

## 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](http://www.millat.com.pk)  
E-mail: [info@millat.com.pk](mailto:info@millat.com.pk)

### Regional Offices

#### Karachi

3-A, Faiyaz Centre, Sindhi Muslim  
Co-operative Housing Society  
Tel: 021-34553752, 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

I feel pleasure to present to you on behalf of Board of Directors' the un-audited accounts of Millat Tractors Limited for the third quarter ended March 31, 2011 as required by the Companies Ordinance 1984.

The Company achieved a sales volume of 29,718 Tractors in these nine months as against 28,939 tractors for the corresponding period of last year, showing an increase of 2.7%. During current period, 30,638 Tractors were produced as compared to 29,865 tractors for corresponding period last year, showing an increase of 2.6%.

Pre-tax profit for nine months amounted to Rs. 2,594.1 million as compared to Rs. 2,355.1 million of the corresponding period of previous year showing an increase of 10.2%. Profit after tax increased to 1,807.2 million from 1,609.5 million of the corresponding period of previous year, showing an increase of 12.28%.

As you are aware that zero rating facility of sales tax has been withdrawn by the Government and sales tax @ 17% has been imposed on sale of tractors, resulting in an increase in prices for the end users. Consequently the company has faced a temporary decrease in sales volume. However, we are optimistic that it will revert to normal in the upcoming quarter.

Millat Brand has remained the market leader in local tractor industry, which shows the confidence, customers have in our products. We take this opportunity to appreciate our customers for their brand loyalty and make a resolve to deliver the best products and after sale support to them.

We also 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



Sikandar Mustafa Khan  
Chairman

Lahore:  
April 25, 2011



## ACCOUNTS

MILLAT TRACTORS LIMITED

## CONDENSED INTERIM BALANCE SHEET

	Note	March 31, 2011 (Rupees in thousand)	June 30, 2010
<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		2,766,678	2,467,776
Unappropriated profit		627,188	1,406,730
Fair value reserve		34,678	25,057
		3,794,599	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		751	33,069
Trade and other payables		9,116,171	7,483,957
Mark-up accrued on short term borrowings		1,276	1,884
		9,156,862	7,555,574
<b>CONTINGENCIES AND COMMITMENTS</b>	7	<u>12,973,440</u>	<u>11,765,894</u>

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

**AS AT MARCH 31, 2011 (UN-AUDITED)**

	Note	March 31, 2011 (Rupees in thousand)	June 30, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	442,784	411,759
Capital work-in-progress	9	153,175	155,476
Intangible assets		20,550	29,357
Investment property		269,505	273,203
Long term investments	10	297,808	288,187
Long term loans - considered good		3,733	3,188
		1,187,555	1,161,170
<b>CURRENT ASSETS</b>			
Stores and spares		126,736	110,599
Stock-in-trade		3,689,794	2,475,904
Trade debts		414,426	454,465
Loans and advances		346,163	239,358
Trade deposits and prepayments		22,843	23,008
Other receivables		1,777,831	2,028,902
Taxation - net		342,400	46,612
Short term investments	11	4,555,572	4,116,821
Cash and bank balances		510,120	1,109,055
		11,785,885	10,604,724
		<u>12,973,440</u>	<u>11,765,894</u>



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Note	Quarter ended March 31		Nine months ended March 31	
		2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
Sales - net		5,556,741	5,433,559	17,388,140	15,842,692
Cost of sales		4,559,731	4,375,216	14,400,284	12,915,134
Gross profit		997,010	1,058,343	2,987,856	2,927,558
Distribution and marketing expenses		134,078	190,079	431,201	500,173
Administrative expenses		88,763	58,672	235,035	189,393
		222,841	248,751	666,236	689,566
Operating profit		774,169	809,592	2,321,620	2,237,992
Other operating income		165,698	96,628	481,764	299,050
		939,867	906,220	2,803,384	2,537,042
Other operating expenses		73,546	62,345	200,970	174,547
Finance cost		1,278	2,665	8,357	7,378
		74,824	65,010	209,327	181,925
Profit before taxation		865,043	841,210	2,594,057	2,355,117
Taxation		246,574	267,453	786,859	745,639
Profit for the period		618,469	573,757	1,807,198	1,609,478
Earnings per share - basic and diluted (Rupees)		16.90	15.67	49.37	43.97

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 NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Quarter ended March 31		Nine months ended March 31	
	2011 (Rupees in thousand)	2010 (Rupees in thousand)	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Profit for the period	618,469	573,757	1,807,198	1,609,478
Other comprehensive income:				
Unrealized gain on revaluation of investments	3,438	4,233	9,621	5,516
Total other comprehensive income	3,438	4,233	9,621	5,516
Total comprehensive income for the period	621,907	577,990	1,816,819	1,614,994

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 NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Note	Nine months to March 31	
		2011 (Rupees in thousand)	2010
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	2,732,925	2,930,508
Interest and mark-up paid		(8,965)	(8,134)
Net increase in long term loans to employees		(545)	(1,287)
Income tax paid		(1,078,581)	(780,330)
Increase in long term security deposits		-	800
Net cash generated from operating activities		1,644,834	2,141,557
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(81,150)	(107,213)
Purchase of intangible assets		-	(248)
Purchase of short term investments		(7,716,984)	(6,500,000)
Proceeds from sale of short term investments		7,595,809	4,621,063
Proceeds from sale of property, plant and equipment		10,272	6,754
Proceeds from sale of investment property		17,200	-
Profit on bank deposits		16,744	23,503
Dividend received		71,068	31,174
Net cash used in investing activities		(87,041)	(1,924,967)
<b>Cash flows from financing activities</b>			
Dividend paid		(2,156,728)	(650,863)
Net cash used in financing activities		(2,156,728)	(650,863)
Net increase/(decrease) in cash and cash equivalents		(598,935)	(434,274)
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	510,120	561,099

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 NINE MONTHS ENDED MARCH 31, 2011 (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)	-	-
Interim dividend @ Rs. 20 per share	-	-	(878,530)	-	(878,530)
Profit for the nine months ended March 31, 2010	-	-	1,609,478	-	1,609,478
Other comprehensive income for the period	-	-	-	5,516	5,516
<b>Balance as on March 31, 2010</b>	292,844	2,467,776	731,710	29,290	3,521,620
Profit for three months ended June 30, 2010	-	-	675,020	-	675,020
Other comprehensive income / (expense) for the period	-	-	-	(4,233)	(4,233)
<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)	-	-
Interim dividend @ Rs. 32.5 per share	-	(1,098)	(1,188,578)	-	(1,189,676)
Profit for nine months ended March 31, 2011	-	-	1,807,198	-	1,807,198
Other comprehensive income for the period	-	-	-	9,621	9,621
<b>Balance as on March 31, 2011</b>	366,055	2,766,678	627,188	34,678	3,794,599

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 NINE MONTHS ENDED MARCH 31, 2011

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".
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. 1,165,000 thousand (June 30, 2010 : Rs 1,746,000 thousand).

	<b>March 31, 2011</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 83,451	65,088
	<u>495,210</u>	<u>470,706</u>
Less: Disposals during the period (at book value)	(10,405)	(7,248)
Depreciation charged during the period	(42,021)	(51,699)
	<u>(52,426)</u>	<u>(58,947)</u>
Closing book value	<u><u>442,784</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	29,816	17,047
- Tools and equipments	3,744	1,592
- Furniture, fixture and office equipment	1,485	4,194
- Vehicles	47,948	37,144
- Computers	459	2,513
	<u>83,451</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	-	2,301
	<u>153,175</u>	<u>155,476</u>

	March 31, 2011	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	34,678	25,057
	46,823	37,202
	<u>297,808</u>	<u>288,187</u>
<b>11. Short term investments</b>		
Financial assets at fair value through profit and loss - Mutual fund units	<u>4,555,572</u>	<u>4,116,821</u>
	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousand)</b>	
<b>12. Cash generated from operations</b>		
Profit before taxation	2,594,057	2,355,117
Adjustment for:		
- Depreciation on property, plant and equipment	42,021	37,709
- Amortization of intangibles	8,807	-
- Provision for accumulating compensated absences	2,000	2,000
- Deferred revenue amortised	(32,318)	(181,983)
- 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	(317,576)	(212,457)
- Profit on bank deposits	(16,745)	(18,379)
- Dividend	(71,068)	(31,174)
- Finance cost	8,357	7,378
- Working capital changes - note 12.1	528,759	972,297
	<u>2,732,925</u>	<u>2,930,508</u>

**Nine months ended  
March 31,  
2011                      2010  
(Rupees in thousand)**

**12.1 Working capital changes**

<b>(Increase)/decrease in current assets</b>		
- Stores and spares	(16,137)	17,648
- Stock-in-trade	(1,213,890)	(644,441)
- Trade debts	40,039	(12,681)
- Loan and advances	(106,805)	(525,104)
- Trade deposits and prepayments	165	(13,029)
- Other receivables	251,072	(202,634)
<b>Increase/(decrease) in current liabilities</b>		
- Trade and other payables	1,574,315	2,352,538
	<u>528,759</u>	<u>972,297</u>
	<u>528,759</u>	<u>972,297</u>

**12.2 Cash and cash equivalents**

Cash and bank balances	<u>510,120</u>	<u>561,099</u>
	<u>510,120</u>	<u>561,099</u>

**13. Transactions with related parties**

Purchases from related parties	3,290,239	1,750,960
Dividend income	71,068	19,154
Payable to related parties	189,409	157,003
Receivable from related party	245	262
Payments to funds:		
- Pension	7,434	7,324
- Gratuity	6,345	7,331
- Benevolent	207	168

#### 14. Events after balance sheet date

The Board of Directors have declared an interim dividend of Rs. nil (June 30, 2010: Rs. 35 per share) at their meeting held on April 25, 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).

#### 15. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 25, 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

	March 31, 2011 (Rupees in thousand)	June 30, 2010
<b>Note</b>		
<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	2,766,678	2,467,776
Unappropriated profit	1,070,884	1,747,571
Fair value reserve	21,341	11,720
Equity attributable to equity holders of the parent	4,224,958	4,519,911
Non-controlling interest	<u>59,550</u>	<u>46,683</u>
	4,284,508	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	751	33,069
Trade and other payables	9,143,415	7,513,070
Mark-up accrued on short term borrowings	1,476	1,909
	9,184,306	7,584,712
	<u>13,491,693</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 MARCH 31, 2011 (UN-AUDITED)**

	Note	March 31, 2011 (Rupees in thousand)	June 30, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	493,634	446,997
Capital work-in-progress	9	153,175	157,748
Intangible assets		20,550	29,357
Investment property		269,505	273,203
Long term investments	10	614,984	525,467
Long term loans - considered good		3,733	3,188
		1,555,581	1,435,960
<b>CURRENT ASSETS</b>			
Stores and spares		132,183	113,921
Stock-in-trade		3,757,427	2,520,520
Trade debts		456,127	483,605
Loans and advances		366,140	257,022
Trade deposits and prepayments		30,757	24,013
Other receivables		1,779,753	2,030,965
Taxation - net		342,400	43,412
Short term investments	11	4,555,572	4,116,821
Cash and bank balances		515,753	1,143,880
		11,936,112	10,734,159
		<u>13,491,693</u>	<u>12,170,119</u>



Sikandar Mustafa Khan  
Chairman



Laeeq Uddin Ansari  
Chief Executive

## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Quarter ended March 31		Nine months ended March 31	
	Note	2011 2010 (Rupees in thousand)	2011 2010 (Rupees in thousand)	2010
Sales - net		5,633,057	5,498,845	16,007,006
Cost of sales		4,608,751	4,419,406	13,017,526
Gross profit		1,024,306	1,079,439	2,989,480
Distribution and marketing expenses		138,070	193,883	442,500
Administrative expenses		94,578	63,111	251,541
		232,648	256,994	694,041
Operating profit		791,658	822,445	2,375,770
Other operating income		165,849	96,912	413,149
		957,507	919,357	2,788,919
Other operating expenses		74,714	63,314	204,582
Finance cost		1,614	2,740	9,302
		76,328	66,054	213,884
Share of profit and loss of associates		98,408	63,590	234,297
Profit before taxation		979,587	916,893	2,809,332
Taxation				2,505,758
Group		252,203	271,508	801,475
Associates		38,593	21,901	84,937
		290,796	293,409	886,412
Profit for the period		688,791	623,484	1,922,920
Attributable to:				
Equity holders of the parent		685,018	621,599	1,910,053
Non-controlling interest		3,773	1,885	12,867
		688,791	623,484	1,922,920
Earnings per share - basic and diluted (Rupees)		18.71	16.98	52.18
		46.18		

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 NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Quarter ended March 31		Nine months ended March 31	
	2011 (Rupees in thousand)	2010 (Rupees in thousand)	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Profit for the period	688,791	623,484	1,922,920	1,698,900
Other comprehensive income:				
Unrealized gain on revaluation of investments	3,438	4,233	9,621	5,516
Total other comprehensive income	3,438	4,233	9,621	5,516
Total comprehensive income for the period	<u>692,229</u>	<u>627,717</u>	<u>1,932,541</u>	<u>1,704,416</u>
Non-controlling interest	(3,773)	(1,885)	(12,867)	(8,339)
Equity holders of the parent	<u>688,456</u>	<u>625,832</u>	<u>1,919,674</u>	<u>1,696,077</u>

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 NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Note	Nine months to March 31	
		2011 (Rupees in thousand)	2010
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	2,738,662	2,949,917
Interest and mark-up paid		(9,735)	(8,872)
Net increase in long term loans to employees		(545)	(1,287)
Income tax paid		(1,096,397)	(786,555)
Increase in long term security deposits		-	799
Net cash generated from operating activities		1,631,985	2,154,002
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(98,082)	(110,611)
Purchase of intangible assets		-	(248)
Purchase of short term investments		(7,716,984)	(6,515,000)
Proceeds from sale of short term investments		7,595,809	4,621,063
Proceeds from sale of property, plant and equipment		10,859	6,754
Proceeds from sale of investment property		17,200	-
Profit on bank deposits		16,745	23,503
Dividend income		71,068	31,174
Net cash used in investing activities		(103,385)	(1,943,365)
<b>Cash flows from financing activities</b>			
Dividend paid		(2,156,727)	(650,863)
Net cash used in financing activities		(2,156,727)	(650,863)
Net decrease in cash and cash equivalents		(628,127)	(440,226)
Cash and cash equivalents at the beginning of the period		1,143,880	1,010,689
<b>Cash and cash equivalents at the end of the period</b>	12.2	<u>515,753</u>	<u>570,463</u>

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 NINE MONTHS ENDED MARCH 31, 2011 (UN-AUDITED)

	Share capital	Revenue Reserves			Total	Non-controlling interest	Total equity
		General reserves	Unappropriated profit	Fair value reserve			
(Rupees in thousand)							
<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)	-	-	-	-
Interim dividend @ Rs. 30 per share	-	-	(878,530)	-	(878,530)	-	(878,530)
Profit for the nine months ended March 31, 2010	-	-	1,690,561	-	1,690,561	8,339	1,698,900
Other comprehensive income for the period	-	-	-	5,516	5,516	-	5,516
<b>Balance as on March 31, 2010</b>	292,844	2,467,776	983,195	15,953	3,759,768	39,377	3,799,145
Profit for the three months ended June 30, 2010	-	-	764,376	-	764,376	7,306	771,682
Other comprehensive income for the period	-	-	-	(4,233)	(4,233)	-	(4,233)
<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)	-	-	-	-
Interim dividend @ Rs. 32.5 per share	-	(1,098)	(1,188,578)	-	(1,189,676)	-	(1,189,676)
Profit for the nine months ended March 31, 2011	-	-	1,910,053	-	1,910,053	12,867	1,922,920
Other comprehensive income for the period	-	-	-	9,621	9,621	-	9,621
<b>Balance as on March 31, 2011</b>	366,055	2,766,678	1,070,884	21,341	4,224,958	59,550	4,284,508

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 NINE MONTHS ENDED MARCH 31, 2011

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. 1,166,067 thousand (June 30, 2010: Rs 1,755,638 thousand)

	<b>March 31, 2011</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 8.1 102,655	70,659
	<u>549,652</u>	<u>509,868</u>
Less: Disposals during the period (at book value)	(10,992)	(7,248)
Depreciation charged during the period	(45,025)	(55,623)
	<u>(56,017)</u>	<u>(62,871)</u>
Closing book value	<u>493,635</u>	<u>446,997</u>
<b>8.1 Additions during the period</b>		
- Building on freehold land	7,671	2,599
- Plant and machinery	36,168	18,638
- Tools and equipments	4,613	2,672
- Furniture, fixture and office equipment	1,817	4,844
- Vehicles	51,806	39,105
- Computers	580	2,801
	<u>102,655</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	-	4,573
	<u>153,175</u>	<u>157,748</u>

	<b>March 31, 2011</b>	<b>June 30, 2010</b>
	<b>(Rupees in thousand)</b>	
<b>10. Long term investments - Equities</b>		
<b>Related parties</b>		
- Associates -quoted	237,228	211,533
- Associates-unquoted	330,934	276,733
	568,162	488,266
<b>Others</b>		
<b>Available for sale - quoted</b>		
Cost	25,481	25,481
Surplus on revaluation of investment	21,341	11,720
	46,822	37,201
	614,984	525,467
<b>11. Short term investments</b>		
Financial assets at fair value through profit and loss - Mutual fund units	4,555,572	4,116,821
	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousand)</b>	
<b>12. Cash generated from operations</b>		
Profit before taxation	2,809,332	2,505,758
Adjustment for:		
- Depreciation on property, plant and equipment	45,025	40,649
- Amortization of intangibles	8,807	-
- Provision for accumulating compensated absences	2,000	2,000
- Deferred revenue amortization	(32,318)	(181,983)
- 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	(317,576)	(212,457)
- Profit on bank deposits	(16,745)	(18,379)
- Dividend income	(1,603)	(1,924)
- Finance cost	9,302	7,739
- Share of profit of associates	(234,297)	(141,975)
- Working capital changes - note 12.1	480,104	950,489
	2,738,662	2,949,917



**Nine months ended**  
**March 31,**  
**2011                      2010**  
**(Rupees in thousand)**

**12.1 Working capital changes**

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

- Stores and spares	(18,262)	16,163
- Stock-in-trade	(1,236,907)	(646,920)
- Trade debts	27,478	(17,912)
- Loan and advances	(109,118)	(529,414)
- Trade deposits and prepayments	(6,744)	(12,870)
- Other receivables	251,212	(204,557)

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

- Trade and other payables	1,572,445	2,345,999
	<u>480,104</u>	<u>950,489</u>

**12.2 Cash and cash equivalents**

Cash and bank balances	<u>515,753</u>	<u>570,463</u>
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**13. Transactions with related parties**

Purchases from associated undertakings	3,186,256	1,443,754
Dividend income	69,465	29,250
Payable to related parties	178,633	255,833
Receivable from related party	245	3,660
Payments to fund:		
- Pension	7,434	7,356
- Gratuity	6,345	7,843
- Benevolent	207	209

#### 14. Events after balance sheet date

Interim dividend declared by the MTL after the balance sheet date Rs.nil per share ( June 30, 2010: Rs. 35 per share ) at their meeting held on April 25, 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 ).

#### 15. Date of authorisation for issue

This consolidated condensed interim financial information was authorised for issue on April 25, 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