

Millat Tractors Limited

Annual Report 1999

Contents

MILLAT TRACTORS LIMITED

Notice of Meeting
Directors' Report to the Shareholders
Chairman's Review
Pattern of Shareholding
Decade at a glance
Auditor's Report to the Members
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Account

GROUPS' CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report to the Members
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Accounts

MILLAT EQUIPMENT (PVT) LIMITED

Directors' Report
Auditors' Report to the Members
Balance Sheet
Receipt and Payment Account
Notes to the Accounts

Boards of Directors

Sikandar Mustafa Khan

Chairman & Chief Executive

EMPLOYEES GROUP

Latif Khalid Hashmi
Sohail Bashir Rana
Laeeq Uddin Ansari
S.R. Bokhari
Mian Mohammad Saleem
Rana Mohammad Siddique

Mian Mohammad Saleem

Company Secretary

OTHERS

S.M. Tanvir

(M.C.B. Nominee)

Dr. Amjad Waheed

(NIT Nominee)

Manzoor A. Sheikh

(NIT Nominee)

Organization Structure

Sikandar Mustafa Khan

Chairman & Chief Executive

Mian M. Saleem

Company Secretary

Sohail Bashir Rana

Director Technical

Shaukat Ali Sh.

Gen. Manager P.C.

Dr. Syed Amer Ali

Gen. Manager Projects & Dev.

Pir Asad Iqbal

Dy. Gen. Manager Procurement

Pervaiz Aslam

Sr. Manager Procurement

Mansoor Abbasi

Sr. Manager Tractor Assy.

Shafaat Ahmed

Sr. Manager Mfg.

M. Ashfaq Farooqi

Sr. Manager Projects & Dev.

Jehangir Qureshi

Sr. Manager Eng./MPA

Rehan A. Qureshi

Sr. Manager Maintenance

M. Akbar Sheikh

Manager Mfg.

Athar Zubair

Manager Projects & Dev.

Zahid H. Butt

Manager Tractor Assy.

Altaf Hussain

Manager Projects & Dev.

M. Naeem Tahir

Manager Projects & Dev.

Saif-ur-Rehman

Manager Eng./MPA

Khurshid Majeed

Manager Projects & Dev.

Sohaib Ahmad

Manager Projects & Dev.

Laeq Uddin Ansari

Director Finance

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. Chaudhry

Manager accounts

M. Pervaiz Butt

Manager Budget & MIS

Rustam Ali

Manager Corporate Affairs

Javed Akbar Gil

Manager Data Processing

Akhtar Hussain
Manager Finance

S.M. Abdul Qadir
Manager Finance

Latif Khalid Hashmi
Director Marketing

Bashir A. Chaudhry
Gen. Manager Marketing

M. Aslam Khokhar
Dy. Gen. Manager Service & Parts

Ahsan Imran
Dy. Gen. Manager Multi App.

Idrees Zubair
Sr. Manager Sales

Ch. Abdul Ghafoor
Sr. Manager Service

M.A. Kakakhail
Sr. Manager Parts

M. Akram
Sr. Mangr. Reg. Off Islamabad

Javed Munir
Gen. Manager Admn./Pers.

Zaair Farid Shah
Dy. Gen. Manager Admn./Pers

Mian M. Anwar
Manager Purchase

S. Imtiaz Ali
Manager Reg. Off. Karachi

Nasim A. Sindhu
Manager Admn.

Ch. Imtiaz Hussain
Manager Personal

Shahid S. Toor
Dy. Gen. Manager Q.C.

Chaudhry M. Anwar
Manager Q.C. BOF

Abdul Razzak
Manager Lab./Gauge Control

M. Ameer Khan
Manager Q.C. MFG.

M. Anwar Malik
Manager Q.C. Assy.

Abdul Qayyum Butt
Manager HRD

Mian Habib Ahmad
Dy. Manager SA & CP

Notice of Meeting

Notice is hereby given that 36th Annual General Meeting of Millat Tractors Limited will be held at the Company's Registered Office, 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Thursday, December 30, 1999 at 1.30 P.M. to transact the following business:

1. ORDINARY BUSINESS

i) To confirm minutes of the 35th Annual General Meeting.

ii) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 1999 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. 12.00 per share (120%).

iv) To appoint auditors and fix their remuneration for the year ending June 30, 2000. The present auditors M/s. A.F. Ferguson & Company, Chartered Accountants, retire and are eligible for re-appointment.

2. SPECIAL BUSINESS

i) To approve investment of Rs. 8.0 million in equity of Millat Equipment (Pvt) Limited by passing the following resolution. "RESOLVED that the payment of Rs. 8.0 million made to Millat Equipment (Pvt) Limited as investment in MEL equity be and is hereby approved."

ii) To approve investment of Rs. 80,650 made in Baluchistan Wheels Limited by passing the following resolution:

"RESOLVED that an investment of Rs. 80,650 in Baluchistan Wheels Limited by way of acquisition of 5,000 shares at an average price Rs. 16.13 per share be and is hereby approved."

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. 17, 1999 to Dec. 30, 1999 (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 16, 1999 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. Shareholders are requested to notify the change of address, if any, immediately.

STATEMENT U/S 160 OF THE COMPANIES ORDINANCE, 1984

i) The Board of Directors in its meeting held on Feb. 24, 1999 had approved to invest Rs. 50 million in the Gear Manufacturing Project through its wholly owned subsidiary Company i.e., Millat Equipment (Pvt) Limited (MEL). During the year, an amount of Rs. 8 million was paid to MEL as part of MTL'S equity.

ii) During the year, 5000 shares of Baluchistan Wheels Limited (BWL) were purchased @ Rs. 16.13 per share. The Company was already holding 1,360,500 shares of BWL.

By order of the Board

Lahore:
Nov, 30, 1999

**Mian Muhammad Saleem
Company Secretary**

Directors' Report to the Shareholders

Your Directors feel pleasure in presenting their 36th Annual Report together with the audited accounts of the Company for the year ended June 30, 1999.

APPROPRIATIONS

Your directors recommend the payment of cash dividend at the rate of Rs. 12.00 per share (120%) out of the profits available for appropriations. Accordingly, the following appropriations have been made:

ACCOUNTS	<i>Rupees in thousands</i>
Profit before taxation	337,128
Less: Taxation	106,666

Profit after taxation	230,462
Add: Unappropriated profit brought forward	47

Profit available for appropriations	230,509
Less: Appropriations:	
Transfer to General Reserves	134,000
Proposed Dividend @ 120% (1998: 85%)	96,113

	230,113

Unappropriated profit carried forward	396
	=====

EARNING PER SHARE

Earning per share for the year ended June 30, 1999 was registered at Rs. 28.77 as compared to Rs. 17.25 in the preceding year.

DIRECTORS

Since the last report, there have been changes in the Board of directors. M/s. Wusooq Khaleeli and Razi-ur-Rehman Khan nominees of NIT on the Board tendered their resignations w.e.f. April 16, 1999 and May 3, 1999 respectively and in their place Dr. Amjad Waheed and Mr. Manzoor A. Sheikh, NIT nominees were co-opted as Directors under Article 96(2) of the Memorandum and Articles of Association of the Company to fill the casual vacancies.

YEAR 2000 COMPLIANCE

The year 2000 verification process for computer software, hardware and the manufacturing machinery has been completed. The non-compliant computer hardware has been replaced and software redeveloped. All the new systems have been tested by simulation techniques. The manufacturing machinery and quality control equipment was validated through the suppliers.

AUDITORS

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

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.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

NUMBER OF EMPLOYEES

The number of permanent employees as on June 30, 1999 were 526 compared to 531 of last year.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company and its wholly owned Subsidiary, Millat Equipment (Pvt) Ltd. are annexed.

for and on behalf of the Board

Lahore:
November 15, 1999

**Sikandar Mustafa Khan
Chairman & Chief Executive**

Chairman's Review

Dear shareholders:

It gives me immense pleasure in welcoming you to the 36th Annual General Meeting of the Company and present the audited accounts and my review on the performance of your Company for the year ended June 30, 1999.

Tractor industry in this country has a checkered history of fluctuating fortunes. The industry despite having the highest content of locally manufactured components with high value addition in the tractor, it has suffered at the hands of bad Government policies. Your Company has done well despite

uncertainty and ever changing conditions. The vending associates have shared this responsibility in achieving difficult targets.

By the Grace of Almighty Allah and the dedicated efforts of the Company employees, your Company earned a record pretax profit of Rs. 337 million on a sale of over Rs. 5 billion during the current financial year which is the highest in the history of MTL. The higher profits were achieved despite substantial reduction in tractor selling prices due to phenomenal growth in volumes. MTL significantly contributed towards the target to supply 30,000 tractors to the farmers by the local industry during the year 1998-99 with a view to achieve self-sufficiency in the Agriculture Sector. The Company generated major portion of the revenue through sale of tractors on cash basis and also substantial contribution by Multi-Application Products like Generator Sets valuing Rs. 134 million which of course indicates good sign for the Company's future.

FINANCE

The year under review witnessed all round improvement in performance standards, Pre-tax profit was Rs. 337 million as against Rs. 190 million of the previous year showing an increase of 77%. After making provision for current taxation, the after tax profit amounted to Rs. 230 million, Net sales increased by 93% from Rs. 2.75 billion to Rs. 5.32 billion. The selling, administration and general expenses were increased by 18% due to higher volumes and inflation. The financial charges decreased by 34% from Rs. 91 million to Rs. 42 million due to improvement in cash sales and also better inventory management. The break-up value of a share increased to Rs. 83.21 from Rs. 66.44 in 1998. Earning per share also increased to Rs. 28.77 from Rs. 17.25 of previous year. After providing for the current taxation of Rs. 106.7 million, the profit available for appropriations amounted to Rs. 230.5 million. Out of the profits available for appropriations, your Board in line with its policy of giving equitable returns to the shareholders feels pleasure to recommend a cash dividend of Rs. 12.00 per share (120%). A sum of Rs. 134 million has been retained by way of transfer to General Reserve now standing at Rs. 586 million.

MARKETING

Millat Tractors Limited accepted the challenge to supply 15,000 tractors during the year 1998-99. By the grace of Allah Almighty, the Company surpassed its commitment. The reduction in prices brought the tractors within the buying range of the small farmers thus reviving our agricultural economy and the tractor industry of the country.

During the year 1998-99 tractors industry booked 47,000 tractors as against 15,000 tractors of last year. The main reason for increase in booking was the reduction in tractors' prices by the manufacturers and withdrawal of duties and sales tax by the Government.

Your Company achieved a booking of 25,000 tractors i.e., a share of 53% which included cash booking of 13,000 tractors during the year 1998-99. Against above booking, 15,151 tractors were sold as against 7010 tractors of the previous year registering an increase of 116%. The Company registered record booking and sales during the year under review.

The Multi-Application Products have started playing a significant role in MTL trading activity and are contributing significantly towards profitability of the Company. There is considerable demand of our Gen. Sets both in public and private sectors. We added special features in already developed Gen. Sets to meet the specific requirements of our customers. It is fervently hoped that our Gen. Sets would continue to improve their presence in the market in the coming years.

Marketing of imported Massey Ferguson (UK) Diesel Gen. Sets comprising Perkins Engines and Newage Alternator of capacity 50 KVA to 880 KVA is also gaining momentum and has emerged as a potential source of income.

We intend to utilize our technical, financial and administrative source to attain new dimensions of diversification in future.

TECHNICAL

During the year under review, your Company produced 14,4153 units compared to 7,854 units of previous year reflecting an increase of 84%. The Company successfully achieved the production target given by the Government to the local industry for self reliance and economic growth, through a combination of better manpower utilization and planning.

To meet market requirements, the Company developed new tractors and Multi-Application products during the period in addition to numerous variants on our existing product range. Efforts to broaden the range of locally produced Gen. Sets is progressing satisfactorily. The products will be launched as soon as possible.

The vendor interactions and support were re-emphasized to ensure supplies and quality of components required for the enhanced production volume for financial year. Pricing competitiveness was created amongst our vending associates to prepare the industry for the challenges posed with the implementation of Trade Related Investment Measures (TRIMs) under the World Trade Order to be implemented in early 2000.

Millat Tractors Limited is fully geared to produce 20,000 tractors during the year 1999-2000 while the industry as a whole is capable of supplying 40,000 tractors for the year. The reduction in tractor prices will revolutionize agriculture by bringing farm mechanization to an affordable level and also provide

a jump start to the dormant engineering industry.

QUALITY CONTROL

Millat Tractors Limited has a strong commitment to quality and has successfully maintained international standards since its inception. Our tractors and other products are well known in the market for their quality. Complete customer satisfaction is our cherished goal and we are fully committed to achieve it.

Our quality activities are wide spread throughout the Company and completely cover all the materials, machines and processes. We have reliable inspection facilities at MTL to ensure adherence to specification and standards. Our Laboratories and Gauge Control is fully equipped and ISO 9002 certified. It is playing vital role in establishing high standards of quality. In May this year, it qualified ISO Surveillance Audit, which is acknowledgment to the fact that world standard Quality Management Systems are in place.

At MTL quality is our prime doctrine that can never be compromised at any stage. We are conducting internal quality audits and taking corrective/preventive actions for continuous improvement. An improved quality approach has been introduced at all levels and a product is available for the customer.

ADMINISTRATION

A high standard of discipline was maintained in the Company. The increased level of production could only be possible by way of cordial management labour relations. The CBA fully supported the management in implementation of production plans. The plant security has been revamped with the installation of Close Circuit T.V Cameras in the Tractors Assembly Plant, and by taking other security measures.

A number of dignitaries including Chief Minister Punjab visited the plant. High level delegations from various Institutions i.e. LUMS, NIPA and Command & Staff College of Pakistan Army visited our factory for study tours. The Company has been providing training/internship to various institutions to facilitate and update their knowledge and its practical application. Different Welfare Schemes for the benefit of the employees of the Company continued which include Haj Scheme, Gifts and education scholar ships. The Company has been participating since many years in the Horticulture and flowers competitions. The Company again won best performance awards in different competitions.

FUTURE OUTLOOK

In the year 1999-2000 the sale volume is expected to improve due to affordable prices of tractors. MTL and its vending associates are committed to produce 20,000 tractor in the next year out of the target of 40,000 tractors given by the Government to the local tractor industry. Endeavours would be made for the promotion of farm mechanization and maintaining stability in tractor prices to make it self-sufficient in food and agriculture.

Product diversification, quality improvement, cost reduction and effective after sale support would thus continue to be our strategic objectives in the years to come.

Acknowledgment

It is my pleasure to place on record my appreciation for the untiring efforts of MTL employees at all levels which helped achieve our targets, I have special thanks to offer to the vending associates who whole heartedly participated in our efforts to reduce tractor selling prices. My thanks are due to the farming community and all other institutions for their cooperation and support. My sincere thanks to the Company's shareholders as well as for whom we always strive to protect their interest. With Allah's blessings we move forward with hope and determination to be more prosperous and stronger in future.

Sikandar Mustafa Khan

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1999

<i>No. of Shareholders</i>	<i>Size of Holding From To</i>	<i>Total Shares Held</i>
971	1	100
586	101	500
207	501	1000
480	1001	5000
59	5001	10000
24	10001	15000
12	15001	20000
9	20001	25000
2	25001	30000
2	35001	40000
2	40001	45000
2	45001	50000
3	50001	55000
1	55001	60000
2	60001	65000

1	85001	90000	88420
1	90001	95000	91208
2	110001	115000	223425
1	175001	180000	177200
1	195001	200000	200000
1	235001	240000	237100
1	250001	255000	252148
1	290001	295000	291306
1	305001	310000	305951
3	310001	315000	938768
1	335001	340000	338976
1	445001	450000	449379
1	685001	690000	690000
1	703001	710000	706049

2379	Total		8009388
=====			

CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>No.</i>	<i>Shares held</i>	<i>Percentage of issued capital</i>
Individuals	2341	4441379	55.46
Investment Companies	4	1240192	15.48
Trusts	3	634418	7.92
Foreign Companies	2	690018	8.62
Financial Institutions	8	859644	10.73
Insurance Companies	4	133585	1.67
Modarba Companies	1	24	--
Joint Stock Companies	15	9060	0.11
Others:			
Dy. Administrator, Abandoned Properties, Govt. of Pakistan	1	1068	0.01

	2379	8009388	100.00
=====			

Decade at a Glance*(Rupees in thousands)*

	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1993</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
INCOME										
Net sales and income	5365143	2794544	2065800	3330324	3003924	2481006	2347175	1494771	1529830	2017422

Profit before tax	337128	190206	97399	159213	126207	113912	94185	19293	55363	93131

Profit after tax and extraordinary item	230462	138122	65856	96813	81007	67898	53235	11203	33400	56143
Transfer from reserve	--	--	--	--	--	--	--	15500	--	--
Less: cash dividend	96113	68080	60070	60070	48056	44052	36042	13349	--	20858

Retained in business	134349	70042	5786	36743	32951	23846	17193	13354	33400	35285
=====										
FINANCIAL POSITION										
Current assets	2036699	1411095	992285	855916	1130866	679918	788055	943146	826610	791129
Less: Current liabilities	1689239	1164969	807772	671291	972699	549444	665945	792574	632484	567243

Net working capital	347460	246126	184513	184625	158167	130474	122110	150572	194126	223886
Fixed assets - Net	240888	215206	214133	224124	230010	249282	259351	259698	232217	178983
Investments	83685	75605	69319	69116	65616	63616	63616	4000	4000	4000
Other assets	3057	4288	5088	6576	17630	37061	45013	37904	7169	7895

	675090	541225	473053	484441	471423	480433	490090	452174	437512	414764
Less: Long term debts	--	--	2954	17128	38653	77814	109492	96219	84161	94677
Other liabilities	8600	9084	8000	11000	13200	16000	17825	10375	5625	5761

Shareholders' equity	666490	532141	462099	456313	419570	386619	362773	345580	347726	314326
=====										
REPRESENTED BY:										
Share capital	80094	80094	80094	80094	80094	80094	80094	66745	55621	55621

Capital reserve	--	--	--	--	--	--	--	13349	11124	6884
Revenue reserve	586000	452000	382000	376000	339000	306000	282000	265000	280500	251500
Unappropriated profit	396	47	5	219	476	525	679	486	481	321
NET CAPITAL EMPLOYED	666490	532141	462099	456313	419570	386619	362773	345580	347726	314326

STATISTICS

Break-up value of a share of Rs. 10/-	83.20	66.40	57.70	57.00	52.40	48.30	45.30	51.80	62.50	56.50
Dividend (Rupees per share)	12.00	8.50	7.50	7.50	6.00	5.50	4.50	2.00	--	3.75
Dividend (Percentage)	120	85	75	75	60	55	45	20	--	37.50
Bonus issue/Right issue of shares	--	--	--	--	--	--	--	1:5B	1:5B	--
Total number of tractors sold	15151	7010	5460	9628	10318	9201	9443	6702	7270	11608
Current assets to current liabilities	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	1.4:1
Profit before tax to sale and income (Percentage)	6.28	6.81	4.71	4.78	4.25	4.59	4.01	1.29	3.62	4.62
Return on capital employed (Percentage)	49.94	35.14	20.59	32.86	26.77	23.71	19.22	4.27	12.65	22.45
Return on equity (Percentage)	34.58	25.95	14.25	21.22	19.31	17.56	14.67	3.24	9.61	17.86
Debt to equity	0.100	0.100	1.99	4.96	8.92	17.83	23.77	22.78	19.81	23.77

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Millat Tractors Limited as at June 30, 1999 and the related profit and loss account, the statement of changes in equity and the cash flow statement 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 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) 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, the statement of changes in equity and the 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, 1999 and of the profit, changes in equity and cash flow for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of the Ordinance.

Lahore:
December 03, 1999

A.F. Ferguson & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
<i>(Rupees in thousands)</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		586,000	452,000
Unappropriated profit		396	47
		666,490	532,141
DEFERRED TAXATION	4	8,600	9,084
CURRENT LIABILITIES			
Short - term running finances - secured	5	515,338	372,137
Creditors, accrued and other liabilities	6	1,077,788	724,752
Proposed dividend		96,113	68,080
		1,689,239	1,164,969
CONTINGENCIES AND COMMITMENTS	7		
		2,364,329	1,706,194
TANGIBLE FIXED ASSETS			
Operating fixed assets	8	239,690	213,684
Capital work - in - progress	9	1,198	1,522
		240,888	215,206
LONG - TERM INVESTMENTS	10	83,685	75,605
LONG - TERM LOANS - CONSIDERED GOOD	11	3,057	4,288
CURRENT ASSETS			
Stores and spares	12	22,031	17,164
Stock - in - trade	13	1,248,647	977,858
Trade debts	14	50,035	18,956
Loans, advances, deposits, prepayments and other receivables	15	283,365	192,619
Cash and bank balances	16	432,621	204,498
		2,036,699	1,411,095
		2,364,329	1,706,194

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
<i>(Rupees in thousands)</i>			
SALES	17	5,322,897	2,751,723
COST OF GOODS SOLD	18	4,808,640	2,368,794

GROSS PROFIT		514,257	382,929
Selling, administration and general expenses	19	152,370	129,021
		-----	-----
OPERATING PROFIT		361,887	253,908
Other income	20	42,246	41,413
		-----	-----
		404,133	295,321
Financial charges	21	42,307	91,083
Other charges	22	24,698	14,032
		-----	-----
		67,005	105,115
PROFIT BEFORE TAXATION		337,128	190,206
Provision for taxation	23	106,666	52,084
		-----	-----
PROFIT AFTER TAXATION		230,462	138,122
		=====	=====

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, 1999

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
	<i>(Rupees in thousands)</i>			
Balance as on June 30, 1997	80,094	382,000	5	462,099
Net profit for the year	--	--	138,122	138,122
Transfer from unappropriated profit	--	70,000	(70,000)	--
Dividend @ Rs 8.50 per share	--	--	(68,080)	(68,080)
	-----	-----	-----	-----
Balance as at June 30, 1998	80,094	452,000	47	532,141
Net profit for the year	--	--	230,462	230,462
Transfer from unappropriated profit	--	134,000	(134,000)	--
Dividend @ Rs. 12.00 per share	--	--	(96,113)	(96,113)
	-----	-----	-----	-----
Balance as at June 30, 1999	80,094	586,000	396	666,490
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousands)</i>	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	26	320,661	269,904
Financial charges paid		(40,916)	(94,227)
Taxes paid		(97,792)	(107,585)
Net (decrease) in long term loans		1,707	729
		-----	-----
Net cash inflow/(outflow) from operating activities		183,660	68,821
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(61,080)	(31,020)
Sale proceeds of fixed assets		4,174	2,230
Net (increase) in long term investments		(8,080)	(6,286)
Dividend received		8,215	1,575
Return on deposits received		25,429	9,940
		-----	-----
Net cash (outflow) from investing activities		(31,342)	(23,561)

CASH FLOW FROM FINANCING ACTIVITIES

Repayment of redeemable capital	--	(5,670)
Repayment of long term loan	--	(11,458)
Dividend paid	(67,396)	(59,579)
	-----	-----
Net cash (outflow) from financing activities	(67,396)	(76,707)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	84,922	(31,447)
Cash and cash equivalents at the beginning of the year	(167,639)	(136,192)
	-----	-----
Cash and cash equivalents at the end of the year	27	(82,717)
	=====	=====

Chairman & Chief Executive

Director

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED JUNE 30, 1999****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.

1.1 Compliance with IAS

These accounts comply with International Accounting Standards as applicable, in Pakistan, in all material respects.

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

The accounts have been prepared under the historical cost convention.

2.2 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.

2.3 Staff retirement benefits

The main features of the scheme 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. Monthly contributions are made to this fund on the basis of actuarial recommendation at the rate of 17 percent per annum of basic salaries. The actuarial valuation of the scheme is carried out once in every three years and the latest valuation was carried out as at June 30, 1997. The fair value of plan's assets and liabilities for the past services at the latest valuation date were Rs 75.623 million and Rs 79.191 million respectively. The future contribution rates of this plan include allowances for deficit and surplus. Accrued benefit cost method with projected salaries, with the following significant assumption is used for valuation of this scheme:

- Expected rate of increase in salary level 12 percent per annum.
- Expected rate of interest 14 percent per annum.

During the year, Rs 5.993 million (1998: Rs 5.622 million) has been recognized as an expense by the Company.

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 employees and are paid over to the Employees Gratuity Fund Trust. During the year, Rs 4.569 million (1998: Rs 4.215 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 (1998: Rs 3.285 million) has been recognized as an expense by the Company.

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

2.4 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 lease hold land	5%
Plant and machinery	10%
Tools and equipments	15%
Furniture, fixture and equipments	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.

2.5 Long term investments

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

2.6 Stores and spares

These are valued principally at moving average cost.

2.7 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.

2.8 Research and development costs

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

2.9 Warranty claims

Claims are accrued on the basis of estimates.

2.10 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.

2.11 Revenue recognition

Revenue is recognized on despatch of goods.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousands)</i>	
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
2,542,857 (1998: 2,542,857) ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
5,466,531 (1998: 5,466,531) ordinary shares of Rs 10 each issued as fully paid bonus shares	54,665	54,665
	-----	-----
	80,094	80,094
	=====	=====

4. DEFERRED TAXATION

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

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

Short - term running finances available from consortium of banks under mark-up arrangements amount to Rs 755 million (1998: Rs 515 million). The rate of mark-up ranges between paise 38 to paise 52 per Rs 1,000 per diem. Of the aggregate facility of Rs 1,285 million (1998: Rs 895 million) for opening letters of credit and Rs 100 million (1998: Rs 94 million) for guarantees, the amount utilized as at June 30, 1999 was Rs 508.62 million (1998: Rs 290.5 million) and Rs 61.55 million (1998: Rs 61.37 million) respectively. The facility is secured by a pari passu hypothecation charge over current assets of the Company.

1999 **1998**
(Rupees in thousands)

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6. CREDITORS, ACCRUED AND OTHER LIABILITIES

These are composed of:

Creditors	541,455	168,299
Bills payable	--	320,278
Regulatory duty and custom duty payable	79,778	79,778
Accrued liabilities	64,915	46,025
Advances from customers	260,062	34,100
Security deposits - Note 6.1	9,520	8,907
Mark-up accrued on short term running finances	10,701	9,310
Royalty/Technical service fee payable	69,989	34,984
Workers' profit participation fund - Note 6.2	18,200	10,318
Workers' welfare fund	10,187	3,700
Unclaimed dividend	4,298	3,614
Others	8,683	5,439
	-----	-----
	1,077,788	724,752
	=====	=====

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

1999 **1998**
(Rupees in thousands)

6.2 Workers' profit participation fund:

Balance at the beginning of the year	10,318	6,189
Provision for the year	18,095	10,212
Interest thereon	1,148	99
	-----	-----
	29,561	16,500
Payments	11,361	6,182
	-----	-----
Balance at the end of the year	18,200	10,318
	=====	=====

7. CONTINGENCIES AND COMMITMENTS

7.1 Guarantees to bank for repayment of loan by employees Rs 5 million, the amount utilized as at June 30, 1999 was Rs 1.63 million (1998:Rs 2.316 million).

7.2 Claims not acknowledged by the Company as debts Rs 6.501 million (1998: Rs 17.371 million).

7.3 Undertaking given by the Company to Privatisation Commission for the repayment of loan of Rs 79 million on behalf of the associated undertaking acquired from Privatisation Commission during 1993.

8. OPERATING FIXED ASSETS-TANGIBLE

	<i>Cost to July 1, 1998</i>	<i>Additions/ (Deletions)</i>	<i>Cost to June 30, 1999</i>	<i>Accumulated depreciation as at July 1, 1998</i>	<i>Depreciation charge for the year</i>	<i>Depreciation on disposal during the year</i>	<i>Accumulated depreciation as at June 30, 1999</i>	<i>Net book value as at June 30, 1999</i>
<i>(Rupees in thousands)</i>								
Land - Freehold	13,675	17,494	31,169	--	--	--	--	31,169
- Leasehold	8	--	8	--	--	--	--	8
Building on freehold land	144,650	163	144,813	77,036	6,409	--	83,445	61,368
Office building on leasehold land	2,900	--	29,110	870	145	--	1,015	1,885
Plant and machinery	196,800	3,553	200,353	123,017	7,733	--	130,750	69,603
Tools and equipments	40,070	12,669	52,739	28,022	3,708	--	31,730	21,009
Furniture, fixture and equipments	18,207	2,557	20,418	11,553	996	(282)	12,267	8,151
		(346)						
Vehicles	60,617	21,161	72,932	26,993	10,275	(5,437)	31,831	41,101
		(8,846)						
Computers	17,490	3,807	21,30	13,242	2,659	--	15,901	5,396
	-----	-----	-----	-----	-----	-----	-----	-----
1999	494,417	61,404	546,629	280,733	31,925	(5,719)	306,939	239,690

		(9,192)						
1998	467,262	30,625 (3,470)	494,417	254,255	28,883	(2,405)	280,733	213,684

Included in tools and equipment above are assets of Rs 9.002 million (1998: Rs 0.327 million) held by a third party on behalf of Millat Tractors Ltd.

1999 1998
(Rupees in thousands)

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

Cost of goods sold - Note 18	20,728	19,626
Selling & distribution expenses - Note 19.1	3,513	2,739
Administration & general expenses - Note 19.2	7,684	6,518
	-----	-----
	31,925	28,883
	=====	=====

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

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Sold to	Mode of disposal
Vehicles	1,645	1,106	539	539	Mr. S.M Khan	C.E.O Car Scheme
	573	385	188	188	Mr. Laeeq Uddin	Director Car Scheme
	573	385	188	188	Mr. L. K. Hashmi	Director Car Scheme
	609	409	200	200	Mr. S. B. Rana	Director Car Scheme
	331	223	108	108	Mr. Bashir Ahmed Ch.	G.M Car Scheme
	204	150	54	54	Mr. Asad Iqbal	D.G.M Car Scheme
	197	132	65	65	Mr. Ashfaq Farooqi	S.M Car Scheme
	197	132	65	65	Ch. Abdul Ghafoor	S.M Car Scheme
	126	62	65	65	Mr. Jehangir Qureshi	S.M Car Scheme
	197	132	65	65	Mr. Pervaiz Aslam	S.M Car Scheme
	197	132	65	65	Sh. Akbar Ali	Manager Car Scheme
	197	132	65	65	Mr. M. Akram	S.M. Car Scheme
	268	131	137	137	Mr. Imtiaz Ahmed	Ex-Manager Car Scheme
	331	223	108	108	Mian M. Saleem	G.M Car Scheme
	331	223	108	108	Mr. Shoukat Ali Sh.	G.M Car Scheme
	197	132	65	65	Mr. Shafat Ahmad	S.M Car Scheme
	209	141	68	68	Mr. Javed Munir	G.M Car Scheme
	331	223	108	108	Mr. S.R. Bokhari	Ex-G.M Car Scheme
	748	365	383	382	Mr. S.R. Bokhari	Ex-G.M Car Scheme
	55	11	44	55	Mr. Fahim Sadiq Khan	Ex-A.M M. Cycle Scheme
	55	20	35	35	S. Tajamul Jamil	Ex-J.E. M. Cycle Scheme
	122	114	8	180	M/S. Rana Traders Bahawal Nagar Road, Arifwala	Bidding
	413	343	70	311	M/S. Ghafoor Alam 2-Mcleod Road, Lahore	Bidding
	12	6	6	90	M/S. Larkana Tractor House Bagh-e-Jinnah Road, Larkana	Bidding
	111	105	6	120	M/S. Zimindar Tractors, Market Road, Pashin	Bidding
	55	20	35	50	Adamjee Insurance Co. Lahore	Insurance Claim
	562	--	562	562	Adamjee Insurance Co. Lahore	Insurance Claim
Furniture and fixture	346	282	64	127	Naqvi Refrigeration Service Kot Shahab-ud-Din, Shahdara	

1999 1998
(Rupees in thousands)

9. Capital work in progress

Civil works and building	1,198	1,522
	=====	=====

1999 1998
(Rupees in thousands)

10. LONG TERM INVESTMENT - AT COST

In subsidiary companies:

Unquoted

Millat Equipment (Pvt.) Ltd.
 800,007 (1998: 7) fully paid ordinary shares of Rs. 10/- each 8,000 --
 Chief Executive: Mr. Sohail Bashir Rana (1998: Mr. Sohail Bashir Rana)
 Equity held 100% (1998: 100%)
 Value of investment based on the net assets shown in the audited accounts
 as at June 30, 1999 Rs 8 million (1998' Rs 70)

In associated companies:

Quoted

Bolan Castings Limited
 2,290,407 (1998: 2,290,407) fully paid ordinary shares of Rs. 10/- each 55,819 55,819
 Equity held 41.45% (1998: 41.45%) Market value Rs 41.227 million
 as at June 30, 1999 (1998: Rs. 11.452 million). Value of investment
 based on the net assets shown in the audited accounts as at June 30,
 1999 Rs 40.236 million (1998: Rs 29.676 million)

Baluchistan Wheels Limited

1,365,500 (1998: 1,360,500) fully paid ordinary shares of Rs 10/- each 14,866 14,786
 Equity held 11.78% (1998:11.73%) Market value - Rs 29.085 million
 (1998: Rs 28.571 million). Value of investment based on the net assets
 shown in the audited accounts as at June 30, 1999 Rs 28.518 million
 (1998: Rs 28.234 million)

Unquoted

Arabian Sea Country Club Limited 5,000 5,000
 500,000 (1998: 500,000) fully paid Ordinary shares of Rs 10/- each
 Equity held 6.74% (1998: 7.22%). Value of investment based on the
 net assets shown in the audited accounts as at June 30, 1999 Rs 1.477
 million (1998: Rs 3.095 million)
 Chief Executive: Mr. Zaeem Lutfi (1998: Mr. Zaeem Lutfi)

-----	-----
83,685	75,605
=====	=====

1999 1998
(Rupees in thousands)

11. LONG TERM LOANS - CONSIDERED GOOD

Executives	780	1,353
Other employees	5,489	6,623
	-----	-----
	6,269	7,976

Less: Current portion included in current
 assets - Note 6

Executives	673	731
Other employees	2,539	2,957
	-----	-----
	3,212	3,688
	-----	-----
	3,057	4,288
	=====	=====

These represent:

Unsecured interest free loans to executives and employees for the purchase of residential plots, furniture, fixture etc. aggregating Rs 3.205 million (1998: Rs 4. 326 million).

Interest free loans to employees aggregating Rs 3.065 million (1998: Rs 3.65 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 718,642 (1998: Rs Nil) and Rs 572,693 (1998: Rs Nil)respectively.

The maximum aggregate amount at any time during the year due from the Chief Executive was Rs Nil (1998: Rs Nil), Directors Rs Nil (1998: Rs Nil) an executives Rs 1.54 million (1998: Rs 1.96 million).

12. 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 practicable to distinguish stores from spares until their actual usage.

1998 **1999**
(Rupees in thousands)

13. STOCK-IN-TRADE

Raw materials including in transit Rs 387.545 million

(1998: Rs 134.464 million)

Raw materials including in transit Rs 387.545 million (1998: Rs 134.464 million)	1,075,688	594,476
Work - in - process	46,228	26,589
Finished goods - Manufacturing	102,060	336,135
- Trading	24,325	30,224
Others	346	547

	-----	-----
	1,248,647	987,971

Less: Provision for slow moving / obsolete stock

	--	(10,113)
--	----	----------

	-----	-----
	1,248,647	977,858
	=====	=====

Included in stocks are goods held with third parties amounting to Rs 24.714 million

(1998: Rs 32.331 million).

14. TRADE DEBTS

Considered good

	50,035	18,956
--	--------	--------

Considered doubtful

	7,922	8,024
--	-------	-------

Less: Provision for doubtful debts

	7,922	8,024
--	-------	-------

	-----	-----
	--	--

	-----	-----
	50,035	18,956
	=====	=====

All debts are unsecured except for Rs 0.5 million (1998: Rs 1.646 million) which are secured by deposits.

15. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS**AND OTHER RECEIVABLES**

Current portion of long term loans to employees - Note 11

	3,212	3,688
--	-------	-------

Advances considered good to employees - Note 15.1

	1,928	1,091
--	-------	-------

Advance to suppliers - considered good

	14,973	23,843
--	--------	--------

Considered doubtful

	2,498	2,487
--	-------	-------

	-----	-----
	17,471	26,330

Less: Provision for doubtful

	2,498	2,487
--	-------	-------

	-----	-----
	14,973	23,843

Octroi recoverable

	1,098	1,098
--	-------	-------

Less: Provision for doubtful

	1,098	--
--	-------	----

	-----	-----
	--	1,098

Trade deposits and prepayments

	4,476	3,057
--	-------	-------

Income tax recoverable

	56,733	66,091
--	--------	--------

Letters of credit - opening charges and import license fee

	2,937	227
--	-------	-----

Return accrued on time deposits

	408	14,797
--	-----	--------

Sales tax recoverable

	140,251	21,548
--	---------	--------

Custom duty recoverable from government authorities

	32,269	32,269
--	--------	--------

Other receivables - considered good

	26,178	24,910
--	--------	--------

	-----	-----
	283,365	192,619
	=====	=====

15.1 Included in advances to employees are amounts due from the Chief Executive Rs Nil

(1998: Rs 0.002 million), directors Rs 0.249 million (1998: Rs 0.204 million) and executives

Rs 0.928 million (1998: Rs 0.874 million).

The maximum aggregate amount at any time during the year due from the Chief Executive

Rs 0.234 million (1998: Rs 0.087 million), directors Rs 0.560 million (1998: Rs 0.241 million) and

executives Rs 2.397 million (1998: Rs 1.10 million).

16. CASH AND BANK BALANCES

At banks

On deposit accounts:

Foreign currency includes US \$ 3.276 million

(1998 US \$ 0.211 million) - Note 16.1

	177,732	9,682
--	---------	-------

Local currency	12	166,291
Current accounts	254,553	26,434
	-----	-----
	432,297	202,407
Cash and cheques in hand	324	2,091
	-----	-----
	432,621	204,498
	=====	=====

16.1 included in foreign currency bank balance is US \$ 0.211 million (1998: 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.

17. SALES

Manufactured goods less commission

Rs 65,648 million

(1998: Rs 29,828 million)

5,286,936

2,703,987

Trading goods less commission

Rs 3,149 million

(1998: Rs 4,402 million)

35,961

47,736

5,322,897

2,751,723

=====

=====

Sales are exclusive of sales tax of Rs 15,977 million

(1998: Rs 335,525 million)

18. COST OF GOODS SOLD

Components consumed

4,268,324

2,325,968

Salaries, wages and amenities

109,572

83,899

Fuel and power

14,537

10,591

Communication

1,406

1,378

Travelling and vehicle running

6,676

4,803

Printing and stationery

1,083

1,007

Insurance

5,598

4,369

Repair and maintenance

11,637

6,416

Stores and spares consumed

17,239

10,240

Royalty/Technical service fee

97,769

41,043

Research and development

6,763

11,573

Depreciation

20,728

19,626

Stock and stores directly written off

3,807

13,729

Provision for obsolete stock

--

10,113

Other expenses

1,954

1,343

4,567,093

2,546,098

(Increase) in work in process

(19,639)

(337)

Cost of goods manufactured

4,547,454

2,545,761

Decrease/(increase) in finished goods stock

234,075

(224,451)

4,781,529

2,321,310

Cost of goods sold - own manufactured

27,111

47,484

Cost of goods sold - trading goods

4,808,640

2,368,794

=====

=====

19. SELLING, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses - Note 19.1

61,157

50,828

Administration and general expenses - Note 19.2

91,213

78,193

152,370

129,021

=====

=====

19.1 Selling and distribution expenses

Salaries and amenities

29,925

22,705

Fuel and power

1,273

805

Communication

1,491

1,469

Travelling and vehicle running

6,181

3,966

Rent, rates and taxes

482

416

Printing and stationery

1,169

996

Insurance

2,714

2,089

Legal and professional charges

--

125

Warranty expenses

2,700

6,959

Free service	2,220	2,755
Provision for bad debts	1,007	1,113
Advertisement and sale promotion	7,338	3,668
Depreciation	3,513	2,739
Other expenses	1,144	1,023
	-----	-----
	61,157	50,828
	=====	=====

19.2 Administration and general expenses

Salaries and amenities	54,989	45,377
Fuel and power	1,729	1,107
Communication	1,922	2,171
Travelling and vehicle running	6,796	5,680
Printing and stationery	1,497	1,158
Insurance	2,229	1,982
Repair and maintenance	6,145	6,621
Security expenses	2,694	1,878
Legal and professional charges - Note 19.3	2,263	2,940
Depreciation	7,684	6,518
Other expenses	3,265	2,761
	-----	-----
	91,213	78,193
	-----	-----
	152,370	129,021
	=====	=====

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

A. F. Ferguson and Co.		
Statutory audit	110	100
Other advisory services	89	8
Out of pocket expenses	30	10
	-----	-----
	229	118
	=====	=====

20. OTHER INCOME

Rental income	1,529	1,652
Net profit on disposal of fixed assets	701	1,165
Return on bank deposits	11,040	24,562
Scrap sales	3,356	468
Dividend income from:		
Bolan Castings Ltd.	3,436	--
Baluchistan Wheels Ltd.	4,779	1,575
	-----	-----
	8,215	1,575
Interest charged on early payments to:		
Associated companies	1,055	305
Others	7,815	6,181
Others	8,535	5,505
	-----	-----
	42,246	41,413
	=====	=====

21. FINANCIAL CHARGES

Mark up on long - term running finance - secured	--	919
Mark up on short - term running finance - secured	34,906	88,389
Interest including other charges on long - term foreign currency loans - secured	--	469
Interest on workers' profit participation fund	1,149	99
Bank charges and commission	458	525
Exchange loss	5,794	682
	-----	-----
	42,307	91,083
	=====	=====

22. OTHER CHARGES

Workers' profit participation fund	18,095	10,212
Workers' welfare fund	6,487	3,700
Donations - Note 22.1	116	120
	-----	-----
	24,698	14,032
	=====	=====

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

23. PROVISION FOR TAXATION

For the year		
current	107,150	63,000
deferred	(484)	1,084
Prior year - current	--	(12,000)
	-----	-----
	106,666	52,084
	=====	=====

24. 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>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
			<i>(Rupees in thousands)</i>			
Number of persons	1	1	6	6	99	84
Remuneration	819	737	2,217	2,228	32,693	20,162
House rent	369	331	998	1,003	7,498	5,796
Contribution to provident and gratuity funds	225	204	717	592	4,007	3,196
Pension contribution	139	125	377	379	2,690	2,143
Medical expenses	73	99	334	279	2,068	1,767
Utilities	163	126	431	414	1,833	1,451
Bonus & other reimbursable expenses	1,213	583	3,600	1,757	5,767	2,745
	-----	-----	-----	-----	-----	-----
	3,001	2,205	8,674	6,652	56,556	37,260
	=====	=====	=====	=====	=====	=====

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

24.1 Remuneration to other directors:

Aggregate amount charged in the accounts for the year for fee to directors was Rs 5,000 (1998: Rs 500).

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

In addition to the dividends and interest on early payments received from associated undertakings, company purchased goods from associated undertakings aggregating Rs 403.781 million (1998: Rs 186.433 million).

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousands)</i>	
26. CASH GENERATED FROM OPERATIONS		
Profit before taxation	337,128	190,206
Add/(less) adjustment for non cash charges and other items		
Depreciation	31,925	28,883
Provision for doubtful debts	1,007	1,113
Provision for obsolete stock	--	10,113
Financial charges	42,307	91,083
Gain on disposal of fixed assets	(701)	(1,165)
Dividend income	--	--
Return on deposits	(11,040)	(24,562)
	-----	-----
	400,626	295,671
Effect on cash flow due to working capital changes		
(Increase)/Decrease in stores	(4,867)	1,718
(Increase) in stock in trade	(270,789)	(179,590)
(Increase) in trade debts	(30,977)	(9,099)
(Increase) in loans, advances, prepayments and other receivables	(116,078)	(53,148)
Increase in creditors, accrued and other liabilities	350,961	215,927
	-----	-----
	(71,750)	(24,192)
	-----	-----
	328,876	271,479
	=====	=====

27. CASH AND CASH EQUIVALENTS

Cash and bank balances		432,621	204,498
Short term running finances		(515,338)	(372,137)
		-----	-----
		(82,717)	(167,639)
		=====	=====

28. EARNING PER SHARE

Net Profit after tax	Rupees (000)	230,462	138,122
Average ordinary shares	Numbers	8,009,388	8,009,388
Earning per share	Rupees	28.77	17.25
		=====	=====

29. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark up bearing</i>			<i>Non interest bearing</i>		<i>Rupees in thousands</i>	
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>1999 Total</i>
Financial assets							
Loans to employees	--	--	--	3,212	3,057	6,269	6,269
Trade debts	--	--	--	50,035	--	50,035	50,035
Trade deposits	--	--	--	4,476	--	4,476	4,476
Return accrued on time deposits	--	--	--	408	--	408	408
Other receivables	--	--	--	26,178	--	26,178	26,178
Cash and bank balances	177,744	--	177,744	254,877	--	254,877	432,621
	-----	-----	-----	-----	-----	-----	-----
	177,744	--	177,744	339,186	3,057	342,243	519,987
	=====	=====	=====	=====	=====	=====	=====
Financial liabilities							
Finances under mark up arrangements	515,338	--	515,338	--	--	--	515,338
Creditors, accrued and other liabilities	10,701	--	10,701	698,860	--	698,860	709,561
Contingencies & Commitments	--	--	--	6,501	--	6,501	6,501
Guarantees	--	--	--	142,130	--	142,130	142,130
Letters of credit	--	--	--	121,075	--	121,075	121,075
	-----	-----	-----	-----	-----	-----	-----
	526,039	--	526,039	968,566	--	968,566	1,494,605
	=====	=====	=====	=====	=====	=====	=====

29.1 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 519,987 million, the financial assets which are subject to credit risk amount to Rs 519.163 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.

29.2 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 company obtains forward covers.

29.3 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.

1999 **1998**

30. CAPACITY AND PRODUCTION

Tractors		
Plant capacity (single shift)	15,000	15,000
Actual production	14,453	7,854

Utilization of capacity is dependent upon the demand of tractors.

31. CORRESPONDING FIGURES

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

32. 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 (D) (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, 1999 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, 1999 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

**Accounts 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, 1999 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, 1999. We have also expressed separate opinion on the

financial statements of Millat Tractors Ltd. for the year ended June 30, 1999. 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 so far as it relates to the accounts included for such company, is based solely on the report of such auditors. 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, 1999 and the result of their operations for the year then ended.

Lahore,
December 03, 1999

A.F. Ferguson & Company
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousands)</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		586,000	452,000
Unappropriated profit/(loss)		(5,059)	(14,543)
		661,035	517,551
DEFERRED TAXATION	4	8,600	9,084
CURRENT LIABILITIES			
Short - term running finances - secured	5	515,338	372,137
Creditors, accrued and other liabilities	6	1,077,791	724,769
Proposed dividend		96,113	68,080
		1,689,242	1,164,986
CONTINGENCIES AND COMMITMENTS	7	--	--
		2,358,877	1,691,621
TANGIBLE FIXED ASSETS			
Operating fixed assets	8	246,826	213,684
Capital work - in - progress	9	1,198	1,522
		248,024	215,206
LONG - TERM INVESTMENTS	10	70,230	61,015
LONG -TERM LOANS, DEPOSITS & DEFERRED	11	3,260	4,343
CURRENT ASSETS			
Stores and spares	12	22,031	17,164
Stock - in - trade	13	1,248,647	977,858
Trade debts	14	50,035	18,956
Loans, advances, deposits, prepayments and other receivables	15	283,326	192,580
Cash and bank balances	16	433,324	204,499

2,037,363	1,411,057
2,358,877	1,691,621

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, 1999**

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousands)</i>	
SALES	17	5,322,897	2,751,723
COST OF GOODS SOLD	18	4,808,640	2,368,794
GROSS PROFIT		514,257	382,929
Selling, administration and general expenses	19	152,370	129,021
OPERATING PROFIT		361,887	253,908
Other income	20	34,031	39,838
		395,918	293,746
Financial charges	21	42,307	91,083
Other charges	22	24,698	14,032
		67,005	105,115
Net share of income of associated companies		26,604	15,450
PROFIT BEFORE TAXATION		355,517	204,081
Provision for taxation			
Group	23	106,666	52,084
Associated companies		9,254	11,211
		115,920	63,295
PROFIT AFTER TAXATION		239,597	140,786

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, 1999**

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit / (loss)</i>	<i>Total</i>
	<i>(Rupees in thousands)</i>			
Balance as on June 30, 1997	80,094	382,000	(17,249)	444,845
Net profit for the year	--	--	140,786	140,786
Transfer from unappropriated profit	--	70,000	(70,000)	--
Dividend @ Rs 8.50 per share	--	--	(68,080)	(68,080)
Balance as at June 30, 1998	80,094	452,000	(14,543)	517,551
Net profit for the year	--	--	239,597	239,597
Transfer from unappropriated profit	--	134,000	(134,000)	--
Dividend @ Rs 12.00 per share	--	--	(96,113)	(96,113)
Balance as at June 30, 1999	80,094	586,000	(5,059)	661,04

The annexed notes form an integral part of these accounts

Chairman & Chief Executive

Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>Note</i>	<i>1999</i> <i>(Rupees in thousands)</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	25	347,251
Financial charges paid		(40,916)
Taxes paid		(97,792)
Net (decrease) in long term loans and deferred cost		1,559

Net cash inflow/(outflow) from operating activities		210,102
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure		(68,216)
Sale proceeds of fixed assets		4,174
Net (increase) in long term investments		(18,469)
Return on deposits received		25,429

Net cash (outflow) from investing activities		(57,082)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid		(67,396)
Net cash (outflow) from financing activities		(167,396)

Net increase/(decrease) in cash and cash equivalents		85,624
Cash and cash equivalents at the beginning of the year		(167,638)

Cash and cash equivalents at the end of the year	26	(82,014)
		=====

Chairman & Chief Executive

Director

**CONSOLIDATED NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999**

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 listed on Lahore, Karachi and Islamabad stock exchanges. It is engaged in the assembly and manufacture of agricultural and industrial tractors, implements and equipments.

Millat Equipment (Pvt) Ltd., 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.

1.1 Compliance with IAS

These accounts comply with International Accounting Standards as applicable, in Pakistan, in all material respects.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

The accounts have been prepared under the historical cost convention.

2.2 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 30. Investments in associated companies, as defined in the Companies ordinance, 1984, are accounted for by the equity method.

Goodwill (being the difference between the consideration paid for new interests in group companies and the value of the group's share of their net assets at the date of acquisition) is written off immediately against reserves in the year of acquisition.

2.3 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking

into account tax credits and tax rebates realizable, if any of the parent group, its subsidiaries and associated companies. The group accounts for deferred taxation, using the liability method, on all major timing differences. Provision is not made for taxation which would become payable if retained profits of subsidiary and associated companies were distributed to the parent group, as it is not the intention to distribute more than the dividends, the tax, on which is included in the accounts.

2.4 Staff retirement 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. Monthly contributions are made to this fund on the basis of actuarial recommendation at the rate of 17 percent per annum of basic salaries. The actuarial valuation of the scheme is carried out once in every three years and the latest valuation was carried out as at June 30, 1997. The fair value of plan's assets and liabilities for the past services at the latest valuation date were Rs 75.623 million and Rs 79.191 million respectively. The future contribution rates of this plan include allowances for deficit and surplus. Accrued benefit cost method with projected salaries, with the following significant assumption is used for valuation of this scheme:

- Expected rate of increase in salary level 12 percent per annum.
- Expected rate of interest 14 percent per annum.

During the year, Rs 5.993 million (1998: Rs 5.622 million) has been recognized as an expense by the group.

b) The group operates an approved defined contribution funded gratuity scheme for all permanent employees of Millat Tractors Ltd. Based on the graduated scale, under the scheme, the contributions are calculated with reference to last drawn salary and length of service of employees and are paid over to the Employees Gratuity Fund Trust. During the year, Rs 4.569 million (1998: Rs 4.215 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 (1998: Rs 3.285 million) has been recognized as an expense by the group.

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

It is not practicable to adjust these financial statements for the effect of uniformity in application of different accounting policies of staff retirement benefits provided by the group companies.

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 lease hold land	5%
Plant and machinery	10%
Tools and equipments	15%
Furniture, fixture and equipments	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

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

2.7 Stores and spares

These are valued principally at moving average cost.

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 Deferred costs

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

2.13 Revenue recognition

Revenue is recognized on despatch of goods.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousands)</i>	

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2,542,857 (1998: 2,542,857) ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
5,466,531 (1998: 5,466,531) ordinary shares of Rs 10 each issued as fully paid bonus shares	54,665	54,665
	-----	-----
	80,094	80,094
	=====	=====

4. DEFERRED TAXATION

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

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

Short - term running finances available from consortium of banks under mark-up arrangements amount to Rs 755 million (1998: Rs 515 million). The rate of mark-up ranges between paisa 38 to paisa 52 per Rs 1,000 per diem. Of the aggregate facility of Rs 1,285 million (1998: Rs 895 million) for opening letters of credit and Rs 100 million (1998: Rs 94 million) for guarantees, the amount utilized as at June 30, 1999 was Rs 508.62 million (1998: Rs 290.5 million) and Rs 61.55 million (1998: Rs 61.37 million) respectively. The facility is secured by pari passu hypothecation charge over current assets of the group.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousands)</i>	

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

These are composed of:

Creditors	541,455	168,299
Bills payable	--	320,278
Regulatory duty and custom duty payable	79,778	79,778
Accrued liabilities	64,918	46,042
Advances from customers	260,062	34,100
Security deposits - Note 6.1	9,520	8,907
Mark-up accrued on short term running finances	10,701	9,310
Royalty/Technical service fee payable	69,989	34,984
Workers' profit participation fund - Note 6.2	18,200	10,318
Workers' welfare fund	10,187	3,700
Unclaimed dividend	4,298	3,614
Others	8,683	5,439
	-----	-----
	1,077,791	724,769
	=====	=====

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

1999 **1998**
(Rupees in thousands)

6.2 Workers' profit participation fund:

Balance at the beginning of the year	10,318	6,189
Provision for the year	18,095	10,212
Interest thereon	1,148	99
	-----	-----
	29,561	16,500
Payments	11,361	6,182
	-----	-----
Balance at the end of the year	18,200	10,318
	=====	=====

7. CONTINGENCIES AND COMMITMENTS

7.1 Guarantees to bank for repayment of loan by employees Rs 5 million, the amount utilized as at June 30, 1999 was Rs 1.63 million (1998: Rs 2.316 million).

7.2 Claims not acknowledged by the group as debts Rs 6.501 million (1998: Rs 17.371 million).

7.3 Undertaking given by the group to Privatisation Commission for the repayment of loan of Rs 79 million on behalf of the associated undertaking acquired from Privatisation Commission during 1993.

8. OPERATING FIXED ASSETS - TANGIBLE

	<i>Cost to July 1, 1998</i>	<i>Additions/ (Deletions)</i>	<i>Cost to June 30, 1999</i>	<i>Accumulated depreciation as at July 1, 1998</i>	<i>Depreciation charge for the year</i>	<i>Depreciation on disposal during the year</i>	<i>Accumulated depreciation as at June 30, 1999</i>	<i>Net book value as at June 30, 1999</i>
Land - Freehold	13,675	24,630	38,305	--	--	--	--	38,305
- Leasehold	8	--	8	--	--	--	--	--
Building on freehold land	144,650	163	144,813	77,036	6,409	--	83,445	61,368
Office building on leasehold land	2,900	--	2,900	870	145	--	1,015	1,885
Plant and machinery	196,800	3,553	200,353	123,017	7,733	--	130,750	69,603
Tools and equipments	40,070	12,669	52,739	28,022	3,708	--	31,730	21,009
Furniture, fixture and equipments	18,207	2,557 (346)	20,418	11,553	996	(282)	12,267	8,151
Vehicles	60,617	21,161 (8,846)	72,932	26,993	10,275	(5,437)	31,831	41,101
Computers	17,490	3,807	21,297	13,242	2,659	--	15,901	5,396
	-----	-----	-----	-----	-----	-----	-----	-----
1999	494,417	68,540	553,765	280,733	31,925	(5,719)	306,939	246,826
	=====	=====	=====	=====	=====	=====	=====	=====
1998	467,262	30,625 (3,470)	494,417	254,255	28,883	(2,405)	280,733	213,684
	=====	=====	=====	=====	=====	=====	=====	=====

Included in tools and equipment above are assets of Rs 9.002 million (1998: Rs 0.327 million) held by a third party on behalf of Millat Tractors Ltd.

1999 **1998**
(Rupees in thousands)

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

Cost of goods sold - Note 18	20,728	19,626
Selling & distribution expenses - Note 19.1	3,513	2,739
Administration & general expenses - Note 19.2	7,684	6,518
	-----	-----
	31,925	28,883
	=====	=====

8.2 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	1,645	1,106	539	539	Mr. S.M. Khan	C.E.O Car Scheme
	573	385	188	188	Mr. Laeeq Uddin	Director Car Scheme

573	385	188	188 Mr. L. K. Hashmi	Director	Car Scheme
609	409	200	200 Mr. S. B. Rana	Director	Car Scheme
331	223	108	108 Mr. Bashir Ahmed Ch.	G.M	Car Scheme
204	150	54	54 Mr. Asad Iqbal	D.G.M	Car Scheme
197	132	65	65 Mr. Ashfaq Farooqi	S.M	Car Scheme
197	132	65	65 Ch. Abdul Ghafoor	S.M	Car Scheme
126	62	65	65 Mr. Jehangir Qureshi	S.M	Car Scheme
197	132	65	65 Mr. Pervaiz Aslam	S.M	Car Scheme
197	132	65	65 Sh. Akbar Ali	Manager	Car Scheme
197	132	65	65 Mr. M. Akram	S.M	Car Scheme
268	131	137	137 Mr. Imtiaz Ahmed	Ex-Manager	Car Scheme
331	223	108	108 Mian M. Saleem	G.M	Car Scheme
331	223	108	108 Mr. Shoukat Ali Sh.	G.M	Car Scheme
197	132	65	65 Mr. Shafat Ahmad	S.M	Car Scheme
209	141	68	68 Mr. Javed Munir	G.M	Car Scheme
331	223	108	108 Mr. S.R. Bokhari	Ex-G.M	Car Scheme
748	365	383	382 Mr. S.R. Bokhari	Ex-G.M	Car Scheme
55	11	44	55 Mr. Fahim Sadiq Khan	Ex-A.M	M. Cycle Scheme
55	20	35	35 Mr. S. Tajamul Jamil	Ex-J.E	M. Cycle Scheme
122	114	8	180 M/S. Rana Traders Bahawal Nagar Road, Arifwala		Bidding
413	343	70	311 M/S. Ghafoor Alam 2-Mcleod Road, Lahore		Bidding
12	6	6	90 M/S. Larkana Tractor House Bagh-e-Jinnah Road, Larkana		Bidding
111	105	6	120 M/S. Zimindar Tractors, Market Road, Pashin		Bidding
55	20	35	50 Adamjee Insurance Co. Lahore		Insurance Claim
562	--	562	562 Adamjee Insurance Co. Lahore		Insurance Claim
Furniture and fixture	346	282	64	127 Naqvi Refrigeration Service, Kot Shahab-ud-Din, Shahdara	

1999 **1998**
(Rupees in thousands)

9. Capital work in progress

Civil works and building

===== =====
1,198 1,522

10. LONG TERM INVESTMENT

Group's share of underlying net assets of
associated companies - Note 10.1

===== =====
70,230 61,015

10.1 In associated companies:

Quoted

Baluchistan Wheels Limited

1,365,500 (1998: 1,360,500) fully paid ordinary
shares of Rs 10/- each
Equity held 11.78% (1998: 11.73%)
Market value - Rs 29.085 million
(1998: Rs 28.571 million)

28,518 28,244

Bolan Castings Limited

2,290,407 (1998: 2,290,407) fully paid ordinary
shares of Rs. 10/- each
Equity held 41.45% (1998: 41.45%)
Market value Rs 41.227 million as at June 30, 1999
(1998: Rs. 11.452 million)

40,236 29,676

Unquoted

Arabian Sea Country Club Limited

1,476 3,095

500,000 (1998: 500,000) fully paid ordinary
shares of Rs 10/- each
Equity held 6.74% (1998: 7.22%)
Value of investment based on the
net assets shown in the audited accounts as
at June 30, 1999 Rs 1.476 million

(1998: Rs 3,095 million)

-----	-----
70,230	61,015
=====	=====

1998 **1999**
(Rupees in thousands)

11. LONG TERM LOANS, DEPOSITS & DEFERRED COSTS

Executives	1,353	780
Other employees	6,623	5,489
	-----	-----
	6,269	7,976
Less: Current portion included in current assets - Note 6		
Executives	673	731
Other employees	2,539	2,957
	-----	-----
	3,212	3,688
Deferred cost - preliminary expenses - Note 19.3	203	55
	-----	-----
	3,260	4,343
	=====	=====

These represent:

Unsecured interest free loans to executives and employees for the purchase of residential plots, furniture, fixture etc. aggregating Rs 3.205 million (1998: Rs 4. 326 million).

Interest free loans to employees aggregating Rs 3.065 million (1998: Rs 3.65 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 718,642 (1998: Rs Nil) and Rs 572,693 (1998: Rs Nil) respectively.

The maximum aggregate amount at any time during the year due from the Chief Executive was Rs Nil (1998: Rs Nil), Directors Rs Nil (1998: Rs Nil) and executives Rs 1.54 million (1998: Rs 1.96 million).

12. 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 practicable to distinguish stores from spares until their actual usage.

1999 **1998**
(Rupees in thousands)

13. STOCK-IN-TRADE

Raw materials including in transit Rs 387.545 million

(1998: Rs 134.464 million)	1,075,688	594,476
Work- in - process	46,228	26,589
Finished goods - Manufacturing	102,060	336,135
- Trading	24,325	30,224
Others	346	547
	-----	-----
	1,248,647	987,971
Less: Provision for slow moving/obsolete stock	--	(10,113)
	-----	-----
	1,248,647	977,858
	=====	=====

Included in stocks are goods held with third parties amounting to Rs 24.714 million (1998: Rs 32.331 million).

1999 **1998**
(Rupees in thousands)

14. TRADE DEBTS

Considered good	50,035	18,956
Considered doubtful	7,922	8,024
Less: Provision for doubtful debts	7,922	8,024
	-----	-----
	--	--
	-----	-----

	50,035	18,956
	=====	=====

All debts are unsecured except for Rs 0.5 million (1998: Rs 1.646 million) which are secured by deposits.

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

Current portion of long term loans to employees - Note 11	3,212	3,688
Advances considered good to employees - Note 15.1	1,928	1,091
Advance to suppliers- considered good	14,973	23,843
Considered doubtful	2,498	2,487
	-----	-----
	17,471	26,330
Less: Provision for doubtful	2,498	2,487
	-----	-----
	14,973	23,843
	-----	-----
Octroi recoverable	1,098	1,098
Less: Provision for doubtful	1,098	--
	-----	-----
	--	1,098
Trade deposits and prepayments	4,476	3,057
Income tax recoverable	56,733	66,091
Letter of credit - opening charges and import license fee	2,937	227
Return accrued on time deposits	408	14,797
Sales tax recoverable	140,251	21,548
Custom duty recoverable from government authorities	32,269	32,269
Other receivables - considered good	26,139	24,871
	-----	-----
	283,326	192,580
	=====	=====

15.1 Included in advances to employees are amounts due from the Chief Executive Rs Nil (1998: Rs 0.002), directors Rs 0.249 million (1998: Rs 0.204) and executives Rs 0.928 million (1998: Rs 0.874 million).

The maximum aggregate amount at any time during the year due from the Chief Executive Rs 0.234 million (1998: Rs 0.087), directors Rs 0.560 million (1998: Rs 0.241) and executives Rs 2.397 million (1998: Rs 1.10 million).

16. CASH AND BANK BALANCES

At banks		
On deposit accounts:		
Foreign currency US \$ 3.276 million (1998 US \$ 0.211 million) - Note 16.1	177,732	9,682
Local currency	12	166,291
Current accounts	255,256	26,435
	-----	-----
	433,000	202,408
Cash and cheques in hand	324	2,091
	-----	-----
	433,324	204,499
	=====	=====

16.1 Included in foreign currency bank balance is US \$ 0.211 million (1998: 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.

1999	1998
<i>(Rupees in thousands)</i>	

17. SALES

Manufactured goods less commission Rs 65.648 million (1998: Rs 29.828 million)	5,286,936	2,703,987
Trading goods less commission Rs 3.149 million (1998: Rs 4.402 million)	35,961	47,736
	-----	-----
	5,322,897	2,751,723
	=====	=====

Sales are exclusive of sales tax of Rs 15,977 million
(1998: Rs 335,525 million)

18. COST OF GOODS SOLD

Components consumed	4,268,324	2,325,968
Salaries, wages and amenities	109,572	83,899
Fuel and power	14,537	10,591
Communication	1,406	1,378
Travelling and vehicle running	6,676	4,803
Printing and stationery	1,083	1,007
Insurance	5,598	4,369
Repair and maintenance	11,637	6,416
Stores and spares consumed	17,239	10,240
Royalty/Technical service fee	97,769	41,043
Research and development	6,763	11,573
Depreciation	20,728	19,626
Stock and stores directly written off	3,807	13,729
Provision for obsolete stock	--	10,113
Other expenses	1,954	1,343
	-----	-----
	4,567,093	2,546,098
(Increase) in work in process	(19,639)	(337)
	-----	-----
Cost of goods manufactured	4,547,454	2,545,761
Decrease/(increase) in finished goods stock	234,075	(224,451)
	-----	-----
Cost of goods sold - own manufactured	4,781,529	2,321,310
Cost of goods sold - trading goods	27,111	47,484
	-----	-----
	4,808,640	2,368,794
	=====	=====

19. SELLING, ADMINISTRATION AND GENERAL EXPENSES

Selling and distribution expenses - Note 19.1	61,157	50,828
Administration and general expenses - Note 19.2	91,213	78,193
	-----	-----
	152,370	129,021
	=====	=====

19.1 Selling and distribution expenses

Salaries and amenities	29,925	22,705
Fuel and power	1,273	805
Communication	1,491	1,469
Travelling and vehicle running	6,181	3,966
Rent, rates and taxes	482	416
Printing and stationery	1,169	996
Insurance	2,714	2,089
Legal and professional charges	--	125
Warranty expenses	2,700	6,959
Free service	2,220	2,755
Provision for bad debts	1,007	1,113
Advertisement and sale promotion	7,338	3,668
Depreciation	3,513	2,739
Other expenses	1,144	1,023
	-----	-----
	61,157	50,828
	=====	=====

19.2 Administration and general expenses

Salaries and amenities	54,989	45,377
Fuel and power	1,729	1,107
Communication	1,922	2,171
Travelling and vehicle running	6,796	5,680
Printing and stationery	1,497	1,158
Insurance	2,229	1,982
Repair and maintenance	6,145	6,621
Security expenses	2,694	1,878
Legal and professional charges - Note 19.3	2,263	2,940
Depreciation	7,684	6,518
Other expenses	3,265	2,761
	-----	-----
	91,213	78,193
	-----	-----
	152,370	129,021
	=====	=====

19.3 Legal and professional charges and deferred cost include the following in respect of auditors services for:

Millat Tractors Ltd - A. F. Ferguson and Co.		
Statutory audit	110	100
Other advisory services	89	8
Out of pocket expenses	30	10
	-----	-----
	229	118
	=====	=====

Millat Equipment (Pvt) Ltd - Ilyas Saeed & Co.		
Statutory audit	3	3
	-----	-----
	3	3
	=====	=====

20. OTHER INCOME

Rental income	1,529	1,652
Net profit on disposal of fixed assets	701	1,165
Return on bank deposits	11,040	24,562
Scrap sales	3,356	468
Interest charged on early payments	8,870	6,486
Others	8,535	5,505
	-----	-----
	34,031	39,838
	=====	=====

21. FINANCIAL CHARGES

Mark up on long - term running finance - secured	--	919
Mark up on short - term running finance - secured	34,906	88,389
Interest including other charges on long - term foreign currency loans - secured	--	469
Interest on workers' profit participation fund	1,149	99
Bank charges and commission	458	525
Exchange loss	5,794	682
	-----	-----
	42,307	91,083
	=====	=====

22. OTHER CHARGES

Workers' profit participation fund	18,095	10,212
Workers' welfare fund	6,487	3,700
Donations - Note 22.1	116	120
	-----	-----
	24,698	14,032
	=====	=====

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

23. PROVISION FOR TAXATION

For the year		
current	107,150	63,000
deferred	(484)	1,084
Prior year - current	--	(12,000)
	-----	-----
	106,666	52,084
	=====	=====

24. 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>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
			<i>(Rupees in thousands)</i>			
Number of persons	1	1	6	6	99	84
Remuneration	819	737	2,217	2,228	32,693	20,162
House rent	369	331	998	1,003	7,498	5,796
Contribution to provident						

and gratuity funds	225	204	717	592	4,007	3196
Pension contribution	139	125	377	379	2,690	2,143
Medical expenses	73	99	334	279	2,068	1,767
Utilities	163	126	431	414	1,833	1,451
Bonus & other reimbursable expenses	1,213	583	3,600	1,757	5,767	2,745
	-----	-----	-----	-----	-----	-----
	3,001	2,205	8,674	6,652	56,556	37,260
	=====	=====	=====	=====	=====	=====

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

24.1 Remuneration to other directors -

Aggregate amounts charged in the accounts for the year for fee to directors was Rs 5,000 (1998: Rs 500).

1999 (Rupees in thousands)

25. CASH GENERATED FROM OPERATIONS

Profit before taxation	355,517
Add/(less) adjustment for non cash charges and other items	
Depreciation	31,925
Provision for doubtful debts	1,007
Financial charges	42,307
Gain on disposal of fixed assets	(701)
Return on deposits	(11,040)

	419,015
Effect on cash flow due to working capital changes	
(Increase)/Decrease in stores	(4,867)
(Increase) in stock in trade	(270,789)
(Increase) in trade debts	(30,977)
(Increase) in loans, advances, prepayments and other receivables	(116,078)
Increase in creditors, accrued and other liabilities	350,947

	(71,764)

	347,251
	=====

1999 1998 (Rupees in thousands)

26. CASH AND CASH EQUIVALENTS

Cash and bank balances	433,324	204,499
Short term running finances	(515,338)	(372,137)
	-----	-----
	(82,014)	(167,638)
	=====	=====

27. EARNING PER SHARE

'Net Profit after tax	Rupees (000)	239,597	140,786
Average ordinary shares		8,009,388	8,009,388
Earning per share	Rupees	29.91	17.58
		=====	=====

28. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark up bearing</i>		<i>Non interest bearing</i>		<i>Rupees in thousand</i>		
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>1999 Total</i>
Financial assets							
Loans to employees	--	--	--	3,212	3,057	6,269	6,269
Trade debts	--	--	--	50,035	--	50,035	50,035
Trade deposits	--	--	--	4,476	--	4,476	4,476

Return accrued on time deposits	408	--	408	--	--	--	408
Other receivables	--	--	--	26,139	--	26,139	26,139
Cash and bank balances	177,744	--	177,744	255,580	--	255,580	433,324
	178,152	--	178,152	339,442	3,057	342,499	520,651

Financial liabilities

Finances under mark up arrangements	515,338	--	515,338	--	--	--	515,338
Creditors, accrued and other liabilities	10,701	--	10,701	698,863	--	698,863	709,564
Contingencies & Commitments	--	--	--	6,501	--	6,501	6,501
Guarantees	--	--	--	142,180	--	142,180	142,180
Letter of credits	--	--	--	121,075	--	121,075	121,075
	526,039	--	526,039	968,619	--	968,619	1,494,658

28.1 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 520.651 million, the financial assets which are subject to credit risk amount to Rs 519.827 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.

28.2 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.

28.3 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.

1999 *1998*

29. CAPACITY AND PRODUCTION

Tractors		
Plant capacity (single shift)	15,000	15,000
Actual production	14,453	7,854

Utilization of capacity is dependent upon the demand of tractors.

30. DETAILS OF SUBSIDIARY

Name of subsidiary	Millat Equipment (Pvt) Limited
Accounting year end	30-06-99
Percentage of holding	100%
Country of incorporation	Pakistan

31. CORRESPONDING FIGURES

Corresponding figures have been restated, where necessary, for the purpose of comparison except for consolidated cash flow statement for which no comparatives have been given as it was impractical to recreate the information.

Chairman & Chief Executive

Director

Accounts Millat Equipment (Pvt) Limited

DIRECTORS' REPORT

The Directors feel pleasure in presenting to you their report together with audited accounts of the Company for the year ended June 30, 1999.

During the year a piece of land was purchased near Lahore to establish a plant for manufacture of tractor components. The project is in the advance stage of finalization/identification of appropriate Plant and Equipment.

Accordingly no profit and loss account has been prepared for the period under review.

DIRECTORS

There has been no change in the composition of Board during the year.

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, 2000.

PATTERN OF SHAREHOLING AS AT JUNE 30, 1999

<i>No. of Shareholders</i>	<i>from</i>	<i>Size of Holding</i>	<i>to</i>	<i>Total Shares Held</i>
7	1	to	100	7
1	795,001	to	800,000	800,000
-----				-----
8				800,000
=====				=====

CATEGORIES OF SHAREHOLDERS

<i>PARTICULARS</i>	<i>No</i>	<i>Shares held</i>	<i>Percentage of issued capital</i>
Individuals	7	7	--
Investment Companies	--	--	--
Insurance Companies	--	--	--
Joint Stock Companies	1	800,000	100
Financial Institutions	--	--	--
Modaraba Companies	--	--	--
Others (to be specified)	--	--	--
	-----	-----	-----
	8	800,000	100
	=====	=====	=====

for and on behalf of the board

Lahore:
September 30, 1999

Sohail Bashir Rana
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of M/s MILLAT EQUIPMENT (PVT) LIMITED as at June 30, 1999, together with the Notes forming part thereof, for the period 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 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;

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 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, 1999; and

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

Lahore
September 25, 1999

Ilyas Saeed & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
5,000,000 (1998: 1,000,000) ordinary shares of Rs. 10 each	50,000,000	10,000,000
	=====	=====
Issued, subscribed and paid up capital		
800,007 (1998: 7) ordinary shares of Rs. 10/- each	8,000,070	70
LOAN FROM ASSOCIATES	39,255	39,255
(Mian Muhammad Saleem)		
CURRENT LIABILITIES		
Creditors & accrued expenses	3,000	16,500
	-----	-----
	8,042,325	55,825
	=====	=====
ASSETS		
Fixed Assets	7,135,520	--
Deferred Revenue Expenditure	61,430	23,255
Preliminary Expenses	142,000	32,000
CURRENT ASSETS		
Cash in Hand	70	70
Cash in Bank	703,305	500
	-----	-----
	8,042,325	55,825
	=====	=====

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, 1999**

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
RECEIPTS		
Cash opening balance		
- In Hand	70	70
- At Bank	500	500
Share Capital from holding Co. for issuance of shares	8,000,000	--
	-----	-----
	8,000,570	570
	=====	=====
PAYMENTS		
Purchase of Land	7,135,520	--
Deferred Revenue		
Expenditure	35,175	--
Preliminary Expenses	110,000	--
Payments to Creditors	16,500	--
Cash closing balance carried to B/S		
- In Hand	70	70
- At Bank	703,305	500
	-----	-----
	8,000,570	570
	=====	=====

Note: These Financial Statements should be read in conjunction with the annexed notes

Chief Executive

Director

LAHORE: September 25, 1999

**DETAILS OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999**

1. DEFERRED REVENUE EXPENSES

	<i>Rupees</i>
Bank Charges	300
LCCI registration membership and other fees upto 1999-2000	9,530
Audit fee 1993 - 1999	19,500
Professional services	32,100

	61,430
	=====

2. PRELIMINARY EXPENSES

Legal fee for formation of Company	32,000
Capital enhancement fee and expenses	110,000

	142,000
	=====

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999**

1. COMPANY AND ITS OPERATION

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, pans and components thereof.

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.

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 Sing
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
Shahbaz Auto Agency, Jampur
Haleem Sons, Khanewal
Thal Tractor Dev., Corp., Leiah
A1-Hassan Traders, Bahawalpur
Panjnad Tractors (Pvt) Ltd. R.Y. Khan
Vehari Tractors, Vehari
Sutlej 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

BALUCHISTAN

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

SIND

Popular Tractor Co., Sukkur

Larkana Tractor House, Larkana
Sind Trading Company, Jacobabad
Good Luck Tractor Co., Khairpur
A1-Madina Motors, Shikarpur
Shabbir Tractors, Nawabshah
Pakistan Zari Industries, Hyderabad
Mehran Trading Co., Sanghar

Spare Parts Dealers

PUNJAB

New Lodhi Sons, Lahore
Mian Autos, Lahore
Hudiar 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, Chinot
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

N.W.F.P

Millat Tractor House, Mardan
Quresh Mechanical Engineering Works, Kurram Agency
Lahore Autos, Charsadda

SIND

Genuine Tractors, Hyderabad

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, Arifwala
Rana Traders Tractor Workshop, Trikhani Adda

BANNU

Khalid Tractor Workshop, Bannu
Gul Tractor Workshop, Domel
Jillani Tractor Workshop, Miran Shah

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 Mahdi
A1-Noor Tractor Workshop, Noorpur Naranga
Manzoor Tractor Workshop, Uch Sharif
Itefaq Tractor Workshop, Bunglow Tailwala
Shaheen Tractor Workshop, Ahmadpur East

CHARSADA

Rahim Tractor Workshop, Sardary
Madina Tractor Workshop, Charsada

CHAKWAL

Naseer Auto Workshop, Dhulian
Ibrar Auto Workshop, Mulhal Mughlan

CHISHTIAN

Friends Tractor Workshop, Khairpur Tamiwali
Khalid Javed Tractor Workshop, Jamalpur
Idrees Tractors Workshop, Mandi Chunawali
Ghulam Farid Tractors Workshop, Hasilpur
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, Tandilanwala
Rashid Tractor Workshop, Jaranwala
Sabar Tractor Workshop, Mamu Kanjan
Moughal Tractor Workshop, Samundri

GUJRAT

Traiq Tractor Workshop, Kharian
Sufi Aslam Tractor Workshop, Jalalpur Jattan

GUJRANWALA

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

HASILPUR

Friends Tractor Workshop, Khairpur Tamiwali
Khalid Jared Tractor Workshop Jamal Pur
Ghulam Farid Tractor Workshop, Vehari Road
Idrees Tractor Workshop, Mahdi Chuna Wali

HYDERABAD

Javed Tractor Workshop, Tando Jam

Sind Tractor Workshop, Hala

JHELUM

Latif Auto Store Workshop, Bhimber
Iqbal Tractor Workshop, Mirpur
Kashmir Tractor Workshop, Muzaffar Abad
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
Shahbaz Tractor Workshop, Athara Hazari
Younas Tractor Workshop, Shorkot
Ahmed K. Agencies, Chiniot
Al-Nawaz Tractor Workshop, Garb More

JAUHARABAD

Rana Tractor Workshop, Jauharabad
Hafeez Tractor Workshop, Quaidabad
Azad Tractor Workshop, Noor Pur Thal

JAMPUR

Gul Muhammad Tractor Workshop, Rajah Pur
Allah Baksh Tractors Workshop, Jam Pur

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
Kissan 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

KOHAT

Ejaz Tractor Workshop, Kohat
Fazal & Kasim 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
Usman Tractor Workshop, Burj Attari

LEIAH

Mian Autos Tractor Workshop, Karor Lal Esan
Altaf Tractor Workshop, Leiah

LODHRAN

Multan Tractor Workshop, Kahrur Pacca Lodhran
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 Ahmad 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, Saida Sharif
Friends Corp. Tractor Workshop, Gojra

MIANWALI

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

MULTAN

Shoab Tractor Workshop, Qadirpur
Bismillah Tractor Workshop, Makhdoom Rashid
Amin Tractor Workshop, Bohdla Sant
Mehar Tractor Workshop, Multan
Riaz Tractor Workshop, Jalalpur Pirwala
Multan Tractor Workshop, Shuja Abad

MUZAFFARGARH

Mukhtar Tractor Workshop, Chowk Karm Dad Qureshi
Nazar Tractor Workshop, Alipur
Khadim Engring Works, Rohalianwali
Al-Hilal Tractor Workshop, Kot Addu
Bismillah Tractor Workshop, Chowk Sarwar
Multan Tractor Workshop, B. M. Hazar
Derwaish Tractor Workshop, Shehr Sultan
Bismillah Tractor Workshop, Jatoi

NAWABSHAH

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

OKARA

Madina Tractor Workshop, Basirpur
Khaliqia Tractor Workshop, Depalpur
Khan Tractor Workshop, Haveli Lakha
Al-Madina Tractor Work shop, Haveli Lakha
Modern Tractor Workshop, Rajowal
Naseer Tractor Workshop, Rajowal

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, Gujar 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, Feroza
Awami Tractor Workshop, Tranda
Muhammad Pinnah
Nazar Tractor Workshop, Liaquat Pur

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

SHEKHUPURA

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, Shakhkot
Sharif Tractor Workshop, Nankana Sahib
Bismillah Tractor Workshop, More Khunda
Usman Tractor Workshop, Kot Abdul Malik
Haji Tractor Workshop, Ahmad Pur
Usman Tractor Workshop, Narang Minda
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 II

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 Works, Pannu Aqil
Madina Tractor Workshop, Ghotki
Sabir Tractor Workshop, Khanpur
Hameed Tractor Workshop, Mirpur Mathelo
Millat Tractor Workshop, Ubaro

SHIKARPUR

Qasim Tractor Workshop, Garhi Yaseen

SANGHAR

Rehman Tractor Workshop, Khapro

TOBA TAKE SINGH

Sharaz Tractor Workshop, Gojra
Sharaz Tractor Workshop, Kamalia
Sharaz Tractor Workshop, Pirmahal
Sharaz Tractor Workshop, Sandliawali

VEHARI

Zamindara Tractor Workshop, Gaggio 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.
Mian Tractor Workshop, Burewala

COMPANY INFORMATION

BANKERS

Muslim Commercial Bank Ltd.
United Bank Ltd.
Habib Bank Ltd.
Bank of America
Standard Chartered Bank
Societe Generale, The French and International Bank
Emirates Bank International

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: 271021-25, 111-200-786 Fax: (042) 7230075

REGIONAL OFFICES

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

Multan Cantt.

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