

## CORPORATE INFORMATION

**Board of Directors**

Mr. Sikandar Mustafa Khan  
Chairman

Mr. Laeeq Uddin Ansari  
Chief Executive

Mr. Latif Khalid Hashmi  
Mr. Sohail Bashir Rana  
Mian Muhammad Saleem  
Rana Muhammad Siddique  
Mr. Manzoor Ahmed  
N.I.T. Nominee  
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 Share 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.  
Faysal Bank (formerly RBS)  
Standard Chartered Bank  
United Bank Ltd.  
Barclays Bank Plc

**Registered Office and Plant**

Sheikhupura Road, Distt. Sheikhupura  
Tel: 042-37911021-25, 111-200-786  
Fax: 042-37924166, 37925835  
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: 021-34553752, 111-200-786  
Fax: 021-34556321

**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

On behalf of the Board of Directors' of the company, its my pleasure to present the un-audited accounts of Millat Tractors Limited for the half year ended December 31, 2010 duly reviewed by the statutory auditors of the company.

The Company sold 20,512 tractors in this half year against 19,109 tractors for the corresponding period of last year, showing an increase of 1,403 tractors i.e. 7.3%. The production volume for the half year was 20,411 tractors as against 19,333 tractors for corresponding period of last year, reflecting an increase of 1,078 tractors i.e. 5.6%.

Profit before tax for the half year amounted to Rs. 1,729 million as compared to Rs. 1,514 million of the corresponding period of previous year, showing an increase of 14.2%.


Despite the rising raw material and allied input costs, political and economic instability, the Company has managed to perform well through effective cost control, product and process optimization, price rationalization and efficient working capital management. We are confident that with improved economic outlook, the performance of the company will further enhance in the upcoming period.

We would like to express gratitude to our valued customers for their trustworthiness towards our products and reassure them our best services in future as well.

We would like to thank our vendors, dealers and financial institutions for their extended co-operation. We also acknowledge the co-operation extended to us by our valued principals and convey our gratitude to employees of the company for their loyalty, devotion and hard work.

For and on behalf of the Board

Lahore:  
January 27, 2011

  
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, 2010, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 statements"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.


### 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, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:  
January 27, 2011

  
A. F. Ferguson & Co.  
Chartered Accountants

## CONDENSED INTERIM BALANCE SHEET

	December 31, 2010	June 30, 2010
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 50,000,000 (June 30, 2010: 30,000,000) ordinary shares of Rs 10 each	<u>500,000</u>	<u>300,000</u>
Issued, subscribed and paid up capital	366,055	292,844
General reserves	2,767,776	2,467,776
Unappropriated profit	1,197,297	1,406,730
Fair value reserve	31,240	25,057
	4,362,368	4,192,407
<b>NON-CURRENT LIABILITIES</b>		
Security deposits	10,285	10,285
Deferred taxation	11,694	7,628
	21,979	17,913
<b>CURRENT LIABILITIES</b>		
Accumulating compensated absences	38,664	36,664
Current portion of deferred revenue	7,134	33,069
Trade and other payables	5,723,112	7,483,957
Mark-up accrued on short term borrowings	2,782	1,884
	5,771,692	7,555,574
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
	<u>10,156,039</u>	<u>11,765,894</u>

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

**AS AT DECEMBER 31, 2010 (UN-AUDITED)**

	Note	December 31, 2010 (Rupees in thousand)	June 30, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	453,396	411,759
Capital work-in-progress	9	153,203	155,476
Intangible assets		23,485	29,357
Investment property		269,505	273,203
Long term investments	10	294,370	288,187
Long term loans - considered good		2,536	3,188
		1,196,495	1,161,170
<b>CURRENT ASSETS</b>			
Stores and spares		119,915	110,599
Stock-in-trade		2,638,631	2,475,904
Trade debts		561,785	454,465
Loans and advances		253,660	239,358
Trade deposits and prepayments		28,963	23,008
Other receivables		1,617,364	2,028,902
Taxation - net		175,428	46,612
Short term investments	11	2,577,351	4,116,821
Cash and bank balances		986,447	1,109,055
		8,959,544	10,604,724
		<u>10,156,039</u>	<u>11,765,894</u>



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

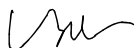
## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Note	Quarter ended December 31		Half year ended December 31	
		2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Sales - net		6,753,143	6,611,090	11,831,399	10,409,133
Cost of sales		5,653,827	5,438,815	9,840,553	8,532,413
Gross profit		1,099,316	1,172,275	1,990,846	1,876,720
Distribution and marketing expenses		170,747	193,505	297,123	317,599
Administrative expenses		73,129	76,064	146,272	130,721
		243,876	269,569	443,395	448,320
Operating profit		855,440	902,706	1,547,451	1,428,400
Other operating income		139,395	145,673	316,066	202,422
		994,835	1,048,379	1,863,517	1,630,822
Other operating expenses		67,752	83,131	127,424	112,202
Finance cost		2,984	3,687	7,079	4,713
		70,736	86,818	134,503	116,915
Profit before taxation		924,099	961,561	1,729,014	1,513,907
Taxation		295,065	294,323	540,285	478,186
Profit for the period		629,034	667,238	1,188,729	1,035,721
Earnings per share - basic and diluted (Rupees)		17.18	18.23	32.47	28.29

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



Laeeq Uddin Ansari  
Chief Executive

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Quarter ended December 31		Half year ended December 31	
	2010	2009	2010	2009
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	629,034	667,238	1,188,729	1,035,721
Other comprehensive income:				
Unrealized gain on revaluation of investments	4,977	2,104	6,183	1,283
Total other comprehensive income	4,977	2,104	6,183	1,283
Total comprehensive income for the period	<u>634,011</u>	<u>669,342</u>	<u>1,194,912</u>	<u>1,037,004</u>

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



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Note	Half year ended December 31	
		2010 (Rupees in thousand)	2009
<b>Cash flows from operating activities</b>			
Cash (used in)/ generated from operations	12	(203,950)	1,976,763
Interest and mark-up paid		(6,181)	(5,044)
Net decrease in long term loans to employees		652	262
Income tax paid		(665,035)	(390,840)
Net cash (used in)/ generated from operating activities		(874,514)	1,581,141
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(77,066)	(98,133)
Purchase of intangible assets		-	(248)
Purchase of short term investments		(2,361,653)	(3,850,000)
Proceeds from sale of short term investments		4,085,306	2,969,240
Proceeds from sale of property, plant and equipment		9,993	6,621
Proceeds from sale of investment property		17,200	-
Profit on bank deposits		10,832	16,622
Dividend received		71,068	31,174
Net cash generated from/(used in) investing activities		1,755,680	(924,724)
<b>Cash flows from financing activities</b>			
Dividend paid		(1,003,774)	(575,058)
Net cash used in financing activities		(1,003,774)	(575,058)
Net (decrease)/increase in cash and cash equivalents		(122,608)	81,359
Cash and cash equivalents at the beginning of the period		1,109,055	995,373
Cash and cash equivalents at the end of the period	12.2	986,447	1,076,732

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



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Share capital	Revenue Reserves		Fair value reserve	Total
		General reserves	Unappropriated profit		
(Rupees in thousand)					
<b>Balance as on July 01, 2009</b>	234,275	2,220,776	892,018	23,774	3,370,843
Final dividend for the year ended June 30, 2009 @ Rs 25 per share	-	-	(585,687)	-	(585,687)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	58,569	-	(58,569)	-	-
Transferred from profit and loss account	-	247,000	(247,000)	-	-
Profit for the period	-	-	1,035,721	-	1,035,721
Other comprehensive income or the period	-	-	-	1,283	1,283
<b>Balance as on December 31, 2009</b>	292,844	2,467,776	1,036,483	25,057	3,822,160
Interim dividend @ Rs 30 per share	-	-	(878,530)	-	(878,530)
Profit for the period	-	-	1,248,777	-	1,248,777
Other comprehensive income for the period	-	-	-	-	-
<b>Balance as on June 30, 2010</b>	292,844	2,467,776	1,406,730	25,057	4,192,407
Final dividend for the year ended June 30, 2010 @ Rs 35 per share	-	-	(1,024,951)	-	(1,024,951)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	73,211	-	(73,211)	-	-
Transferred from profit and loss account	-	300,000	(300,000)	-	-
Profit for the period	-	-	1,188,729	-	1,188,729
Other comprehensive income for the period	-	-	-	6,183	6,183
<b>Balance as on December 31, 2010</b>	366,055	2,767,776	1,197,297	31,240	4,362,368

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


Sikandar Mustafa Khan  
Chairman

Laeeq Uddin Ansari  
Chief Executive

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

1. The company is a 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, 2010.

The following amendments to standards are mandatory for the first time for the financial year beginning July 1, 2010.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It is not expected to have a material impact on the company's financial statements.
- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The company will apply IFRS 5 (amendment) from July 1, 2010. It is not expected to have a material impact on the company's financial statements.

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, 2010.
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. 1,364,000 thousand (June 30, 2010 : Rs 1,746,000 thousand).

	<b>December 31, 2010</b>	<b>June 30, 2010</b>
	<b>(Rupees in thousand)</b>	
<b>8. Property, plant and equipment</b>		
Opening book value	411,759	405,618
Add: Additions during the period	-note 8.1 79,339	65,088
	<u>491,098</u>	<u>470,706</u>
Less: Disposals during the period (at book value)	(10,126)	(7,248)
Depreciation charged during the period	(27,576)	(51,699)
	<u>(37,702)</u>	<u>(58,947)</u>
Closing book value	<u><u>453,396</u></u>	<u><u>411,759</u></u>
<b>8.1 Additions during the period</b>		
- Building on freehold land	-	2,598
- Plant and machinery	28,957	17,047
- Tools and equipments	2,107	1,592
- Furniture, fixture and office equipment	861	4,194
- Vehicles	47,248	37,144
- Computers	166	2,513
	<u>79,339</u>	<u>65,088</u>
<b>9. Capital work-in-progress</b>		
Plant and machinery	1,345	1,345
Advance for purchase of office space	151,830	151,830
Others	28	2,301
	<u>153,203</u>	<u>155,476</u>

	December 31, 2010	June 30, 2010
	(Rupees in thousand)	
<b>10. Long term investments - Equities</b>		
<b>Related parties</b>		
<b>Investment at cost</b>		
- Subsidiary -unquoted	57,375	57,375
- Associates -quoted	76,610	76,610
- Associates-unquoted	117,000	117,000
	250,985	250,985
<b>Others</b>		
<b>Available for sale - quoted</b>		
Cost	12,145	12,145
Surplus on revaluation of investment	31,240	25,057
	43,385	37,202
	<u>294,370</u>	<u>288,187</u>
<b>11. Short term investments</b>		
Financial assets at fair value through profit and loss - Mutual fund units	<u>2,577,351</u>	<u>4,116,821</u>
	<b>Half year ended</b>	
	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Rupees in thousand)</b>	
<b>12. Cash (used in)/generated from operations</b>		
Profit before taxation	1,729,014	1,513,907
Adjustment for:		
- Depreciation on property, plant and equipment	27,576	24,378
- Amortization of intangibles	5,872	-
- Provision for accumulating compensated absences	2,000	2,000
- Deferred revenue amortised	(25,935)	(157,211)
- Loss on sale of property, plant and equipment	133	-
- Gain on sale of investment property	(13,502)	-
- Gain on investment at fair value through profit and loss	(184,183)	(136,525)
- Profit on bank deposits	(10,832)	(11,568)
- Dividend	(71,068)	(31,174)
- Finance cost	7,079	4,713
- Working capital changes	note 12.1 (1,670,104)	768,243
	<u>(203,950)</u>	<u>1,976,763</u>

**Half year ended**  
**December 31,**  
**2010            2009**  
**(Rupees in thousand)**

### 12.1 Working capital changes

**(Increase)/decrease in current assets**

- Stores and spares	(9,316)	(5,359)
- Stock-in-trade	(162,727)	(484,323)
- Trade debts	(107,320)	17,232
- Loan and advances	(14,302)	(290,561)
- Trade deposits and prepayments	(5,955)	(17,662)
- Other receivables	411,538	(235,275)

**Increase/(decrease) in current liabilities**

- Trade and other payables	(1,782,022)	1,784,191
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<u>(1,670,104)</u>	<u>768,243</u>
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### 12.2 Cash and cash equivalents

Cash and bank balances	<u>986,447</u>	<u>1,076,732</u>
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### 13. Transactions with related parties

Purchases from related parties	2,049,955	606,778
Dividend income	71,068	29,250
Payable to related parties	347,986	279,332
Receivable from related party	21,503	757
Payments to funds:		
- Pension	4,883	4,863
- Gratuity	4,179	4,173
- Benevolent	140	139

#### **14. Events after balance sheet date**

The Board of Directors have declared an interim dividend of Rs. 32.50 (June 30, 2010: Rs. 35 per share) at their meeting held on January 27, 2011, while appropriation to general reserve and issuance of bonus shares made after the balance sheet date amount to Rs. nil (June 30, 2010: Rs. 300,000 thousand and Rs. 73,211 thousand respectively). 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**

This condensed interim financial information was authorised for issue on January 27, 2011 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



Laeeq Uddin Ansari  
Chief Executive



MILLAT TRACTORS GROUP

**CONSOLIDATED**

FINANCIAL STATEMENTS

## CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

	December 31, 2010 (Rupees in thousand)	June 30, 2010
Note		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 50,000,000 (June 30, 2010: 30,000,000) ordinary shares of Rs 10 each	<u>500,000</u>	<u>300,000</u>
Issued, subscribed and paid up capital	366,055	292,844
General reserves	2,767,776	2,467,776
Unappropriated profit	1,631,172	1,747,571
Unrealized gain on revaluation of investments	17,903	11,720
Equity attributable to equity holders of the parent	4,782,906	4,519,911
Non-controlling interest	<u>55,777</u>	<u>46,683</u>
	4,838,683	4,566,594
<b>NON-CURRENT LIABILITIES</b>		
Security deposits	10,285	10,285
Deferred taxation	12,594	8,528
	22,879	18,813
<b>CURRENT LIABILITIES</b>		
Accumulating compensated absences	38,664	36,664
Current portion of deferred revenue	7,134	33,069
Trade and other payables	5,735,754	7,513,070
Mark-up accrued on short term borrowings	2,826	1,909
	5,784,378	7,584,712
	<u>10,645,940</u>	<u>12,170,119</u>

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



**AS AT DECEMBER 31, 2010 (UN-AUDITED)**

	Note	December 31, 2010 (Rupees in thousand)	June 30, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	502,436	446,997
Capital work-in-progress	9	153,203	157,748
Intangible assets		23,485	29,357
Investment property		269,505	273,203
Long term investments	10	608,458	525,467
Long term loans - considered good		2,536	3,188
		1,559,623	1,435,960
<b>CURRENT ASSETS</b>			
Stores and spares		124,970	113,921
Stock-in-trade		2,704,052	2,520,520
Trade debts		591,766	483,605
Loans and advances		266,120	257,022
Trade deposits and prepayments		32,211	24,013
Other receivables		1,619,284	2,030,965
Taxation - net		175,428	43,412
Short term investments	11	2,577,351	4,116,821
Cash and bank balances		995,135	1,143,880
		9,086,317	10,734,159
		<u>10,645,940</u>	<u>12,170,119</u>



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Note	Quarter ended December 31		Half year ended December 31	
		2010 (Rupees in thousand)	2009 (Rupees in thousand)	2010 (Rupees in thousand)	2009 (Rupees in thousand)
Sales - net		6,830,418	6,660,565	11,977,781	10,508,161
Cost of sales		5,700,254	5,469,440	9,932,276	8,598,120
Gross profit		1,130,164	1,191,125	2,045,505	1,910,041
Distribution and marketing expenses		176,824	196,205	304,430	315,645
Administrative expenses		78,504	79,773	156,963	138,074
		255,328	275,978	461,393	453,719
Operating profit		874,836	915,147	1,584,112	1,456,322
Other operating income		70,115	116,450	247,300	173,200
		944,951	1,031,597	1,831,412	1,629,522
Other operating expenses		69,063	83,877	129,868	114,043
Finance cost		3,218	3,828	7,688	4,999
		72,281	87,705	137,556	119,042
Share of profit and loss of associates		500,220	49,836	548,436	78,385
Profit before taxation		1,372,890	993,728	2,242,292	1,588,865
Taxation					
Group		298,488	296,544	549,272	486,040
Associates		383,737	17,417	402,163	27,409
		682,225	313,961	951,435	513,449
Profit for the period		690,665	679,767	1,290,857	1,075,416
Attributable to:					
Equity holders of the parent		685,412	676,405	1,281,763	1,068,962
Non-controlling interest		5,253	3,362	9,094	6,454
		690,665	679,767	1,290,857	1,075,416
Earnings per share - basic and diluted (Rupees)		18.72	18.48	35.02	29.20

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

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



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Quarter ended December 31		Half year ended December 31	
	2010	2009	2010	2009
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	620,488	667,238	1,290,857	1,075,416
Other comprehensive income:				
Unrealized gain on revaluation of investments	4,977	2,104	6,183	1,283
Total other comprehensive income	4,977	2,104	6,183	1,283
Total comprehensive income for the period	625,465	669,342	1,297,040	1,076,699
Non-controlling interest	(5,253)	(3,362)	(9,094)	(6,454)
Equity holders of the parent	620,213	665,980	1,287,946	1,070,245

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



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Note	Half year ended December 31	
		2010 (Rupees in thousand)	2009
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	12	(203,922)	1,976,261
Interest and mark-up paid		(6,771)	(5,664)
Net decrease in long term loans to employees		652	262
Income tax paid		(677,222)	(391,646)
Net cash (used in)/generated from operating activities		(887,263)	1,579,213
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(90,639)	(100,711)
Purchase of intangible assets		-	(248)
Purchase of short term investments		(2,361,652)	(3,857,500)
Proceeds from sale of short term investments		4,085,306	2,969,240
Proceeds from sale of property, plant and equipment		10,176	6,621
Proceeds from sale of investment property		17,200	-
Profit on bank deposits		10,832	16,672
Dividend income		71,068	31,174
Net cash generated from/(used in) investing activities		1,742,291	(934,752)
<b>Cash flows from financing activities</b>			
Dividend paid		(1,003,774)	(575,058)
Net cash used in financing activities		(1,003,774)	(575,058)
Net (decrease)/increase in cash and cash equivalents		(148,745)	69,403
Cash and cash equivalents at the beginning of the period		1,143,880	1,010,689
Cash and cash equivalents at the end of the period	12.2	995,135	1,080,092

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



Sikandar Mustafa Khan  
Chairman



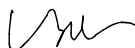
Laeeq Uddin Ansari  
Chief Executive

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2010 (UN-AUDITED)

	Share capital	Revenue Reserves			Total	Non-controlling interest	Total equity
		General reserves	Unappropriated profit	Fair value reserve			
<b>(Rupees in thousand)</b>							
<b>Balance as on July 01, 2009</b>	234,275	2,220,776	1,062,420	10,437	3,527,908	31,038	3,558,946
Final dividend for the year ended June 30, 2009 Rs. 25 per share	-	-	(585,687)	-	(585,687)	-	(585,687)
Issue of ordinary shares of Rs.10 each as fully paid as bonus shares	58,569	-	(58,569)	-	-	-	-
Transferred from profit and loss account	-	247,000	(247,000)	-	-	-	-
Profit for the period	-	-	1,068,962	-	1,068,962	6,454	1,075,416
Other comprehensive income for the period	-	-	-	1,283	1,283	-	1,283
<b>Balance as on December 31, 2009</b>	292,844	2,467,776	1,240,126	11,720	4,012,466	37,492	4,049,958
Interim dividend @ Rs. 30 per share	-	-	(878,530)	-	(878,530)	-	(878,530)
Profit for the period	-	-	1,385,975	-	1,385,975	9,191	1,395,166
Other comprehensive income for the period	-	-	-	-	-	-	-
<b>Balance as on June 30, 2010</b>	292,844	2,467,776	1,747,571	11,720	4,519,911	46,683	4,566,594
Final dividend for the year ended June 30, 2010 @ Rs 35 per share	-	-	(1,024,951)	-	(1,024,951)	-	(1,024,951)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	73,211	-	(73,211)	-	-	-	-
Transferred from profit and loss account	-	300,000	(300,000)	-	-	-	-
Profit for the period	-	-	1,281,763	-	1,281,763	9,094	1,290,857
Other comprehensive income for the period	-	-	-	6,183	-	6,183	6,183
<b>Balance as on December 31, 2010</b>	366,055	2,767,776	1,631,172	17,903	4,782,906	55,777	4,838,683

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



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

1. Millat Tractors Limited, the company is a 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 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, 2010.

The following amendments to standards are mandatory for the first time for the financial year beginning July 1, 2010.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It is not expected to have a material impact on the group's financial statements.
- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the group's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group will apply IFRS 5 (amendment) from July 1, 2010. It is not expected to have a material impact on the group's financial statements.

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, 2010.
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. 1,365,068 thousand (June 30, 2010 : Rs 1,755,638 thousand)

	<b>December 31, 2010</b>	<b>June 30, 2010</b>
	<b>(Rupees in thousand)</b>	
<b>8. Property, plant and equipment</b>		
Opening book value	446,997	439,209
Add: Additions during the period	-note 8.1 95,184	70,659
	<u>542,181</u>	<u>509,868</u>
Less: Disposals during the period (at book value)	(10,309)	(7,248)
Depreciation charged during the period	(29,435)	(55,623)
	<u>(39,744)</u>	<u>(62,871)</u>
Closing book value	<u><u>502,436</u></u>	<u><u>446,997</u></u>
<b>8.1 Additions during the period</b>		
- Building on freehold land	7,671	2,599
- Plant and machinery	35,201	18,638
- Tools and equipments	3,056	2,672
- Furniture, fixture and office equipment	753	4,844
- Vehicles	48,245	39,105
- Computers	256	2,801
	<u>95,184</u>	<u>70,659</u>
<b>9. Capital work-in-progress</b>		
Plant and machinery	1,345	1,345
Advance for purchase of office space	151,830	151,830
Others	28	4,573
	<u>153,203</u>	<u>157,748</u>

	December 31, 2010	June 30, 2010
	(Rupees in thousand)	
<b>10. Long term investments - Equities</b>		
<b>Related parties</b>		
- Associates -quoted	224,587	211,533
- Associates-unquoted	340,487	276,733
	565,074	488,266
<b>Others</b>		
<b>Available for sale - quoted</b>		
Cost	25,481	25,481
Surplus on revaluation of investment	17,903	11,720
	43,384	37,201
	<u>608,458</u>	<u>525,467</u>
<b>11. Short term investments</b>		
Financial assets at fair value through profit and loss - Mutual fund units	<u>2,577,351</u>	<u>4,116,821</u>
	Half year ended	
	December 31, 2010	2009
	(Rupees in thousand)	
<b>12. Cash (used in)/generated from operations</b>		
Profit before taxation	2,242,292	1,588,865
Adjustment for:		
- Depreciation on property, plant and equipment	29,435	26,296
- Amortization of intangibles	5,871	-
- Provision for accumulating compensated absences	2,000	2,000
- Deferred revenue amortization	(25,935)	(157,211)
- Loss on sale of property, plant and equipment	133	-
- Gain on sale of investment property	(13,502)	-
- Gain on investment at fair value through profit and loss	(184,183)	(136,525)
- Profit on bank deposits	(10,832)	(11,568)
- Dividend income	(1,603)	(1,924)
- Finance cost	7,688	4,999
- Share of profit of associates	(548,436)	(78,385)
- Working capital changes - note 12.1	(1,706,850)	739,714
	<u>(203,922)</u>	<u>1,976,261</u>



**Half year ended  
December 31,  
2010      2009  
(Rupees in thousand)**

**12.1 Working capital changes**

**(Increase)/decrease in current assets**

- Stores and spares	(11,049)	(6,420)
- Stock-in-trade	(183,532)	(497,749)
- Trade debts	(108,161)	12,967
- Loan and advances	(9,098)	(290,127)
- Trade deposits and prepayments	(8,198)	(17,600)
- Other receivables	411,681	(237,247)

**Increase/(decrease) in current liabilities**

- Trade and other payables	(1,798,493)	1,775,890
	<u>(1,706,850)</u>	<u>739,714</u>

**12.2 Cash and cash equivalents**

Cash and bank balances	<u>995,135</u>	<u>1,080,092</u>
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**13. Transactions with related parties**

Purchases from associated undertakings	2,008,866	626,178
Dividend income	71,068	29,250
Payable to related parties	347,986	255,682
Receivable from related party	21,503	1,878
Payments to fund:		
- Pension	4,883	4,863
- Gratuity	4,179	4,173
- Benevolent	140	139

**14. Events after balance sheet date**

Interim dividend declared by the MTL after the balance sheet date Rs. 32.50 per share (June 30, 2010: Rs. 35 per share) at their meeting held on January 27, 2011, while appropriations to general reserve and issuance of bonus shares made after the balance sheet date amount to Rs. nil (June 30, 2010: 300,000 thousand and Rs. 73,211 thousand respectively). This consolidated 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**

This consolidated condensed interim financial information was authorised for issue on January 27, 2011 by the Board of Directors.

**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



Laeeq Uddin Ansari  
Chief Executive