

The General Tyre and Rubber Company of Pakistan Limited

(A Bibojee Group Company)

(33rd ANNUAL REPORT 1996)

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BOARD OF DIRECTORS

Raza Kuti Khan Khattak Chairman	Dr A.S. Hufti Managing Director
Brig (Retd) Hahmud Jan Humayaun S. Hufti Adnan Ahmed All Irfan Siddiqui Abdulazim Mohammad Ali AI-Shamali Dr J. Mispagel (Technical)	Ahmed Kuli Khan Khattak Chaudhry Sher Mohammad A.K.H. Sayeed Shahid Ghaffar David R. Johnson

COMPANY PROFILE

Secretary

Chaudhry Sher Mohammad

Bankers

American Express Bank Limited
Deutsche Bank AG
Muslim Commercial Bank Limited
National Bank of Pakistan
Allied Bank of Pakistan Limited
Faysal Bank Limited
National Development Finance Corporation
Banque Indosuez

Societe Generale The French and International Bank
Bank Al-Habib Limited
ANZ Grindlays Bank

Auditors

Hameed Chaudhri & Company
Chartered Accountants

Registered Office & Factory

H-23/2, Landhi Industrial Trading Estate, Landhi
Karachi, Phone: 7738862-3-4-7

Head Office

P & O Plaza, I.I. Chundrigar Road, Karachi
Phone: 2417571-4, Fax: 2430662, 2418781 Telex: 21495 6TR PK

Branch Office

Lahore
Gardee Trust Building, Thornton Road, Lahore.
Phone: 352663 Fax: 7235745

Islamabad
Plot No. 176, 1- 10/3 Kurang Road, Islamabad.
Phone: 449955, 449956 Fax: 417071

Liaison Office

6, Agha Khan Road
F-6/4, Islamabad
Phone: 820829 Fax: 220805

NOTICE OF MEETING

Notice is hereby given that the Thirtythird Annual General Meeting of The General Tyre & Rubber Company of Pakistan Limited will be held at Beach Luxury Hotel, Karachi on Tuesday 24th December 1996, at 11.00 a.m to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extra-Ordinary General Meeting of the Shareholders held on August 20, 1996.
2. To receive and consider the audited accounts for the 18th months period ended June 30, 1996, together with Directors' and Auditors' reports thereon.
3. To appoint auditors for the year 1996-97 and to fix their remuneration. The Board of Directors have recommended appointment of existing auditors M/s. Hameed Chaudhri & Co., Chartered Accountants along with A.F. Ferguson & Co., Chartered Accountants as Joint Auditors.
4. Any other matter with the permission of the Chair.

Special Business

1. To approve issue of bonus shares in the ratio of one bonus share for every ten ordinary shares i.e. @ 10%.
2. To approve the remuneration payable to the Managing Director and whole-time working Director.

Statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Business is annexed herewith.

BY ORDER OF THE BOARD

Karachi
Dated: November 24, 1996

(CH. SHER MOHAMMAD)
Director & Secretary

NOTES:

1. The share transfer books of the company will remain closed from December 16, 1996 to December 24, 1996 (both days inclusive). The members whose names appear in the Register of members as at the close of business on December 16, 1996, will qualify for the purpose of issue of bonus shares.
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 with the Company's Shares Department located at Parker House, Aiwan-e-Tijarat Road, Off I.I. Chundrigar Road, Karachi not later than 48 hours before the time for holding the meeting.
3. Members are requested to notify any change in their addresses immediately.

Statement Under Section 160 of the Companies Ordinance, 1984.

1. The Directors have recommended issue of bonus shares @ 10% i.e. in the ratio of one bonus shares for every ten ordinary shares held by the members at the close of business on December 16, 1996. For this purpose to approve capitalization of a sum of Rs. 15,525,000 partly out of General Reserves and the remaining out of profits as on June 30, 1996 and to pass, with or without notification, the following resolutions as Ordinary Resolutions:

"RESOLVED:

- a) That a sum of Rs. 15,525,000 partly out of General Reserves and the remaining out of the profits of the Company as on June 30, 1996 be capitalized and applied to the issue of Ordinary Shares of Rs. 10/- each as fully paid Bonus Shares to the members of the Company whose names appear on the register of members as at the close of business on December 16, 1996 in the proportion of one bonus share for every ten shares held.
- b) That the members entitled to fractions of a share shall be given the sale proceeds

of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market.

c) That the Managing Director of the Company be and is hereby authorized and empowered to give effect to the resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares."

The Directors are interested in this business only to the extent of their entitlement to the bonus shares as shareholders.

2. The remuneration of Dr A.S. Hufti, Managing Director was reviewed in 1994. Furthermore, Ch Sher Mohammad, Director Finance & corporate Affairs and Secretary has been elected as director and is working as whole-time director. He is entitled to remuneration in accordance with the terms and conditions of his service. For this purpose, it is proposed to pass the following resolution as an Ordinary Resolution, namely:

"RESOLVED THAT Dr A.S. Hufti, Managing Director and Ch Sher Hohammad, whole-time Director be paid a sum not exceeding in the aggregate Rupees 4.1 million per annum consisting of salary and allowances but excluding perquisites and long-term benefits effective August 23, 1996.

Further resolved that these Directors shall be entitled to receive annual increase in salary and allowances equivalent to the rate of increase approved to Management staff, but not exceeding 10%."

CHAIRMAN'S REVIEW

I welcome you to the Thirtythird Annual General Meeting of General Tyre & Rubber Company of Pakistan Limited and present the Report & Accounts for the eighteen months period ended June 30, 1996. in compliance with the Finance Act 1995 your company has changed its accounting year from December to June and are therefore, presenting financial statements for the period January 1995 to June 1996.

OPERATING RESULTS

The Company recorded a pretax profit of Rs 28.8 Nillion during the eighteen months of 1995-96 as against pretax profit of Rs 26.1 Nillion in 1994. On a year to year basis production and Sales in terms of unit increased by 17% and 16% respectively due to enhanced production/sale in all segments of products caused by higher demand from Assembly Plants particularly the truck assembly plants. Similarly Gross Sales increased by 44% as compared to the last year due to enhanced unit sales and better selling prices. This is a reflection of strong demand for company's products.

Your Company incurred a pretax loss of Rs 31.7 Million during first half ended June 30, 1995, due to substantial increase in prices of imported raw materials, the impact of which could not be fully absorbed by increasing the selling prices. I am pleased to report that the adverse profitability situation has been partially retrieved by gradual increase in selling prices during the last one year thereby improving the gross profit margin for the previous twelve months.

The Company earned a profit before tax of Rs 60.5 Nillion during July 1995 June 1996 period out of which loss incurred during the first half ended June 30, 1995 Rs 31.7 Million was recouped thereby leaving a balance of Rs 28.8 Nillion. This is a significant improvement and a turnaround situation for the Company. The profit would have been still better, had it not been marred by 7% devaluation of the currency and imposition of 10% regulatory duty during the second quarter of the year.

EXPANSION PROGRAMME

The original expansion programme envisaged increase in production capacity by 500,000 tyres involving a cost of Rs 1.23 billion. This programme is now proposed to be implemented in two phases. The first phase envisages increase in production of tyres by 306,000 to 1,062,000 tyres per year involving a cost of Rs 722.0 Million, is currently being implemented. The second phase will be implemented upon successful completion of the first phase.

A FINANCING

The Right Shares were fully subscribed in August 1995. International Finance Corporation (IFC) Washington has approved a loan of US \$ 10.7 Million (including standby loan of US\$ 1.5 Million and subordinated convertible loan of US \$ 2.4 Million) to meet project cost requirement for the first phase of the Expansion Project. The terms and conditions of this loan are being negotiated with the IFC management. In addition, Islamic Development Bank (IDB) Jeddah has approved a Lease Financing of US\$ 5.0 Nillion to meet the remaining foreign currency cost requirement. The terms and conditions of this financing arrangement are being negotiated. The rupee loan requirement is being met from Saudi Pak loan of Rs. 85.0 Million.

B PROJECT IMPLEMENTATION

The revised scope of expansion project (Phase 1) comprises of:

- increase in production capacity by 84,000 farm tyres and;
- Increase in production capacity by 222,000 steel belted radial passenger/Light truck tyres.

I am pleased to report that installation of farm tyre machinery has been completed, trial production commenced and regular production will start from December 1996. As regards installation of radial tyres capacities, part of this project is also under implementation i.e. civil work is in progress, steelastic machinery/X-ray machine, which are required for radial tyre production, have arrived. This part Of radial tyres project will be operational by the end of 1997.

FUTURE OUTLOOK

The Commencement of additional production of Farm tyres will provide boost to Company's Sales and profitability. However, devaluation of Pak Rupee in relation to USS by 8.5% and other fiscal measures initiated by the Government on October 22, 1996 will affect the profitability. In addition, lowering of import duty on Light Commercial vehicle tyres from 65% to 25% as implemented in the 1996 budget is a fiscal anomaly which requires government's remedial action.

BOARD OF DIRECTORS

As a consequence of election to the Board of Directors held in the Extra Ordinary General Meeting on August 20, 1996 a new Board was elected. The Board members place on record their appreciation for the valuable services rendered by the outgoing members namely Mr. Hoshang Kandawala, Mr. J.L. Dillon, Mr. Khawaja Asadullah and Mr. Nefer Jooma and

welcome the new Directors on the Board.

**DIRECTORS' REPORT
TO THE SHAREHOLDERS**

Your Directors are pleased to place before you the audited financial statements for the eighteen months ended June 30, 1996.

	Rupees
Profit and Appropriations	
Profit after taxation	9,038,137
Unappropriated profit brought forward	1,964,862

Profit available for appropriation	11,002,999
Appropriations	
Transfer to reserve for bonus issue	15,525,000
Transfer from general reserve	(5,000,000)

	10,525,000

Unappropriated profit	477,999
	=====

Chairman's Review

The Directors of the Company endorse the contents of the Chairman's Review dealing with the activities of the Company.

Pattern of Shareholding

A Statement showing the pattern of holding of shares as at June 30, 1996 is attached.

Auditors

The present Auditors, Messrs Hameed Chaudhri & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

For and on behalf of the Board of Directors

Karachi: November 24, 1996

DR A. S. MUFTI
Chief Executive

Five Years at a Glance

	(RS. in million)				
	1996	1994	1993	1992	1991
Operating Results					
Gross sales	1,765	1,220	1,243	1,346	1,153
Net sales	1,379	971	997	1,080	879

Gross profit	174	143	189	181	163
Profit before tax	61	28	73	83	74
Profit after tax	44*	30	58	66	50
Financial Position					
Gross assets	1,769	1,581	1,649	1,384	1,266
Paid up share capital	155	124	83	83	2
Reserves and unappropriated profit	243	125	135	77	84
Shareholders' equity	398	249	218	160	136
breakup value per share	26	20	26	19	26
Contribution to public exchequer	448	332	421	339	308

* 1996 figures for eighteen months annualized

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of THE GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED as at 30 June, 1996 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the eighteen months 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 and, after due verification thereof, 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 period was for the purpose of Company's business; and

(iii) the business conducted, investments made and expenditure incurred during the period 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 and the cash flow statement, together with the notes forming part thereof, 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 30 June, 1996 and of the profit and cash flow for the eighteen months then ended; and

(d) in our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

Accounts

BALANCE SHEET AS AT 30 JUNE, 1996

Notes	30 June, 1996 Rupees	31 December, 1994 Rupees
Share capital		
Authorised		
30,000,000 shares of Rs. 10 each	300,000,000	300,000,000
issued, subscribed & paid-up	3 155,250,000	124,200,000
Reserves & unappropriated profit		
Reserves	4 241,950,000	122,750,000
Unappropriated profit	477,999	1,964,862
	-----	-----
	242,427,999	124,714,862
	-----	-----
	397,677,999	248,914,862
Redeemable capital	5 47,396,776	-
Debentures & long term loans	6 15,622,416	22,750,000
Obligation under finance leases	7 1,740,952	25,976,212
Deferred liabilities		
Provision for gratuity	48,032,568	40,795,143
Deferred taxation	6,200,000	6,200,000
	54,232,568	46,995,143
Long term deposits	8 6,730,000	6,710,000
Current liabilities		
Short term finances/borrowings	9 199,542,346	330,094,707
Current maturity of long term liabilities	10 22,084,027	37,110,136
Creditors, provisions & accrued charges	11 408,738,509	346,709,573
Dividend	12 533,837	545,292
Provision for Taxation	29,052,500	10,619,292
	-----	-----
	659,951,219	725,079,000

**Contingent liabilities /
commitments**

13

1,183,351,930 1,076,425,217

=====

The annexed notes form an integral part of these accounts.

Tangible fixed assets

Operating Fixed	14	240,932,347	302,264,275
Capital work in progress	15	84,614,187	4,701,129

325,546,534 306,965,404

Investments	16	606,200	1,915,300
Long term loans	17	999,911	1,140,816
Long term deposits and deferred costs	18	8,769,718	6,828,957

Current assets			
stores	19	128,622,454	121,139,761
Stocks	20	402,692,212	315,809,835
Trade debtors	21	132,145,231	138,151,155

Advances, deposits, prepayments			
6~ other receivables	22	153,411,422	148,813,724
Cash 6L bank balances	23	30,558,248	35,660,265

847,429,567 759,574,740-----
1,183,351,930 1,076,425,217

=====

PROFIT & LOSS ACCOUNT**FOR THE EIGHTEEN MONTHS ENDED 30 JUNE, 1996**

	Note	30 June, 1996 Rupees	31 December, 1994 Rupees
Sales	24	1,935,961,154	971,243,672
Less: cost of sales	25	1,721,103,983	828,642,855
		-----	-----
Gross profit		214,857,171	142,600,817
Operating expenses			
Administrative	26	47,161,914	29,167,938
Selling and distribution	27	38,555,931	24,273,794
		85,717,845	53,441,732
		-----	-----
Operating profit		129,139,326	89,159,085

Other income	28	18,384,097	19,950,918
		147,523,423	109,110,003
Less:		-----	-----
Financial expenses	29	110,089,246	80,595,054
Other charges	30	8,598,778	2,414,533
		118,688,024	83,009,587
		-----	-----
Profit before taxation		28,835,399	26,100,416
Provision for taxation			
Current		22,000,000	5,500,000
Prior years		(3,755,238)	(3,559,305)
Deferred		-	-6,300,000
Bonus issue		1,552,500	-
		-----	-----
		19,797,262	(4,359,305)
		-----	-----
Profit after taxation		9,038,137	30,459,721
Unappropriated profit brought forward		1,964,862	1,505,141
		-----	-----
Profit available for appropriation		11,002,999	31,964,862
Appropriations			
Transfer (from)/to general reserve		(5,000,000)	30,000,000
Transfer to capital reserve for bonus issue		15,525,000	-
		10,525,000	30,000,000
		-----	-----
Unappropriated profit retained		477,999	1,964,862
		=====	=====

The annexed notes form an integral part of these accounts

CASH FLOW STATEMENT

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE, 1996

	Note	30 June, 1996 Rupees	31 December, 1994 Rupees
Cash Flow from operating activities	A	213,330,506	132,618,652
Return on investment and servicing of finance			
Hark up/interest paid		(93,823,663)	(64,991,694)
Finance charges on leased assets		(7,334,481)	(13,099,721)
r4ark up/interest received		1,271,238	5,348,922
Dividend paid		(11,455)	(48,244)
		-----	-----
Net out flow from return on investment and servicing of finance		(99,898,361)	(72,790,687)

Taxation

Paid including tax deducted at source	(31,291,076)	(17,328,099)
---------------------------------------	--------------	--------------

Investing activities

Fixed capital expenditure	(88,912,588)	(19,709,136)
Sale proceeds of fixed assets	1,076,805	488,190

Cash out flow from investing activities	(87,835,783)	(19,220,946)
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Net cash flow before financing activities	(5,694,714)	23,278,920
---	-------------	------------

Financing activities

Right shares subscription including share premium	139,725,000	-
Redeemable capital	50,421,087	-
Decrease in short term borrowing	(130,552,361)	(47,621,345)
Repayment of redeemable capital	(2,788,824)	(6,140,152)
Redemption of debentures	(18,750,000)	(12,500,000)
Repayment of obligation under finance lease	(26,791,049)	(89,803,159)
Long term deposits	1,869,200	926,062
Right shares issue expenses	(5,442,801)	-
Repayment of deferred customs duty	(2,613,807)	-
Repayment of long term loans	(4,500,000)	-
Mark up on rights share subscription	(18,345)	-

	558,100	(155,138,594)
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Net decrease in cash and cash equivalent	B (5,136,614)	(131,859,674)
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CASH FLOW STATEMENT**FOR THE EIGHTEEN MONTHS ENDED 30 JUNE, 1996**

	30 June, 1996 Rupees	31 December, 1994 Rupees
A. Reconciliation of operating profit to net cash flow from operating activities.		
Profit before taxation	28,835,399	26,100,416
Adjustment for:		
Depreciation	82,427,169	57,197,029
Profit on sale of fixed assets	(946,653)	(488,190)
Provision for gratuity	10,166,035	5,388,967
Provision for diminution in value of investment	1,309,100	327,275
Interest income	(1,399,659)	(4,756,810)
Interest/mark up expenses	98,257,667	65,017,691
Finance charges on leased assets	8,109,421	13,099,721
Exchange Gain/loss	(34,597)	(5,524,435)
Deferred cost amortised	1,632,840	-

Provision for doubtful debts	3,000,000	-
Operating profit before working capital changes	231,356,722	156,361,664
(Increase)/decrease in current assets		
Stores	(7,482,693)	(15,831,462)
Stocks	(86,882,377)	8,348,965
Trade debtors	3,005,924	3,073,439
Advances, deposits & prepayments	25,598,650	(22,564,324)
	(65,760,490)	(26,923,382)
Increase/(decrease) in current liabilities		
Creditors, provision accrued charges	50,426,790	5,897,719
Waqf-e-Kuli Khan	216,100	(2,000,000)
	50,642,890	3,892,719
Dealers security deposits	20,000	290,000
Gratuity paid	(2,928,610)	(957,349)
Net inflow from operating activities	213,330,506	132,618,652
	=====	
B. Changes in cash and cash equivalents		
Opening balance	35,660,265	161,995,504
Net (decrease) in cash and cash equivalents	(5,136,614)	(131,859,674)
Exchange gain	34,597	5,524,435
Cash and cash equivalents as at 30 June, 1996	30,558,248	35,660,265
	=====	
C. Non cash transactions		
Assets acquired under finance lease	2,408,000	-
	=====	

NOTES TO THE ACCOUNTS

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE, 1996

1. The Company and its Operations

The General Tyre and Rubber Company of Pakistan Limited is a public limited company quoted on Karachi and Lahore stock exchanges in Pakistan. The company is engaged in the manufacture and sale of Tyre and tubes for automobiles.

2. Significant Accounting Policies**2.1 Accounting convention**

These accounts have been prepared under historical cost convention.

2.2 Staff retirement benefits

The company operates an unfounded gratuity scheme for its employees whose period of service is one year or more. Annual provision is made to cover obligation under this scheme.

2.3 Taxation

Provision for current taxation is made on the taxable income if any, after taking into account tax credits and tax rebates available if any.

The company account for deferred taxation on all major timing differences using the liability method. However, deferred tax is not provided for, if it can be established with reasonable probability that the timing differences are not likely to reverse in the foreseeable future.

2.4 Fixed assets and depreciation

Fixed assets other than leasehold land are stated at cost less accumulated depreciation. Leasehold land is stated at cost. Cost of certain assets consist of historical cost and net exchange differences on loans utilised for the acquisition of these assets.

Depreciation is charged to income on straight line basis at the annual rates of 2.5% to 20% of the cost depending upon the class of assets. The net exchange difference relating to an asset is depreciated at the annual rates of depreciation.

Depreciation on leased assets is charged to income on straight line basis at the annual rates applied for owned assets.

Maintenance and normal repairs are charged to expenses as and when incurred. Major repairs and renewals are capitalized.

Gains or losses on disposal of fixed assets are included in the profit and loss account.

2.5 Stores

These are valued at average cost. Items in transit are valued at cost.

2.6 Stocks

These are valued at lower of cost or net realisable value. Cost in relation to raw materials in hand has been arrived on average cost basis. Work in process and finished goods have been valued on the basis of predetermined standards which approximate the cost of latest purchases using the estimated exchange rates. Raw materials in bond have been valued at cost.

Claim tyres are valued at estimated realisable value.

2.7 Translation of foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the exchange rates which approximate to those prevailing on the balance sheet date. Exchange gains or losses on the loans utilised for the acquisition of plant and machinery are adjusted against the cost of such plant and machinery. All other exchange differences are included in the profit and loss account.

2.8 Deferred Costs

These costs are amortised over a period of five years.

2.9 Investments

Quoted investment are valued at cost less provision for diminution in market value. Dividend received if any, is reflected in the profit and loss account.

2.10 Accounting for leased assets

The company account for leased assets acquired under finance leases by recording the asset and the related liability. Finance charge is allocated in a manner so as to produce a constant rate of charge on the outstanding liability.

2.11 Revenue recognition

Sales are recorded on dispatch of goods.

2.12 Presentation

In order to comply with requirement of the Finance Act, 1995 that the Income year for the purposes of filing of income tax return must end on 30 June, the company decided to change the accounting year from 31 December, to 30 June. The company has prepared these financial statements for the period of eighteen months ended 30 June, 1996, whereas the comparative figures are for the year ended 31 December, 1994.

Figures have been rounded off to the nearest rupee and figures of the previous year have been rearranged, wherever necessary, for the purposes of comparison.

3. Issued, Subscribed & Paid Up Capital

	30 June, Rupees	31 December, 1996 Rupees	1994
7,133,320(1994-4, 028, 320) Ordinary shares of Rs. 10 each fully paid up in cash	71,333,200	40,283,200	
186,680 Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	1,866,800	1,866,800	
8,205,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	82,050,000	82,050,000	
----- 15,525,000 =====	----- 155,250,000 =====	----- 124,200,000 =====	

3.1 During the period 3,105,000 ordinary shares of Rs. 10 each were issued for cash at a premium of RS. 35 per share.

4. Reserves

30 June,
1996

31 December,
1994

	Capital		Revenue		Rupees	Rupees
	Share premium account	Reserve for bonus issue	General reserve	Research & Development reserve		
Balance as at 31 December, 1994	-	-	110,000,000	12,750,000	122,750,000	134,150,000
Received during the period	108,675,000-	-	-	-	108,675,000-	
Bonus shares issued during the year	-	-	-	-	-	(41,400,000)
Transferred from/(to) Profit & Loss Account	-	15,525,000	(5,000,000)	-	10,525,000	30,000,000
	-----	-----	-----	-----	-----	-----
	108,675,000	15,525,000	105,000,000	12,750,000	241,950,000	122,750,000
	=====	=====	=====	=====	=====	=====

5. Redeemable Capital

	30 June, 1996	31 December, 1994
	Rupees	Rupees
Secured		
PTCs (note 5.1)	-	-
LFH financing (note 5.2)	-	-
Long term finance under mark up arrangement (note 5.3)	47,396,776	-
	-----	-----
	47,396,776	-
	=====	=====
5.1 Participation Term Certificates (PTCs)		
Balance as at 30 june, 1996	-	2,503,900
Less: redeemable within the following twelve months	-	2,503,900
	-----	-----
	-	-
	=====	=====
5.1.1 PTCs have been redeemed during the period.		
5.2 LFM Financing		
LFM Finance	-	284,924
Less: redeemable within the following		

twelve months

-	284,924

-	-
=====	

5.2.1 LFH finances have been repaid during the period.

5.3 Long Term Finances under mark up arrangement.

Disbursed during the period	50,421,087	-
Less: redeemable within the following twelve months	3,024,311	-
	47,396,776	-

5.3.1 The company has arranged long term finance from Saudi Pak Investment Company (Pvt.) Limited (Saudi Pak). In terms of mark up financing agreement, Saudi Pak has agreed to purchase certain assets of the company for a sum of Rs. 85.0 million and the company has agreed to buy back the said assets for a sum of Rs. 149.65 million. The rate of mark up worked out to 18.5% per annum. The purchase price is repayable in 12 half yearly instalments commencing from 22 April, 1996 and ending on 22 October, 2001. Saudi Pak has disbursed Rs. 50,421,087 upto 30 June, 1996.

5.3.2. The finance is secured against equitable mortgage of the company's immovable properties and demand promissory note.

6. Debentures and Long Term Loans

	30 June, 1996 Rupees	31 December, 1994 Rupees
Secured		
Debtures (note 6.1)	-	6,250,000
Deferred customs duty (note 6.2)	3,622,416	-
Unsecured		
Long term loans (note 6.3)	12,000,000	16,500,000

	15,622,416	22,750,000
	=====	
6.1 Debentures		
Syndicate A debentures	-	12,187,500
Syndicate B debentures	-	6,562,500

	-	18,750,000
Less: redeemable within the following twelve months.	-	12,500,000

	-	6,250,000
	=====	

6.1.1 The debentures have been redeemed during the period.

6.2 Deferred customs duty

Balance as at 30 June, 1996	3,622,416	2,613,807
Less: payable within the following twelve months.	-	2,613,807

	3,622,416	-
	=====	

6.2.1 This represents customs duty deferred on import of Plant and Machinery and is secured against bank guarantee.

6.2.2 The surcharge at the rate of 4% per annum is payable half yearly commencing from 12 February, 1996 and ending on 12 August, 1998.

6.2.3 The deferred customs duty is payable in lump sum on 12 August, 1998.

6.3 Long term loans

	30 June, 1996 Rupees	31 December, 1994 Rupees
Sponsors' loan		
From director	12,000,000	12,000,000
From associated undertaking	-	4,500,000

	12,000,000	16,500,000
	=====	

6.3.1 The loan carry interest at the rate of 22% (1994: 11%) per annum. Terms of repayment have not yet been settled.

7. Obligation under the Finance Leases

	30 June, 1996 Rupees	31 December, 1994 Rupees
Atlas Lease Company Ltd.	-	840,275
First Grindlays Modaraba	17,382,386	25,939,382
First Professional Modaraba	-	12,945,927
Pak Libya Holding Company (Pvt.) Ltd.	1,216,396	5,458,133
Modaraba AI-Mali	2,201,886	-
	20,800,668	45,183,717
Less: payable within the following twelve months	19,059,716	19,207,505

	1,740,952	25,976,212
	=====	

7.1 The company has entered into lease agreements for machinery, office equipment

and motor vehicles.

7.2 The rates of finance charge applied vary from 1.37% to 1.524% per month and 3.178% to 4.651% per quarter.

7.3 The future minimum lease payments to which the company is committed under lease/purchase and lease agreements are due as follows:-

	30 June, Rupees	31 December, 1996 Rupees	1994
Within one year (1996-97)	21,055,683	25,152,165	
Within two to four years (1997-2000)	2,159,920	29,569,515	

	23,215,603	54,721,680	
Less: finance charge allocated to future periods	2,414,935	9,537,963	

	20,800,668	45,183,717	
	=====		

Classified as under:

Long term obligation under finance lease	1,740,952	25,976,212
Current obligation under finance lease	19,059,716	19,207,505

	20,800,668	45,183,717
	=====	
8. Long Term Deposits		
Dealers security deposits	6,730,000	6,710,000
	=====	

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

8.2 The net deposits received after the enforcement of Section 226 of Companies Ordinance 1984 have been kept in a separate bank account.

9. Short Term Finances/Borrowings

	30 June, Rupees	31 December, 1996 Rupees	1994
Working capital finance (note 9.1)	30,000,000	30,000,000	
Morabaha financing (note 9.2)	35,000,000	43,675,000	
Cash finances (note 9.3)	25,744,906	51,811,951	
Running finances (note 9.3)	87,704,189	106,604,923	
Demand finances (note 9.3)	21,093,251	23,502,833	
Associated undertaking	-	74,500,000	

 199,542,346 330,094,707
 =====

9.1 Working Capital Finance

The company has arranged working capital finance from National Development Finance Corporation amounting to Rs. 30,000,000 which is secured by way of parri passu charge against hypothecation of company's stocks and trade debts.

Working capital finance carries markup at the rate of 48 paisas per 1,000 rupees per day.

9.2 Morababa Financing

The company has entered into an agreement under Morabaha Financing arrangement with Faysal Bank Limited. Under the arrangement the company has obtained finances amounting to Rs. 20.0 million and Rs. 15.0 million which are secured against parri passu charge on stocks and trade debts. The finances are payable on 5 September, 1996 and carry markup at the rate of 16% per annum.

9.3 The company has arranged short term finances from various banks on markup basis, under these arrangements the company can avail finances aggregating Rs. 204.5 million (1994: Rs. 204.5 million). The short term finances are secured by way of parri passu charges against hypothecation of company's stocks and trade debts. The rates of markup range from 42 paisas to 50 paisas per 1,000 rupees per day.

10.. current Maturity of Long Term Liabilities

	30 June, 1996 Rupees	31 December, 1994 Rupees
Redeemable capital		
PTCs	-	2,503,900
LFM financing	-	284,924
Saudi Pak	3,024,311	-
Debentures	-	12,500,000
Current obligation under finance leases	19,059,716	19,207,505
Deferred Customs duty	-	2,613,807
	----- 22,084,027	----- 37,110,136 =====

11. Creditors, Provisions & Accrued Charges

Creditors	271,403,822	234,572,151
Accrued expenses (note 11.1)	83,838,220	88,496,560
Advances from customers	4,384,085	9,255,689
Staff provident fund	53,347	4,800
Markup on short term finances secured	12,714,574	3,700,698
Interest on Deferred Customs Duty	192,995	-
Associated undertaking	-	464,349

Profit payable on PTCs	-	283,845
Markup on redeemable capital	1,701,202	-
Markup on leased assets	774,940	-
Workers welfare Fund	1,144,041	800,000
Workers profit participation fund (note 11.2)	1,606,838	3,489,463
Sales tax	26,616,039	-
Waqf-e-Kuli Khan	2,666,100	2,450,000
Others	1,642,306	3,192,018

	408,738,509	346,709,573
	=====	

11.1 Accrued expenses include Rs. 92,983 (1994: Rs. 85,783) payable to associated undertaking.

11.2 Workers profit participation fund

	30 June, 1996	31 December, 1994
	Rupees	Rupees
Balance as at 31 December, 1994	3,489,463	4,081,507
Interest credited	138,791	242,007

Payments during the period	3,628,254	4,323,514

	3,628,254	2,366,309

Contributions for the year	-	1,957,205
	1,606,838	1,532,258

	1,606,838	3,489,463
	=====	

The company retains the allocation to the fund for its business operations till its payment to the fund.

12. Dividend

	30 June, 1996	31 December, 1994
	Rupees	Rupees
Unclaimed dividend	533,837	545,292

	533,837	545,292
	=====	

13. Contingent Liabilities/Commitments

13.1 Customs duties and surcharge amounting to Rs. 68.9 million on plant and machinery imported under lease/purchase agreement has been deferred till the ownership is transferred to the company after payment of rental charges. The Central Board of Revenue has levied interest at the rate of one percent above bank rate on duties and surcharge deferred till the duties are paid. The company

has made representations to the Central Board of Revenue for the withdrawal of levy of interest until ownership is transferred to the company. If, however, it is decided otherwise, the total annual interest payable upto 30 June, 1996 will be Rs. 98.2 million.

	30 June, 1996 Rupees Million	31 December, 1994 Rupees Million
13.2 Bank guarantees	15	73
13.3 Letters of credit	64	30

13.4 The Excise department issued two demand notices for payment of sales tax for Rs. 3.6 million and Rs. 2.9 million aggregating to Rs. 6.5 million. These demands represent sales tax levied on tyres, tubes and flaps supplied to approved assembly plants during July 1985 to October 1986, which were otherwise exempted from the levy of sales tax under SRO 666(1)81. Appeal filed by the company with the Collector (Appeals) against the initial demand of Rs. 3.6 million was dismissed. The company approached Deputy Collector, Central Excise and Land Customs for rectification which was rejected. The management has filed appeal in the Sindh High Court. Appeal against the second demand of Rs. 2.9 million, filed with the Collector (Appeals) was decided against the company. The management has filed review petition with the Additional Secretary, Central Board of Revenue. Although the company has paid Rs. 3.6 million against initial demand under protest and Rs. 2.9 million against second demand, no provision has been made as the company expects the demands to be withdrawn eventually in appeals/rectification.

13.5 Taxation

The Deputy Commissioner of Income Tax imposed penalties amounting to Rs. 112,969 for assessment year 1992-93, Rs. 90,375 for assessment year 1993-94 and Rs. 67,781 for assessment year 1994-95 for non deduction of tax under section 50(7D) from the debenture interest paid to Investment Corporation of Pakistan led consortium. The Income Tax Appellate Tribunal has set aside the issue for the assessment year 1992-93 for determination of the amount paid by the company on or after 1 July, 1991 and to charge tax for the period of default. The penalties for the assessment years 1993-94 and 1994-95 amounting to Rs. 158,156 have been charged to provision for taxation prior years.

13.6 Islamic Development Bank, Jeddah vide telex dated 19 July, 1995 has claimed Islamic Dinars 10,979 equivalent to Rs. 249,170 as short receipt of last instalment due on 30 December, 1994. The shortfall has arisen due to exchange fluctuation. The ownership of the leased assets will be transferred in the name of the company on receipt of the above amount and a token price of Islamic Dinar one equivalent to Rs. 22.6951.

Miss 27

14.2 Disposal of Fixed Assets

Particulars	Cost	Accu- mulated deprecia- tion	Written Down value	Sale Proceeds	Profit (Loss)	Particulars of Purchasers
Plant & Machinery						
Lighting Mixer		5,937	5,937	-	180,000	180,000 Insurance Claim Premier Insurance Co., Ltd.
Pneumatic Stirrer		2,752	2,752	-	85,000	85,000 Insurance Claim Premier Insurance Co. Ltd.
	-----	-----	-----	-----	-----	
		8,689	8,689	-	265,000	265,000
	-----	-----	-----	-----	-----	
Laboratory Equipment's Lighting Mixer		966	966	-	90,000	90,000 Insurance Claim Premier Insurance Co., Ltd.
Potentiometer		4,174	4,174	-	62,700	62,700 Insurance Claim Premier Insurance Co., Ltd.
	-----	-----	-----	-----	-----	
		5,140	5,140	-	152,700	152,700
	-----	-----	-----	-----	-----	
Motor Vehicles						
Nissan Sunny		355,000	355,000	-	125,000	125,000 Negotiation-S.M. All Employee
Nissan Sunny		165,000	165,000	-	85,000	85,000 Insurance Claim Premier Insurance Co., Ltd.
Mercedes Benz		500,000	500,000	-	205,786	205,786 Tender M. Sharif Raza, D/52 KDA Scheme NO.-1, Karachi.
Suzuki Margala		325,380	195,228	130,152	130,132	(20) Syed Iqbal Hussain (Late) Employee
	-----	-----	-----	-----	-----	
		1,345,380	1,215,228	130,152	545,918	415,766
	-----	-----	-----	-----	-----	
Furniture & fixtures						
Table		3,325	3,325	-	1,650	1,650 Tender - Mr. Ghulam Qadir Employee
office table & chairs		1,57	1,565	-	1,100	1,100 Insurance Claim Premier Insurance Co., Ltd.
	-----	-----	-----	-----	-----	
		4,890	4,890	-	2,750	2,751
	-----	-----	-----	-----	-----	

Office equipment's					
Various items	101,060	101,060	-	96,000	96,000 Insurance Claim Premier Insurance Co.. Ltd.
Various items	122,118	122,118	-	14,437	14,437 Tender - Various employees
	-----	-----	-----	-----	-----
	223,178	223,178	-	110,437	110,437
	-----	-----	-----	-----	-----
Total	1,587,277	1,457,125	130,152	1,076,805	946,653
	=====	=====	=====	=====	=====
Leased assets					
Plant & machinery	15,000,000	3,675,000	11,325,000		Transferred to owned assets on expiry of lease term
Office equipment's	5,380,000	3,228,000	2,152,000		
Motor Vehicles	14,654,625	10,345,237	4,309,388		
	-----	-----	-----		
	35,034,625	17,248,237	17,786,388		
	=====	=====	=====		

14.3 Depreciation for the period has been allocated as follows:

	30 June, 1996 Rupees	31 December, 1994 Rupees
Cost of goods manufactured (note 25.1)		
Owned assets	37,873,063	25,773,904
Leased assets	40,167,780	29,271,937
	-----	-----
	78,040,843	55,045,841
	-----	-----
Administrative expenses (note 26)		
Owned assets	2,648,714	806,513
Leased assets	144,480	807,000
	-----	-----
	2,793,194	1,613,513
	-----	-----
Selling & distribution expenses (note 27)		
Owned assets	1,496,812	537,675
Leased assets	96,320	-
	-----	-----
	1,593,132	537,675
	-----	-----
Total depreciation charged	82,427,169	57,197,029
	=====	=====

14.4 General machinery includes local costs incurred on leased assets.

15. Capital Work in Progress

	30 June, 1996 Rupees	31 December, 1994 Rupees
Building	4,591,862	61,250
Plant ~ machinery	59,763,578	-
Unallocated expenses (note 15.1)	20,258,747	4,639,879
	-----	-----
	84,614,187	4,701,129
	=====	=====

15.1 Unallocated expenses (expansion project)

Project evaluation fees	5,310,703	3,638,525
Commitment charges	4,009,198	-
Legal & professional charges	224,692	128,005
Salaries & benefits	3,676,079	731,171
Other charges	842,628	142,178
Interest during construction	6,195,447	-
	-----	-----
	20,258,747	4,639,879
	=====	=====

16. Investments

	30 June, 1996 Rupees	31 December, 1994 Rupees
Quoted (Associated Undertaking)		
National Motors Limited		
100,700 Ordinary shares of Rs. 10 each	2,447,505	2,447,505
Less: provision for diminution in value	1,843,305	534,205
(Market value Rs. 604,200	604,200	1,913,300
1994: Rs. 1,913,300)		
Unquoted		
20 Shares of Rs. 100 each		
of Landhi Industrial Trading Estate Limited	2,000	2,000
	-----	-----
	606,200	1,915,300
	=====	=====

16.1 2,000 ordinary shares of Rs. 10 each of National Motors Limited are held in the name of Dr. A.S. Hufti Managing Director, for which the company holds blank transfer deed.

17. Long Term Loans

Unsecured-considered good

Loans to executives	367,210	1,022,908
Loans to employees	1,320,768	1,185,276
	-----	-----
	1,687,978	2,208,184
Receivable within the following twelve months	688,067	1,067,368
	-----	-----
	999,911	1,140,816
	=====	=====

17.1 Includes Rs. 241,590 (1994: Rs. 322,200) outstanding for a period exceeding 3 years.

17.2 Interest free loans to executives and employees are given for purchase of motor vehicles. These are repayable in a lump sum or by way of monthly instalment.

18. Long Term Deposits and Deferred Costs

Long term deposits	4,959,757	6,828,957
Deferred costs		
Underwriting commission	3,373,173	-
Processing fees	1,000,000	-
Other right share issue expenses	1,069,628	-
	-----	-----
	5,442,801	-
Less: amortised during the period	1,632,840	-
	-----	-----
	3,809,961	-
	-----	-----
	8,769,718	6,828,957
	=====	=====

19. Stores

	30 June, 1996 Rupees	31 December, 1994 Rupees
Spares & general stores	124,465,227	118,795,881
In transit at cost	4,157,227	2,343,880
	-----	-----
	128,622,454	121,139,761
	=====	=====

20. Stocks

Raw materials in hand	37,886,488	26,205,840
Raw materials in bond	82,014,321	70,538,365
Work in process	37,984,639	28,743,758
Finished goods	115,992,871	142,314,155
Claim tyres	589,501	19,974

Raw materials in transit	128,224,392	47,987,743
	-----	-----
	402,692,212	315,809,835
	=====	=====
21. Trade Debtors - Unsecured		
Considered good	132,145,231	138,151,155
Considered doubtful	5,745,573	2,745,573
	-----	-----
	137,890,804	140,896,728
Less: Provision for doubtful debts	5,745,573	2,745,573
	-----	-----
	132,145,231	138,151,155
	=====	=====

21.1 Trade debtors include balance due from associated undertaking amounting to Rs. 5,404,889 (1994: Rs. 10,571,693). Maximum balance due from associated undertaking at the end of any month during the year was Rs. 8,316,447 (1994: Rs. 10,821,101).

**22. Advances, Deposits, Prepayments & Other Receivables
(Unsecured-considered good)**

	30 June, 1996	31 December, 1994
	Rupees	Rupees
Due from:		
Executives	912,619	488,953
Other employees	4,945,200	2,087,065
Due from associated undertakings	-	885,571
Advances to suppliers	4,115,511	3,463,958
Customs deposits	1,583,320	3,076,912
Excise deposits	853,824	1,310,959
Bank guarantee deposit	178,000	1,865,529
L/c margin & octroi deposit	1,479,842	1,497,560
Income tax paid/deducted at source	48,090,362	18,163,340
Sales tax refundable/adjustable	19,688,058	16,152,607
Prepaid expenses	6,378,525	943,060
interest accrued	239,342	110,921
Excise duty & sales tax on stocks	2,211,523	4,130,902
Customs duty rebate recoverable	59,858,831	52,222,013
Refundable from State Bank	-	38,447,605
Other receivables	6,876,465	3,966,769
	-----	-----
	153,411,422	148,813,724
	=====	=====

22.1 The maximum aggregate amount due from managing director and executives at the end of any month during the period was Rs. 1,784,366 (1994: Rs. 2,320,524).

22.2 The maximum aggregate amount due from associated undertakings at the end of any month during the period was Rs. 2,116,300 (1994: Rs. 885,571). No interest has been charged.

23. Cash & Bank Balances

in hand	343,341	226,488
With banks		
On current accounts	16,772,184	10,692,107
On deposit accounts (Includes Rs. Nil (1994: Rs. 720,289) in foreign currency)	3,000,000	3,720,289
Undeposited collections	10,442,723	21,021,381
	-----	-----
	30,558,248	35,660,265
	=====	=====

23.1 With banks on current accounts include separate account for deposits from dealers amounting to Rs. 2,829,895 (1994: Rs. 2,530,000).

23.2 Deposit accounts include Rs. 3,000,000 (1994: Rs. 3,000,000) which is under lien with bank.

24. Sales-Net

	30 June, 1996 Rupees	31 December, 1994 Rupees
Gross sales	2,449,708,193	1,220,298,704
Less: Sales deductions		
Discount (note 24.1)	34,760,316	17,685,617
Tyre replacement allowance	35,821,492	34,719,787
Excise duty & sales tax	405,559,887	177,648,289
Freight, packing charges & octroi	37,589,408	18,483,393
Commission	15,936	517,946
	-----	-----
	513,747,039	249,055,032
	-----	-----
	1,935,961,154	971,243,672
	=====	=====

24.1 Discount and Tyre replacement allowance include Rs. 1,898 (1994: Rs. Nil) allowed to associated undertakings.

25. Cost of Sales

	30 June, 1996	31 December, 1994
--	------------------	----------------------

	Rupees	Rupees
Stocks as at 31 December, 1994	142,334,129	138,818,556
Cost of goods manufactured (note 25.1)	1,618,155,110	793,650,169
Technical assistance fee/royalty	57,317,471	28,684,788
Purchased products	19,879,645	9,823,471
	-----	-----
Stocks as at 30 June, 1996	1,837,686,355	970,976,984
	116,582,372	142,334,129
	-----	-----
	1,721,103,983	828,642,855
	=====	=====
25.1 Cost of goods manufactured		
Work in process as at 31 December, 1994	28,743,758	22,247,213
Raw materials consumed (note 25.2)	1,137,024,420	510,624,688
Salaries, wages & benefits	172,892,251	93,109,791
Power & fuel	116,659,918	56,637,141
Repairs & maintenance	56,905,387	45,441,709
Stores consumed	37,640,090	21,600,630
Traveling, conveyance & vehicle running	7,414,263	4,655,507
Insurance	8,858,456	5,393,947
Postage, telephones & telegrams	1,786,078	958,365
Rent, rates & taxes	2,107,504	1,751,276
Printing & stationery	1,789,459	852,221
Depreciation	78,040,843	55,045,841
Expatriates service contract	4,960,177	3,466,919
Other manufacturing expenses	1,317,145	608,679
	-----	-----
Less: work in process as at 30 June, 1996	1,656,139,749	822,393,927
	37,984,639	28,743,758
	-----	-----
	1,618,155,110	793,650,169
	=====	=====
25.2 Raw materials consumed		
Stocks as at 31 December, 1994	96,744,205	82,865,903
Add: Purchases (net)	1,175,712,732	529,927,866
	-----	-----
	1,272,456,937	612,793,769
Less:		
Used as indirect materials	15,531,708	5,424,876
Stocks as at 30 June, 1996	119,900,809	96,744,205
	-----	-----
	135,432,517	102,169,081
	-----	-----
	1,137,024,420	510,624,688
	=====	=====

26. Administrative Expenses

	30 June, 1996 Rupees	31 December, 1994 Rupees
Directors meeting fees	16,500	10,500
Salaries and benefits	25,638,695	15,482,111
Printing and stationery	1,054,319	952,287
Traveling and conveyance	4,938,606	2,955,901
insurance	254,958	70,761
Postage, telephones and telegram	2,512,323	1,435,967
Rent and rates	2,822,123	1,960,954
Entertainment	643,118	628,362
Depreciation	2,793,194	1,613,513
Auditors' remuneration(note 26.1)	540,840	227,500
Legal and professional charges	1,028,524	1,131,240
Computer expenses	1,321,814	645,918
Repairs and maintenance	1,573,132	964,118
Other and expenses	2,023,768	1,088,806
	-----	-----
	47,161,914	29,167,938
	=====	=====

26.1 Auditors' remuneration

Audit fee	350,000	175,000
Tax & other advisory services and special certification	151,440	48,500
Excise duty	35,000	-
Out of pocket expenses	4,400	4,000
	-----	-----
	540,840	227,500
	=====	=====

27. Selling and Distribution Expenses

Salaries & benefits	16,920,335	8,333,241
Printing & stationery	440,937	142,827
Traveling, conveyance & entertainment	4,084,653	2,722,106
insurance	141,950	49,853
Postage, telegrams & telephones	1,885,051	1,163,432
Rent, rates & taxes	1,744,571	1,166,129
Sales promotion	289,881	549,856
Advertising	8,917,888	8,364,794
Repairs & maintenance	83,167	116,231
Depreciation	1,593,132	537,675
Others	2,454,366	1,127,650
	-----	-----
	38,555,931	24,273,794
	=====	=====

28. Other Income

Sale of scrap	14,402,675	9,136,190
---------------	------------	-----------

Profit on sale of fixed assets	946,653	488,190
Interest on deposit	1,399,659	4,756,810
Exchange gain	34,597	5,524,435
Other income	1,600,513	45,293
	-----	-----
	18,384,097	19,950,918
	=====	=====

29. Financial Expenses

	30 June, 1996 Rupees	31 December, 1994 Rupees
Interest on:		
Debentures	1,694,533	3,012,496
Deferred customs duty	483,556	287,520
Associated undertaking's loan	12,297,035	959,349
Director's loan	3,300,000	1,320,000
Workers profit participation fund	138,791	242,007
Markup on short term finances	75,503,251	54,895,397
Markup on redeemable capital	116,718	232,444
Profit on PTCs	92,610	748,485
Finance charges on leased assets	8,109,421	13,099,721
Exchange risk fee/exchange loss	-	918,312
Bank charges & guarantee commission	3,722,158	2,477,642
Excise duty on short term finances	4,612,828	2,401,681
Mark up on right shares subscription	18,345-	
	-----	-----
	110,089,246	80,595,054
	=====	=====

30. Other Charges

Workers profit participation fund	1,606,838	1,532,258
Deferred costs amortised	1,632,840-	
Workers welfare fund	800,000-	
Donations	250,000	555,000
Provision for diminution in value of investment	1,309,100	327,275
Provision for doubtful debts	3,000,000-	
	-----	-----
	8,598,778	2,414,533
	=====	=====

30.1 Donations include Rs. 250,000 (1994: Rs. 500,000) to Waqf-e-Kuli Khan, c/o Bibojee Services (Pvt.) Limited, Gardee Trust Building, Lahore. The Chairman is also a trustee of the Waqf.

31. Remuneration of Directors & Executives

Directors		
Meeting fee	16,500	10,500

Number	-----	-----
	9	9
	=====	=====
Chief executive		
Managerial remuneration & allowances	3,057,600	1,980,000
Company's contribution to provident fund & gratuity	374,400	240,000
Medical	18,895	13,667
Leave passage	82,899	227,835
Others	61,276	43,835
	-----	-----
	3,595,070	2,505,337
	-----	-----
Number	1	1
	=====	=====
Executives		
Managerial remuneration & allowances	25,472,318	16,210,233
Company's contribution to provident fund & gratuity	4,099,605	2,687,101
Medical	947,903	864,598
Leave passage	988,697	993,810
	-----	-----
	31,508,523	20,755,742
	=====	=====
Number	52	44
	=====	=====

31.1 The chairman and chief executive are provided with free use of cars maintained by the company and telephones at residences. Executives along with other officials are also entitled to use company maintained cars.

32. Transactions With Associated Undertakings & Directors

	30 June, 1996 Rupees	31 December, 1994 Rupees
Rent paid to associated undertaking	720,000	480,000
Interest paid to associated undertaking	12,297,035	959,349
Interest paid to director	3,300,000	1,320,000
Expenses charged	-	25,845
Sales	16,878,631	6,368,604
Rent paid to associated person	-	330,000
Purchase of office equipment	-	24,000
Discount allowed	1,898	-

33. Plant Capacity & Actual Production

Capacity Tyre sets(units)	975,000	650,000
Production Tyre sets (units)	1,092,708	633,157

PATTERN OF SHAREHOLDING AS AT 30 JUNE, 1996

No. of Shareholders	Shareholding From	To	Total Shares held
362	1	100	15,921
608	101	500	178,745
161	501	1000	122,267
199	1001	5000	409,028
27	5001	10000	199,298
6	10001	15000	69,737
4	15001	20000	73,932
1	20001	25000	24,900
3	25001	30000	87,000
1	30001	35000	30,387
3	35001	40000	112,223
1	40001	45000	44,400
1	50001	55000	53,460
1	55001	60000	60,000
1	70001	75000	74,520
2	75001	80000	152,852
1	115001	120000	117,800
1	140001	145000	143,853
2	170001	175000	345,410
1	195001	200000	196,464
1	215001	220000	218,747
2	275001	280000	555,760
1	1515001	1520000	1,518,000
1	1650001	1655000	1,652,216
1	4485001	4490000	4,487,505
1	4580001	4585000	4,580,575
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Total	1,393		15,525,000
=====			=====

Categories of Shareholders	Number	Shares held	Percentage
Individuals	1360	1,561,956	10.06
Joint Stock Companies	4	4,589,089	29.56
Financial Institutions	5	6,578,807	42.38
Insurance Companies	5	373,877	2.40
Investment Companies	10	160,436	1.04
Government Institutions	1	60,000	0.38
Charitable Institutions	1	35,400	0.23
Foreign Companies	7	2,165,435	13.95
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Total	1393	15,525,000	100.00

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MAJOR CUSTOMERS

1. Formula Cx Sports Tyres Ltd. London, England.
Tyres for rally cars.
2. Pak Suzuki Motor Company, Karachi.
Tyres for entire Suzuki range of cars, vans,
pickups & 4x 4s.
3. Indus Motor Company Ltd., Karachi.
Tyres for Toyota cars.
4. Honda Atlas Cars (Pak) Ltd., Lahore.
Tyres for Honda cars.
5. Naya Daur Motors (Pvt.) Ltd.
Tyres for Cars & Pickups.
6. Millat Tractors, Lahore.
Tyres for Hassey Ferguson tractors.
7. Al-Ghazi Tractors, Dera Ghazi Khan.
Tyres for FIAT tractors.
8. Hinopak Ltd., Karachi.
Tyres for Hino light trucks, buses & heavy trucks.
9. Ghandhara Nissan Ltd., Karachi.
Tyres for Nissan trucks & buses.
10. National Motors Ltd., Karachi.
Tyres for Bedford & Isuzu buses & trucks.
11. Sindh Engineering (Pvt.) Ltd., Karachi.
Tyres of Mazda T-3000 minibuses.
12. Army, Navy Air Force & National Logistics Cell, Rawalpindi.
Tyres for trucks & 4x 4 vehicles.
13. Oil & Gas Development Corporation, Islamabad.
Tyres for trucks & 4x 4 vehicles.
14. Karachi Transport Corporation, Karachi.
Tyres for buses.
15. Sindh Road Transport Corporation, Hyderabad.
Tyres for buses.

16. Punjab Road Transport Corporation, Lahore.
Tyres for buses.
17. Government Transport Services NWFP, Peshawar.
Tyres for buses.
18. Water & Power Development Authority, Lahore.
Tyres for trucks.
19. Karachi Electric Supply Corporation, Karachi.
Tyres for trucks.
20. Pakistan Steel Mills, Karachi.
Tyres for trucks & buses.