

## **Allied Motors Limited**

### **Annual Report 2001**

#### **CONTENTS**

Company Information  
Notice of Meeting  
Directors' Report  
Auditors' Report  
Balance Sheet  
Profit & Loss Account  
Cash Flow Statement  
Statement of Changes in Equity  
Notes to the Accounts

#### **COMPANY INFORMATION**

##### **BOARD OF DIRECTORS**

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

##### **COMPANY SECRETARY**

Asif Mahmood

##### **AUDITORS**

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

##### **REGISTERED OFFICE**

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

##### **FACTORY**

Plot Nos. A 1 - A 50 Hub Industrial Trading Estate  
Hub, District Lasbela (Balochistan)

##### **REGISTRAR**

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

#### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the nineteenth Annual General Meeting of the Shareholders of Allied Motors Limited will be held on Tuesday, December 11, 2001 at 9.00 A.M. at the Registered Office of the Company, situated at D-168, S.I.T.E., Haroonabad, Karachi to transact the following business.

1. To confirm the Minutes of the eighteenth Annual General Meeting held on December 21, 2000.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2001 together with the Directors' and Auditors' Report thereon.
3. To elect Seven (7) Directors for a period of 3 years in place of retiring Directors Messers K. Asif Rahman, Farouk Majid, Imran Hussain (Nominee of N.I.T.), Kamal Mahmood, P. K. Shahani, Fazlur Rahman and Sultan Ahmed. The number of Directors fixed by the board for election is Seven (7).
4. To appoint Auditors of the Company for the year 2001-2002 and to fix their remuneration. The present Auditors Nasir Javaid Maqsood Chartered Accountants retire and, being eligible, offer themselves for reappointment.

5. To transact any other ordinary business of the Company with the permission of the Chair.

**BY ORDER OF THE BOARD**

**Asif Mahmood**  
**Company Secretary**

Karachi: November 05, 2001

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from November 28, 2001 through December 11, 2001 (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.

4. CDC shareholders are requested to bring their National Identity Cards, Account and Participant's ID Number, while attending the Meeting for identification.

**DIRECTORS' REPORT**

Your Directors welcome you to the nineteenth Annual General Meeting and place before you the Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2001.

**Financial Results**

The financial results are summarized as under:

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
Net Sales	2003	8,783
Gross Loss	(3,001)	(2,354)
Operating Loss	(7,398)	(5,794)
Loss Before Taxation	(6,634)	(4,270)
Loss After Taxation	(6,644)	(4,317)
Earnings/(Loss) Per Share	(0.74)	(0.48)
Unappropriated Loss	(157,126)	(152,809)
Accumulated Loss	(163,770)	(157,126)

During the year under review, the Company sold 14 units of small horse power Tractors from the left over inventory, under the brand name of "Allied - 35". The reason for incurring losses is mainly that production of tractors is almost negligible due to compromise agreement with "FORD" whereas fixed expenditure of the plant are constant.

Between the last Directors' Report and during the financial year under review, following changes have occurred.

The sincere efforts made during last couple of years have resulted in reaching a Technology Transfer Agreement with the leading Chinese Tractor Manufacturing Company. The Agreement is in line with the Government Deletion Programme for assembly Cum-Progressive Manufacturing of 50-HP Tractors.

The management has started the process of indigenisation of the 62% components by Local Vendors and also the production facilities are being made operational to start the production of the Tractors without any hindrance.

The plant capacity of Allied Motors Limited is 6,000 Tractors per annum on most modern paint shop, engine Dyno testing facility and automatic assembly conveyor with Dollies. We are confident that our re-joining industry will be quite feasible and timely decision.

It is also a matter of great significant that recently management of Shanghai Tractor & Internal Combustion Engine Corporation's, Agriculture Division is being taken over by World renowned Tractor manufacturer CASE NEW HOLLAND of the Fiat concern, this change of management will certainly contribute to boost the confidence of end users. The Tractors being produced by Shanghai Tractor & internal Combustion Engine Corporation would be of quality to match the competition.

We also assure our Share-Holders that all our efforts are in the direction to make the project viable for the Company and would come upto the expectations of our Share Holders in the Shortest possible period.

#### Auditors

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

#### Pattern of Shareholding

The pattern of shareholding is attached.

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

FOR AND ON BEHALF OF THE BOARD

**K. Asif Rahman**  
Chairman

Karachi: November 05, 2001

#### PATTERN OF SHAREHOLDING AS AT JUNE 30, 2001

<i>No. of Share Holders</i>	<i>Share Holding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
629	1	100	58,639
448	101	500	102,355
81	501	1000	70,675
107	1001	5000	228,826
15	5001	10000	107,563
4	10001	15000	46,665
3	15001	20000	53,798
1	20001	25000	22,800
1	25001	30000	25,900
1	30001	35000	30,666
1	55001	60000	58,833
1	60001	65000	64,700
1	145001	150000	145,700
1	265001	270000	267,200
1	690001	695000	691,094
1	860001	865000	864,400
1	1105001	1110000	1,108,906
1	2355001	2360000	2,357,540
1	2690001	2695000	2,693,740
-----			-----
1,299			9,000,000
=====			=====

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Share Held</i>	<i>Percentage</i>
Joint Stock Company	1	166	0.00
Financial Institutions	2	1,131,600	12.57
Central Depository Company	1	2,357,540	26.20
Insurance Companies	2	123,533	1.37
Investment Company	1	145,700	1.62
Individuals	1289	747,721	8.31
Associated Company	1	2,693,740	29.93
Foreign Investors	2	1,800,000	20.00
-----		-----	-----
	1299	9,000,000	100.00
=====		=====	=====

#### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Allied Motors Limited as at June 30, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal

control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

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

(b) in our opinion:

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

(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, 2001 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Karachi: November 05, 2001

**Nasir Javid Maqsood**  
**Chartered Accountants**

## BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees '000)</i>	
<b>Capital &amp; Liabilities</b>			
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
<b>Reserves</b>			
Capital	4	86,194	86,194
Revenue	5	(153,870)	(147,226)
		-----	-----
		(67,676)	(61,032)
		-----	-----
		22,324	28,968
<b>Long Term Finance</b>	6	5,000	--
<b>Deferred Liabilities</b>			
Gratuity Payable		209	128
<b>Current Liabilities</b>			
Short Term Finance	7	547	11,045
Creditors, Accrued Expenses & Other Liabilities	8	4,227	4,516
		-----	-----
		4,774	15,561
		-----	-----
		32,307	44,657

**Property & Assets****Fixed Assets - Tangible**

Operating Fixed Assets - Net	9	26,253	27,515
Other	10	--	7,282

**Long Term Investments****Current Assets**

Store, Spares & Loose Tools	12	318	354
Stock-in-trade	13	2,959	5,124
Deposits, Prepayments & Other Receivables	14	1,263	1,006
Cash & Bank Balances	15	1,514	376

	26,253	34,797
	--	3,000
	6,054	6,860

	32,307	44,657
--	--------	--------

The annexed notes form an integral part of these accounts.

**K. Asif Rahman**  
Chief Executive

**Imran Hussain**  
Director

**PROFIT & LOSS ACCOUNT****For the year ended June 30, 2001**

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees '000)</i>	
Sales	16	2,003	8,783
Cost of Sales	17	5,004	11,137
Gross Loss		(3,001)	(2,354)
<b>Operating Expenses</b>			
Administration and General Expenses	18	2,997	1,602
Selling and Distribution Expenses	19	548	588
Financial Charges	20	852	1,250
		4,397	3,440
Operating loss		(7,398)	(5,794)
Provision for diminution in value of Investments		--	(2,000)
Other Income	21	764	3,524
Loss for the year before taxation		(6,634)	(4,270)
Taxation - Current	22	10	47
Loss After Taxation		(6,644)	(4,317)
Accumulated Loss Brought Forward		(157,126)	(152,809)
Accumulated Loss Carried Forward		(163,770)	(157,126)
<b>Basic earnings / (loss) per Share</b>	23	(0.74)	(0.48)

The annexed notes form an integral part of these accounts.

**K. Asif Rahman**  
Chief Executive

**Imran Hussain**  
Director

**CASH FLOW STATEMENT****For the year ended June 30, 2001**

<i>Note</i>	<i>2001</i>	<i>2000</i>
-------------	-------------	-------------



Final Dividend	--	--	--	--	--
<b>Balance as at June 30, 2001</b>	90,000	86,194	9,900	(163,770)	22,234

**K. Asif Rahman**  
Chief Executive

**Imran Hussain**  
Director

## NOTES TO THE ACCOUNTS

### For the year ended June 30, 2001

#### 1. Status & Nature of Business

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

#### 2. Summary of Significant Accounting Policies

##### 2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

##### 2.2 Staff retirement benefits

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

##### 2.3 Taxation

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

##### 2.4 Fixed 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 9 to the accounts.

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

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

##### 2.5 Stock-in-trade

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

##### 2.6 Loose tools

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

##### 2.7 Long term Investments

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

##### 2.8 Revenue recognition

Sales are recognised on despatch of goods to customers.

#### 3. Issued, Subscribed and Paid-up-Capital

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
8,135,871 Ordinary shares of Rs. 10 each fully paid in cash	81,359	81,359
846,129 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	8,641	8,641
9,000,000	90,000	90,000

#### 4. Capital Reserve

This capital has arisen consequent to the capital receipt from "Ford" in terms of paragraph 12 of.

the Compromise Agreement dated January 22, 1990 between "Ford" and the Company.

### 5. Revenue Reserve

General	9,900	9,900
Profit and loss account-adverse balance	(163,770)	(157,126)
	-----	-----
	(153,870)	(147,226)
	=====	=====

### 6. Long Term Finance - Unsecured

Long term finance have been obtained from Midland Motors Pakistan (Private) Limited, an associated company repayable semi-annually, within 3 years of restarting the commercial operations having markup payable half yearly @ 16% per annum.

### 7. Short Term Finance - Unsecured

	<i>Mark-up rate p.a.</i>	<i>2001 (Rupees '000)</i>	<i>2000</i>
<b>From Associated undertakings</b>			
Allied Engineering & Services Limited	16% *	88	6,530
Allied Precision Engineering Products (Pvt) Limited	16% *	433	351
Midland Motors Pakistan (Pvt) Ltd.	Mark-up free	26	4,164
		-----	-----
		547	11,045
		=====	=====

\* Compounded quarterly

### 8. Creditors, Accrued Expenses and Other Liabilities

Creditors	541	880
Accrued expenses	2,031	1,978
Advance against contract	1,500	1,500
Corporate asset tax	155	155
Sales tax payable	--	3
	-----	-----
	4,227	4,516
	=====	=====

### 9. Operating Fixed Assets - Tangible

	<i>COST</i>			<i>DEPRECIATION</i>					<i>Rate %</i>
	<i>Cost as at 01/07/00</i>	<i>Addition/ (Deletions) during the year</i>	<i>Cost as at 30/06/01</i>	<i>Accumulated depreciation as at 01/07/00 (Rupees '000)</i>	<i>Adjustments</i>	<i>for the year</i>	<i>Accumulated depreciation as at 30/06/01</i>	<i>Book Value as at 30/06/01</i>	
Lease hold land	12,217	--	12,217	--	--	--	--	12,217	--
Factory building on leasehold land	42,195	--	42,195	33,677	--	852	34,529	7,666	10
Plant and machinery	29,802	--	29,802	23,794	--	601	24,395	5,407	10
Furniture and office equipment	2,129	22	2,151	1,610	--	54	1,664	487	10
Motor vehicles	180	320	500	99	--	80	179	321	20
Refrigerators and air conditioners	728	--	728	556	--	17	573	155	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total 2001</b>	87,251	342	87,593	59,736	--	1,604	61,430	26,253	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Total 2000</b>	89,246	(1,995)	87,251	59,632	(1,607)	1,712	59,736	27,515	
	=====	=====	=====	=====	=====	=====	=====	=====	=====

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

	<i>2001 (Rupees '000)</i>	<i>2000</i>
Cost of sales	1,500	1,647
Administrative and general expenses	33	42
Selling and distribution expenses	71	23



-----	-----
1,604	1,712
=====	=====

**10 Tangible Fixed Assets - Other**

This represents the "York Line" complete machinery and transfer line, purchased from an associated company' (imported under the Pakistan Government's Non-Repatriable Investment Scheme). According to the company's board resolution, after utilizing such machines that are adaptable for manufacture of tractor engines, the surplus will be disposed off. During the year the company has sold out the remaining part of above machine for Rs. 7.80 Million.

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
Cost - at the beginning of the year	7,282	9,482
Less: Disposed off	(7,282)	(2,200)
	-----	-----
	--	7,282
	=====	=====

**10.1 Details of disposal of operating fixed assets-Other**

<i>Description</i>	<i>Original cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i> <i>(Rupees '000)</i>	<i>Sale proceeds</i>	<i>(Gain)/ loss</i>	<i>Mode of Sale</i>	<i>Particulars of buyer</i>
Machine - Other York Line	7,282	--	7,282	1,600	--	Negotiation	Mr. Abdul Mannan, House # 405, Lane # 05, Sarfraz Colony, Faisalabad
	--	--	--	600	--	Negotiation	Muhammad Rauf, Scheme # 12, Diclore Road, Faisalabad
	--	--	--	800	--	Negotiation	M. Siraj Ali, E-2B, Rizvia Colony, Karachi
	--	--	--	600	--	Negotiation	Mehrab Khan, Banglow # 95, Sobhraj Jittimal Road, Karachi
	--	--	--	600	--	Negotiation	Muhammad Sharif, Lane # 2, Islam Nagar, Faisalabad
	--	--	--	600	--	Negotiation	Shaikh Muhammad Azam P-896, lane # 10, Bazar 2, Razaabad, Faisalabad
	--	--	--	600	--	Negotiation	Muhammad Riaz, 454-M Lane # 3, Sector # 11(1/2), Orangi Town, Karachi.
	--	--	--	200	--	Negotiation	Afzal Haq, Chak # 85, Bulaki Dawakhana, Distt: Layalpur
	--	--	--	500	--	Negotiation	Ghulam Haider, Koily Khun, Tehsil Safdarabad, Sheikhupura
	--	--	--	550	--	Negotiation	Muhammad Aslam, Chak # 14, Tehsil Nankana, Distt: Sheikhupura
	--	--	--	750	--	Negotiation	Muhammad Arif, House # 1756, Farooqabad, Faisalabad
	--	--	--	400	--	Negotiation	M. Sanaullah, Chak No. 100, Distt: Faisalabad
<b>Total</b>	----- 7,282	----- --	----- --	----- 7,800	----- (518)		

	2001	2000
	(Rupees '000)	
<b>11. Long Term Investments- Unquoted</b>		
Cost	3,000	5,000
Provision for diminution in value	--	(2,000)
	-----	-----
	3,000	300.00
Less: Sale Proceeds of Investment	(3,000)	--
	-----	-----
	--	3,000
	=====	=====

This represents investment in the equity of Allied Precision Engineering Products (Pvt) Limited (Formerly: Polymer & Precision Engineers (Pvt) Limited) an associated undertaking. Based on the last year audited accounts of Allied Precision Engineering Products (Pvt) Limited as of June 30, 2000, the holding of the company represents 5.11% of the total equity of Allied Precision Engineering Products (Pvt) Limited and the net worth of the investment works out to Rs. 2.56 million (previous year Rs. 2.55 million). During the year the company has disposed off its Long Term Investments to M/s Meganta International Limited of St. James Court, Suit 308, Port Louis, Republic of Mauritius for Rs. 3.00 Million.

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

Loose tools		
Opening Balance	354	393
Written off	(36)	(39)
	-----	-----
	318	354
	=====	=====

#### 13. Stock-in-Trade

##### Tractors and Agrimotors \*

Raw material and components	216	179
Work -in-progress	--	1,413
Finished goods	638	710
	-----	-----
	854	2,302

##### Parts and Implements

	2,159	2,119
	-----	-----
	3,013	4,421
Provision for obsolete stock	(54)	(54)
	-----	-----
	2,959	4,367

Agrimotor development expenses **	758	1,558
Less: Recovered & Adjusted	(758)	(800)
	-----	-----
	--	758
	-----	-----
	2,959	5,124
	=====	=====

\*Stock in trade includes former "Ford trade mark" inventories of an estimated value of Rs. 0.16 million (2000: Rs. 1.53 million) which have been valued at cost.

\*\*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 (Private) Limited to provide funds for the said expenses. The amount has been recovered from Midland Motors Pakistan (Private) Limited in 3 installments.

2001                      2000  
(Rupees '000)

#### 14. Deposit, Prepayments and Other Receivables

Security deposits	274	274
Advances and prepayments	266	--
Tax deducted at source-Adjustable	723	732
	-----	-----
	1,263	1,006
	=====	=====

**15. Cash and Bank Balances**

With banks on current account	1,494	356
Cash in hand	20	20
	-----	-----
	1,514	376
	=====	=====

**16. Sales-Net****Tractors and Agrimotors**

Manufactured goods	1,955	9,336
Less: Commission paid	(75)	(666)
	-----	-----
	1,880	8,670
Parts and implements	123	113
	-----	-----
	2,003	8,783
	=====	=====

**17. Cost of Sales**

Raw materials consumed	17.1	289	5,436
Parts and implements consumed	17.2	124	111
		-----	-----
		413	5,547
Salaries, wages, and benefits		798	844
Travelling and vehicles running		92	98
Insurance		18	14
Rent, rates and taxes		525	527
Repairs and maintenance		20	106
Electricity, gas and water		29	67
Stores and supplies		3	15
Depreciation*	9.1	1,500	1,647
Loose tools written off including replacement		40	41
Wastage and process loss		66	228
Miscellaneous		15	18
		-----	-----
		3,519	9,152
Work-in-process-Opening		1,413	--
Work-in-process-Closing		--	(1,413)
		-----	-----
		1,413	(1,413)
		-----	-----
		4,932	7,739
Finished goods-Opening		710	4,108
Finished goods-Closing		(638)	(710)
		-----	-----
		72	3,398
		-----	-----
		5,004	11,137
		=====	=====

\*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.

**17.1 Raw Material Consumed-Tractor and Agrimotors**

Stock at July 01, 2000	179	4,729
Purchase (net of inventory adjustments)	326	886
	-----	-----
	505	5,615
Stock at June 30, 2001	(216)	(179)
	-----	-----
	289	5,436
	=====	=====

**17.2 Parts and implements-Tractors and Agrimotors**

Stock at July 01, 2000	2,119	2,236
Purchase (net of inventory adjustments)	164	(6)
	-----	-----
	2,283	2,230
Stock at June 30, 2001	(2,159)	(2,119)
	-----	-----

		124	111
		=====	=====

**18. Administration and General Expenses**

Salaries, wages, and benefits		1,836	687
Travelling and vehicles running		372	36
Insurance		23	23
Rent, rates and taxes		68	120
Repairs and maintenance		27	52
Electricity, gas and water		60	118
Postage, telephone and stationery		64	53
Entertainment		5	5
Legal and professional charges		128	197
Auditors' remuneration	18.1	40	40
Depreciation	9.1	33	42
Miscellaneous		341	229
		-----	-----
		2,997	1,602
		=====	=====

**18.1 Auditors' Remuneration**

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

**19. Selling and Distribution Expenses**

Salaries and benefits		227	205
Travelling and vehicles running		9	99
Insurance		9	7
Rent, rates and taxes		94	94
Utilities		60	118
Depreciation	9.1	71	23
Entertainment		9	6
Postage, telephone and stationery		58	36
Miscellaneous		11	--
		-----	-----
		548	588
		=====	=====

**20. Financial Charges**

Mark-up on short term finance		840	1,238
Bank charges		12	12
		-----	-----
		852	1,250
		=====	=====

**21. Other Income**

Gain on sale of fixed assets	10.1	517	1,338
Liability written back		55	2,020
Miscellaneous		166	166
Exchange gain on sale of investments		26	--
		-----	-----
		764	3,524
		=====	=====

**22. Taxation**

Turnover tax-current		10	47
		=====	=====

**23. Basic earnings/(Loss) per share**

Profit/(Loss) after taxation		(6,644)	(4,317)
------------------------------	--	---------	---------

**Number of Shares**

Number of ordinary shares issued and subscribed at the end of the year		9,000	9,000
--	--	-------	-------

**(Rupees)**

Basic earnings/(loss) per share		(0.74)	(0.48)
		=====	=====

**24. Remuneration of Chief Executive and Executives**

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>			
Managerial remuneration	--	--	758	119
House rent/accommodation provi	--	--	341	53
Conveyance	--	--	52	12
Medical expenses	--	--	99	16
Utilities	--	--	75	12
	-----	-----	-----	-----
	--	--	1,325	212
	=====	=====	=====	=====
Number of persons	1	1	5	1
	=====	=====	=====	=====

The directors have been waived their meeting fee for the year.

The total number of employees as at June 30, 2001 were 11 (2000: 8)

**25. Related Parties**

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

The transactions with these parties have been disclosed in note 26.

**26. Transactions with Associated Companies**

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

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
(a) Rent paid (AESL)	188	188
(b) Financial charges incurred (AESL, APEPL)	840	1,238
(c) Various other expenses incurred (AESL, APEPL)	148	340
(d) Hire charges of tools and equipment (ASEL, APEPL)	(166)	(166)
(e) Repayment of Short Term Loan (AESL)	7,385	2,000
(f) Adjustment/Repayment of Short Term Loan (MMPL)	3,700	11,600
(g) Repayment of Short term Loan (APEPL)	168	--
(h) Purchase of fixed Assets from (AESL/MMPL)	335	--
(i) Long-Term Finance obtained (MMPL)	1,300	--

**27. Plant Capacity and Production**

Sanctioned plant capacity	6,000	6,000
Actual production-Tractors	14	35
Actual production-Agrimotors	--	--

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

**28. Comparative Figures**

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

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

**K. Asif Rahman**  
Chief Executive

**Imran Hussain**  
Director