

CORPORATE INFORMATION

Board of Directors

Mr. Sikandar Mustafa Khan
Chairman

Mr. Muhammad Shoaib Pasha
Chief Executive

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem
Rana Muhammad Siddique

Mr. Manzoor Ahmed

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

Company Secretary

Mian Muhammad Saleem

Chief Financial Officer

Mr. Javed Munir

Auditors

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

Legal Advisors

Walker Martineau Saleem
Advocates & Legal Consultants

Altaf and Altaf
Advocates

Company Registrars

M/s. Hameed Majeed Associates
(Pvt) Ltd.
1st Floor, H.M. House,
7-Bank Square, Lahore

Bankers

Bank Alfalah Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Meezan Bank Ltd.

RBS (formerly ABN Amro Bank)

Standard Chartered Bank

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 2nd quarter and half year ended December 31, 2008 duly reviewed by the statutory auditors of the Company as required by the Companies Ordinance, 1984.

Company achieved a sales volume of 6,411 tractors in this quarter as against 6,322 tractors for the corresponding quarter of last year, showing an increase of 89 tractors. During the half year 12,251 tractors were sold as compared to 12,041 tractors during half year ended on Dec 31, 2007 showing an increase of 210 tractors.


Pre-tax profit for the half year amounts to Rs. 475.29 million as compared to Rs. 413.98 million of the corresponding period of previous year, thus showing an increase of 14.8%.

During this period, the Securities and Exchange Commission of Pakistan imposed certain restrictions over valuation of debt securities held by mutual funds. As a result income from investment in mutual funds during this period is considerably low as compared to corresponding period. However with the stable prices of input ingredient and support of the Government in shape of Green Tractors Scheme, we have regained our momentum and Insha-Allah will do better in coming period.

We thank our valued customers for their continued confidence in our products. We are making all efforts to enhance the quality of our tractors and their production to reduce the delivery period to a minimum. We also thank vendors, dealers and financial institutions for their extended co-operation in these difficult times, as well as acknowledge the co-operation extended to us by our valued principals. Last, but not the least we convey our gratitude to the employees of the Company for their loyalty, devotion and hard work.

For and on behalf of the Board

Lahore:
February 20, 2009


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, 2008 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, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.


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, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore:
February 20, 2009


A. F. Ferguson & Co.
Chartered Accountants


CONDENSED INTERIM BALANCE SHEET


	December 31, 2008	June 30, 2008
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 30,000,000 (June 30, 2008: 20,000,000) ordinary shares of Rs. 10/- each	300,000	200,000
Issued, subscribed and paid up capital	234,275	187,420
General reserve	2,366,000	2,211,000
Unappropriated profit	323,549	576,917
Unrealized gain on revaluation of investments	58,090	63,542
	2,981,914	3,038,879
NON-CURRENT LIABILITIES		
Security deposits	9,485	9,485
Deferred revenue	30,783	32,729
Deferred taxation	34,713	12,355
Accumulating compensated absences	29,529	28,344
	104,510	82,913
CURRENT LIABILITIES		
Current portion of deferred revenue	191,473	218,127
Trade and other payables	3,502,792	3,925,019
Mark-up accrued on short term borrowings	9,805	2,858
Short term borrowings	362,653	-
	4,066,723	4,146,004
	7,153,147	7,267,796

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

AS AT DECEMBER 31, 2008 (UN AUDITED)

		December 31, 2008	June 30, 2008
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	415,581	298,219
Capital work-in-progress	9	87,321	179,955
Intangible assets		23,815	17,028
Investment property		273,203	273,203
Long term investments	10	309,974	315,425
Long term loans - considered good		4,088	4,385
		1,113,982	1,088,215
CURRENT ASSETS			
Stores and spares		78,624	78,292
Stock-in-trade		2,375,055	1,636,153
Trade debts		281,375	102,660
Loans and advances		270,454	98,082
Trade deposits and prepayments		20,825	7,782
Other receivables		1,022,474	1,167,286
Taxation - net		96,285	8,198
Short - term Investments	11	1,338,445	2,831,770
Cash and bank balances		555,628	249,358
		6,039,165	6,179,581
		<u>7,153,147</u>	<u>7,267,796</u>


Sikandar Mustafa Khan
Chairman



Muhammad Shoaib Pasha
Chief Executive


**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the half year ended December 31, 2008**

	Note	Half year ended		Quarter ended	
		December 31, 2008	2007	December 31, 2008	2007
(Rupees in thousand)					
Sales - net		6,093,366	4,725,671	3,220,761	2,426,887
Cost of sales		5,350,569	4,136,172	2,751,094	2,111,000
Gross profit		742,797	589,499	469,667	315,887
Distribution and marketing expenses		172,804	168,622	78,675	90,538
Administrative expenses		102,241	99,048	50,826	50,711
		275,045	267,670	129,501	141,249
Operating profit		467,752	321,829	340,166	174,638
Other operating income		62,869	134,279	(19,414)	68,534
		530,621	456,108	320,752	243,172
Other operating expenses		35,487	26,687	17,583	8,783
Finance cost		19,839	15,442	14,995	10,598
		55,326	42,129	32,578	19,381
Profit before taxation		475,295	413,979	288,174	223,791
Taxation		151,969	102,179	106,145	56,355
Profit for the period		323,326	311,800	182,029	167,436
Earnings per share - basic and diluted (Rupees)		13.80	13.31	7.77	7.15

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

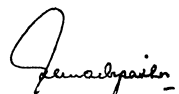

Muhammad Shoab Pasha
Chief Executive

**CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended December 31, 2008**

	Six months to Dec. 31, 2008	Six months to Dec. 31, 2007
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	12 (900,003)	375,511
Interest and mark-up paid	(12,892)	(9,798)
Net decrease/(increase) in long term loans to employees	297	(669)
Income tax paid	(217,698)	(130,697)
Net decrease in deferred revenue	(28,600)	(24,272)
Net cash (used in)/generated from operating activities	(1,158,896)	210,075
Cash flows from investing activities		
Purchase of property, plant & equipment	(52,449)	(116,115)
Purchase of intangible assets	(6,787)	-
Purchase of short term investments	(1,453,883)	(300,000)
Proceeds from sale of property, plant and equipment	3,385	3,966
Profit on bank deposits	3,905	775
Proceeds from sale of short term investments	2,959,172	316,386
Dividend received	19,154	7,677
Net cash generated from/(used in) investing activities	1,472,497	(87,311)
Cash flows from financing activities		
Dividend paid	(369,984)	(221,646)
Net cash used in financing activities	(369,984)	(221,646)
Net decrease in cash and cash equivalents	(56,383)	(98,882)
Cash and cash equivalents at the beginning of the period	249,358	101,736
Cash and cash equivalents at the end of the period	12.2 192,975	2,854

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


Sikandar Mustafa Khan
Chairman


Muhammad Shoib Pasha
Chief Executive

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the half year ended December 31, 2008**

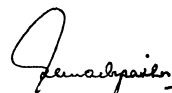
(Rupees in thousand)

	Share capital	Revenue reserves		Fair Value Reserve	Total
		General reserves	Unappropriated profit		
Balance as on July 01, 2007	187,420	1,986,000	450,638	72,552	2,696,580
Final dividend for the year ended June 30, 2007 @ Rs 12 per share	-	-	(224,904)	-	(224,904)
Transferred from profit and loss account	-	225,000	(225,000)	-	-
Profit for the half year ended December 31, 2007	-	-	311,800	-	311,800
Unrealized 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
Interim dividend @ Rs 12.5 per share	-	-	(234,275)	-	(234,275)
Profit for the half year ended June 30, 2008	-	-	498,658	-	698,658
Unrealized loss on revaluation of investments	-	-	-	(35,149)	(35,149)
Balance as on June 30, 2008	187,420	2,211,000	576,917	63,542	3,038,879
Final dividend for the year ended June 30, 2008 @ Rs 20 per share	-	-	(374,839)	-	(374,839)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	46,855	-	(46,855)	-	-
Transferred from profit and loss account	-	155,000	(155,000)	-	-
Profit for the half year ended December 31, 2008	-	-	323,326	-	323,326
Unrealised loss on revaluation of investments	-	-	-	(5,452)	(5,452)
Balance as on December 31, 2008	234,275	2,366,000	323,549	58,090	2,981,914

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



Sikandar Mustafa Khan
Chairman



Muhammad Shoaib Pasha
Chief Executive

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the half year ended December 31, 2008**

1. The Company is public limited Company incorporated in Pakistan under the Companies Ordinance, 1984, and is listed on Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is engaged in assembly and manufacture of agricultural tractors, implements and equipments.
2. This condensed interim financial information is un-audited and is 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, 2008.
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, 2008.
6. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
7. 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 1,032,427 thousand (June 30, 2008 : Rs 447,199 thousand).

	Dec. 31, 2008	June 30, 2008
(Rupees in thousand)		
8. Property, plant and equipment		
Opening book value	298,219	230,474
Add: Additions during the period - note 8.1	145,083	127,776
	443,302	358,250
Less: Disposals during the period (at book value)	(3,386)	(8,413)
Transferred to investment property	-	(17,495)
Depreciation charged during the period	(24,335)	(34,123)
	(27,721)	(60,031)
Closing book value	415,581	298,219

December 31, June 30,
2008 2008
(Rupees in thousand)

8.1 Additions during the period

- Land	-	44,633
- Building on freehold land	992	4,124
- Plant and machinery	118,491	10,463
- Tools and equipments	2,079	16,099
- Furniture, fixture and equipments	2,012	9,695
- Vehicles	21,449	37,021
- Computers	60	5,741
	<u>145,083</u>	<u>127,776</u>
9. Capital work-in-progress		
Plant & Machinery	13,335	111,145
Advance for purchase of office space	68,197	64,064
Others	5,789	4,746
	<u>87,321</u>	<u>179,955</u>
10. Long term investments-equities		
Related parties		
Investment at cost		
- Subsidiary - unquoted	57,375	57,375
- Associates - quoted	65,364	65,364
- Associates - unquoted	117,000	117,000
	<u>239,739</u>	<u>239,739</u>
Others		
Available for sale - quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	58,090	63,541
	<u>70,235</u>	<u>75,686</u>
	<u>309,974</u>	<u>315,425</u>
11. Short term investments		
Financial assets at fair value through profit and loss - Mutual Fund units at cost	1,348,201	2,507,379
(Deficit)/Surplus on revaluation of investments	(9,756)	324,391
11.1	<u>1,338,445</u>	<u>2,831,770</u>
	<u>1,338,445</u>	<u>2,831,770</u>

11.1 These include 4,535 thousand units in an open end mutual fund amounting Rs 402,778 thousand which have been valued at the offer price as at December 31, 2008 instead of the redemption price since at the balance sheet date the redemption of these units was suspended.

	Half year ended December 31	
	2008	2007
	(Rupees in thousand)	
12. Cash (used in)/generated from operations		
Profit before taxation	475,295	413,979
Adjustment for:		
- Depreciation on property, plant and equipment	24,335	15,122
- Bad debts written off	2,221	-
- Provision for accumulating compensated absences	1,185	2,610
- Unrealized (gain) on investment at fair value through profit and loss	(11,964)	(117,941)
- Profit on bank deposits	(9,577)	(365)
- Dividend	(19,154)	(7,677)
- Finance cost	19,839	15,442
- Working capital changes - note 12.1	(1,382,183)	54,341
	(900,003)	375,511
12.1 Working capital changes		
(Increase)/decrease in current assets		
- Stores and spares	(332)	(22,118)
- Stock in trade	(738,902)	146,353
- Trade debts	(180,936)	113,806
- Loan and advances	(172,372)	(43,105)
- Trade deposits and prepayments	(13,043)	(170,539)
- Other receivables	150,484	3,315
Increase/(decrease) in current liabilities		
- Trade and other payables	(427,082)	26,629
	(1,382,183)	54,341

Half year ended
December 31,
2008 2007
(Rupees in thousand)

12.2 Cash and cash equivalents

Cash and bank balances	555,628	327,101
Short term running finance	(362,653)	(324,247)
	<u>192,975</u>	<u>2,854</u>

13. Transactions with related parties

Purchases from related parties	1,030,180	650,960
Dividend Income	19,154	7,677
Payable to related parties	148,597	46,341
Receivable from related parties	63,058	820
Payments to funds:		
- Pension	4,767	4,849
- Gratuity	4,353	4,683
- Benevolent	267	254

14. Events after balance sheet date

The Board of Directors have declared an interim dividend of Rs. 20 per share (June 30, 2008: Rs 20 per share) at their meeting held on February 20, 2009, while appropriation to general reserve made after the balance sheet date amounts to Rs. Nil thousand (2008: Rs. 155,000 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 20, 2009 by the Board of Directors of the Company.

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



Muhammad Shoaib Pasha
Chief Executive

The image features a large, semi-transparent red umbrella on the left side, with its handle pointing towards the top left. To the right of the umbrella, there are several stacks of gold coins of varying heights, arranged in a row that recedes into the background. The entire scene is set against a plain white background.

Millat Tractors Group

CONSOLIDATED

Financial Statements

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

	December 31, 2008	June 30, 2008
	Note	
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 30,000,000 (June 30, 2008: 20,000,000) ordinary shares of Rs. 10/- each	300,000	200,000
Issued, subscribed and paid up capital	234,275	187,420
General reserves	2,366,000	2,211,000
Unappropriated profit	436,484	682,216
Unrealized gain on revaluation of investments	44,753	50,205
Equity attributable to equity holders of the parent	3,081,512	3,130,841
Minority Interest	19,882	17,211
	3,101,394	3,148,052
NON-CURRENT LIABILITIES		
Security deposits	9,485	9,485
Deferred revenue	30,783	32,729
Deferred tax liability	34,713	12,355
Accumulating compensated absences	29,844	28,344
	104,825	82,913
CURRENT LIABILITIES		
Current portion of deferred revenue	191,473	218,127
Trade and other payables	3,503,373	3,936,330
Mark-up accrued on short term borrowings	11,264	4,504
Short term borrowings	392,424	56,203
	4,098,534	4,215,164
	7,304,753	7,446,129

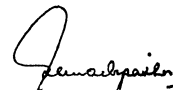
The annexed notes 1 to 16 form an integral part of the consolidated condensed interim financial information.

AS AT DECEMBER 31, 2008 (UN AUDITED)

	Note	December 31, 2008	June 30, 2008
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	446,135	329,151
Capital work in progress	9	87,321	179,955
Intangible assets - in progress		23,815	17,028
Investment property		273,203	273,203
Long term investments	10	367,172	369,753
Long term loans-considered good		4,088	4,385
Deferred cost		516	1,032
		1,202,250	1,174,507
CURRENT ASSETS			
Stores and spares		80,088	79,334
Stock in trade		2,222,563	1,670,618
Trade debts		300,525	118,809
Loans and advances		459,967	100,185
Trade deposits and prepayments		22,059	9,543
Other receivables		1,022,474	1,168,935
Taxation - net		98,211	8,198
Short - term Investments	11	1,338,445	2,831,770
Cash and bank balances		558,171	284,230
		6,102,503	6,271,622
		<u>7,304,753</u>	<u>7,446,129</u>



Sikandar Mustafa Khan
Chairman



Muhammad Shoaib Pasha
Chief Executive

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the half year ended December 31, 2008**

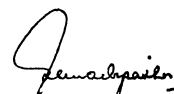
	Note	Half year ended		Quarter ended	
		December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
(Rupees in thousand)					
Sales - net		6,171,813	4,788,200	3,263,941	2,489,416
Cost of sales		5,407,403	4,184,389	2,781,789	2,164,252
Gross profit		764,410	603,811	482,152	325,164
Distribution and marketing expenses		176,452	172,482	80,505	90,824
Administrative expenses		109,147	104,144	54,213	54,934
		285,599	276,626	134,718	145,758
Operating profit		478,811	327,185	347,434	179,406
Other operating income		62,917	134,281	(19,374)	68,535
		541,728	461,466	328,060	247,941
Other operating expenses		20,230	26,687	10,959	8,783
Finance cost		38,766	18,548	28,647	12,202
		58,996	45,235	39,606	20,985
Share of profit and loss of associated companies		4,960	(13,327)	(4,432)	(20,457)
Profit before taxation		487,692	402,904	284,022	206,499
Taxation					
Group		151,969	102,967	110,669	56,993
Associated companies		2,090	(2,614)	(1,552)	(3,377)
		154,059	100,353	109,117	53,616
Profit after taxation		333,633	302,551	174,905	152,883
Attributable to:					
Equity holders of the parent		330,962	301,896	172,960	151,794
Minority interest		2,671	655	1,945	1,089
		333,633	302,551	174,905	152,883
Earnings per share - basic and diluted (Rupees)		14.24	12.91	7.47	6.53

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

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



Sikandar Mustafa Khan
Chairman



Muhammad Shoaib Pasha
Chief Executive

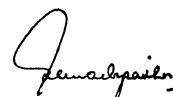
**CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended December 31, 2008**

	Note	Six months to December 31, 2008 (Rupees in thousand)	Six months to December 31, 2007 (Rupees in thousand)
Cash flows from operating activities			
Cash generated from operations	12	620,337	374,499
Interest and markup paid		(32,006)	(12,548)
Net decrease in long term loans to employees		297	(669)
Income tax paid		(218,373)	(128,009)
Net decrease in deferred revenue		(28,600)	(24,272)
Net cash inflow/(used in) from operating activities		341,655	209,001
Cash flows from investing activities			
Purchase of property, plant & equipment		(54,037)	(117,743)
Purchase of intangible assets		(6,787)	-
Proceeds from sale of property, plant and equipment		3,814	3,966
Profit on bank deposits		3,905	777
Dividend received		19,154	7,677
Net cash (used in)/generated from investing activities		(33,951)	(105,323)
Cash flows from financing activities			
Dividend paid		(369,984)	(221,646)
Net cash used in financing activities		(369,984)	(221,646)
Net decrease in cash and cash equivalents		(62,280)	(117,968)
Cash and cash equivalents at the beginning of the period		228,027	73,340
Cash and cash equivalents at the end of the period	12.2	165,747	(44,628)

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



Sikandar Mustafa Khan
Chairman



Muhammad Shoab Pasha
Chief Executive

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the half year ended December 31, 2008**

(Rupees in thousand)

	Share capital	Revenue reserves		Fair Value Reserve	Minority Interest	Total
		General reserves	Unappropriated profit			
Balance as on July 01, 2007	187,420	1,986,000	558,007	59,185	11,579	2,802,191
Final dividend for the year ended June 30, 2007 @ Rs 12 each	-	-	(224,904)	-	-	(224,904)
Transferred from profit and loss account	-	225,000	(225,000)	-	-	-
Profit for the half year ended December 31, 2007	-	-	301,896	-	655	302,551
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
Interim dividend Rs 12.50 per share	-	-	(234,275)	-	-	(234,275)
Profit for the half year ended June 30, 2008	-	-	506,492	-	1,699	508,191
Right issue to the minority share holders	-	-	-	-	3,278	3,278
Unrealized loss on revaluation of investments	-	-	-	(35,149)	-	(35,149)
Balance as on June 30, 2008	187,420	2,211,000	682,216	50,205	17,211	3,148,052
Final dividend for the year ended June 30, 2008 @ Rs 20 each	-	-	(374,839)	-	-	(374,839)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	46,855	-	(46,855)	-	-	-
Transferred from profit and loss account	-	155,000	(155,000)	-	-	-
Profit for the half year ended December 31, 2008	-	-	330,962	-	2,671	333,633
Unrealized loss on revaluation of investments	-	-	-	(5,452)	-	(5,452)
Balance as on December 31, 2008	234,275	2,366,000	436,484	44,753	19,882	3,101,394

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

**SELECTED NOTES TO THE CONOSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the half year ended December 31, 2008**

1. The Company is public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is engaged in assembly and manufacture of agricultural tractors, implements and equipments. Millat Industrial Products Limited (MIPL) is a subsidiary of Millat Tractors Limited and is engaged in business of manufacturing of vehicles, industrial and domestic batteries, cells and components thereof.
2. This consolidated condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the group for the year ended June 30, 2008.
4. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
5. Judgments and estimates made by the management in the preparation of the consolidated condensed interim financial information are the same as those applied in preparation of preceding annual published financial statements of the group for the year ended June 30, 2008.
6. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
7. 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. 1,032,427 thousand (June 30, 2008 : Rs. 447,199 thousand).

	Dec. 31, 2008	June 30, 2008
	(Rupees in thousand)	
8. Property, plant and equipment		
Opening book value	329,151	261,513
Add: Additions during the period - note 8.1	146,671	131,079
	475,822	392,592
Less: Disposals during the period (at book value)	(3,814)	(8,413)
Transferred to investment property	-	(17,495)
Depreciation charged during the period	(25,873)	(37,533)
	(29,687)	(63,441)
Closing book value	446,135	329,151

Dec. 31, 2008 June 30, 2008
(Rupees in thousand)

8.1 Following is the detail of additions during the period

- Land	-	44,633
- Building on freehold land	1,009	4,863
- Plant and machinery	119,082	10,532
- Tools and equipments	2,901	18,376
- Furniture, fixture and office equipment	2,111	9,859
- Vehicles	21,449	37,021
- Computers	119	5,795
	<u>146,671</u>	<u>131,079</u>
9. Capital work-in-progress		
Plant & Machinery	13,335	111,145
Advance for purchase of vehicles	1,298	-
Advance for purchase of office furniture	1,938	-
Advance for purchase of office space	68,197	64,064
Others	2,553	4,746
	<u>87,321</u>	<u>179,955</u>
10. Long term investments - equities		
Investment at cost		
Related parties		
- Associated Company - quoted	145,528	146,540
- Associated Companies - unquoted	151,410	147,527
	296,938	294,067
Others - available for sale - quoted		
Cost	25,481	25,481
Surplus on revaluation of investment	44,753	50,205
	70,234	75,686
	<u>367,172</u>	<u>369,753</u>
11. Short term investments		
Financial assets at fair value through profit and loss - Mutual Fund units - cost (Deficit)/surplus on revaluation of investments	1,348,201 (9,756)	2,507,379 324,391
11.1	1,338,445	2,831,770
Market value as at December 31, 2008	<u>1,338,445</u>	<u>2,831,770</u>

- 11.1 These include 4,535 thousand units in an open end mutual fund amounting Rs 402,778 thousand which have been valued at the offer price as at December 31, 2008 instead of the redemption price since at the balance sheet date the redemption of these units was suspended.

	Half year ended December 31	
	2008	2007
	(Rupees in thousand)	
12. Cash generated from operations		
Profit before taxation	487,692	402,904
Adjustment for:		
- Depreciation on property, plant and equipment	25,873	16,739
- Bad debts written off	7,467	-
- Amortization of pre-operating expenses	516	515
- Provision for accumulating compensated absences	1,500	2,610
- Unrealized gain on investment at fair value through profit and loss	-	(77,264)
- Profit on bank deposits	(9,577)	(365)
- Dividend	(19,154)	(7,677)
- Finance cost	38,766	18,548
- Net share of income of associated companies	(4,960)	13,327
- Working capital changes - note 12.1	92,214	5,162
	620,337	374,499
12.1 Working capital changes		
(Increase)/decrease in current assets		
- Stores and spares	(754)	(22,495)
- Stock in trade	(551,945)	135,288
- Trade debts	(189,183)	109,384
- Loan and advances	(359,782)	(49,593)
- Trade deposits and prepayments	(12,516)	(168,842)
- Interest accrued on loan to Agrimall (Private) Limited	(50)	-
- Other receivables	152,183	2,656
- Short term investments	1,493,325	(24,291)
Increase/(decrease) in current liabilities		
- Trade and other payables	(439,064)	23,055
	92,214	5,162

Half year ended
December 31
2008 2007
(Rupees in thousand)

12.2 Cash and cash equivalents		
Cash and bank balances	558,171	331,082
Short term running finance	(392,424)	(375,710)
	165,747	(44,628)
13. Transactions with associated companies/related parties		
Purchases from related parties	1,030,180	650,960
Dividend Income	19,154	7,677
Payable to related parties	148,597	46,341
Receivable from related parties	63,058	820
Payments to funds:		
- Pension	4,767	4,849
- Gratuity	4,353	4,683
- Benevolent	267	254

14. Events after balance sheet date

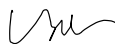
The Board of Directors have declared an interim dividend of Rs. 20 per share (June 30, 2008: Rs 20 per share) at their meeting held on February 20, 2009, while appropriation to general reserve made after the balance sheet date amounts to Rs. Nil thousand (2008: Rs. 155,000 thousand). This condensed interim 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 20, 2009 by the Board of Directors of the Company.

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



Muhammad Shoaib Pasha
Chief Executive