

## CORPORATE INFORMATION

### Board of Directors

Sikandar Mustafa Khan  
Chairman

Sohail Bashir Rana  
Chief Executive

Latif Khalid Hashmi

Laeq Uddin Ansari

Mian Muhammad Saleem

Muhammad Nawaz Tishna

Mazhar Uddin Ansari

Rana Muhammad Siddique

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

### Company Secretary

Mian Muhammad Saleem

### Chief Financial Officer

Javed Munir

### Auditors

M/s. A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisors

Walker Martineau Saleem  
Advocates & Legal Consultants

Altaf and Altaf  
Advocates

### Bankers

ABN Amro Bank

Bank Alfalah Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank

Meezan Bank Ltd.

United Bank Ltd.

### Registered Office and Plant

Sheikhupura Road, Distt. Sheikhupura

Tel: 042-7911021-25, 111-200-786

Fax: 042-7924166, 7925835

Web Site: [www.millat.com.pk](http://www.millat.com.pk)

E-mail: [info@millat.com.pk](mailto:info@millat.com.pk)

### Regional Offices

Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society

Tel: 021-4553752, 111-200-786

Fax: 021-4556321

Multan Cantt

Garden Town, (Daulatabad), Shershah Road

Tel: 061-6537371 Fax: 061-6539271

Islamabad

H. No. 22, St. No. 41, Sector F-6/1

Tel: 051-2271470, 111-200-786

Fax: 051-2270693

Sukkur

A-3, Professor Housing Society,

Shikarpur Road

Tel: 071-5633042

Fax: 071-5633187

## DIRECTORS' REVIEW

I feel pleasure to present to you on behalf of the Board of Directors the un-audited quarterly accounts of Millat Tractors Limited for the 1st quarter ended September 30, 2007.

The Company achieved a sales volume of 5,719 tractors in the 1st quarter as against 5,422 tractors for the corresponding quarter of last year, showing an increase of 5.5%. Sales revenue increased to Rs. 2,299 million as against Rs. 2,221 million during corresponding period of last year, showing an increase of 3.5%.

Pre-tax profit for the quarter amounted to Rs. 190.2 million as compared to Rs. 228.6 million of the corresponding period of previous year, thus showing a decrease of 16.8%.

The main reasons for the decrease in profits are the increase in input costs due to inflation, increase in raw material prices and exorbitant rise in Pound Sterling as compared to Pak Rupee. The selling prices of tractors have not been changed since the last several years, which is resulting in erosion of profitability.

The Company has been endeavoring to enhance its production to meet the growing demand of tractors. To achieve this target efforts are being made to improve the supply chain, as well as in-house manufacturing and assembly operations.

We take this opportunity to thank our valued customers who have shown great confidence in our products and make a resolve to provide them the value of their money by supplying quality products. We also acknowledge the co-operation extended to us by our valued principals, dealers, vendors and convey our gratitude to employees of the Company for their loyalty, devotion and hard work.

For and on behalf of the Board



Sikandar Mustafa Khan  
Chairman

Lahore:  
October 29, 2007



The background of the page is a light blue, semi-transparent image of a tractor's interior. It features a steering wheel on the left and several circular gauges on the right. The gauges have white faces with black markings and numbers, including '0', '10', '20', '30', and '40'. A central horizontal shaft or lever is visible across the middle of the image. The overall aesthetic is clean and professional, with a focus on mechanical precision.

MILLAT TRACTORS LIMITED  
ACCOUNTS

## BALANCE SHEET


	Un-audited Sept. 30, 2007	Audited June 30, 2007
	Note	
	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves		
Authorized capital 20,000,000 (2007: 20,000,000) ordinary shares of Rs. 10/- each	200,000	200,000
Issued, subscribed and paid up capital	187,420	187,420
General reserve	1,986,000	1,986,000
Unappropriated profit	595,002	450,638
Unrealized gain on revaluation of investment	71,816	72,522
<b>Total Equity</b>	<b>2,840,238</b>	<b>2,696,580</b>
Non-current liabilities		
Security deposits	9,285	9,285
Deferred revenue	239,072	260,677
Deferred tax liability	5,587	5,587
Accumulating compensated absences	26,029	26,029
	279,973	301,578
Current liabilities		
Trade and other payables	2,884,835	3,241,181
Mark-up accrued on secured loans	3,426	4,579
Short term borrowings	204,647	20,406
Taxation - net	-	-
	3,092,908	3,266,166
<b>Total liabilities</b>	<b>3,372,881</b>	<b>3,567,744</b>
Contingencies and Commitments		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,213,119</b>	<b>6,264,324</b>

The annexed notes form an integral part of these financial statements.



## AS AT SEPTEMBER 30, 2007

	Un-audited Sept. 30, 2007	Audited June 30, 2007
	Note	
(Rupees in thousand)		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6	366,058
Intangible assets - in progress		16,527
Investment property		255,708
Long term investments	7	283,659
Long term loans - considered good		3,794
		925,746
<b>Current Assets</b>		
Stores and spares		52,410
Stock in trade		1,852,305
Trade debts		149,793
Loans and advances		56,130
Trade deposits and prepayments		6,946
Interest accrued		244
Other receivables		116,407
Taxation - net		131,991
Sales tax recoverable		357,421
Short - term Investments	8	2,557,282
Cash and bank balances		6,444
		5,287,373
		44,081
		1,840,082
		275,953
		63,163
		5,308
		659
		148,595
		80,811
		370,044
		2,496,300
		19,144
		5,344,140
<b>TOTAL ASSETS</b>		6,213,119
		6,264,324

  
 Sikandar Mustafa Khan  
 Chairman

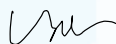
  
 Sohail Bashir Rana  
 Chief Executive



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
Sales - net	2,298,784	2,221,464
Cost of sales	<u>2,025,172</u>	<u>1,972,706</u>
Gross profit	273,612	248,758
Operating expenses:		
- Distribution cost	78,084	50,101
- Administrative expenses	48,337	44,573
	<u>126,421</u>	<u>94,674</u>
Operating profit	147,191	154,084
Other operating income	<u>65,745</u>	<u>92,509</u>
	212,936	246,593
Finance cost	4,844	812
Other charges	17,904	17,146
	<u>22,748</u>	<u>17,958</u>
Profit before taxation	190,188	228,635
Taxation	<u>45,824</u>	<u>80,022</u>
Profit after taxation	<u>144,364</u>	<u>148,613</u>
Earnings per share - basic and diluted (Rs.)	<u>7.70</u>	<u>7.93</u>

The annexed notes form an integral part of these financial statements.



Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive



**CASH FLOW STATEMENT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	190,188	228,635
Add/(less) adjustment for non - cash charges and other items:		
Depreciation	8,090	7,250
Loss/(Gain) on disposal of fixed assets	-	6
Financial charges	4,844	812
Return on deposits	(61,344)	(90,120)
	141,778	146,583
 Effect on cash flow due to working capital changes		
(Increase)/decrease in:		
Stores & spares	(8,329)	(2,010)
Stock in trade	(12,223)	55,675
Trade debts	126,160	(28,013)
Loans and advances	6,951	(15,234)
Trade deposits, prepayments and balances with statutory authorities	10,985	65,487
Other receivables	32,188	(1,551)
Short term investments	-	(500,000)
Increase/(decrease) in:		
Trade and other payables	(356,346)	(113,740)
Short term borrowing	184,241	-
	(16,374)	(539,386)
Cash generated from operations	125,404	(392,803)
Add/(less):		
Financial charges paid	(5,997)	(571)
Taxes paid	(97,004)	(103,641)
Net (decrease) /increase in deferred revenue	(21,605)	(5,441)
Net (increase)/decrease in long term loans to employees	430	(947)
	1,228	(503,403)
Net Cash (used in)/inflow from operating activities	1,228	(503,403)



**CASH FLOW STATEMENT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

Sept. 30, 2007      Sept. 30, 2006  
(Rupees in thousand)

**CASH FLOW FROM INVESTING ACTIVITIES**

Fixed capital expenditure	(16,280)	(44,971)
Sale proceeds of fixed assets	1,575	813
Expenditure on intangible assets	-	(4,869)
Return on deposits received	777	25,984

Net cash used in investing activities (13,928)      (23,043)

**CASH FLOW FROM FINANCING ACTIVITIES**

Dividend paid -      -

Net cash used in financing activities -      -

Net cash decrease in cash and cash equivalents (12,700)      (526,446)

Cash and cash equivalents at the beginning of the period 19,144      1,163,139

Cash and cash equivalents at the end of the period 6,444      636,693

The annexed notes form an integral part of these financial statements.



Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive



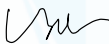


**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

(Rupees in thousand)

	Share capital	Capital reserve	Revenue reserve		Unrealized gain on revaluation of investment	Total
		Reserve for issuance of bonus shares	General reserve	Unappropriated profit		
Balance as at June 30, 2006	156,183	-	1,600,000	574,581	62,579	2,393,343
Net profit for the quarter ended Sept. 30, 2006	-	-	-	148,613	-	148,613
Unrealised gain on revaluation of investments	-	-	-	-	8,660	8,660
Balance as at Sept. 30, 2006	156,183	-	1,600,000	723,194	71,239	2,550,616
Final dividend for the year ended June 30, 2006	-	-	-	(156,183)	-	(156,183)
Transfer to general reserve	-	-	386,000	(386,000)	-	-
Transfer to reserve for issuance of bonus shares	-	31,237	-	(31,237)	-	-
Interim dividend	-	-	-	(187,420)	-	(187,420)
Profit for three quarters October 2006-June 2007	31,237	(31,237)	-	488,284	-	488,284
Issuance of bonus shares	-	-	-	-	-	-
Transfer to profit and loss account on disposal of available for sale investment	-	-	-	-	-	-
Unrealized gain on revaluation of investments	-	-	-	-	1,283	1,283
Balance as at June 30, 2007	187,420	-	1,986,000	450,638	72,522	2,696,580
Profit for the quarter ended Sept. 30, 2007	-	-	-	144,364	-	144,364
Unrealised gain on revaluation of investments	-	-	-	-	(706)	(706)
Balance as at Sept. 30, 2007	187,420	-	1,986,000	595,002	71,816	2,840,238

The annexed notes form an integral part of these financial statements.

  
Sikandar Mustafa Khan  
Chairman

  
Sohail Bashir Rana  
Chief Executive



**SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

**1. THE COMPANY AND ITS OPERATIONS**

The Company is incorporated in Pakistan having registered office at Sheikhpura Road, District Sheikhpura and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in assembly and manufacture of agricultural tractors, implements and equipments.

**2. COMPLIANCE WITH STATUTORY REQUIREMENTS**

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2007.

**4. SEASONALITY OF OPERATIONS**

There is no significant impact of seasonality on operations of the Company.

**5. CONTINGENCIES AND COMMITMENTS**

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments in respect of outstanding letters of credit as on September 30, 2007 were Rs. 495,330 thousand (June 30, 2007 : Rs. 438,620 thousand).

	Un-audited Sept. 30, 2007	Audited June 30, 2007
(Rupees in thousand)		
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - Tangible	228,671	230,474
Capital work in progress:		
- Plant & Machinery/Civil Work	84,846	81,438
- Office Building	188	-
- Advance for purchase of vehicles	689	-
- Advance for purchase of Office space	51,664	47,531
	366,058	359,443



	Un-audited Sept. 30, 2007	Audited June 30, 2007
	(Rupees in thousand)	
<b>6.1 Operating fixed assets - Tangible</b>		
Opening balance	230,474	221,812
Additions during the period	7,862	43,805
	<u>238,336</u>	<u>265,617</u>
Book value of fixed assets disposed off during the period	(1,575)	(5,449)
Depreciation charged during the period	(8,090)	(29,694)
	<u>228,671</u>	<u>230,474</u>
<i>6.1.1 Additions during the period</i>		
Plant and machinery	4,326	9,913
Building	-	456
Tools and equipment	2,505	3,701
Furnitures, fixture and equipment	842	4,289
Vehicles	-	24,673
Computers	189	773
	<u>7,862</u>	<u>43,805</u>
<b>7. LONG TERM INVESTMENTS</b>		
Related parties	199,698	199,698
Others	83,961	84,666
	<u>283,659</u>	<u>284,364</u>
<b>8. SHORT TERM INVESTMENTS</b>		
Financial assets at fair value through profit or loss - Mutual Fund units	2,275,709	2,275,709
Surplus on revaluation of investments	281,573	220,591
	<u>2,557,282</u>	<u>2,496,300</u>
<b>9. TAXATION AND OTHER CHARGES</b>		
Provision in respect of workers' profit participation fund, workers' welfare fund and taxation are estimated and these are subject to final adjustments in the annual financial statements.		
<b>10. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>		
Out of the profits for the year ended June 30, 2007, dividend declared after the balance sheet date amounted to Rs. 224,904 thousand, (Rs. 12/- per share) {(2006: Rs. 156,183 thousand) (Rs. 10/- per share)}, while appropriation to general reserve and for issuance		



of bonus shares made after the balance sheet date amounted to Rs. 225,000 thousand and Rs. nil respectively (2006: Rs. 386,000 thousand and Rs. 31,237 thousand respectively).

11. RELATED PARTY TRANSACTIONS

All related party transactions were carried out in accordance with the transfer pricing policy approved by the Board. All such transactions were at “arm’s length” and were duly ratified by the Board. Such significant transactions during the period were as follows:

	Quarter ended	
	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
Purchases from the related parties	412,314	242,518
Payable to related parties	71,340	34,393
Receivable from related parties	3	-
Sales to the related parties	-	1,794
Payment to funds:		
Pension	2,426	1,608
Gratuity	2,173	2,078
Benevolent	64	50

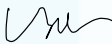
12. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on October 29, 2007.

13. GENERAL

Figures have been rounded off to the nearest thousand of rupees.

Corresponding figure of earnings per share has been revised to give effect to the issuance of bonus shares as if they have always been in issue.




Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive





MILLAT TRACTORS GROUP  
CONSOLIDATED  
FINANCIAL STATEMENTS

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For more information  
visit our website  
www.millattractorsgroup.com

## CONSOLIDATED BALANCE SHEET

	Un-audited Sept. 30, 2007	Audited June 30, 2007
	Note	
	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves		
Authorized capital 20,000,000 (2007: 20,000,000) ordinary shares of Rs. 10/- each	200,000	200,000
Issued, subscribed and paid up capital	187,420	187,420
General reserve	1,986,000	1,986,000
Unappropriated profit	708,109	558,007
Unrealized gain on revaluation of investments	58,480	59,185
Equity attributable to equity holders of the parent	2,940,009	2,790,612
Minority Interest	11,145	11,579
<b>Total Equity</b>	<b>2,951,154</b>	<b>2,802,191</b>
Non-current liabilities		
Security deposits	9,285	9,285
Deferred revenue	239,072	260,677
Deferred tax liability	5,587	5,587
Accumulating compensated absences	26,029	26,029
	279,973	301,578
Current liabilities		
Short term running finance - secured	254,090	59,943
Trade and other payables	2,895,474	3,252,060
Mark-up accrued on secured loans	4,561	5,598
	3,154,125	3,317,601
<b>Total Liabilities</b>	<b>3,434,098</b>	<b>3,619,179</b>
Contingencies and Commitments		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,385,252</b>	<b>6,421,370</b>

The annexed notes form an integral part of these financial statements.



## AS AT SEPTEMBER 30, 2007

	Un-audited Sept. 30, 2007	Audited June 30, 2007
	Note	
(Rupees in thousand)		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6	396,498
Intangible assets - in progress		390,483
Investment property		16,527
Long term investments		255,708
- investment in associates		285,615
- investment available for sale		279,302
Long term loans-considered good		83,961
Deferred cost		3,794
		1,806
		1,043,909
		1,032,891
<b>Current Assets</b>		
Stores and spares		54,474
Stock in trade		46,119
Trade debts		1,872,827
Loans and advances		171,499
Trade deposits and prepayments		58,287
Interest accrued		7,271
Other receivables		244
Sales tax recoverable		116,407
Taxation - net		358,490
Short - term Investments	7	133,427
Cash and bank balances		2,557,282
		11,135
		5,341,343
		5,388,479
<b>TOTAL ASSETS</b>		6,385,252
		6,421,370



Sikandar Mustafa Khan  
Chairman



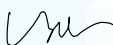
Sohail Bashir Rana  
Chief Executive



**CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
Sales - net	2,298,784	2,221,464
Cost of sales	<u>2,020,137</u>	<u>2,002,436</u>
Gross profit	278,647	219,028
Administrative, general and selling expenses	<u>130,868</u>	<u>67,543</u>
Operating profit	147,779	151,485
Other income	<u>65,746</u>	<u>93,346</u>
	213,525	244,831
Financial cost	<u>6,346</u>	<u>1,246</u>
Other charges	<u>17,904</u>	<u>17,146</u>
	24,250	18,392
Share of profit and loss of associated companies	<u>7,130</u>	<u>7,637</u>
Profit before taxation	196,405	234,076
Taxation		
Group	<u>45,974</u>	<u>80,092</u>
Associated Companies	<u>763</u>	<u>2,862</u>
	46,737	82,954
Profit after taxation	<u>149,668</u>	<u>151,123</u>
Attributable to:		
Equity holders of the parent	150,102	152,127
Minority interests	(434)	(1,004)
	<u>149,668</u>	<u>151,123</u>
Earnings per share attributable to ordinary equity holders of the parent - basic and diluted (Rs.)	<u>7.99</u>	<u>8.06</u>

The annexed notes form an integral part of these financial statements.

  
Sikandar Mustafá Khan  
Chairman

  
Sohail Bashir Rana  
Chief Executive





**CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

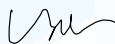
	Sept. 30, 2007	Sept. 30, 2006
(Rupees in thousand)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	196,405	234,076
Add/(less) adjustment for non - cash charges and other items:		
Depreciation	8,843	8,068
Amortization of pre-operating expenses	258	258
Financial charges	6,346	1,246
Return on deposits	(61,344)	(90,120)
Loss/(Gain) on disposal of fixed assets	-	6
Net share of income of associated companies	(7,130)	(7,637)
	143,378	145,897
 Effect on cash flow due to working capital changes		
(Increase)/decrease in:		
Stores & spares	(8,355)	(2,194)
Stock in trade	(15,464)	50,535
Trade debts	123,452	(29,970)
Loans and advances	9,640	(16,620)
Trade deposits and prepayments	(1,604)	65,423
Other receivables	(70,810)	(1,510)
Short term investments	-	(500,000)
Increase/(decrease) in:		
Trade and other payables	(356,586)	(112,660)
Short term bank borrowings	194,147	-
	(125,580)	(546,996)
 Cash generated from operations	 17,798	 (401,099)



**CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
Add/(less):		
Financial charges paid	(7,383)	(1,075)
Taxes paid	(97,312)	(104,376)
Net increase in deferred revenue	(21,605)	(5,441)
Net (increase)/decrease in long term loans to employees	430	(947)
	(108,072)	(512,938)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(16,428)	(45,656)
Sale proceeds of fixed assets	1,575	813
Deferred cost	-	-
Expenditure on intangible assets	-	(4,869)
Return on deposits received	777	25,984
Net cash used in investing activities	(14,076)	(23,728)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net cash decrease in cash and cash equivalents	(122,148)	(536,666)
Cash and cash equivalents at the beginning of the period	133,283	1,157,875
Cash and cash equivalents at the end of the period	11,135	621,209

The annexed notes form an integral part of these financial statements.



Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive




# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the 1st quarter ended September 30, 2007

(Rupees in thousand)

	Share capital	Capital reserve	Revenue reserve		Unrealized gain on revaluation of investment	Minority Interest	Total
		Reserve for issuance of bonus shares	General reserve	Unappropriated profit			
Balance as at June 30, 2006	156,183	-	1,600,000	659,627	54,445	17,184	2,487,439
Share of results for the quarter ended Sept. 30, 2006	-	-	-	152,127	-	(1,004)	151,123
Unrealised gain on revaluation of investments	-	-	-	-	9,558	-	9,558
Balance as at Sept. 30, 2006	156,183	-	1,600,000	811,754	64,003	16,180	2,648,120
Final dividend for the year ended June 30, 2006	-	-	-	(156,183)	-	-	(156,183)
Transfer to general reserve	-	-	386,000	(386,000)	-	-	-
Transfer to reserve for issuance of bonus shares	-	31,237	-	(31,237)	-	-	-
Interim dividend	-	-	-	(187,420)	-	-	(187,420)
Profit for three quarters October 2006 - June 2007	-	-	-	507,093	-	(4,601)	502,492
Issuance of bonus shares	31,237	(31,237)	-	-	-	-	-
Transfer to profit and loss account on disposal of available for sale investment	-	-	-	-	-	-	-
Unrealized gain on revaluation of investments	-	-	-	-	(4,818)	-	(4,818)
Balance as at June 30, 2007	187,420	-	1,986,000	558,007	59,185	11,579	2,802,191
Profit for the quarter ended Sep. 30, 2007	-	-	-	150,102	-	(434)	149,668
Unrealized gain on revaluation of investments	-	-	-	-	(705)	-	(705)
Balance as at Sept. 30, 2007	187,420	-	1,986,000	708,109	58,480	11,145	2,951,154

The annexed notes form an integral part of these financial statements.



Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive



**SELECTED CONOSOLIDATED NOTES TO THE ACCOUNTS (UN-AUDITED)**  
for the 1st quarter ended September 30, 2007

**1. THE GROUP AND ITS OPERATIONS**

The Group comprises of Millat Tractors Limited and Millat Industrial Products Limited. Millat Tractors Limited is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in assembly and manufacture of agricultural tractors, implements and equipments. Millat Industrial Products Limited is a wholly owned subsidiary of Millat Tractors Limited and aims to engage in business of manufacturing vehicles, industrial and domestic batteries, cells and components thereof.

**2. COMPLIANCE WITH STATUTORY REQUIREMENTS**

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the group for the year ended June 30, 2007.

**4. SEASONALITY OF OPERATIONS**

There is no significant impact of seasonality on operations of the group.

**5. CONTINGENCIES AND COMMITMENTS**

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments in respect of outstanding letters of credit as on September 30, 2007 were Rs. 495,330 thousand (June 30, 2007: Rs. 438,620 thousand).

	Un-audited Sept. 30, 2007	Audited June 30, 2007
	(Rupees in thousand)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - Tangible	259,111	261,514
Capital work in progress:		
- Plant & Macinery/Civil Work	84,846	81,438
- Office Building	188	-
- Advance for purchase of vehicles	689	-
- Advance for purchase of office space	51,664	47,531
	396,498	390,483



	Un-audited Sept. 30, 2007	Audited June 30, 2007
	(Rupees in thousand)	
<b>6.1 Operating fixed assets - Tangible</b>		
Opening balance	261,514	254,080
Additions during the period	8,015	46,094
	269,529	300,174
Book value of fixed assets disposed off during the period	(1,575)	(5,449)
Depreciation charged during the period	(8,843)	(33,211)
	259,111	261,514
<i>6.1.1 Additions during the period</i>		
Building	58	513
Plant and machinery	4,326	2,609
Tools and equipment	2,570	3,755
Furnitures, fixture and equipment	872	450
Vehicles	-	15,146
Computers	189	2,868
	8,015	25,341
<b>7. SHORT TERM INVESTMENTS</b>		
Financial assets at fair value through profit or loss - Mutual Fund units	2,275,709	2,275,709
Surplus on revaluation of investments	281,573	220,591
Market value	2,557,282	2,496,300
<b>8. TAXATION AND OTHER CHARGES</b>		
Provision in respect of workers' profit participation fund, workers' welfare fund and taxation are estimated and these are subject to final adjustments in the annual financial statements.		
<b>9. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>		
Out of the profits for the year ended June 30, 2007, dividend declared after the balance sheet date amounted to Rs. 224,904 thousand, (Rs. 12/- per share) {(2006: Rs. 156,183 thousand) (Rs. 10/- per share)}, while appropriation to general reserve and for issuance of bonus shares made after the balance sheet date amounted to Rs. 225,000 thousand and Rs. nil respectively (2006: Rs. 386,000 thousand and Rs. 31,237 thousand respectively).		



10. RELATED PARTY TRANSACTIONS

All related party transactions were carried out in accordance with the transfer pricing policy approved by the Board. All such transactions were at “arm’s length” and were duly ratified by the Board. Such significant transactions during the period were as follows:

	Quarter ended	
	Sept. 30, 2007	Sept. 30, 2006
	(Rupees in thousand)	
Purchases from the related parties	412,314	242,518
Dividend income	-	-
Payable to related parties	71,340	34,393
Receivable from related parties	3	-
Sales to the related parties	-	1,794
Payment to funds:		
Pension	2,426	1,608
Gratuity	2,173	2,078
Benevolent	64	50

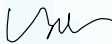
11. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on October 29, 2007.

12. GENERAL

Figures have been rounded off to the nearest thousand of rupees.

Corresponding figure of earnings per share has been revised to give effect to the issuance of bonus shares as if they have always been in issue.



Sikandar Mustafa Khan  
Chairman



Sohail Bashir Rana  
Chief Executive

