

Allied Motors Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

K. Asif Rahman	Chairman & Chief Executive
Farouk Majid	
P. K. Shahani	
Samir Ahmed	(Nominee of NIT)
Fazlur Rahman	
Kamal Mahmood	
Sultan Ahmed	

COMPANY SECRETARY

Asif Mahmood

AUDITORS

Nasir Javaid Maqsood.
Chartered Accountants
27-B Writers Chamber
Mumtaz Hassan Road,
Karachi.

REGISTERED OFFICE

D-168, Sindh Industrial Trading Estate
Haroonabad
Karachi-75700

FACTORY

Plot Nos. AI-A50 Hub Industrial Trading Estate
Hub, District Lasbela (Balochistan)

REGISTRARS

Gangjees Investment & Finance Consultants
513, Clifton Centre, Khayaban-e-Roomi, Block-5,
Clifton, Karachi-75600

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the eighteenth Annual General Meeting of the Shareholders of Allied Motors Limited will be held on Monday, December 4, 2000 at 11:30 a.m. at the Registered office of the Company, situated at D-168, S.I.T.E., Haroonabad, Karachi to transact the following business.

1. To confirm the Minutes of the seventeenth Annual General Meeting held on December 21, 1999.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2000 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year 2000-2001 and to fix their remuneration. The present Auditors Nasir Javaid Maqsood Chartered Accountants retire and, being eligible, offer themselves for reappointment.
4. To transact any other ordinary business of the Company with the permission of the Chair.

BY ORDER OF THE BOARD

Asif Mahmood
Company secretary

Karachi: November 10, 2000

NOTES:

1. The Share Transfer Books of the Company will remain closed from November 21,2000 through December 04, 2000 (both days inclusive).
2. A member eligible to attend and vote at the Meeting may appoint another Member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the time of holding the Meeting.
3. Shareholders are requested to immediately notify change of address, if any, to our Registrar, Gangjees Investment & Finance Consultants 513, Clifton Centre, Khayaban-e-Roomi, Block-5 Clifton, Karachi-75600
4. CDC shareholders are requested to bring their National Identity Card, Account and Participant's ID Number, while attending the Meeting for identification.

DIRECTORS' REPORT

Your Directors welcome you to the eighteenth Annual General Meeting and place before you the Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2000.

Financial Results

The financial results are summarized as under:

	<i>(Rs. 000)</i>	
	2000	1999
Net Sales	8,783	14,326
Gross Profit / (Loss)	(2,354)	(1,043)
Operating Profit / (Loss)	(5,794)	(5,061)
Profit / (Loss) Before Tax	(4,270)	(2,851)
Profit/(Loss) After Tax	(4,317)	(2,929)
Earnings / (Loss) Per share	(0,48)	(0,33)
Unappropriated Profit / (Loss)	(152,809)	(149,880)
Accumulated Profit / (Loss)	(157,126)	(152,809)

During the year under review, the Company sold 60 units of small horse power Tractors from the left over inventory under the brand name of "Allied - 35". The total tractor industry sales was approximately 35,055 units including 60 units of small horse power tractors which were sold by your Company. The reason for incurring losses is mainly that production of tractors is almost negligible (due to compromise agreement with "FORD" as discussed in note 13), whereas fixed expenditure of the plant are constant.

Between the last Directors' Report and during the financial year under review, there has been no material changes and commitments affecting the financial position of the Company.

There have been no changes that have occurred during the financial year concerning the nature of business of the Company.

Auditors' Observations

Auditors' observation in paragraph 2 of the Auditors' report to the Members, it is stated that:

The management is concerned about the future of your company and it is actively engaged in its re-activation. The Company's property is free from all encumbrances. Further, the management considers that at present the assets and liabilities do not require any adjustment or reclassification since efforts are being made to reactivate the operation.

Auditors' comments in paragraph 3 of their Report to the Members. It is stated that your Directors consider the tangible fixed assets, loose tools, stock-in-trade as good and realisable.

Future Out Look

Unfortunately, there has been no positive improvements in the over all economic situation of the country despite various steps taken by the government. However, our efforts with regard to revival of our tractor production and business co-operation with some reputable Tractor manufactures have made significant headway. We are positive that before the next AGM the company will Insha Allah conclude a deal with Chinese manufacturer of Tractors.

Auditors

The retiring Auditors M/s Nasir Javaid Maqsood Chartered Accountants, being eligible, offer themselves for reappointment.

Pattern of Shareholding

The pattern of shareholding is attached.

The management would like to place on record its appreciation of the work of senior management, executives and other members of the staff without whose unstinted support it would not have been possible to continue the Company's operations.

FOR AND ON BEHALF OF THE BOARD

K. Asif Rahman

Chairman

Karachi: October 31, 2000

PATTERN OF SHAREHOLDING

as at June 30,2000

<i>NO. OF SHARE HOLDERS</i>	<i>SHARE HOLDING</i>		<i>TOTAL SHARES HELD</i>
	<i>FROM</i>	<i>TO</i>	
639	1	100	60,181
470	101	500	107,941
83	501	1000	711573
114	1001	5000	251,591
17	5001	10000	131,729
4	10001	15000	49,565
2	15001	20000	35,565
1	20001	25000	21,433
2	25001	30000	54,600
1	30001	35000	34,666
1	55001	60000	59,733
2	70001	75000	144,033
1	170001	175000	174,900
1	525001	530000	526,600
1	690001	695000	691,094
1	865001	870000	869,400
1	1105001	1110000	1,108,906
1	1910001	1915000	1,912,750
1	2690001	2695000	2,693,740
-----			-----
1,343			9,000,000

=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2000

CATEGORIES OF SHARE HOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Joint Stock Companies	2	1,912,916	21.18
Financial Institutions	3	1,466,833	16.30
Holding Companies	0	0	0.00
Modaraba Companies	0	0	0.00
Insurance Companies	2	132,933	1.48
Investment Companies	1	174,900	1.94
Individuals	1332	818,678	9.10
Associated Companies	1	2,693,740	30.00
Foreign Investors	2	1,800,000	20.00
Others	0	0	0.00
	-----	-----	-----
	1343	9,000,000	100.00
	=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the annexed balance sheet of Allied Motors Limited as at June 30, 2000 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 conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

2. The closure of the factory and the "Ford" group of companies withdrawal from and termination of its franchise agreement alongwith operating loss of Rs. 5.794 million and a carried forward net loss or Rs. 147.226 million as at June 30, 2000 raise substantial doubt that the company will be able to continue as a going concern and may be unable to realise its assets and discharge its liabilities in the normal course of business. Consequently adjustments may be required to the recorded asset amounts or to the amounts and classification of liabilities. The financial statements (and notes thereto) do not disclose this fact.

3. We have been unable to satisfy ourselves as to, the realisable value of tangible fixed assets, the net realisable value of loose tools, stock-in-trade against which no provision made.

4. After due verification, we report that-

(a) in our opinion, proper books of accounts 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 except for the change as stated in note 2.7 with which we concur.

(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 except for the omission of the information referred to in 2 above and subject to the matters stated in 3 above 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 for 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, 2000 and of the profit/loss, its cash flows and changes in equity for the year then ended; and

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

Karachi
Dated: October 31, 2000

Nasir Javaid Maqsood
Chartered Accountants

BALANCE SHEET
As at June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rs. 000</i>	<i>1999</i> <i>Rs. 000</i>
Capital & Liabilities			
Authorised Share Capital			
21,600,000 Ordinary Shares of Rs. 10/- each		218,000	218,000
=====			
Issued, Subscribed & Paid-up Capital	3	90,000	90,000
Reserves			
Capital	4	1,86,194	66,194
Revenue	5	(147,226)	(142,909)
		-----	-----
		(61,032)	(56,715)
=====			
		28,968	33,265
Deferred Liabilities			
Gratuity Payable		128	54
Current Liabilities			
Short Term Finance	6	11,045	23,045
Creditors, Accrued Expenses & Other Liabilities	7	4,516	5,027
		-----	-----
		15,561	28,072
Contingencies			
	8	--	--
		44,657	61,411
=====			
Property & Assets			
Fixed Assets - Tangible			
Operating Fixed Assets - Net	9	27,515	29,614
Other	10	7,282	9,482
		34,797	39,096
Long Term Investments			
	11	3,000	5,000
Current Assets			
Store, Spares & Loose Tools	12	354	393
Stock-in-Trade	13	5,124	12,576

Trade Receivable	14	--	620
Deposits, Prepayments & Other Receivables	15	1,006	932
Cash & Bank Balances	16	376	2,794
		-----	-----
		6,860	17,315
		-----	-----
		44,657	61,411
		=====	=====

The annexed notes form an integral part of these accounts.

K. Asif Rahman
Chief Executive

P.K. Shahani
Director

PROFIT & LOSS ACCOUNT

For the year ended June 30, 2000

	Note	2000 Rs. 000	1999 Rs. 000
Sales	17	8,783	14,326
Cost of Sales	18	11,137	15,369
		-----	-----
Gross Profit / (Loss)		(2,354)	(1,043)
Operating Expenses			
Administration and general	19	1,602	2,115
Selling and Distributions	20	588	550
Financial charges	21	1,250	1,353
		-----	-----
		3,440	4,018
		-----	-----
Operating loss		(5,794)	(5,061)
Provision for diminution in value of Investment		(2,000)	
Other Income	22	3,524	1,860
		-----	-----
Loss for the year before taxation		(4,270)	(3,201)
Prior period items	23	--	350
		-----	-----
		(4,270)	(2,851)
Taxation - Current	24	47	78
		-----	-----
Profit/(Loss) after Taxation		(4,317)	(2,929)
Accumulated Loss Brought Forward		(152,809)	(149,880)
		-----	-----
Accumulated Loss Carried Forward		(157,126)	(152,609)
		=====	=====
Earnings / (Loss) per Share	25	(0.48)	(0.33)
		=====	=====

The annexed notes form an integral part of these accounts.

K. Asif Rahman
Chief Executive

P.K. Shahani
Director

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Cash Flow Statements)

For the year ended June 30, 2000

	<i>Note</i>	2000 Rs. 000	1999 Rs. 000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) after taxation		(4,317)	(2,929)
Adjustments for:			
Depreciation		1,711	1,948
Gain on sale of fixed assets		(1,338)	(1,693)
Provision for Gratuity		74	54
Provision for diminution in' value of investment		2000	
		-----	-----
		2447	309
		-----	-----
Net Profit/(Loss) from operating activities before working capital changes		(1,870)	(2,620)
Working Capital changes		7,526	7,585
		-----	-----
Net cash from operating activities		5,656	4,965
Cash Flow from Investing activities			
Fixed capital expenditure		--	(23)
Sale proceeds of fixed assets		3,926	2,093
		-----	-----
Net cash generated from investing activities		3,926	2,070
Cash Flow from Financing activities			
Repayment of short term running finance		--	(8,228)
Finance obtained from / (Repayment to) Associated undertaking		(12,000)	3,889
		-----	-----
Net cash used in Financing activities		(12,000)	(4,339)
		-----	-----
Net increase/(Decrease) in cash and cash equivalents		(2,418)	2,696
Cash and Cash equivalents at the beginning of the year		2,794	98
		-----	-----
Cash and Cash equivalents at the end of the year	16	376	2,794
		=====	=====
WORKING CAPITAL CHANGES			
(Increase)/decrease in current assets			
Store, Spares and Loose tools		39	44
Stock-in-trade		7,452	9,469
Trade debts		620	(620)
Advances, Deposits and Pre-payments		(74)	(340)
		-----	-----
		8,037	8,553
Increase/(decrease) in current liabilities			
Creditors, Accrued Expenses and Other Liabilities		(511)	(968)
		-----	-----
		7,526	7,585
		=====	=====

K. Asif Rahman
Chief Executive

P.K. Shahani
Director

STATEMENT OF CHANGES IN EQUITY**For the Year ended June 30, 2000**

<i>Issued, Subscribed and Paid-up Capital (Rs.000)</i>	<i>Capital Reserve (Rs.000)</i>	<i>General Reserve (Rs.000)</i>	<i>Accumulated Profit/(Loss) (Rs.000)</i>	<i>Total (Rs.000)</i>
--	---	---	---	---------------------------

Balance as at July 01,1998	90,000	86,194	9,900	(149,880)	36,214
Profit / (Loss) after taxation	--	--	--	(2,929)	(2,929)
Interim Dividend	--	--	--	--	--
Final Dividend	--	--	--	--	--
	-----	-----	-----	-----	-----
Balance as at June 30,1999	90,000	86,194	9,900	(152,809)	33,285
Profit / (Loss) after taxation	--	--	--	(4,317)	(4,317)
Interim Dividend	--	--	--	--	--
Final Dividend	--	--	--	--	--
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	90,000	86,194	9,900	(157,126)	28,968
	=====	=====	=====	=====	=====

K. Asif Rahman
Chief Executive

P.K. Shahani
Director

NOTES TO THE ACCOUNTS

For the year ended June 30, 2000

1. Status & Nature of Business

Allied Motors Limited is a public limited company quoted on stock exchanges in Karachi (trading in defaulters counter) and Lahore. The company's business is the assembly-cum-progressive manufacture and sale of tractors and agrimotors and trading of parts and implements related thereto. The company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983.

2. Summary of Significant Accounting Policies

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company provident fund scheme has been discontinued and unfunded gratuity scheme has been introduced from 1999 and accounted for.

2.3 Taxation

Provision for taxation is made on current taxable income wherever necessary, and for deferred liabilities for taxation only if there are material timing differences which are expected to reverse within the foreseeable future.

2.4 Fixed Assets - Tangible

These are stated at cost less accumulated depreciation except leasehold land and fixed assets-other which are stated at cost.

Depreciation is charged to income applying the reducing balance method. The rates used are stated in note 9 to the accounts.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalised. Gain or loss, if any, on disposal of fixed assets is included in income currently.

Full year's depreciation is charged in the year of acquisition and none in the year of sale.

2.5 Stock-in-trade

These are stated at the lower of net realisable value or cost determined on the first-in-first-out method.

2.6 Loose tools

These are stated at cost less an amount written off annually at the rate of 10% on diminishing balance method.

2.7 Long term Investments

These are stated at cost less any permanent diminution in the value of investments.

2.8 Revenue recognition

Sales are recognised on despatch of goods to customers.

3. Issued, Subscribed and Paid-up-Capital

	<i>2000</i>	<i>1999</i>
	<i>Rs. 000</i>	<i>Rs. 000</i>
8,135,871 Ordinary shares of Rs. 10 each fully paid in cash	81,359	81,359
864,129 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	8,641	8,641
-----	-----	-----
9,000,000	90,000	90,000
=====	=====	=====

4. Capital Reserve

This capital has arisen consequent to the capital receipt from "Ford" in terms of paragraph 12 of the Compromise Agreement dated January 2, 1990 between "Ford" and the company.

5. Revenue Reserve

General	9,900	9,900
Profit and loss account-adverse balance	(157,126)	(152,809)
	-----	-----
	(147,226)	(142,909)
	=====	=====

6. Short-term finance- Unsecured

From Associated Undertaking

	<i>Mark-u p</i>	<i>2000</i>	<i>1999</i>
	<i>rate p.a.</i>	<i>Rs.000</i>	<i>Rs.000</i>
Allied Engineering & Services Limited	16%*	6,530	7,095
Polymer & Precision Engineers (Pvt) Limited	16%*	351	186
Midland Motors Pakistan (Pvt) Limited	Mark-up free	4,164	15,764
		-----	-----
		11,045	23,045
		=====	=====

* Compounded quarterly

7. Creditors, Accrued Expenses and Other Liabilities

Creditors	880	2,496
Accrued expenses	1,978	2,375
Advance against contract	1,500	--
Corporate asset tax	155	155
Sales tax payable	3	1
	-----	-----
	4,516	5,027
	=====	=====

8. Contingency

The company may be liable to customs duty of Rs. 5.8 million in respect of 360 tractor units (released on the basis of an undertaking given by the company) in the event that the revised deletion Programme, as requested for by the company is not approved by the Government of Pakistan. The company contested this matter, through its lawyer who finally wrote to the customs on September 27, 1987 stating the demand is not sustainable under the law governing import of the said 360 tractors. Since there has been no further demand from customs, the company considers that this contingent liability now stands null and void.

9. Operating Fixed Assets - Tangible

Cost

Depreciation

Particulars	Cost as at 01/07/99	Addition/ (Deletions) during the year	Cost as at 30/06/00	Accum. as at 01/07/99	Adjustment	for the year	Accum. as at 30/06/00	Book Value as at 30/06/00	Rates %
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	
Lease hold land	12,217	--	12,217	--	--	--	--	12,217	
Factory building on leasehold land	42,195	--	42,195	32,730	--	947	33,677	8,518	10
Plant and machinery	31,443	(1,641)	29,802	24,393	(1,266)	668	23,794	6,008	10
Furniture and office equipment	2,129	--	2,129	1,552	--	58	1,610	519	10
Motor vehicles	534	(354)	180	420	(341)	20	99	81	20
Refrigerators and air conditioners	728	--	728	537	--	19	556	172	10
Total 2000	89,246	(1,995)	87,251	59,632	(1,607)	1,712	59,736	27,515	
Total 1999	91,352	(2,106)	89,246	59,413	(1,729)	1,948	59,632	29,614	

9.1 Allocation of depreciation for operating assets for the year is as follow:

	2000	1999
	Rs. 000	Rs. 000
Cost of sales	1,647	1,874
Administrative expenses	42	48
Selling and distribution	23	26
	1,712	1,948

9.2 Details of disposal of operating fixed assets

Description	Original cost	Accum. depreciation	Book value	Sale Proceeds	Gain/ (loss)	Mode of Sale	Name of Purchaser
	Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles							
Pajero (BA-0761)	354,000	341,405	12,595	351,000	338,405	Tender	Mr. Nisar Ahmed A/72, Block-17, F.B. Area, Karachi.
Plant & Machinery							
Generator	1,640,808	1,265,444	375,364	1,375,000	999,636	Negotiation	Delta Engineering Co. 362- Alnoor Chambers, M.A. Jinnah Road, Karachi.
Machine-Other							
York line (Partly)	2,200,000	--	2,200,000	2,200,000	--	Negotiation	Mr. Murad Muhammad Kali Badri, Tehsil Wad, Distt: Khuzdar, Baluchistan
	4,194,808	1,606,849	2,587,959	3,926,000	1,338,041		

10. Tangible Fixed Assets - Other

This represents the "York Line" complete machinery and transfer line, purchased from an associated company (imported under the Pakistan Government's Non-Repatriable Investment Scheme). According to the company's board resolution, after utilizing such machines that are adaptable for manufacture of tractor engines, the surplus will be disposed off. During the year the company made an agreement for sale of above machine for Rs. 10 Million of which machinery worth Rs. 2.2 Million have been lifted by the buyer upto June 30, 2000.

	2000	1999
	Rs. 000	Rs. 000
Cost at the beginning of the year	9,482	9,482

Less: Disposed off	(2,200)	--
	-----	-----
	7,282	9,482
	=====	=====

11. Long Term Investment - Unquoted

Cost	5,000	5,000
Provision for diminution in value	(2,000)	--
	-----	-----
	3,000	5,000
	=====	=====

This represents investment in the equity of Polymer & Precision Engineers (Pvt) Limited an associated undertaking. Based on the latest available audited accounts of Polymer & Precision Engineers (Pvt) Limited as of June 30, 2000, the holding of the company represents 5.11% of the total equity of Polymer & Precision Engineers (Pvt) Limited and the net worth of the investment works out to Rs. 2.56 million (previous year Rs. 2.55 million).

12. Store, Spares and Loose tools**Loose tools**

Opening Balance	393	437
Written off	(39)	(44)
	-----	-----
	354	393
	=====	=====

13. Stock-in-Trade**13.1 Tractors and Agrimotors***

Raw materials and components	179	4,729
Work-in-process	1,413	--
Finished goods	710	4,107
	-----	-----
	2,302	8,836
	2,119	2,236
	-----	-----
	4,421	11,072
	=====	=====

13.2 Parts and Implements

Provision for obsolete stock	(54)	(54)
	-----	-----
	4,367	11,018

13.3 Agrimotor development expenses**

Less - Recovered and adjusted	(800)	(800)
	-----	-----
	758	1,558
	-----	-----
	5,125	12,576
	=====	=====

* In accordance with the Compromise Agreement dated January 22, 1990 between "Ford" and the company, the company has under taken that it will not after the effective date.(i.e, March-22, 1990) manufacture, assemble or sell any of the Licensed Products as, defined in any of the Subsisting agreements or any Ford agricultural tractor or their parts or components or Spare parts or assemblies or sub-assemblies or use any of the Ford trade marks or the Ford trade name or the Ford insignia or logo upon or in relation to or in connection with any goods, services or business whatsoever, except for such units of the Model 1910 tractor which were at the agreement date in the company's inventory and were to be assembled before June 30, 1990 and to be sold upto December 31, 1990. At the request of the company for further extension of time, Ford has, communicated their consent that the company may sell the balance inventory of 1910 tractors by using any other name. The company as such has decided to sell the 1910 tractors under the brand name "Allied 35" instead of "FORD 1910".

Stock-in-trade includes former "Ford trade mark" inventories of an estimated value of Rs. 1.53 million (1999: Rs. 6.411 million) which have been valued at cost and no adjustments has been made in the financial statements with regards to aforesaid.

* * This amount represents expenses incurred in acquiring some farm vehicles (Agrimotors) for test and trial. Since Allied Motors Limited has not earned any profit during the past years, the Chairman of the company has requested the Midland Motors Pakistan (Pvt) Limited to provide funds for the said expenses. The amount is recoverable from Midland Motors Pakistan (Pvt) Limited in 3 equal installments.

	2000	1999	
	Rs. 000	Rs. 000	
14. Trade Receivable			
Unsecured - Considered good	--	620	
15. Deposits, Prepayments and Other Receivables			
Security deposits	274	273	
Advance to employee	--	2	
Tax deducted at source	732	657	
	-----	-----	
	1,006	932	
16. Cash and Bank Balances			
Balances at banks-In current accounts	356	2,774	
Cash in hand	20	20	
	-----	-----	
	376	2,794	
17. Sales - Net			
Tractor and Agrimotors			
[net of discount of Rs. 2.5 (000): 1999 Rs. 128 (000)]			
Manufactured goods	9,336	15,556	
Less: Commission paid	666	1,230	
	-----	-----	
	8,670	14,326	
Parts and implements	113	--	
	-----	-----	
	8,783	14,326	
18. Cost of Sales			
Raw materials consumed	18.1	5,436	12,395
Parts and implements consumed	18.2	111	--
		5,547	12,395
Salaries, wages, and benefits		844	796
Travelling and vehicles running		98	141
Insurance		14	35
Rent, rates and taxes		527	524
Repairs and maintenance		106	18
Electricity, gas and water		67	267
Stores and supplies		15	25
Depreciation*	9.1	1,647	1,874
Loose tools written off including replacement		41	53
Wastage and process loss		228	76
Miscellaneous		18	18
		-----	-----
		9,152	16,222
Work-in-process-Opening		--	1,387
Work-in-process-Closing		(1,413)	--

	(1,413)	1,387
	7,739	17,609
Finished goods Opening	4,108	1,868
Finished goods - Closing	(710)	(4,108)
	3,398	(2,240)
	11,137	15,369

* Although the factory of the company was in partial operation during the year, depreciation has been charged fully in accordance with the company's accounting policy.

	<i>Note</i>	2000 Rs. 000	1999 Rs. 000
18.1 Raw Material Consumed-Tractor and Agrimotors			
Stock at July 1, 1999		4,729	14,229
Purchase (net of inventory adjustments)		886	2,895
		5,615	17,124
Stock at June 30, 2000		(179)	(4,729)
		5,436	12,395

18.2 Parts and implements - Tractors and Agrimotors

Stock at July 1, 1999		2,236	2,256
Purchase (net of inventory adjustments)		(6)	(20)
		2,230	2,236
Stock at June 30, 2000		(2,119)	(2,236)
		111	--

19. Administration and general expenses

Salaries, wages, and benefits		687	797
Travelling and vehicles running		36	31
Insurance		23	44
Rent, rates and taxes		120	62
Repairs and maintenance		52	109
Electricity, gas and water		118	153
Postage, telephone and stationery		53	82
Entertainment		5	14
Legal and professional charges		197	479
Exchange loss		--	(7)
Auditors' remuneration		40	40
Depreciation	9.1	42	48
Miscellaneous		229	263
		1,602	2,115

19.1 Auditors' remuneration

Audit fee		30	30
Out-of-pocket expenses		10	10
		40	40

20. Selling And Distribution Expenses

Salaries and benefits		205	175
Travelling and vehicles running		99	208
Insurance		7	18
Rent, rates and taxes		94	94
Utilities		118	--
Depreciation	9.1	23	26
Entertainment		6	2
Postage, telephone and stationery		36	3
Miscellaneous		--	21
Advertisement		--	3
		-----	-----
		588	550
		=====	=====

21. Financial Charges

Mark-up on short term finance		1,238	1,344
Bank charges		12	9
		-----	-----
		1,250	1,353
		=====	=====

22. Other Income

Gain on sale of fixed assets	9.2	1,338	1,694
Liability written back		2,020	--
Miscellaneous		166	166
		-----	-----
		3,524	1,860
		=====	=====

23. Prior Period Items

Legal and professional charges		--	350
		-----	-----

24 Taxation

Turnover tax - current		47	78
		-----	-----

25 Earning / (Loss) per share

Profit / (Loss) after taxation		(4,317)	(2,929)
Number of ordinary shares issued and subscribed at the end of the year		9,000	9,000
		-----	-----
Earning / (Loss) per share		(0.48)	(0.33)
		=====	=====

26. Remuneration of Chief Executive and Executives

	Chief Executive		Executive	
	2000 Rs.000	1999 Rs.000	2000 Rs.000	1999 Rs.000
Managerial remuneration	--	--	119	107
House rent/accommodation provided	--	--	53	48
Conveyance	--	--	12	11
Provident fund-company's contribution	--	--	--	2
Medical expenses	--	--	16	12
Utilities	--	--	12	--
	-----	-----	-----	-----
	--	--	212	180
	=====	=====	=====	=====
Number of persons	1	1	1	1

The directors have waived their meeting fee for the year.

The total number of employees as at June 30, 2000 were 8 (1999:9)

27. Related Parties

Allied Engineering and Services Limited (AESL), Polymer and Precision Engineers (Pvt.) Limited (PPE) and Midland Motors Pakistan (Pvt.) Limited (MMPL) are related parties as there is significant common management influence over these companies and Allied Motors Limited.

The transactions with these parties have been disclosed in notes 6 and 27.

28. Transactions with Associated Companies

The aggregate amounts in respect of transactions with associated companies during the year other than those specified herein-above were:

	<i>2000</i>	<i>2000</i>
	<i>Rs.000</i>	<i>Rs.000</i>
(a) Rent paid (AESL)	188	188
(b) Financial charges incurred / earned (AESL, PPE)	1,238	1,292
(c) Various other expenses incurred (AESL, PPE)	340	376
(d) Hire charges of tools and equipments (income) (AESL, PPE)	(166)	(166)
(e) Repayment of Loan (AESL)	2,000	3,000
(f) Repayment of Loan (MMPL)	11,600	

29. Plant Capacity and Production

Sanctioned plant capacity	6,000	6,000
Actual production - Tractors	35	116
Actual production - Agrimotors	--	--

Production of tractors will be abandoned after utilisation of available material and components, which was due to severance of business relationship with Ford New Holland.

30. Comparative Figures

- (a) Previous year's figures have been rearranged wherever necessary, for the purposes of comparison.
 (b) Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

K. Asif Rahman
Chief Executive

P.K. Shahani
Director