

ALLIED MOTORS LIMITED

Annual Report 1996

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Company Information

BOARD OF DIRECTORS

K. A. Rahman	Chairman & Chief Executive
Manzoor Saber	
Razaul Haq	
Tajammul Hussain	
Iqbal Ghafur	
Anver Majid	
A. Sattar Khan	Director & Company Secretary

AUDITORS

Ford, Rhodes, Robson, Morrow
Chartered Accountants
Finlay House
I. I.Chundrigar Road
Karachi.

REGISTERED OFFICE

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

FACTORY

Plot Nos. A1-A50 Hub Industrial Trading Estate
Hub, District Lasbela (Balochistan)

REGISTRARS

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

Notice of Meeting

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of Allied Motors Limited will be held on Sunday, December 15, 1996 at 3.30 p.m., at the Registered office of the Company, Situated at D-t68, S.I.T.E., Haroonabad, Karachi to transact the following business:

1. To confirm the Minutes of the Thirteenth Annual General Meeting held on December 7,
2. To receive, consider and accept the Report of the Directors and the Audited Accounts for the year ended June 30, 1996 together with the Auditors' Report thereon.

3. To appoint Auditors of the Company for the year 1996/97 and to fix their remuneration.
4. To transact any other ordinary business of the Company with the permission of the Chair.

BY ORDER OF THE BOARD

A. SATTAR KHAN

Director & Company Secretary

Dated :Karachi, November 23, 1996

NOTES:

1. The Share Transfer Books of the Company will remain closed from December 1, 1996 through December 15, 1996 (both days inclusive).
2. A member eligible to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend and vote instead of him/her. Proxies in order to be effective must be deposited at Registered Office of the company not later than 48 hours before the time of holding of the meeting.
3. Shareholders are requested to immediately notify change of address, if any, to our Registrar, Gangjees Investment & Finance Consultants, 513, Clifton CENTRE, Khayaban-e-Roomi, Block-5, Clifton, Karachi-75600.

Directors' Report

Your Directors welcome you to the Fourteenth Annual General Meeting and place before you the Annual Roped together with the Audited Accounts of the Company for the year ended June 30, 1996.

FINANCIAL RESULTS

	(Rs.000)	
	1996	1995
Net Sales	5,267	3,939
Gross Profit/(Loss)	(4,131)	(5,024)
Operating Profit/(Loss)	(11,027)	(12,023)
Profit/(Loss) Before Tax	(10,975)	(11,860)
Profit/(Loss) After Tax	(11,004)	(11,711)
Unappropriated Profit/(Loss) B/F	(121,791)	(110,080)
Accumulated Profit/(Loss)	(132,795)	(121,791)

As you know, your Company has left over inventory of small horse power tractors. during th~ year under review, the Company sold 38 units of the Small Horse Power Tractors. The total tractor industry sale was 16,324 units including 49 units of Small Horse Power Tractors of which your Company sold 38 units. The Company also sold one unit of Agrimotor 3-wheeler during the year.

AUDITORS' OBSERVATIONS

Referring to the Auditors' observations in paragraph 2 of the Auditors' Repeal to the Members, it is stated that your Directors had no choice but to severe business relationship with Ford New Holland Inc. in order to halt continuous loss incurring process and to look for some other product which could assure viability. The management is concerned about the future of your Company and it is actively engaged in its re-activation. The Company's properly is free from all encumbrances. Further, the management considers that at present the assets and liabilities do not require any adjustment or reclassification since efforts are being made to re-activate the operation.

As to the Auditors' comments in paragraph 3 of their Report to the Members, it is stated that your Directors consider the tangible fixed assets, loose tools, stock-in. trade as good and realisable. The investment of Rs. 5 million in Polymer & Precision Engineers (Pvt.) Limited, in the opinion of your Directors, may soon start yielding returns.

FUTURE OUTLOOK

As you are aware, with a view to re-activate the Company's operations, The management of your Company had been actively negotiating with some manufacturers ot automobiles in China, Japan and Europe. Further, the management had made arrangements with a Chinese automobile manufacturer to import Truck, Bus and mini truck for test and trial purposes, Unfortunately, due to the prevailing economic and political conditions of the country coupled with the law and order situation in Karachi and lack ot support from vendors source, we had to defer the import of the said vehicles for test and trial. As soon as the situation improves, the vehicles will be imported and after satisfactory completion of the test and trial, a deletion programme for assembly-cum-progressive manufacture will be drawn and presented to the Government for approval.

Recently, a large European Group of automobile manufacturer has again contacted us and our negotiation with them are progressing. In fact, their delegation was scheduled to visit us for discussions during the last week of November 1996. But, due to sudden political change, they have deferred their visit to February 1997 hoping that by then the new elected government will be operational.

All the 20 units of Agrimotor 3-wheelers have been assembled. The Company has so far sold 2 units and they are operational in the interior of Sindh. The said Agrimotor 3-wheelers are specially designed for agricultural applications. And, we have been making efforts to have these enlisted with Agricultural Development Bank of Pakistan so as to enable the farmers to avail ADBP loan facilities for the purchase of the Agrimotor 3-wheelers.

AUDITORS

The present Auditors M/s. Ford, Rhodes, Robson, Morrow - Chartered Accountants retire and being eligible offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached.

FOR AND ON BEHALF OF THE BOARD

ANVER MAJID

Director

TAJAMMUL HUSSAIN

Director

Dated: Karachi, November 7, 1996

Pattern of Shareholding

**PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS
AS AT JUNE 30, 1996**

NO. OF SHARE HOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
242	1	100	22,712
587	101	500	117,673
85	501	1000	75,566
136	1001	5000	336,138
18	5001	10000	118,246
9	10001	15000	113,932
5	15001	20000	86 430
2	20001	25000	48 599
1	25001	30000	28 233
1	30001	35000	30 333
1	35001	40000	35200
2	45001	50000	97 199
1	55001	60000	57 731
1	60001	65000	61 733
1	70001	75000	70 833
1	110001	115000	113,800
1	360001	365000	362,933
1	690001	695000	691,094
1	890001	895000	891,500
1	1105001	1110000	1,108,906
1	1890001	1895000	1,895,000
1	2635001	2640000	2,636,009
----- 1,049			----- 9,000,000
=====			=====

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 1996**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
----------------------------	--------	-------------	------------

INDIVIDUALS	1037	1,110,129	12.33
INVESTMENT COMPANIES	1	362,933	4.03
INSURANCE COMPANIES	3	175,699	1.95
JOINT STOCK COMPANIES	5	4,493,906	49.93
FINANCIAL INSTITUTIONS	3	2,857,333	31.75
MODARABA COMPANIES	0	0	0.00
ASSOCIATED COMPANIES	0	0	0.00
HOLDING COMPANIES	0	0	0.00
OTHERS	0	0	0.00

1049 9,000,000 100.00
=====

Auditors' Report TO THE MEMBER\$

1. We have audited the annexed balance sheet of ALLIED MOTORS LIMITED as at June 30, 1996 and the related profit and loss account and statement of changes in financial position (cash flow statement), together with the

2. As shown in the financial statements, the company has a carried forward net loss of Rs. 132,795 million as at June 30, 1996 and we have also been unable to satisfy ourselves that further financial assistance from banks or other lenders will be available to the company. These factors, the closure of the factory and the "Ford" group of companies withdrawal from and termination of its franchise agreements with the company, raise doubt that the company will be able to continue as a going concern and may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

3. We have been unable to satisfy ourselves as to, the realisable value of tangible fixed assets, the net realisable value of loose tools, stock-in-trade (see also note 14) and an amount of Rs. 5 million in respect of investment, against which no provisions have been made.

4. We state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the 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) subject to the matters stated in 2 and 3 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position (cash flow statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1996 and of the loss and the statement of changes in financial position (cash flow statement) for the year then ended; and

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

Ford, Rhodes, Robson, Morrow

Chartered Accountants

Karachi- 07 November 1996

Balance Sheet At June 30, 1996

	Note	1996 Rs.000	1995 Rs.000
SHARE CAPITAL AND RESERVES			
Authorized Capital			
21,800,000 ordinary shares of Rs. 10 each		218,000	218,000

Issued, subscribed and paid-up capital	3	90,000	90,000
Reserves			
Capital	4	86,194	86,194
Revenue	5	(122,895)	(111,891)
		-----	-----
		(36,701)	(25,697)
		-----	-----
		53,299	64,303
CURRENT LIABILITIES			
Short term finance	6	16,890	12,692
Due to associated companies and undertakings	7	4,960	3,463
Creditors, accrued expenses & other liabilities	8	5,488	5,962
		-----	-----
		27,338	22,117
CONTINGENCY			
	9		
		-----	-----
		80,637	86,420
		=====	=====
TANGIBLE FIXED ASSETS			
Operating fixed assets -- Net	10	36,665	39,387
Other	11	9,482	9,482
		-----	-----
		46,147	48,869
LONG TERM INVESTMENT			
	12	5,000	5,000
CURRENT ASSETS			
Loose tools	13	539	599
Stock-in-trade	14	27,465	30,874
Trade debtors - unsecured - considered good	15	439	27
Advances	16	-	73
Deposits and prepayments	17	357	352
Other receiveables		17	253
Advance tax		336	308
Cash and bank balances	18	337	65
		-----	-----
		29,490	32,551
		-----	-----
		80,637	86,420
		=====	=====

The annexed notes form part of these accounts.
The auditors' report is annexed hereto.

ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

The Chief Executive being out of Pakistan due to health reasons, the Annual Audited Accounts for the year ended June 30, 1996 have been signed by two Directors.

ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director

Profit & Loss Account For the year ended June 30, 1996

	Note	1996 Rs.000	1995 Rs.000
Sales			
Cost of Sales	19	5,267	3,939
	20	9,398	8,962
		-----	-----
		(4,131)	(5,024)
Selling, distribution, administration and general expenses	21	4,446	5,532
Financial charges	22	2,450	1,467
		-----	-----
		6,896	6,999
		-----	-----
Operating Loss		(11,027)	(12,023)
Other income	23	50	163
		-----	-----
Loss for the year before taxation		(10,977)	(11,860)
Prior period items	24	2	-
		-----	-----
Loss before taxation		(10,975)	(11,860)
Taxation	25	29	(149)
		-----	-----
Loss after taxation		(11,004)	(11,711)
Loss brought forward		(121,791)	(110,080)
		-----	-----
Loss carried forward		(132,795)	(121,791)
		=====	=====

The annexed notes form part of these accounts.

ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

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ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director

Statement of changes in Financial Position
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1996

	1996 Rs.000	1995 Rs.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Fund provided from operations		
Low after taxation	(11,004)	(11,711)
Adjustment/or items not involving movement of funds:		
Depreciation	2,751	3,062
Reversal of deferred taxation	-	(171)
Gain on sale of fixed assets	'(1)	(7)
	-----	-----
	2,750	2,884
	-----	-----
	(8,254)	(8,827)
Working Capital changes		
(Increase) / decrease in current assets		
Loose tools	60	67
Stock-in-trade	3,409	1,222
Trade debts	(412)	171
Advances	73	(29)
Deposits and prepayments	(5)	55
Other receivables	236	(7)
Advance tax	(28)	(202)
	-----	-----
	3,333	1,277
Increase / (decrease) in current liabilities		
Short term finance	4,198	4,755
Due to associated companies and undertakings	1,497	3,198
Creditors, accrued expenses and other liabilities	(474)	(785)
	-----	-----
	5,221	7,168
	-----	-----
Net cash from operating activities	300	(382)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(29)	(186)
Sale proceeds of fixed assets	1	212
	-----	-----
Net cash used in investing activities	(28)	26
	-----	-----
Net increase / (decrease) in cash and cash equivalents	272	(356)
Cash and cash equivalents at the beginning of the year	65	421
	-----	-----
Cash and cash equivalents at the end of the year	337	65
	=====	=====

ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director

Notes to the Accounts
FOR THE YEAR ENDED JUNE 30, 1996

STATUS AND NATURE OF BUSINESS

Allied Motors Limited is a public limited company quoted on stock exchanges in Karachi and Lahore. The company's business is the assembly-cum progressive manufacture and sale of tractors and agrimotors and in the trading of parts and implements related thereto. The company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983. Trading in tractor parts and implements commenced from July 1, 1986. The company started assembly-cum-progressive manufacture and sale of Agrimotor 3-wheeler pick-up in 1994/1995.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company operates a provident fund scheme for all its employees eligible for the benefit.

2.3 Taxation

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

2.4 Fixed capital expenditure

These are stated at cost less accumulated depreciation except land and capital work-in-progress and fixed assets-other which are stated at cost.

Depreciation is charged to income applying the reducing balance method. The rates used are stated in note 10 to the accounts.

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

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

2.5 Stock-in-Trade

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

2.6 Loose tools

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

2.7 Foreign currency translation.

Transactions in foreign currencies are converted into rupees at the rates prevailing on the date of transaction.

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling on the balance sheet date except for liabilities covered under forward exchange contract which are translated at the contracted rates.

Exchange gain or loss is included in income currently.

2.8 Deferred costs

These are written off during a period not exceeding five years commencing from the financial year in which the costs are incurred.

2.9 Revenue recognition

Sales are recognised at the time of delivery of goods from plant/delivery centres.

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	1996	1995
	Rs. 000	Rs. 000
8,135,871 ordinary shares of Rs.10 each fully paid in cash	81,359	81,359
864,129 ordinary shares of Rs.10 each issued as fully paid bonus shares	8,641	8,641
	-----	-----
	90,000	90,000
	=====	=====

4. This capital reserve has arisen consequent to the capital receipt from "Ford" in terms of paragraph 12 of the Compromise Agreement dated January 22, 1990 between "Ford" and the company.

5. REVENUE RESERVE

General		9,900	9,900
Profit and loss account - adverse balance		(132,795)	'(121,791)
		-----	-----
		(122,895)	'(111,891)
		=====	=====

6. SHORT TERM FINANCES

6.1. Running finance from Bank :

		Credit limit in millions RS.	Mark-up rate p.a.	1996 Rs. 000	1995 'Rs. 000
Citibank N.A. Karachi	Control unit approval from Citibank - Geneva	8	18%	7,486	4,901

6.2. Finance from others

Midland Motors Pakistan (Pvt) Limited **	Unsecured	-	8%	9,404	7,791
				-----	-----
				16,890	12,692
				=====	=====

**Includes the amount reflected in note no. 14.3

**7. DUE TO ASSOCIATED COMPANIES AND
UNDERTAKINGS**

		Mark-up rate	1996 Rs. 000	1995 'Rs. 000
Allied Engineering & Services Limited		16%	4,800	3,207
Polymer & Precision Engineers (Private) Limited		16%	160	256
			-----	-----
			4,960	3,463
			=====	=====

8. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors		1,976	2,082
Accrued expenses (8.1)		1,106	1,141
Mark-up accrued on short term running finance		346	213
Taxation (income-tax)		1,878	1,871
Corporate asset tax		182	655
		-----	-----
		5,488	5,962
		=====	=====

8.1 Includes an amount of Rs. 68(704) [1995: Rs. 67(304)] payable to Allied Engineering & Services Limited - an associated undertaking

9. CONTINGENCY

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

10. STATEMENT OF OPERATING FIXED ASSETS

Cost	Additions/ (deletions)	Cost	Accumu- lated depre- ciation	Book value	Depreciation for the year
------	---------------------------	------	---------------------------------------	---------------	------------------------------

Description	at July	during the	at June	at June	at June	Amount	Rates
	1, 1995	year	30, 1996	30, 1996	30, 1996		
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	%
Leasehold land	12,217	-	12,217	-	12,217	-	-
Factory building on leasehold land	42,195	-	42,195	29,213	12,982	1,443	10
Plant & machinery	32,938	-	32,938	22,759	10,179	1,131	10
Furniture and office equipment	2,119	29	2,148	1,373	775	86	10
Motor vehicles	1,832	(10)	1,822	1,574	248	62	20
Refrigerators and airconditioners	728	-	728	464	264	29	10
1996	92,029	19	92,048	55,383	36,665	2,751	
1995	92,427	(398)	92,029	52,642	39,387	3,062	

10.1 Details of disposal of operating fixed assets

Description	Original Cost	Accumulated Depreciation	Book value	Proceeds of sale	Gain/(loss)	Mode of Sale	Name Purchaser
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000		
Vehicles	10	10	-	1	1	1Negotiation	Mr. Muhammad Hanif (an employee)
1996	10	10	-	1	1		
1995	584	379	205	212	7		

11. TANGIBLE FIXED ASSETS - OTHER

This represents the "York Line" complete machinery and transfer line, purchased from an associated company (imported under the Pakistan Government's Non-Repatriable Investment Scheme). According to the Company's board resolution, after utilizing such machines that are adaptable for manufacture of tractor engines, the surplus will be disposed off.

12. LONG TERM INVESTMENT

This represents investment at cost in ordinary shares in the equity of Polymer & Precision Engineers (Pvt.) Limited - an associated undertaking. Based on the latest available audited accounts of Polymer & Precision Engineers (Pvt.) Limited as of June 30, 1995, the holding of the company represents 15.99% of the total equity of Polymer & Precision Engineers (Pvt.) Limited and the net worth of the investment works out to Rs. 1.59 million (Previous year - Rs. 1.403 million).

13. LOOSE TOOLS	1996	1995
	Rs.000	Rs.000
Opening Balance	599	666
Written Off	(60)	(67)
	539	599

14. STOCK-IN-TRADE

14.1 Tractors and Agrimotors"

Raw materials and components	19,134	23,485
Work-in-Progress	2,808	2,029
Finished goods	975	895
	-----	-----
	22,917	26,389
14.2 Parts and implements	2,229	2,229
	-----	-----
	25,145	28,618
Provision for obsolete stock	(54)	(65)
	-----	-----
	25,091	28,553
14.3 Agrimotor development expenses **	2,374	2,321
	-----	-----
	27,465	30,874
	=====	=====

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

Stock-in-trade includes former "Ford trade mark" inventories of an estimated value of Rs. 19.275 million (1995 - Rs. 22.733 million) which have been valued at cost and no adjustment has been made in the financial statements with regard to the aforesaid.

** This amount represents expenses incurred in acquiring some farm vehicles (Agrimotors) for test and trial. Since Allied Motors Limited has not earned any profit during the past years, the Chairman of the company has requested the Midland Motors Pakistan (Pvt.) Limited to provide funds for the said expenses. The funds so provided will be reimbursed to the Midland Motors Pakistan (Pvt) Limited with markup @ 8% only if the test marketing is successful. However, in the event the product does not take off, the expenses so incurred will be borne by the Midland Motors Pakistan (Pvt) Limited and mark-up will not be payable to Midland Motors Pakistan (Pvt.) Limited.

	1996	1995
	Rs.000	Rs.000
15. TRADE DEBTORS - UNSECURED - CONSIDERED GOOD		
In respect of tractor sales	439	27
	=====	=====
16. ADVANCES - UNSECURED - CONSIDERED GOOD		
To employees	-	31
To suppliers	-	42
	-----	-----
	-	73
	=====	=====
17. DEPOSITS AND PREPAYMENTS		
Security deposits	341	341
Short term prepayments	16	11
	-----	-----
	357	352
	=====	=====
18. CASH AND BANK BALANCES		
With banks on current accounts	292	20
In hand	45	45
	-----	-----
	337	65

19. SALES

Tractors and Agrimotors [net of discount of Rs. 78(550)]		
Manufactured goods	5,734	4,302
Less :Commission paid	468	363
	-----	-----
	5,266	3,939
Trading goods (parts and implements)	1	-
	-----	-----
	5,267	3,939
=====		

20.1 Tractors and Agrimotors

Raw materials consumed (20.1.1)	5,162	1,333
Manufacturing expenses (20.1.2)	5,048	5,376
Inventory adjustment	45	(13)
	-----	-----
	10,255	6,696
Work-in-process inventory at July 1, 1995	2,029	4,318
Work-in-process inventory at June 30, 1996	(2,807)	(2,029)
	-----	-----
	(778)	2,289
Finished goods inventory at July 1, 1995	895	873
Finished goods inventory at June 30, 1996	(975)	(895)
	-----	-----
	(80)	(22)
	-----	-----
	9,397	8,963

20.2 Parts and implements - Tractors and Agrimotors

Stock at July 1, 1995	2,229	2,186
Purchases (net of inventory adjustments)	-	43
Stock at June 30, 1996	(2,228)	(2,229)
	-----	-----
	(2,228)	(2,186)
	-----	-----
	1	-
	-----	-----
	9,398	8,963
=====		

20.1.1 Raw materials consumed

Stock at July 1, 1995	23,465	23,404
Purchases (Net of Inventory adjustments)	831	1,394
	-----	-----
	24,296	24,798
Stock at June 30, 1996	(19,134)	(23,465)
	-----	-----
	5,162	1,333
=====		

20.1.2 Manufacturing expenses

Salaries, wages and benefits	1.21	1.21
Travelling and vehicles running	140	105
Insurance	105	112
Rent, rates and taxes	528	493
Repairs and maintenance	1	24
Electricity, gas and water	162	189
Postage, telephone and stationery	11	15
Stores and supplies	32	29

Entertainment	86	71
Depreciation*	2,637	2,934
Loose tools written off	60	67
Wastage & process loss	53	53
Provision for obsolete stock	2	65
Miscellaneous	18	7
	-----	-----
	5,048	5,376
	=====	=====

* Although the factory of the company was not in operation during the year, depreciation has been charged fully in accordance with the company's accounting policy.

21. SELLING, DISTRIBUTION, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses (21.1)	2,187	2,383
Administration and general expenses (21.2)	2,259	3,149
	-----	-----
	4,446	5,532
	=====	=====

21.1 Selling and distribution expenses

Salaries and benefits	1,048	1,410
Travelling and vehicles running	488	316
Insurance	21	22
Rent, rates and taxes	94	94
Repairs and maintenance	-	1
Pre-delivery inspection, after sales service charges and warranty charges	22	-
Depreciation	43	48
Entertainment	257	283
Electricity, gas and water	65	42
Postage, telephone and stationery	145	122
Advertisement / Product support	1	32
Miscellaneous	3	13
	-----	-----
	2,187	2,383
	=====	=====

21.2 Administration and general expenses

Salaries, wages and benefits	865	1,284
Travelling and vehicles running	265	476
Insurance	11	19
Rent, rates and taxes	144	119
Repairs and maintenance	78	25
Electricity, gas and water	145	148
Postage, telephone and stationery	205	386
Entertainment	91	102
Legal and professional charges	114	257
Auditor's remuneration (21.2.1)	70	70
Depreciation on fixed assets	71	80
Miscellaneous	200	183
	-----	-----
	2,259	3,149
	=====	=====

21.2.1 Auditor's remuneration

Audit fees	30	30
Accountancy and consultancy	30	30
Out-of-pocket expenses	10	10
	-----	-----
	70	70
	=====	=====

22. FINANCIAL CHARGES

Mark-up on shod term running finance	2,378	1,420
Bank Charges	72	47

2,450 1,467
=====

23. OTHER INCOME

Interest on shod term deposit	34	-
Gain on sale of fixed assets (see note 10.1)	1	-
Exchange gain / (Loss)	(151)	(15)
Miscellaneous	166	171

50 163
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24. PRIOR PERIOD ITEMS

Liabilities written back	23	-
Professional tax	37	-
Provision for expenses	(58)	-

2 -
=====

25. TAXATION

Current	-	22
Deferred	29	(171)

29 (149)
=====

26. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	1995	1995	1995	1995
Managerial remuneration	-	176	575	708
House rent/accommodation provided	-	79	304	319
Provident fund - Company's contribution	-	16	42	45
Medical expenses	-	4	32	54
Telephone expenses	-	84	13	23
Utilities	-	17	48	56
	-	326	1,109	1,205
	=====			
Number of persons	1	1	4	4

In addition, the chief executive and one executive were provided with free use of the company's car.

27. TRANSACTIONS WITH ASSOCIATED COMPANIES AND UNDERTAKINGS

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

	1996	1995
	Rs. 000	Rs. 000
(a) Rent paid	188	188
(b) Financial charges paid	644	207
(c) Various other expenses incurred	842	2,200
(d) Hire charges of tools and equipment (income)	(166)	(165)
(e) Sale of fixed assets	-	90
(f) Purchase of fixed assets	-	162

28. PLANT CAPACITY AND PRODUCTION

Plant capacity	6,000	6,000
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Actual production - Tractor	33	30
Actual production - Agrimotor	11	1

Production capacity was under utilised due to slow movement in sales resulting from adverse impact on the market emanating from severance of business relationship with Ford New Holland.

29. COMPARATIVE FIGURES

(a) Previous year's figures have been rearranged wherever necessary, for the purposes of comparison.

(b) Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

ANVER MAJID
Director

TAJAMMUL HUSSAIN
Director