

Millat Tractors Limited **Annual Report 2000**

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Board of Directors

Sikandar Mustafa Khan
Chairman & Chief Executive

Latif Khalid Hashmi
Laeq Uddin Asnari
S.R. Bokhari
Istaqbal Mehdi
Sohail Bashir Rana
Mian M. Saleem
Rana M. Siddique
Dr. Amjad Waheed

S.M. Tanvir
M.C.B. Nominee

Mian Muhammad Saleem
Company Secretary

MANAGEMENT

Sikandar Mustafa Khan
Chairman & Chief Executive

Latif Khalid Hashmi
Dy. Managing Director (Tech. & Admn.)

Sohail Bashir Rana
Dy. Managing Director (Fin. & Mktg.)

Laeq Uddin Ansari
Director Marketing

Mian Mohammad Saleem

Gen. Manager Finance

Shaukat Ali Sheikh

Gen. Manager Production Control

Bashir A. Chaudhry

Gen. Manager Marketing

Mubashar Iqbal

Gen. Manager Accounts

Javed Munir

Gen. Manager Admn./Purchases

Dr. Syed Amer Ali

Gen. Manager Projects & Dev.

Pir Asad Iqbal

Dy. Gen. Manager Parts

M. Aslam Khokhar

Dy. Gen. Manager Service

Shahid S. Toor

Dy. Gen. Manager Quality Control

Ahsan Imran

Dy. Gen. Manager Multi App.

Zaair Farid Shah

Dy. Gen. Manager Marketing

ORGANIZATION STRUCTURE

Sikandar Mustafa Khan

Chairman & Chief Executive

Mian M. Saleem

Company Secretary

Latif Khalid Hashmir

Dy. Managing Director (Tech. & Admn.)

Sohail Bashir Rana

Dy. Managing Director (Fin. & Mktg.)

Shaukat Ali Sh.

Gen. Manager P.C.

Jehangir Qureshi

Sr. Manager Engine/MPA

Mansoor A. Abbasi

Sr. Manager Tractor Assy.

Shaffat Ahmad

Sr. Manager Manufacturing

M. Akbar Sh.

Manager Manufacturing

Mian M. Anwar

Manager Procurement

Zahid H. Butt

Manager Tractor Assy.

Dr. Syed Amer Ali

Gen. Manager Projects & Dev.

M. Ashfaq Farooqi

Sr. Manager Projects & Dev.

M. Athar Zubair

Manager Projects & Dev.

Altaf Hussain

Manager Projects & Dev.

M. Naeem Tahir

Manager Projects & Dev.

Khursheed Majeed

Manager Projects & Dev.

Rehan A. Qureshi

Sr. Manager Maintenance

Mian M. Saleem

Gen. Manager Finance

Mubashar Iqbal

Gen. Manager Accounts

Tariq Masood

Sr. Manager Data Processing

Farogh Iqbal

Sr. Manager Data Processing

Masood A. Ch.

Manager Accounts

M. Pervez Butt

Manager Budget & MIS

Rustam Ali

Manager Corp. Affairs

Javed Akbar Gill

Manager Data Processing

Akhtar Hussain

Manager Finance

S.M. Abdul Qadir

Manager Finance

Laeq Uddin Ansari

Director Marketing

Bashir A. Chaudhry

Gen. Manager Marketing

Pir. Asad Iqbal

Dy. Gen. Manager Parts

M. Aslam Khokhar

Dy. Gen. Manager Service

Zaair Farid Shah

Dy. Gen. Manager Marketing

Ahsan Imran

Dy. Gen. Manager Multi App.

Idrees Zubair

Sr. Manager Sales

Muhammad Akram

Sr. Manager Reg. Off. Islamabad

Shahid S. Toor

Dy. Gen. Manager Q.C

Ch. M. Anwar

Manager Q.C. BOF

Abdul Razzak

Manager Lab./Gauge Control

M. Ameer Khan

Manager Q.C. Manufacturing

M. Anwar Malik

Manager Q.C. Assy.

Abdul Qayyum Butt

Manager H.R.D.

Mian Habib Ahmad

Dy. Manager S.A.&C.P.

NOTICE OF MEETING

Notice is hereby given that 37th Annual General Meeting of Millat Tractors Limited will be held at the Company's Registered Office, 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Saturday, December 23, 2000 at 11.00 A.M. to transact the following business:

1. ORDINARY BUSINESS

i) To confirm minutes of the 36th Annual General Meeting.

ii) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2000 together with the Directors' and Auditors' Reports thereon.

iii) To approve payment of cash dividend as recommended by the Directors at the rate of Rs. 14.00 per share (140%).

iv) To appoint auditors and fix their remuneration for the year ending June 30, 2001. The present auditors M/s. A.F. Ferguson & Company, Chartered Accountants, retire and are eligible for re-appointment.

v) To elect eight Directors for a period of three years. The retiring Directors are:

M/s. Sikandar M. Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, S.R. Bokhari, Rana Mohammad Siddique, Dr. Amjad Waheed and Istaqbal Mehdi.

As decided by the Board of Directors, in their meeting held on November 10, 2000, the number of directors to be elected would be eight.

vi) To pass with or without modification the following resolutions regarding fixation of remunerations of the Chairman/Chief Executive and the whole time working Directors:

"RESOLVED that payment as remuneration to Mr. Sikandar

Mustafa Khan, Chairman/Chief Executive, not exceeding Rs. 3.5 million per annum, exclusive of perquisites and retirement benefits to which he is entitled under terms of his appointment with the Company be and is hereby approved."

"RESOLVED that payment as remuneration to M/s. Latif Khalid Hashmi and Sohail Bashir Rana, Directors, not exceeding Rs. 5.5 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company be and are hereby approved."

"RESOLVED that payment as remuneration to M/s. Laeeq Uddin Ansari, Mian Mohammad Saleem and Rana Mohammad Siddique, Directors, not exceeding Rs. 4.0 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company be and are hereby approved."

Each Director is interested in the resolution to the extent of remuneration given above.

2. SPECIAL BUSINESS

i) To approve investment of Rs. 42 million in equity of Millat Equipment (Pvt) Limited by passing the following resolutions:

"RESOLVED that investment of Rs. 42 million in the equity of Millat Equipment (Pvt) Ltd. (MEL) including investment of Rs. 33.074 million already made be and is hereby approved."

"RESOLVED further that the Company is hereby authorized to invest the balance amount in MEL in the mode and manner as the Chairman/Chief Executive of the Company may deem fit and proper."

3. ANY OTHER BUSINESS

To transact any other business with the permission of the Chair.

Notes

1. The share transfer books of the Company will remain closed from Dec. 11, 2000 to Dec. 23, 2000 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on December 10, 2000 will qualify for the payment of cash dividend.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him / her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. Any proposal for the election of Directors, as aforesaid, must reach the Company Secretary at Millat Tractors Limited 9 k.m Sheikhpura Road, Shahdara, Lahore at least fourteen days before the meeting.

4. Shareholders are requested to notify the change of address, if any, immediately.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 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 identity by showing his original National Identity Card (NIC) 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 NIC numbers shall be mentioned on the form.

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

iv) 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) alongwith proxy form to the Company.

STATEMENT U/S 160 OF THE COMPANIES ORDINANCE, 1984

1. The Board of Directors in its meeting held on Feb. 24, 1999 had approved to invest Rs. 50 million in its wholly owned subsidiary Company i.e., Millat Equipment (Pvt) Limited (MEL) of which investment of Rs. 8 million was approved in the last Annual General Meeting. During the year, a Technical Assistance Agreement signed between Samsung Commercial Vehicles Company Limited, Korea and Millat Tractors Limited for the progressive manufacture of 25 Tons Light Commercial Vehicle, was assigned to MEL. For the time being, the project shall be undertaken within the premises of Millat Tractors Limited under the umbrella of MEL. The necessary civil works are in progress. The trial production is expected to commence in the last quarter of current financial year.

After attaining the desired volume, the project shall be transferred to Raiwind Road site.

By order of the Board

Lahore:
Nov. 29, 2000

**Mian Muhammad Saleem
Company Secretary**

Directors' Report to the Shareholders

Your directors feel pleasure in submitting their 37th Annual Report together with the audited accounts of the Company for the year ended June 30, 2000.

APPROPRIATIONS

Your directors recommended the payment of cash dividend at the rate of Rs. 14.00 per share (140%) out of the profit available for appropriations.

Accordingly, the following appropriations have been made:

ACCOUNTS	<i>(Rupees in thousands)</i>
Profit before taxation	415,091
Less: Taxation	152,688

Profit after taxation	262,403
Add: Un-appropriated	
Profit b/f as previously reported	396
Effect of change in accounting policy	(13,233)

Unappropriated profit brought forward as restated	(12,837)
Profit available for appropriations	249,566
Less: Appropriations	
Transfer to	
General Reserves	137,000
Proposed Dividend @ 140% (1999:120%)	112,131

	249,131

Unappropriated profit carried forward	435

EARNING PER SHARE

Earning per share for the year ended June 30, 2000 was registered at Rs. 32.76 as compared to Rs. 28.53 in the preceding year.

DIRECTORS

Since the last report, there has been change in the Board of Directors. Mr. Manzoor A. Sheikh nominee of NIT on the Board tendered his resignation w.e.f. Jan. 05, 2000 and in his place Mr. Istaqbal Mehdi NIT nominee was co-opted as Director under Article 96 (2) of the Memorandum and Articles of Association of the Company to fill the casual vacancy.

In terms of section 178 (1) of the Companies Ordinance, 1984, the Board of Directors in their meeting held on November 10, 2000 have fixed the number of Directors to be elected in the 37th Annual General Meeting at eight.

The present Directors who shall stand retired are the following:

Messrs Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, S.R. Bokhari, Rana Mohammad Siddique, Dr. Amjad Waheed and Istaqbal Mehdi.

AUDITORS

The present auditors M/s. A.F. Ferguson & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

LIGHT COMMERCIAL VEHICLE PROJECT

A Technical Assistance Agreement was signed on May 19, 2000 between Samsung Commercial Vehicles Company Limited, Korea and Millat Tractors Limited (MTL) for the progressive manufacture of 1.25 Tons Light Commercial Vehicle. Subsequently the agreement was assigned to MTL's wholly owned subsidiary Company i.e., Millat Equipment (Pvt) Limited (MEL).

The purpose of the agreement was to increase the product range of the

Company. MTL Board of Directors in its meeting held on Feb. 24, 1999 had approved to invest Rs. 50 million in MEL. For the time being the project shall be undertaken within the premises of MTL under the umbrella of MEL. The necessary civil works are in progress. The trial production is expected in the last quarter of the current financial year. After attaining the desired volume, the project shall be transferred to Raiwind Road site for which a piece of land measuring 32 Kanals has already been purchased.

TECHNICAL COLLABORATION AND SUPPLY AGREEMENT FOR ASSEMBLY AND MANUFACTURE OF FORK LIFT TRUCKS IN PAKISTAN

A Technical Collaboration and Supply Agreement for assembly and manufacture of improved version of Forklift Trucks in Pakistan was made on April 27, 2000 between CAMCO International, China and Millat Tractors Limited. This development will pave the way for not only considerable indigenous business but is also likely to generate prospective openings for export of the products. Products from this collaboration are expected to be launched in the next financial year.

CLAIMS NOT ACKNOWLEDGED

The custom authorities raised claims of Rs. 78.356 million against the Company on account of alleged violation of deletion programme under SRO 502(1)/94. Now the Engineering Development Board which is the approving and monitoring authority for deletion programme has endorsed the Company's view point and issued clarification to CBR. The decision is likely to be reversed in favour of the Company. Therefore, these claims have not been acknowledged. The detail is contained in note 8.1 to the accounts.

CHAIRMAN'S REVIEW

The directors of your Company endorse the contents of the Chairman's Review dealing with the Company affairs which is included in the Annual Report. The Board also authorized the Chairman/Chief Executive to sign the Directors' Report on behalf of the Board.

ABSTRACT UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

An abstract duly made out under section 218 of the Companies Ordinance, 1984 is annexed.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

NUMBER OF EMPLOYEES

The number of permanent employees as on June 30, 2000 were 521 compared to 526 of the last year.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company and its wholly owned subsidiary Millat Equipment (Pvt) Limited are annexed.

For and on behalf of the Board

Lahore
November 10, 2000

**Sikandar Mustafa Khan
Chairman & Chief Executive**

CHAIRMAN'S REVIEW

Dear Shareholders:

I feel pleasure to welcome you to the 37th Annual General Meeting of the Company and present audited accounts and my review of operations for the year ended June 30, 2000.

By the Grace of God your Company achieved the highest ever volume of sales in the history of MTL by selling 16,205 tractors during the year under review and earned a record pretax profit of Rs. 415 million.

It is a matter of great pleasure that during the year 1999-2000, your Company was certified ISO 9002 for the assembly of Tractors, Engines, Generators, Prime Movers, Rotavators, Starter Motors and Alternators. The ISO Certification shall ensure quality management and consistency of product integrity to meet international standards, which will go a long way in facilitating export of the Company's products.

The Company has now embarked upon an Environment Management Programme. We have been selected as National Demonstration Project in Automotive Sector by Federation of Chambers of Commerce and Industry of Pakistan. Under this project environmental technologies will be implemented for pollution abatement and achieving better efficiency in our processes.

FINANCIAL RESULTS

During the year under review, the Company posted a pretax profit of Rs. 415 million which is up by 24% over last year and is an all time record profit in the Company's history. In terms of value, net sales increased by 7% to Rs. 5.7 billion as against Rs. 5.3 billion in the previous year. The liquidity position of the Company improved during the year which is reflected by the improved current ratio from 1.2:1 to 1.5:1. The breakup value of the share improved from Rs. 81.6 to Rs. 100.3. Earning per share also increased to Rs. 32.76 from Rs. 28.53 of previous year. Operating expenses increased from Rs. 153.3 million to Rs. 181.2 million due to inflation and increase in cost of goods and services. Financial charges increased from Rs. 42.3 million to Rs. 115.7 million mainly due to stoppage of payments by the ADBP during the 1st half of the year 1999-2000.

The Company has maintained the selling price of the tractors since August, 1998. This has essentially been possible with the increase in the volume of sales and exercising cost control.

After providing for the current taxation of Rs. 152.7 million, the profit available for appropriations amounted to Rs. 249.6 million. Your Board of Directors thus feel pleasure in recommending a cash dividend of Rs. 14.00 per share (140%) for the year 1999-2000, which is the highest ever cash dividend declared by the Company. A sum of Rs. 137 million has been retained in the business by way of transfer to General Reserve which now stands at Rs. 723 million.

MARKETING ACTIVITIES

Tractors

During the year 1999-2000, overall tractor booking was only 20,200 tractors, as against 47,000 tractors of the last year, reflecting a substantial decrease of 57%. However, your Company achieved a booking of 10,300 tractors being 51% market share.

As against the booking of 20,200 tractors, the industry delivered 35,055 tractors during the year 1999-2000. More deliveries than the booking were possible due to substantial tractor orders carried forward from the preceding year. Your Company delivered 16,205 tractors which was a record sale against 15,151 tractors of the last year, registering an increase of 7%. Your Company has stabilized production capability around 15,000 tractors for better efficiency in fluctuating sales in the country.

Our tractors are getting increasingly popular in many countries like Afghanistan, Sri-Lanka, Bangladesh, Zimbabwe and Nigeria etc. where they are being exported by traders. We are thankful to M/s. AGCO, UK for their support, which enabled the Company to secure a direct export order for Iraq.

In addition to tractors, extensive after sale service was provided to Multi-Application Products through field service programmes and personal calls throughout the country. After-sale-service was also provided to Kobuta Combine Harvesters under an agreement with Mitsubishi Corporation. This has not only helped in earning revenue for the Company but valuable experience was also gained by our staff.

Multi-Application Products

The Multi-Application Products are progressively gaining popularity in the market. Apart from regular sales, customizing and supply of D.G. Sets against specialized demand from Pakistan Telecommunication Company Limited, Pakistan

Railways and Special Communication (SCO) has been successfully achieved.

During the year 1999-2000, your Company sold Multi-Application Products valuing Rs. 179 million against sale of Rs. 134 million of last year registering an increase of 34%.

There is now more and more demand for Millat D.G. Sets from communication companies, in the wake of its proven compatibility for communication systems. An order for supply and installation of sizeable number of D.G. Sets from M/s. Nortel Network (Asia) Limited (Canadian Telecommunication Company) against Pakistan Telecom Mobile Limited (PTML) project has been awarded and some potential deals are under negotiation with other communication companies.

Import and sale of Massey Ferguson (UK) CBU D.G. Sets with range of 50 KVA to 880 KVA continues to yield profitability for the Company.

Furthermore, work on the manufacture of improved version of Forklift Trucks has also been undertaken with the collaboration of CAMCO International and Anhui Forklift Track Group, China. This development will pave the way for not only considerable indigenous business but is also likely to generate prospective openings for export of the product. Products from this collaboration are expected to be launched in the next financial year.

Thus the sphere of trading activities of these products has taken new dimension rendering notable contribution towards strengthening of MTL financial results.

Implements

The Company continued its policy of providing a range of better quality matching implements for improving mechanization of agriculture in the country. During the year under review, a sale of Rs. 17 million was made as against sale of 19 million of the last year registering a shortfall of 10%

Spare Parts

Your Company also continued its policy of providing effective after sale support to its products through competitive rates in all corners of the country. However, due to farmers' economic constraints and hard competition from low priced spurious parts, our sale of spare parts remained slow. In spite of this, your Company was able to increase its sale from Rs. 36 million of the last year to Rs. 38 million reflecting an increase of 5%.

TECHNICAL OPERATIONS

The Company produced 16,084 tractors as against 14,453 units of last year reflecting a growth of 11%. In-house manufacturing department maintained their timely supplies and quality of major components to support engine and tractor assembly operations. We made concerted efforts during the year to further improve and enhance the quality of our products.

QUALITY CONTROL

We are following international standards and specifications in our production processes and keep on modernizing the product with the

help of our Principals. Our laboratories qualified ISO 9000 in 1998 and since then they are being "surveillance audited" regularly. It is an acknowledgement to the fact that Quality Management System holds good. Our Quality Control System is linked with the customer through warranty and after sale services. MTL warranty policy is based upon reliability of the product. It acts as a barometer to judge customers' satisfaction and provides us opportunity to take corrective/preventive measures at MTL.

EMPLOYEES' RELATIONS

The relationship between the management and the workers remained most cordial throughout the year. It reflects the satisfaction and deep confidence that the management and workers have for each other and has resulted in better performance by the Company.

The Company exercises all its efforts to improve upon skills of the existing staff. The executives and workers are encouraged to attain further professional qualifications and to participate in various training courses conducted abroad and within the country. In our opinion, with these arrangements job knowledge of the staff is improved and it made them responsible and disciplined. As a matter of policy, the Company inducts persons when necessary, only if they have professional and technical skills and recruitment of workers and executives is strictly done on merit.

To promote better undertaking amongst its employees and to provide healthy recreational facilities, the Company continues to support sports activities within and outside by sponsoring Squash, Golf Tournaments and other similar activities.

The Company also attaches due importance to the spiritual values of workers. Keeping this in view and in line with past practice, twelve employees (nine workers and three executives) were sent to perform Haj this year on Company's expense. So far the Company has sponsored 206 employees to perform this sacred duty, which has brought about a change in their general outlook and has transformed them into dedicated workers.

Responding to staff's loyalty and dedication, the Company has already introduced Employees' Children Scholarship Scheme, Benevolent Fund Scheme and Pension Fund. In addition to above schemes, a new Insurance Health Policy has been introduced for provision of medical treatment to our workers and their family members. It is fervently hoped that these welfare schemes will prove to be a driving force in motivating the employees to be more productive, dedicated and loyal to their institution.

CONCLUDING REMARKS

MTL looks forward to play a key role in satisfying the needs of the farming community to improve its productivity. The Company in collaboration with our Principals M/s AGCO, UK is in the process of expanding its range of products to satisfy the needs of our customers, that has changed over times. It will maintain its policy of giving adequate returns to the shareholders and providing improved working conditions and better remuneration to its employees. For the excellent results achieved by the Company during the year, it would not be out of place to acknowledge the hard work and dedication of the employees at all levels and to thank the dealers, vendors and the farmers for their cooperation and support. I gratefully acknowledge the technical assistance received from our Principals M/s AGCO and Perkins Engines (UK) whose continuous guidance have been of immense value and profound help and a special word of thanks to M/s. AGCO for encouraging MTL in the export of tractors. I also place on record my appreciation for CAMCO International and Anhui Forklift Truck Group, China for assisting in our diversification plans. I am grateful to the Board for having provided me the support and guidance in the management of the Company. With Allah's blessing we move forward with hope and determination to be more prosperous and strong in future.

ABSTRACT UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

In terms of section 218 of the Companies Ordinance, 1984, the Board of Directors of the Company in their meeting held on November 10, 2000, have passed the following resolutions to amend the existing terms of appointment of the Chairman/Chief Executive and the whole time working Directors:

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to Mr. Sikandar Mustafa Khan, Chairman/Chief Executive, not exceeding Rs. 3.5 million per annum, exclusive of perquisites and retirement benefits to which he is entitled under terms of his appointment with the Company."

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to M/s. Latif Khalid Hashmi and Sohail Bashir Rana, Directors, not exceeding Rs. 5.5 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company."

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to M/s. Laeeq Uddin Ansari, Mian Mohammad Saleem and Rana Mohammad Siddique, Directors, not exceeding Rs. 4.0 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company."

Each Director is interested in the resolution to the extent of remuneration given above.

COMPOSITION OF REVENUE**PERCENTAGE 2000**

Tractors	94.61
Multi-application products	3.11
Miscellaneous income	1.33
Spare parts	0.66
Implements	0.29

PERCENTAGE 1999

Tractors	95.69
Multi-application products	2.50
Miscellaneous income	0.79
Spare parts	0.67
Implements	0.35

DISTRIBUTION OF REVENUE**PERCENTAGE 2000**

Cost of sales	86.56
Operating expenses	4.23
Income tax	2.65
Profit retained in business	2.39
Interest & bank charges	2.00
Dividend	1.95
Extraordinary items	0.22

PERCENTAGE 1999

Cost of sales	89.65
Operating expenses	3.32
Income tax	2.00
Profit retained in business	2.24
Interest & bank charges	0.79
Dividend	1.79
Extraordinary items	0.21

Decade at a Glance

	<i>(Rupees in thousands)</i>									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
INCOME										
Net sales and income	5755886	5365143	2794544	2065800	3330324	3003924	2481006	2347175	1494771	1529830
Profit before tax	415091	335180	190206	97399	159213	126207	113912	94185	19293	55363
Profit after tax and extraordinary it	249566	217276	138122	65856	96813	81007	67898	53235	11203	33400
Transfer from reserve	--	--	--	--	--	--	--	--	15500	--
Less: cash dividend	112131	96113	68080	60070	60070	48056	44052	36042	13349	--
Retained in business	137435	121163	70042	5786	36743	32951	23846	17193	13354	33400
FINANCIAL POSITION										
Current assets	1486062	2036700	1411095	992285	855916	1130866	679918	788055	943146	826610
Less: Current liabilities	1004442	1689924	1164969	807772	671291	972699	549444	665945	792574	632484
Net working capital	481620	346776	246126	184513	184625	158167	130474	122110	150572	194126
Fixed assets - Net	238816	240888	215206	214133	224124	230010	249282	259351	259698	232217
Investments	101759	83685	75605	69319	69116	65616	63616	63616	4000	4000
Other assets	3036	3057	4288	5088	6576	17630	37061	45013	37904	7169
Less: Long term debts	825231	674406	541225	473053	484441	471423	480433	490090	452174	437512
Other liabilities	--	--	--	2954	17128	38653	77814	109492	96219	84161
Shareholders' equity	21702	21149	9084	8000	11000	13200	16000	17825	10375	5625
Shareholders' equity	803529	653257	532141	462099	456313	419570	386619	362773	345580	347726
REPRESENTED BY:										
Share capital	80094	80094	80094	80094	80094	80094	80094	80094	66745	55621
Capital reserve	--	--	--	--	--	--	--	--	13349	11124
Revenue reserve	723000	586000	452000	382000	376000	339000	306000	282000	265000	280500
Unappropriated profit	435	(12837)	47	5	219	476	525	679	486	481
NET CAPITAL EMPLOYED	803529	653257	532141	462099	456313	419570	386619	362773	345580	347726
STATISTICS										
Break-up value of a share of Rs. 10	100.3	81.6	66.4	57.7	57.0	52.4	48.3	45.3	51.8	62.5
Dividend (Rupees per share)	14.00	12.00	8.50	7.50	7.50	6.00	5.50	4.50	2.00	--
Dividend (Percentage)	140	120	85	75	75	60	55	45	20	--
Bonus issue / Right issue of share	--	--	--	--	--	--	--	--	1:5B	1:5B
Total number of tractors sold	16205	15151	7010	5460	9628	10318	9201	9443	6702	7270
RATIOS										
Current assets to current liabilities	1.5:1	1.2:1	1.2:1	1.2:1	1.3:1	1.2:1	1.2:1	1.2:1	1.2:1	1.3:1
Profit before tax to sale and income (Percentage)	7.21	6.25	6.81	4.71	4.78	4.25	4.59	4.01	1.29	3.62
Return on capital employed (Perce	50.30	49.70	35.14	20.59	32.86	26.77	23.71	19.22	4.27	12.65
Return on equity (Percentage)	31.06	33.26	25.95	14.25	21.22	19.31	17.56	14.67	3.24	9.61
Debt to equity	0.100	0.100	0.100	1:99	4:96	8:92	17:83	23:77	22:78	19:81

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2000

<i>No. of Shareholders</i>	<i>Size of Holding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
1,006	1	100	37,086
584	101	500	150,709
189	501	1000	144,246
353	1001	5000	753,391
41	5001	10000	282,312
32	10001	15000	386,464
16	15001	20000	277,978
6	20001	25000	135,717
2	25001	30000	55,662
1	30001	35000	32,500
4	35001	40000	150,135
2	40001	45000	87,653
1	45001	50000	46,505
2	50001	55000	104,799
1	55001	60000	58,080
1	60001	65000	62,512
1	75001	80000	78,000
1	85001	90000	88,420
1	90001	95000	91,208
1	100001	105000	103,458
2	185001	190000	373,500
1	235,001	240000	237,100
1	290001	295000	291,306
1	305001	310000	305,968
3	310001	315000	938,768
1	335001	340000	338,976
1	390001	395000	391,039
1	495001	500000	499,522
1	685001	690000	690,000
1	815001	820000	816,374
-----			-----
2,258	Total		8,009,388
=====			=====

CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>No.</i>	<i>Shares held</i>	<i>Percentage of issued capital</i>
Individuals	2,214	4,446,731	55.52
Investment Companies	3	1,199,646	14.98
Trusts	3	634,418	7.92
Foreign Companies	2	690,018	8.62
Financial Institutions	7	714,238	8.92
Insurance Companies	3	182,585	2.28
Modarba Companies	1	25,500	0.32
Joint Stock Companies	24	115,184	1.43
Others:			
Dy. Administrator, Abandoned Properties, Govt. of Pakistan	1	1,068	0.01

Total	2,258	8,009,388	100.00
=====			

ACCOUNTS**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Millat Tractors

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 purpose of our audit.

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

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

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

b) in our opinion;

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in notes 2.4(a) and 2.4(d) 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 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, 2000 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 the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore:
November 27, 2000

A.F. Ferguson & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousands)</i>	
			<i>Restated</i>
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	3	80,094	80,094
Reserves		723,000	586,000
Unappropriated profit/(loss)		435	(12,837)
		803,529	653,257
ACCUMULATING COMPENSATED ABSENCES	4	14,802	12,549
DEFERRED TAXATION	5	6,900	8,600
CURRENT LIABILITIES			
Short - term running finances - secured	6	175,314	515,338
Creditors, accrued and other liabilities	7	716,997	1,078,473
Proposed dividend		112,131	96,113
		1,004,442	1,689,924
CONTINGENCIES AND COMMITMENTS	8		
		1,829,673	2,364,330
TANGIBLE FIXED ASSETS			
Operating fixed assets	9	238,816	239,690
Capital work - in - progress	10	--	1,198
		238,816	240,888
LONG - TERM INVESTMENTS	11	101,759	83.69
LONG - TERM LOANS - CONSIDERED GOOD	12	3,036	3,057
CURRENT ASSETS			
Stores and spares	13	26,398	22,031
Stock- in - trade	14	558,194	1,248,647
Trade debts	15	42,928	50,035
Loans, advances, deposits, prepayments and other receivables	16	257,273	226,633
Income tax recoverable		58,646	56,733
Cash and bank balances	17	542,623	432,621
		1,486,062	2,036,700
		1,829,673	2,364,330

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousands)</i>	
			<i>Restated</i>
SALES	18	5,679,231	5,322,897
COST OF GOODS SOLD	19	4,981,666	4,809,638
GROSS PROFIT		697,565	513,259
Selling, administration and general expenses	20	181,239	153,320

OPERATING PROFIT		516,326	359,939
Other income	21	76,655	42,246
		-----	-----
		592,981	402,185
		-----	-----
Financial charges	22	115,706	42,307
Other charges	23	62,184	24,698
		-----	-----
		177,890	67,005
		-----	-----
PROFIT BEFORE TAXATION		415,091	335,180
Provision for taxation	24	152,688	106,666
		-----	-----
PROFIT AFTER TAXATION		262,403	228,514
		-----	-----
Unappropriated profit brought forward as previously reported		396	47
Effect of change in accounting policy		(13,233)	(11,285)
		-----	-----
Unappropriated profit brought forward as restated		(12,837)	(11,238)
		-----	-----
		249,566	217,276
		-----	-----
APPROPRIATIONS			
Transfer to general reserves		137,000	134,000
Proposed dividend @ 140% (1999: 120%)		112,131	96,113
		-----	-----
		249,131	230,113
		-----	-----
Unappropriated profit/(loss) carried forward		435	(12,837)
		=====	=====

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
	<i>(Rupees in thousands)</i>			
Balance as at June 30, 1998 as previously reported	80,094	452,000	47	532,141
Effect of change in accounting pol	--	--	(11,285)	(11,285)
	-----	-----	-----	-----
Balance as at June 30, 1998 as rest	80,094	452,000	(11,238)	520,856
	-----	-----	-----	-----
Net profit for the year restated	--	--	228,514	228,514
Transfer from unappropriated profi	--	134,000	(134,000)	--
Dividend @ Rs 12.00 per share	--	--	(96,113)	(96,113)
	-----	-----	-----	-----
Balance as at June 30, 1999 as rest	80,094	586,000	(12,837)	653,257
	=====	=====	=====	=====
Balance as at June 30, 1999 as previously reported	80,094	586,000	396	666,490
	-----	-----	-----	-----
Effect of change in accounting pol	--	--	(13,233)	(13,233)
Balance as at June 30, 1999 as rest	80,094	586,000	(12,837)	653,257
Net profit for the year	--	--	262,403	262,403
Transfer from unappropriated profi	--	137,000	(137,000)	--
Dividend @ Rs 14.00 per share	--	--	(112,131)	(112,131)
	-----	-----	-----	-----
Balance as at June 30, 2000	80,094	723,000	435	803,529
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>(Rupees in thousands)</i>	<i>1999</i> <i>Restated</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	27	841,321	320,661
Financial charges paid		(118,402)	(40,916)
Taxes paid		(156,301)	(97,792)
Net decrease in long term loans to employees		540	1,707
		-----	-----
Net cash inflow from operating activities		567,158	183,660
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(30,484)	(61,080)
Sale proceeds of fixed assets		1,806	4,174
Net (increase) in long term investments		(23,074)	(8,080)
Dividend received		7,774	8,215
Return on deposits received		21,914	25,429
		-----	-----
Net cash (outflow) from investing activities		(22,064)	(31,342)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(95,068)	(67,396)
		-----	-----
Net cash (outflow) from financing activities		(95,068)	(67,396)
		-----	-----
Net increase in cash and cash equivalents		450,026	84,922
Cash and cash equivalents at the beginning of the year		(82,717)	(167,639)
		-----	-----
Cash and cash equivalents at the end of the year	28	=====	=====

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. LEGAL STATUS AND NATURE OF BUSINESS

The company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in assembly and manufacture of agricultural and industrial tractors, implements and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

The accounts have been prepared under the historical cost convention.

2.3 Taxation

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates realizable, if any. The Company accounts for deferred taxation, using the liability method, on all major timing differences.

2.4 Employees benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) The Company operates an approved defined benefit funded pension scheme for its permanent employees eligible under Employees Pension Fund Rules. Monthly contributions are made to this fund on the basis of actuarial recommendation. The latest valuation was carried out as at June 30, 2000. The future contribution rates of this plan include allowances for deficit and surplus. Projected unit credit method, with the following significant assumptions is used for valuation of this scheme:

- Expected rate of increase in salary level 10 percent per annum.
- Expected rate of return of 12 percent on plan assets during the year 1999-2000
- Discount rate of 12 percent
- Actual return on plan assets for the year Rs 16.117 million (1999: Rs 12.796 million)

Consequential to the adoption of IAS 19 (revised 1998); Employees Benefits, the actuarial valuation for the plan determined a transitional obligation of Rs 1.799 million as at July 1, 1999, which is being recognised immediately.

The company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 (revised 1998).

b) The Company operates an approved defined contribution funded gratuity scheme for all permanent employees. Based on the graduated scale, under the scheme, the contributions are calculated with reference to last drawn salary and length of service of the employees and are paid over to the Employees Gratuity Fund Trust. During the year, Rs 5.033 million (1999: Rs 4.569 million) has been recognized as an expense by the Company.

c) The Company operates an approved defined contribution provident fund for all employees. During the year, Rs 3.499 million (1999: Rs 3.285 million) has been recognized as an expense by the Company.

d) Consequential to the adoption of IAS 19 (revised 1998); Employees Benefits, the Company has changed its accounting policy and now provides for expected cost of accumulating compensated absences. The change in accounting policy has been accounted for retrospectively. The corresponding figures for the year ended June 30, 1999 have been restated to conform to the changed accounting policy. Opening reserves as on July 1, 1998 have been reduced by Rs 11.285 million, which is the cumulative effect of adjustments, relating to periods prior to July 1, 1998. Had there been no change in accounting policy, profit for the year before taxation and reserves as at June 30, 2000 would have been higher by Rs 2.234 million and Rs 15.468 million respectively.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under the schemes.

2.5 Fixed capital expenditure and depreciation

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work - in - progress are stated at cost.

Depreciation on operating fixed assets except office building on leasehold land is charged to profit on reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

Building on freehold land	5% to 10%
Building on leasehold land	5%
Plant and machinery	10%
Tools and equipment	15%
Furniture, fixture and equipment	10% to 20%
Vehicles	20%
Computers	33%

Office building at Karachi is on leasehold land for 55 years. Keeping in view its estimated useful life, it is amortized over 20 years @ 5% per annum.

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on deletion of assets are included in income.

2.6 Long term investments

These are stated at cost. Provision is made for diminution in value which is considered other than temporary.

2.7 Stores and spares

These are valued principally at moving average cost. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

2.8 Stock - in - trade

Stock of raw materials, except for raw materials - in - transit, work - in - process and finished goods are valued principally at lower of average cost and net realizable value. Cost of work - in - process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads.

Raw materials - in - transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

2.9 Research and development costs

Research and development expenditure is charged to income in the year in which it is incurred.

2.10 Warranty claims

Claims are accrued on the basis of estimates.

2.11 Foreign currencies

Assets and liabilities in foreign currencies except for foreign currency balance covered by forward exchange risk cover are translated into rupees at the exchange rates prevailing at balance sheet date. Foreign currency balance covered by forward exchange risk cover are converted at forward rates. Exchange differences are included in profit currently.

2.12 Revenue recognition

Revenue is recognized on despatch of goods.

2000 1999
(Rupees in thousands)

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2,542,857 (1999: 2,542,857) ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
5,466,531 (1999: 5,466,531) ordinary shares of Rs 10 each issued as fully paid bonus shares	54,665	54,665
	-----	-----
	80,094	80,094
	=====	=====

4. ACCUMULATING COMPENSATED ABSENCES

The liability represents the additional amount that the company expects to pay as a result of unused entitlement that has accumulated at the balance sheet date.

5. DEFERRED TAXATION

The liability for deferred taxation comprises timing differences arising from accelerated tax depreciation.

6. SHORT - TERM RUNNING FINANCES AND OTHER CREDIT FACILITIES - SECURED

Short term loans	149,500	100,000
Short term running finances	25,814	415,338
	-----	-----
	175,314	515,338
	=====	=====

These finances available from consortium of banks under mark-up arrangements amount to Rs 780 million (1999: Rs 755 million). The rate of mark-up ranges between paisas 31 to paisas 40 per Rs 1,000 per diem. Of the aggregate facility of Rs 1,192 million (1999: Rs 1,285 million) for opening letters of credit and Rs 130 million (1999: Rs 100 million) for guarantees, the amount utilized as at June 30, 2000 was Rs 425.43 million (1999: Rs 508.62 million) and Rs 72.06 million (1999: Rs 61.55 million) respectively. The facility is secured by pari passu hypothecation charge over current assets of the Company.

2000 1999
(Rupees in thousands)

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

These are composed of:

Creditors	167,868	541,455
-----------	---------	---------

Restated

Bills payable	310,669	--
Regulatory duty and custom duty payable	25,125	79,778
Accrued liabilities	65,672	64,915
Advances from customers	18,808	260,062
Security deposits - Note 7.1	10,428	9,520
Mark-up accrued on short term running finances	8,005	10,701
Royalty/Technical service fee payable	56,635	69,989
Workers' profit participation fund - Note 7.2	24,199	18,200
Workers' welfare fund	9,300	10,187
Pension fund - Note 7.3	1,835	--
Unclaimed dividend	5,343	4,298
Others	13,110	9,368
	-----	-----
	716,997	1,078,473
	=====	=====

7.1 Security deposits from dealers, by virtue of agreement, are interest free, repayable on demand and are used in Company's business.

7.2 Workers' profit participation fund:

Balance at the beginning of the year	18,200	10,318
Provision for the year	24,193	18,095
Interest thereon	1,597	1,148
	-----	-----
	43,990	29,561
Payments	19,791	11,361
	-----	-----
Balance at the end of the year	24,199	18,200
	=====	=====

7.3 Pension Fund

The amounts recognised in the balance sheet are as follows:

Present value of defined benefit obligation	135,535
Fair value of plan assets	(125,807)
Past service cost to be recognised in later periods	(1,221)
Unrecognised actuarial gains/(losses)	(6,672)

Liability/(Asset) as at June 30, 2000	1,835
	=====
(Asset) as at June 30, 1999	(2,487)
Charge for the year	61987
Transitional liability charged due to application of IAS- 19	1,799
Contribution by the company	(4,464)

Liability as at June 30, 2000	1,835
	=====

7.3.1 Salaries, wages and amenities include following in respect of employees' pension scheme:

Current service cost	6,650
Interest cost for the year	12,870
Expected return on plan assets	(12,777)
Amortisation of non vested past service cost	244
Transitional liability charged due to application of IAS-19	1,799

	8,786
	=====

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Customs Authorities have raised a claim of Rs 78.356 million against the company, comprising of customs duty Rs 37.616 million, Sales Tax Rs 21.825 million, with-holding Income Tax Rs 8.265 million and penalty of Rs 10.650 million. This is on account of alleged violation of deletion programme by the Company on import of components not permissible at concessional rates under SRO 502(I)/94 dated June 9, 1994. The Company has filed an appeal against the decision of the Customs

Authorities.

The Customs Authorities have based their claim on list of local components contained in the Industry Specific Deletion Programme (ISDP) for tractors, instead of referring to the Unit Specific Deletion Programme (USDP) already approved by Ministry of Industries, Engineering Development Board and endorsed by Central Board of Revenue.

The Company has taken up the matter with the concerned authorities and the Engineering Development Board (EDB) which is the approving and monitoring authority for deletion programme. In this regard EDB has issued a clarification to Central Board of Revenue supporting the company's point of view.

The Company has requested the Central Board of Revenue (CBR) to review the case in the light of clarifications issued by Engineering Development Board. Pending decision of appeal and review of CBR, no provision for the aforesaid claim has been made in these accounts as the Company's management is of the view that the Company has strong grounds for the matter to be decided in its favour.

8.1.2 Guarantees to bank for repayment of loan by employees Rs 5 million, the amount utilized as at June 30, 2000 was Rs 1.898 million (1999: Rs 1.63 million).

8.1.3 Undertaking given by the Company to Privatization Commission for repayment of loan of Rs Nil (1999: Rs 79 million) on behalf of the associated undertaking acquired from Privatization Commission during 1993.

8.1.4 Claims not acknowledged by the Company as debts Rs 16.001 million (1999: Rs 6.501 million).

8.2 Commitments

Commitment in respect of agreement of assembly of light duty trucks Rs 19.613 million, (1999: Rs Nil).

9. OPERATING FIXED ASSETS - TANGIBLE

	<i>Cost to July 1, 1999</i>	<i>Additions/ (Deletions)</i>	<i>Cost to June 30, 2000</i>	<i>Accumulated depreciation as at July 1, 1999</i>	<i>Depreciation charge for the year</i>	<i>Depreciation on disposals during the year</i>	<i>Accumulated depreciation as at June 30, 2000</i>	<i>Net book value as at June 30, 2000</i>
<i>(Rupees in thousands)</i>								
Land - Freehold	31,169	--	31,169	--	--	--	--	31,169
- Leasehold	8	--	8	--	--	--	--	8
Building on freehold land	144,813	4,501	149,314	83,445	6,227	--	89,672	59,642
Office building on leasehold land	2,900	--	2,900	1,015	145	--	1,160	1,740
Plant and machinery	200,353	6,416	206,769	130,750	7,603	--	138,353	68,416
Tools and equipment	52,739	8,300 (10)	61,029	31,730	4,396	(10)	36,116	24,913
Furniture, fixture and equipment	20,418	2,427	22,845	12,267	1,216	--	13,483	9,362
Vehicles	72,932	7,256 (2,908)	77,280	31,831	9,521	(2,158)	39,194	38,086
Computers	21,297	2,782	24,079	15,901	2,698	--	18,599	5,480
2000	546,629	31,682 (2,918)	575,393	306,939	31,806	(2,168)	336,577	238,816
1999	494,417	61,404 (9,192)	546,629	280,733	31,925	(5,719)	306,939	239,690

Included in tools and equipment above are assets of Rs 7.656 million (1999: Rs 8.507 million) held by a third party on behalf of Millat Tractors Ltd.

2000 1999
(Rupees in thousands)

9.1 The depreciation charge for the year has been allocated as follows:

Cost of goods sold - Note 19	21,793	20,728
Selling and distribution expenses - Note 20.1	3,219	3,513
Administration and general expenses - Note 20.2	6,794	7,684
	31,806	31,925

9.2 Details of certain assets disposed off during the year is as follows:

<i>Description</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book Value</i>	<i>Sale proceeds</i>	<i>Sold to</i>	<i>Mode of disposal</i>
<i>(Rupees in thousands)</i>						
Vehicles	205	138	67	67	Mr. M. Athar Zubair	Manager Company car scheme
	138	109	29	136	Mr. Khuram Imtiaz	Auction
	55	27	28	28	Ch. Jan Mohammad	Ex. A. Manager M. Cycle Scheme
	55	20	35	35	Mr. M. H. Shahid	Ex. A. Manager M. Cycle Scheme
	205	138	67	67	Mr. M. Pervaiz Butt	Manager Company car scheme
	205	138	67	67	Mr. Tariq Masood	Sr. Manager Company car scheme
	268	158	110	110	Mr. M. Alam Qureshi	Ex. D.G.M. Company car scheme
	55	19	36	36	Mr. Naeem Ahmad	Ex. D.M. M. Cycle Scheme
	155	144	11	151	M/s Mian Tractors, Lodhran	Auction
	449	418	31	352	Mr. Allah Ditta	Auction
	203	176	27	158	Mr. Khuram Imtiaz	Auction
	205	138	67	67	Mr. Naseem A. Sindhu	Manager Company car scheme
	205	138	67	67	Mr. M. A. Kakakhail	Sr. Manager Company car scheme
	205	138	67	67	Mr. Idrees Zubair	Sr. Manager Company car scheme
	245	239	6	350	Mr. M. Ramzan	Auction

2000 1999
(Rupees in thousands)

10. Capital work in progress

Civil works and building	--	1,198
--------------------------	----	-------

11. LONG TERM INVESTMENTS - AT COST**In subsidiary companies:****Unquoted**

Millat Equipment (Pvt.) Ltd.

3,107,360 (1999: 800,007) fully paid ordinary shares of Rs. 10/- each	31,074	8,000
-----------------------------------------------------------------------	--------	-------

Chief Executive: Mr. Sohail Bashir Rana (1999: Mr. Sohail Bashir Rana)

Equity held 100% (1999: 100%)

Value of investment based on the net assets shown in the audited accounts as at June 30, 2000 Rs 31.074 million (1999: Rs 8 million)

In associated companies:**Quoted**

Bolan Castings Limited

2,290,407 (1999: 2,290,407) fully paid ordinary shares of Rs. 10/- each	55,819	55,819
-------------------------------------------------------------------------	--------	--------

Equity held 41.45% (1999: 41.45%). Market value Rs 36.646 million

as at June 30, 2000 (1999: Rs. 41.227 million).

Baluchistan Wheels Limited

1,365,500 (1999: 1,365,500) fully paid ordinary shares of Rs 10/- each	14,866	14,866
------------------------------------------------------------------------	--------	--------

Equity held 1.78% (1999: 11.78%). Market value - Rs 30.382 million

(1999: Rs 29.085 million).

Unquoted

Arabian Sea Country Club Limited

500,000 (1999: 500,000) fully paid ordinary shares of Rs 10/- each	5,000	5,000
--------------------------------------------------------------------	-------	-------

Equity held 6.74% (1999: 6.74%). Value of investment based on the

net assets shown in the audited accounts as at June 30, 2000 Rs Nil

(1999: Rs 1.48 million)

Chief Executive: Mr. Javed Burki (1999: Mr. Zaem Lutfi)

Provision for permanent diminution in value - note 23	(5,000)	--
-------------------------------------------------------	---------	----

--	5,000
----	-------

101,759	83,685
---------	--------

12. LONG TERM LOANS - CONSIDERED GOOD

Executives	217	780
Other employees	5,512	5,489
	-----	-----
	5,729	6,269
Less: Current portion included in current assets - note 16		
Executives	186	673
Other employees	2,507	2,539
	-----	-----
	2,693	3,212
	-----	-----
	3,036	3,057
	=====	=====

These represent:

Unsecured interest free loans to executives and employees for the purchase of residential plots, furniture, fixture etc. aggregating Rs 2.574 million (1999: Rs 3.205 million).

Interest free loans to employees aggregating Rs 3.155 million (1999: Rs 3.065 million) which are secured by joint registration of motor cycles in the name of the employees and the Company. These loans are repayable in monthly installments over a period of 2 to 5 years.

Motorcycle and plot loans outstanding for more than 3 years amount to Rs. 468,801 (1999: Rs. 718,642) and Rs. 32,414 (1999: Rs. 572,693) respectively.

The maximum aggregate amount due at any time during the year from the Chief Executive was Rs Nil (1999: Rs Nil), Directors Rs Nil (1999: Rs Nil) and executives Rs 0.768 million (1999: Rs 1.54 million).

13. STORES AND SPARES

Most of the items of stores and spares are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

14. STOCK-IN-TRADE

Raw materials including in transit Rs 172.349 million (1999: Rs 387.545 million)	454,093	1,075,688
Work - in - process	23,849	46,228
Finished goods - Manufacturing	58,810	102,060
- Trading	20,880	24,325
Others	562	346
	-----	-----
	558,194	1,248,647
	=====	=====

Included in stocks are goods held with third parties amounting to Rs 23.916 million (1999: Rs 24.714 million).

15. TRADE DEBTS

Considered good	42,928	50,035
	-----	-----
Considered doubtful	--	7,922
Less: Provision for doubtful debts	--	7,922
	-----	-----
	--	--
	-----	-----
	42,928	50,035
	=====	=====

All debts are unsecured except for Rs 3.1 million (1999: Rs 0.5 million) which are secured by deposits.

16. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of long term loans to employees - note 12	2,693	3,212
Advances considered good to employees - note 16.1	1,232	1,928
Advance to suppliers- considered good	31,450	14,973
Considered doubtful	2,224	2,498
	-----	-----
	33,674	17,471

Less: Provision for doubtful	2,224	2,498
	-----	-----
	31,450	14,973
	-----	-----
Octroi recoverable	--	1,098
Less: Provision for doubtful	--	1,098
	-----	-----
	--	--
Trade deposits and prepayments	2,894	4,476
Letters of credit - opening charges and import license fee	3,604	2,937
Return accrued on time deposits	2,553	408
Sales tax recoverable	185,187	140,251
Pension Fund - note 7.3	--	2,487
Custom duty recoverable from government authorities	4,342	32,269
Other receivables - considered good	23,318	23,692
	-----	-----
	257,273	226,633
	=====	=====

16.1 Included in advances to employees are amounts due from the Chief Executive Rs 0.055 million (1999: Rs Nil), directors Rs 0.013 million (1999: Rs 0.249 million) and executives Rs 0.790 million (1999: Rs 0.928 million).

The maximum aggregate amount at any time during the year due from the Chief Executive Rs 0.326 million (1999: Rs 0.234 million), directors Rs 0.838 million (1999: Rs 0.560 million) and executives Rs 2.269 million (1999: Rs 2.397 million).

17. CASH AND BANK BALANCES

At banks		
On deposit accounts:		
Foreign currency - note 17.1	183,519	177,732
Local currency	25,009	12
Current accounts	235,663	254,553
	-----	-----
	444,191	432,297
In hand:		
Demand drafts	96,064	--
Cash	2,368	324
	-----	-----
	542,623	432,621
	=====	=====

17.1 Included in foreign currency bank balance is US \$ 0.211 million (1999: US \$ 0.211 million) representing remittances received from customers against import of tractors under the gift baggage scheme of the State Bank of Pakistan. Delivery was made to customers and now this amount can be utilised only for the import of tractors by the Company.

18. SALES

Manufactured goods less commission Rs 74.732 million (1999: Rs 65.648 million).	5,545,617	5,286,936
Trading goods less commission Rs 2.962 million (1999: Rs 3.149 million).	133,614	35,961
	-----	-----
	5,679,231	5,322,897
	=====	=====

Sales are exclusive of sales tax of Rs 32.370 million (1999: Rs 15.977 million).

19. COST OF GOODS SOLD

Components consumed	4,490,858	4,268,324
Salaries, wages and amenities - note 19.1	135,029	110,570
Fuel and power	14,490	14,537
Communication	1,332	1,406
Travelling and vehicle running	7,336	6,676

Printing and stationery	1,139	1,083
Insurance	5,967	5,598
Repair and maintenance	17,698	11,637
Stores and spares consumed	16,194	17,239
Royalty/Technical service fee	87,975	97,769
Research and development	327	6,763
Depreciation - note 9.1	21,793	20,728
Stock and stores directly written off	--	3,807
Other expenses	1,209	1,954
	-----	-----
	4,801,347	4,568,091
Decrease/(Increase) in work in process	22,379	(19,639)
	-----	-----
Cost of goods manufactured	4,823,726	4,548,452
Decrease in finished goods stock	43,250	234,075
	-----	-----
Cost of goods sold - own manufactured	4,866,976	4,782,527
Cost of goods sold - trading goods	114,690	27,111
	-----	-----
	4,981,666	4,809,638
	=====	=====

19.1 Salaries, wages and amenities include Rs 4.492 million (1999: Rs 3.030 million) in respect of employees pension scheme.

20. SELLING, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses - note 20.1	77,169	61,530
Administration and general expenses - note 20.2	104,070	91,790
	-----	-----
	181,239	153,320
	=====	=====

20.1 Selling and distribution expenses

Salaries and amenities	38,201	30,298
Fuel and power	1,536	1,273
Communication	1,476	1,491
Travelling and vehicle running	8,602	6,181
Rent, rates and taxes	534	482
Printing and stationery	1,055	1,169
Insurance	2,777	2,714
Warranty expenses	5,522	2,700
Free service	4,435	2,220
Provision for doubtful debts	--	1,007
Advertisement and sale promotion	7,792	7,338
Depreciation - note 9.1	3,219	3,513
Other expenses	2,020	1,144
	-----	-----
	77,169	61,530
	=====	=====

20.1.1 Salaries, wages and amenities include Rs 1.612 million (1999: Rs 1.051 million) in respect of employees pension scheme.

20.2 Administration and general expenses

Salaries and amenities	66,551	55,566
Fuel and power	2,030	1,729
Communication	1,266	1,922
Travelling and vehicle running	6,930	6,796
Printing and stationery	1,397	1,497
Insurance	2,540	2,229
Repair and maintenance	9,221	6,145
Security expenses	3,036	2,694
Legal and professional charges - note 20.2.2	1,741	2,263
Depreciation - note 9.1	6,794	7,684
Other expenses	2,564	3,265
	-----	-----
	104,070	91,790
	=====	=====

20.2.1 Salaries, wages and amenities include Rs 2.682 million (1999: Rs 1.912 million) in respect of employees pension scheme.

20.2.2 Legal and professional charges include the following in respect of auditors services for:

Statutory audit	120	110
Other advisory services	139	89
Out of pocket expenses	35	30
	-----	-----
	294	229
	=====	=====

21. OTHER INCOME

Rental income	1,966	1,529
Net profit on disposal of fixed assets	1,056	701
Return on bank deposits	24,059	11,040
Scrap sales	2,674	3,356
Dividend income from:		
Bolan Castings Ltd.	5,726	3,436
Baluchistan Wheels Ltd.	4,096	4,779
	-----	-----
	9,822	8,215

Interest charged on early payments to:

Associated companies	--	1,055
Others	3,857	7,815
	-----	-----
	3,857	8,870
Provisions no longer considered necessary written back	31,407	--
Others	1,814	8,535
	-----	-----
	76,655	42,246
	=====	=====

22. FINANCIAL CHARGES

Mark up on short - term running finance - secured	111,062	34,906
Interest on workers' profit participation fund	1,597	1,148
Bank charges and commission	700	459
Exchange loss	2,347	5,794
	-----	-----
	115,706	42,307
	=====	=====

23. OTHER CHARGES

Workers' profit participation fund - note 7.2	24,193	18,095
Workers' welfare fund	9,847	6,487
Provision for diminution in value of long term investments - note 10	5,000	--
Donations - note 23.1	432	116
Sales Tax assessed related to previous years - note 23.2	22,712	--
	-----	-----
	62,184	24,698
	=====	=====

23.1 None of the directors and their spouses had any interest in any of the donees.

23.2 Included in Rs 22.712 million are penalties of Rs 4.293 million imposed by the Additional Collector of Sales Tax under section 33(4) of the Sales Tax Act, 1990.

24. PROVISION FOR TAXATION

Current year		
current	156,500	107,150
deferred	(1,700)	(484)
	-----	-----
	154,800	106,666
Prior year - current	(2,112)	--
	-----	-----
	152,688	106,666
	=====	=====

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits, to the Chief Executive, full time working directors and executives of the Company are as follows:

	<i>Chief Executive</i>		<i>Directors</i>		<i>Executives</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousands)</i>					
Number of persons	1	1	5	6	110	99
Remuneration	901	819	2,369	2,217	18,436	15,823
Bonus	1,533	1,213	4,071	3,557	30,026	21,046
House rent	405	369	1,066	998	8,906	7,498
Contribution to provident and gratuity funds	247	225	646	717	4,652	4,007
Pension contribution	153	139	403	377	3,134	2,690
Medical expenses	46	73	305	334	2,559	2,068
Utilities	189	163	431	431	2,141	1,833
Other reimbursable expenses	80	--	223	43	1,876	1,591
	3,554	3,001	9,514	8,674	71,730	56,556

The Company also provides the Chief Executive, directors and certain executives with free transport and residential telephones.

25.1 Remuneration to other directors:

Aggregate amounts charged in the accounts for the year for fee to directors was Rs 5,000 (1999: Rs 5,000).

26. TRANSACTIONS WITH ASSOCIATED COMPANIES

In addition to the dividends, Company purchased goods and services from associated companies aggregating Rs 369.314 million (1999: Rs 403.781 million).

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousands)</i>	
	<i>Restated</i>	
27. CASH GENERATED FROM OPERATIONS		
Profit before taxation	415,091	335,180
Add/(less) adjustment for non cash charges and other items		
Depreciation	31,806	31,925
Provision for accumulating compensated absences	2,234	1,949
Provision for doubtful debts	--	1,007
Provisions no longer considered necessary written back	(31,407)	--
Provision for diminution in value of long term investments	5,000	--
Financial charges	115,706	42,307
Gain on disposal of fixed assets	(1,056)	(701)
Dividend income	(7,774)	(8,215)
Return on deposits	(24,059)	(11,040)
	505,541	392,412
Effect on cash flow due to working capital changes		
(Increase)/Decrease in stores	(4,367)	(4,867)
Decrease/(Increase) in stock in trade	690,453	(270,789)
Decrease/(Increase) in trade debts	9,283	(30,977)
(Increase) in loans, advances, prepayments and other receivables	(29,014)	(116,079)
(Decrease)/Increase in creditors, accrued and other liabilities	(330,575)	350,961
	335,780	(71,751)
	841,321	320,661
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances	542,623	432,621
Short term running finances	(175,314)	(515,338)

367,309 (82,717)

=====

Restated

29. EARNING PER SHARE

Net Profit after tax	Rupees (000)	262,403	228,514
		=====	=====
Average ordinary shares	Numbers	8,009,388	8,009,388
		=====	=====
Earning per share	Rupees	32.76	28.53
		=====	=====

30. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark up bearing</i>		<i>Non interest bearing</i>					
	<i>Maturity</i>	<i>Maturity</i>		<i>Maturity</i>	<i>Maturity</i>			
	<i>upto one</i>	<i>after one</i>	<i>Sub</i>	<i>upto one</i>	<i>after one</i>	<i>Sub</i>	<i>2000</i>	<i>1999</i>
	<i>year</i>	<i>year</i>	<i>total</i>	<i>year</i>	<i>year</i>	<i>total</i>	<i>Total</i>	<i>Total</i>
								<i>Restated</i>
<i>(Rupees in thousands)</i>								
Financial assets								
Long term investments	--	--	--	--	106,759	106,759	106,759	83,685
Loans to employees	--	--	--	2,693	3,036	5,729	5,729	6,269
Trade debts	--	--	--	42,928	--	42,928	42,928	50,035
Trade deposits	--	--	--	2,812	--	2,812	2,812	4,322
Return accrued on time deposits	--	--	--	2,553	--	2,553	2,553	408
Other receivables	--	--	--	23,318	--	23,318	23,318	23,692
Cash and bank balances	208,528	--	208,528	334,095	--	334,095	542,623	432,621
	-----	-----	-----	-----	-----	-----	-----	-----
	208,528	--	208,528	408,399	109,795	518,194	726,722	601,032
	=====	=====	=====	=====	=====	=====	=====	=====
Financial liabilities								
Finances under mark up arrange	175,314	--	175,314	--	--	--	175,314	515,338
Long term employees benefits	--	--	--	--	14,802	14,802	14,802	12,549
Creditors, accrued and other liabili	--	--	--	639,565	--	639,565	639,565	710,246
Contingencies & Commitments	--	--	--	6,501	--	6,501	6,501	6,501
Guarantees	--	--	--	73,958	--	73,958	73,958	142,130
Letters of credit	--	--	--	425,430	--	425,430	425,430	121,075
	-----	-----	-----	-----	-----	-----	-----	-----
	175,314	--	175,314	1,145,454	14,802	1,160,256	1,335,570	1,507,839
	=====	=====	=====	=====	=====	=====	=====	=====

30.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 726,722 million, (1999: Rs 601.032 million) the financial assets which are subject to credit risk amount to Rs 721.254 million (1999: Rs 600.208 million). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company obtains advances from dealers.

30.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. In order to manage foreign exchange risk the Company obtains forward covers.

30.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for long term investments, which are stated at cost.

2000 1999
(Units)

31. CAPACITY AND PRODUCTION

Tractors		
Plant capacity (single shift)	15,000	15,000
Actual production	16,084	14,453

32. CORRESPONDING FIGURES

Corresponding figures have been rearranged, where necessary, for the purposes of comparison.

33. STATEMENT UNDER SECTION 237

Statement pursuant to Section 237 of the Companies Ordinance, 1984 and the last audited accounts of the subsidiary are annexed.

Chairman & Chief Executive

Director

**STATEMENT AND REPORT UNDER SUB SECTION (1) (e), (f) AND
(g) OF SECTION 237 OF THE COMPANIES ORDINANCE, 1984**

*SUBSIDIARY
Millat Equipment
(Pvt) Ltd.*

Statement under Section (1) (e)

(a) Extent of the interest of Millat Tractors Ltd. (the holding company) in the equity of its subsidiary at the end of the last financial year of the subsidiary.

100 %

(Rupees in thousands)

(b) The net aggregate amount of profits less losses of the subsidiary company so far as this concerns members of the holding company and has not been dealt within the accounts of the holding company for the year ended June 30, 2000 are :-

(i) For the last financial year of the subsidiary

--

(ii) For the previous years / periods but subsequent to the acquisition of the controlling interest by the holding company.

--

The net aggregate amount of profits less losses of the subsidiary company so far as this has been dealt with or provisions made for losses in the accounts of the holding company for the year ended June 30, 2000 are:-

(i) For the last financial year of the subsidiary.

--

(ii) For the previous years but subsequent to the acquisition of the controlling interest by the holding co.

--

Statement under sub-sections (1) (f) & (g)

N.A.

Chairman & Chief Executive

Director

**Millat Tractors Group
Consolidated Financial Statements**

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of Millat Tractors Limited (the holding company) and its subsidiary company as at June 30, 2000 and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year ended June 30, 2000. We have also expressed separate opinion on the financial statements of Millat Tractors Ltd. for the year ended June 30, 2000. Millat Equipment (Pvt) Ltd., the subsidiary company has been audited

by other firm of chartered accountants, whose report has been furnished to us and our opinion in so far as it relates to the accounts included for such company, is based solely on the report of such auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with generally accepted auditing guidelines and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the Circumstances.

In our opinion the consolidated financial statements examined by us present fairly the financial position of Millat Tractors Limited and its subsidiary company as at June 30, 2000 and the result of their operations for the year then ended.

Lahore,
November 27, 2000

A.F. Ferguson & Company
Chartered Accountants

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<i>1999</i>	<i>2000</i>
		<i>(Rupees in thousands)</i>	
			<i>Restated</i>
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 ordinary shares of Rs. 10 each		100,000	100,000
		=====	=====
Issued, subscribed and paid up capital	3	80,094	80,094
Reserves		723,000	586,000
Unappropriated profit/(loss)		16,457	(18,292)
		-----	-----
		819,551	647,802
ACCUMULATING COMPENSATED ABSENCES	4	14,802	12,549
DEFERRED TAXATION	5	6,900	8,600
CURRENT LIABILITIES			
Short - term running finances - secured	6	175,314	515,338
Creditors, accrued and other liabilities	7	717,001	1,078,476
Proposed dividend		112,131	96,113
		-----	-----
		1,004,446	1,689,927
CONTINGENCIES AND COMMITMENTS	8		
		-----	-----
		1,845,699	2,358,878
		=====	=====
TANGIBLE FIXED ASSETS			
Operating fixed assets	9	245,999	246,826
Capital work - in - progress	10	--	1,198
		-----	-----
		245,999	248,024
LONG - TERM INVESTMENTS	11	88,755	70,230
LONG - TERM LOANS-CONSIDERED GOOD	12	3,036	3,057
DEFERRED COSTS	13	23,308	203
CURRENT ASSETS			
Stores and spares	14	26,398	22,031
Stock - in - trade	15	558,194	1,248,647
Trade debts	16	42,928	50,035
Loans, advances, deposits, prepayments and other receivables	17	255,225	226,594
Income tax recoverable		58,646	56,733
Cash and bank balances	18	543,210	433,324

1,484,601	2,037,364
1,845,699	2,358,878

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>(Rupees in thousands)</i>	<i>1999</i> <i>Restated</i>
SALES	19	5,679,231	5,322,897
COST OF GOODS SOLD	20	4,981,666	4,809,638
GROSS PROFIT		697,565	513,259
Selling, administration and general expenses	21	181,239	153,320
OPERATING PROFIT		516,326	359,939
Other income	22	66,833	34,031
		583,159	393,970
Financial charges	23	115,706	42,307
Other charges	24	57,184	24,698
		172,890	67,005
Net share of income of associated companies		39,623	26,604
PROFIT BEFORE TAXATION		449,892	353,569
Provision for taxation			
Group	25	152,688	106,666
Associated companies		13,324	9,254
		166,012	115,920
PROFIT AFTER TAXATION		283,880	237,649
Unappropriated profit brought forward as previously reported		(5,059)	(14,543)
Effect of Change in accounting policy		(13,233)	(11,285)
(Loss) brought forward as restated		(18,292)	(25,828)
		265,588	211,821
APPROPRIATIONS			
Transfer to general reserves		137,000	134,000
Proposed dividend @ 140% (1999: 120%)		112,131	96,113
		249,131	230,113
Unappropriated profit/(loss) carried forward		16,457	(18,292)
Combined earnings per share	29	35.44	29.67

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
<i>(Rupees in thousands)</i>				
Balance as at June 30, 1998 as previously reported	80,094	452,000	(14,543)	517,551
Effect of change in accounting pol	--	--	(11,285)	(11,285)
Balance as at June 30, 1998 as restated	80,094	452,000	(25,828)	506,266
Net profit for the year restated	--	--	237,649	237,649
Transfer from unappropriated profi	--	134,000	(134,000)	--
Dividend @ Rs 12.00 per share	--	--	(96,113)	(96,113)
Balance as at June 30, 1999 as restated	80,094	586,000	(18,292)	647,802
Balance as at June 30, 1999 as previously reported	80,094	586,000	(5,059)	661,035
Effect of change in accounting pol	--	--	(13,233)	(13,233)
Balance as at June 30, 1999 as restated	80,094	586,000	(18,292)	647,802
Net profit for the year	--	--	283,880	283,880
Transfer from unappropriated profi	--	137,000	(137,000)	--
Dividend @ Rs 14.00 per share	--	--	(112,131)	(112,131)
Balance as at June 30, 2000	80,094	723,000	16,457	819,551

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
<i>(Rupees in thousands)</i>			
<i>Restated</i>			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	27	841,283	320,647
Financial charges paid		(118,402)	(40,916)
Taxes paid		(156,301)	(97,792)
Net (increase)/decrease in deferred costs		(23,105)	(148)
Net decrease in long term loans to employees		540	1,707
Net cash inflow from operating activities		544,015	183,498
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(30,531)	(68,216)
Sale proceeds of fixed assets		1,806	4,174
Investment acquired during the year		--	(80)
Dividend received		7,774	8,215
Return on deposits received		21,914	25,429
Net cash (outflow) from investing activities		963	(30,478)

CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(95,068)	(67,396)
	-----	-----
Net cash (outflow) from financing activities	(95,068)	(67,396)
	-----	-----
Net increase in cash and cash equivalents	449,910	85,624
Cash and cash equivalents at the beginning of the year	(82,014)	(167,638)
	-----	-----
Cash and cash equivalents at the end of the year	28 367,896	(82,014)
	=====	=====

The annexed notes form an integral part of these accounts.

Chairman & Chief Executive

Director

CONSOLIDATED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

Millat Tractors Group comprises of Millat Tractors Ltd. and Millat Equipment (Pvt) Ltd. Millat Tractors Ltd. (MTL) is incorporated in Pakistan and is listed on Lahore, Karachi and Islamabad stock exchanges. It is engaged in assembly and manufacture of agricultural and industrial tractors, implements and equipment.

Millat Equipment (Pvt) Ltd., (MEL) a wholly owned subsidiary of MTL has not yet commenced commercial operations. Consequently consolidated profit and loss account does not include the results of its operations. During the year the group entered into an agreement with Samsung Commercial Vehicles Co. Ltd., Korea, to assemble and sell light duty trucks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

The accounts have been prepared under the historical cost convention.

2.3 Principles of consolidation

The consolidated financial statements include Millat Tractor Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. Subsidiary is consolidated as from the date of the acquisition using the purchase method. Details of the subsidiary are given in the note 32. Investments in associated companies, as defined in the Companies ordinance, 1984, are accounted for by the equity method.

2.4 Taxation

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates realizable, if any. The group accounts for deferred taxation, using the liability method, on all major timing differences.

2.5 Employees benefits

The main features of the scheme operated by the group for its employees are as follows:

(a) The group operates an approved defined benefit funded pension scheme for its permanent employees eligible under Employees Pension Fund Rules. Monthly contributions are made to this fund on the basis of actuarial recommendation. The latest valuation was carried out as at June 30, 2000. The future contribution rates of this plan include allowances for deficit and surplus. Projected unit credit method, with the following significant assumptions is used for valuation of this scheme:

- Expected rate of increase in salary level 10 percent per annum.
- Expected rate of return of 12 percent on plan assets during the year 1999-2000.
- Discount rate of 12 percent.
- Actual return on plan assets for the year Rs 16.117 million (1999: Rs 12.796 million).

Consequential to the adoption of IAS 19 (revised 1998); Employees Benefits, the actuarial valuation for the plan determined a transitional obligation of Rs 1.799 million as at July 1, 1999, which is being recognised immediately.

The group's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 (revised 1998).

b) The group operates an approved defined contribution funded gratuity scheme for all permanent employees. Based on the graduated scale, under the scheme, the contributions are calculated with reference to last drawn salary and length of service of the employees and are paid over to the Employees Gratuity Fund Trust. During the year, Rs 5.033 million (1999: Rs 4.569 million) has been recognized as an expense by the group.

c) The group operates an approved defined contribution provident fund for all employees. During the year, Rs 3.499 million (1999: Rs 3.285 million) has been recognized as an expense by the group.

d) Consequential to the adoption of IAS 19 (revised 1998); Employees Benefits, the group has changed its accounting policy and now provides for expected cost of accumulating compensated absences. The change in accounting policy has been accounted for retrospectively. The corresponding figures for the year ended June 30, 1999 have been restated to conform to the changed accounting policy. Opening reserves as on July 1, 1998 have been reduced by Rs 11.285 million, which is the cumulative effect of adjustments, relating to periods prior to July 1, 1998. Had there been no change in accounting policy, profit for the year before taxation and reserves as at June 30, 2000 would have been higher by Rs 2.234 million and Rs 15.468 million respectively.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under the schemes.

2.6 Fixed capital expenditure and depreciation

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work - in - progress are stated at cost.

Depreciation on operating fixed assets except office building on leasehold land is charged to profit on reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

Building on freehold land	5% to 10%
Building on leasehold land	5%
Plant and machinery	10%
Tools and equipment	15%
Furniture, fixture and equipment	10% to 20%
Vehicles	20%
Computers	33%

Office building at Karachi is on leasehold land for 55 years. Keeping in view its estimated useful life, it is amortized over 20 years @ 5% per annum.

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on deletion of assets are included in income.

2.7 Long term investments

Interest in associated companies are stated at the group's share of their underlying net assets using equity method.

2.8 Deferred costs

These costs are to be amortised over a period of five years from the commencement of commercial production.

2.9 Stores and spares

These are valued principally at moving average cost. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

2.10 Stock - in - trade

Stock of raw materials, except for raw materials - in - transit, work - in - process and finished goods are valued principally at lower of average cost and net realizable value. Cost of work - in - process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads. Raw materials-in-transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs

necessary to be incurred in order to make a sale.

2.11 Research and development costs

Research and development expenditure is charged to income in the year in which it is incurred.

2.12 Warranty claims

Claims are accrued on the basis of estimates.

2.13 Foreign currencies

Assets and liabilities in foreign currencies except for foreign currency balance covered by forward exchange risk cover are translated into rupees at the exchange rates prevailing at balance sheet date. Foreign currency balance covered by forward exchange risk cover are converted at forward rates. Exchange differences are included in profit currently.

2.14 Revenue recognition

Revenue is recognized on despatch of goods.

2000 **1999**
(Rupees in thousands)

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2,542,857 (1999: 2,542,857) ordinary shares of

Rs 10 each fully paid in cash	25,429	25,429
-------------------------------	--------	--------

5,466,531 (1999: 5,466,531) ordinary shares of

Rs 10 each issued as fully paid bonus shares	54,665	54,665
----------------------------------------------	--------	--------

	80,094	80,094
--	--------	--------

	80,094	80,094
--	--------	--------

4. ACCUMULATING COMPENSATED ABSENCES

The liability represents the additional amount that the group expects to pay as a result of unused entitlement that has accumulated at the balance sheet date.

5. DEFERRED TAXATION

The liability for deferred taxation comprises timing differences arising from accelerated tax depreciation.

6. SHORT - TERM RUNNING FINANCES AND OTHER CREDIT FACILITIES - SECURED

Short-term loans	149,500	100,000
------------------	---------	---------

Short-term running finances	25,814	415,338
-----------------------------	--------	---------

	175,314	515,338
--	---------	---------

	175,314	515,338
--	---------	---------

These finances available from consortium of banks under mark-up arrangements amount to Rs 780 million (1999: Rs 755 million). The rate of mark-up ranges between paisas 31 to paisas 40 per Rs 1,000 per diem. Of the aggregate facility of Rs 1,192 million (1999: Rs 1,285 million) for opening letters of credit and Rs 130 million (1999: Rs 100 million) for guarantees, the amount utilized as at June 30, 2000 was Rs 425.43 million (1999: Rs 508.62 million) and Rs 72.06 million (1999: Rs 61.55 million) respectively. The facility is secured by pari passu hypothecation charge over current assets of the group.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

These are composed of:

Creditors	167,868	541,455
-----------	---------	---------

Bills payable	310,669	--
---------------	---------	----

Regulatory duty and custom duty payable	25,125	79,778
-----------------------------------------	--------	--------

Accrued liabilities	65,676	64,918
---------------------	--------	--------

Advances from customers	18,808	260,062
-------------------------	--------	---------

Security deposits - Note 7.1	10,428	9,520
------------------------------	--------	-------

Mark-up accrued on short term running finances	8,005	10,701
------------------------------------------------	-------	--------

Royalties/Technical service fee payable	56,635	69,989
-----------------------------------------	--------	--------

Workers' profit participation fund - Note 7.2	24,199	18,200
-----------------------------------------------	--------	--------

Workers' welfare fund	9,300	10,187
-----------------------	-------	--------

Pension fund - Note 7.3	1,835	--
-------------------------	-------	----

Unclaimed dividend	5,343	4,298
--------------------	-------	-------

Others	13,110	9,368
--------	--------	-------

	717,001	1,078,476
--	---------	-----------

	717,001	1,078,476
--	---------	-----------

7.1 Security deposits from dealers, by virtue of agreement, are interest free, repayable on demand and are used in group's business.

7.2 Workers' profit participation fund:

Balance at the beginning of the year	18,200	10,318
Provision for the year - Note 24	24,193	18,095
Interest thereon	1,597	1,148
	-----	-----
	43,990	29,561
Payments	19,791	11,361
	-----	-----
Balance at the end of the year	24,199	18,200
	=====	=====

7.3 Pension Fund

The amounts recognised in the balance sheet are as follows:

Present value of defined benefit obligation	135,535
Fair value of plan assets	(125,807)
Past service cost to be recognised in later periods	(1,221)
Unrecognised actuarial gains/(losses)	(6,672)

Liability/(Asset) as at June 30, 2000	1,835
	=====
(Asset) as at June 30, 1999	(2,487)
Charge for the year	6,987
Transitional liability charged due to application of IAS-19	1,799
Contribution by the group	(4,464)

Liability as at June 30, 2000	1,835
	=====

7.3.1 Salaries, wages and amenities include following in respect of employees' pension scheme:

Current service cost	6,650
Interest cost for the year	12,870
Expected return on plan assets	(12,777)
Amortisation of non vested past service cost	244
Transitional liability charged due to application of IAS-19	1,799

	8,786
	=====

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Customs Authorities have raised a claim of Rs 78.356 million against the group, comprising of customs duty Rs 37.616 million, Sales Tax Rs 21.825 million, with-holding Income Tax Rs 8.265 million and penalty of Rs 10.650 million. This is on account of alleged violation of deletion programme by the group on import of components not permissible at concessional rates under SRO 502(1)/94 dated June 9, 1994. The group has filed an appeal against the decision of the Customs Authorities.

The Customs Authorities have based their claim on list of local components contained in the Industry Specific Deletion Programme (ISDP) for tractors, instead of referring to the Unit Specific Deletion Programme (USDP) already approved by Ministry of Industries, Engineering Development Board and endorsed by Central Board of Revenue.

The group has taken up the matter with the concerned authorities and the Engineering Development Board (EDB) which is the approving and monitoring authority for deletion programme. In this regard EDB has issued a clarification to Central Board of Revenue supporting the group's point of view.

The group has requested the Central Board of Revenue (CBR) to review the case in the light of clarifications issued by Engineering Development Board. Pending decision of appeal and review of CBR, no provision for the aforesaid claim has been made in these accounts as the group's management is of the view that the group has strong grounds for the matter to be decided in its favour.

8.1.2 Guarantees to bank for repayment of loan by employees Rs 5 million, the amount utilized as at June 30, 2000 was Rs 1.898 million (1999: Rs 1.63 million).

8.1.3 Undertaking given by the group to Privatisation Commission for repayment of loan of Rs Nil (1999: Rs 79 million) on behalf of the associated undertaking acquired from Privatisation Commission during 1993.

8.1.4 Claims not acknowledged by the group as debts Rs 16.001 million (1999: Rs 6.501 million).

8.2 Commitments

Commitment in respect of agreement of assembly of light duty trucks Rs 19.613 million. (1999:Rs Nil).

9. OPERATING FIXED ASSETS - TANGIBLE

	<i>Cost to July 1, 1999</i>	<i>Additions/ (Deletions)</i>	<i>Cost to June 30, 2000</i>	<i>Accumulated depreciation as at July 1, 1999</i>	<i>Depreciation charge for the year</i>	<i>Depreciation on disposals during the year</i>	<i>Accumulated depreciation as at June 30, 2000</i>	<i>Net book value as at June 30, 2000</i>
<i>(Rupees in thousands)</i>								
Land - Freehold	38,305	47	38,352	--	--	--	--	38,352
- Leasehold	8	--	8	--	--	--	--	8
Building on freehold land	144,813	4,501	149,314	83,445	6,227	--	89,672	59,642
Office building on leasehold land	2,900	--	2,900	1,015	145	--	1,160	1,740
Plant and machinery	200,353	6,416	206,769	130,750	7,603	--	138,353	68,416
Tools and equipment	52,739	8,300 (10)	61,029	31,730	4,396	(10)	36,116	24,913
Furniture, fixture and equipment	20,418	2,427	22,845	12,267	1,216	--	13,483	9,362
Vehicles	72,932	7,256 (2,908)	77,280	31,831	9,521	(2,158)	39,194	38,086
Computers	21,297	2,782	24,079	15,901	2,698	--	18,599	5,480
2000	553,765	31,729 (2,918)	582,576	306,939	31,806	(2,168)	336,577	245,999
1999	494,417	68,540 (9,192)	553,765	280,733	31,925	(5,719)	306,939	246,826

Included in tools and equipment above are assets of Rs 7.656 million (1999: Rs 8.507 million) held by a third party on behalf of the group.

2000 1999
(Rupees in thousands)

9.1 The depreciation charge for the year has been allocated as follows:

Cost of goods sold - Note 20	21,793	20,728
Selling & distribution expenses - Note 21.1	3,219	3,513
Administration & general expenses - Note 21.2	6,794	7,684
	31,806	31,925

9.2 Detail of certain assets disposed off during the year is as follows:

<i>Description</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book Value</i>	<i>Sale proceeds</i>	<i>Sold to</i>	<i>Mode of disposal</i>
<i>(Rupees in thousands)</i>						
Vehicles	205	138	67	67	Mr. M. Athar Zubair	Manager Company Car Scheme
	138	109	29	136	Mr. Khurram Imtiaz	Auction
	55	27	28	28	Ch. Jan Mohammad	Ex. A. Manager M. Cycle Scheme
	55	20	35	35	Mr. M. H. Shahid	Ex. A. Manager M. Cycle Scheme
	205	138	67	67	Mr. M. Pervaiz Butt	Manager Company Car Scheme
	205	138	67	67	Mr. Tariq Masood	Sr. Manager Company Car Scheme
	268	158	110	110	Mr. M. Alam Qureshi	Ex. D.G.M. Company Car Scheme

55	19	36	36 Mr. Naeem Ahmad	Ex. D.M.	M. Cycle Scheme
155	144	11	151 M/s Mian Tractors, Lodhran		Auction
449	418	31	352 Mr. Allah Diitta		Auction
203	176	27	158 Mr. Khurram Imtiaz		Auction
205	138	67	67 Mr. Naseem A. Sindhu	Manager	Company Car Scheme
205	138	67	67 Mr. M. A. Kakakhail	Sr. Manager	Company Car Scheme
205	138	67	67 Mr. Idrees Zubair	St. Manager	Company Car Scheme
245	239	6	350 Mr. M. Ramzan		Auction

2000 1999
(Rupees in thousands)

10. Capital work in progress

Civil works and building	--	1,198
	=====	=====

11. LONG TERM INVESTMENTS

Group's share of underlying net assets of associated companies - Note 11.1

88,755	70,230
=====	=====

11.1 In associated companies:**Quoted****Bolan Castings Limited**

2,290,407 (1999: 2,290,407) frilly paid ordinary shares of Rs. 10/- each

56,393	40,236
--------	--------

Equity held 41.45% (1999:41.45%)

Market value Rs 36.646 million as at June 30, 2000 (1999:Rs.41.227 million)

Baluchistan Wheels Limited

1,365,500 (1999: 1,365,500) fully paid ordinary shares of Rs 10/- each

32,362	28,518
--------	--------

Equity held 11.78% (1999: 11.78%)

Market value - Rs 30.382 million (1999: Rs 29.085 million)

Unquoted

Arabian Sea Country Club Limited

1,476

500,000 (1999: 500,000) fully paid ordinary shares of Rs 10/- each

Equity held 6.74% (1999: 6.74%)

Value of investment based on the net assets shown in the audited accounts as at June 30, 2000 Rs Nil (1999: Rs 1.48 million)

Chief Executive Mr. Javed Burki (1999: Mr. Zaeem Lutfi)

88,755	70,230
=====	=====

12. LONG TERM LOANS - CONSIDERED GOOD

Executives	217	780
Other employees	5,512	5,489

5,729	6,269
-------	-------

Less: Current portion included in current assets

Executives	186	673
Other employees	2,507	2,539

Note 17 2,693 3,212

3,036	3,057
=====	=====

These represent:

Unsecured interest free loans to executives and employees for the purchase of residential plots, furniture, fixture etc. aggregating Rs 2.574 million (1999: Rs 3.205 million).

Interest free loans to employees aggregating Rs 3.155 million (1999: Rs 3.065 million) which are secured by joint registration of motor cycles in the name of the employees and the group. These loans are repayable in monthly installments over a period of 2 to 5 years.

Motorcycle and plot loans outstanding for more than 3 years amount to Rs 468,801 (1999: Rs 718,642) and Rs 32,414 (1999: Rs 572,693) respectively.

The maximum aggregate amount due at any time during the year from the Chief Executive was Rs Nil (1999: Rs Nil), Directors Rs Nil (1999: Rs Nil) and executives Rs 0.768 million (1999: Rs 1.54 million).

	2000	1999
	<i>(Rupees in thousands)</i>	
13. DEFERRED COSTS		
These are composed of:		
Preliminary expenses of MEL	142	142
Technical assistance fee - Note 13.1	23,074	--
Others - Note 21.2.2	92	61
	-----	-----
	23,308	203
	=====	=====

13.1 The down payment in respect of Technical Assistance Agreement with Samsung Commercial Vehicles Co. Ltd., Korea, has been deferred until the commencement of commercial production by Millat Equipment (Pvt) Limited.

14. STORES AND SPARES

Most of the items of stores and spares are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

IS. STOCK-IN-TRADE

Raw materials including in transit Rs 172.349 million (1999: Rs 387.545 million)	454,093	1,075,688
Work - in - process	23,849	46,228
Finished goods - Manufacturing	58,810	102,060
- Trading	20,880	24,325
Others	562	346
	-----	-----
	558,194	1,248,647
	=====	=====

Included in stocks are goods held with third parties amounting to Rs 23.916 million (1999: Rs 24.714 million).

16. TRADE DEBTS

Considered good	42,928	50,035
Considered doubtful	--	79,221
Less: Provision for doubtful debts	--	7,922
	-----	-----
	--	--
	-----	-----
	42,928	50,035
	=====	=====

All debts are unsecured except for Rs 3.1 million (1999: Rs 0.5 million) which are secured by deposits.

17. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of long term loans to employees - Note 12	2,693	3,212
Advances considered good to employees - Note 17.1	1,232	1,928
	-----	-----
Advances to suppliers- considered good	31,450	14,973
Considered doubtful	2,224	2,498
	-----	-----
	33,674	17,471
Less: Provision for doubtful	2,224	2,498
	-----	-----
	31,450	14,973
	-----	-----
Octroi recoverable	--	1,098

Less: Provision for doubtful	--	1,098
	-----	-----
	--	--
Trade deposits and prepayments	2,894	4,476
Letters of credit - opening charges and import license fee	3,604	2,937
Return accrued on time deposits	2,553	408
Sales tax recoverable	185,187	140,251
Pension Fund - Note 7.3	--	2,487
Custom duty recoverable from government authorities	4,342	32,269
Other receivables - considered good	21,270	23,653
	-----	-----
	255,225	226,594
	=====	=====

17.1 Included in advances to employees are amounts due from the Chief Executive Rs 0.055 million (1999: Rs Nil), directors Rs 0.013 million (1999: Rs 0.249 million) and executives Rs 0.790 million (1999: Rs 0.928 million).

The maximum aggregate amount at any time during the year due from the Chief Executive Rs 0.326 million (1999: Rs 0.234 million), directors Rs 0.838 million (1999: Rs 0.560 million) and executives Rs 2.269 million (1999: Rs 2.397 million).

18. CASH AND BANK BALANCES

At banks		
On deposit accounts:		
Foreign currency - Note 18.1	183,519	177,732
Local currency	25,009	12
Current accounts	236,250	255,256
	-----	-----
	444,778	433,000
In hand:		
Demand drafts	96,064	--
Cash	2,368	324
	-----	-----
	543,210	433,324
	=====	=====

18.1 Included in foreign currency bank balance is US \$ 0.211 million (1999: US \$ 0.211 million) representing remittances received from customers against import of tractors under the gift baggage scheme of the State Bank of Pakistan. Delivery was made to customers and now this amount can be utilised only for the import of tractors by the group.

19. SALES

Manufactured goods less commission		
Rs 74,732 million		
(1999: Rs 65,648 million)	5,545,617	5,286,936
Trading goods less commission		
Rs 2,962 million		
(1999: Rs 3,149 million)	133,614	35,961
	-----	-----
	5,679,231	5,322,897
	=====	=====

Sales are exclusive of sales tax of Rs 32,370 million (1999: Rs 15,977 million).

20. COST OF GOODS SOLD

Components consumed	4,490,858	4,268,324
Salaries, wages and amenities - Note 20.1	135,029	110,570
Fuel and power	14,490	14,537
Communication	1,332	1,406
Travelling and vehicle running	7,336	6,676
Printing and stationery	1,139	1,083
Insurance	5,967	5,598
Repair and maintenance	17,698	11,637
Stores and spares consumed	16,194	17,239

Royalty/Technical service fee	87,975	97,769
Research and development	327	6,763
Depreciation - Note 9.1	21,793	20,728
Stock and stores directly written off	--	3,807
Other expenses	1,209	1,954
	-----	-----
	4,801,347	4,568,091
Decrease/(Increase) in work in process	22,379	(19,639)
	-----	-----
Cost of goods manufactured	4,823,726	4,548,452
Decrease in finished goods stock	43,250	234,075
	-----	-----
Cost of goods sold - own manufactured	4,866,976	4,782,527
Cost of goods sold - trading goods	114,690	27,111
	-----	-----
	4,981,666	4,809,638
	=====	=====

20.1 Salaries, wages and amenities include Rs 4.492 million (1999: Rs 3.030 million) in respect of employees pension scheme.

21. SELLING, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses - Note 21.1	77,169	61,530
Administration and general expenses - Note 21.2	104,070	91,790
	-----	-----
	181,239	153,320
	=====	=====

21.1 Selling and distribution expenses

Salaries and amenities - Note 21.1.1	38,201	30,298
Fuel and power	1,536	1,273
Communication	1,476	1,491
Travelling and vehicle running	8,602	6,181
Rent, rates and taxes	534	482
Printing and stationery	1,055	1,169
Insurance	2,777	2,714
Warranty expenses	5,522	2,700
Free service	4,435	2,220
Provision for doubtful debts	--	1,007
Advertisement and sale promotion	7,792	7,338
Depreciation - Note 9.1	3,219	3,513
Other expenses	2,020	1,144
	-----	-----
	77,169	61,530
	=====	=====

21.1.1 Salaries, wages and amenities include Rs 1.612 million (1999: Rs 1.051 million) in respect of employees pension scheme.

21.2 Administration and general expenses

Salaries and amenities - Note 21.2.1	66,551	55,566
Fuel and power	2,030	1,729
Communication	1,266	1,922
Travelling and vehicle running	6,930	6,796
Printing and stationery	1,397	1,497
Insurance	2,540	2,229
Repair and maintenance	9,221	6,145
Security expenses	3,036	2,694
Legal and professional charges - Note 21.2.2	1,741	2,263
Depreciation - Note 9.1	6,794	7,684
Other expenses	2,564	3,265
	-----	-----
	104,070	91,790
	=====	=====

21.2.1 Salaries, wages and amenities include Rs 2.682 million (1999: Rs 1.912 million) in respect of employees pension scheme.

21.2.2 Legal and professional charges and deferred cost include the following

in respect of auditors services for:

Millat Tractors Ltd. - M/s. A. F. Ferguson and Co.

Statutory audit	120	110
Other advisory services	139	89
Out of pocket expenses	35	30
	-----	-----
	294	229
	=====	=====

Millat Equipment (Pvt) Ltd. - M/s. Ilyas Saeed and Co.

Statutory audit	24	20
	=====	=====

22. OTHER INCOME

Rental income	1,966	1,529
Net profit on disposal of fixed assets	1,056	701
Return on bank deposits	24,059	11,040
Scrap sales	2,674	3,356
Interest charged on early payments	3,857	8,870
provisions no longer considered necessary written back	31,407	--
Others	1,814	8,535
	-----	-----
	66,833	34,031
	=====	=====

23. FINANCIAL CHARGES

Mark up on short - term running finance - secured	111,062	34,906
Interest on workers' profit participation fund	1,597	1,148
Bank charges and commission	700	459
Exchange loss	2,347	5,794
	-----	-----
	115,706	42,307
	=====	=====

24. OTHER CHARGES

Workers' profit participation fund - Note 7.2	24,193	18,095
Workers' welfare fund	9,847	6,487
Donations - Note 24.1	432	116
Sales Tax assessed related to previous years - Note 24.2	22,712	--
	-----	-----
	57,184	24,698
	=====	=====

24.1 None of the directors and their spouses had any interest in any of the donees.

24.2 Included in Rs 22,712 million are penalties of Rs 4,293 million imposed by the Additional Collector of Sales Tax under section 33(4) of the Sales Tax Act, 1990.

25. PROVISION FOR TAXATION

Current year		
Current	156,500	107,150
Deferred	(1,700)	(484)
	-----	-----
	154,800	106,666
Prior year - current	(2,112)	--
	-----	-----
	152,688	106,666
	=====	=====

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits, to the Chief Executive, full time working Directors and executives of the group are as follows:

	<i>Chief Executive</i>		<i>Directors</i>		<i>Executives</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Number of persons	1	1	5	6	110	99
			<i>(Rupees in thousands)</i>			

Remuneration	901	819	2,369	2,217	18,436	15,823
Bonus	1,533	1,213	4,07	3,557	30,026	21,046
House rent	405	369	1,066	998	8,906	7,498
Contribution to provident and gratuity funds	247	225	646	717	4,652	4,007
Pension contribution	153	139	403	377	3,134	2,690
Medical expenses	46	73	305	334	2,559	2,068
Utilities	189	163	431	431	2,141	1,833
Other reimbursable expenses	80	--	223	43	1,876	1,591
	3,554	3,001	9,514	8,674	71,730	56,556

The group also provides the Chief Executive, directors and certain executives with free transport and residential telephones.

26.1 Remuneration to other directors:

Aggregate amounts charged in the accounts for the year for fee to directors was Rs 5,000 (1999: Rs 5,000).

27. CASH GENERATED FROM OPERATIONS

Profit before taxation	449,892	353,569
Add/(less) adjustment for non cash charges and other items		
Depreciation	31,806	31,925
Provision for accumulating compensated absences	2,234	1,949
Provision for doubtful debts	--	1,007
Provisions no longer considered necessary written back	(31,407)	--
Financial charges	115,706	42,307
Gain on disposal of fixed assets	(1,056)	(701)
Return on deposits	(24,059)	(11,040)
Net share of income of associated companies	(39,623)	(26,604)
	503,493	392,412
Effect on cash flow due to working capital changes		
(Increase)/Decrease in stores	(4,367)	(4,867)
Decrease/(Increase) in stock in trade	690,453	(270,789)
Decrease/(Increase) in trade debts	92,831	(30,977)
(Increase) in loans, advances, prepayments and other receivables	(27,005)	(116,079)
(Decrease)/Increase in creditors, accrued and other liabilities	(330,574)	350,947
	337,790	(71,765)
	841,283	320,647

28. CASH AND CASH EQUIVALENTS

Cash and bank balances	543,210	433,324
Short term running finances	(175,314)	(515,338)
	367,896	(82,014)

Restated

29. COMBINED EARNINGS PER SHARE

Net Profit after tax	Rupees (000)	283,880	237,649
Average ordinary shares	Numbers	8,009,388	8,009,388
Combined earnings per share	Rupees	35.44	29.67

30. FINANCIAL ASSETS AND LIABILITIES

<i>Interest/mark-up bearing</i>		<i>Non interest bearing</i>			<i>Sub total</i>	<i>2000 Total</i>	<i>1999 Total</i>
<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>				

Restated

(Rupees in thousands)

Financial assets									
Long term investments	--	--	--	75,685	75,685	75,685	75,685	75,685	75,685
Loans to employees	--	--	--	2,693	3,036	5,729	5,729	6,269	6,269
Trade debts	--	--	--	42,928	--	42,928	42,928	50,035	50,035
Trade deposits	--	--	--	2,812	--	2,812	2,812	4,322	4,322
Return accrued on time deposits	--	--	--	2,553	--	2,553	2,553	408	408
Other receivables	--	--	--	21,270	--	21,270	21,270	23,653	23,653
Cash and bank balances	208,528	--	208,528	334,682	--	334,682	543,210	433,324	433,324
	208,528	--	208,528	406,938	78,721	485,659	694,187	593,696	593,696
Financial liabilities									
Finances under mark up arrangements	175,314	--	175,314	--	--	--	175,314	515,338	515,338
Long term employees benefits	--	--	--	--	14,802	14,802	14,802	12,549	12,549
Creditors, accrued and other liabilities	--	--	--	639,569	--	639,569	639,569	710,249	710,249
Contingencies & Commitments	--	--	--	26,114	--	26,114	26,114	6,501	6,501
Guarantees	--	--	--	73,958	--	73,958	73,958	142,130	142,130
Letters of credit	--	--	--	425,430	--	425,430	425,430	121,075	121,075
	175,314	--	175,314	1,165,071	14,802	1,179,873	1,355,187	1,507,842	1,507,842

30.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 694.187 million, (1999: Rs 593.696 million), the financial assets which are subject to credit risk amount to Rs 688.719 million (1999: Rs 592.872 million). The group believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the group obtains advances from dealers.

30.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. In order to manage foreign exchange risk, group obtains forward covers.

30.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for long term investment, which are stated at cost.

2000 1999
(Units)

31. CAPACITY AND PRODUCTION

Tractors		
Plant capacity (single shift)	15,000	15,000
Actual production	16,084	14,453

32. DETAILS OF SUBSIDIARY

Name of subsidiary	Millat Equipment (Pvt) Limited
Accounting year end	June 30, 2000
Percentage of holding	100%
Country of incorporation	Pakistan

33. CORRESPONDING FIGURES

Corresponding figures have been rearranged, where necessary, for the purpose of comparison.

Chairman & Chief Executive

Director

Millat Equipment (Pvt) Limited.

DIRECTORS' REPORT

The Directors feel pleasure in presenting to you their report together with audited accounts of the Company:

During the year, the holding Company signed a Technical Assistance Agreement with Samsung Commercial Vehicles Company Limited, Korea for the progressive manufacture of 1.25 Tons Light Commercial Vehicle. Subsequently the agreement was assigned to Millat Equipment (Pvt) Limited (MEL). For the time being the project shall be undertaken within the premises of Millat Tractors Limited for which necessary civil works are in progress. The trial production is expected to commence in the last quarter of current financial year.

Since commercial production has not yet commenced, no profit and loss accounts have been prepared for the period under review. Accordingly earning per share was nil.

The interest of the holding Company in its subsidiary (MEL) is 100%.

Millat Equipment (Pvt) Limited was incorporated in the year 1993 as a wholly owned subsidiary Company of Millat Tractors Limited.

During the year, 50% technical fee i.e., US\$ 375,000 was remitted to Samsung Commercial Vehicles Company Limited, Korea.

Balance 50% technical fee i.e., US\$ 375,000 is payable during the current financial year.

DIRECTORS

During the year, the following Directors retired on completion of their tenure of three years:

Messrs Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Mohammad Saleem, Shaukat Ali Sheikh and S.R. Bokhari.

The following were elected in the Extra-Ordinary General Meeting held for the purpose on 30th June, 2000, as Directors in place of the retiring Directors:

Messrs Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Mohammad Saleem, Shaukat Ali Sheikh and Dr. Syed Amer Ali.

AUDITORS

M/s. Ilyas Saeed and Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment as the auditors of the Company for the year ending June 30, 2001.

PATTERN OF SHAREHOLING AS AT JUNE 30, 2000

<i>No. of Shareholders</i>	<i>Size of Holding from</i>	<i>to</i>	<i>Total Shares Held</i>
7	1	100	7
1	3,105,000	3,110,000	3,107,353
-----			-----
8			3,107,360
=====			=====

CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>No</i>	<i>Shares</i>	<i>Percentage of</i>
--------------------	-----------	---------------	----------------------

	<i>held</i>	<i>issued capital</i>	
Individuals	7	7	--
Investment Companies	--	--	--
Insurance Companies	--	--	--
Joint Stock Companies	1	3,107,353	100
Financial Institutions	--	--	--
Modaraba Companies	--	--	--
Others (to be specified)	--	--	--
	-----	-----	-----
	8	3,107,360	100
	=====	=====	=====

for and on behalf of the Board

Lahore:
November 09, 2000

Sohail Bashir Rana
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/s. MILLAT EQUIPMENT (PVT) LTD., as at June 30, 2000, and the related Receipt and Payment Account, 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 purpose of our audit.

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

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

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

b) in our opinion;

i) the balance sheet and receipt and payment 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, receipt and payment account 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 receipt and payment for the year then ended; and

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

Lahore
September 15, 2000

Ilyas Saeed & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 5,000,000 ordinary shares of Rs. 10 each	50,000,000	50,000,000
Issued, subscribed and paid up capital 3,107,360 (1999: 800,007) ordinary shares of Rs. 10/- each	31,073,600	8,000,070
LOAN FROM ASSOCIATES	0	39,255
CURRENT LIABILITIES		
Creditors & accrued expenses	4,000	3,000
	31,077,600	8,042,325
ASSETS		
Fixed Assets - Land	7,182,320	7,135,520
Deferred Revenue Expenditure	23,166,130	61,430
Preliminary Expenses	142,000	142,000
CURRENT ASSETS		
Cash in Hand	70	70
Cash at Bank	587,080	703,305
	31,077,600	8,042,325

Note: These financial statements should be read in conjunction with the annexed notes.

Chief Executive

Director

RECEIPT & PAYMENT ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

2000 *1999*

	<i>Rupees</i>	<i>Rupees</i>
RECEIPTS		
Opening Cash Balance		
In Hand	70	70
At Bank	703,305	500
Share Capital from Holding Co. for Issuance of Shares	--	8,000,000
	-----	-----
	703,375	8,000,570
	=====	=====
PAYMENTS		
Purchase of Land	46,800	7,135,520
Deferred Revenue Expenditure	27,170	35,175
Preliminary Expenses	--	110,000
Payment to Creditors/Accrued Exp	42,255	16,500
Closing balance carried to B/S		
In Hand	70	70
At Bank	587,080	703,305
	-----	-----
	703,375	8,000,570
	=====	=====

Note: These financial statements should be read in conjunction with the annexed notes

Chief Executive

Director

LAHORE: September 15, 2000

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

1. COMPANY AND ITS OPERATIONS

Millat Equipment (Private) Limited is a Private Limited Company registered at Lahore. The Company aims to be engaged in the business of manufacturing of automotive agricultural and industrial vehicles, parts and components thereof.

1.1 SUBSIDIARY COMPANY

Millat Equipment (Private) Limited is a wholly owned subsidiary of Millat Tractors Limited.

1.2 COMMENCEMENT OF COMMERCIAL ACTIVITIES

During the year, Holding Company namely, Millat Tractors Limited, assigned its contract with Samsung Commercial Vehicles Co., Ltd., Korea, to Millat Equipment (Pvt) Ltd., (with mutual consent of all the parties) regarding transfer of technical assistance. The Agreement is effective for five years period from 01-07-2000 to 30-06-2005.

2. SIGNIFICANT ACCOUNTING POLICIES

These accounts comply with International Accounting Standards, where applicable, in all material respects. The principal accounting policies which have been adopted in the preparation of the company's accounts, are as follows:-

2.1 COST

These Financial Statements have been prepared on historical cost basis and do not reflect the impact of specific price changes and the general level of prices.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. DEFERRED REVENUE EXPENDITURE		
Bank charges	300	300
Professional Tax	10,000	--
Fees & Subscriptions	58,800	41,630
Audit Fee	23,500	19,500
Technical Assistance Fee paid to Samsung Commercial Vehicles Co. Ltd. (Note 1.2)	23,073,530	--

23,166,130	61,430
------------	--------

4. CAPITAL COMMITMENT

The Company has entered into an agreement with Millat Tractors Limited to issue Share Capital of rupees equivalent to US\$ 375,000/- to fulfill its commitment with Samsung Commercial Vehicle Co. Ltd. (Note 1.2).

Chief Executive

Director

TRACTOR DEALERS

PUNJAB

Northern Motors, Rawalpindi
 Ahmer Brothers, Attock
 Friends Corporation, Mandi Bahauddin
 Hassan Corp., (Pvt) Ltd., Gujranwala
 Zeshan Tractors, Gujrat
 Kashmir Tractors, Jhelum
 Globe Automobiles (Pvt) Limited, Lahore
 Zamindar Tractors & Equip., Kasur
 Shahrah Autos (Pvt) Ltd., Sheikhpura
 Mohammad Yousaf & Co., Faisalabad
 Sheraz Tractors, Toba Tek Singh
 Ahmed K. Agencies, Jhang
 Sahiwal Tractor House (Pvt) Ltd., Sahiwal
 Rana Traders, Arifwala
 Khawaja Autos, Okara
 Mumtaz Trading Corporation, Sargodha
 Super United Tractors, Mianwali
 Shaheen Tractor House, Bhakkar
 Multan Autos (Pvt) Ltd., Multan
 Chenab Tractor House, Muzaffargarh
 Universal Autos, D.G. Khan
 Haleem Sons, Khanewal
 Thal Tractor Dev. Corp., Leiah
 A1-Hassan Traders, Bahawalpur
 Panjnad Tractors (Pvt) Ltd. R.Y. Khan
 Vehari Tractors, Vehari
 Suttlej Traders, Chishtian
 Sargroh Services (Pvt) Ltd. Bahawalnagar
 Shabbir Trading Co., Depalpur
 Iqbal Enterprises, Chakwal
 Kissan Brothers, Kasur
 Usman Enterprises, Lahore
 Khushab Tractor House, Jauharabad
 Zarkhez Tractor and Equipment Co., Hasilpur
 Mian Tractors, Lodhran
 A1-Jabbar Tractors, Sialkot
 Zahid Brothers, Shakargarh
 Punjab Tractors, Pakpattan

BALUCHISTAN

Raavi Tractors House, Chaman
 National Agricultural Engineering & Services, Jhat Pat
 Daavi Autos, Quetta
 Zamindar Tractors, Pishin
 Bolan Tractors House, Loralai
 Baluchistan Tractors & Services, Quetta

N.W.F.P

Indus Autos, D.I. Khan
 Kurram Tractors, Bannu
 Kohat Automobiles, Kohat
 Samir Tractor Agency, Parachinar
 Mardan Tractors, Mardan
 Ghulam Muhammad Auto Store, Swat

Hunza Motors, Gilgit
Tractor House, Charsadda
Tractor House, Peshawar
Afghan Tractors House, Malakand
Arbab Tractors, Mardan

SIND

Popular Tractor Co., Sukkur
Larkana Tractor House, Larkana
Sind Trading Company, Jacobabad
Good Luck Tractor Co., Khairpur
Al-Madina Motors, Shikarpur
Shabbir Tractors, Nawabshah
Pakistan Zari Industries Hyderabad
Mehran Trading Co., Sanghar
Al-Hamd Tractors, Dadu

SPARE PARTS DEALERS

PUNJAB

New Lodhi Sons, Lahore
Mian Autos, Lahore
Hudaira Agencies, Lahore
Malik Tractors, Lahore
Muslim Tractor Corp., Lahore
Ghazi Autos, Lahore
Pak Tractor House (Pvt) Ltd., Lahore
Sadar Auto Traders, Lahore
Farhan Tractors, Lahore
Massey Autos, Pattoki
Universal Tractors, Okara
Fareed Auto Store, Depalpur
Madina Tractors, Muridkey
Riaz Autos, Sheikhpura
New Kissan Autos, Hafizabad
Kissan Tractor House, Sialkot
Madina Autos Services, Sambarial
Mukhtar Autos, Sahiwal
Madina Autos, Arifwala
Crescent Autos, Pakpattan
Madina Autos, Burewala
Nawaz Auto Store, Multan
Ishtiaq Auto Store, Multan
M. Latif & Brothers, Mian Channu
Hafiz Autos, Jehanian
Afzal Auto Store, Khanewal
Nazar Tractor Workshop, Alipur
Farooq Brothers, Kot Addu
Sarsabz Auto Store, Rajanpur
Nasir Khan Autos, Leiah
Pak Autos, Pirmahal
Idrees & Company, Faisalabad
Ali Imran Autos, Chiniot
New Abrar Tractor Centre, Sargodha
Pak Auto Store, Haroonabad
Mushtaq Parts Centre, Gujrat
Mukhtar Autos, Daska
Malik Tractor Autos, Rawalpindi
Piracha Auto Agency, Bhalwal
Kissan Tractor House, Wazirabad
Zahid Brothers, Shakargarh

N.W.F.P.

Millat Tractor House, Mardan
Quresh Mechanical Engineering Works,
Kurram Agency

Lahore Autos, Charsadda

SIND

Genuine Tractors, Hyderabad

MILLAT TRACTORS LIMITED

9 k.m. Sheikhpura Road,
Distt. Sheikhpura

**ABSTRACT UNDER SECTION 218
OF THE COMPANIES ORDINANCE, 1984**

Remuneration of Chairman/Chief Executive and whole time working Directors:

The Board of Directors of Millat Tractors Limited, in their meeting held on November 10, 2000 has passed the following resolutions to amend the existing terms of appointment of the Chairman/Chief Executive and whole time working Directors:

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to Mr. Sikandar Mustafa Khan, Chairman/Chief Executive, not exceeding Rs. 3.5 million per annum, exclusive of perquisites and retirement benefits to which he is entitled under terms of his appointment with the Company."

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to M/s. Latif Khalid Hashmi and Sohail Bashir Rana, Directors, not exceeding Rs. 5.5 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company."

"RESOLVED that the Board hereby approves and authorizes the holding of office of profit and payment as remuneration to M/s. Laeeq Uddin Ansari, Mian Mohammad Saleem and Rana Mohammad Siddique, Directors, not exceeding Rs. 4.0 million per annum, in aggregate, exclusive of perquisites and retirement benefits to which they are entitled under terms of their employment with the Company."

Each Director is interested in the resolution to the extent of remuneration given above.

Lahore
November 24, 2000

(Mian Mohammad Saleem)
Company Secretary

WORKSHOPS

ATTOCK

A1-Muthidda Engg. Workshop, Attock
Ramzan Tractor Workshop, Mathial Chowk
Sargodha Diesel Workshop, Pindi Gheb
Sargodha Repairing Workshop, Talagang

ARIFWALA

Rana Traders Tractor Workshop, Qaboola
Rana Traders Tractor Workshop, Trikhani Adda

BANNU

Khalid Tractor Workshop, Bannu
Gul Tractor Workshop, Lakki Marwat
Jillani Tractor Workshop, Miran Shah
Umer Nyaz Tractor Workshop, Domel

BHAKKAR

Shaheen Tractor Workshop, Hyderabad Thall
Yousaf Tractor Workshop, Dulewala

BAHAWALNAGAR

Mughal Tractor Workshop, Haroonabad
Chaudhry Tractor Workshop, Minchanabad
Sadiq Tractor Workshop, Faqir Wali
Mughal Tractor Workshop, Donga Bonga

BAHAWALPUR

Najamal Tractor Workshop, Yazman Mandi
Saeed Tractor Workshop, Noorpur Naranga
Majid Tractor Workshop, Khankah Sharif
Itefaq Tractor Workshop, Bunglow Tailwala
Haji Tractor Workshop, Ahmadpur East
M. Sarwar Tractor Workshop, Chani Goth
Millat Tractor Workshop, Yazman Road, Shahiwala
Gulzar Tractor Workshop, Ahmed Put Road, Head Rajgan
Tariq Tractor Workshop, Yazman Road, Adda 42-DB
Bismillah Tractor Workshop, Hasilpur Road, Dera Bakha

CHARSADA

Rahim Tractor Workshop, Sardary
Madina Tractor Workshop, Charsada

CHAKWAL

Naseer Auto Workshop, Dhulian
Ibrar Auto Workshop, Mulhal Mughlan

CHISHTIAN

Mushtaq Tractor Workshop, Fort Abbas
Moughal Tractor Workshop, Chishtian

DERA ISMAIL KHAN

Zulfiqar Tractor Workshop, Pahar Pur

DERA GHAZI KHAN

Abbas Tractor Workshop, Choti Zareen
Arbab Tractor Workshop, Taunsa Sharif
Nawaz Tractor Workshop, Kot Chutta

FAISALABAD

Khan Tractor Workshop, Faisalabad
Dilbar Hameed Tractor Workshop, Samundri
Akram Tractor Workshop, Tandilianwala
Rashid Tractor Workshop, Jaranwala
Sabar Tractor Workshop, Mamu Kanjan
Moughal Tractor Workshop, Samundri

GUJRAT

Tariq Tractor Workshop, Kharian

GUJRANWALA

Wazirabad Tractor Workshop, Wazirabad
Hussain Tractor Workshop, Pindi Bhattian
Yasin Tractor Workshop, Nowshera Virkan
Mughal Tractor Workshop, Kamoke
Dar Tractor Workshop, Whando
Madina Tractor Workshop, Alipur Chatta
Minhas Tractor Workshop, Hafizabad

HASILPUR

Friends Tractor Workshop, Khairpur Tamiwali
Khalid Jared Tractor Workshop, Jamal Put
Idrees Tractor Workshop, Mandi Chuna Wali

HYDERABAD

Jared Tractor Workshop, Tando Jam

Sind Tractor Workshop, Hala

JHELUM

Latif Auto Store Workshop, Bhimber
Iqbal Tractor Workshop, Mirpur
Kashmir Tractor Workshop, Muzaffarabad
Bismillah Tractor Workshop, Jatlian
Kashmir Tractor Workshop, Kotli
Gujranwala Tractor Workshop, Chakswari
Sargodha Tractor Workshop, Bhimber
Kashmir Tractor Workshop, Dina

JHANG

Yaseen Tractor Workshop, Gojra More
Youhas Tractor Workshop, Shorkot
Ahmed K. Agencies, Chiniot
Al-Nawaz Tractor Workshop, Garh More

JAUHARABAD

Ashraf Tractor Workshop, Rangpur Bhagoor
Hafeez Tractor Workshop, Quaidabad
Azad Tractor Workshop, Noor Pur Thal

JAMPUR

Gul Muhammad Tractor Workshop, Rajanpur
Allah Baksh Tractors Workshop, Jampur

JACOBABAD

Ustad Adoo Tractor Workshop, Kand Kot
Abdul Jabbar Tractor Workshop, Kashmore
Abdul Latif Tractor Workshop, Thull

KASUR

Yousaf Tractor Workshop, Bhai Phero
Khokhar Tractor Workshop, Pattoki
Zamindar Tractor Workshop, Ting More
Zamindar Tractor Workshop, Chunian
Kissan Tractor Workshop, Noor Pur
Kissan Tractor Workshop, Khudian
Qalandri Tractor Workshop, Talwandi
Kissan Tractor Workshop, Kangan Pur
Kissan Tractor Workshop, Kot Radha Kishan
Malik Tractor Workshop, Chunian
Badar Din Tractor Workshop, Teeh. Sheikhum

KHANEWAL

Akram Tractor Workshop, Mian Channu
Mukhtar Tractor Workshop, Abdul Hakeem
Aslam Tractor Workshop, Kabirwala
Sadiq Tractor Workshop, Jehanian
Anan Tractor Workshop kor Sajjan Singh
Madina Tractor workshop, Jhang Road Pull-25
Iqbal Tractor Workshop, Jhang Road, Choper Hatta
Faiz Tractor Workshop, Multan Road, Pull-32
Al-Noor Tractor Workshop, Nawana Shehr
Bismillah Tractor Workshop, Tulamba
Ramzan Tractor Workshop, Kacha Khoh
Sarfray Tractor Workshop, Pull Rango
Adnan Tractor Workshop, Kot Sajjan Singh

KOHAT

Ejaz Tractor Workshop, Kohat
Sher Ali Tractor Workshop, Karya

LAHORE

Pakistan Tractor Workshop, Begumkot
Zafar Tractor Workshop, Lahore
Universal Tractor Workshop, Mohlanwal
Highway Tractor Workshop, Manga Mandi

Kissan Auto Services Tractor Workshop, Lahore Cantt.
Madina Tractor Workshop, Raiwind

LEIAH

Mian Autos Tractor Workshop, Karor Lal Ehsan
Altaf Tractor Workshop, Leiah
Thai Tractor Workshop, Fatehpur
Rasheed Tractor Workshop, Nawan Kot
Thai Tractor Workshop, Chowk Azam

LODHRAN

Multan Tractor Workshop, Kahrora Pacca
Qadiri Tractor Workshop, Dunyapur
Imran Tractor Workshop, Dunyapur
Chudhry Tractor Workshop, Haqran

LARKANA

Saleem Akhtar Tractor Workshop, Dokri
Sikandar Ali Tractor Workshop, Qambar Ali Khan
Imtiaz Abroad Tractor Workshop, Warah
Shah Latif Tractor Workshop, Shahdad Kot

MARDAN

Minhaj Tractor Workshop, Swabi
Umer Tractor Workshop, Takhtbhai

MALAKAND

Afghan Tractor Workshop, Malakand
Afghan Tractor Workshop, Dir
Afghan Tractor Workshop, Bajoor
Afghan Tractor Workshop, Timergaraha
Afghan Tractor Workshop, Batkhela

MANDI BAHAUDDIN

Friends Corp. Tractor Workshop, Phalia
Friends Corp. Tractor Workshop, Gojra

MIANWALI

Super United Tractor Workshop, Kamar Mishani
Younas Tractor Workshop, Piplan
Millat Tractor Workshop, Wan Bachran

MULTAN

Iqbal Tractor Workshop, Adda Ayazabad Marral
Shoab Tractor Workshop, Qadirpur
Bismillah Tractor Workshop, Makhdoom Rashid
Amin Tractor Workshop, Bohla Sant
Mehar Tractor Workshop, Multan
Riaz Tractor Workshop, Jalalpur Pirwala
Multan Tractor Workshop, Shuja Abad
Akram Tractor Workshop, Tatepur
Nawan Tractors Workshop, Adda Aarewala

MUZAFFARGARH

Mukhtar Tractor Workshop, Chowk Karm Dad Qureshi
Nazar Tractor Workshop, Alipur
Khadim Tractor Workshop, Rohalianwali
Al-Hilal Tractor Workshop, Kot Addu
Bismillah Tractor Workshop, Chowk Sarwar
Derwaish Tractor Workshop, Shehr Sultan
Bismillah Tractor Workshop, Jatoi
General Tractor Workshop, Rohalianwali
Ashraf Tractor Workshop, Shehr Sultan
Nasir Arshad Tractor Workshop, Jatoi
Anwar-ul-Haq Tractor Workshop, Sanawan
Millat Tractor Workshop, Shah Jamal
Mushtaq Tractor Workshop, Rangpur
Awan Tractor Workshop, Khangarh
Chaudhry Tractor Workshop, Khairpur Saddat

NAWABSHAH

Aslam Tractor Workshop, Nawab Shah
Ghulam Qadir Tractor Workshop, Qazi Ahmad
Babu Tractor Workshop, Nowshero Feroz
Khan Tractor Workshop, Kandarо
Sohail Autos Tractor Workshop, Nawabshah

OKARA

Madina Tractor Workshop, Basirpur
Khaliquia Tractor Workshop, Depalpur
Khan Tractor Workshop, Haveli Lakha
A1-Madina Tractor Workshop, Haveli Lakha
Modern Tractor Workshop, Rajawal
Naseer Tractor Workshop, Rajawal

PESHAWAR

Awami Tractor Workshop, Pandoo Peshawar
New Peshawar Tractor Workshop, Khazana
Millat New Peshawar, Pandoo, Peshawar
Peshawar Tractor Workshop, Peshawar
New Awami Tractor Workshop, Peshawar

PARACHINAR

Samir Tractor Workshop, Sedda

PISHIN

Agha Tractor Workshop, Chaman
Zamindar Tractor Workshop, Muslim Bagh
Zain-ud-Din Tractor Workshop, Gulstan.
Zamindar Tractor Workshop, Mazai Adda

QUETTA

Ali Muhammad Tractor Workshop, Loralai
Abdul Ghafoor Tractor Workshop, Qila Saifullah
Nisar Ahmad Tractor Workshop, Zhob
Lali Garrage Tractor Workshop, Kuchlak
Daavi Autos Tractor Workshop, Khano Zai
Naseeb Ullah Tractor Workshop, Zandra
Shah Tractor Workshop, Drain Garh

RAWALPINDI

Sargodha Tractor Workshop, Kahuta
Hakeem Tractor Workshop, Gujар Khan
Ittefaq Tractor Workshop, Taxila
Asghar Tractor Workshop, Mall Road, Rawat

RAHIM YAR KHAN

Anwar Mustafa Tractor Workshop, Banglow Minthar
Panjnad Tractor Workshop, Sadiqabad
Akhtar Tractor Workshop, Shahbazpur
Javed Tractor Workshop, Sanjar Pur
Ghafoor Tractor Workshop, Kot Sabzal
Ashraf Tractor Workshop, Khan Pur
Rais Tractor Workshop, Zahir Pir
Shaheen Tractor Workshop,
Tranda Mohammad Pinnah
Nazar Tractor Workshop, Liaquat Pur
Zamindar Tractor Workshop, Chak No 121/1L
Kulachi Tractor Workshop, Tranda Muhammad Pinnah
Rao Afzal Tractor Workshop, Adda Bagho Bahar
Riaz Tractor Workshop, Nawан Kot

MANGORA - SWAT

Shah Hussain Tractor Workshop, Bunair
Gulzar Tractor Workshop, Besham

SIALKOT

Tariq Tractor Workshop, Shakargarh
Adnan Tractor Workshop, Narowal

Millat Tractor Workshop, Daska
Khan Tractor Workshop, Chiwanda
Amjad Tractor Workshop, Chowk Mundayki Goraya
Afzal Tractor Workshop, Daska
Riaz Tractor Workshop, Adam Ke Cheema
Zamindara Tractor Workshop, Budiana
Baba Tractor Workshop, Pasrur
Awami Tractor Workshop, Narowal
Al-Madina Tractor Workshop, Munday Ki Goraya
Manzoor Tractor Workshop, Shakargarh

SHEIKHUPURA

Javaid Tractor Workshop, Muridkey
Rafique Tractor Workshop, Narang Mandi
Malik Tractor Workshop, Mandi Faizabad
Hamdan Tractor Workshop, Farooqabad
Nazir Tractor Workshop, Khanqah Dogran
Butt Tractor Workshop, Adda Manawala
New Rehman Tractor Workshop, Morekhunda
Usman Tractor Workshop, Kot Abdul Malik
Haji Tractor Workshop, Ahmad Pur
Usman Tractor Workshop, Narang Mindi
Usman Tractor Workshop, Sharakpur

SARGODHA

Iqbal Tractor Workshop, Silanwali
Afzal Tractor Workshop, Kot Momen
Tariq Tractor Workshop, Bhera
Zafar Tractor Workshop, Shahpur
Iqbal Tractor Workshop, Bhalwal
Akram Tractor Workshop, Bhagtanwala
Saeed Tractor Workshop, Sahiwal Town
Javed Tractor Workshop, Pull 11

SAHIWAL

Sahiwal Tractor Workshop, Pakpattan
Sahiwal Tractor Workshop, Arifwala
Sahiwal Tractor Workshop, Chichawatni
Sahiwal Tractor Workshop, Iqbalnagar
Sahiwal Tractor Workshop, Sikandar Chowk
Sahiwal Tractor Workshop, Ahmad Yar
Sahiwal Tractor House Workshop, Adda Kabeer
Sahiwal Tractor House Workshop, Adda Kassowal
Sahiwal Tractor Workshop, Qaboola

SUKKUR

Mian Tractor Workshop, Kamber
Moughal Tractor Workshop, Pannu Aqil
Sabir Tractor Workshop, Khanpur
Hameed Tractor Workshop, Mirpur

MATHELO

Millat Tractor Workshop, Ubaro
Madina Tractor Workshop, Ghotki

SHIKARPUR

Qasim Tractor Workshop, Garhi Yaseen

SANGHAR

Rehman Tractor Workshop, Khapro

TOBA TEK SINGH

Sharaz Tractor Workshop, Gojra
Sharaz Tractor Workshop, Kamalia
Sharaz Tractor Workshop, Pirmahal
Sharaz Tractor Workshop, Sandilianwali

VEHARI

Zamindara Tractor Workshop, Gaggo Mandi

Manzoor Tractor Workshop, Burewala
Akram Tractor Workshop, Tibba Sultan Pur
Shahid Tractor Workshop, Maitla Chowk
A1-Saleem Tractor Workshop, Garh More
Asghar Tractor Workshop, Mailsi
Asghar Tractor Workshop, Dakota
Mughal Tractor Workshop, Luddan.

COMPANY INFORMATION

BANKERS

ABN Amro Bank
Bank Alfalah Ltd.
Emirates Bank International
Habib Bank Ltd.
Muslim Commercial Bank Ltd.
Standard Chartered Bank
Societe Generale, The French and International Bank
United Bank Ltd.

LEGAL ADVISORS

Walker Martineau Saleem
Advocates and Legal Consultants
Altaf and Altaf
Advocates

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

REGISTERED OFFICE AND PLANT

Sheikhupura Road, Distt. Sheikhupura
Tel: 7911021-25, 111-200-786
Fax: (042) 7924166, 7925835

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim
Co-operative Housing Society
Tel: 021-4553752, 4556321, 111-200-786

Multan Cant.

Garden Town, Shershah Road
Tel: 061-81371, 539271

Islamabad

H. No. 22, St. No. 41, Sector F-6/1
Tel: 051-271470, 270693, 111-200-786