of our products.
- To offer quality products and after sale services to our customers at competitive prices.
- To improve performance in all operating areas, improve profitability thereby ensuring growth for the company and increasing return to the stakeholders.
- To create a conducive working environment leading to enhanced productivity, job satisfaction and personal development of our employees.
- To enhance productivity and continue discharging its obligation to society and environment by contributing to social welfare and adopting environmental friendly practices and processes to serve the society.

Company Profile

Board of Directors

Chairman	Lt.Gen.(Retd) Ali Kuli Khan Khattak
Chief Executive	Mohammad Shahid Hussain
	Mr. Ahmed Kuli Khan Khattak
	Mr. Ikram Ul-Majeed Sehgal
	Mr. M. A. Faisal Khan
	Mr. Manzoor Ahmed
	Mr. Mazhar Sharif
	Mr. Nabil Daudur Rahman
	Mr. Raza Kuli Khan Khattak
	Mr. Sher Muhammad Chaudhary

Company Secretary
Mr. Asif Jameel

Chief Financial Officer
Mr. Ashraf Teli

Board Audit Committee

Chairman	Mr. Ahmed Kuli Khan Khattak
	Mr. Manzoor Ahmed
	Mr. Mazhar Sharif

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

Auditors
Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor
Syed Iqbal Ahmed & Co.

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

Branch Offices

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

Islamabad
Plot No. 189-A,
Korang Road,
Sector 1-10/3,
Islamabad.
Phone : 4449955-6
Fax : 4440916

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

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

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

Chairman's Review

I have pleasure to present to the members of General Tyre and Rubber Company of Pakistan Limited review on the performance of the company for the financial year ended June 30, 2011.

This was a problematic year for the whole country and its adverse impact extended to all sectors. The Manufacturing Sector had to live with power outages which proved unbearable for industries like ours having a continuous production process; besides this, our operational efficiency declined due to uncertain interruptions and load shedding. The Power Tariff was revised upward time and again, and the use of fossil fuel as an alternate stop-gap arrangement turned expensive because it cannot be continued for long hours of power outages.

The Management fortunately took suitable steps to mitigate the impact of adverse factors on the overall production level. This is evidenced by increasing tyres production level to 1.64 million units, an improvement of 7 percent over 1.53 million tyres roll out in the previous year. However, there is still scope to produce more, as our plant's capacity is 2.03 million tyres. The prevalent cost spiral tendency was resulted in the increase of most inputs and services; concerted efforts were made to enhance economies of scale and increasing production capacity.

We also faced difficulties in Sales and Marketing because of the overall inflationary trend. The year opened with problems arising from unprecedented floods in the country. This was followed in quick succession, by changes introduced in taxation. During March 2011 Sales Tax was imposed at 17 percent on tractors, which curtailed demand of farm tyres. On June 04, 2011, the Federal Finance Minister, while presenting the Budget for fiscal year 2011-12 reduced Sales Tax by 1 percent and withdrew Special Excise Duty of 2.5 percent on tyres.

However, the above taxation measures on tyres were made effective from the beginning of the next financial year, that is from July 01, 2011. As a result, demand of tyres timely purchase was suppressed by the buyers to take benefit of reduction in relevant levies which prevailed for crucial period of the last month of the review year. However, the management made material efforts to overcome this temporary setback and was able to sell 1.55 million tyres, representing a token improvement over 1.53 million tyres sold in the previous year.

Sales revenues at Rs. 7.478 billion reflect a modest growth of 18 percent, over Rs. 6.355 billion of the previous year. This was achieved by timely revision in prices, covered by surge in prices of raw materials, spares, chemicals and other consumables in the manufacturing process. Inflationary conditions also caused incidental increase in Distribution and Administration expenses. Similarly, Financial Expenses also increased because of higher rates of borrowings from banks and maintaining a larger than normal inventory of finished goods for about four months. Unfortunately, the continuing unrest in Karachi had caused an adverse impact on production and sales trends. As a result of the difficulties mentioned above the Pre-Tax Profit of the Company reduced to Rs. 395 million from Rs. 409 million of the previous year, denoting a decline of 3 percent. This set back will hopefully be overcome during the current year, provided conditions return to normal.

Future Outlook

We are grateful to the Government of Pakistan (GoP) for its consideration to reduce Sales Tax plus removal of Special Excise Duty on tyres. The trend of dumping of tyres through Afghan Transit Trade and the menace of under-invoicing is still rampant, and will cause an adverse effect in the future also. We continue to draw the GoP's attention towards these problems but with little effect.

It is a pleasure for me to inform the members that a fresh Technical Services Agreement for seven years, i.e. till June 2017, with our technology providers, Continental Tire The Americas, LLC has been agreed and finalised and waiting signatures by officials of both the parties.

Code of Corporate Governance

Our Company has kept close co-ordination with the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange and complies with the Code of Good Corporate Governance in letter and spirit.

Board Changes

A nominee of the National Investment Trust (NIT), Mr. Firasat Ali resigned from the directorship and in his place NIT nominated Syed Zubair Ahmed Shah. The Board records its appreciation for the valuable services rendered by Mr. Firasat Ali and warmly welcomes Syed Zubair Ahmed Shah.

The Board offers it's thanks to its bankers, financial institutions and Technology Supplier for providing support, as solicited.

The Board appreciates the dedicated services rendered by the employees and the management which is evidenced by the Company's performance and results achieved in the difficult operational conditions.

Cordial relations prevailed with the work force of the Company. The present agreement with the CBA is to remain in force till end of 2011. The Directors hope that new agreement will be finalized amicably for the next two years i.e., 2012 and 2013.

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

Karachi
Dated: August 17, 2011

Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2011.

	2011	2010
	(Rupees in Thousand)	
Financial Results		
Profit for the year after taxation	258,600	218,326
Unappropriated Profit brought forward	732,957	514,631
	991,557	732,957
Appropriation		
Dividend	(119,543)	Nil
Unappropriated profit carried forward	872,014	732,957
Basic earnings per share	Rs. 4.33	Rs. 3.65

The Board of Directors has recommended 25% dividend for the year ended June 30, 2011.

Compliance with the Code of Corporate Governance

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

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

- The value of investments made by the staff retirement funds as per their respective audited accounts are given below:

	Value of Investment	Year ended:
Provident Fund	Rs. 256.5 Million	June 30, 2010
Gratuity Fund	Rs. 50.5 Million	June 30, 2010

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

Corporate Social Responsibility

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

The Company regularly pays to Waqf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class. During the current year the Company has provided for Rs. 6.5 million as donation to Waqf-e-Kuli Khan Trust. Additionally, the Company also paid donations amounting to Rs. 0.93 million to various hospital and welfare organizations including Rs. 0.25 million for the affectees of the floods.

During the year the Company contributed Rs. 1,405.8 million towards national exchequer under various modes.

Board Meetings

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

S. No.	Name of Director	Number of Meetings Attended
1.	Lt. Gen. (Retd) Ali Kuli Khan Khattak	5
2.	Mr. Ahmed Kuli Khan Khattak	5
3.	Mr. Firasat Ali*	1
4.	Mr. Ikram Ul-Majeed Sehgal	2
5.	Mr. M.A. Faisal Khan	5
6.	Mr. Manzoor Ahmed	3
7.	Mr. Mazhar Sharif	5
8.	Mr. Muhammad Aurangzeb Amin	5
9.	Mr. Nabil Daudur Rahman	5
10.	Mr. Raza Kuli Khan Khattak	5
11.	Syed Zubair Ahmed Shah**	3
12.	Mr. Umer Latif	5
13.	Dr. Willi Flamm	3

* Resigned w.e.f. October 14, 2010.
** Appointed w.e.f. October 28, 2010

Chairman's Review

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

Pattern of shareholding

A statement showing the pattern of holding of shares as at June 30, 2011 is attached.

Auditors

The present Auditors, Messrs. Hameed Chaudhri & Co., Chartered Accountants retire and being eligible, offered themselves for re-appointment. On the recommendation of the Audit Committee, the Board of Directors has recommended to appoint Messrs. Hameed Chaudhri & Co. Chartered Accountants as Auditors of the Company for the year ending June 30, 2012.

For and on behalf of the Board of Directors

Mohammad Shahid Hussain
Chief Executive

Karachi
Dated: August 17, 2011

Notice of Meeting

Notice is hereby given that the Forty Eighth Annual General Meeting of The General Tyre & Rubber Company of Pakistan Limited will be held at the Institute of Chartered Accountants of Pakistan Auditorium, Clifton, Karachi on Thursday, September 29, 2011, at 12.00 noon, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting held on Thursday, August 18, 2011.

2. To receive and consider the audited accounts for the year ended June 30, 2011, together with Directors' and Auditors' Reports thereon.

3. To consider and approve payment of final cash dividend @ 25%, i.e., Rs. 2.50 per share, as recommended by the Directors.

4. To appoint auditors for the year ending June 30, 2012 and to fix their remuneration. The retiring auditors, Messrs. Hameed Chaudhri & Co., Chartered Accountants, being eligible, offered themselves for reappointment. The Board recommends appointment of Messrs. Hameed Chaudhri & Co. Chartered Accountants, as the Auditors for the year ending June 30, 2012.

5. Any other business with the permission of the Chair.

By Order of the Board

Asif Jameel
Company Secretary

Karachi
Dated: August 17, 2011

NOTES:

1. The share transfer books of the Company shall remain closed from September 20, 2011 to September 29, 2011 (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi not later than 48 hours before the time for holding the meeting.

3. Individual beneficial owners of CDC entitled to attend and vote at this meeting must bring his/her participant ID and account / sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/ power of attorney with specimen signature of the nominees shall be produced (unless provided earlier) at the time of meeting.

4. For appointing proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account / sub-account number together with attested copy of their CNIC or passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/power of attorney with specimen signature shall be submitted (unless submitted earlier) along with the proxy form.

5. Members are requested to notify change in their address, if any, immediately.

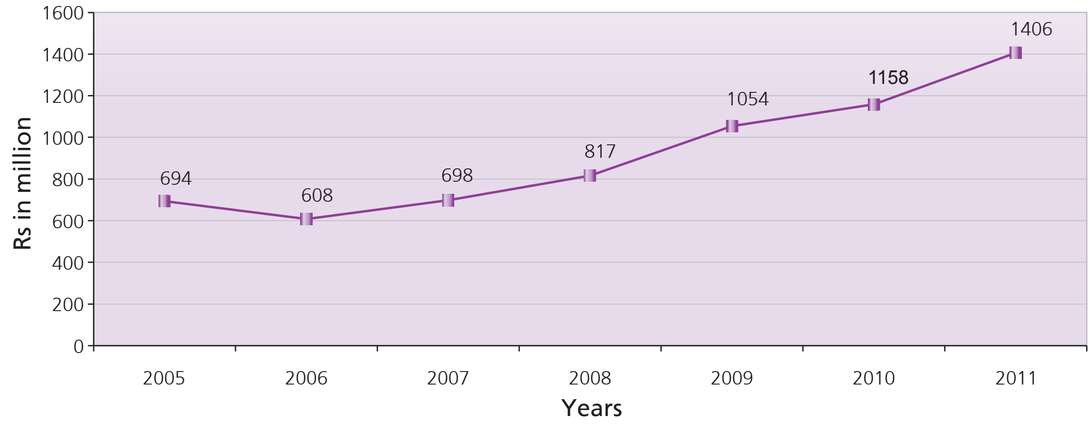
Key Operating and Financial Data

	2011	2010	2009	2008	2007	2006	2005
			Rupees in million				
Operating Results							
Net sales	7,478	6,355	5,351	4,615	3,951	3,732	3,198
Gross profit	998	965	541	510	468	521	583
Profit /(Loss) before taxation	395	409	(142)	7	106	210	328
Profit/(Loss) after taxation	259	218	(110)	(17)	63	127	204
Cash dividend *	20%	-	-	-	20%	17.5%	-
Financial Position							
Operating Fixed assets - at cost	3,578	3,444	3,170	2,960	2,852	2,109	1,890
Share capital	598	598	598	598	598	598	598
Unappropriated profit	872	733	514	624	641	697	675
Shareholders' equity	1,470	1,331	1,112	1,222	1,239	1,295	1,273
Long -term loans	87	173	321	353	499	467	390

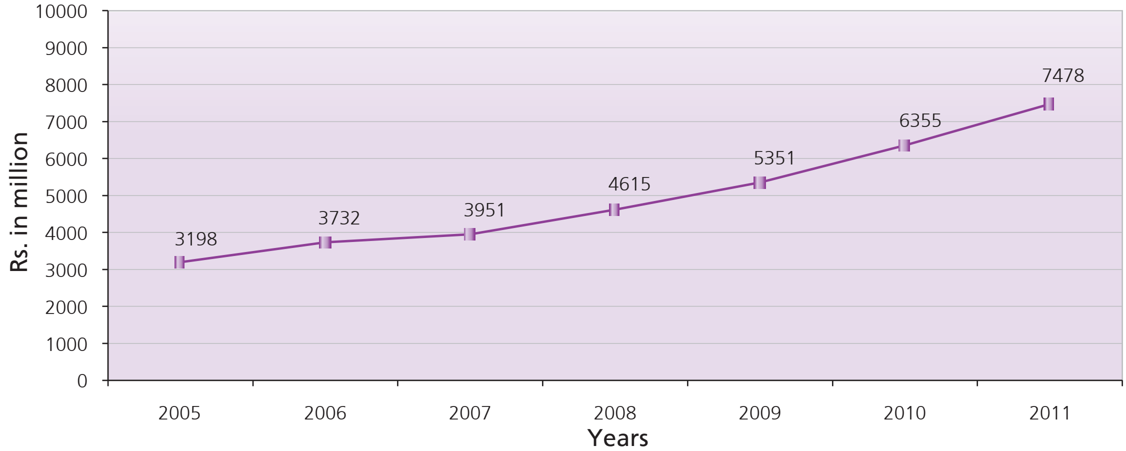
* The Board of directors has recommended 25% dividend for the year ended June 30, 2011

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

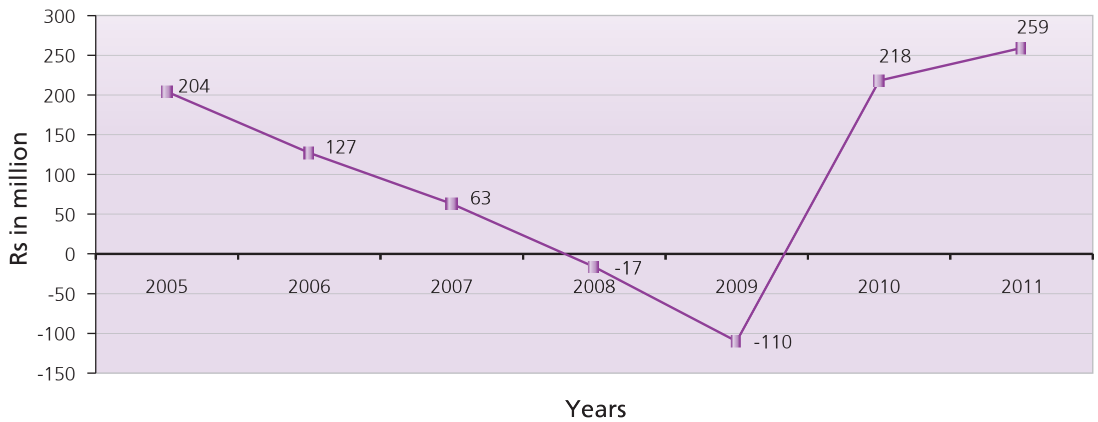
Contribution to National Exchequer



Net Sales Revenue



Net Profit after tax



Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation No. 35 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange 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 Code in the following manner:-

1. The Company encourages representation of non-executive directors on its Board of Directors. At present, the Board includes twelve non - executive Directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non - Banking Financial Institution. None of the resident Directors are a member of any of the stock exchanges on which the Company's shares are listed.

4. One vacancy occurring on the Board due to resignation was filled in by the Board of Directors within 30 days.

5. The Company has prepared "Statement of Ethics and Business Practices" which has been signed by all the Directors and management employees of the Company.

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

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman 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. An orientation course was conducted during the year ended June 30, 2003 to apprise the directors of their duties and responsibilities.

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

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

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

15. The Board has formed an Audit Committee. It comprises three members, all of whom 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 Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

17. The Company has set up an effective Internal Audit Function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

19. 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.

20. The related party transactions were placed before the Audit Committee and approved by the Board of Directors.

21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors

Mohammad Shahid Hussain
Chief Executive

Karachi
Dated: August 17, 2011

HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON 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, 2011 prepared by the Board of Directors of **The General Tyre and Rubber Company of Pakistan Limited** ("the Company") to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange and the Lahore Stock Exchange 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 the 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, Sub - Regulation (xiii-a) of Listing Regulations No. 35 notified by the Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and those which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are required to be separately placed before the audit committee. We are only required and have ensured compliance of subject requirement to the extent of approval of the 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 status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

KARACHI : 17 AUG 2011

Engagement Partner : Abdul Majeed Chaudhri

LAHORE:
HM House, 7-Bank Square.
Tel : 37235084-87 Fax : 042-37235083
E-mail : lhr@hccpk.com
URL: www.hccpk.com

KARACHI :
Karachi Chambers, Hasrat Mohani Road.
Tel : 32411474, 32412754, 32424826
Fax : 021-32424835 E-mail : khi@hccpk.com
URL: www.hccpk.com

Praxity
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HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **The General Tyre and Rubber Company of Pakistan Limited** ("the Company") as at June 30, 2011 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement 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, 2011 and of the profits, its changes in equity and cash flows for the year then ended; and

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

KARACHI; 17 AUG 2011

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Majeed Chaudhri

LAHORE:
HM House, 7-Bank Square.
Tel : 37235084-87 Fax : 042-37235083
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Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Balance Sheet
As At June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share Capital and Reserve			
Authorised			
75,000,000 (2010: 75,000,000) ordinary shares of Rs 10 each		750,000	750,000
Issued, subscribed and paid-up	5	597,713	597,713
Unappropriated profit		872,014	732,957
		1,469,727	1,330,670
NON CURRENT LIABILITIES			
Long term loans	6	86,643	173,286
Staff benefits	7	158,026	141,827
Deferred taxation	8	220,360	162,693
Long term deposits from dealers	9	9,110	8,640
		474,139	486,446
CURRENT LIABILITIES			
Current maturity of long term loans	6	86,643	205,393
Short term finances	10	709,899	453,044
Running finances under mark-up arrangements	11	1,521,902	1,180,716
Trade and other payables	12	1,345,845	1,020,721
Accrued mark-up	13	81,326	82,579
Provisions	14	75,703	53,804
		3,821,318	2,996,257
		5,765,184	4,813,373
CONTINGENCIES AND COMMITMENTS	15		

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

Balance Sheet

As At June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,820,663	1,877,157
Intangible assets	17	291	21
Investments	18	836	-
Long term loans and advances	19	5,702	5,600
Long term deposits	20	7,234	7,234
		1,834,726	1,890,012
CURRENT ASSETS			
Stores and spares	21	372,207	356,248
Stocks	22	2,280,412	1,372,150
Trade debts	23	848,001	856,577
Loans and advances	24	30,380	20,654
Deposits and prepayments	25	21,846	33,860
Other receivables	26	31,328	25,456
Taxation		223,878	158,706
Cash and bank balances	27	122,406	99,710
		3,930,458	2,923,361
		5,765,184	4,813,373

Mohammad Shahid Hussain
Chief Executive

Mazhar Sharif
Director

Profit and Loss Account

For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Net sales	28	7,477,695	6,355,293
Cost of sales	29	6,479,592	5,389,956
Gross profit		998,103	965,337
Administrative expenses	30	101,755	87,950
Distribution cost	31	198,931	206,641
		300,686	294,591
		697,417	670,746
Other operating expenses	32	49,394	51,259
		648,023	619,487
Other operating income	33	65,132	49,715
Operating profit		713,155	669,202
Finance cost	34	318,633	259,916
		394,522	409,286
Share of profit from an associated company		836	-
Profit before taxation		395,358	409,286
Taxation	35	136,758	190,960
Profit after taxation		258,600	218,326
Other comprehensive income		-	-
Total comprehensive income		258,600	218,326
Earnings per share	36	Rs 4.33	Rs 3.65

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

Mohammad Shahid Hussain
Chief Executive

Mazhar Sharif
Director

Statement of Changes in Equity

For the year ended June 30, 2011

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at July 1, 2009	597,713	514,631	1,112,344
Total comprehensive income for the year	-	218,326	218,326
Balance as at June 30, 2010	597,713	732,957	1,330,670
Transaction with owners			
Final dividend for the year ended June 30, 2010 @ Rs.2.00 per share	-	(119,543)	(119,543)
Total comprehensive income for the year	-	258,600	258,600
Balance as at June 30, 2011	597,713	872,014	1,469,727

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

Mohammad Shahid Hussain
Chief Executive

Mazhar Sharif
Director

Cash Flow Statement

For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	312,818	276,331
Staff retirement gratuity paid		(6,128)	(5,110)
Compensated absences paid		(1,491)	(1,445)
Long term deposits from dealers		470	(1,080)
Finance cost paid		(319,886)	(263,911)
Taxes paid		(144,263)	(137,162)
Long term loans and advances		(102)	(3,206)
Long term deposits		-	(167)
Net cash used in operating activities		(158,582)	(135,750)
Cash flows from investing activities			
Fixed capital expenditure		(93,819)	(114,587)
Proceeds from disposal of operating fixed assets		1,835	1,035
Profit on bank deposits received		447	974
Net cash used in investing activities		(91,537)	(112,578)
Cash flows from financing activities			
Repayment of long term loans		(205,393)	(183,196)
Payment of lease rentals under finance lease obligations		-	(15,176)
Short term and running finances		256,855	124,619
Dividends paid		(119,833)	(16)
Net cash used in financing activities		(68,371)	(73,769)
Decrease in cash and cash equivalents		(318,490)	(322,097)
Cash and cash equivalents at the beginning of the year		(1,081,006)	(758,909)
Cash and cash equivalents at the end of the year	38	(1,399,496)	(1,081,006)

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

Mohammad Shahid Hussain
Chief Executive

Mazhar Sharif
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

1.1. The General Tyre and Rubber Company of Pakistan Limited ("the Company") was incorporated in Pakistan on March 7, 1963 as a private limited company and was subsequently converted into a public limited company. The Company's shares are quoted on the Karachi and Lahore stock exchanges. The registered office of the Company is situated at H-23/2, Landhi Industrial Trading Estate, Landhi, Karachi. The Company is engaged in the manufacturing of tyres and tubes for automobiles.

1.2. The Royalty Technical Service Agreement with Continental Tire North America Inc. (CTNAI) had expired on August 31, 2009 and arrangements were last extended upto June 30, 2010. The Company and Continental Tire the Americas, LLC (CTTA) formerly known as Continental Tire North America Inc. (CTNAI) are in the process of concluding a fresh TSA and both the Companies have principally agreed to the significant terms and conditions of the fresh agreement. The Company's management is confident that the fresh TSA will be concluded shortly at a reduced Technical Assistance Fee at the rate of 2% instead of 3% of net sale value. Technical Assistance Fee, in these financial statement, has been provided for, at the proposed reduced rate of 2% instead of 3% as required by the expired agreement. The management believes that there are no doubts about the Company's ability to continue as a 'going concern'.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 ("the Ordinance"), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified by the provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the SECP differ from the requirements of the approved accounting standards, the Ordinance and the said directives have been followed.

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention except for, stores and spares and stocks which are carried at lower of cost and net realisable value and certain staff retirement benefits which are carried at present value.

2.3. Functional and presentation currency

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

2.4. Standards, interpretations and amendments to published approved accounting standards that are effective in the current year;

(i) IAS 1 (Amendment), ' Presentation of Financial Statements' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not effect the results or net assets of the Company as it only concerned with presentation and disclosures.

(ii) IAS 7 (Amendment), 'Statement of Cash Flows'. The amendment provides clarification that only expenditure that results in a recognised asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognised assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

(iii) IAS 17 (Amendment), 'Classification of leases of land and buildings'. The amendment deletes the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17. The Company's current accounting policy is in line with the requirements of IAS 17 and the Ordinance, therefore, the amendment will have no affect on the Company's financial statements.

(iv) IAS 18 (Amendment), 'Revenue'. The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent. The amendment does not have any impact on the Company's financial statements.

(v) IAS 36 (Amendment), 'Impairment of assets'. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating Segment' (that is , before the aggregation of segments with similar economic characteristics). The amendment does not have any impact on the Company's financial statements.

(vi) IFRS 8 (Amendment), 'Disclosure of information about segment assets'. This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. Since the operations of the Company are considered as a single reportable segment, therefore the amendment will have no affect on the Company's financial statements.

2.5. Standards, interpratations and amendments to published approved accounting standards effective in current year but are not relevant to the Company;

The other new standards, amendments and interpretations are mandatory for the accounting periods beginning on or after July 1, 2010 are considered not to be currently relevant as these do not have any significant effect on the Company’s current financial reporting and operations though these may affect the accounting for future transactions and events.

2.6. Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant;

The following standards, amendments and interpretations to existing standards by the International Financial Reporting Interpretations Committee (IFRIC) have been published and are mandatory for accounting periods beginning on or after July 1, 2011 or later periods;

(i) IAS 1 (Amendment) 'Presentation of Financial Statements', is effective for the accounting periods beginning on or after January 1, 2011. This amendment requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There are no items of other comprehensive income, therefore, no impact is expected on the Company's financial statements.

(ii) IAS 24 (Revised) 'Related Party Disclosures', is effective for the accounting periods on or after January 1, 2011. It amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is not expected to have a material impact on the Company's financial statements.

(iii) IFRS 7 (Amendment) 'Financial Instruments: Disclosures', is effective for the accounting periods beginning on or after January 1,2011. This amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The new amendment is not expected to materially affect the financial instruments disclosures in the Company's financial statements.

(iv) IFRIC 14 (Amendment) 'IAS 19 - The limit on a defined benefit assets, minimum funding requirements and their interaction', is effective for accounting periods beginning on or after January 1, 2011. It removes the unidentified consequences of the existing standard that restricted the recognition of some voluntary prepayments for minimum funding contributions as an asset. The new amendment is not expected to have a material impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Staff retirement benefits

3.1.1 Defined benefit plans

The Company operates an approved funded gratuity scheme for its senior executive staff. The Company also operates an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. Contributions are made to these schemes on the basis of actuarial valuations. The last actuarial valuations were conducted as at June 30, 2011 on the basis of the ‘projected unit credit method’.

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

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

3.1.2 Defined contribution plan

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

3.1.3 Employee compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which these are earned in terms of basic salary earned upto the balance sheet date. The provision is recognised on the basis of an actuarial valuation, which was conducted as at June 30, 2011.

3.2. Taxation

3.2.1 Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

3.2.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

3.3. Trade and other payables

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

3.4. Property, plant and equipment

3.4.1 Owned operating fixed assets and related depreciation

Operating fixed assets other than leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost. Cost of certain assets consists of historical cost and the related borrowing cost on loans utilised for the acquisition of those assets (as explained in note 3.12 below).

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

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

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is charged off over its estimated useful life depending upon the class of assets. Depreciation is charged at rates stated in note 16.1.1 below.

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

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

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

Profit or loss on disposal of operating fixed assets is recognised in the profit and loss account.

3.4.2 Operating fixed assets held under finance lease and related depreciation

The Company accounts for operating fixed assets held under finance lease by recording the asset and the related liability. Operating fixed assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between its present value and finance cost so as to achieve a constant rate on the finance lease obligation. The finance cost is charged to profit and loss account and is included under finance charges. Depreciation is charged to income applying the straight line method at rates stated in note 16.1.1 below.

The Company assesses at each balance sheet date whether there is any indication that the leased operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently.

3.4.3 Capital work-in-progress

Capital work-in-progress stated at cost less any identified impairment loss.

3.5. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method over their estimated useful lives. Amortisation is charged at the rate stated in note 17.1 below.

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

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

3.6. Investments

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

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

3.7. Stores and spares

Stores and spares are valued at weighted average cost less provision for obsolescence. Items-in-transit are valued at cost accumulated upto the balance sheet date.

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

3.8. Stocks

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

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

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

Claim tyres are valued at their estimated net realisable value.

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

3.9. Trade debts

Trade debts are recognised initially at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.10. Cash and cash equivalents

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

3.11. Revenue recognition

Sales are recorded when the risk and rewards are transferred i.e on dispatch of goods to customers.

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

3.12. Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that these are directly attributable to the acquisition, construction or production of the related qualifying asset. Further, borrowing costs incurred prior to an asset becoming operational are capitalised as part of the cost of that asset.

3.13. Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. All arising exchange gains and losses are recognised in the profit and loss account.

3.14. Financial assets and liabilities

Consistent with prior years, all financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the rights to the cash flows from the financial assets expire or where the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognised when the obligation specified in the contract is discharged.

3.15. Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is set-off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.16. Provisions, contingent assets and contingent liabilities

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

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

3.17. Warranty

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

3.18. Dividend

Dividend is recognised as a liability in the period in which it is approved by the directors / shareholders as appropriate.

3.19. Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at their fair value.

3.20. Earnings per share

The Company present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average numbers of ordinary shares outstanding during the period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1. Staff benefits

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underline assumptions are disclosed in note 7.1.2 and 7.1.7.

4.2 Income tax

In making the estimates for income taxes currently payable by the Company, management looks at the current income tax laws in force and the decisions of appellate authorities on certain issues in the past.

4.3 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value use in the calculation of depreciation. Further, where applicable, and estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.4 Intangible assets

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

4.5 Stores, spares and stocks

The Company reviews the net realizable value of stores, spares and stocks to assess any diminution in their respective carrying values. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2011	2010		2011	2010
(Ordinary Shares of Rs. 10 each)			(Rupees in thousand)	
7,133,320	7,133,320	shares fully paid in cash	71,333	71,333
186,680	186,680	shares issued as fully paid for consideration other than cash	1,867	1,867
52,451,250	52,451,250	shares issued as fully paid bonus shares	524,513	524,513
59,771,250	59,771,250		597,713	597,713

5.1. Number of ordinary shares of Rs.10 each, held by the associated companies as at year end are as follows:

	2011	2010
	(Number of Shares)	
Bibojee Services (Private) Limited	16,608,712	16,608,712
Pakistan Kuwait Investment Company (Private) Limited	16,774,292	16,774,292
Continental Global Holdings Netherlands B.V.	5,844,300	5,844,300
	39,227,304	39,227,304

6. LONG TERM LOANS - Secured

	Note	2011	2010
		(Rupees in thousand)	
Finance 1	6.1.	-	118,750
Finance 2	6.2 & 6.3	173,286	259,929
		173,286	378,679
Less: Current maturity of long term loans		86,643	205,393
		86,643	173,286

6.1. The entire outstanding balance of this finance facility was fully repaid during the current year. This finance facility, during the current year, carried mark-up at the rate of three months KIBOR + 1.85 % per annum.

6.2. This represents a financing facility of Rs. 500 million arranged from a bank for the planned expansion of the Company. The principal amount drawn down is repayable in eight six-monthly installments commencing eighteen months from the date of disbursement (i.e. January 8, 2008). The rate of mark-up is six months KIBOR plus 1.30% per annum. The facility is secured by way of a first charge on the specific fixed assets of the Company.

6.3. The installments of interest and principal amounting to Rs. 19.052 million and Rs. 43.321 million which were due to a financial institution on July 8, 2010 were paid on October 6, 2010 and October 19, 2010 respectively i.e. 122 and 135 days after the due date.

	Note	2011	2010
		(Rupees in thousand)	
7. STAFF BENEFITS			
Staff retirement gratuity	7.1	136,440	123,812
Employee compensated absences	7.2	21,586	18,015
		158,026	141,827

	Funded 2011	Funded 2010	Unfunded 2011	Unfunded 2010	Total 2011	Total 2010
	(Rupees in thousand)					
7.1. Reconciliation of obligation as at year end						
Present value of defined benefit obligation - note 7.1.2	66,811	56,716	139,269	132,511	206,080	189,227
Fair value of plan assets (note 7.1.4)	(57,052)	(51,895)	-	-	(57,052)	(51,895)
Unrecognized actuarial gain / (loss)	8,817	2,642	4,637	(1,924)	13,454	718
Liability at end of the year	18,576	7,463	143,906	130,587	162,482	138,050
Less: Short term - note 12	18,576	7,463	7,466	6,775	26,042	14,238
	-	-	136,440	123,812	136,440	123,812
7.1.1 Movement in liability						
Liability at beginning of the year	7,463	(105)	130,587	118,315	138,050	118,210
Charge for the year (note 7.1.6)	12,663	8,168	17,897	16,782	30,560	24,950
Benefits paid			(4,578)	(4,510)	(4,578)	(4,510)
Contributions made during the year	(1,550)	(600)	-	-	(1,550)	(600)
Liability at end of the year	18,576	7,463	143,906	130,587	162,482	138,050
7.1.2 Movement in the present value of defined benefit obligation						
Balance at beginning of the year	56,716	43,489	132,511	126,429	189,227	169,918
Current service cost	3,591	2,523	7,314	5,949	10,905	8,472
Interest cost	7,665	6,063	18,231	17,384	25,896	23,447
Benefits paid during the year	(3,926)	(5,408)	(4,578)	(4,510)	(8,504)	(9,918)
Actuarial (gain) / loss	(4,727)	3,498	(6,561)	(6,190)	(11,288)	(2,692)
Transferred to managerial cadre	7,492	6,551	(7,648)	(6,551)	(156)	-
Balance at end of the year	66,811	56,716	139,269	132,511	206,080	189,227
7.1.3 Movement in the fair value of plan assets						
Balance at beginning of the year	51,895	50,718	-	-	51,895	50,718
Expected return on plan asset(note 7.1.6)	6,085	6,764	-	-	6,085	6,764
Contributions made during the year	1,550	600	-	-	1,550	600
Benefits paid during the year	(3,926)	(5,408)	-	-	(3,926)	(5,408)
Actuarial gain / (loss)	1,448	(779)	-	-	1,448	(779)
Balance at end of the year	57,052	51,895	-	-	57,052	51,895
7.1.4 Plan assets						
Debt instruments	32,541	43,714	-	-	32,541	43,714
Equity instruments	15,000	8,050	-	-	15,000	8,050
Mutual funds	8,905	-	-	-	8,905	-
Others	606	131	-	-	606	131
	57,052	51,895	-	-	57,052	51,895

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
7.1.5 Comparison of historical information of five years					
Present value of defined benefit obligation	206,080	189,227	169,918	155,533	158,013
Fair value of plan assets	57,052	51,895	50,718	52,867	35,154
Deficit	(149,028)	(137,332)	(119,200)	(102,666)	(122,859)
Experience adjustment on obligation gain / (loss)	11,288	(2,692)	(6,856)	16,056	(13,034)
Experience adjustment on plan assets gain / (loss)	1,448	(779)	(1,851)	(10,253)	2,819

	Funded		Unfunded		Total	
	2011	2010	2011	2010	2011	2010
7.1.6 Charge / (income) for the year	(Rupees in thousand)					
Current service cost	3,591	2,523	7,314	5,949	10,905	8,472
Interest cost	7,665	6,063	18,231	17,384	25,896	23,447
Expected return on plan assets	(6,085)	(6,764)	-	-	(6,085)	(6,764)
Actuarial (gain) recognized during the year	-	(205)	-	-	-	(205)
Transferred to managerial cadre	7,492	6,551	(7,648)	(6,551)	(156)	-
	12,663	8,168	17,897	16,782	30,560	24,950

	Funded		Unfunded	
	2011	2010	2011	2010
7.1.7 Principal actuarial assumptions used the valuation:				
Discount rate (per annum)	14%	14%	14%	14%
Future salary increase (per annum)	13%	13%	13%	13%
Return on plan assets (per annum)	12%	12%	0%	0%
Retirement age (years)	60	60	60	60
Actual return on plan assets	7,533	5,985	-	-

7.1.8 The expected contribution to the funded gratuity scheme for the year ending June 30, 2012 works out to Rs 6.585 million and Rs 25.390 million for the unfunded scheme.

	2011	2010
	(Rupees in thousand)	
7.2 Employee compensated absences		
Balance as at June 30,	22,767	21,076
Less: Short term (included in accrued expenses - note 12)	1,181	3,061
	21,586	18,015

	2011	2010
	(Rupees in thousand)	

8. DEFERRED TAXATION

Credit/(debit) balances arising from:

	2011	2010
Accelerated tax depreciation allowance	398,868	393,021
Provision for staff retirement gratuity	(56,871)	(48,318)
Interest payable on custom duties	(10,477)	(12,018)
Provisions for tyre replacement allowance and incentive to dealers	(26,496)	(18,831)
Provision for doubtful debts	(3,414)	(3,286)
Provision for doubtful custom duty rebates recoverable	(31,397)	(32,938)
Unabsorbed depreciation	-	(87,114)
Minimum tax on turnover	(48,519)	(26,489)
Others	(1,334)	(1,334)
	220,360	162,693

9. LONG TERM DEPOSITS FROM DEALERS

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

10. SHORT TERM FINANCES - Secured

	2011	2010
	(Rupees in thousand)	
Balance as at June 30,	709,899	453,044

10.1 Short term finance facilities available from various commercial banks aggregate Rs. 1,000 million (2010: Rs.1,750 million). These facilities carry mark-up at the rates ranging from 14.00% to 15.56% (2010:14% to 14.93%) per annum and are secured against a pari passu charge on stock and trade debts of the Company. These facilities are expiring on various dates by January 06, 2012.

10.2 The year-end balance includes Rs.117.031 million (2010: Rs. 141.421 million) payable to Meezan Bank Limited (an associated company).

11. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

	2011	2010
	(Rupees in thousand)	
Balance as at June 30,	1,521,902	1,180,716

11.1 The Company has arranged short-term running finance facilities from various banks on mark-up basis to the extent of Rs.1,525 million (2010: Rs.1,500 million). The rates of mark-up on these arrangements range between 13.50% to 15.52% (2010: 13.53% to 14.60%) per annum are secured against a pari passu charge on stocks and trade debts of the Company. These facilities are expiring on May 31, 2012.

11.2 The facilities for opening letters of credit and guarantee as at June 30, 2011 aggregate Rs. 2,540 million (2010: Rs. 2,090 million) of which the amount remained unutilised at the year-end aggregated Rs.1,493 million (2010: Rs.1,137.180 million).

11.3 The maximum available aggregate limit for utilisation of facilities for short term finance (note 10.1) and running finance facilities (note 11.1) is Rs. 2,525 million (2010: Rs. 1,750 million).

12. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in thousand)	
Creditors		120,750	64,605
Bills payable		721,171	534,594
Accrued expenses		323,285	248,529
Advances from customers		10,956	3,512
Staff provident fund		2,742	2,244
Staff retirement gratuity	7.1	26,042	14,238
Short term deposits		3,883	2,252
Workers' welfare fund		8,282	8,183
Workers' (profits) participation fund	12.2	21,244	21,972
Sales tax payable		60,588	70,571
Payable to Waqf-e-Kuli Khan		6,465	5,458
Retention money payable		381	381
Dividend payable		3,983	4,273
Interest payable on custom duties	12.3	29,933	34,336
Others		6,140	5,573
		1,345,845	1,020,721

12.1 Trade and other payables include the following amounts due to related parties:

	2011	2010
	(Rupees in thousand)	
Bibojee Services (Private) Limited	273	273
Wackenhut Pakistan (Private) Limited	23	-
Universal Insurance Company Limited	460	-
Pak Kuwait Takaful Company Limited	69	-
Continental Tire The Americas, LLC	143,090	70,742
Continental Reifen Deutschland GmbH	38,830	28,143
Ghandhara Nissan Limited	-	8
Waqf-e-Kuli Khan	6,465	5,458
Key management personnel	8,323	11,264
The General Tyre and Rubber Company of Pakistan Limited Staff Provident Fund	2,742	2,244
	200,275	118,132

		Note	2011	2010
			(Rupees in thousand)	
12.2	Workers' profits participation fund			
	Balance at the beginning of the year		21,972	-
	Allocation for the year	32	21,244	21,972
			43,216	21,972
	Interest on funds utilised in the Company's business	34	1,100	-
			44,316	21,972
	Less: Payments during the year		23,072	-
	Balance at the end of the year		21,244	21,972

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

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

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

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

During the year ended June 30, 2007 the Alternate Dispute Resolution Committee (ADRC) recommended that the Company shall be liable to interest on late payment of principal amounting to Rs. 111.547 million and surcharge on late payment of principal amounting to Rs. 2.984 million, however, the Company shall not be liable to surcharge on late payment of interest. The FBR accepted the recommendations of the ADRC except for the waiver of surcharge on the late payment of interest.

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

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

During the current year the FBR has adjusted an amount of Rs.4.403 million against outstanding interest and customs duties resulting in the reduced the liability to wards FBR from Rs.34.336 million to Rs.29.933 million

12.4 During the year ended June 30, 2001 an amount of Rs. 5 million was paid by the Company under protest on account of interest on import levies. Further, amounts of Rs. 4.923 million and Rs. 4.070 million being refunds of custom duty rebates were adjusted by the customs authorities during the year ended June 30, 2000 and 2001 respectively against their demand of interest on import levies referred to in note 12.3 above. Based on its consultant's opinion, the management is of the view that the above adjustments aggregating Rs. 13.993 million will be made against the amount of interest payable on custom duties, as more fully explained in note 12.3 above, and is accordingly included in the current account balances with statutory authorities (note 25) as a receivable.

		Note	2011	2010
			(Rupees in thousand)	
13.	ACCRUED MARK-UP			
	Mark-up on long term loans		12,350	22,520
	Mark-up on short term and running finances		68,976	60,059
			81,326	82,579
13.1	Accrued mark-up includes the following amount due to an associated company:			
	Meezan Bank Limited		4,739	9,349
14.	PROVISIONS			
	Tyre replacement allowance	14.1	47,525	43,048
	Incentive to dealers	14.2	28,178	10,756
			75,703	53,804
14.1	Provision for tyre replacement allowance			
	Balance at beginning of the year		43,048	34,875
	Add : charge during the year	14.1.1 & 29.1	28,698	34,010
			71,746	68,885
	Less: claims adjusted during the year		24,221	25,837
	Balance at end of the year		47,525	43,048

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

		Note	2011	2010
			(Rupees in thousand)	
14.2	Provision for incentive to dealers			
	Balance at beginning of the year		10,756	31,211
	Add : charge during the year	14.2.1 & 28	54,515	29,186
			65,271	60,397
	Less: incentives paid during the year		37,093	49,641
	Balance at end of the year		28,178	10,756

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

15. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

During the year Appellate Tribunal Inland Revenue having said that, it is observed that the applicant has failed to point out any error a mistake in the order of the tribunal Dated 16 - 06 - 2006. This application is thus not maintainable and the same is rejected accordingly.

15.2 The Sales Tax Department (STD) conducted a sales tax audit of the Company's sales tax records for the period July 1, 2004 to June 30, 2007 and presented its findings before the Additional Commissioner Inland Revenue (ACIR). The ACIR through an order 04/2010 dated February 26, 2010, disallowed certain discounts allowed by the Company to its customers on account of these being higher than the business practice and directed the STD to recover sales tax on the excess discount allowed, along with surcharge (to be calculated at the time of payment) and a penalty of five (5) percent thereon.

The ACIR further imposed a penalty of Rs. 0.025 million on the Company for not maintaining proper inventory records under Section 22 of the Sales Tax Act, 1990.

The Company has filed an appeal dated March 22, 2010 with the Commissioner Inland Revenue (CIR) which is pending for hearing. The Federal Board of Revenue (FBR) through its letter UNIT-2/EC-I/LTU/KHI/2009/43 dated April 5, 2010 raised a demand of Rs 11.123 million upto March 2010 in pursuance of the order of the ACIR. The FBR raised a notice Unit-2/ST&FE/LTU/Recovery/2010 dated June 4, 2010 to Customs, Federal Excise, Sales Tax and Income Tax Authorities to deduct the aforementioned amount from any amount refundable to the Company. The Company has filed an appeal dated June 14, 2010 with the CIR for stay of the aforementioned order. The CIR through a letter dated June 17, 2010 granted stay to the Company subject to a payment of Rs. 1 million by June 18, 2010 which was paid under protest by it (the Company) and that payment is included in sales tax refundable (note 26).

The appeal filed by the Company with the Commissioner Inland Revenue (CIR) was decided and has set-aside the impugned Order-in-Original . The Company may apply for refund / adjustment of the amount of Rs. 1.0 million, paid by it (the Company) under protest in June, 2010.

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

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

15.4 Certain other claims have been filed against the Company in respect of employees' matters for an aggregate amount of approximately Rs. 3.500 million (2010: Rs. 1.750 million). These cases are pending in labour courts. The management is confident that the outcome of those cases will be in the Company's favour.

		Note	2011	2010
			(Rupees in thousand)	
15.5	Guarantees issued by a bank on behalf of the Company		78,228	45,782
15.6	Commitments in respect of :			
	- Letters of credit for capital expenditure		16,624	12,160
	- Letters of credit for purchase of raw materials and stores and spares		1,046,648	894,878
	- Purchase orders issued to local suppliers for capital expenditure		19,830	9,253
	- Sale contracts entered into by the Company		-	21,199
	- Tentative schedules for supply of tyres		1,233,712	1,146,411
	- Indemnity bond	15.1	16,775	16,775
	- Post dated cheques issued to the Collector of Customs against duty on imported plant and machinery, raw materials and stores and spares		42,089	54,683

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
		(Rupees in thousand)	
Operating fixed assets	16.1.1	1,792,831	1,801,390
Capital work-in-progress	16.2	27,832	75,767
		1,820,663	1,877,157

16.1 Operating fixed assets

16.1.1 The following is a statement of operating fixed assets:

	Owned											Leased		
	Leasehold land	Building on leasehold land	Electrical installation	Plant & machinery	Boilers & accessories	Laboratory equipment	Moulds	Vehicles	Furniture & fixtures	Office equipment	Computer equipment	Plant & machinery	Laboratory equipment	Total
	(Rupees in thousand)													
At June 30, 2009														
Cost	555	324,863	85,577	2,241,633	47,494	30,117	164,020	74,615	10,021	63,219	34,992	91,864	1,217	3,170,187
Accumulated depreciation	-	117,159	52,551	1,027,456	29,854	24,519	90,730	52,311	6,025	39,299	32,149	28,487	931	1,501,471
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	-	-	1,054
Net book value	555	207,704	33,026	1,213,486	17,640	5,598	72,927	22,304	3,996	23,920	2,843	63,377	286	1,667,662
Year ended June 30, 2010														
Additions	-	171	2,294	253,869	6,883	-	6,770	4,868	24	1,981	1,646	-	-	278,506
Disposals														
- Cost	-	-	-	2,366	-	-	717	1,015	-	54	148	-	-	4,300
- Depreciation	-	-	-	(1,798)	-	-	(717)	(1,015)	-	(54)	(148)	-	-	(3,732)
Transfer from lease														
- Cost	-	-	-	91,864	-	1,217	-	-	-	-	-	(91,864)	(1,217)	-
- Depreciation	-	-	-	(30,692)	-	(931)	-	-	-	-	-	30,692	931	-
Impairment loss														
Depreciation charge	-	13,365	4,219	90,947	3,715	2,534	11,169	7,745	645	5,605	2,061	2,205	-	144,210
Net book value as at June 30, 2010	555	194,510	31,101	1,437,012	20,808	3,350	68,528	19,427	3,375	20,296	2,428	-	-	1,801,390
Year ended June 30, 2011														
Additions	-	1,375	1,766	91,806	-	-	7,985	19,252	2,093	6,930	10,197	-	-	141,404
Disposals														
- Cost	-	-	-	-	-	-	451	6,224	-	1,023	460	-	-	8,158
- Depreciation	-	-	-	-	-	-	(451)	(5,441)	-	(1,023)	(427)	-	-	(7,342)
Transfer of leased assets														
- Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from lease														
- Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss														
Depreciation charge	-	13,372	4,464	97,482	4,403	1,418	11,338	9,200	732	5,645	1,093	-	-	149,147
Net book value as at June 30, 2011	555	182,513	28,403	1,431,336	16,405	1,932	65,175	28,696	4,736	21,581	11,499	-	-	1,792,831
At June 30, 2010														
Cost	555	325,034	87,871	2,585,000	54,377	31,334	170,073	78,468	10,045	65,146	36,490	-	-	3,444,393
Accumulated depreciation	-	130,524	56,770	1,147,297	33,569	27,984	101,182	59,041	6,670	44,850	34,062	-		1,641,949
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	-	-	1,054
Net book value	555	194,510	31,101	1,437,012	20,808	3,350	68,528	19,427	3,375	20,296	2,428	-		1,801,390
At June 30, 2011														
Cost	555	326,409	89,637	2,676,806	54,377	31,334	177,607	91,496	12,138	71,053	46,227	-	-	3,577,639
Accumulated depreciation	-	143,896	61,234	1,244,779	37,972	29,402	112,069	62,800	7,402	49,472	34,728	-	-	1,783,754
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	-	-	1,054
Net book value	555	182,513	28,403	1,431,336	16,405	1,932	65,175	28,696	4,736	21,581	11,499	-	-	1,792,831

Annual rate of Depreciation

	Owned											Leased	
	Leasehold land	Building on leasehold land	Electrical installation	Plant & machinery	Boilers & accessories	Laboratory equipment	Moulds	Vehicles	Furniture & fixtures	Office equipment	Computer equipment	Plant & machinery	Laboratory equipment
Depreciation Rate in ...%...													
2011	5	10	5	10	15	10	20	10	15	25	0		0
2010	5	10	5	10	15	10	20	10	15	25	5		15

16.1.2 The following operating fixed assets having net book value of more than Rs 50,000, either individually or in aggregate, were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Proceed on disposal	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in thousand)						
Vehicles							
Suzuki cultus	677	282	395	395	-	Company policy	Muhammad Safdar (Employee)
Suzuki cultus	706	318	388	388	-	Company policy	Muhammad Sultan Qureshi (Employee)
Computers	87	54	33	55	22	Insurance claim	EFU General Insurance Ltd.
2011	1,470	654	816	838	22		
2010	1,800	1,232	568	12	(556)		

	Note	2011	2010
		(Rupees in thousand)	
16.1.3 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	29.1	140,417	136,805
Administrative expenses	30	5,009	4,148
Distribution cost	31	3,721	3,257
		149,147	144,210
16.2 Capital work-in-progress			
Buildings		28,095	1,380
Plant and machinery		696	69,872
Vehicles		-	6,790
Electrical installation		1,279	-
Computer equipment		37	-
	16.2.1	30,107	78,042
Less: provision for a doubtful advance		2,275	2,275
		27,832	75,767

16.2.1 Capital work-in-progress includes an amount of Rs. 11.022 million (2010: Rs. 11.802 million) representing advance payments made to suppliers for procurement of operating fixed assets.

16.2.2 During the preceding financial year, finance cost aggregating Rs.13.120 million was included in the cost of property, plant and equipment which was charged at rates ranging from 13.59% to 13.65% per annum.

17 INTANGIBLE ASSETS

17.1 The following is a statement of intangible assets:

	Cost as at July 1, 2010	Additions	Cost as at June 30, 2011	Accumulated amortisation as at June 30, 2010	Amortisation for the year	Accumulated amortisation as at June 30, 2011	Net book value as at June 30, 2011	Annual rate of amortisation
	(Rupees in thousand)							%
Computer software								
2011	3,380	350	3,730	3,359	80	3,439	291	33.33
2010	3,380	-	3,380	3,250	21	3,359	21	33.33

Movement in net book value:

	Year ended June 30, 2010				Year ended June 30, 2011		
	Year ended June 30, 2010	Additions	Amortisation charge for the year	Net book value as at June 30, 2010	Additions	Amortisation charge for the year	Net book value as at June 30, 2011
	(Rupees in thousand)						
Computer software	50	-	29	21	350	80	291

	Note	2011	2010
		(Rupees in thousand)	
17.2 Amortisation for the year has been allocated as follows:			
Cost of goods manufactured	29.1	40	14
Administrative expenses	30	24	9
Distribution cost	31	16	6
		80	29

	Note	2011	2010
		Carrying amount (Rupees in thousand)	
18 INVESTMENTS			
Landhi Industrial Trading Estate Limited	18.1	-	-
Ghandhara Industries Limited - Equity basis	18.2	836	-
		836	-
18.1 20 shares of Rs. 100 each of Landhi Industrial Trading Estate Limited - (note 18.1.1)		-	-

18.1.1 During the year ended June 30, 1998 the Company had written off its investment in 20 shares of Rs. 100 each of Landhi Industrial Trading Estate Limited. The shares of this investee company are not in the custody of the Company.

	2011	2010
	(Rupees in thousand)	
18.2 Associated Company		
Ghandhara Industries Limited - Equity basis		
100,700 (June 30, 2010 : 100,700) ordinary shares of Rs 10 each		
Cost	2,447	-
Share of post acquisition profits	242	-
	2,689	-
Less: Dividend received to date	335	-
Impairment	1,518	-
	836	-

18.2.1 The Company's holding in the investee company's shares as at June 30, 2011 was 0.473% (2010: 0.473%). The investee company is an associate of the Company by virtue of common directorship.

18.2.2 KEY INFORMATION ABOUT AN ASSOCIATE

The following information is from the unaudited financial statements for the nine months period ended March 31, 2011.

Particulars	As at March 31, 2011	As at March 31, 2010
	(Rupees in thousand)	
Assets	3,005,475	2,211,695
Liabilities	1,307,849	941,095
Accumulated Profit / (Loss)	27,180	(56,328)

	Nine months period ended March 31, 2011	March 31, 2010
	(Rupees in thousand)	
Profit before taxation	10,813	118,549
Profit after taxation	13,410	113,674

18.2.3 The market value of the investment as at June 30, 2011 was Rs. 0.836 million (2010: Rs. 1.745 million).

		Note	2011	2010
			(Rupees in thousand)	
19	LONG TERM LOANS AND ADVANCES			
	Considered good			
	- due from executives	19.1 & 19.2	1,132	1,248
	- due from other employees	19.3	10,037	7,573
			11,169	8,821
	Less: Recoverable within next twelve months - (included in note 24)		5,467	3,221
			5,702	5,600
	Loans and advances to executives:			
	Balance at the beginning of the year		1,248	858
	Add: Disbursements during the year		800	1,100
	Less: Repayments during the year		916	710
	Balance at the end of the year		1,132	1,248

19.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.038 million (2010: Rs. 3.246 million).

19.2 This includes an amount of Rs. 0.111 million (2010: Rs. 0.278 million) provided to the chief executive of the Company as furniture advance in accordance with the terms of employment.

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

20 LONG TERM DEPOSITS

Long term deposits are kept with various suppliers and are not expected to be refundable within the next twelve months.

		2011	2010
		(Rupees in thousand)	
21	STORES AND SPARES		
	In hand	369,000	353,801
	In transit	3,207	2,447
		372,207	356,248

		Note	2011	2010
			(Rupees in thousand)	
22	STOCKS			
	Raw materials			
	- in hand		927,276	533,099
	- in bonded warehouse		50,452	50,302
	- in transit		393,171	371,478
	- with third parties		396	37
			1,371,295	954,916
	Work-in-process		156,314	108,882
	Finished goods	22.1	752,803	308,352
			2,280,412	1,372,150

22.1 Finished goods include items costing Rs. 64.834 million (2010: Rs. 55.050 million) stated at their net realisable values aggregating Rs. 55.482 million (2010: Rs. 52.184 million). The amount charged to the profit and loss account in respect of stocks written down to their net realisable values is Rs. 9.352 million (2010: Rs. 2.866 million).

22.2 Stocks and trade debts upto a maximum amount of Rs. 3,360 million (2010: Rs. 3,270 million) are under hypothecation as security for the Company's short term and running finances (Note 10 and 11).

		Note	2011	2010
			(Rupees in thousand)	
23	TRADE DEBTS			
	Unsecured			
	Considered good			
	- from related parties	23.1	30,483	45,431
	- others		817,518	811,146
			848,001	856,577
	Considered doubtful			
	- others		9,755	9,388
			857,756	865,965
	Less: Provision for doubtful debts	23.2	9,755	9,388
			848,001	856,577
23.1	Trade debts includes the following amounts due from associated companies:			
	Ghandhara Industries Limited		19,985	21,900
	Ghandhara Nissan Limited		10,498	20,540
	Bibojee Services (Private) Limited		-	2,991
			30,483	45,431

		Note	2011	2010
			(Rupees in thousand)	
23.2	Provision for doubtful debts			
	Balance at beginning of the year		9,388	8,449
	Add : charge during the year	30	367	939
	Balance at end of the year		9,755	9,388
24	LOANS AND ADVANCES			
	Considered good			
	Loans			
	- due from executives		1,021	992
	- due from other employees		7,431	4,620
			8,452	5,612
	Advances			
	- due from executives		93	87
	- due from other employees		3,631	2,493
	- due from others		18,204	12,462
			30,380	20,654
25	DEPOSITS AND PREPAYMENTS			
	Short term prepayments		3,843	13,733
	Current account balances with statutory authorities	12.4	15,133	17,337
	Short term deposits		2,870	2,790
			21,846	33,860
26	OTHER RECEIVABLES			
	Export benefit receivable (duty drawback)		658	658
	Sales tax refundable	15.1 & 15.2	17,775	17,775
	Custom duty rebates recoverable	26.1.	89,705	94,109
	Less: Provision for custom duty rebates recoverable		89,705	94,109
			-	-
	Others		14,432	8,560
	Less: Provision for a doubtful receivable		1,537	1,537
			12,895	7,023
			31,328	25,456

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

		Note	2011	2010
			(Rupees in thousand)	
27.	CASH AND BANK BALANCES			
	With banks			
	- In current accounts	27.1	100,490	62,617
	- In deposit accounts	27.2 & 27.3	4,640	12,249
	Remittances-in-transit		6,811	17,575
	Cash and cheques in hand		10,465	7,269
			122,406	99,710

27.1 Included in current accounts is an amount of Rs. 0.794 million (2010: Rs. 0.626 million) which is held with Meezan Bank Limited (an associated company).

27.2 These carry mark-up ranging from 4.25% to 4.75% (2010: 4% to 4.35%) per annum.

27.3 Balances in deposit accounts include a separate account for deposits from dealers aggregating Rs. 4.387 million (2010: Rs. 12.007 million).

		Note	2011	2010
			(Rupees in thousand)	
28	NET SALES			
	Own manufactured		8,720,617	7,377,593
	Trading goods		204,328	161,515
			8,924,945	7,539,108
	Less: Sales tax		1,261,683	1,017,492
	Special excise duty		108,307	63,593
	Discounts		22,745	73,544
	Incentive to dealers	14.2	54,515	29,186
			1,447,250	1,183,815
			7,477,695	6,355,293
29	COST OF SALES			
	Opening stock of finished goods		308,352	239,022
	Cost of goods manufactured	29.1	6,659,340	5,104,283
	Finished goods purchased		107,420	154,824
	Royalty technical service fee	29.2	157,283	200,179
			7,232,395	5,698,308
	Less: Closing stock of finished goods		752,803	308,352
			6,479,592	5,389,956

		Note	2011	2010
			(Rupees in thousand)	
29.1	Cost of goods manufactured			
	Opening stock of work-in-process		108,882	105,773
	Raw materials consumed	29.1.1	5,186,319	3,826,115
	Stores and spares consumed		220,009	172,188
	Salaries, wages and benefits	29.3	637,058	522,826
	Travelling, conveyance and vehicles maintenance		17,340	17,108
	Legal and professional charges		1,775	2,509
	Power and fuel		372,638	296,752
	Rent, rates and taxes		2,794	2,867
	Insurance		13,411	14,337
	Repairs and maintenance		31,980	25,279
	Tyre replacement allowance	14.1	28,698	34,010
	Depreciation	16.1.3	140,417	136,805
	Amortisation	17.2	40	14
	Stores and spares written off		-	15,936
	Reversal of provision for obselete and slow moving stocks - raw material		-	(541)
	Printing and stationery		3,071	1,180
	Postage and telephone		2,103	2,272
	Freight and insurance		45,416	33,932
	Other manufacturing expenses		3,703	3,803
			6,815,654	5,213,165
	Less: Closing stock of work-in-process		156,314	108,882
			6,659,340	5,104,283
29.1.1	Raw materials consumed			
	Opening stock		954,916	381,436
	Purchases		5,620,251	4,426,506
			6,575,167	4,807,942
	Less: Indirect materials consumed		17,553	26,911
	Closing stock		1,371,295	954,916
			1,388,848	981,827
			5,186,319	3,826,115

29.2 The royalty technical service fee includes federal excise duty amounting to Rs. 14.298 million (2010: Rs. 18.198 million).

29.3 Salaries and benefits includes Rs. 22.207 million (2010: Rs. 17.516 million) and Rs. 8.714 million (2010: Rs. 8.279 million) in respect of staff retirement gratuity and staff provident fund respectively.

		Note	2011	2010
			(Rupees in thousand)	
30	ADMINISTRATIVE EXPENSES			
	Salaries and benefits	30.1	79,294	59,683
	Travelling and conveyance		5,769	8,684
	Legal and professional charges		2,368	1,606
	Auditors' remuneration	30.2	1,618	2,748
	Rent, rates and taxes		512	1,099
	Provision for doubtful debts	23.2	367	939
	Insurance		214	380
	Repairs and maintenance		402	306
	Depreciation	16.1.3	5,009	4,148
	Amortisation	17.2	24	9
	Printing and stationery		688	673
	Postage and telephone		779	957
	Entertainment		421	757
	Computer expenses		2,832	3,393
	Directors' fee		840	428
	Other expenses		618	2,140
			101,755	87,950

30.1 Salaries and benefits includes Rs. 4.159 million (2010: Rs. 4.5 million) and Rs. 2.870 million (2010: Rs. 2.224 million) in respect of staff retirement gratuity and staff provident fund respectively.

30.2 Auditors' remuneration

	2011	2010		
	Hameed Chaudhri & Co.	A.F. Ferguson & Co.	Hameed Chaudhri & Co.	Total
	(Rupees in thousand)			
Audit fee	1,200	1,000	1,000	2,000
Audit of provident fund	41	-	41	41
Special certification	110	30	60	90
Tax services	-	213	-	213
Out of pocket expenses	267	254	150	404
	1,618	1,497	1,251	2,748

31 DISTRIBUTION COST

	Note	2011	2010
		(Rupees in thousand)	
Salaries and benefits	31.1	63,357	50,362
Travelling, conveyance and entertainment		8,845	7,229
Legal and professional charges		16	13
Sales promotion		4,281	4,591
Advertising		5,047	34,884
Rent, rates and taxes		9,592	8,099
Insurance		343	210
Repairs and maintenance		1,814	2,040
Depreciation	16.1.3	3,721	3,257
Amortisation	17.2	16	6
Printing and stationery		820	528
Postage and telephone		1,653	1,778
Freight and insurance		86,456	84,945
Others		12,970	8,699
		198,931	206,641

31.1 Salaries and benefits includes Rs. 4.350 million (2010: Rs. 2.934 million) and Rs. 1.650 million (2010: Rs. 1.448 million) in respect of staff retirement gratuity and staff provident fund respectively.

32 OTHER OPERATING EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Workers' profits participation fund	12.2	21,244	21,972
Workers' welfare fund		8,282	8,183
Exchange loss		12,478	14,991
Donations	32.1	7,390	6,113
		49,394	51,259

32.1 This includes an amount of Rs. 6.465 million (2010: Rs. 5.458 million) payable to Waqf-e-Kuli Khan, 2nd Floor, Gardee Trust Building, Napier Road, Lahore, a trust. Lt. Gen. (Retd) Ali Kuli Khan Khattak, Mr. Ahmed Kuli Khan Khattak and Mr. Raza Kuli Khan Khattak, the directors of the Company, are trustees of the trust.

33 OTHER OPERATING INCOME

	2011	2010
	(Rupees in thousand)	
Income from financial assets:		
Profit on bank deposits	447	974
Income from other than financial assets:		
Sale of scrap	58,768	46,066
Profit on disposal of operating fixed assets	1,019	467
Claims of customs duty	4,403	-
Others	495	2,208
	65,132	49,715

		Note	2011	2010
			(Rupees in thousand)	
34	FINANCE COST			
	Interest on workers' profits participation fund	12.2	1,100	-
	Mark-up on long term loans		38,545	55,965
	Mark-up on finance lease obligations		-	1,797
	Mark-up on short term and running finances		272,792	198,948
	Bank charges and guarantees commission		6,196	3,206
			318,633	259,916

34.1 Finance cost includes mark-up aggregating Rs. 17.792 million (2010: Rs. 17.700 million) charged by Meezan Bank Limited - an associated company.

		2011	2010
35.	TAXATION		
	Current - for the year	79,091	37,265
	Deferred - for the year	57,667	153,695
		136,758	190,960

35.1 The provision for taxation for the year ended June 30, 2011 has been made on the basis of the minimum tax at the rate of 1 percent of turnover in these financial statements in accordance with Section 113 and Section 154 of the Income Tax Ordinance, 2001. Therefore, a numeric tax rate reconciliation has not been included in these financial statements.

		2011	2010
36	EARNINGS PER SHARE		
	Profit after taxation (Rupees in thousand)	258,600	218,326
	Number of ordinary shares (in thousand)	59,771	59,771
	Basic earnings per share	Rs 4.33	Rs 3.65

36.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2011 and 2010.

		Note	2011	2010
			(Rupees in thousand)	
37	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		395,358	409,286
	Adjustments for non-cash charges and other items:			
	Depreciation		149,147	144,210
	Amortisation		80	29
	Staff retirement gratuity		30,560	24,950
	Charge of employee compensated absences		3,182	2,504
	Reversal of provision for obsolete and slow moving stocks		-	(541)
	Provision for doubtful debts		367	939
	Profit on disposal of operating fixed assets		(1,019)	(467)
	Profit on bank deposits		(447)	(974)
	Finance cost		318,633	259,916
	Unrealised exchange loss / (gain) - net		5,767	(1,866)
	Working capital changes	37.1	(588,810)	(561,655)
			(82,540)	(132,955)
			312,818	276,331
37.1	Working capital changes			
	Decrease / (increase) in current assets			
	Stores and spares		(15,959)	14,210
	Stocks		(908,262)	(645,919)
	Trade debts		8,209	(177,230)
	Loans and advances		(9,726)	692
	Deposits and prepayments		12,014	(3,441)
	Other receivables		(5,977)	3,639
			(919,701)	(808,049)
	Increase / (decrease) in current liabilities and provisions			
	Trade and other payables		308,992	258,676
	Provisions		21,899	(12,282)
			330,891	246,394
			(588,810)	(561,655)

38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the balance sheet:

	Note	2011	2010
		(Rupees in thousand)	
Cash and bank balances	27	122,406	99,710
Running finances under mark-up arrangements	11	(1,521,902)	(1,180,716)
		(1,399,496)	(1,081,006)

39 FINANCIAL INSTRUMENTS

39.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.1.1 CREDIT RISK

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

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

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The bank balances aggregating Rs. 111.941 million placed with banks have a short term credit rating of atleast A-1. The carrying values of financial assets which are subject to credit risk are as follow:

	2011	2010
	(Rupees in thousand)	
The maximum exposure to credit risk at the reporting date is as follows:		
Long term loans and advances	5,702	5,600
Long term deposits	7,234	7,234
Trade debts	848,001	856,577
Loans and advances	30,613	20,654
Deposits and prepayments	21,846	33,860
Other receivables	12,896	7,023
Cash and bank balances	122,406	99,710
	1,048,698	1,030,658
Composition of trade debts is as follows:		
Original equipment manufacturer	467,436	408,190
Government Institutions	25,900	5,058
Replacement market	364,420	452,717
	857,756	865,965
Less: provision for doubtful debts	9,755	9,388
	848,001	856,577
The ageing analysis of trade debts is as follows:		
0 to 30 days	732,521	722,532
31 to 180 days	109,632	120,536
181 to 360 days	11,898	19,192
Over one year	3,705	3,705
	857,756	865,965
Less: provision for doubtful debts	9,755	9,388
	848,001	856,577

The management estimates the recoverability of trade debts on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent receipts in relation to amount written off, are credited directly to profit and loss account.

39.1.2 LIQUIDITY RISK

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

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet to the maturity date.

Financial Liabilities	2011				
	Carrying Amount	Contractual cash flows	Less than one year	1-2 years	2-5 years
	(Rupees in thousand)				
Long term loans	173,286	205,651	109,284	96,367	-
Long term deposits from dealers	9,110	9,110	-	-	9,110
Short term finances	709,899	721,058	721,058	-	-
Running finances	1,521,902	1,521,902	1,521,902	-	-
Trade and other payables	991,746	991,746	991,746	-	-
Accrued mark-up	81,326	81,326	81,326	-	-
Provisions	70,401	70,401	70,401	-	-
	3,557,670	3,601,194	3,495,717	96,367	9,110

Financial Liabilities	2010				
	Carrying Amount	Contractual cash flows	Less than one year	1-2 years	2-5 years
	(Rupees in thousand)				
Long term loans	378,679	450,113	247,260	107,340	95,513
Long term deposits from dealers	8,640	-	-	-	8,640
Short term finances	453,044	453,044	453,044	-	-
Running finances	1,180,716	1,180,716	1,180,716	-	-
Trade and other payables	523,431	523,431	523,431	-	-
Accrued mark-up	82,579	82,579	82,579	-	-
Provisions	53,804	53,804	53,804	-	-
	2,680,893	2,743,687	2,540,834	107,340	104,153

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30,2011.

39.1.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

(a) CURRENCY RISK

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods denominated in US Dollars and Euros . The Company's exposure to foreign currency risk for these currencies is as follows:

	2011		2010	
	Rupees	US Dollars	Rupees	US Dollars / Euro
	In '000		In '000	
Bills payable	721,171	8,381	534,594	6,841

SENSITIVITY ANALYSIS

Every 5% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit after tax for the year by Rs. 23.438 million (2010: US dollar Rs. 15.931 million and Euro Rs. 0.009 million).

(b) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and deposits in profit and loss sharing accounts with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument is as follows:

	Carrying amount	
	2011	2010
	(Rupees in thousand)	
Financial assets	4,640	12,249
Financial liabilities	2,405,087	2,012,439

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2010.

	100 bp increase	100 bp decrease
	(Rupees in thousand)	
As at 30 June 2011		
Cash flow sensitivity-Variable rate instruments	4,556	(4,556)
As at 30 June 2010		
Cash flow sensitivity-Variable rate instruments	2,463	(2,463)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

39.2 CAPITAL RISK MANAGEMENT

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

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

40 ENTITY - WIDE INFORMATION

40.1 The company constitutes of a single reportable segment. The principal classes of customers to which products are sold are Original Equipment Manufacturers, Replacement Market, Government Institutions, purchase product and exports.

40.2 Information about customers

The company's principal classes of products accounted for the following percentages of sales:

	2011	2010
Original equipment manufacturers (OEM)	57.1%	59.4%
Replacement market	39.0%	34.9%
Government institutions	2.5%	5.2%
Exports	1.4%	0.5%
	100%	100%

40.3 Information about geographical areas

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

The Company has earned revenues from two customers, classified as an OEM, aggregating Rs. 3,084.905 million (2010: Rs. 1,731.164 million) during the year ended June 30, 2011 which constituted 34.74% (2010: 22.96%) of the total revenues.

41 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011		2010	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)			
Managerial remuneration and allowances	13,470	81,645	8,857	69,655
Bonus	1,458	6,865	675	5,833
Company's contribution to provident fund and gratuity	1,579	8,161	647	4,467
Medical	67	6,593	47	4,634
Leave passage	305	2,940	100	2,184
Others	886	13,199	526	11,140
	17,765	119,403	10,852	97,913
Number of persons	1	38	1	37

41.1 The chief executive and some of the executives are provided with free use of Company maintained car.

41.2 Another amount charged in these financial statements, in addition to those that are shown above, is Rs 0.840 million (2010: Rs 0.428 million) which is in relation to fee for twelve (2010: twelve) non-executive directors.

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	2011	2010
			(Rupees in thousand)	
Ghandhara Industries Limited	Associated company	Sales	43,380	27,462
		Purchase of vehicle	1,900	1,750
Ghandhara Nissan Limited	Associated company	Sales	53,197	52,743
		Purchase of vehicle	7,910	2,940
Bibojee Services (Private) Limited	Associated company	Sales	-	4,362
		Dividend paid	33,217	-
Babri Cotton Mills Limited	Associated company	Sales	34	-

Name	Nature of relationship	Nature of transaction	2011	2010
			(Rupees in thousand)	
Continental Reifen Deutschland GmbH	Related party	Purchase of machinery	6,307	2,600
		Spare parts / bladders	1,126	489
Continental Tire The, Americas LLC	Related party	Purchase of machinery and spare parts	14,226	16,573
		Purchase of raw materials	55,998	45,971
		Royalty technical service fee	143,090	181,981
Continental Global Holding Netherlands, B.V.	Related party	Dividend paid	11,689	-
Universal Insurance Company Limited	Associated company	Insurance premium	17,568	12,325
Pak Kuwait Takaful Company Limited	Associated company	Insurance premium	1,541	417
Wackenhut Pakistan (Private) Limited	Associated company	Service charges	923	758
Meezan Bank Limited	Associated company	Mark-up on short term finances and leases	17,792	17,700
Pak Kuwait Investment Company (Private) Limited.	Associated company	Dividend paid	33,549	-
Waqf-e-Kuli Khan	Associated undertaking	Donation	6,465	5,458
The General Tyre and Rubber Company of Pakistan Limited Staff Provident Fund	Employees fund	Contributions made	13,243	11,951
The General Tyre and Rubber Company of Pakistan Limited Staff Gratuity Fund	Employees fund		Refer note 7	

	2011	2010
	(Number of units)	

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	2011	2010
Capacity: Tyre sets	2,032,875	1,888,793
Production: Tyre sets	1,636,442	1,533,425

Actual production was sufficient to meet the demand.

Actual production comprises of:

	2011	2010
Passenger car	879,085	813,696
Light truck	296,604	243,031
Truck bus	21,791	41,173
Farm front	255,420	270,277
Farm rear	183,542	165,248
	1,636,442	1,533,425

44 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors have proposed a dividend of Rs. 2.50 (2010 Rs. 2.00) per share, amounting to Rs. 149.428 (2010 Rs. 119.543 million), for the year ended June 30, 2011after their meeting held on August 17, 2011 subject to approval of the members at the annual general meeting to be held on September 29, 2011. These financial statements do not recognise the appropriation to dividend as a liability as it has been proposed subsequent to the balance sheet date.

45 FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 17, 2011 by the board of directors of the company.

Mohammad Shahid Hussain
Chief Executive

Mazhar Sharif
Director

Pattern of Shareholding

As At June 30, 2011

Number of Shareholders	Shareholding From	Shareholding To	Total No. of Shares Held
408	1	100	12,265
485	101	500	144,525
255	501	1000	226,748
604	1001	5000	1,363,241
97	5001	10000	729,274
48	10001	15000	603,316
22	15001	20000	379,744
8	20001	25000	181,953
11	25001	30000	304,658
3	30001	35000	102,500
5	35001	40000	185,802
2	40001	45000	81,862
8	45001	50000	387,363
1	50001	55000	52,000
1	65001	70000	66,210
1	70001	75000	71,800
2	80001	85000	165,061
2	90001	95000	181,375
2	95001	100000	195,786
1	105001	110000	110,000
3	115001	120000	357,744
1	120001	125000	121,442
2	145001	150000	298,764
1	150001	155000	152,892
1	195001	200000	200,000
1	200001	205000	203,000
3	210001	215000	643,500
1	215001	220000	220,000
1	230001	235000	231,382
1	235001	240000	238,493
1	240001	245000	240,418
1	355001	360000	358,497
1	425001	430000	428,753
1	510001	515000	514,802
1	740001	745000	743,000
1	825001	830000	828,242
1	830001	835000	830,839
1	915001	920000	918,053
1	995001	1000000	998,896
1	1100001	1105000	1,103,770
1	1595001	1600000	1,600,000
1	2205001	2210000	2,206,600
1	3765001	3770000	3,765,976
1	5840001	5845000	5,844,300
1	14400001	14405000	14,402,112
1	16770001	16775000	16,774,292
1997			59,771,250

Categories of Shareholders

As At June 30, 2011

NUMBER	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN	600,440	1.00
3	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	39,227,304	65.64
2	NIT	3,862,957	6.46
9	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	3,933,326	6.58
4	INSURANCE COMPANIES	251,272	0.42
2	MUTUAL FUNDS	152,913	0.26
1943	GENERAL PUBLIC INDIVIDUALS	9,918,520	16.59
26	JOINT STOCK COMPANIES	1,703,808	2.85
3	OTHERS	120,710	0.20
1997		59,771,250	100.00

ADDITIONAL INFORMATION

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
BIBOJEE SERVICES (PRIVATE) LIMITED	1	16,608,712
PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED	1	16,774,292
CONTINENTAL GLOBAL HOLDING NETHERLANDS B.V.	1	5,844,300
	3	39,227,304
DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		
LT. GEN. (RETD) ALI KULI KHAN KHATTAK	1	238,493
MR. RAZA KULI KHAN KHATTTAK	1	240,418
MR. AHMED KULI KHAN KHATTAK	1	121,442
MR. IKRAM UL MAJEED SEHGAL	1	7
DR. WILLI FLAMM	1	80
	5	600,440

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
Bank, Development Financial Institutions, Non-banking Financial Institution, Companies, Modarabas & Mutual Funds	15	4,337,511
SHAREHOLDERS HOLDING 10% OR MORE		
BIBOJEE SERVICES (PRIVATE) LIMITED	1	16,608,712
PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED	1	16,774,292
OTHERS		
TRUSTEES AL-BADER WELFARE TRUST	1	4,500
TRUSTEES MOHAMAD AMIN WAKF ESTATE	1	66,210
MANAGING COMMITTEE OF AHMED GARIB FOUNDATION	1	50,000

Form of Proxy

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

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

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

I/We ---
of -------------------------------- Member(s) of The General Tyre and Rubber Company of Pakistan Limited
do hereby appoint ---
of -------------------------------------- or failing him --
of ------------------------------------ as proxy in my/our behalf at the 48th Annual General Meeting of the Company to be held at the Institute of Chartered Accountants of Pakistan Auditorium, Clifton, Karachi on Thursday, September 29, 2011 at 12:00 noon and at any adjournment thereof.

Signature on
Revenue Stamp
of Rs. 5/=

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

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

Witness:

Signature -- Signature --

Name --- Name ---

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

AFFIX
POSTAGE

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