Content

Company's Vision & Mission Statement

Vision

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

Mission

- To endeavor to be the market leader by enhancing market share, consistently improving efficiency and the quality of our products.
- To offer quality products at competitive prices to customers.
- To improve performance in all operating areas, so that profitability increases 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 discharge its obligation to society and environment by contributing to social welfare and adopting environmental friendly practices and processes.

Company Profile

Board of Directors

Lt.Gen.(Retd) Ali Kuli Khan Khattak	Chairman
Mr. Ahmed Kuli Khan Khattak	Chief Executive
Mr. Ikram Ul-Majeed Sehgal	
Mr. M. A. Faisal Khan	
Mr. Mansur Khan	
Mr. Manzoor Ahmed	
Mr. Mazhar Sharif	
Mr. Raza Kuli Khan Khattak	
Dr. Willi Flamm	

Company Secretary
Mr. Farhan Ahmad

Chief Financial Officer
Mr. Ashraf Teli

Board Audit Committee

Mr. Manzoor Ahmed	Chairman
Mr. Ikram Ul-Majeed Sehgal	
Mr. Mazhar Sharif	

HR & Remuneration Committee

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

Auditors
Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor
Syed Iqbal Ahmed & Co.

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

Major Bankers
Allied Bank Limited
Askari Bank Limited
Al-Baraka Bank Pakistan Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

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

Branch Offices

Lahore	Islamabad
Plot No. 20,	Plot No. 189-A,
Shahrah-e-Fatima	Korang Road,
Jinnah, Lahore.	Sector 1-10/3,
Phone : 36308605-6	Islamabad.
Fax : 36300108	Phone : 4449955-6
	Fax : 4440916

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

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

Chairman's Review

It is my privilege and pleasure in presenting to the members of The General Tyre and Rubber Company of Pakistan Limited, review on the performance of the Company for the financial year ended June 30, 2015.

The GTR Team through its outstanding performance has propelled the Company to a billion rupees pre-tax profit club and for this feat the Management deserves to be commended.

The Company made a Pre-tax Profit of Rs. 1,097.0 million for the current year compared to Rs. 748.2 million made in the previous year, an increase of 47 %.

The Company's sales increased by 13% in terms of number of tyres. During the year under review, the uplift of tyres by Original Equipment Manufacturers (OEMs) showed substantial growth from last year. The major increases were in Light Truck-Bias (73%), Light Truck-Radial (64%) and Farm Rear (21%). The sales of Passenger Car tyres in Replacement Market (RM) continue to lag behind due to cheaper under-invoiced, smuggled and used tyres available in the market.

The Company produced 2.28 million tyres during the year compared to 2.16 million tyres produced last year, an increase of 6%, in spite of the continued handicap of working six days a week due to gas load shedding.

Net Sales revenues at Rs. 9.5 billion reflect a growth of 10% over Rs. 8.6 billion of the previous year, corresponding to the increase in sales volume. In spite of increase in the utilities cost and full year impact of the CBA agreement signed in January 2014, continued better planning in procurement, production, finance together with lower material prices supported by relatively stable Pak Rupee/US Dollar parity rate resulted in improved Gross Profit as a percentage of Net Sales; from 18.5% to 20.4%, and also resulted in better Pre-Tax Profits.

Future Outlook

The Government has generally reduced the custom duty on various categories of tyres which will have a negative impact on the Company's margins. The reduction in duty has been done on the pretext to reducing smuggling whereas, history has shown that these measures do not work; in fact it results in further reduction in Government's revenue. The Company is trying to convince the Government to reverse these measures.

The Company is continuing with investment for modernisation and improvement in product quality. The growth in market due to increase in sales of vehicles is being adequately addressed.

Code of Corporate Governance

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

Management Change

The Company's Chief Executive Officer (CEO) Mr. Mohammed Shahid Hussain resigned from the Company effective June 30, 2015. The Board has appointed Mr. Ahmed Kuli Khan Khattak as CEO till such time a new CEO is appointed by the Board. The Board records its appreciation for the valuable services rendered by Mr. Mohammed Shahid Hussain and wishes him well in his new assignment.

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

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

The relations with CBA remained cordial and they are contributing positively towards the goals and objectives of the Company.

The Board takes this opportunity to thank our Principal Technical partner Messers Continental for their unstinted support and help in taking the Company to its present position.

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

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

Karachi
August 21, 2015

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, 2015.

	2015	2014
	(Rupees in Thousand)	
Financial Results		
Profit for the year after taxation	**732,855**	513,741
Other comprehensive loss	**(17,185)**	(7,290)
Unappropriated Profit brought forward	**1,433,277**	1,195,797
	2,148,947	1,702,248
Appropriation		
Dividend	**(388,513)**	(268,971)
Unappropriated profit carried forward	**1,760,434**	1,433,277
Basic earnings per share	**Rs. 12.26**	Rs. 8.60

The Board of Directors has recommended 70% dividend for the year ended June 30, 2015.

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 Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no 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. 205.01 Million	June 30, 2014
Gratuity Fund	Rs. 91.65 Million	June 30, 2014

- 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

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

The Company regularly pays to Wakf-e-Kuli Khan Trust, a trust engaged in spreading of education in the under privileged class. During the current year the Company has provided for Rs. 18.3 million as donation to Wakf-e-Kuli Khan. Additionally, the Company also paid during the year donations amounting to Rs. 1.2 million to various hospitals and charitable organizations.

During the year the Company contributed Rs. 1,883.9 million towards national exchequer under various modes.

Board Meetings

During the year six (6) meetings of the Board of Directors were held. Attendances by each Director are as follows:

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

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, 2015 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, 2016.

For and on behalf of the Board of Directors

Ahmed Kuli Khan Khattak
Chief Executive

Karachi
August 21, 2015

Notice of Fifty Second (52^{nd}) Annual General Meeting

Notice is hereby given that the Fifty-Second (52nd) Annual General Meeting of The General Tyre and Rubber Company of Pakistan Limited will be held at the Institute of Chartered Accountants of Pakistan, Conference Hall, Clifton, Karachi on Tuesday, 29 September 2015 at 11.00 a.m., to transact the following business:

Ordinary Business

1. To confirm the minutes of Fifty-First (51st) Annual General Meeting held on Tuesday, 30 September 2014.
2. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2015, together with Directors' and Auditors' Reports thereon.
3. To consider and approve payment of final cash dividend @ 70%, i.e., Rs.7.00 per share, as recommended by the Directors.
4. To appoint auditors for the year ending 30 June 2016 and to fix their remuneration. The retiring auditors, Messrs Hameed Chaudhri & Co., Chartered Accountants, being eligible, have offered themselves for reappointment for the year ending 30 June 2016.
5. Any other business with the permission of the Chair.

Special Business:

6. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that placing of the Company's quarterly accounts on its website instead of transmitting the same to its shareholders by post, be and is hereby approved."

By Order of the Board

Farhan Ahmad
Company Secretary

Karachi
Dated: August 21, 2015

NOTES:

1. The share transfer books of the Company shall remain closed from 21 September 2015 to 29 September 2015 (both days inclusive). Transfers received at the Company's share registrar, Management Registration Services (Pvt.) Ltd., Business Executive Centre, F/17/3, Block-8, Clifton, Karachi, by close of business on 20 September 2015 will be considered in time for eligibility for final dividend and to attend the AGM.
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 no later than 48 hours before the time for holding the meeting.
3. Members are requested to notify change in their address, if any, immediately.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

   A. For Attending the Meeting:

   i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   B. For Appointing Proxies:

   i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

   ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

   v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. The shareholders holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.
6. **Transmission of Annual Financial Statements through Email:**

   In pursuance of the directions given by SECP vide SRO 787 (1)/ 2014 dated 8 September 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.gentipak.com and send the said form duly filled in and signed along with copy of his /her / its CNIC / Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

7. **Revision of Withholding Tax on Dividend Income under Section 150 of Finance Act 2015:**

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 17.5% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Notes: The required information must reach to our Share Registrar by 20 September 2015, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website http://www.fbr.gov.pk/ as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Company's Share Registrar.

Statement Under Section 160 of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the Annual General Meeting of The General Tyre and Rubber Company of Pakistan Limited to be held on Tuesday, 29 September 2015 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

Item 6 of the Agenda

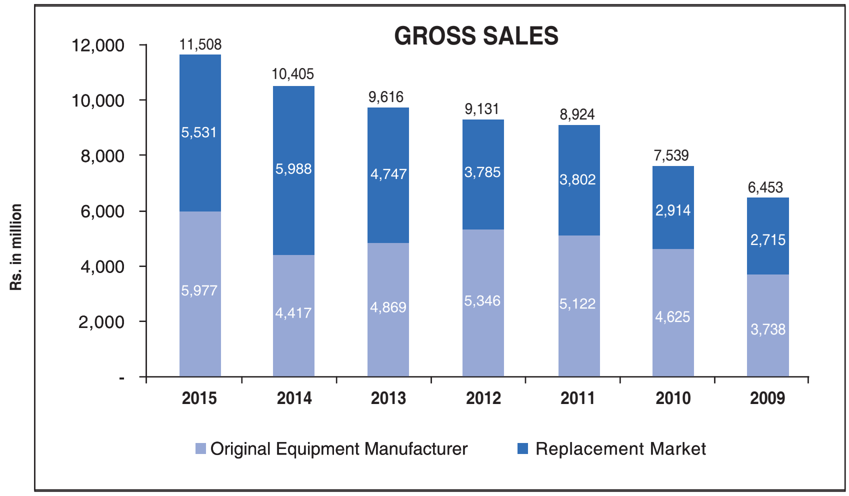
The Securities and Exchange Commission of Pakistan vide its Circular No. 19 dated 14 April 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same to each shareholder by post, subject to fulfillment of a few conditions including seeking of consent of the members. This will be a convenient and cost effective way for the company to transmit its quarterly accounts and ensures quick and easy access for the members to the accounts of the Company.

Key Operating and Financial Data

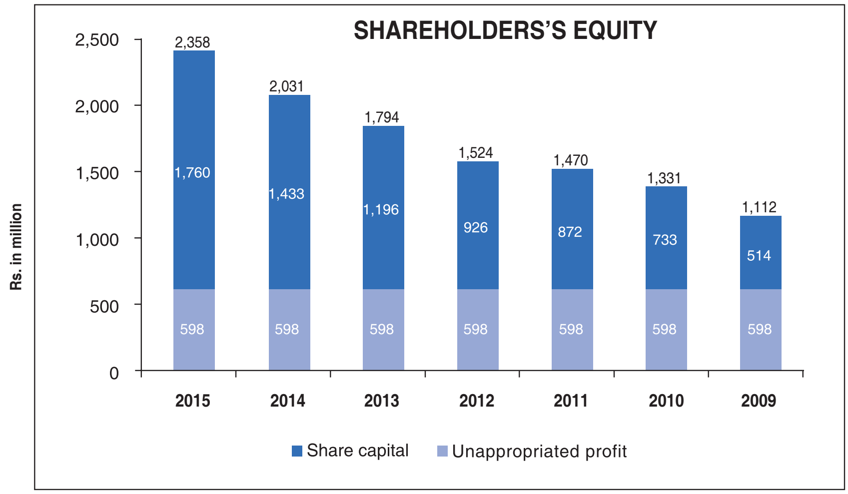
	2015	2014	2013	2012	2011	2010	2009
				Rupees in million			
Operating Results							
Net sales	**9,492**	8,607	8,167	7,806	7,478	6,355	5,351
Gross profit	**1,938**	1,595	1,329	998	998	965	541
Profit /(Loss) before taxation	**1,097**	748	580	247	395	409	(142)
Profit/(Loss) after taxation	**733**	514	396	203	259	218	(110)
Cash dividend *	**65%**	45%	20%	25%	20%	-	-
Financial Position							
Operating fixed assets - at cost	**4,197**	4,003	3,894	3,585	3,578	3,444	3,170
Share capital	**598**	598	598	598	598	598	598
Unappropriated profit	**1,760**	1,433	1,196	926	872	733	514
Shareholders' equity	**2,358**	2,031	1,794	1,524	1,470	1,331	1,112
Long-term loans	**383**	100	167	-	87	173	321

* The Board of directors has recommended 70% dividend for the year ended June 30, 2015

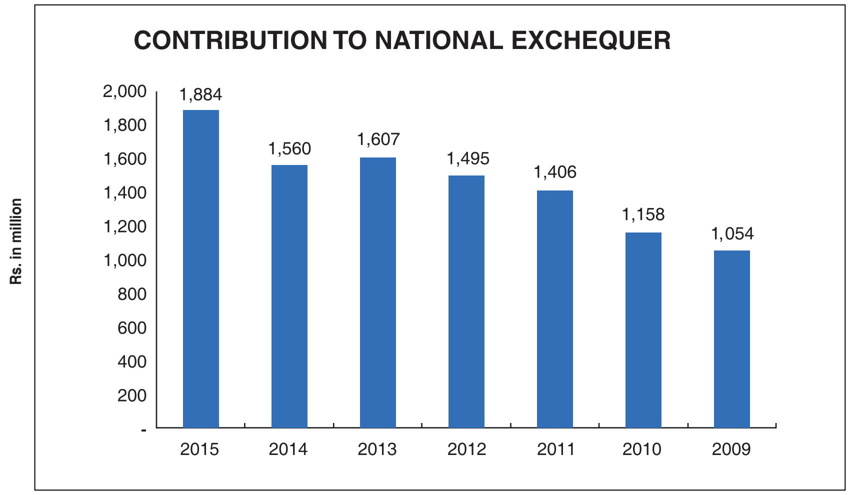
As per accounting policy, dividend is recognised as a liability in the period in which it is approved by the shareholders.



Financial Years



Financial Years



Financial Years

Statement of Value Addition

For the year ended June 30, 2015

	2015	2014
	---- Rupees in '000 ----	
Value addition		
Net sales including sales tax	**11,207,657**	10,180,802
Other income	**65,964**	119,380
Cost of material and services	**(6,524,269)**	(6,260,053)
	4,749,352	4,040,129
Value distribution		
To Employees		
Salaries, wages, benefits and staff welfare	**1,407,553**	1,158,701
Workers' (profit) participation fund	**58,934**	40,253
To Government		
Income tax	**364,180**	234,475
Sales tax	**1,716,005**	1,574,153
Workers' welfare fund	**23,109**	16,460
To providers of Capital		
Dividend to shareholders	**388,513**	268,971
Mark up/ interest on barrowed money	**258,301**	326,251
To Society		
Donations	**19,518**	13,851
Retained for reinvestment & future growth		
Depreciation & retained profit	**513,239**	407,014
	4,749,352	4,040,129
Distribution		
Employees	**30.88%**	29.68%
Government	**44.29%**	45.17%
Providers of capital	**13.62%**	14.73%
Society	**0.41%**	0.34%
Retained for reinvestment & future growth	**10.81%**	10.07%
	100.00%	100.00%

Statement of Compliance with Code of Corporate Governance

For the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulation No. 5.19 of the Rule Book of Karachi Stock Exchange Limited and Regulation No. 35 of Chapter XI of the Listing Regulation of Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Executive Director (1)	Mr. Ahmad Kuli Khan Khattak
Non Executive Directors (7)	Lt. Gen. (Retd.) Ali Kuli Khan Khattak
	Mr. Raza Kuli Khan Khattak
	Mr. Ikram-ul -Majeed Sehgal
	Dr. Willi Flamm
	Mr. M. A. Faisal Khan
	Mr. Mazhar Sharif
	Mr. Mansur Khan
Independent Director (1)	Mr. Manzoor Ahmed

2. The Directors have confirmed that none of them is serving as a Director on the Board of more than seven 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 Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred during the period under review.

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

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

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

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

9. The company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Out of nine (9), five (5) Board members have completed the Directors' Training Programme through PICG as of to date. The remaining four (4) directors are exempt from the training requirement due to their experience as per clause (xi) of CCG.

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

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

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

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

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

15. The Board has formed an Audit Committee. It comprises three (3) members and all of them are non-executive directors, including one independent director.

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

17. The Board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom one (1) is executive director, three (3) members are non-executive directors, including one (1) independant director. The chairman of the Committee is a non-executive director.

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

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

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

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

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

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

For and on behalf of the Board of Directors

Ahmad Kuli Khan Khattak
Chief Executive Officer

Karachi
August 21, 2015

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **The General Tyre and Rubber Company of Pakistan Limited** (the Company) for the year ended June 30, 2015 to comply with the Code contained in regulation No.5.19 of the Rule Book of Karachi Stock Exchange Limited and regulation No.35 of Chapter XI of the Listing Regulations of the Lahore Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

KARACHI; 21 AUG 2015

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HM House, 7-Bank Square.
Tel : +92 42 37235084-87
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E-mail : lhr@hccpk.com

KARACHI :
Karachi Chambers, Hasrat Mohani Road.
Tel : +92 21 32411474, 32412754, 32424826
Fax : +92 21 32424835
E-mail : khi@hccpk.com

URL: www.hccpk.com

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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** as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Hameed Chaudhri & Co.

KARACHI; 21 AUG 2015
Engagement Partner: Muhammad Ali

HLL.
HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

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Balance Sheet

AS AT JUNE 30, 2015

	Note	2015	2014
		------ Rupees in '000 ------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
75,000,000 (2014: 75,000,000) ordinary shares of Rs.10 each		**750,000**	750,000
Issued, subscribed and paid-up capital	4	**597,713**	597,713
Unappropriated profit		**1,760,434**	1,433,277
Total equity		**2,358,147**	2,030,990
Liabilities			
Non current liabilities			
Long term finances	5	**383,334**	100,000
Staff benefits	6	**241,157**	197,673
Deferred taxation	7	**210,871**	242,018
Long term deposits from dealers	8	**8,990**	11,170
		844,352	550,861
Current liabilities			
Current maturity of long term finances	5	**116,666**	66,667
Short term finances	9	**86,030**	714,413
Running finances under mark-up arrangements	10	**666,389**	2,180,130
Trade and other payables	11	**1,183,356**	838,429
Accrued mark-up	12	**17,331**	78,317
Provisions	13	**75,794**	103,357
		2,145,566	3,981,313
Total liabilities		**2,989,918**	4,532,174
Contingencies and commitments	14		
Total equity and liabilities		**5,348,065**	6,563,164

Balance Sheet
AS AT JUNE 30, 2015

	Note	2015	2014
		------ Rupees in '000 ------	
ASSETS			
Non current assets			
Property, plant and equipment	15	**1,935,858**	1,913,568
Intangible assets	16	**2,048**	2,422
Investment in an Associated Company	17	**3,321**	2,924
Long term loans and advances	18	**10,493**	10,009
Long term deposits	19	**33,567**	31,012
		1,985,287	1,959,935
Current assets			
Stores and spares	20	**491,657**	462,164
Stocks	21	**1,456,593**	1,999,156
Trade debts	22	**851,269**	1,390,553
Loans and advances	23	**61,501**	36,182
Deposits and prepayments	24	**125,443**	246,248
Other receivables	25	**30,982**	33,742
Taxation - net		**103,564**	215,025
Cash and bank balances	26	**241,769**	220,159
		3,362,778	4,603,229
Total assets		**5,348,065**	6,563,164

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

Ahmed Kuli Khan Khattak	Mazhar Sharif
Chief Executive Officer	Director

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		---- Rupees in '000 ----	
Sales	27	**9,491,652**	8,606,649
Cost of sales	28	**(7,553,193)**	(7,011,584)
Gross profit		**1,938,459**	1,595,065
Administrative expenses	29	**(200,241)**	(188,307)
Distribution cost	30	**(331,593)**	(357,994)
Other income	31	**65,567**	118,304
Other expenses	32	**(117,253)**	(93,677)
Profit from operations		**1,354,939**	1,073,391
Finance cost	33	**(258,301)**	(326,251)
		1,096,638	747,140
Share of profit of an Associated Company		**397**	1,076
Profit before taxation		**1,097,035**	748,216
Taxation	34	**(364,180)**	(234,475)
Profit after taxation		**732,855**	513,741
Other comprehensive income **Items that will not be reclassified to Profit or Loss**			
Loss on re-measurement of staff retirement benefit obligation		**(25,272)**	(10,880)
Impact of deferred tax		**8,087**	3,590
		(17,185)	(7,290)
Total comprehensive income		**715,670**	506,451
		-------- Rupees --------	
Earnings per share - basic and diluted	35	**12.26**	8.60

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

Ahmed Kuli Khan Khattak
Chief Executive Officer

Mazhar Sharif
Director

GENERAL TYRE

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**3,040,945**	130,531
Staff retirement gratuity paid		**(33,583)**	(22,160)
Compensated absences paid		**(4,202)**	(2,019)
Long term deposits from dealers - net		**(2,180)**	1,850
Finance cost paid		**(319,287)**	(310,745)
Taxes paid		**(275,779)**	(111,382)
Long term loans and advances - net		**(484)**	(4,172)
Long term deposits - net		**(2,555)**	(8,718)
Net cash generated from / (used in) operating activities		**2,402,875**	(326,815)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(192,050)**	(138,065)
Purchase of intangible assets		**(965)**	(2,028)
Proceeds from sale of operating fixed assets		**5,406**	7,666
Profit on bank deposits received		**318**	421
Net cash used in investing activities		**(187,291)**	(132,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance - repaid		**(66,667)**	(33,333)
Long term finance - obtained		**400,000**	-
Short term finances - net		**(628,383)**	(189,828)
Dividend paid		**(385,183)**	(267,100)
Net cash used in financing activities		**(680,233)**	(490,261)
Net increase / (decrease) in cash and cash equivalents		**1,535,351**	(949,082)
Cash and cash equivalents - at beginning of the year		**(1,959,971)**	(1,010,889)
Cash and cash equivalents - at end of the year	37	**(424,620)**	(1,959,971)

Ahmed Kuli Khan Khattak
Chief Executive Officer

Mazhar Sharif
Director

GENERAL TYRE

Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Unappro-priated profit	Total
	------------------ Rupees in '000	------------------	
Balance as at July 1, 2013	597,713	1,195,797	1,793,510
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2013 at the rate of Rs.4.50 per share	-	(268,971)	(268,971)
Total comprehensive income for the year ended June 30, 2014			
Profit for the year	-	513,741	513,741
Other comprehensive loss	-	(7,290)	(7,290)
	-	506,451	506,451
Balance as at June 30, 2014	**597,713**	**1,433,277**	**2,030,990**
Transaction with owners, recognised directly in equity			
Final dividend for the year ended June 30, 2014 at the rate of Rs.6.50 per share	-	(388,513)	(388,513)
Total comprehensive income for the year ended June 30, 2015			
Profit for the year	-	732,855	732,855
Other comprehensive loss	-	(17,185)	(17,185)
	-	715,670	715,670
Balance as at June 30, 2015	**597,713**	**1,760,434**	**2,358,147**

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

Ahmed Kuli Khan Khattak
Chief Executive Officer

Mazhar Sharif
Director

Notes to the Financial Statements
For the year ended June 30, 2015

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention as modified by the recognition of certain staff retirement benefit present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 Changes in accounting standards and interpretations

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

(a) IAS 32 (Amendments), 'Financial instruments: Presentation', on asset and liability offsetting is applicable on accounting periods beginning on or after January 1, 2014. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentations', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 19 (Amendment), ‘Employee benefits’ regarding employee or third party contributions to defined benefit plans is applicable on accounting period beginning on or after July 1, 2014. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee’s working lives. The application of this amendment has no material impact on the Company's financial statements.

Notes to the Financial Statements

For the year ended June 30, 2015

2.4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.4.3 Standards, interpretations and amendments to publish approved accounting standards that are not yet effective and have not been early adopted by the Company

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning July 1, 2015:

(a) IFRS 13 ‘Fair Value Measurement’, (effective for annual periods beginning on or after January 1, 2015) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of the standard, however, initial indication is that it is unlikely that standard will have any significant impact on the Company's financial statements.

(b) Amendments to IAS 38, 'Intangible Assets' and IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These amendments do not have any impact on the Company's financial statements.

(c) Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non Current Assets Held for Sale and Discontinued Operations', IFRS 7 ’Financial Instruments: Disclosures’, IAS 19 'Employee Benefits', and IAS 34, 'Interim Financial Reporting'. These amendments do not have any impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and 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. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements.

Notes to the Financial Statements
For the year ended June 30, 2015

The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

(i) Provision for staff retirement benefits [note 3.1]

(ii) Provision for taxation [note 3.2]

(iii) Estimate of useful lives and residual values of property, plant & equipment and intangible assets [notes 3.5 and 3.6]

(iv) Provision for doubtful debts [note 3.10]

(v) Provision for tyre replacement allowance [note 3.17]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented.

3.1 Staff retirement benefits

3.1.1 Defined benefit plans

The Company operates an approved funded gratuity scheme for its senior executive staff and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. The schemes define the amounts of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the schemes. The amount of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (If any). The defined benefit obligation is calculated annually on the basis of actuarial valuation.

The actuarial valuations of both schemes are carried-out by an independent expert, using the 'Projected Unit Credit Method' with the latest valuation being carried-out as on June 30, 2015.

The amounts arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

3.1.2 Defined contribution plan

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

3.1.3 Employee compensated absences

The liability in respect of compensated absences of employees is accounted for in period in which these are earned in terms of basic salary upto the reporting date. The provision is recognised on the basis of an actuarial valuation, which was conducted as on June 30, 2015.

Notes to the Financial Statements

For the year ended June 30, 2015

3.2 Taxation

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

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under final tax regime.

Deferred

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

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

3.3 Trade and other payables

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

3.4 Mark-up bearing loans and borrowings

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

3.5 Property, plant and equipment

3.5.1 Operating fixed assets and depreciation thereon

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

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

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

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

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

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

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

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

3.5.2 Capital work-in-progress

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

3.6 Intangible assets

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

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

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

3.7 Investment in an Associated Company

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the Investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the profit and loss account.

3.8 Stores and spares

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

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

Notes to the Financial Statements

For the year ended June 30, 2015

3.9 Stocks

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

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

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

Claim tyres are valued at their estimated net realisable value.

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

3.10 Trade debts and other receivables

Trade and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written-off.

3.11 Financial assets and liabilities

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

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

3.12 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the asset and to settle the liabilities simultaneously.

3.13 Cash and cash equivalents

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

Notes to the Financial Statements
For the year ended June 30, 2015

3.14 Revenue recognition

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

- revenue from sale of goods is recorded on despatch of goods to customers; and
- interest income is accrued on the time proportion basis by reference to the principal outstanding and applicable rate of return.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

3.16 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monitory items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

3.17 Warranty - tyre replacement allowance

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

3.18 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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect 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.

3.19 Operating leases / Ijarah

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

Notes to the Financial Statements

For the year ended June 30, 2015

3.20 Earnings per share

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

3.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

3.22 Dividend and appropriation to reserves

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
--- Number of shares ---			--- Rupees in '000 ---	
7,133,320	7,133,320	Ordinary shares of Rs.10 each fully paid in cash	**71,333**	71,333
186,680	186,680	Ordinary shares of Rs.10 each issued for consideration other than cash	**1,867**	1,867
52,451,250	52,451,250	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**524,513**	524,513
59,771,250	59,771,250		**597,713**	597,713

4.1 Ordinary shares of the Company held by the related parties as at June 30,

	2015	2014
	-- Number of shares --	
Bibojee Services (Private) Limited	**16,608,712**	16,608,712
Pakistan Kuwait Investment Company (Private) Limited	**17,931,292**	17,931,292
Continental Global Holding Netherlands B.V.	**5,844,300**	5,844,300
	40,384,304	40,384,304

Notes to the Financial Statements
For the year ended June 30, 2015

5. LONG TERM FINANCES - Secured

	Note	2015	2014
		--- Rupees in '000 ---	
Term finance - from banking companies			
Habib Bank Limited	5.1	**100,000**	166,667
Samba Bank Limited	5.2	**400,000**	-
		500,000	166,667
Less: current maturity grouped under current liabilities			
- Habib Bank Limited		**66,666**	66,667
- Samba Bank Limited		**50,000**	-
		116,666	66,667
		383,334	100,000

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

5.2 This represents a term finance facility of Rs.400 million to finance capital expenditure and balancing, modernization & replacement. The principal amount draw down is repayable in sixteen equal quarterly installments after a grace period of one year. This finance facility carries mark-up at the rate of three months KIBOR plus 1.25% per annum and is secured by way of first pari passu charge over stock, receivables and plant & machinery of the Company to the extent of Rs.533.333 million.

6. STAFF BENEFITS

	Note	2015	2014
		--- Rupees in '000 ---	
Staff retirement gratuity	6.1	**208,794**	177,588
Employees compensated absences	6.2	**32,363**	20,085
		241,157	197,673

6.1 Staff retirement gratuity

6.1.1 As stated in note 3.1.1, the Company operates an approved funded gratuity scheme for its senior executive staff and an unfunded gratuity scheme for employees not covered by the funded gratuity scheme. Actuarial valuation of these schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2015.

6.1.2 Plan assets held in trust are governed by the local regulations which mainly includes Trust Act, 1882, the Companies Ordinance, 1984, the Income Tax Rules, 2002 and Notification issued by the Federal Board of Revenue and Securities and Exchange Commission of Pakistan. Responsibility for governance of the scheme, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

Notes to the Financial Statements

For the year ended June 30, 2015

6.1.3 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plans is as follows:

	Funded		Unfunded		Total	
	2015	2014	**2015**	2014	**2015**	2014
	---- Rupees in '000 ----					
6.1.4 Balance sheet reconciliation						
Present value of defined benefit obligation - note 6.1.5	**141,896**	117,914	**219,854**	191,417	**361,750**	309,331
Fair value of plan assets - note 6.1.6	**(116,940)**	(99,821)	**-**	-	**(116,940)**	(99,821)
Liability at end of the year	**24,956**	18,093	**219,854**	191,417	**244,810**	209,510
Payable within next twelve months	**(8,499)**	(5,133)	**(27,517)**	(26,789)	**(36,016)**	(31,922)
	16,457	12,960	**192,337**	164,628	**208,794**	177,588
6.1.5 Movement in the present value of defined benefit obligation						
Balance as at July 1,	**117,914**	92,849	**191,417**	167,191	**309,331**	260,040
Current service cost	**6,559**	5,447	**11,999**	10,557	**18,558**	16,004
Interest cost	**14,615**	10,842	**23,613**	18,183	**38,228**	29,025
Benefits paid	**(15,106)**	(5,929)	**(15,435)**	(9,364)	**(30,541)**	(15,293)
Re-measurement on obligation	**7,004**	5,910	**19,170**	13,645	**26,174**	19,555
Transferred to managerial cadre	**10,910**	8,795	**(10,910)**	(8,795)	**-**	-
Balance as at June 30,	**141,896**	117,914	**219,854**	191,417	**361,750**	309,331
6.1.6 Movement in the fair value of plan assets						
Balance as at July 1,	**99,821**	75,232	**-**	-	**99,821**	75,232
Interest income	**13,175**	9,047	**-**	-	**13,175**	9,047
Contributions	**18,102**	10,606	**-**	-	**18,102**	10,606
Benefits paid	**(15,106)**	(5,929)	**-**	-	**(15,106)**	(5,929)
Benefits paid on behalf of the fund	**46**	2,190	**-**	-	**46**	2,190
Re-measurement	**902**	8,675	**-**	-	**902**	8,675
Balance as at June 30,	**116,940**	99,821	**-**	-	**116,940**	99,821
6.1.7 Expense recognised in profit and loss account						
Current service cost	**6,559**	5,447	**11,999**	10,557	**18,558**	16,004
Net interest cost	**1,440**	1,795	**23,613**	18,183	**25,053**	19,978
	7,999	7,242	**35,612**	28,740	**43,611**	35,982
6.1.8 Re-measurement recognised in other comprehensive income						
Actuarial loss on obligation	**7,004**	5,910	**19,170**	13,645	**26,174**	19,555
Re-measurement of fair value of plan assets	**(902)**	(8,675)	**-**	-	**(902)**	(8,675)
	6,102	(2,765)	**19,170**	13,645	**25,272**	10,880

Notes to the Financial Statements

For the year ended June 30, 2015

		Funded		Unfunded		Total	
		2015	2014	**2015**	2014	**2015**	2014
		---------- Rupees in '000 ----------					
6.1.9	**Net recognised liability**						
	Net liability at beginning of the year	**18,093**	17,617	**191,417**	167,191	**209,510**	184,808
	Charge for the year - note 6.1.7	**7,999**	7,242	**35,612**	28,740	**43,611**	35,982
	Benefits paid during the year	**(46)**	(2,190)	**(15,435)**	(9,364)	**(15,481)**	(11,554)
	Contributions made during the year	**(18,102)**	(10,606)	**-**	-	**(18,102)**	(10,606)
	Transferred to managerial cadre	**10,910**	8,795	**(10,910)**	(8,795)	**-**	-
	Re-measurement recognised in other comprehensive income	**6,102**	(2,765)	**19,170**	13,645	**25,272**	10,880
	Net liability as at June 30,	**24,956**	18,093	**219,854**	191,417	**244,810**	209,510
	Payable within next twelve months	**(8,499)**	(5,133)	**(27,517)**	(26,789)	**(36,016)**	(31,922)
		16,457	12,960	**192,337**	164,628	**208,794**	177,588
6.1.10	**Plant assets comprise of:**						
	Mutual funds - units	**70,513**	69,677	**-**	-	**70,513**	69,677
	Equity instruments	**37,446**	21,990	**-**	-	**37,446**	21,990
	Cash at bank	**8,981**	8,154	**-**	-	**8,981**	8,154
		116,940	99,821	**-**	-	**116,940**	99,821

		Funded		Unfunded	
		2015	2014	**2015**	2014
		---------- % per annum ----------			
6.1.11	**Actuarial assumptions used**				
	Discount rate	**9.75**	13.00	**9.75**	13.00
	Expected rate of increase in future salaries	**9.75**	13.00	**9.75**	13.00
	Demographic assumptions				
	- Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)	**SLIC (2001-05)**	SLIC (2001-05)
	- Rates of employee turnover	**Moderate**	Moderate	**Moderate**	Moderate

6.1.12 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is :

	Impact on define benefit obligation		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
		--- Rupees in '000 ---	
Discount rate	1.00%	341,814	384,129
Increase in future salaries	1.00%	385,502	340,240
Withdrawal rates	10.00%	361,541	361,963

Notes to the Financial Statements

For the year ended June 30, 2015

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the project unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

6.1.13 Based on actuary's advice, the Company's expected charge for the year ending June 30, 2016 amounts to Rs.9.576 million and Rs.33.085 million for funded and unfunded gratuity plans respectively.

6.1.14 The weighted average duration of funded gratuity and un-funded gratuity is 5.85 years and 5.84 years respectively.

6.1.15 Historical information

	2015	2014	2013	2012	2011
Funded		--------------------- Rupees in '000 ------------------			
Present value of defined benefit obligation	**141,896**	117,914	92,849	87,013	66,811
Fair value of plan assets	**116,940**	99,821	75,232	75,015	57,052
	24,956	18,093	17,617	11,998	9,759
Loss / (gain) on obligation	**7,004**	5,910	4,962	5,323	(4,727)
Gain / (loss) on plan assets	**902**	8,675	(1,067)	(3,635)	1,448
Unfunded					
Present value of defined benefit obligation	**219,854**	191,417	167,191	149,207	139,269
Loss / (gain) on obligation	**19,170**	13,645	4,684	1,974	(6,561)

6.1.16 Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
As at June 30, 2015		--------------------- **Rupees in '000** ------------------			
Funded	**46,061**	**28,171**	**23,016**	**133,265**	**230,513**
Unfunded	**97**	**44,975**	**43,123**	**457,032**	**545,227**

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015	2014
6.2	**Employees compensated absences**	**Note**	**--- Rupees in '000 ---**	
	Balance as at June 30,	**6.2.1**	**40,350**	29,972
	Payable within next twelve months		**(7,987)**	(9,887)
			32,363	20,085
6.2.1	**Movement in the account during the year is as follows:**			
	Balance as at July 1,		**29,972**	27,179
	Provision for the year		**14,580**	4,812
			44,552	31,991
	Encashed during the year		**(4,202)**	(2,019)
	Balance as at June 30,		**40,350**	29,972

		2015	2014
7.	**DEFERRED TAXATION - Net**	**2015**	2014
	The deferred tax liability comprises of temporary differences arising due to:	**--- Rupees in '000 ---**	
	Accelerated tax depreciation	**358,148**	396,209
	Provision for doubtful debts	**(10,096)**	(10,206)
	Provision for doubtful custom duty rebates recoverable	**(26,912)**	(29,603)
	Provision for staff retirement gratuity	**(75,891)**	(69,138)
	Interest payable on custom duties	**(8,980)**	(9,878)
	Provisions for tyre replacement allowance and incentive to dealers	**(24,254)**	(34,108)
	Others	**(1,144)**	(1,258)
		210,871	242,018

8. LONG TERM DEPOSITS FROM DEALERS

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

		2015	2014
9.	**SHORT TERM FINANCES** - Secured	**--- Rupees in '000 ---**	
	Balance as at June 30,	**86,030**	714,413

Notes to the Financial Statements

For the year ended June 30, 2015

9.1 Short term finance facilities available from various commercial banks aggregate to Rs.667 million (2014: Rs.1,600 million) and are secured against pari passu charge over fixed assets, stocks and trade debts of the Company. The rates of mark-up of these facilities, during the year, ranged from 7.84% to 12.05% (2014:9.28% to 15.51%) per annum These facilities are expiring on various dates upto September 30, 2015.

Above mentioned balance includes Rs.Nil (2014: Rs.22.318 million) which represent FE-25 loan against facilities aggregating Rs.1,997 million (2014: Rs.629 million), available from various banks as sub-limits of funded and unfunded facilities. The rate of mark-up of these finance facilities during the year ranged from 2.96% to 3.84% (2014: at the rate of 3.50%) per annum.

10. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured	**2015**	2014
	--- Rupees in '000 ---	
Balance as at June 30,	**666,389**	2,180,130

10.1 The Company has arranged running finance facilities from various banks on mark-up basis to the extent of Rs.3,325 million (2014: Rs.2,750 million). The rates of mark-up on these arrangements, during the year, ranged from 7.83% to 12.18% (2014: 10.03% to 12.19%) per annum. These finance facilities are secured against pari passu charge over fixed assets, stocks and trade debts of the Company and are expiring on various dates by February 28, 2016.

The maximum available aggregate limit for utilisation of facilities for short term finances and running finances is Rs.3,992 million (2014: Rs.4,350 million).

10.2 The facilities for opening letters of credit and guarantees as at June 30, 2015 aggregated to Rs.3,800 million (2014: Rs.4,000 million) of which the amount remained unutilised at the year-end was Rs.2,513 million (2014: Rs.3,393 million).

10.3 The year-end balance includes Rs.28.254 million (2014: Rs.331.671 million) payable to Bank Alfalah Limited - an Associated Company.

11. TRADE AND OTHER PAYABLES	**Note**	**2015**	2014
		--- Rupees in '000 ---	
Trade creditors		**45,845**	26,546
Bills payable	**11.1**	**444,507**	167,087
Accrued expenses	**11.2**	**317,957**	269,225
Advances from customers	**11.3**	**134,669**	147,540
Staff provident fund payable		**3,787**	3,521
Staff retirement gratuity	**6.1.4**	**36,016**	31,922
Short term deposits		**4,369**	1,298
Workers' (profit) participation fund	**11.4**	**58,934**	40,253
Workers' welfare fund		**22,719**	22,485
Sales tax payable		**31,335**	54,257
Payable to Waqf-e-Kuli Khan		**18,320**	12,844
Retention money		**1,422**	1,939
Dividend payable		**13,367**	10,037
Interest payable on custom duties	**11.5 & 11.6**	**29,933**	29,933
Others	**11.7**	**20,176**	19,542
		1,183,356	838,429

Notes to the Financial Statements

For the year ended June 30, 2015

11.1 Includes bills payable of Rs.11.558 million (2014: Rs.Nil) pertaining to Continental Tire The Americas, LLC - a related party.

11.2 Accrued expenses include the following amounts due to related parties:	**2015**	2014
	--- Rupees in '000 ---	
Continental Tire The Americas, LLC	**53,191**	52,150
Pakistan Kuwait Investment Company (Private) Limited	**-**	11
Bibojee Services (Private) Limited	**-**	300
Key management personnel	**30,129**	10,685
	83,320	63,146

11.3 These represent advances from customers against sale of tyres and tubes and carry no mark-up. These include following advances due to related parties:

	Note	**2015**	2014
		--- Rupees in '000 ---	
Ghandhara Nissan Limited		**2,102**	-
Ghandhara Industries Limited		**-**	526
Ghandhara DF (Private) Limited		**5**	-
		2,107	526

11.4 Workers' (profit) participation fund

	Note	**2015**	2014
Balance as at July 1,		**40,253**	31,124
Interest on funds utilised in the Company's business	33	**526**	387
		40,779	31,511
Payments made during the year		**(40,779)**	(31,511)
		-	-
Allocation for the year	32	**58,934**	40,253
Balance as at June 30,		**58,934**	40,253

11.5 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.

Notes to the Financial Statements

For the year ended June 30, 2015

The High Court of Sindh, during year ended June 30, 2005, dismissed the petition filed by the Company. ACCH 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 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 also filed an application for alternate dispute resolution with the Supreme Court of Pakistan.

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

Further, during the year ended June 30, 2008, the FBR accepted all the recommendations made by the ADRC and instructed the Company to pay Rs.114.531 million on account of interest on custom duties including surcharge thereon. The Company's pending refund claims amounting to Rs.20.195 million had also been processed and adjusted by the ACCH. During this year, the Company also made a partial payment amounting to Rs.40 million in respect of FBR's demand based on ADRC recommendations. During the year ended June 30, 2009, the Company made a further partial payment amounting to Rs.20 million in respect of FBR's demand.

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

11.6 During the year ended June 30, 2001 an amount of Rs.5.00 million was paid by the Company under protest on account of interest on import levies. Further, refunds of custom duty rebates amounting Rs.4.923 million and Rs.4.070 million were adjusted by the customs authorities during the year ended June 30, 2000 and 2001 respectively against their demand of interest on import levies referred to in note 11.4 above. The management is of the view that the above adjustments aggregating Rs.13.993 million will be made against the amount of interest payable on custom duties, as more fully explained in note 11.5 above, and is accordingly shown receivable as 'Current account balances with statutory authorities ' (note 24).

11.7 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.9.440 million (2014: Rs.5.868 million).

12. ACCRUED MARK-UP

	Note	2015	2014
		--- Rupees in '000 ---	
Mark-up accrued on:			
- long term finance		**1,874**	3,907
- short term finances		**1,167**	12,409
- running finances	**12.1**	**14,290**	62,001
		17,331	78,317

12.1 Includes mark-up amounting Rs.2.182 million (2014: Rs.8.660 million) due to Bank Alfalah Limited - an Associated Company.

Notes to the Financial Statements
For the year ended June 30, 2015

13. PROVISIONS

	Note	2015	2014
		--- Rupees in '000 ---	
Incentive to dealers	13.1	**46,194**	72,157
Tyre replacement allowance	13.2	**29,600**	31,200
		75,794	103,357

13.1 Provision for incentive to dealers

	Note	2015	2014
Balance as at July 1,		**72,157**	33,275
Charge for the year	27	**92,044**	121,258
		164,201	154,533
Incentives paid during the year		**(118,007)**	(82,376)
Balance as at June 30,		**46,194**	72,157

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

13.2 Provision for tyre replacement allowance

	Note	2015	2014
		--- Rupees in '000 ---	
Balance as at July 1,		**31,200**	38,800
Charge for the year	28.1	**34,420**	22,899
		65,620	61,699
Claims paid / adjusted		**(36,020)**	(30,499)
Balance as at June 30,		**29,600**	31,200

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

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Central Excise and Taxation Department had issued a demand notice for payment of sales tax of Rs.16.775 million. This represents sales tax levied on agricultural tyres supplied to approved assembly plants which were otherwise exempt under SRO.553(I)/94 dated June 9, 1994 as amended vide SRO.555(I)/94 dated June 9, 1994 during the period from July 1994 to September 1995. The Company 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. Accordingly, the Company furnished the indemnity bond dated March 18, 1998 of Rs.16.775 million.

Notes to the Financial Statements

For the year ended June 30, 2015

The Company also filed an application No. B&CA/2.020/01/97 dated November 25, 1997 with the Collector of Sales Tax (East), Karachi for grant of exemption from sales tax in terms of section 65 of the Sales Tax Act, 1990. However, the Federal Board of Revenue (FBR) on finalisation of the report by the Collector of Sales Tax and Central Excise (East), rejected the Company's application through letter No. C No. 1/52-STT/97 dated July 19, 2000. The Company 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 upto the year ended June 30, 2002. The Company, during the year ended June 30, 2004, deposited the remaining balance of Rs.3.952 million as '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 set aside the order of the Collector of Customs, Sales Tax and Central Excise (Appeals). The Collector of Customs, Sales Tax and Central Excise (Appeals), during year ended June 30, 2007, filed a request for rectification of error before the Custom, Excise and Sales Tax Appellate Tribunal.

The management continues to claim the adjusted refunds together with the payment made under protest aggregating Rs.16.775 million which is included in sales tax refundable (note 25).

14.1.2 During the year ended June 30, 2010, the Company's records were inspected by an officer of the Board of Revenue, Government of Sindh and as a result thereof, the Inspector of Stamps has (i) claimed an amount of Rs.6.549 million on account of non payment of stamp duty on various documents; (ii) asked to handover the aforementioned documents; and (iii) asked to depute an authorised officer or advocate to appear before the Chief Inspector of Stamps for a hearing on the aforementioned matters, through a notice dated October 21, 2009.

The Company 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. Several hearings were fixed in court but adjourned and judgement from Supreme Court in similar applications on similar issues awaits.

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 these financial statements.

14.1.3 Certain other claims have been filed against the Company in respect of employees' matters for an aggregate amount which approximate to Rs.4.060 million (2014: Rs.4.275 million). These cases are pending in various labour courts. The management is confident that the outcome of those cases will be in the Company's favour.

Notes to the Financial Statements

For the year ended June 30, 2015

14.1.4 Additional Commissioner Inland Revenue (ACIR) through its order dated June 29, 2013 has made various additions and adjustment to the Company's taxable income for the tax year 2012. These adjustments / additions are (i) restriction of adjustment of minimum tax against normal income, (ii) allocation of worker's (profit) participation fund between presumptive tax regime and normal tax regime, (iii) expenses added back on account of cash payments, (iv) added back exchange loss on commercial imports and royalty and (v) reversal of some portion of royalty payment and bad debts written-off. The Company filed appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the above mentioned order. CIA(R) in his order confirmed the above mentioned additions made by ACIR except for reversal of some portion of royalty as mentioned in point (v) above. The Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of CIR(A); which is pending for hearing.

14.1.5 ACIR, during the preceding year, passed various orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2008, 2009, 2010 and 2011. The additions has been made to taxable income on account of royalty & technical services and respective federal excise duties on royalty & technical services claimed by the Company in each tax year. The Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] and these appeals have been decided in favour of the Company. However, the department has filed appeal before the Appellate Tribunal Inland Revenue against the above orders of CIR(A); which pending for hearing.

	Note	2015	2014
		--- Rupees in '000 ---	
14.1.6 Guarantees issued by commercial banks on behalf of the Company		**146,925**	153,044
14.1.7 Post dated cheques issued to the Collector of Customs against duty on imported plant & machinery, raw materials and stores & spares		**55,908**	49,352

14.2 Commitments

14.2.1 Commitments in respect of :

- letters of credit for capital expenditure		**532,935**	28,977
- letters of credit for purchase of raw materials and stores & spares		**607,098**	424,491
- purchase orders issued to local suppliers for capital expenditure		**236,764**	19,114
- sales contracts entered into by the Company		**40,598**	84,492
- tentative schedules for supply of tyres		**1,801,064**	872,093
- indemnity bond		**16,775**	16,775

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

Notes to the Financial Statements
For the year ended June 30, 2015

	Note	2015	2014
		--- Rupees in '000 ---	
Not later than 1 year		**71,984**	63,703
Over 1 year and no later than 5 years		**143,405**	186,220
		215,389	249,923

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
Operating fixed assets	**15.1**	**1,886,894**	1,852,530
Capital work-in-progress	**15.4**	**48,964**	61,038
		1,935,858	1,913,568

15.1 Operating fixed assets	Lease-hold land	Buildings on leasehold land	Electrical installations	Plant and machinery	Boilers and access-ories	Laboratory equipment	Moulds	Vehicles	Furniture and fixture	Factory and office equipment	Computer equipment	Total
	------- Rupees in '000 -------											
At July 1, 2013												
Cost	555	341,383	98,849	2,877,387	59,001	31,865	204,847	124,029	25,214	87,410	43,457	3,893,997
Accumulated depreciation	-	171,100	70,518	1,407,704	43,456	29,997	122,935	69,082	9,948	61,049	35,559	2,021,348
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	170,283	28,331	1,468,992	15,545	1,868	81,549	54,947	15,266	26,361	7,898	1,871,595
Year ended June 30, 2014												
Opening net book value	555	170,283	28,331	1,468,992	15,545	1,868	81,549	54,947	15,266	26,361	7,898	1,871,595
Additions	-	26,995	5,373	59,218	1,378	62	8,344	-	5,976	33,958	2,619	143,923
Written-off												
- cost	-	-	-	-	-	-	-	-	-	-	17,869	17,869
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(17,868)	(17,868)
	-	-	-	-	-	-	-	-	-	-	1	1
Disposals												
- cost	-	-	-	2,352	-	-	-	12,096	42	1,427	1,490	17,407
- accumulated depreciation	-	-	-	(2,352)	-	-	-	(11,397)	(42)	(1,412)	(1,461)	(16,664)
	-	-	-	-	-	-	-	699	-	15	29	743
Depreciation charge	-	14,621	5,480	97,116	2,540	696	14,536	13,423	2,324	7,531	3,977	162,244
Closing net book value	555	182,657	28,224	1,431,094	14,383	1,234	75,357	40,825	18,918	52,773	6,510	1,852,530
At June 30, 2014												
Cost	555	368,378	104,222	2,934,253	60,379	31,927	213,191	111,933	31,148	119,941	26,717	4,002,644
Accumulated depreciation	-	185,721	75,998	1,502,468	45,996	30,693	137,471	71,108	12,230	67,168	20,207	2,149,060
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	182,657	28,224	1,431,094	14,383	1,234	75,357	40,825	18,918	52,773	6,510	1,852,530
Year ended June 30, 2015												
Opening net book value	555	182,657	28,224	1,431,094	14,383	1,234	75,357	40,825	18,918	52,773	6,510	1,852,530
Additions	-	13,340	15,112	88,715	-	33	48,776	9,827	1,198	25,229	1,894	204,124
Disposals												
- cost	-	-	-	241	-	-	-	9,620	-	50	82	9,993
- accumulated depreciation	-	-	-	(241)	-	-	-	(8,757)	-	(50)	(82)	(9,130)
	-	-	-	-	-	-	-	863	-	-	-	863
Depreciation charge	-	15,675	6,251	95,596	2,574	241	16,484	13,428	2,488	12,032	4,128	168,897
Closing net book value	555	180,322	37,085	1,424,213	11,809	1,026	107,649	36,361	17,628	65,970	4,276	1,886,894
At June 30, 2015												
Cost	555	381,718	119,334	3,022,727	60,379	31,960	261,967	112,140	32,346	145,120	28,529	4,196,775
Accumulated depreciation	-	201,396	82,249	1,597,823	48,570	30,934	153,955	75,779	14,718	79,150	24,253	2,308,827
Accumulated impairment	-	-	-	691	-	-	363	-	-	-	-	1,054
Net book value	555	180,322	37,085	1,424,213	11,809	1,026	107,649	36,361	17,628	65,970	4,276	1,886,894
Depreciation rate (% per annum)		5	10	5	10	15	10	20	10	15	25	

Notes to the Financial Statements

For the year ended June 30, 2015

15.2 Depreciation charge has been allocated as follows:

	Note	2015	2014
		--- Rupees in '000 ---	
Cost of goods manufactured	**28.1**	**155,988**	151,710
Administrative expenses	**29**	**7,009**	5,242
Distribution cost	**30**	**5,900**	5,292
		168,897	162,244

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Sold to
	--- Rupees in '000 ---					
Assets having net book value exceeding Rs. 50,000 each						
Vehicles						
Suzuki Cultus	868	752	116	322	Company policy	Mr. Muhammad Ayub Khan - Key management person
Suzuki Cultus	868	724	144	337	Company policy	Mr. Saiyid Khusro Iqbal - Key management person
Suzuki Cultus	1,096	493	603	712	Company policy	Mr. Mirza Mohsin Beg - Key management person
	2,832	**1,969**	**863**	**1,371**		
Various assets having net book value upto Rs.50,000 each	7,161	7,161	-	4,035		
June 30, 2015	**9,993**	**9,130**	**863**	**5,406**		
June 30, 2014	17,407	16,664	743	7,666		

15.4 Capital work-in-progress

	Note	2015	2014
		--- Rupees in '000 ---	
Buildings		**12,399**	10,591
Electrical installations		**1,339**	4,903
Plant and machinery		**26,410**	2,915
Moulds		**75**	137
Vehicles	**15.4.1**	**10,684**	6,291
Factory and office equipment		**332**	38,476
		51,239	63,313
Provision for a doubtful advance		**(2,275)**	(2,275)
		48,964	61,038

15.4.1 Include advance of Rs.1.975 million (2014: Rs.Nil) made to Ghandhara Industries Limited - an Associated Company for purchase of a truck.

15.4.2 Capital work in progress includes Rs.17.376 million (2014: Rs.18.277 million) representing advance payments made to suppliers for procurement of operating fixed assets.

Notes to the Financial Statements

For the year ended June 30, 2015

16. INTANGIBLE ASSETS

	Note	2015	2014
		--- Rupees in '000 ---	
These represent computer software licenses.			
Cost			
At July 1,		**7,050**	5,492
Additions during the year		**965**	2,028
Written-off		**-**	(470)
At June 30,		**8,015**	7,050
Accumulated amortisation			
At July 1,		**4,628**	4,150
Amortisation charge	**16.1**	**1,339**	948
Written-off		**-**	(470)
At June 30,		**5,967**	4,628
Net book value		**2,048**	2,422
Amortisation rate (% per annum)		**33.33**	33.33

16.1 Amortisation charge has been allocated as follows:

	Note	2015	2014
Cost of goods manufactured	**28.1**	**670**	473
Administrative expenses	**29**	**401**	285
Distribution cost	**30**	**268**	190
		1,339	948

17. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted

	2015	2014
Ghandhara Industries Limited - Equity basis		
100,700 (2014: 100,700) ordinary shares of Rs.10 each - cost Equity held: 0.473% (2014: 0.473%)	**2,447**	2,447
Share of post acquisition profit	**1,209**	812
	3,656	3,259
Dividends received to date	**(335)**	(335)
	3,321	2,924

17.1 The investee company is an Associate of the Company by virtue of common directorship.

17.2 The above figures are based on unaudited condensed interim financial information of the Associate as at March 31, 2015. The latest financial statements of the Associate as at June 30, 2015 are not presently available.

17.3 The summary of financial information of Associate as of March 31, 2015 is as follows:

Notes to the Financial Statements
For the year ended June 30, 2015

	As at March 31, 2015	As at March 31, 2014
	--- Rupees in '000 ---	
- Total assets	**3,493,133**	4,020,286
- Total liabilities	**1,405,990**	2,011,546
- Accumulated profit	**204,648**	120,817
	Nine months period ended	
	March 31, 2015	**March 31, 2014**
- Revenues	**1,987,005**	1,657,921
- Profit before taxation	**87,361**	9,807
- Profit after taxation	**66,932**	13,170

17.4 The market value of investment as at June 30, 2015 was Rs.7.173 million (2014: Rs.3.391 million).

18. LONG TERM LOANS AND ADVANCES	**Note**	**2015**	2014
		--- Rupees in '000 ---	
Considered good			
Loans and advances due from:			
- executives	**18.1 & 18.2**	**3,552**	3,242
- other employees	**18.1**	**10,467**	12,325
		14,019	15,567
Amounts recoverable within one year and grouped under current assets		**(3,526)**	(5,558)
		10,493	10,009

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

18.2 Reconciliation of carrying amount of loans and advances to executives	**2015**	2014
	--- Rupees in '000 ---	
Balance as at July 1,	**3,242**	1,574
Disbursements	**2,365**	3,838
	5,607	5,412
Repayments	**(2,055)**	(2,170)
Balance as at June 30,	**3,552**	3,242

Notes to the Financial Statements

For the year ended June 30, 2015

18.3 The maximum aggregate amount outstanding at the end of any month during the year ended June 30, 2015 from executives aggregated to Rs.4.899 million (2014: Rs.3.526 million).

18.4 Advances to executives include an amount of Rs.0.444 million (2014: Rs.0.111 million) provided to the Chief Executive of the Company as furniture advance in accordance with his terms of employment.

18.5 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

	Note	2015	2014
		--- Rupees in '000 ---	
19. LONG TERM DEPOSITS			
Security deposits for:			
- utilities		**6,198**	6,198
- ijarah		**26,708**	24,153
- others		**661**	661
		33,567	31,012
20. STORES AND SPARES			
In hand		**483,407**	450,374
In transit		**8,250**	11,790
		491,657	462,164
21. STOCKS			
Raw materials			
- in hand		**597,396**	1,093,881
- in transit		**252,529**	76,950
		849,925	1,170,831
Work-in-process		**195,481**	284,536
Finished goods including in-transit valuing Rs.18.510 million (2014: Rs.13.020 million)	**21.1**	**411,187**	543,789
		1,456,593	1,999,156

21.1 Finished goods include items costing Rs.90.319 million (2014: Rs.74.021 million) which are stated at their net realisable values aggregating Rs.75.385 million (2014: Rs.66.284 million). The aggregate amount charged to profit and loss account in respect of stocks written down to their net realisable value is Rs.14.934 million (2014: Rs.7.737 million).

21.2 All fixed assets (excluding land and building) and current assets of the Company upto a maximum amount of Rs.6,723 million (2014: Rs.5,604 million) are under hypothecation / pledge charge as security for long term, short term and running finance facilities (notes 5, 9 and 10).

Notes to the Financial Statements

For the year ended June 30, 2015

22. TRADE DEBTS - Unsecured

	Note	2015	2014
		--- Rupees in '000 ---	
Consider good			
- an Associated Company			
Ghandhara Nissan Limited		**-**	3
- others		**851,269**	1,390,550
		851,269	1,390,553
Considered doubtful - others		**31,551**	30,927
		882,820	1,421,480
Provision for doubtful debts	22.1	**(31,551)**	(30,927)
		851,269	1,390,553

22.1 Provision for doubtful debts

	2015	2014
	--- Rupees in '000 ---	
Balance as at July 1,	**30,927**	9,271
Provision made during the year	**6,068**	24,885
	36,995	34,156
Amount reversed during the year	**(5,444)**	(3,229)
Balance as at June 30,	**31,551**	30,927

22.2 The ageing analysis of trade debts at June 30, is as follows:

	Associated Companies		Others	
	2015	2014	**2015**	2014
	---------------- Rupees in '000 ----------------			
0 to 30 days	**-**	-	**589,305**	831,232
31 to 180 days	**-**	3	**261,123**	505,367
181 to 360 days	**-**	-	**1,683**	62,185
Over one year	**-**	-	**30,709**	22,693
	-	3	**882,820**	1,421,477
Provision for doubtful debts	**-**	-	**(31,551)**	(30,927)
	-	3	**851,269**	1,390,550

Notes to the Financial Statements

For the year ended June 30, 2015

23. LOANS AND ADVANCES

	Note	2015	2014
		--- Rupees in '000 ---	
Considered good			
Current portion of long term loans and advances	18	3,526	5,558
Loans and advances due from:			
- executives		1,154	519
- other employees		24,583	14,926
	23.1	25,737	15,445
Advances due from:			
- executives		12	114
- other employees		296	492
- suppliers, contractors and others	23.2	31,930	14,573
		32,238	15,179
		61,501	36,182

23.1 These represent interest free festival loans, general loans, special loans, salary advance and Eid advance provided to executives and other employees in accordance with Company's policy and have maturities upto twelve months.

23.2 Includes Rs.0.080 million (2014: Rs.Nil) advance made to Continental Tire The Americas, LLC - a related party for purchase of bladders.

24. DEPOSITS AND PREPAYMENTS

	Note	2015	2014
		--- Rupees in '000 ---	
Trade deposits		4,223	5,330
Call deposit receipts	24.1	96,910	201,000
Prepayments		10,317	14,828
Current account balances with statutory authorities	11.6	13,993	25,090
		125,443	246,248

24.1 These represent call deposit receipts issued from a commercial bank in favour of respective Commandants of various Spares Depots of Pakistan Army against supply of tyres.

Notes to the Financial Statements

For the year ended June 30, 2015

25. OTHER RECEIVABLES - Unsecured

	Note	2015	2014
		--- Rupees in '000 ---	
Export benefit receivable (duty drawback)		658	658
Provision for doubtful export benefit receivable		(658)	-
		-	658
Sales tax refundable	14.1.1	16,775	16,775
Custom duty rebates recoverable		89,705	89,705
Provision for custom duty rebates recoverable		(89,705)	(89,705)
		-	-
Margin and deposits against bank guarantees		-	2,813
Others	25.1	15,744	15,033
Provision for doubtful receivables		(1,537)	(1,537)
		14,207	13,496
		30,982	33,742

25.1 Includes Rs.7.189 million (2014: Rs.4.104 million) receivable from Continental Reifen Deutschland GmbH - a related party on account of product liability insurance premium.

26. CASH AND BANK BALANCES

	Note	2015	2014
		--- Rupees in '000 ---	
At banks on:			
- current accounts	26.1	170,906	180,621
- deposit account	26.2 & 26.3	4,845	6,066
		175,751	186,687
Cash and cheques in-hand		66,018	33,472
		241,769	220,159

26.1 These include Rs.31.805 million (2014: Rs.39.499 million) and Rs.Nil (2014: Rs.0.003 million) held with Bank Alfalah Limited and Meezan Bank Limited (Associated Companies) respectively.

26.2 This carry mark-up at the rate of 6.00% (2014: 6.00%) per annum.

26.3 This represents a separate account for deposits from dealers aggregating Rs.4.845 million (2014: Rs.6.066 million).

27. SALES - Net

	Note	2015	2014
		--- Rupees in '000 ---	
Own manufactured goods			
Local		11,141,282	10,112,899
Export		44,055	44,871
Trading goods		322,601	247,079
		11,507,938	10,404,849
Less:			
- sales tax		1,716,005	1,574,153
- discounts		208,237	102,789
- incentives to dealers	13.1	92,044	121,258
		2,016,286	1,798,200
		9,491,652	8,606,649

Notes to the Financial Statements
For the year ended June 30, 2015

28. COST OF SALES

	Note	2015	2014
		--- Rupees in '000 ---	
Opening stock of finished goods		**543,789**	293,552
Cost of goods manufactured	28.1	**6,979,358**	6,886,388
Finished goods purchased		**241,104**	176,121
Royalty technical service fee	28.2	**200,129**	199,312
		7,420,591	7,261,821
Closing stock of finished goods	21	**(411,187)**	(543,789)
		7,553,193	7,011,584

28.1 Cost of goods manufactured

	Note	2015	2014
Opening work-in-process		**284,536**	186,181
Raw materials consumed	28.3	**4,274,620**	4,780,911
Stores and spares consumed		**283,867**	203,954
Salaries, wages and benefits	28.4	**1,141,102**	926,081
Travelling and conveyance		**8,047**	8,075
Vehicles running expenses		**24,459**	28,639
Legal and professional charges		**2,433**	1,841
Power and fuel		**744,994**	638,249
Rent, rates and taxes		**14,292**	9,585
Ijarah rentals		**55,343**	36,212
Insurance		**17,015**	18,087
Repairs and maintenance		**38,868**	62,172
Tyre replacement allowance	13.2	**34,420**	22,899
Depreciation	15.2	**155,988**	151,710
Amortisation	16.1	**670**	473
Printing and stationery		**1,820**	2,220
Postage and telephone		**2,417**	2,477
Freight and insurance		**80,559**	82,257
Other manufacturing expenses		**9,389**	8,901
		7,174,839	7,170,924
Closing work-in-process		**(195,481)**	(284,536)
		6,979,358	6,886,388

28.2 The royalty technical service fee include provincial taxes amounting Rs.18.194 million (2014: Rs.18.312 million).

28.3 Raw materials consumed

	Note	2015	2014
		--- Rupees in '000 ---	
Opening stock		**1,170,831**	1,308,597
Purchases during the year		**3,968,637**	4,655,325
		5,139,468	5,963,922
Indirect materials consumed		**(14,923)**	(12,180)
Closing stock	21	**(849,925)**	(1,170,831)
		(864,848)	(1,183,011)
		4,274,620	4,780,911

Notes to the Financial Statements

For the year ended June 30, 2015

28.4 Salaries, wages and benefits include Rs.30.687 million (2014: Rs.26.705 million) and Rs.11.666 million (2014: Rs.10.535 million) in respect of staff retirement benefits gratuity and provident fund respectively.

29. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		--- Rupees in '000 ---	
Salaries and benefits	29.1	137,803	125,016
Travelling and conveyance		10,406	3,736
Vehicles running expenses		3,733	4,088
Legal and professional charges		6,848	9,673
Auditors' remuneration	29.2	1,920	1,890
Rent, rates and taxes		102	102
Insurance		2,500	2,821
Repairs and maintenance		117	721
Depreciation	15.2	7,009	5,242
Amortisation	16.1	401	285
Printing and stationery		776	621
Postage and telephone		1,257	719
Ijarah rentals		3,356	2,462
Entertainment		664	618
Provision for doubtful debts	22.1	6,068	24,885
Computer expenses		4,653	2,475
Directors' fee		10,800	1,620
Other expenses		1,828	1,333
		200,241	188,307

29.1 Salaries and benefits include Rs.5.939 million (2014: Rs.4.601 million) and Rs.3.996 million (2014: Rs.3.564 million) in respect of staff retirement benefits gratuity and provident fund respectively.

29.2 Auditors' remuneration

	Note	2015	2014
		--- Rupees in '000 ---	
Audit fee		1,500	1,500
Audit of provident fund		75	50
Special certifications		95	95
Out-of-pocket expenses		250	245
		1,920	1,890

30. DISTRIBUTION COST

	Note	2015	2014
Salaries and benefits	30.1	128,648	107,604
Travelling, conveyance and entertainment		24,006	24,161
Vehicle running expenses		6,528	8,621
Legal and professional charges		38	130
Advertisement and sales promotion		20,037	66,654
Rent, rates and taxes		16,704	14,348
Ijarah rentals		6,696	5,641
Insurance		436	523
Repairs and maintenance		1,297	2,442
Depreciation	15.2	5,900	5,292
Amortisation	16.1	268	190
Printing and stationery		670	868
Postage and telephone		2,736	2,194
Freight and insurance		105,774	94,730
Gas and electricity		1,930	2,007
Others		9,925	22,589
		331,593	357,994

Notes to the Financial Statements

For the year ended June 30, 2015

30.1 Salaries and benefits include Rs.6.984 million (2014: Rs.4.676 million) and Rs.2.287 million (2014: Rs.2.473 million) in respect of staff retirement benefits gratuity and provident fund respectively.

31. OTHER INCOME

	Note	2015	2014
		--- Rupees in '000 ---	
Income from financial assets			
Profit on bank deposits		**318**	421
Income from other than financial assets			
Sale of scrap net of sales tax		**52,570**	66,866
Gain on sale of operating fixed assets	15.3	**4,543**	6,923
Balances written-back		**-**	39,767
Reversal of provision for doubtful debts	22.1	**5,444**	3,229
Others		**2,692**	1,098
		65,567	118,304

32. OTHER EXPENSES

	Note	2015	2014
Workers' (profit) participation fund	11.4	**58,934**	40,253
Workers' welfare fund			
- current year		**22,719**	16,477
- prior year		**390**	(17)
		23,109	16,460
Exchange loss - net		**15,034**	23,112
Provision for doubtful export benefit receivable		**658**	-
Operating fixed assets written-off		**-**	1
Donations	32.1	**19,518**	13,851
		117,253	93,677

32.1 Donation of Rs.18.320 million (2014: Rs.12.844 million) charged in these financial statements is payable to Waqf-e-Kuli Khan, 2nd Floor, Gammon House, 400-2, Chour Chowk, Peshawar Road, Rawalpindi (the Trust). Lt. Gen. (Retd.) Ali Kuli Khan Khattak, Chairman of the Company, Mr. Ahmed Kuli Khan Khattak and Mr. Raza Kuli Khan Khattak, Directors of the Company, are trustees of the Trust.

33. FINANCE COST

	Note	2015	2014
		--- Rupees in '000 ---	
Mark-up on:			
- long term finances		**33,295**	22,555
- short term finances		**69,784**	88,134
- running finances		**149,702**	210,614
Interest on workers' (profit) participation fund	11.4	**526**	387
Bank charges and guarantee commission		**4,994**	4,561
		258,301	326,251

34. TAXATION

	2015	2014
Current tax		
Current tax on profit for the year	**385,405**	270,122
Adjustments in respect of prior years	**1,835**	-
	387,240	270,122
Deferred tax		
Origination and reversal of temporary differences	**3,722**	(27,375)
Impact of change in tax rate	**(26,782)**	(8,272)
	(23,060)	(35,647)
	364,180	234,475

Notes to the Financial Statements

For the year ended June 30, 2015

34.1 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2015	2014
	--- Rupees in '000 ---	
Profit before taxation	**1,097,035**	748,216
Tax at the applicable rate of 33% (2014: 34%)	**362,022**	254,393
Tax effect of items, which are not deductible for tax purposes and are taken to profit and loss account	**117,511**	102,409
Tax effect of items, which are deductible for tax purposes but are not taken to profit and loss account	**(107,925)**	(84,296)
Tax effect of share of profit of Associated Company	**(131)**	(366)
Effect of tax credits	**(23,933)**	(10,833)
Tax effect of income subject to final tax regime	**5,584**	8,815
Super tax for rehabilitation of temporarily displaced persons	**34,112**	-
Deferred taxation	**(23,060)**	(35,647)
	364,180	234,475

34.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on August 21, 2015 has distributed sufficient cash dividend for the year ended June 30, 2015 (refer note 45) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended June 30, 2015.

35. EARNINGS PER SHARE

35.1 Basic earnings per share

	2015	2014
	--- Rupees in '000 ---	
Net profit for the year	**732,855**	513,741
	-- Number of shares --	
Weighted average ordinary shares in issue	**59,771,250**	59,771,250
	-------- Rupees --------	
Earnings per share	**12.26**	**8.60**

35.2 **Diluted earnings per share**

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Notes to the Financial Statements

For the year ended June 30, 2015

36. CASH GENERATED FROM OPERATIONS

	Note	2015	2014
		--- Rupees in '000 ---	
Profit before taxation		**1,097,035**	748,216
Adjustments for non-cash charges and other items			
Depreciation		**168,897**	162,244
Amortisation		**1,339**	948
Provision for staff retirement gratuity		**43,611**	35,982
Charge of employee compensated absences		**14,580**	4,812
Provision for doubtful debts - charge / (reversal) - net		**624**	21,656
Profit on bank deposits		**(318)**	(421)
Gain on sale of operating fixed assets		**(4,543)**	(6,923)
Balances written-back		**-**	(39,767)
Unrealised exchange loss - net		**121**	265
Operating fixed assets written-off		**-**	1
Finance cost		**258,301**	326,251
Share of profit of an Associated Company		**(397)**	(1,076)
Working capital changes	**36.1**	**1,461,695**	(1,121,657)
		3,040,945	130,531

36.1 Working capital changes

	2015	2014
(Increase) / decrease in current assets:		
- Stores and spares	**(29,493)**	(54,104)
- Stocks	**542,563**	(210,826)
- Trade debts	**538,660**	(225,233)
- Loans and advances	**(25,319)**	(4,760)
- Deposits and prepayments	**120,805**	(213,116)
- Other receivables	**2,760**	(7,177)
	1,149,976	(715,216)
Increase / (decrease) in current liabilities:		
- Trade and other payables	**339,282**	(437,723)
- Provisions	**(27,563)**	31,282
	311,719	(406,441)
	1,461,695	(1,121,657)

37. CASH AND CASH EQUIVALENTS

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

	Note	2015	2014
		--- Rupees in '000 ---	
Running finances under mark-up arrangements	10	**(666,389)**	(2,180,130)
Cash and bank balances	26	**241,769**	220,159
		(424,620)	(1,959,971)

38. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executive and other Executives of the Company is as follows:

Notes to the Financial Statements
For the year ended June 30, 2015

	Chief Executive 2015	Chief Executive 2014	Executives 2015	Executives 2014
	---------- Rupees in '000 ----------			
Managerial remuneration and allowances	**24,986**	20,018	**169,619**	140,500
Bonus	**11,652**	10,778	**32,042**	20,794
Company's contribution to provident fund and gratuity fund	**2,810**	1,505	**16,057**	14,366
Medical	**297**	421	**12,713**	9,846
Leave passage	**1,166**	731	**6,213**	5,547
Others	**2,611**	1,628	**30,021**	27,273
	43,522	35,081	**266,665**	218,326
Number of persons	**1**	1	**72**	59

38.1 The Chief Executive and some of the executives are provided with free use of Company maintained cars.

38.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fee to nine (2014: ten) non-executive directors was Rs.9.800 million (2014: Rs.1.460 million).

39. PLANT CAPACITY AND ACTUAL PRODUCTION

		Note	2015	2014
			--- Number of units ---	
Capacity:	Tyre sets		**3,112,875**	3,112,875
Production:	Tyre sets	39.1	**2,285,229**	2,160,779

39.1 Actual production was sufficient to meet the demand.

Actual production comprises of:	2015	2014
	--- Number of units ---	
Passenger car	**802,156**	831,972
Light truck	**386,701**	321,554
Truck bus	**32,188**	34,972
Farm front	**202,542**	200,391
Farm rear	**138,213**	130,470
Motorcycle	**723,429**	641,420
	2,285,229	2,160,779

40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, companies in which directors are interested, staff retirement benefit funds, key management personnel and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Notes to the Financial Statements

For the year ended June 30, 2015

Name	Nature of relationship	Nature of transaction	2015	2014
			--- Rupees in '000 ---	
Ghandhara Industries Limited	Associated company	Sales	**109,421**	50,567
		Services rendered	**2,100**	1,950
		Truck purchased	**2,475**	-
		Advance given for truck	**1,975**	-
Ghandhara Nissan Limited	Associated company	Sales	**73,354**	38,823
		Purchases	**-**	59
Ghandhara DF (Private) Limited	Associated company	Sales	**10,420**	974
Bibojee Services (Private) Limited	Associated company	Sales	**-**	521
		Dividend paid	**107,956**	74,739
		Rent	**1,050**	600
Gammon Pakistan Limited	Associated company	Tender fee	**25**	-
Continental Global Holding Netherlands, B.V.	Related party	Dividend paid	**37,988**	26,299
Universal Insurance Company Limited	Associated company	Insurance premium	**1,076**	1,518
Pak Kuwait Takaful Company Limited	Associated company	Insurance premium	**1,077**	1,818
Continental Reifen Deutschland GmbH	Related party	Purchase of spare parts / bladders	**12,342**	2,276
		Balances written back	**-**	39,729
Continental Tire The Americas, LLC	Related party	Purchase of machinery and spare parts / bladders	**95**	2,364
		Purchase of raw materials	**57,867**	49,342
		Royalty technical service fee	**181,935**	180,999
Wackenhut Pakistan (Private) Limited	Associated company	Service charges	**3,344**	3,170
Meezan Bank Limited	Associated company	Mark-up on short term finance	**-**	9,383
Pakistan Kuwait Investment Company (Private) Limited	Associated company	Dividend paid	**116,553**	75,484
Bank Alfalah Limited	Associated company	Mark-up on running finance	**26,312**	26,832
Waqf-e-Kuli Khan	Associated undertaking	Donation	**18,320**	12,844
Key management personnel	Related party	Remuneration and other short term benefits	**146,287**	96,455
		Sale of fixed assets	**1,049**	2,388
Staff provident fund	Employees fund	Contributions made	**17,949**	16,572
Staff gratuity fund	Employees fund		**Refer note 6.1**	

Notes to the Financial Statements
For the year ended June 30, 2015

41. PROVIDENT FUND RELATED DISCLOSURES

41.1 The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2015:

	2015	2014
	--- Rupees in '000 ---	
Size of the Fund	**377,535**	363,936
Cost of investments made	**364,699**	359,976
Percentage of investments made	**96.60%**	98.91%
Fair value of investments	**369,147**	362,678

41.2 Break-up of the investments is as follows:

	2015	2014	**2015**	2014
	----- Percentage -----		**--- Rupees in '000 ---**	
Special account in a scheduled bank	**5.48**	42.34	**20,679**	154,076
Debt securities	**13.33**	13.83	**50,339**	50,349
Government securities	**33.72**	16.47	**127,288**	59,930
Listed securities	**19.46**	13.18	**73,479**	47,960
Mutual funds - units	**24.61**	13.10	**92,914**	47,661

41.3 Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42. FINANCIAL INSTRUMENTS

42.1 Financial risk factors

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

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on having volatility and provide maximum return to shareholders.

The Company's risk management policies are established to identify and analysis the risks faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from loans & advances, deposits, trade debts, other receivables and balances with banks. Out of the total financial assets aggregating Rs.1,281.701 million (2014: Rs.1,895.375 million) as detailed in note 42.3 below, those that are subject to credit risk aggregate to Rs.1,280.778 million (2014: Rs.1,861.903 million).

The maximum exposure to credit risk at the end of the reporting period is as follows:

Notes to the Financial Statements

For the year ended June 30, 2015

	2015	2014
	--- Rupees in '000 ---	
Long term loans and advances	**10,493**	10,009
Long term deposits	**33,567**	31,012
Trade debts	**851,269**	1,390,553
Loans and advances	**29,263**	21,003
Deposits	**101,133**	206,330
Other receivables	**14,207**	16,309
Bank balances	**240,846**	186,687
	1,280,778	1,861,903

Out of the total financial assets credit risk is concentrated in cash and cash equivalents and 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 with respect to trade debts the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an evaluation of customers profile and payment history. Outstanding customer receivables are regularly monitored. Where considered necessary, advance payments are obtained from certain parties.

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

	2015	2014
	--- Rupees in '000 ---	
Original equipment manufacturer	**339,656**	381,218
Government institutions	**32,572**	187,570
Replacement market	**510,592**	852,692
	882,820	1,421,480
Provision for doubtful debts	**(31,551)**	(30,927)
	851,269	1,390,553

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

The Company monitors the credit quality of its bank balances with reference to historical performance of such assets and available external credit ratings. The bank balances aggregating Rs.175.364 million placed with banks have a short term credit rating of at least A1+. Accordingly, management does not expect any counter party to fail in meeting their obligation.

(b) 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 have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to the Financial Statements

For the year ended June 30, 2015

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

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 2 years**	**3 years and above**
	Rupees in '000				
June 30, 2015					
Long term finances	**500,000**	**603,365**	**158,381**	**163,320**	**281,664**
Long term deposits from dealers	**8,990**	**8,990**	**-**	**-**	**8,990**
Short term finances	**86,030**	**87,886**	**87,886**	**-**	**-**
Running finances	**666,389**	**666,389**	**666,389**	**-**	**-**
Trade and other payables	**905,766**	**905,766**	**905,766**	**-**	**-**
Accrued mark-up	**17,331**	**17,331**	**17,331**	**-**	**-**
Provisions	**75,794**	**75,794**	**75,794**	**-**	**-**
	2,260,300	**2,365,521**	**1,911,547**	**163,320**	**290,654**

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 2 years	3 years and above
	Rupees in '000				
June 30, 2014					
Long term finances	166,667	194,982	84,158	75,947	34,877
Long term deposits from dealers	11,170	11,170	-	-	11,170
Short term finances	714,413	734,068	734,068	-	-
Running finances	2,180,130	2,180,130	2,180,130	-	-
Trade and other payables	543,961	543,961	543,961	-	-
Accrued mark-up	78,317	78,317	78,317	-	-
Provisions	103,357	103,357	103,357	-	-
	3,798,015	3,845,985	3,723,991	75,947	46,047

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, 2015.

(c) Market risk

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

Notes to the Financial Statements

For the year ended June 30, 2015

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spares and export of goods denominated in U.S. Dollar, Euro and British Pound. The Company's exposure to foreign currency risk at the reporting date is as follows:

	June 30, 2015				June 30, 2014		
	Rupees	**U.S.$**	**Euro**	**British Pound**	Rupees	U.S.$	Euro
	------------- in '000 -------------				------------- in '000 -------------		
Short term finances	**-**	**-**	**-**	**-**	22,318	226	-
Trade and other payables	**444,507**	**4,371**	**-**	**-**	167,087	1,691	1
Loans and advances	**(6,901)**	**(52)**	**(11)**	**(5)**	-	-	-
	437,606	**4,319**	**(11)**	**(5)**	189,405	1,917	1

The following significant exchange rates have been applied:	**Reporting date rate**	
	2015	2014
U.S. Dollar to Rupee	**101.70/101.50**	98.75
Euro to Rupee	**113.57**	134.73
British Pound to Rupee	**159.59**	-

Sensitivity analysis

At June 30, 2015, if Rupee had strengthened / weakened by 10% against U.S. Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher / (lower) by the amount shown below mainly as a result of foreign exchange gain / (loss) on translation of denominated financial liabilities and financial assets.

	2015	2014
Effect on profit before taxation for the year:	**--- Rupees in '000 ---**	
U.S. Dollar to Rupee	**43,924**	18,930
Euro to Rupee	**(125)**	13
British Pound to Rupee	**(80)**	-
	43,719	18,943

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

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Notes to the Financial Statements

For the year ended June 30, 2015

Majority of the interest rate risk of the Company arises from short & long term borrowings from banks and mark-up bearing deposits held with a bank. Borrowings at variable interest rates expose the Company to cash flow interest rate risk and deposits with banks at fixed interest rates give rise to fair value interest rate risk. As at June 30, 2015, the interest rate profile of the Company's significant financial instruments is as follows:

	2015	2014
	--- Rupees in '000 ---	
Fixed rate instruments		
Financial assets - note 26	**4,845**	6,066
Variable rate instruments		
Financial liabilities	**1,252,419**	3,061,210

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

At June 30, 2015, if the interest rate on the Company's borrowings had been higher / lower by 100 basis point with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.12.524 million (2014: Rs.30.612 million) mainly as a result of higher / (lower) interest expense.

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

Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as it does not hold any price sensitive instruments.

42.2 Capital risk management

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2015

42.3 Financial instruments by category

	2015	2014
	--- Rupees in '000 ---	
Financial assets as per balance sheet		
Loans and receivables		
Long term loans and advances	**10,493**	10,009
Long term deposits	**33,567**	31,012
Trade debts	**851,269**	1,390,553
Loans and advances	**29,263**	21,003
Deposits	**101,133**	206,330
Other receivables	**14,207**	16,309
Cash and bank balances	**241,769**	220,159
	1,281,701	1,895,375

	2015	2014
Financial liabilities as per balance sheet	--- Rupees in '000 ---	
Financial liabilities at amortised cost		
Long term finances	**500,000**	166,667
Long term deposits from dealers	**8,990**	11,170
Short term finances	**86,030**	714,413
Running finances under mark-up arrangements	**666,389**	2,180,130
Trade and other payables	**905,766**	543,961
Accrued mark-up	**17,331**	78,317
Provisions	**75,794**	103,357
	2,260,300	3,798,015

42.4 Fair value of financial instruments

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

At June 30, 2015 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in an Associated Company which is valued under equity method of accounting. Further, staff loans are valued at their original cost less repayments.

43. ENTITY- WIDE INFORMATION

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

43.1 Information about products and customers

The Company markets and sells tyre and tubes for automobiles and motorcycles. The principal classes of customers of the Company's product are Original Equipment Manufacturers, Replacement Market, Government Institutions and Exports. These principal classes of customers accounted for the following percentages of sales:

	2015	2014
	%	%
Original equipment manufacturers (OEM)	**52.73**	42.82
Replacement market	**40.88**	50.92
Government institutions	**5.99**	5.84
Exports	**0.40**	0.42
	100.00	100.00

Notes to the Financial Statements
For the year ended June 30, 2015

43.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2015 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material.

43.3 Information about major customers

Sales to three original equipment manufacturers aggregating Rs.4,013.116 million account for 42% of net sales.

44. NUMBER OF EMPLOYEES

	2015	2014
Number of employees as at June 30,		
- Permanent	**1,079**	1,079
- Contractual	**1,343**	1,263
Average number of employees during the year		
- Permanent	**1,077**	1,072
- Contractual	**1,289**	1,184

45. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on August 21, 2015 have proposed final cash dividend of Rs.7.00 (2014: Rs.6.50) per share, amounting to Rs.418.399 million (2014: Rs.388.513 million), for the year ended June 30, 2015. The proposed dividend will be approved in the forthcoming annual general meeting to be held on September 29, 2015.

These financial statements do not reflect the proposed dividend, which will be accounted for in the statement of changes in equity as appropriation from unappropriated profit in year ending June 30, 2016.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 21, 2015 by the Board of Directors of the Company.

Ahmed Kuli Khan Khattak
Chief Executive Officer

Mazhar Sharif
Director

Pattern of Shareholding

As on 30th June 2015

NUMBER OF SHARE HOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	NO. OF SHARES HELD
651	1	100	18,343
611	101	500	196,234
318	501	1000	286,836
604	1001	5000	1,401,395
106	5001	10000	804,234
42	10001	15000	530,780
23	15001	20000	398,709
13	20001	25000	292,587
11	25001	30000	305,481
4	30001	35000	129,548
5	35001	40000	190,754
3	40001	45000	126,562
6	45001	50000	292,925
2	50001	55000	104,000
2	55001	60000	116,200
1	65001	70000	66,210
1	70001	75000	73,500
1	80001	85000	84,061
2	85001	90000	173,400
3	95001	100000	297,568
1	100001	105000	101,399
3	115001	120000	357,744
1	120001	125000	121,442
3	145001	150000	448,764
1	150001	155000	153,500
1	185001	190000	187,500
1	195001	200000	200,000
1	215001	220000	215,100
1	230001	235000	231,382
1	235001	240000	238,493
1	240001	245000	240,418
2	340001	345000	685,901
1	470001	475000	475,000
1	550000	555000	552,300
1	575001	580000	577,500
1	730001	735000	730,300
1	740001	745000	743,000
1	755001	760000	755,500
1	780001	785000	781,500
1	890001	895000	894,900
1	910001	915000	911,000
1	960001	965000	960,500
1	2205001	2210000	2,206,600
1	2930001	2935000	2,934,476
1	5840001	5845000	5,844,300
1	14400001	14405000	14,402,112
1	17930001	17935000	17,931,292
2441			59,771,250

Categories of Shareholder

As on 30th June 2015

NUMBER	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
8	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN	600,590	1.00
3	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	40,384,304	67.56
1	NIT	2,934,476	4.91
3	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS,NON BANKING FINANCIAL INSTITUTIONS	1,018,715	1.70
2	INSURANCE COMPANIES	945,400	1.58
1	MUTUAL FUNDS	21	0.00
2396	GENERAL PUBLIC/ INDIVIDUALS	10,324,643	17.27
18	JOINT STOCK COMPANIES	882,918	1.48
9	OTHERS	2,680,183	4.48
2441		**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**	**17,931,292**
CONTINENTAL GLOBAL HOLDING NETHERLANDS B.V.	**1**	**5,844,300**
	3	**40,384,304**
DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		
LT. GEN. (RETD) ALI KULI KHAN KHATTAK	**1**	**238,493**
MR. RAZA KULI KHAN KHATTAK	**1**	**240,418**
MR. AHMAD KULI KHAN KHATTAK	**1**	**121,442**
MR. IKRAM UL MAJEED SEHGAL	**1**	**7**
DR. WILLI FLAMM	**1**	**80**
MR. MANSUR KHAN	**1**	**50**
MR. MAZHAR SHARIF	**1**	**50**
MR. M. A. FAISAL KHAN	**1**	**50**
	8	**600,590**
Bank, Development Financial Institutions, Non-banking Financial Institution, Companies, Modarabas & Mutual Funds		**1,964,136**

NUMBER	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
	SHAREHOLDERS HOLDING 5% OR MORE		
	BIBOJEE SERVICES (PRIVATE) LIMITED	1	16,608,712
	PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED	1	17,931,292
	CONTINENTAL GLOBAL HOLDING NETHERLANDS B.V.	1	5,844,300
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,934,476
	OTHERS		
	LOADS LIMITED	1	1
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	344,301
	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	12,081
	MCBFSL - TRUSTEE JS VALUE FUND	1	341,600
	CDC - TRUSTEE JS LARGE CAP. FUND	1	552,300
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	475,000
	CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	1	50,000
	MC FSL - TRUSTEE JS GROWTH FUND	1	894,900
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	10,000

Electronic Transmission Consent Form

The Securities and Exchange Commission of Pakistan through SRO 787(1)/ 2014 of 08 September 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor' report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/ CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Registrar, Management and Registration Services (Pvt.) Limited, Business Executive Center, F/17/3, Block-8, Clifton, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its S.R.O. 787(1)/ 2014 of 8 September 2014, I, Mr./ Ms. ___________________________S/o., D/o., W/o _______________________ hereby consent to have The General Tyre & Rubber Company of Pakistan Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/ Shareholder	
Folio/ CDC Account Number	
CNIC	
Email Address	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

____________________________ Date : ____________________________

Signature of Member/ Shareholder

Form of Proxy

Please quote:

No. of Shares held_______________

Folio No. _______________________

CDC Part. ID ____________________

A/C/Sub A/C No. ________________

The Company Secretary

The General Tyre and Rubber Company

of Pakistan Limited

H-23/2, Landhi Industrial Trading Estate

Landhi, Karachi

I/We--- of ----------------------- Member(s) of The General Tyre & Rubber Company of Pakistan Limited do hereby appoint -- of ---------------------- or failing him --- of ---------------------- as proxy in my/ our behalf at the Fifty-Secound (52nd) Annual General Meeting of the Company to be held at the Institute of Chartered Accountants of Pakistan Conference Hall, Clifton, Karachi on Tuesday, September 29th, 2015., at 11.00 a.m. and at any adjournment thereof.

Signature on
Revenue Stamp
of Rs. 5/=

Signature of Shareholder

Name of Shareholder

Witnesses:

Signature	Signature
Name	Name
CNIC/Passport No.	CNIC/Passport No.

AFFIX
POSTAGE

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