

Allied Motors Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Asif Mahmood

AUDITORS

Nasir Jawaid & Co.
Chartered Accountants
27-B Writers Chamber
Mumtaz Hassan Road,
Karachi.

REGISTERED OFFICE

D-1 68, Sindh Industrial Trading Estate
Haroonabad
Karachi-75700

FACTORY

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

REGISTRARS

Gangjees Investment & Finance Consultants
513, Clifton Centre, Khayabvan-e-Roomi, Block-5,
Clifton, Karachi-756000

NOTICE OF MEETING

NOTICE is hereby given that the seventeenth Annual General Meeting of the Shareholders of Allied Motors Limited will be held on Tuesday, December 21, 1999 at 12:00 Noon at the Registered office of the Company, situated at D-168, S.I.T.E., Haroonabad, Karachi to transact the following business.

1. To confirm the Minutes of the sixteenth Annual General Meeting held on December 28, 1998.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 1999. Together with the Director's and Auditor's Report thereon.
3. To appoint Auditors of the Company for the year 1999-2000 and to fix their remuneration. The present Auditors Nasir Jawaid & Company Chartered Accountants retire and, being eligible, offer themselves for reappointment.
4. To transact any other ordinary business of the Company with the permission of the Chair.

By ORDER OF THE BOARD
Asif Mahmood

Dated: Karachi November 28, 1999

Company Secretary

NOTES:

1. The Share Transfer Book of the Company will remain closed from December 8, 1999 through December 21, 1999 (both days inclusive)
2. A member eligible to attend and vote at the Meeting may appoint another Member as his-her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hour before the time of holding the Meeting.
3. Shareholders are requested to immediately notify change of address, if any, to our Registrar, Gangjees Investment & Finance Consultants 513, Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi-75600.

DIRECTORS' REPORT

Your Directors welcome you to the seventeen Annual General Meeting and place before you the Annual Report together with the Audited Accounts of the Company for the year ended June 30, 1999

FINANCIAL RESULTS

The Financial results are summarized as under:

	'(Rs. 000)	
	1999	1998
Net Sales	14,326	4,857
Gross Profit / (Loss)	(1,043)	(2,616)
Operating Profit/ (Loss)	(5,061)	(9,260)
Profit / (Loss) Before Tax	(2,851)	(8,861)
Profit / (Loss) After Tax	(2,929)	(12,921)
Unappropriated Profit / (Loss)	(149,880)	(162,801)
Accumulated Profit / (Loss)	(152,809)	(149,880)

During the year under review, the Company sold 96 units of small horse power Tractors from the left over inventory, under the brand name of "Allied -- 35". The total tractor industry sales was approximately 26,000 units including 96 units of small horse power tractors which were sold by your Company.

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

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

AUDITORS, OBSERVATIONS

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

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

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

FUTURE OUT LOOK

As you are well aware the country's overall economic scenario remain grim as such there has been no significant progress in our various options, and contacts with world wide Tractor manufactures. However, the management is quite hopeful for the company's turn around due to some positive response from couple of Tractors manufacturers of European origin.

In view of the recent changes committed to business friendly environment in the country, your management looks forward to improved economic condition enabling your company to take advantage of these to your entire satisfaction.

YEAR 2000 COMPLIANCE OF COMPUTER SYSTEM

As the millennium approaches, we know there is a mandatory Y2K problems which affects most computer operating systems including microchips and software programs that records the year using only the last two digits.

Like other we will also get affected by Y2K problem. However, our software are not developed in the earlier generation language like assembly or Cobol. We do not face any problems of the same quantum. We are in PC environment under Novel NetWare 3.12 using FoxPro 2.6. This software allows the use of a command such as "Set century on" which would to a great extent take care of the problem. Allied Motors Limited, is fully committed to beating the millennium bug.

PATTERN OF SHAREHOLDING

the pattern of shareholding is attached.

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

FOR AND ON BEHALF OF THE BOARD

K. ASIF RAHMAN

Chairman

Dated: Karachi, November 4, 1999

PATTERN OF SHAREHOLDING

Pattern of Holding of Shares held by the Shareholders as at June 30, 1999

NO. OF SHAREHOLDERS	SHARE HOLDING FROM	TO	TOTAL SHARES HELD
746	1	100	72,007
507	101	500	116,374
78	501	1000	69,610
136	1001	5000	329,019
15	5001	10000	101,930
9	10001	15000	107,998
4	15001	20000	69,064
2	20001	25000	45,999
2	25001	30000	55 066
1	30001	35000	32 600
2	40001	45000	85 899
1	60001	65000	60.83
1	70001	75000	70.83
1	100001	105000	103. 200
1	210001	215000	211 028
1	260001	265000	263 900
1	690001	695000	691 094
1	880001	885000	882,400
1	1105001	1110000	1,108,906
1	1825001	1830000	1,828,500
1	2690001	2695000	2,693,740
-----	-----	-----	-----
1,51 2			9,000,000
=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1999

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Joint Stock Companies	4	4,493,906	4,993
C D C	1	211,028	235
Financial Institutions	3	2,781,733	3,091
Holding Companies	0	0	0
Modaraba Companies	0	0	0
Insurance Companies	3	1 64,199	182
Investment Companies	1	263,900	293
Individuals	1500	1,085,234	1,206
Associated Companies	0	0	0
Foreign Investors	0	0	0
Others	0	0	0
	-----	-----	-----
	1512	9,000,000	10,000
	=====	=====	=====

REVISED PATTERN OF SHAREHOLDING

Pattern of Holding of Shares held by the Shareholders as at June 30, 1999

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
746	1	100	72,007
522	101	500	123,637
99	501	1000	90,110
161	1001	5000	399,485
20	5001	10000	136,130
9	10001	15000	107,998
6	15001	20000	104,164
2	20001	25000	45,999
2	25001	30000	55,066
1	30001	35000	32,600
2	40001	45000	85,899
1	60001	65000	60,833
1	70001	75000	70,833
1	100001	105000	103,200
1	305001	310000	307,399
1	690001	695000	691,094
1	880001	885000	882,400
1	1105001	1110000	1,108,906
1	1825001	1830000	1,828,500
1	2690001	2695000	2,693,740
-----	-----	-----	-----
1,579			9,000,000
=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1999

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Joint Stock Companies	4	4,493,906	49.93
Financial Institutions	3	2,781,733	30.91
Holding Companies	0	0	0.00
Modaraba Companies	0	0	0.00
Insurance Companies	3	164,199	1.82
Investment Companies	5	329,299	3.66
Individuals	1564	1,230,863	13.68
Associated Companies	0	0	0.00
Foreign Investors	0	0	0.00
Others	0	0	0.00
	-----	-----	-----
	1579	9,000,000	100.00
	=====	=====	=====

AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the annexed balance sheet of Allied Motors Limited as at June 30, 1999 and the related profit and loss account and statement of changes in financial position (cash flow statement), together with the notes forming part thereof, for the year then ended.
2. The closure of the factory and the "Ford" group of companies withdraw from and termination of its franchise agreement alongwith operating loss of Rs. 5.061 million and a carried forward net loss of Rs. 152.809 million as at June 30, 1999 raise substantial doubt that the company will be able to continue as a going concern and may be unable to realise its assets and discharge its liabilities in the normal course of business. Consequently adjustment may be required to the recorded asset amounts or to the amounts and classification of liabilities. The financial statements (and notes thereto) do not disclose this fact.
3. We have been unable to satisfy ourselves as to, the realisable value of tangible fixed assets, the net realisable value of loose tools, stock-in-trade (see also note 14) and an amount of Rs. 5 million in respect of investment, against which no provisions have 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 applies;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion, except for the omission of the information referred to in 2 above and subject to the matters stated in 3 above, to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position (cash flow statement), together with the notes forming part thereof given the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the company's affairs as at June 30, 1999 and of the loss and the statements 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

Karachi
Dated: November 4, 1999

Nasir Jawaid & Company
Chartered Accountants

BALANCE SHEET
As at June 30, 1999

	Notes	1999 Rs.000	1998 Rs.000
Capital & Liabilities			
AUTHORISED SHARE CAPITAL			
21,800,000 Ordinary Shares of Rs. 10/- each		218,000	218,000
Issued, Subscribed & Paid-up Capital	3	90,000	90,000
Reserves			
Capital	4	86,194	86,194
Revenue	5	(142,909)	(139,980)
		(56,715)	(53,786)
		33,285	36,214
CURRENT LIABILITIES			
Short Term finance	6	--	8,228
Due to Associated Companies	7	23,045	19,156
Creditors, accrued Expenses & Other Liabilities	8	5,081	5,995
		28,126	33,379
CONTINGENCIES			
	9	--	--
		61,411	69,593
Property & Assets			
FIXED ASSETS ~ TANGIBLE			
Operating Fixed Assets - Net	10	29,614	31,939
Other	11	9,482	9,482
		39,096	41,421
LONG TERM INVESTMENTS	12	5,000	5,000
CURRENT ASSETS			
Loose tools	13	393	437

Stock - in - trade	14	12,576	22,045
Trade Receivable	15	620	
Deposits, Prepayments & other receivables	16	932	592
Cash & Bank Balances	17	2,794	98
		-----	-----
		17,315	23,172
		-----	-----
		61,411	69,593
		=====	=====

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

K. ASIF RAHMAN
Chief Executive

P.K. SHAHANI
Director

PROFIT & LOSS ACCOUNT

For the year ended June 30, 1999

	Notes	1999 Rs.000	1998 Rs.000
Sales	18	14,326	4,857
Cost of Sales	19	15,369	7,473
		-----	-----
Gross Profit		(1,043)	(2,616)
Selling, Distribution, Administration and General expenses	20	(2,665)	(3,493)
Financial charges	21	(1,353)	(3,151)
		-----	-----
		(4,018)	(6,644)
Operating Loss		(5,061)	(9,260)
Other Income	22	1,860	417
		-----	-----
Loss for the year before taxation		(3,201)	(8,843)
Prior period items	23	350	(18)
		-----	-----
		(2,851)	(8,861)
Taxation	24	78	21,782
		-----	-----
Profit/(Loss) after Taxation		(2,929)	12,921
Loss Brought Forward		(149,880)	(162,801)
		-----	-----
		(152,809)	(149,880)
		=====	=====

K. ASIF RAHIVIAN
Chief Executive

P.K. SHAHANI
Director

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Cash Flow Statements)

For the year ended June 30, 1999

	1999 Rs.000	1998 Rs.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Funds provided from operations		
Profit/(loss) after taxation	(2,929)	12,921
Adjustment for items not involving movement of funds:		
Depreciation	1,948	2,224
Gain on sale of fixed assets	(1,693)	(251)
	-----	-----
	255	1,973
	-----	-----
Working capital changes	(2,674)	14,894

(increase) / decrease in current assets

Loose tools	44	48
Stock-in-trade	9,469	2,937
Advances	(620)	12
Due from associated companies	--	258
Deposits and prepayments	(340)	(361)
Other receivables	--	33

Increase / (decrease) in current liabilities

Short term finance	(8,228)	494
Due to associated companies	3,889	1,783
Creditors, Accrued expenses and other liabilities	(914)	(20,233)

	(5,253)	(17,956)
--	---------	----------

	626	(135)
--	-----	-------

CASH FLOWS INVESTING ACTIVITIES

Capital expenditure	(23)	(150)
Sale proceeds of fixed assets	2,093	260

Net cash generated from investing activities	2,070	110
--	-------	-----

Net decrease in cash and cash equivalents	2,696	(25)
Cash and cash equivalents at the beginning of the year	98	123

Cash and cash equivalents at the end of the year	2,794	98
--	-------	----

K. ASIF RAHVIAN

Chief Executive

P.K. SHAHANI

Director

NOTES TO THE ACCOUNTS**For the year ended June 30, 1999****1. STATUS & NATURE OF BUSINESS**

1.1 Allied Motors Limited is a public limited company quoted on stock exchanges in Karachi (trading in defaulters counter) and Lahore. The company's business is the assembly-cum-progressive manufacture and sale of tractors and agrimotors and trading of parts of 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 1st 1986. The company started assembly-cum-progressive manufacture and sale of Agrimotor 3 wheeler pick-up in 1994/1005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company Provident fund scheme has been discontinued and unfunded gratuity scheme has been introduced from this year.

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 renewal and improvements are capitalised. Gain or loss, if any, on disposal of fixed assets is included in income currently.

Full year's depreciation is charged in the year of acquisition and none 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% 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 contracts which are translated at the contracted rates.

Exchange gain or loss is included in come currently.

2.8 Long Term Investments

These are stated at cost.

2.9 Revenue recognition

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

3. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

	1999	1998
	Rs.000	Rs.000
8,135,871 Ordinary shares of Rs. 10 each full paid in cash	81,359	18,359
864,129 Ordinary shares of Rs. 10 each issued as full paid bonus shares	8,647	8,641
-----	-----	-----
9,000,000	90,000	90,000
=====	=====	=====

4. Capital Reserve

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

5. Revenue Reserve

General	9,900	9,900
Profit and loss account-adverse balance	(152,809)	(149,880)
	-----	-----
	(142,909)	(139,980)
	=====	=====

6. SHORT TERM FINANCE**Running finance from bank**

Security	Credit limit in Millions Rs.	mark-up rate p.a	1999 Rs.000	1998 Rs.000
The Hongkong and Shanghai Banking Corp. Limited Karachi	10	16%	--	8,228
hypothecation of inventory of the value of Rs. 12.2 million			-----	-----
			--	8,228
			=====	=====

7. DUE TO ASSOCIATED COMPANIES

	mark-up rate p.a	1999 Rs. 000	1998 Rs. 000
Allied Engineering & Service Limited	16% *	7,095	8,503
Polymer & Precision Engineers (Pvt.) Limited	16% *	186	88
Midland Motors Pakistan (Pvt.) Ltd.	-	15,764	10,565
		-----	-----
		23,045	19,156
		=====	=====

* Compounded quarterly

8. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	**	2,496	2,870
Accrued expenses		2,370	2,583
Mark-up accrued on short term running finance		-	340
Corporate asset tax		155	155
Sales - tax		1	47
Gratuity Payable		54	-
		-----	-----
		5,076	5,995
		=====	=====

** Includes a liability in foreign currency for US\$ 37,001.52 converted to Pak. Rupees at open market rate (as on June 30, 1999)

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 this matter, through its lawyer who finally wrote to the customs on September 27, 1987 stating the demand is not sustainable under the law governing import of the said 360 tractors. Since there has been no further demand from customs, the company considers that this contingent liability now stands null and void.

10. STATEMENT OF OPERATING FIXED ASSETS

Particulars	Cost as at 1/7/98 Rs. 000	Addition/ (Deletions) during the year Rs.000	Cost as at 30/6/99 Rs. 000	Accum. as at 1/7/98 Rs. 000	Cost Adjust- ments Rs. 000	for the year Rs. 000	Accum. as at 6/30/1999 Rs. 000	Book Value as at June 30, 1999 Rs.000	Rates %
Lease hold land	12,217	--	12,217	--	--	--	--	12,217	--
Factory building on leasehold land	42,195	--	42,195	31,678	--	1,052	32,730	9,465	10
Plant and machinery	32,775	(1,332)	31,443	24,636	(1,026)	783	24,393	7,050	10
Furniture and office equipment	2,106	23	2,129	1,488	--	64	1,552	577	10
Motor vehicles	1,331	(797)	534	1,095	(703)	28	420	114	20
Refrigerators and air conditioners	728	--	728	516	--	21	537	191	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total 1999	91,352	(2,106)	89,246	59,413	(1,729)	1,948	59,632	29,614	
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total 1998	91,297	(55)	91,352	57,275	(86)	2,224	59,413	31,939	
	=====	=====	=====	=====	=====	=====	=====	=====	=====

10.1 Details of disposal of operating fixed assets

Description	Original cost Rs. 000	Accum. depreciation Rs. 000	Book Value Rs. 000	Proceeds of sale Rs. 000	Gain / (loss) Rs. 000	Name of Purchaser
Vehicles	797	703	94	293	199	As per annexure 'A'
Plant & Machinery	1,332	1,026	306	1,800	1,494	As per annexure 'A'
	-----	-----	-----	-----	-----	
	2,129	1,729	400	2,093	1,693	
	-----	-----	-----	-----	-----	
	95	86	9	260	251	
	=====	=====	=====	=====	=====	

Annexure 'A'

Description	Original cost Rs.000	Accum. deprec- iation Rs.000	Book value Rs.000	Proceeds of sale Rs.000	Gain/ (loss) Rs.000	Mode of Sale Rs.000	Name of Purchaser
-------------	----------------------------	---------------------------------------	-------------------------	-------------------------------	---------------------------	---------------------------	----------------------

Vehicles						
Range Rover Vehicles BA0551	484,735	403,386	81,349	228,000	146,651	Tender A.H.Corpn. Gul Tower Shopping Mall Clifton Karachi
Citreon-D7395	31 2,302	299,972	12,330	65,000	52,670	Tender Ejaz Akhtar D-151 K.D.A.- 1 Karachi
	-----	-----	-----	-----	-----	-----
	797,037	703,358	93,679	293,000	199,321	
Plant & Machinery (Dynameter)	1,332,187	1,027,425	304,762	1,800,000	1495238	Al-Ghazi Tractor Ltd. NIC Building Karachi
	-----	-----	-----	-----	-----	
	2,129,224	1,730,783	398,441	2,093,000	1694559	
	=====	=====	=====	=====	=====	

11. TANGIBLE FIXED ASSETS-OTHER

This represents the "York Line" complete machinery and transfer line, purchased from as 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, 1998, the holding of the company represents 5.11% of the total equity of Polymer & Precision Engineers (Pvt) Limited and the net worth of the investment works out to Rs. 2.17 million (previous year Rs. 1.72 million).

	1999	1998
	Rs. 000	Rs. 000
13. LOOSE TOOLS		
Opening Balance	437	485
Written off	(44)	(48)
	-----	-----
	393	437
	=====	=====
14 STOCK-IN-TRADE		
14.1 Tractors and Agrimotors*		
Raw materials and components	4,729	14,230
Work-in-progress	--	1,387
Finished goods	4,107	1,868
	-----	-----
	8,836	17,485
14.2 Parts and Implements	2,236	2,256
	-----	-----
	11,072	19,741
Provision for obsolete stock	(54)	(54)
	-----	-----
	11,018	19,687
14.3 Agrimotor development expenses**	2,358	2,358
Less: Recovered	(800)	--
	-----	-----
	1,558	2,358
	-----	-----
	12,576	22,045
	=====	=====

* In accordance with the Compromise Agreement dated January 22, 1990 between "Ford" and the company, the company has under taken that it will not after the effective date (I.e. March 22 1990) manufacture, assemble or sell any of the Licensed Products as defined in any of the subsisting agreements or any Ford agricultural tractor or their parts. or components or spare parts or assemblies or sub-assemblies or use any of the Ford trade marks or the Ford trade name or the Ford insignia or logo upon or in relation to or in connection with any goods, services or business whatsoever, except for such units of the Model 1910 tractor which were at the agreement date in the company's inventory and were-to be assembled before June 30, 1990 and to be sold upto

December 31, 1990. At the request of the company for further extension of time, Ford has, communicated their consent that the company may sell the balance inventory of 1910 tractors by using any other name. The company as such has decided to sell the 1910 tractors under the brand name "Allied 35" instead of "FORD 1910".

Stock-in-trade includes former "Ford Trade mark" inventories of an estimated value of Rs. 6.411 million (1998: Rs. 14.413 million) which have been valued at cost and no adjustments has been made in the financial statements with regards to aforesaid.

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

In the event the product does not take off, the expenses so incurred will be recovered from Midland Motors Pakistan (Pvt.) Limited in 3 equal amounts.

	1999	1998
	Rs.000	Rs.000
15 TRADE RECEIVABLE - UNSECURED CONSIDERED GOODS		
Trade Receivable	620	-
	=====	=====
16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits	273	73
Advance to employee	2	
Income Tax	657	17
	-----	-----
	932	90
	=====	=====
17 CASH AND BANK BALANCES		
Balance with banks on current accounts	2,774	78
Cash in hand	20	20
	-----	-----
	2,794	98
	=====	=====
18 SALE		
Tractor and Agrimotors [net of discount of Rs.. 128 (000) 1998: Rs. 145 (000)]		
Manufactured goods	15,556	5,119
Less: Commission paid	1,230	270
	-----	-----
	14,326	4,849
Parts and implements	-	8
	-----	-----
	14,326	4,857
	=====	=====
19 COST OF SALES		
19.1 Tractors and Agrimotors		
Raw materials consumed (19.1.1)	12,395	5,173
Manufacturing expenses (19.1.2)	3,827	3,787
Inventory adjustment	--	--
	-----	-----
	16,222	8,960
Work-in-process inventory at July 1, 1998	1,387	--
Work-in-process inventory at June 30, 1999	-	(1,387)
	-----	-----
	1,387	(1,387)
Finished goods inventory at July 1, 1998	1,868	1,762
Finished goods inventory at June 30, 1999	(4,108)	(1,868)
	-----	-----
	(2,240)	(106)
	-----	-----
	15,369	7,467
	=====	=====

19.2 Parts and implements - Tractors and Agrimotors

Stock at July, 1998	2,256	2,268
Purchase (net of inventory adjustments)	(20)	(6)
	-----	-----
	2,236	2,262
Stock at June 30, 1999	(2,236)	(2,256)
	-----	-----
	-	6
	-----	-----
	15,369	7,473
	=====	=====

19.1.1 Raw Material Consumed

Stock at July 1, 1998	14,229	18,648
Purchase (net of inventory adjustments)	2,895	755
	-----	-----
	17,124	19,403
Stock at June 30, 1999	(4,729)	(14,230)
	-----	-----
	12,395	5,173
	=====	=====

19.1.2 Manufacturing expenses

Salaries, wages, and benefits	796	646
Travelling and vehicles running	141	62
Insurance	35	100
Rent, rates and taxes	524	524
Repairs and maintenance	18	42
Electricity, gas and water	267	200
Postage, telephone and stationery	11	8
Stores and supplies	25	14
Entertainment	3	2
Depreciation*	1,874	2,130
Loose tools written off including replacement	53	48
Wastage and process loss	76	10
Miscellaneous	4	1
	-----	-----
	3,827	3,787
	=====	=====

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

20 SELLING, DISTRIBUTION, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses (21.1)	550	461
Administration and general expenses (21.2)	2,115	3,032
	-----	-----
	2,665	3,493
	=====	=====

20.1 Selling and distribution expenses

Salaries and benefits	175	162
Travelling and Vehicles running	208	113
Insurance	18	19
Rent, rates and taxes	94	94
Depreciation	26	34
Entertainment	2	35
Postage, telephone and stationery	3	4
Miscellaneous	21	--
Advertisement	3	--
	-----	-----
	550	461
	=====	=====

20.2 Administration and general expenses

Salaries, wages, and benefits	797	836
Travelling and vehicles running	31	144
Insurance	44	10
Rent, rates and taxes	62	62

Repairs and maintenance	109	80
Electricity, gas and water	153	169
Postage, telephone and stationery	82	104
Entertainment	14	7
Legal and Professional charges	479	765
Exchange loss	(7)	468
Auditor's remuneration (20.2)	40	70
Depreciation*	48	60
Miscellaneous	263	257
	2,115	3,032
	2,115	3,032

20.2.1 Auditors' remuneration

Audit fees	30	30
Accountancy and consultancy	-	30
Out-of-pocket expenses	10	10
	40	70
	40	70

21 FINANCIAL CHARGES

Mark-up on short term running finance	1,344	3,165
Bank charges	9	5
	1,353	3,170
Reimbursable financial charges	--	(19)
	1,353	3,151
	1,353	3,151

22 OTHER INCOME

Gain on sale of fixed assets (see note 10.1)	1,694	251
Miscellaneous	166	166
	1,860	417
	1,860	417

23 PRIOR PERIOD ITEMS

Legal and professional charges	--	110
Liabilities written back	350	(86)
Other	--	(6)
	350	18
	350	18

24 TAXATION

Current	78	26
Prior	--	(21,808)
	78	(21,782)
	78	(21,782)

25 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVES	
	1999 Rs. 000	1998 Rs. 000	1999 Rs. 000	1998 Rs. 000
Managerial remuneration	--	--	107	395
House rent/accommodation provided	--	--	48	178
Conveyance	--	--	11	39
Provident fund-company's contribution	--	--	2	36
Medical expenses	--	--	12	48
Utilities	--	--	--	29
	--	--	180	725
Number of persons	1	1	1	3

The chief executive was provided with free use of the company's car.
The directors have waived their meeting fee for the year
The total number of employees as at June 30th 1999 was 9 (1998:10)

26 RELATED PARTIES

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

The Transactions with these parties have been disclosed in notes 7 and 27.

	1999	1998
	Rs.000	Rs.000

27 TRANSACTIONS WITH ASSOCIATED COMPANIES

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

(a) Rent paid (AESL)	188	188
(b) Financial charges incurred / earned (AESL, PPE)	1,292	1,203
(c) Travelling expenses (AESL)	--	174
(d) Various other expenses incurred (AESL, PPE)	376	349
(e) Hire charges of tools and equipment (income) (AESL, PPE)	(166)	(166)
(f) Repayment of Loan (AESL)	3,000	-
(g) Advance for expenses (PPE)	--	(468)
(h) Purchase of fixed assets (AESL)	--	150

28 PLANT CAPACITY AND PRODUCTION

Sanctioned plant capacity	6,000	6,000
Actual production - Tractors	116	34
Actual production - Agrimotors	--	--

Production capacity was under utilised due to slow movements 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 other wise.

P. K. SHAHANI
Director

K. ASIF RAHIVIAN
Chief Executive