

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

E-mail: 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 accounts of Millat Tractors Limited for the half year ended December 31, 2007 duly reviewed by the statutory auditors of the Company as required by the Companies Ordinance 1984.

The quarter witnessed a good progress in the sale of tractors and profitability. Company achieved a sales volume of 6,322 tractors in the 2nd quarter as against 5,822 tractors for the corresponding quarter of last year showing an increase of 8.6%. During the half year 12,041 tractors were sold as compared to 11,244 tractors during corresponding period of last year recording an increase of 797 units i.e. 7.1%.


The gross profit ratio for the current half year increased to 12.47% from 10.72% of the corresponding period of last year. The profit before tax for the half year works out to be Rs. 413.97 million as compared to Rs. 378.4 million of corresponding period of last year thus showing an increase of Rs. 35.57 million i.e. 9.4%.

The Company is endeavouring to further increase in production to reduce the backlog of pending orders with the co-operation of our vending associates. To achieve this target we are improving the supply chain as well as in house manufacturing and assembly operations.

We would like to thank the vendors, contractors and financial institutions for the co-operation extended to us. We sincerely thank our customers and recognize that all our efforts and successes are possible because of them and their confidence in our products and services. We also like to convey our appreciation to all the employees of the Company for their continued dedication and hard work.

For and on behalf of the Board

Lahore:
February 27, 2008


Sikandar Mustafa Khan
Chairman

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Millat Tractors Limited as at December 31, 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2006 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

Scope of Review

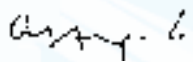
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The financial statements of the Company for the year ended June 30, 2007 were audited by another auditor who expressed an unqualified opinion thereon.

Lahore:
February 27, 2008


A. F. Ferguson & Co.
Chartered Accountants

CONDENSED INTERIM BALANCE SHEET

	Dec 31, 2007	June 30, 2007
	Note	
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 20,000,000 (June 30, 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 reserves	2,211,000	1,986,000
Unappropriated profit	312,534	450,638
Unrealized gain on revaluation of investments	98,691	72,522
	2,809,645	2,696,580
NON-CURRENT LIABILITIES		
Security deposits	9,285	9,285
Deferred revenue	236,405	260,677
Deferred tax liability	6,766	5,587
Accumulating compensated absences	28,639	26,029
	281,095	301,578
CURRENT LIABILITIES		
Trade and other payables	3,271,068	3,241,181
Mark-up accrued on short term borrowings	10,223	4,579
Short term borrowings	324,247	20,406
	3,605,538	3,266,166
CONTINGENCIES AND COMMITMENTS	6	
	6,696,278	6,264,324

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

AS AT DECEMBER 31, 2007 (UNAUDITED)

Dec 31, 2007 June 30, 2007
 Note
 (Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	7	289,978	230,474
Capital work in progress	8	166,492	128,969
Intangible assets - in progress		16,527	16,527
Investment property		255,708	255,708
Long term investments	9	310,534	284,364
Long term loans - considered good		4,811	4,142
		1,044,050	920,184

CURRENT ASSETS

Stores and spares		66,199	44,081
Stock-in-trade		1,693,729	1,840,082
Trade debts		162,147	275,953
Loans and advances		106,268	63,163
Trade deposits and prepayments		15,459	5,308
Other receivables		42,941	46,256
Taxation - net		110,508	80,811
Sales tax recoverable		530,021	370,044
Short term Investments	10	2,597,855	2,496,300
Cash and bank balances		327,101	122,142
		5,652,228	5,344,140

6,696,278

6,264,324



Sikandar Mustafa Khan
 Chairman



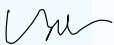
Sohail Bashir Rana
 Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UNAUDITED)**

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2007	2006	2007	2006
(Rupees in thousand)					
Sales - net		4,725,671	4,532,784	2,426,887	2,311,320
Cost of sales		4,136,172	4,046,778	2,111,000	2,074,072
Gross profit		589,499	486,006	315,887	237,248
Distribution and marketing expenses		168,622	180,237	90,538	130,136
Administrative expenses		99,048	88,345	50,711	43,772
		267,670	268,582	141,249	173,908
Operating profit		321,829	217,424	174,638	63,340
Other operating income		134,279	196,895	68,534	104,386
		456,108	414,319	243,172	167,726
Other operating expenses		26,687	31,670	8,783	14,524
Finance cost		15,442	4,294	10,598	3,482
		42,129	35,964	19,381	18,006
Profit before taxation		413,979	378,355	223,791	149,720
Taxation		102,179	84,674	56,355	4,652
Profit after taxation		311,800	293,681	167,436	145,068
Earnings per share - basic and diluted (Rupees)		16.64	15.67	8.93	7.74

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.



Sikandar Mustafa Khan
Chairman

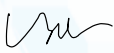


Sohail Bashir Rana
Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UNAUDITED)**

	Six months to Dec. 31, 2007	Six months to Dec. 31, 2006
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	12 391,897	(606,299)
Interest and markup paid	(9,798)	(1,764)
Net increase in long term loans to employees	(669)	(223)
Income tax paid	(130,697)	(256,888)
Net decrease in deferred revenue	(24,272)	(2,498)
Net cash generated from / (used in) operating activities	226,461	(867,672)
Cash flows from investing activities		
Purchase of property, plant & equipment	(116,115)	(70,977)
Purchase of intangible assets	-	(6,189)
Proceeds from sale of property, plant and equipment	3,966	3,721
Profit on bank deposits	775	89,196
Dividend received	7,677	15,987
Net cash (used in)/generated from investing activities	(103,697)	31,738
Cash flows from financing activities		
Dividend paid	(221,646)	(153,308)
Net cash used in financing activities	(221,646)	(153,308)
Net decrease in cash and cash equivalents	(98,882)	(989,242)
Cash and cash equivalents at the beginning of the period	101,736	1,163,139
Cash and cash equivalents at the end of the period	12.2 2,854	173,897

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.


Sikandar Mustafa Khan
Chairman

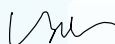

Sohail Bashir Rana
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2007 (UNAUDITED)

(Rupees in thousand)

	Share capital	Revenue reserves		Unrealized gain (loss) on revaluation of investments	Total
		General reserves	Unappropriated profit		
Balance as on July 01, 2006	156,183	1,600,000	574,581	62,579	2,393,343
Final dividend for the year ended June 30, 2006	-	-	(156,183)	-	(156,183)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	31,237	-	(31,237)	-	-
Profit for the half year ended December 31, 2006	-	-	293,681	-	293,681
Transferred from profit and loss account	-	386,000	(386,000)	-	-
Unrealized loss on revaluation of investments	-	-	-	(1,282)	(1,282)
Balance as on December 31, 2006	187,420	1,986,000	294,842	61,297	2,529,559
Interim dividend	-	-	(187,420)	-	(187,420)
Profit for the half year ended June 30, 2007	-	-	343,216	-	343,216
Unrealized gain on revaluation of investments	-	-	-	11,225	11,225
Balance as on June 30, 2007	187,420	1,986,000	450,638	72,522	2,696,580
Final dividend for the year ended June 30, 2007	-	-	(224,904)	-	(224,904)
Profit for the half year ended December 31, 2007	-	-	311,800	-	311,800
Transferred from profit and loss account	-	225,000	(225,000)	-	-
Unrealised gain on revaluation of investments	-	-	-	26,169	26,169
Balance as on December 31, 2007	187,420	2,211,000	312,534	98,691	2,809,645

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.



Sikandar Mustafa Khan
Chairman



Sohail Bashir Rana
Chief Executive

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

1. 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. This condensed interim financial information is un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2007.
4. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim financial reporting" and have been reviewed by the auditors of the Company under the Code of Corporate Governance.
5. Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual published financial statements of the Company for the year ended June 30, 2007.
6. 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 are Rs. 727,567 thousand (June 30, 2007 : Rs. 438,620 thousand).

	December 31, 2007	June 30, 2007
	(Rupees in thousand)	
7. Property, plant and equipment		
Opening book value	230,474	221,812
Add: Additions during the period - Note 7.1	78,592	43,805
	309,066	265,617
Less: Disposals during the period (at book value)	(3,966)	(5,449)
Depreciation charged during the period	(15,122)	(29,694)
	(19,088)	(35,143)
Closing book value	289,978	230,474

	December 31, 2007	June 30, 2007
	(Rupees in thousand)	
7.1 Following is the detail of additions during the period		
- Land	45,533	-
- Building on freehold land	3,083	456
- Plant and machinery	5,038	9,913
- Tools and equipments	4,029	3,701
- Furniture, fixture and office equipment	1,658	4,289
- Vehicles	19,041	24,673
- Computers	210	773
	<u>78,592</u>	<u>43,805</u>
8. Capital work-in-progress		
Plant & Machinery	101,698	81,288
Advance for purchase of vehicles	6,847	-
Advance for purchase of office space	55,797	47,531
Others	2,150	150
	<u>166,492</u>	<u>128,969</u>
9. Long term investments - Shares		
Related parties		
Investment at cost		
- Subsidiary company - unquoted	38,250	38,250
- Associated company - quoted	65,364	65,364
- Associated companies - unquoted	96,084	96,084
	199,698	199,698
Others		
Available for sale - quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	98,691	72,521
	110,836	84,666
	<u>310,534</u>	<u>284,364</u>
10. Short term investments		
Financial assets at fair value through profit and loss - Mutual Fund units - cost	2,300,000	2,275,709
Surplus on revaluation of investments	297,855	220,591
	<u>2,597,855</u>	<u>2,496,300</u>
11. Taxation and other charges		
Provision in respect of workers' profit participation fund, workers' welfare fund and taxation are made on an estimated basis.		

	Half year ended December 31,	
	2007	2006
	(Rupees in thousand)	
12. Cash generated from operations		
Profit before taxation	413,979	378,355
Adjustment for:		
- Depreciation on property, plant and equipment	15,122	13,834
- Reversal of provision	-	(469)
- Profit on disposal of property, plant and equipment	-	(543)
- Provision for accumulating compensated absences	2,610	-
- Unrealized gain on investments at fair value through profit and loss	(105,515)	(144,689)
- Profit on bank deposits	(365)	(27,242)
- Dividend	(7,677)	(15,987)
- Finance cost	15,442	4,294
Working capital changes - Note 12.1	58,301	(813,852)
	<u>391,897</u>	<u>(606,299)</u>
12.1 Working capital changes		
(Increase)/decrease in current assets		
- Stores and spares	(22,118)	(2,668)
- Stock in trade	146,353	(349,013)
- Trade debts	113,806	(60,769)
- Loans and advances	(43,105)	(8,076)
- Trade deposits, prepayments and sales tax recoverable	(170,539)	174,215
- Other receivables	3,315	(2,443)
- Short term investments	3,960	(30,557)
Increase/(decrease) in current liabilities		
- Trade and other payables	26,629	(534,541)
	<u>58,301</u>	<u>(813,852)</u>
12.2 Cash and cash equivalents		
Cash and bank balances	327,101	205,415
Short term running finance	(324,247)	(31,518)
	<u>2,854</u>	<u>173,897</u>

Half year ended
December 31,
2007 2006
(Rupees in thousand)

13. Transactions with associated companies/related parties

Purchases from related parties	650,960	497,681
Dividend Income	7,677	12,780
Payable to related parties	46,341	28,303
Receivable from related parties	820	173
Sales to related parties	-	1,794
Payments to funds:		
- Pension	4,849	3,209
- Gratuity	4,683	4,125
- Benevolent Fund	254	120

14. Events after balance sheet date

The Board of Directors have declared an interim dividend of Rs. 12.50 per share (June 30, 2007: Rs 12.00 per share) at their meeting held on February 27, 2008, while appropriation to general reserve made after the balance sheet date amounts to Rs. Nil thousand (2007: Rs. 225,000 thousand). This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

15. Date of authorisation for issue

These financial statements were authorized for issue on February 27, 2008 by the board of directors of the Comapny.

16. Corresponding figures


Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant re-arrangements have been made.



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

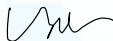
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

	Dec 31, 2007	June 30, 2007
	Note	
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 20,000,000 (June 30, 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 reserves	2,211,000	1,986,000
Unappropriated profit	409,999	558,007
Unrealized gain on revaluation of investments	85,354	59,185
Equity attributable to equity shareholders of the parent	2,893,773	2,790,612
Minority Interest	12,234	11,579
	2,906,007	2,802,191
NON-CURRENT LIABILITIES		
Security deposits	9,285	9,285
Deferred revenue	236,405	260,677
Deferred tax liability	6,766	5,587
Accumulating compensated absences	28,639	26,029
	281,095	301,578
CURRENT LIABILITIES		
Trade and other payables	3,278,653	3,252,060
Mark-up accrued on short term borrowings	11,598	5,598
Short term borrowings	375,710	59,943
	3,665,961	3,317,601
Total Liabilities	3,947,056	3,619,179
CONTINGENCIES AND COMMITMENTS		
	6	6
	6,853,063	6,421,370

The annexed notes form an integral part of the condensed consolidated interim financial information.

AS AT DECEMBER 31, 2007 (UNAUDITED)

	Note	Dec 31, 2007	June 30, 2007
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	321,029	261,514
Capital work in progress	8	166,492	128,969
Intangible assets - in progress		16,527	16,527
Investment property		255,708	255,708
Long term investments			
Investment in associates		282,432	279,302
Investment available for sale		96,084	84,666
Long term loans - considered good		4,811	4,142
Deferred cost		1,548	2,063
		1,144,631	1,032,891
CURRENT ASSETS			
Stores and spares		68,614	46,119
Stock - in - trade		1,721,264	1,856,552
Trade debts		185,567	294,951
Loans and advances		105,121	55,528
Trade deposits and prepayments		15,459	5,667
Other receivables		42,941	46,256
Taxation - net		110,508	82,852
Sales tax recoverable		530,021	370,971
Short term Investments	9	2,597,855	2,496,300
Cash and bank balances		331,082	133,283
		5,708,432	5,388,479
		6,853,063	6,421,370



Sikandar Mustafa Khan
Chairman



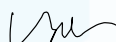
Sohail Bashir Rana
Chief Executive

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UNAUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2007	2006	December 31, 2007	2006
(Rupees in thousand)					
Sales - net		4,788,200	4,532,784	2,489,416	2,311,320
Cost of sales		4,184,389	4,043,017	2,164,252	2,110,806
Gross profit		603,811	489,767	325,164	200,514
Administrative, general and selling expenses		276,626	274,334	145,758	136,566
Operating profit		327,185	215,433	179,406	63,948
Other operating income		134,281	184,139	68,535	90,793
		461,466	399,572	247,941	154,741
Other operating expenses		26,687	31,670	8,783	14,524
Finance cost		18,548	5,505	12,202	4,259
		45,235	37,175	20,985	18,783
Share of profit and loss of associated companies		(13,327)	11,843	(20,457)	4,206
Profit before taxation		402,904	374,240	206,499	140,164
Taxation		102,967	84,848	56,993	4,756
Group		(2,614)	1,751	(3,377)	(1,111)
Associated companies					
		100,353	86,599	53,616	3,645
Profit after taxation		302,551	287,641	152,883	136,519
Attributable to:					
Equity holders of the parent		301,896	289,108	151,794	136,981
Minority interest		655	(1,467)	1,089	(462)
		302,551	287,641	152,883	136,519
Earnings per share - basic and diluted (Rupees)		16.14	15.35	8.16	7.28

Appropriations have been reflected in the statement of changes in equity.

The annexed notes form an integral part of the condensed consolidated interim financial information.



Sikandar Mustafa Khan
Chairman

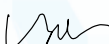



Sohail Bashir Rana
Chief Executive

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UNAUDITED)**

	Six months to Dec. 31, 2007	Six months to Dec. 31, 2006
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	11 374,499	(618,478)
Interest and markup paid	(12,548)	(2,822)
Net increase in long term loans to employees	(669)	(223)
Income tax paid	(128,009)	(257,627)
Net decrease in deferred revenue	(24,272)	(2,498)
Net cash inflow/(used in) from operating activities	209,001	(881,648)
Cash flows from investing activities		
Purchase of property, plant & equipment	(117,743)	(71,841)
Purchase of intangible assets	-	(6,189)
Proceeds from sale of property, plant and equipment	3,966	3,721
Profit on bank deposits	777	89,196
Dividend received	7,677	15,987
Net cash (used in) / generated from investing activities	(105,323)	30,874
Cash flows from financing activities		
Dividend paid	(221,646)	(153,308)
Net cash used in financing activities	(221,646)	(153,308)
Net decrease in cash and cash equivalents	(117,968)	(1,004,082)
Cash and cash equivalents at the beginning of the period	73,340	1,157,875
Cash and cash equivalents at the end of the period	11.2 (44,628)	153,793

The annexed notes form an integral part of the condensed interim financial information.


Sikandar Mustafa Khan
Chairman

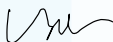

Sohail Bashir Rana
Chief Executive

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2007 (UNAUDITED)**

(Rupees in thousand)

	Share capital	Revenue reserves		Unrealized gain/(loss) on revaluation of investments	Minority Interest	Total
		General reserves	Unappropriated profit			
Balance as on July 01, 2006	156,183	1,600,000	659,627	54,445	17,184	2,487,439
Final dividend for the year ended June 30, 2006	-	-	(156,183)	-	-	(156,183)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	31,237	-	(31,237)	-	-	-
Profit for the half year ended December 31, 2006	-	-	289,108	-	(1,467)	287,641
Transferred from profit and loss account	-	386,000	(386,000)	-	-	-
Unrealized loss on revaluation of investments	-	-	-	(1,414)	-	(1,414)
Balance as on December 31, 2006	187,420	1,986,000	375,315	53,031	15,717	2,617,483
Interim dividend	-	-	(187,420)	-	-	(187,420)
Profit for the half year ended June 30, 2007	-	-	370,112	-	(4,138)	365,974
Unrealized gain on revaluation of investments	-	-	-	6,154	-	6,154
Balance as on June 30, 2007	187,420	1,986,000	558,007	59,185	11,579	2,802,191
Final dividend for the year ended June 30, 2007	-	-	(224,904)	-	-	(224,904)
Profit for the half year ended December 31, 2007	-	-	301,896	-	655	302,551
Transferred from profit and loss account	-	225,000	(225,000)	-	-	-
Unrealised gain on revaluation of investments	-	-	-	26,169	-	26,169
Balance as on December 31, 2007	187,420	2,211,000	409,999	85,354	12,234	2,906,007

The annexed notes form an integral part of the condensed interim financial information.



Sikandar Mustafa Khan
Chairman



Sohail Bashir Rana
Chief Executive

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

1. Millat Tractors Limited 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 of vehicles, industrial and domestic batteries, cells and components thereof.
2. This condensed consolidated interim financial information is un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of this condensed interim financial information 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. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim financial reporting" and have been reviewed by the auditors of the Company under the Code of Corporate Governance.
5. Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual published financial statements of the Company for the year ended June 30, 2007.
6. **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 are Rs. 728,497 thousand (June 30, 2007 : Rs. 439,550 thousand).

	December 31, 2007	June 30, 2007
	(Rupees in thousand)	
7. Property, plant and equipment		
Opening book value	261,514	254,080
Add: Additions during the period - Note 7.1	80,220	46,094
	341,734	300,174
Less: Disposals during the period (at book value)	(3,966)	(5,449)
Depreciation charged during the period	(16,739)	(33,211)
	(20,705)	(38,660)
Closing book value	321,029	261,514

December 31, June 30,
2007 2007
(Rupees in thousand)

7.1 Following is the detail of additions during the period

- Land	45,533	-
- Building on freehold land	3,155	513
- Plant and machinery	5,038	2,609
- Tools and equipments	5,554	3,755
- Furniture, fixture and office equipment	1,689	450
- Vehicles	19,041	15,146
- Computers	210	2,868
	80,220	25,341

8. Capital work-in-progress

Plant & Machinery	101,698	81,288
Advance for purchase of vehicles	6,847	-
Advance for purchase of office space	55,797	47,531
Others	2,150	150
	166,492	128,969

9. Short term investments

Financial assets at fair value through profit and loss - Mutual Fund units - cost	2,300,000	2,275,709
Surplus on revaluation of investments	297,855	220,591
	2,597,855	2,496,300

10. Taxation and other charges

Provision in respect of workers' profit participation fund, workers' welfare fund and taxation are made on an estimated basis.

Half year ended
December 31,
2007 2006
(Rupees in thousand)

11. Cash generated from operations

Profit before taxation	402,904	374,240
Adjustment for:		
- Depreciation on property, plant and equipment	16,739	15,484
- Amortization of pre-perating expenses	515	516
- Reversal of provision	-	(469)
- Profit on disposal of property, plant and equipment	-	(543)
- Provision for accumulating compensated absences	2,610	-
- Unrealized gain on investments at fair value through profit and loss	(77,264)	(144,689)
- Profit on bank deposits	(365)	(27,242)
- Dividend	(7,677)	(3,207)
- Finance cost	18,548	5,505
- Net share of income of associated companies	13,327	(11,843)
Working capital changes - Note 11.1	5,162	(826,230)
	<u>374,499</u>	<u>(618,478)</u>

11.1 Working capital changes

(Increase)/decrease in current assets

- Stores and spares	(22,495)	(2,676)
- Stock in trade	135,288	(354,908)
- Trade debts	109,384	(68,274)
- Loans and advances	(49,593)	(9,172)
- Trade deposits, prepayments and sales tax recoverable	(168,842)	174,666
- Other receivables	2,656	(2,407)
- Short term investments	(24,291)	(30,557)

Increase/(decrease) in current liabilities

- Trade and other payables	23,055	(532,902)
- Short term bank borrowings	-	-
	<u>5,162</u>	<u>(826,230)</u>

Half year ended
December 31,
2007 2006
(Rupees in thousand)

11.2 Cash and cash equivalents

Cash and bank balances	331,082	210,903
Short term running finance	(375,710)	(57,110)
	(44,628)	153,793

12. Transactions with associated companies/related parties

Purchases from related parties	650,960	476,406
Dividend Income	7,677	12,780
Payable to related parties	46,341	25,780
Receivable from related parties	820	173
Sales to the related parties	-	1,794
Payment to funds:		
- Pension	4,849	3,209
- Gratuity	2,173	4,125
- Benevolent Fund	254	120

13. Events after balance sheet date

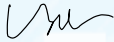
The Board of Directors have declared an interim dividend of Rs. 12.50 per share (June 30, 2007: Rs 12.00 per share) at their meeting held on February 27, 2008, while appropriation to general reserve made after the balance sheet date amounts to Rs. Nil thousand (2007: Rs. 225,000 thousand). This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

15. Date of authorisation for issue

These financial statements were authorized for issue on February 27, 2008 by the board of directors of the Comapny.

16. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant re-arrangements have been made.



Sikandar Mustafa Khan
Chairman



Sohail Bashir Rana
Chief Executive