



NATIONAL TYRE SERVICES LIMITED

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME	MARCH 2013	MARCH 2012
	US\$	US\$
Revenue	17,578,184	15,935,943
Operating profit	891,567	888,997
Other income	292,831	281,475
Finance income	1,318	1,883
Profit before tax	1,185,716	1,172,355
Income tax expense	(309,979)	(331,169)
Profit attributable to shareholders	875,737	841,186
Other comprehensive (loss)/income	(1,762)	3,496
Total comprehensive income for the year	873,975	844,682
Number of shares in issue (thousands)	253,872	253,872
Weighted average number of shares (thousands)	253,872	253,175
Basic earnings per share (cents)	0.34	0.33
Diluted earnings per share (cents)	0.34	0.33

ABRIDGED STATEMENT OF CASH FLOWS	MARCH 2013	MARCH 2012
	US\$	US\$
Cash flows from operating activities before changes in working capital	1,337,972	1,365,879
Changes in working capital	(874,435)	(478,165)
Tax paid	(399,690)	(312,235)
Net cash generated from operating activities	63,841	575,479
Cash flows utilised in investing activities	(70,593)	(159,599)
Cash flows from financing activities	-	10,525
Net cash movement for the period	(6,752)	426,405
Opening balance - cash and equivalents	524,247	97,842
Closing balance - cash and equivalents	517,495	524,247

ABRIDGED STATEMENT OF FINANCIAL POSITION	MARCH 2013	MARCH 2012
	US\$	US\$
ASSETS		
Non Current Assets	4,053,705	4,197,222
Property plant and equipment	2,822,782	2,941,407
Investment property	1,156,587	1,179,625
Available for sale investments	74,336	76,190
Current assets	4,320,569	3,505,050
Total assets	8,374,274	7,702,272
EQUITY AND LIABILITIES		
Shareholders' equity	5,882,324	5,008,349
Deferred income	85,000	145,000
Deferred tax	857,182	867,586
Current liabilities	1,549,768	1,681,337
Total equity and liabilities	8,374,274	7,702,272

CONDENSED STATEMENT OF CHANGES IN EQUITY	MARCH 2013	MARCH 2012
	US\$	US\$
Opening balance	5,008,349	4,144,442
Exercise of share options	-	10,525
Share based payments	-	8,700
Profit for the period	875,737	841,186
Other comprehensive (loss)/income	(1,762)	3,496
Closing balance	5,882,324	5,008,349

NOTES TO THE FINANCIAL STATEMENTS.

1. GENERAL INFORMATION
National Tyre Services Limited is a company incorporated in Zimbabwe. Its activities include the reconditioning and retailing of tyres and related services.

2. STATEMENT OF COMPLIANCE
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations. They are also prepared in accordance with the Companies Act (Chapter 24:05) and relevant statutory instruments (SI 33:99 and SI 62:96). The financial statements are based on statutory records that are maintained under the historical convention as modified by the valuation of certain assets. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The Company's external auditors, Deloitte & Touche, have issued their opinion on the Company's financial statements for the year ended 31 March 2013. The audit was performed in accordance with International Standards on Auditing. They have issued an unqualified audit opinion. These condensed results have been derived from the Company annual financial statements and are consistent in all material respects, with the Company annual financial statements. A copy of the external audit report is available for inspection at the Company's registered office.

Any reference to future financial performance and operational information included in this announcement, has not been audited or reported on by the Company's external auditors.

3. CURRENCY OF REPORTING
The Financial Statements are presented in United States Dollars, which is the functional currency of the Company.

4. ACCOUNTING POLICIES
Accounting policies and methods of measurement are consistent in all material respects with those used in the prior year and with the requirements of International Financial Reporting Standards applicable for the year ended 31 March 2013.

5. REVENUE SEGMENTATION	MARCH 2013	MARCH 2012
	US\$	US\$
Revenue from the sale of goods	17,192,152	15,593,320
Revenue from the provision of services	386,032	342,623
	17,578,184	15,935,943

6. PROFIT BEFORE TAX	MARCH 2013	MARCH 2012
	US\$	US\$
Profit for the year has been arrived at after charging (crediting):		
Current year audit fees and expenses	36,000	35,545
Depreciation of property, plant and equipment and investment property	246,435	245,483
Transport charges	242,339	237,998
Technical fees	357,714	321,642
Rental income	(190,523)	(208,508)
Deferred income recognised on rentals	(60,000)	(60,000)
Profit on disposal of available for sale investment	-	(349)
(Profit)/Loss on disposal of property, plant and equipment	(32,861)	1,573
Employee costs	2,097,564	1,700,743

7. TAXATION	MARCH 2013	MARCH 2012
	US\$	US\$
Current tax expense	320,291	372,719
Deferred tax credit relating to the origination and reversal of temporary differences	(10,312)	(41,550)
	309,979	331,169

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. RELATED PARTY TRANSACTIONS AND BALANCES	MARCH 2013	MARCH 2012
	\$US	\$US
Trading transactions:		
Purchases from Dunlop Zimbabwe (Private) Limited	3,112,432	2,473,911
Purchases from Apollo Tyres South Africa (Proprietary) Limited	5,516,237	4,963,469
Balances:		
Amounts owing to Dunlop Zimbabwe (Private) Limited- purchases	155,209	183,442
Amounts owing to Apollo Tyres South Africa (Proprietary) Limited-purchases	505,835	600,000
Amounts owing to Apollo Tyres South Africa (Proprietary) Limited-technical fees	182,061	78,432

9. PROPERTY, PLANT AND EQUIPMENT	MARCH 2013	MARCH 2012
	\$US	\$US
Movement in the property, plant and equipment balance for the year:		
Balance at the beginning of the year	2,941,407	2,888,131
Capital expenditure	109,686	194,968
Transfer from investment property	-	82,909
Depreciation	(223,397)	(219,542)
Disposals	(4,914)	(5,059)
Balance at the end of the year	2,822,782	2,941,407

10. INVENTORIES	MARCH 2013	MARCH 2012
	\$US	\$US
Raw materials	419,421	388,653
Finished goods	1,831,135	1,285,008
Consumable stores	132,328	136,399
	2,382,884	1,810,060

11. TRADE AND OTHER PAYABLES	MARCH 2013	MARCH 2012
	\$US	\$US
Trade and other payables	1,425,412	1,485,030
Provisions	124,356	120,765
	1,549,768	1,605,795

12. COMMITMENT OF CAPITAL EXPENDITURE	MARCH 2013	MARCH 2012
	\$US	\$US
Capital commitments authorised, but not contracted	500,010	411,026

13. EVENTS AFTER REPORTING DATE
There have been no significant events after the Statement of Financial Position date.

14. GOING CONCERN
The Directors have assessed the Company's ability to continue operating as a going concern for the foreseeable future and the financial statements have accordingly been prepared on the going concern basis.

15. DIRECTORS' RESPONSIBILITY
The Directors are responsible for the preparation of financial statements for each reporting period, that give a true and fair view of the state of affairs of the Company.

HIGHLIGHTS

REVENUE FOR THE YEAR TO 31 MARCH 2013	17,578,184
REVENUE FOR THE YEAR TO 31 MARCH 2012	15,935,943
GROWTH IN REVENUE	10%
PBT FOR THE YEAR TO 31 MARCH 2013	1,185,716
PBT FOR THE YEAR TO 31 MARCH 2012	1,172,355
GROWTH IN PBT	1%
BASIC EPS (CENTS) - MARCH 2013	0.34
BASIC EPS (CENTS) - MARCH 2012	0.33
GROWTH IN EPS	3%

COMMENTARY

The operating environment remained stable. The initial optimistic economic growth forecasts by fiscal authorities were later revised downwards during the year under review and GDP growth ended at less than 5%. The decline in inflation from 4.03% in April 2012 to 2.76% in March 2013 reflected the slowdown in effective demand due to the liquidity constraints.

Whilst the national fleet continued to grow, the competitive space is also becoming crowded and the tyres retail and services sector saw an increase in tyre brands and shops throughout the country. New entrants also commenced retreading in the year under review.

Operations Review
Financial Performance
The company achieved revenue growth of 10% compared to prior year as a result of efficient supply chain management, a wider distribution footprint, research inspired marketing strategies and new products. Credit control initiatives, whilst mitigating financial risk, had a drag effect on sales. Despite the crowded market space, margins were maintained due in part to the premium product and service offerings.

Operating profit was flat relative to prior year as overheads grew by 14% driven by wage increases, energy and utility costs. The impact of increases in unit costs was mitigated by productivity enhancement and an entrenched cost management culture.

Retail and Services
Volumes of new tyres grew by 13% with significant growth being recorded in off the road tyres due to alignment of the business model with the mining and agricultural sectors. The volume growth was also backed by a widening of the distribution channels.

Retreading
Volumes in retreading were flat relative to prior year largely due to credit control initiatives and a shortage of good quality casings in the market as a result of the proliferation of poor quality brands amongst users. Material usage in the retugging factory grew by 31%.

Corporate Social Investment
The company continued to take an active role in supporting road safety in partnership with various stakeholders. In line with its commitment to the environment, the company's Environmental Management System was certified to ZWS ISO 14001:2004 by the Standards Association of Zimbabwe.

Directorate
Dr. Luis Cesar Genvez resigned from the Board on 1 January 2013 and was replaced by Mr. Riaz Haffjee as Chairman. Mr. Haffjee had earlier been appointed to the Board on 15 November 2012. We thank Dr. Genvez for his contribution over the years. Mrs. Thembiwe Chikosi Mazingi also joined the Board on 1 September 2012.

Dividend
In light of the current liquidity conditions, it is considered prudent to conserve cash hence the directors' decision not to declare a dividend.

Outlook
The anticipated growth of the national fleet, earthmoving and construction equipment augur well for the tyre industry and the company has positioned itself to enhance its market position. Management will continue to explore innovation in products and services according to identified customer needs and pursue new distribution channels.

The tight liquidity conditions which are expected to continue in the short to medium term and the competitive space are likely to drag sales and squeeze margins. The company will therefore pursue revenue growth, focused cost management and mitigation against financial risk.

Appreciation
We record our thanks and appreciation to employees, customers, suppliers, various advisers and our colleagues on the Board for their positive contribution to the company during the year under review.

R. Haffjee
Chairman

June 2013