MILLAT TRACTORS LIMITED

REGISTERED OFFICE
Sheikhupura Road, Shahdara, Lahore - Pakistan
Phone: +92 42 37911021-25 UAN: 111 200 786

Annual Report 2011

MILLAT TRACTORS LIMITED

I am Inspired

Designed by Black Box Concepts

Produced & Printed at NISARARTPRESS (PVT) LIMITED

I am Inspired

MILLAT TRACTORS LIMITED

ANNUAL REPORT 2011



i am

INSPIRED

Our perseverance over the last ten years has propelled us to this unique pedestal, that as individuals and as an organization, we are achieving self actualization. Looking back on this ride, I say with pride that I have been inspired, and I continue to be inspired.

I am inspired first and foremost by the dream, that sought to integrate the nation's largest bread winner, and develop linkages with communities across the agrarian heartland.

I am inspired by the dedication and hard work of all crucial elements in our long chain, from the farmer and the communities to industry and commerce professionals, who have grown with us through this journey of inspiration. These glorious years celebrate the inspiration that deepened the impact of MTL on the lives of people of Pakistan. I am proud that our achievements have been recognized in domestic as well as international circles, bringing prestige to us and the beloved country.

Together with our workers and partners, we have enabled a whole new community that thrives on inspiration. We are happy to become the example that inspiration stimulates innovation and initiative, the bedrock of societal transformation and evolution.

MILLAT TRACTORS LIMITED

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of annual report

VISION

"Millat to be a global group of companies, recognized for a range of quality products with innovative design capabilities".

MISSION

"To be market leader in agricultural tractors and machinery, building company's image through innovation and competitiveness, grow by expanding market and investing into group companies, ensuring satisfaction to customer and stakeholders and to fulfill social obligations".

CORPORATE
information

BOARD OF DIRECTORS

Chairman
MR. SIKANDAR MUSTAFA KHAN

Chief Executive
MR. LAEEQ UDDIN ANSARI

MR. LATIF KHALID HASHMI
MR. SOHAIL BASHIR RANA
MIAN MUHAMMAD SALEEM
RANA MUHAMMAD SIDDIQUE
MR. MANZOOR AHMED (NIT NOMINEE)
MR. S. M. TANVEER (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
TEL: 042-37235081-82
FAX: 042-37358817
shares@hmaconsultants.com

Bankers
BANK ALFALAH LTD.
BARCLAYS BANK PLC.
FAYSAL BANK LTD. (FORMERLY RBS)
HABIB BANK LTD.
MCB BANK LTD.
MEEZAN BANK LTD.
STANDARD CHARTERED BANK
UNITED BANK LTD.

Registered Office and Plant
SHEIKHUPURA ROAD, DISTT. SHEIKHUPURA
TEL: 042-37911021-25
UAN: 111-200-786
FAX: 042-37924166. 37925835
WEBSITE: www.millat.com.pk
E-MAIL: info@millat.com.pk
corporate@millatgroup.net

REGIONAL OFFICES

Karachi
3-A, FAIYAZ CENTRE, SINDHI MUSLIM
CO-OPERATIVE HOUSING SOCIETY
TEL: 021-34553752
UAN: 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
UAN: 111-200-786
FAX: 051-2270693

Sukkur
A-3, PROFESSOR HOUSING SOCIETY,
SHIKARPUR ROAD
TEL: 071-5633042
FAX: 071-5633187

board of directors
COMMITTEE

AUDIT COMMITTEE	
Mr. Latif Khalid Hashmi	CHAIRMAN
Mr. Sohail Bashir Rana	MEMBER
Mian Muhammad Saleem	MEMBER
Mr. S. M. Tanveer	MEMBER
Mr. Manzoor Ahmed	MEMBER

The Board has constituted a fully functional Audit Committee. Two members of the Audit Committee are non-executive directors. The salient features of the terms of reference of the committee are:

To make recommendations to the Board on the appointment of external auditors, the audit fee, any question of resignation or removal and provision of any service by the external auditors in addition to audit.

To determine the measures to safeguard the assets of the Company.

To review, before submission to the Board, quarterly, half yearly and annual financial statements and related announcements to be issued by the Company. This renders focusing on significant items like material adjustments resulting from audit, going concern assumption, major judgmental areas, changes in accounting policies and practices and compliance of accounting standard, listing regulations and statutory requirements.

To facilitate the external audit, ensure co-ordination between external and internal auditors and discuss observations raised by the external auditors and management letter issued by them alongwith response of management.

To review scope and extent of internal audit and shall ensure that internal audit is adequately resourced and appropriately placed within the Company.

To consider major findings of internal investigations and management's response.

To ascertain that financial and operating controls and accounting reporting systems are adequate and effective.

To review the statement on internal control system before endorsement by the Board.

To determine the compliance of applicable statutory requirements and shall also monitor compliance of Code of Corporate Governance to identify the significant violations.

To institute special projects, other reviews and tasks as the Board shall delegate to it, from time to time, by consulting CEO and referring external auditors and other external bodies.

MANAGEMENT
committees & their terms of reference

BOARD COMMITTEE FOR GROUP SUPERVISION

Mr. Sikandar Mustafa Khan	Chairman
Mr. Latif Khalid Hashmi	Member
Mr. Sohail Bashir Rana	Member
Mr. Laeeq Uddin Ansari	Member
Mian Muhammad Saleem	Member

The Board Committee for Group Supervision is responsible for reviewing over all business performance, major projects including new investment of group companies.

BUSINESS DEVELOPMENT & REVIEW COMMITTEE

Chief Executive	Chairman
Director Technical	Member
CFO	Member
G.M Production	Member
G.M Marketing	Member

The Business Development Committee is responsible for preparing a plan for the future growth, expansion and new projects of the Company and shall forward its recommendations to the Board Committee for group supervision.

BUSINESS STRATEGY COMMITTEE

Mr. Laeeq Uddin Ansari	Chairman
Mr. Javed Munir	Member
Mr. Shahid Shahbaz Toor	Member
Mr. Ahsan Imran	Member
Mr. Muhammad Akram	Member

The Business Strategy Committee is responsible for preparing the strategic plan and execution, implementation of the decisions of Board Committee for group supervision.

MANAGEMENT CO-ORDINATION COMMITTEE

Chief Executive	Chairman
All Department Heads	Member
CFO	Member

The Management Co-ordination Committee plays an active participative role in all operational and functional activities of the business to achieve targets and formulates strategies to ensure greater depth in decision making on important issues.

SYSTEMS & TECHNOLOGY COMMITTEE

Mr. Farogh Iqbal	Chairman
Mr. Javed Munir	Member
Mr. Ahsan Imran	Member

The Systems and Technology Committee is responsible for developing and implementing an IT strategy for the Company. The Committee oversees the automation of processes and systems in line with latest technology. The Committee is also responsible for development of contingency and disaster recovery plan.

SAFETY COMMITTEE

Mr. Nasim A. Sindhu	Chairman
Mr. Khurram Anwar	Member
Mr. Muhammad Akbar	Member
Mr. Jaffar Hussain Naqvi	Member

The Safety Committee reviews and monitors Company safety practices. It oversees the safety planning function of the Company and is responsible for the safety training and awareness initiatives.

HUMAN RESOURCE COMMITTEE

Mr. Laeeq Uddin Ansari	Chairman
Mr. Nasim A. Sindhu	Member
Mr. Ghulam Jaffar Shah	Member

The Human Resource Committee is primarily responsible for making recommendations to the management inter-alia for maintaining a sound organizational plan of the Company and effective employee's development. It is also involved in recommending to the management, Company staff succession plan and promotions etc.

RISK MANAGEMENT COMMITTEE

Mr. Javed Munir	Chairman
Mr. Muhammad Akram	Member
Mr. Ahsan Imran	Member

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The committee is also responsible for formulating a risk management response to effectively address and manage risks.

REMUNERATION COMMITTEE

Mr. Laeeq Uddin Ansari	Chairman
Mr. Nasim A. Sindhu	Member
Mr. Javed Munir	Member

The Remuneration Committee is responsible for reviewing the performance and remuneration of executives based on the recommendation of the Head of Department. The Committee also facilitates increase in salary/benefits of workers through CBA negotiation committee.

BUDGET COMMITTEE

Mr. Javed Munir	Chairman
Mr. Shahid Shahbaz Toor	Member
Mr. Ahsan Imran	Member
Mr. Muhammad Akram	Member

The Budget Committee reviews and approves the budget proposals prior to being presented for the approval of the Board. The Committee also monitors utilization of the approved budget.

ENVIRONMENTAL COMMITTEE

Mr. Shahid Shahbaz Toor	Chairman
Mr .Nasim A. Sindhu	Member
Major (R) Waqar	Member

The Environmental Committee is responsible to ensure environment friendly operations, products and services. It establishes objectives & targets for continual improvement in resource conservation by waste control and safe operating practices. It promotes environmental awareness to all employees and community.

board of DIRECTORS

Sitting (left to right)

LATIF KHALID HASHMI
Senior Exective Director / Chairman Audit Committee

SIKANDAR MUSTAFA KHAN
Chairman

LAEEQ UDDIN ANSARI
Chief Executive

Standing (left to right)

SOHAIL BASHIR RANA
Senior Exective Director

S. M. TANVEER
Director (MCB Nominee)

MIAN MUHAMMAD SALEEM
Exective Director / Company Secretary

MANZOOR AHMED
Director (NIT Nominee)

JAVED MUNIR
Chief Financial Officer

RANA MUHAMMAD SIDDIQUE
Director

organization STRUCTURE

SIKANDAR MUSTAFA KHAN
Chairman

LATIF KHALID HASHMI
Senior Exective Director / Chairman Audit Committee

SOHAIL BASHIR RANA
Senior Exective Director

MIAN MUHAMMAD SALEEM
Exective Director / Company Secretary

LAEEQ UDDIN ANSARI
Chief Executive

SHAHID SHAHBAZ TOOR
Director Technical

MUHAMMAD AKRAM
GM (Marketing)

FAROGH IQBAL AHMED
GM (IT)

JAVED MUNIR
GM (Finance / CFO)

AHSAN IMRAN
GM (Production)

M. ATHAR ZUBAIR
GM (Technical)

AKBER SHEIKH
DGM (Service)

AZHAR NOOR
DGM (HOM)

QASIM SAEED
DGM (IPD)

NASIM A. SINDU
DGM (A&P)

M. ASHFAQ FAROOQI
DGM (QC)

MANSOOR A. ABBASI
DGM (Manufacturing)

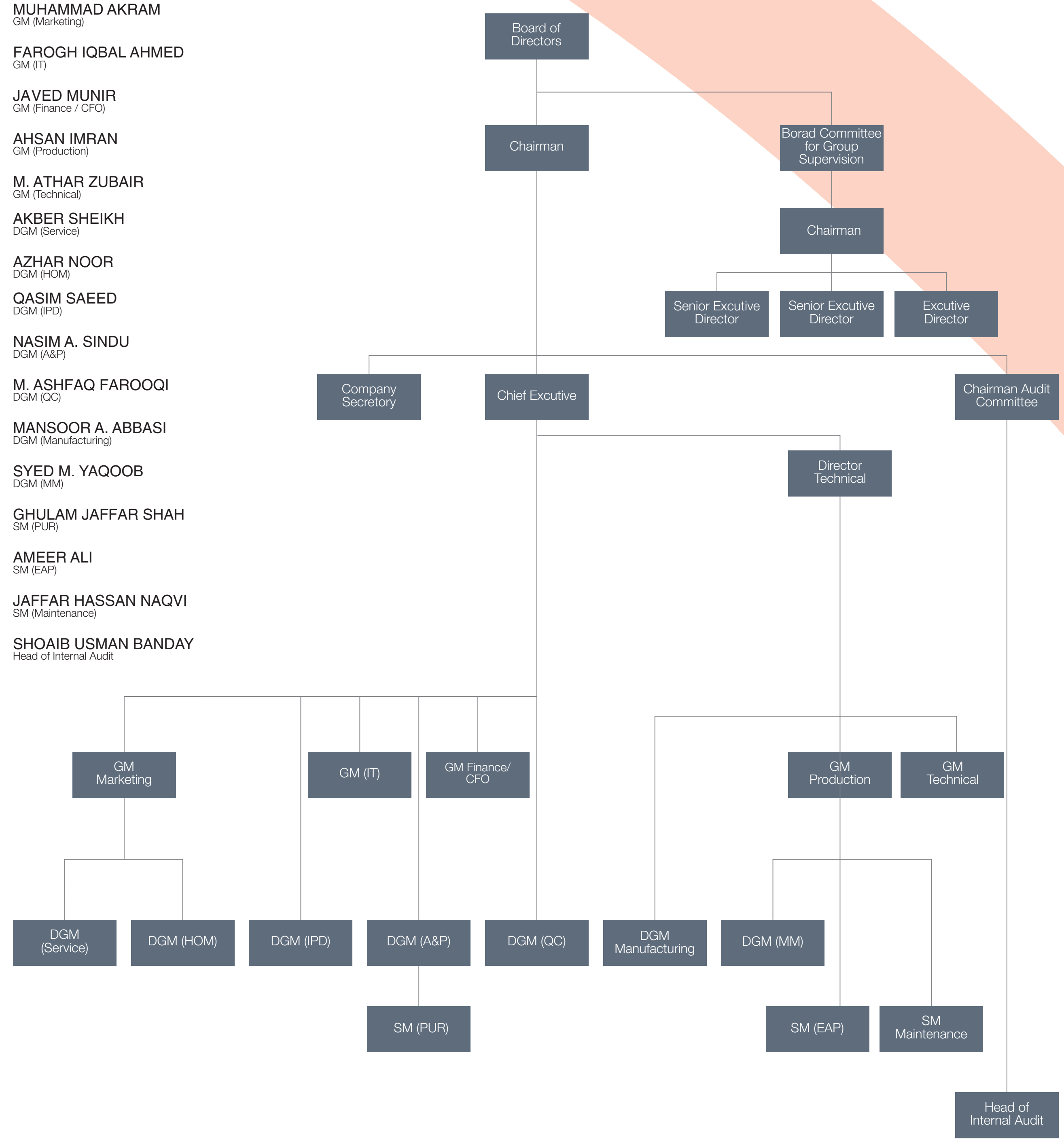
SYED M. YAQOOB
DGM (MM)

GHULAM JAFFAR SHAH
SM (PUR)

AMEER ALI
SM (EAP)

JAFFAR HASSAN NAQVI
SM (Maintenance)

SHOAIB USMAN BANDAY
Head of Internal Audit



objectives & strategic

PLANNING

OBJECTIVES

Constantly endeavour to be market leader in terms of market share and technology pace-setters in areas of operations and to continuously improve efficiency and competitive strength. To offer customers quality products and support services at competitive prices and to their satisfaction.

By continuously improving performance, aim to generate earnings sufficient to ensure a secure future for the Company and to protect and increase shareholders' return. To enhance creativity and job satisfaction, provide employees opportunity for personal development. Be an integral part of national economy with a strong sense of responsibility to society and the environment.

STRATEGIC PLANNING

To make optimum use of ancillary industry in Pakistan to maximize indigenization of tractor parts and farm equipment. To create in-house plant facilities for manufacture of components for tractors and other agricultural machinery which cannot be fabricated by the ancillary industry, where investments required are heavy or where technology involved is intricate.

MTL will maintain a strong R&D Department to provide technical assistance to local manufacturers and for product development. Ensure customer satisfaction by providing quality products at competitive prices with warranty coverage and ensuring after sale service.

statement of ethics & business

PRACTICES

The Company's Ethics and Business Practices conform to the MTL Group Vision and the Company's Mission Statement.

THE PURPOSE AND VALUES OF BUSINESS

Manufacturers of farm equipment and other Engineering Goods that conform to the Specified Standards to enhance Farm Mechanization for achieving self sufficiency in agricultural products, saving of foreign exchange and developing technical and engineering capabilities in the country.

EMPLOYEES

Recruitment of personnel on merit offering training and career development, equal opportunities of growth, no discrimination or harassment and reward for achievements. Improved working conditions, ensuring safety, security and health. Terminal benefits as per policy on retirement or redundancy. Employees shall not use Company information and assets for their personal advantage. Conflict of interest shall be avoided and disclosed where it exists and guidance sought.

CUSTOMER RELATION

Ensure customer satisfaction by providing quality products at competitive prices with warranty coverage and ensuring after sale service.

SHAREHOLDERS, FINANCIAL INSTITUTIONS & CREDITORS

Protection of investment made in the Company and proper return on money lent/invested. A commitment to accurate and timely communication on achievements and prospects.

SUPPLIERS

Prompt settling of bills. Co-operation to achieve quality and efficiency. No bribery or excess hospitality accepted or given.

SOCIETY/COMMUNITY

Compliance with the spirit of laws. Timely payment of all Government taxes and dues. Eliminate the release of substance that may cause environmental damage. Financial assistance for promoting education and social activities including games and donations/charity to deserving.

GENERAL

The Company shall neither support any political party nor contribute funds to groups or associations whose activities promote political interest. The Company shall promote its legitimate business interest through trade associations.

IMPLEMENTATION

Company Board to ensure implementation of these codes, regular monitoring, review for modification /amendment where necessary.

core VALUES

- Our Customers are our first priority.
- Profitability for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed.
- Corporate Social Responsibilities to Enrich the Lives of community where we operate.
- Recognition and Reward for the talented and high performing employees.
- Excellence in every thing we do.
- Integrity in all our dealings.
- Respect for our customers and each other.

safety, health & environment POLICY

SAFETY POLICY

All the employees have been provided safety equipment during performance of their duties.

An upgraded fire fighting system has been installed to cope with any mishap.

All the machinery has been fenced properly to avoid any type of accident causing injury to the employees as well as to the machinery.

Special arrangements have been made for the availability of filtered drinking water for the employees.

All the employees are insured under Group Life Insurance Scheme.

HEALTH POLICY

All the employees are got medically checked periodically through the Company's panel Hospitals to diagnose diseases if any. In case some one is found suffering from some disease, the Company provides him medical treatment at its own expenses or through insurance company.

ENVIRONMENT POLICY

The Company has a separate horticulture department to make the environment pleasant, green and full of flowers. The Company also participates in various competitions on horticulture arranged by Government and other Institutions.

notice of

MEETING

Notice is hereby given that 48th Annual General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhupura Road, Shahdara, Lahore, on Thursday, September 29, 2011 at 4:00 P.M to transact the following business:

A. ORDINARY BUSINESS

1. To confirm minutes of the 47th Annual General Meeting held on October 15, 2010.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2011 together with the Directors' and Auditors' Reports thereon.

3. To approve final cash dividend of Rs. 15.00 per share i.e. 150% in addition to the interim dividend of Rs. 32.50 per share i.e. 325% already paid making a total cash dividend of Rs. 47.50 per share i.e. 475%.

4. To appoint auditors and fix their remuneration for the year ending June 30, 2012.

B. SPECIAL BUSINESS

1. To consider, adopt with or without modification the following Special Resolution for sale of 2,000 shares of M/s. Agrimall (Pvt.) Limited:

"Resolved that sale of 2,000 shares of M/s. Agrimall (Private) Limited at a price of Rs.10/- per share be and is hereby approved."

C. ANY OTHER BUSINESS

To transact any other business with the permission of the Chair.

By order of the Board

Mian Muhammad Saleem
Company Secretary

Lahore:
September 07, 2011

NOTES

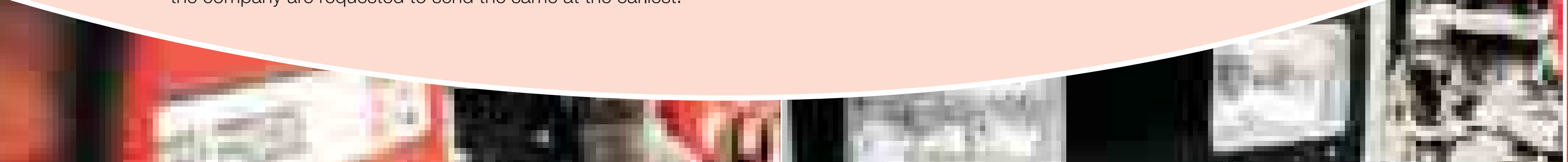
1. The share transfer books of the Company will remain closed from September 20, 2011 to September 29, 2011 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the Register of Members as at the close of business on September 19, 2011 will qualify for the payment of cash dividend.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. Shareholders are requested to notify the change of address, if any, immediately.

4. CDC shareholders or their proxies are requested to bring with them copies of their Computerized National Identity Card or Passport along with the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

5. Members who have not yet submitted photocopy of their computerized National identity Card (CNIC) to the company are requested to send the same at the earliest.



statement u/s 160(1) (b) of the

COMPANIES ORDINANCE, 1984

1. DISPOSAL OF INVESTMENT IN AGRIMALL (PRIVATE) LIMITED

Millat Tractors Limited had entered in to a joint venture agreement with Mr. Afaq Tiwana (the Sponsor) along with M/s. Engro Chemical Pakistan Limited, M/s. Pakistan State Oil Company Limited and M/s. Ali Akbar Group to incorporate a private limited company in the name and style of Agrimall (Private) Limited (incorporated in March, 2003). The main objective of the Company was monitoring of sale of products primarily used in Agri sector and manufactured/supplied by the aforesaid joint venture partners to the Agrimall franchise holders under one roof. In the process, Millat Tractors acquired 2,000 shares of M/s. Agrimall (Private) Limited @ Rs.10 per share i.e., Rs.20,000/-. As per terms of the agreement, one director represented Millat Tractors on the Board of Agrimall.

Since its incorporation, the company's performance has not been up to the expectations of Millat. As per last available audited accounts of Agrimall for the year ended June 30, 2008 it had an accumulated loss of Rs.20.580 million and the company's external auditors in their audit report remarked as under. "Without qualifying our opinion, we draw attention to Note 1.2 to the financial statements that indicates that the Company has accumulated losses of Rs. 20.58 million as at June 30, 2008 that indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern."

"Note 1.2 of the accounts of Agrimall (Private) Limited for the year ended June 30, 2008 is reproduced as hereunder."

"The Company has accumulated losses of Rs. 20.58 million (2007: Rs. 20.567 million) as at the balance sheet date and has incurred net loss during the year. The Company is currently negotiating additional equity injections with an external investor to improve its liquidity position and to expand the existing franchisees' network. Keeping this in view, the management considers the going concern assumption valid in the preparation of these financial statements. Resultantly, no adjustment relating to the recoverability of recorded assets and liabilities, if any, has been incorporated in these financial statements."

The Board had already approved disposal of these shares in its 130th meeting held on January 27, 2011.

The Directors of the Company, directly or indirectly are not interested in the resolution.

financial HIGHLIGHTS

		2011	2010
Sales	Rs. in Million	24,863	22,200
Profit After Tax	Rs. in Million	2,671	2,284
Number of Outstanding Shares	(000's)	36,606	29,284
Earnings per Share - Basic and Diluted	Rs.	72.96	62.41
Dividend	Rs./Share	47.50	65.00
Capital Work in progress	Rs. in Million	155	155
Long Term Investments	Rs. in Million	292	288
Total Assets	Rs. in Million	8,585	11,766
Shareholders Equity	Rs. in Million	4,652	4,192
Return on Capital Employed	Percentage	57.76	54.82
Current Ratio		1.91 : 1	1.4 : 1
Debit: Equity Ratio		0 : 100	0 : 100
Market Capitalization (Year End)	Rs. in Million	22,026	14,066
Market Capitalization (Year End)	US$ in Million	256	164
Price to Earnings Ratio	Percentage	8.25	7.70
Net Assets per Share	Rs.	127.09	143.16

CHAIRMAN'S REVIEW

fellow
STAKEHOLDERS

The past year was particularly challenging for the company, having to deal not only with exogenous factors like the aftermath of the lingering international downturn but also chronic stagflation in the domestic economy. Yet I am pleased to appreciate remarkable progress made by the company, primarily because we were ahead of the curve in anticipating the strength, severity and length of the credit crunch, and proactively positioned ourselves accordingly.

This has been possible due to the commitment and dedication of our management and continued patronage of our business partners. Holding on to our core strategy turned out to be the ideal way to weather this storm, guiding us successfully and increasing production, sales and profits.

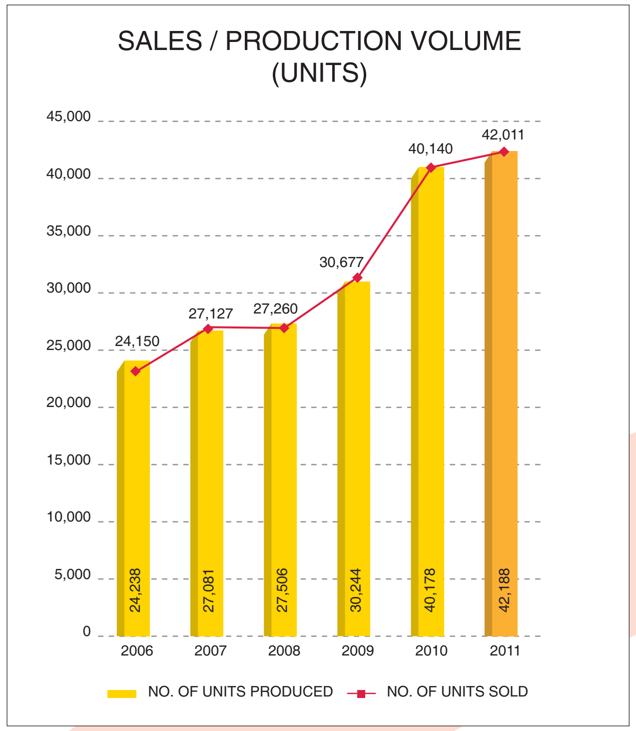
GLOBAL RECESSION

The global credit crunch, more commonly known now as The Great Recession, sparked off in the United States in the second half of 2007. Surprisingly for a downturn of such magnitude, few alarm bells went off just prior to markets plunged.

Once the downturn came, it spread with amazing agility throughout the industrialized world, causing pronounced deceleration of economic activity. More strikingly, it quickly dried international credit markets crippling businesses and lending across the western hemisphere. Then came the layoffs, in the millions, particularly in Europe and North America.

The financial crisis has been linked to the irresponsible lending practices by financial institutions. The situation was made considerably worse by speculative bursts that triggered high food and fuel inflation. Also, this being the first recession of such intensity in an era when international linkages are historicaly strongest, international trade has been significantly compromised.

In the present era, no economy is immune from international shocks, especially when large amounts of hot money stand to be unleashed whenever a powerful edifice crumbles. Lately, Asia's emerging economies have attracted these hot money flow like a magnet. Sadly, Pakistan's profile has not merited much international attention since it falls further into stagflation while much of Asia has been leading the international bottoming out.



PAKISTAN'S ECONOMIC OVERVIEW

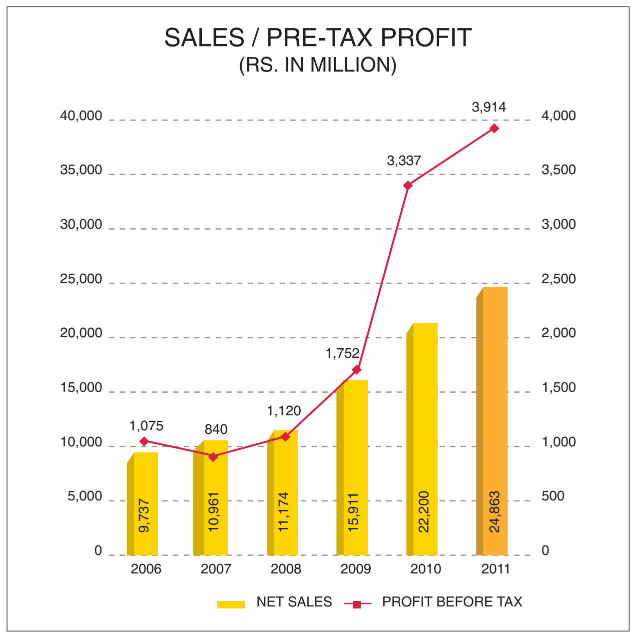
The GDP growth rate for Pakistan for the financial year 2010-11 was projected at 4.1 per cent, higher than the targeted growth rate of 3.3 per cent. The economic survey reaffirmed that a slight revival in large-scale manufacturing sector of 4.4 per cent pushed up industrial growth to 4.9 per cent. Robust growth in services sector of 4.6 per cent also played a contributory factor. Despite economic recession the construction sector registered a high growth rate of 15 percent. The figures show how credibly Pakistan sidestepped the international crosscurrents. Yet due to structural problems in the local environment, Foreign direct investment (FDI), during July-March, 2010 declined steeply by 58 per cent, contributing to the decline in fixed investment in 2010-11.

Therefore, the path to growth recovery is still perilous. Our present security situation has ruled out meaningful foreign investment. If that was not bad enough, the government's continued debt monetization has crowded out private sector investment, diluting the effect of the high interest rate regime, creating an environment when even indigenous investment initiatives are discouraged, while people are left grappling with high unemployment and inflation. Hence established businesses also bear the responsibility of rejuvenating the growth momentum.

company's business REVIEW

The year 2010-2011 was another remarkable year for Millat Tractors Limited as it set new records by delivering 42,011 tractors registering a commendable increase of 4.5% in the sale of tractors. This had been possible due to the efforts and hard work of employees, vendors and dealers resulting in an increment of 4.7 per cent. Millat had been able to maintain its leadership by selling 42,011 tractors out of the total industry sale of 69,277 tractors.

Millat Tractors Limited had also played a positive role in strengthening the economy of Pakistan by saving foreign exchange worth Rs. 32,907 million against Rs. 28,713 million of previous year.



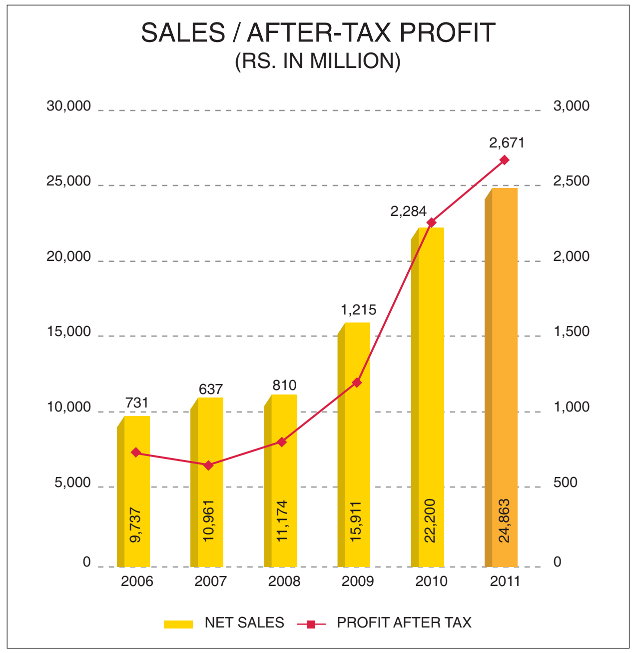
financial PERFORMANCE

The financial performance of the company this year surpassed the estimates as Millat Tractors had sales of Rs 24.9 billion for the year 2010-11 as compared to Rs22.2 billion for the year 2009-10, thus an increase of 12.2 per cent in sales revenue over last year.

Gross profit ratio was maintained despite higher costs of material, labor and overheads. The pre-tax profit was Rs. 3,914 million against Rs. 3,336 million of last year, reflecting an increase of 17.33 per cent. The after tax profit also increased by 16.94 per cent from Rs. 2,284 million of previous year to Rs. 2,671 million this year.

Administrative expensive, including the general and selling, increased to Rs. 847 million from Rs. 839 million of last year due to inflation and increase in sales volumes.

Other income increased to Rs. 680 million from Rs. 451 million of last year due to better utilization of financial resources.

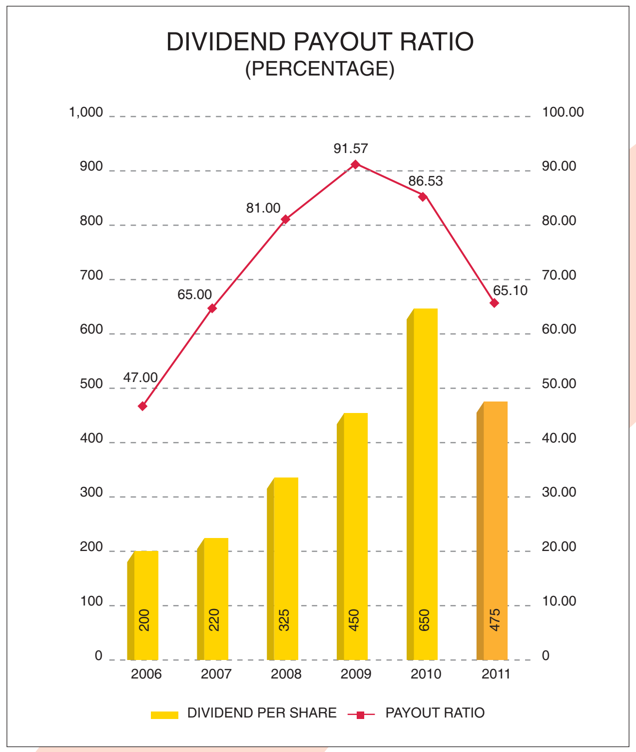


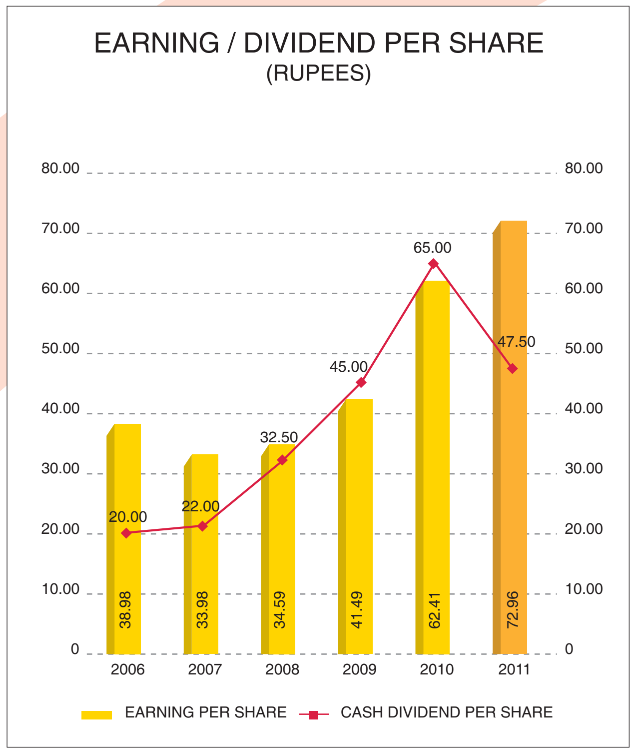
DIVIDEND

The company's philosophy revolves around sharing the success with all stakeholders enabling it to continue providing handsome return to the shareholders over a longer period of time. This work ethic has gone a long way in not only sustaining the company through the general downturn, but also getting it to thrive.

Following this gesture, the Board of Directors recommended a final cash dividend of Rs. 15.00 per share i.e. 150 percent in addition to Rs. 32.50 per share i.e. 325per cent interim cash dividend already paid thus making a total of Rs. 47.50 per share i.e. 475 percent.

The dividend recommended are subject to approval by the shareholders in the forthcoming Annual General Meeting.





CASH FLOW
management

Cash Flow Management System of the Company is highly efficient and cash inflows and outflows is sought out regularly. Working Capital requirements have been planned to be financed through internal cash generations.

marketing
OPERATIONS

The year 2010-11 was a challenging year for MTL. The country faced unprecedented impact of the devastating floods, which affected 10 per cent of the total agriculture area and negatively impacted the paddy and cotton crop. Increased inflation, poor law and order situation, tough financial measures by the government in shape of 17 per cent GST on Farm inputs and tractors imposed in March 15, 2011 were other impediments in the growth of tractor industry. The levy of GST on inputs increased cost of production by 25-30 per cent, thus decreasing the buying power of farmers. The crop rates did not increase vis-a-vis increase in cost of production. In fact, farmers had to sell their wheat crop at a lesser price than the support price announced by the Government. It was even less than the price they received in 2010.

During 2010-11, the traditional credit line for tractors provided by ZTBL (Zarai Tarakkiati Bank Ltd) was not made available, which resulted in decreased demand of tractors.

In view of the financial constraints faced by the Federal and Provincial Governments, Benazir Tractor Scheme and Green Tractor Scheme were not re-launched during 2010-11. Sindh Government, however, provided Sindh Tractor Subsidy Scheme of 4,000 units to the farmers.

PERFORMANCE IN UNCERTAIN TIMES

In the wake of the above, the tractor industry managed a booking of 51,839 tractors in 2010-11 as against 74,000 tractors booked in 2009-10, a drop of 30 per cent over last year.

Tractor industry delivery position was relatively better as 69,277 tractors were delivered in 2010-11 as against 71,281 in 2009-10 reflecting a 3per cent drop over last year.

The performance of our company despite the above mentioned tribulations ended on a highly satisfactory note. The company delivered 42,011 units in 2010-11 with a market share of 60 percent as against 40,140 tractors and market share of 56 percent in 2009-10. The credit goes both to the company for timely provision of a wide range of quality tractors and to dealerships for their efforts in respective areas.

The performance of the company in Sindh Tractor Scheme (STS) of 2010-11 was encouraging. The company improved its share by 7 percent securing an order bank of 39per cent as against 32per cent achieved under the same scheme of 2009-10.

In order to propagate the company's image, a new branding/color scheme was introduced for dealerships. Almost all the dealerships have completed the color scheme thus reinforcing the brand image of the company.

Marketing looks at 2011-12 as a tough year. The industry sales are expected to be around 60,000 units in 2011-12 vis-a-vis 70,000 units of 2010-11. To maximize its share the company is minutely focusing on the needs of all customer segments.

ADAPTATION NOVELTY

In order to support the farmers in mechanization and technology up-gradation, the company has been working closely with the livestock/dairy farms and is offering appropriate low cost, technically adoptable solution in shape of multi crop fodder harvesting equipment. Initially, built-up machines are being imported which will be progressively indigenised to reduce price.

INDUSTRIAL PRODUCTS: INNOVATION AND DIVERSIFICATION

In order to compete with established and renowned genset importers in the country, we have expanded our production range of gensets. This has provided us with the opportunity of maximum tenders participation. Millat gensets are now making their presence known in Industrial, banking and government sectors, with improved cosmetics and outlook.

Using our innovating skills to diversify the business of genset production, we have introduced for the first time in the country the manufacturing of Clip on gensets for refrigerated 40 ft long vehicles. The logistics companies have received this product well.

Forklift Trucks sale has also improved significantly compared to last year. The overall increase in sale registered in 2010-2011 is Rs. 393 million, an increase of 6 per cent compared to last year.

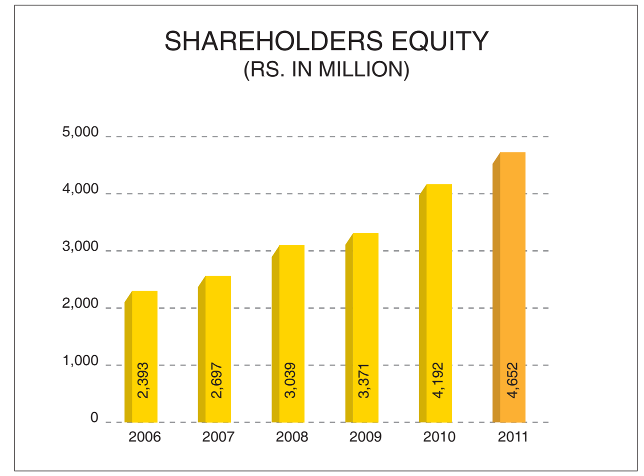
COURTING THE CUSTOMER

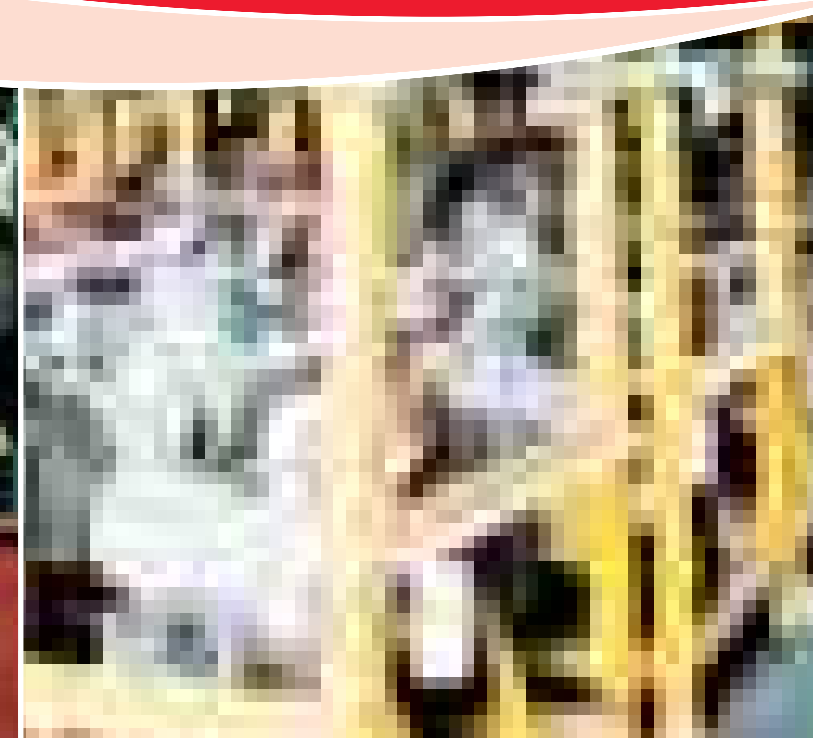
The dip in the market has only increased the necessity of ensuring customer contentment. We, at MTL have always believed in building relations with our customers and have maintained a good reputation in terms of customer satisfaction. This policy continued in this year as well.

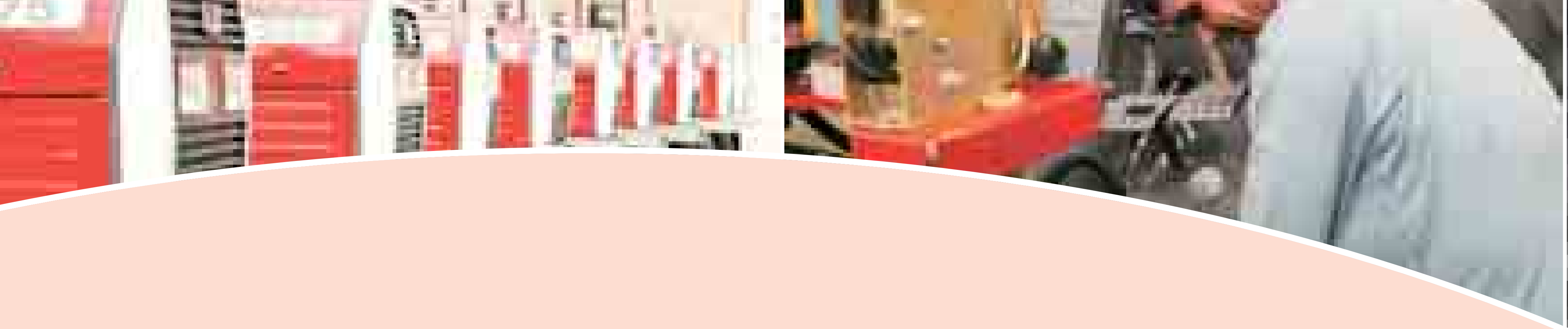
Free Service Programs and tractor operators training were held throughout the year at workshop premises. This is the trait that sets MTL apart from the rest.

SPARE PARTS

Like growth in tractor sales, the company has shown a substantial increase in spare parts and implements sales. In 2010-11, spare parts of Rs. 257 million were sold against Rs. 226 million in the preceding year showing an increase of 14 per cent.







production CAPACITY

With the blessing of Almighty Allah the company was able to produce a historic record production of 42,188 tractors during the fiscal year 2010 - 2011 as against 40,177 units in the previous year, which is an increase of 5 per cent. All this has been possible through concerted efforts, close coordination and great teamwork of MTL employees.

It would not have been possible without the unending support of our vendors who managed to provide required material despite numerous difficulties due to volatility in prices, hike in electricity and gas charges and constant electricity load shedding.

There is a remarkable improvement in supply chain management function after implementation of Industrial and Financial System (IFS) ERP inventory module. That has helped us to integrate critical supply chain linkages to minimize possible hiccups in production operations.

quality CONTROL

Customer retention in this new era of fast changing world is becoming very difficult. Profit margins of entrepreneurs are sharply shrinking. In this context, many business leaders compromised on Quality but MTL vision is different. It believes in continual improvement.

It formulates programs to invest more in resources, both man and machine. About Rs20 million have been allocated to purchase a state of the art co-ordinate measuring machine with computerized numerical control (CNC), which not only inspect the parts but develop drawings on AutoCAD.

Also many other measuring equipment, are planned to be purchased. Likewise, regarding manpower, a corporate plan has been made covering induction of graduate engineers, their development through training and career path definition to create successions.

TESTING FREQUENCIES

QC-Laboratory which is considered the back bone of the department, was re-audited a fifth time and retained successfully the certificate of QMS ISO 9001:2008. Massive Load-shedding of electricity and gas leave adverse impact on our heat-treated parts. In order to keep consistent quality of our product, the testing frequencies have been increased significantly.

Today, the BOF engineering staff is a blend of youth and experienced engineers. This team is actively performing their job of inspection. On the other hand QC-Assembly is strictly monitoring the assembly of tractors. Due to this cohesive effort of all QC-sections ratings of the tractor audit has been appreciably increased.

information TECHNOLOGY

After successfully implementing one of the world leading ERP system (IFS) in the automotive industry, Millat moved forward to facilitate its customers at their doorsteps in the villages. Almost 20 cities, town/villages are covered through the Dealers Network for convenient booking of tractors, rapid after sale support, and on-line parts purchase and millat is planned to cover similar numbers in the current financial year.

Millat tractor has also invested in technology to facilitate its suppliers and to improve its supply chain. This on-line system extension is providing advance information of our production plan, current stocks, supplier schedules (purchase) to our suppliers. Now they can plan their production accordingly, hence reduces the production down time due to the shortages. Suppliers can also track their bills in real time.

The IFS ERP system has delivered a comprehensive set of cross-functional business process in our organization and now millat has:

- Business in accordance with strategy and plans.
- Accessing right information in real time to identify concerns early.
- Integrated and optimized business processes.
- Improved financial controls.

business risk, challenges & future

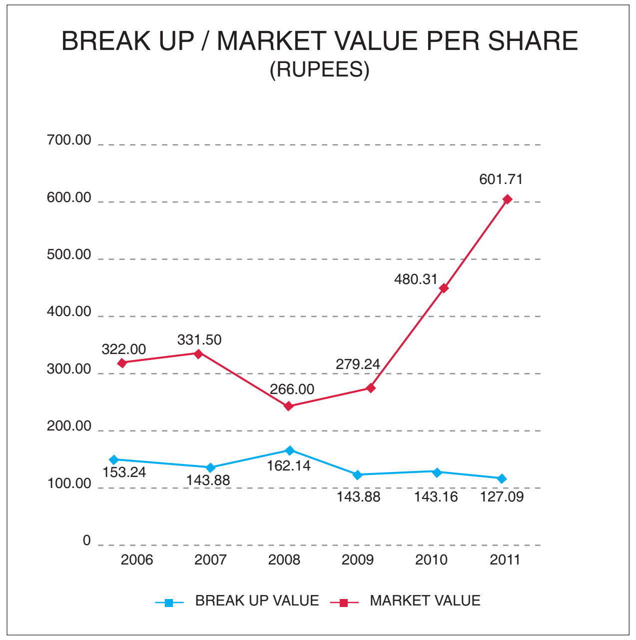
PROSPECTS

Millat Tractors believes in incorporating new ideas for enhancement in quality and productivity with the help of modern technology. Hence, the company ensures higher productivity, which in turn result in higher profitability for share holders.

We have achieved high level of indigenization which contributes to enhance production volume and huge foreign exchange savings. Our tractors are very competitive and acceptable in the local market as well in international market. Our focus would remain in maximization of indigenization to boost local manufacturing industry as well as bringing the updated technological know how in the country.

Recently, we have re-launched MF-375 tractor with improved specifications which is very well accepted in the market. This reborn MF-375 tractor model has gained popularity in very short time.

Millat Tractors has always taken the challenges seriously by handling those in a professional manner. We believe that great, creative things are more likely to happen with the right company culture. There is an emphasis on team achievements and pride in individual accomplishments that contribute to our overall success.



COMPETING

with ourselves

We see being great at something as a starting point, not an endpoint. We set ourselves challenging goals, because we know that by stretching to meet them we can get further than we normally would. Through innovation and iteration, we aim to take well working and accepted products and improve upon them in every way. This enables us to come out with new products meeting customer expectations.

We are striving hard to ensure that the company's tractor supply position improve further in the coming years. This would not only support the farming community in getting prompt tractor deliveries but will also fetch more business for the Company.

The government's program for the agriculture sector through support prices mechanism provides enhanced income to the farmer. This not only enables them to invest in appropriate agricultural inputs, but also move towards modern agricultural practices to improve productivity.

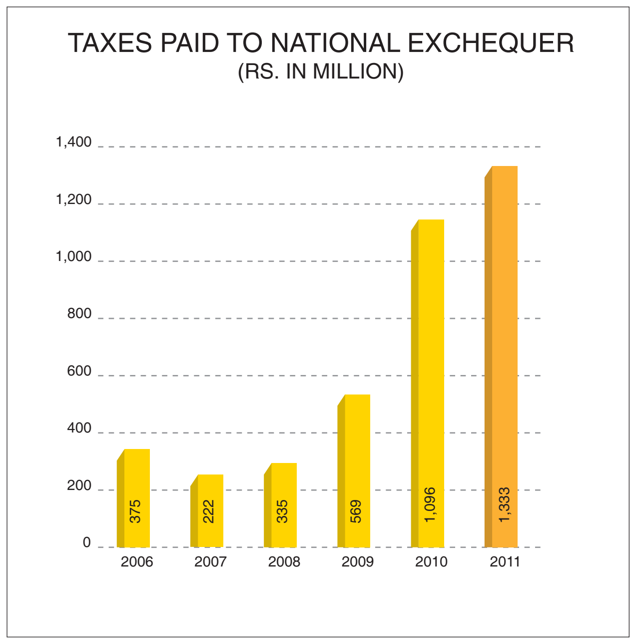
The encouragement of corporate farming by the government has also helped in increasing demand for our products, including higher horse power tractors and high performance implements.

CONTRIBUTION TO NATIONAL EXCHEQUER

We are proud to be among the top brand of companies that continue to do well, providing the national exchequer with prized tax returns as well as benefiting the working class with increased employment opportunities.

It is extremely important to note that by just providing additional employment, companies such as ours also contribute to the national economic revival by encouraging consumerism.

Therefore, it is heartening to note that being a true patriot, Millat Tractors is one of the leading contributors to the national exchequer in terms of corporate income tax and other levies. The company's input amounted to Rs. 1,333 million as compared to Rs. 1,096 million of the preceding year.



HEALTH, SAFETY AND ENVIRONMENT (HSE)

As we continue developing our business operations in various fields, it is our mission to proactively develop initiatives to maintain a healthy environment in the company where all the employees have the right to express their views and form their own opinions. Incorporating environmental initiatives throughout our management has been a priority for us.

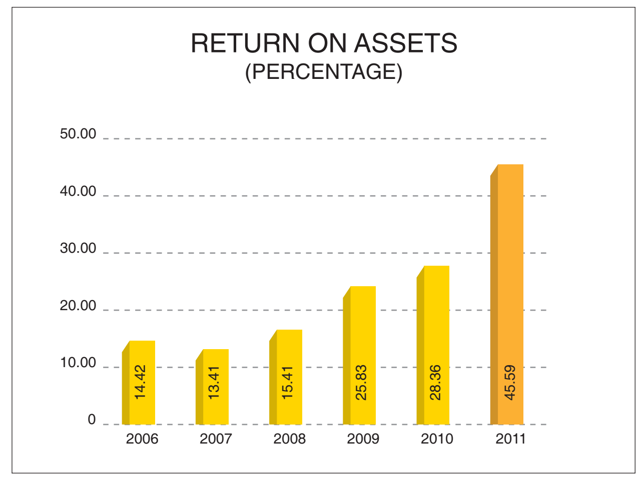
In all aspects of our business operations, including product development, manufacturing and sales, we have formulated initiatives that sustain and improve the environment. Meanwhile, we have promoted the development of new products and the innovation of technologies that will lead to a more environmentally healthy world. As a responsible employer, the company ensures that all its operations comply with the Health, Safety and Environmental (HSE) standards. It maintains HSE as a core value which is upheld by our commitment.

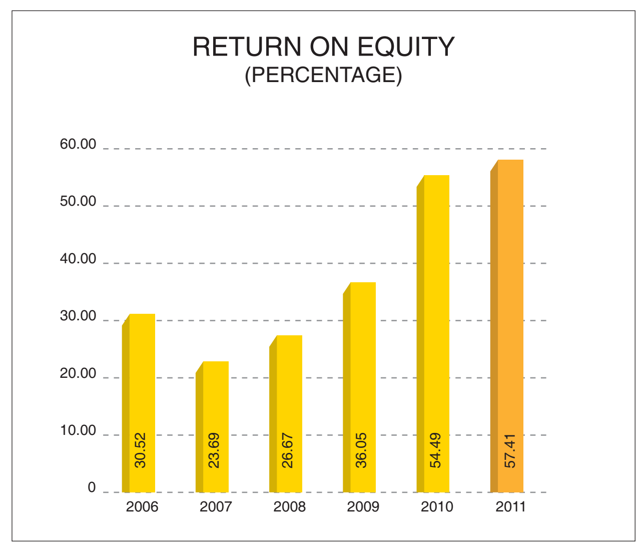
HUMAN ASSETS DEVELOPMENT

Human resource department is the key to swiftly developing human assets and helping employees to attain a professional skill level. We believe it is vital to organically combine on-the-job training, training courses and programs, and individual study in human resources development. We employ various approaches to systematically integrate these three elements in order to generate synergistic effects and foster professionals most effectively, while maintaining communication with each point of contact and each individual employee. At MTL all policies are derived according to the vision and mission of the company to accomplish the business objectives.

Special attention is given on hiring. HRD vividly spotlights not only employing the right people but placing them on right jobs. That is why MTL has prime place in the industry due to its human resource.

We place great importance on developing human assets, which are our foundation, and providing a corporate structure that encourages each individual to fulfill his potential. At MTL, all executives/management staff receive advanced training in the areas of soft and technical skills. Advanced training courses facilitate the staff to acquire knowledge and keep themselves abreast of developments in their professional fields.





MILLAT GROUP
of companies

Millat Group of Companies that form part of our consolidated accounts, have been included in my review to our share holders as they are all strategic in their relations with MTL.

a) BOLAN CASTINGS LTD.

The only foundry in Pakistan capable of producing thin walled castings like the Engine Block, Axle Housing, etc, in both Grey and SG Iron castings. Despite a turbulent year in raw material pricing, we were able to remain profitable and improve the quality of castings. The year ended with sale of Rs 2,046 million from 15,661 M. Tons of casting. Before tax profit was Rs 124 million. They are currently utilizing 100 per cent of the old foundry capacity and plan to achieve 75 per cent of the new plant to produce 18,000 M. Tons by the end of the next financial year.

b) MILLAT EQUIPMENT LTD.

This company, after commissioning and trial production, had the first complete year of commercial production. With the support of AGCO, the company has proved the quality of its products to international standards and produced over 40,000 sets of gears, splined shafts, etc, for MTL tractors and some exports from Pakistan. The company made profit before tax of Rs. 562 million on sales of Rs. 2,435 million. The utilized capacity is being planned by MEL for exports and after market.

c) MILLAT INDUSTRIAL PRODUCTS LTD.

A specialized unit that caters to manufacture of automotive and other applications of dry charged batteries. The company reached a record production of 123,008 batteries and after wiping out previous losses made Rs 90 million profit before tax.

MIPL, on receiving a good response from the market, are expanding their production capacity to 150,000 batteries annually in the next financial year. The company made after tax profit of Rs 60 million on the sale of Rs 510 million during the year under review.

CONCLUSION

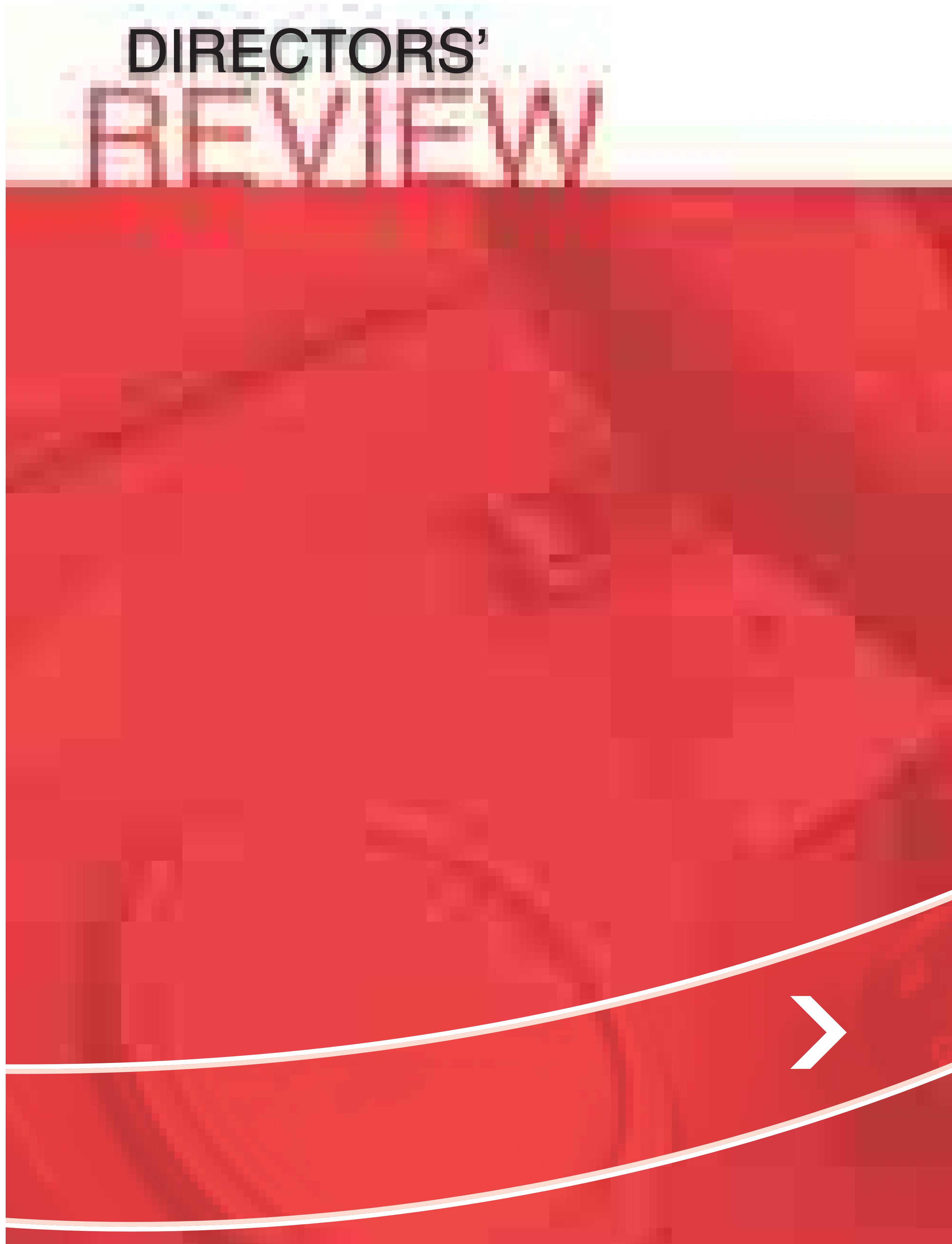
Before I conclude this year's report, it is my pleasure to place my deepest appreciation to all shareholders, customers, vending associates, dealers, suppliers, contractors, bankers and other business partners for their enduring relationship and their continued support towards the prosperity of the company. We are proud of our work force and appreciate their commitment, diligence, perseverance, and are grateful for their contribution to the excellent results achieved by the Company during the year.

MTL's business partners AGCO and associates, HELI in China and Motor Sazan in Iran continue to support our efforts to enhance our performance, for which I would like to thank them on behalf of the Company. My profound gratitude is also due to my fellow Board members for their untiring efforts in directing the company's course through favorable and unfavorable business conditions. This has enabled the company to grow into a mature and capable organization with their able guidance, support and faith of our comrade workforce and the trust of our honorable stakeholders. Our basic work ethic that the company thrives as the combined outcome of all stakeholders, right from the worker to shareholder, management executive to Board members, has proved true. We have not only carved a viable, productive niche in an overwhelming crunch, but also provided a clear pathway into the future, one which sees industry and economy progressing alike.

I foresee clear skies and many more great heights for Millat Tractors in the years to come. May God be with us!

Aameen

Sikandar Mustafa Khan
Chairman



DIRECTORS'
report to the shareholders

The Directors feel pleasure in presenting their 48th annual report together with audited accounts of the Company for the year ended June 30, 2011.

APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs.15.00 per share (150%) in addition to interim dividend of Rs. 32.50 per share (325%) already paid.

The following appropriations were made during the year:

(Rupees in thousand)

	General Reserve	Un-Appropriated Profit
Opening balance	2,467,776	1,406,730
Less: Final dividend @ 350%	-	(1,024,951)
Bonus shares @ 25%	-	(73,211)
Transfer to general reserve	300,000	(300,000)
	2,767,776	8,568
Profit for the year	-	2,670,736
	2,767,776	2,679,304
Less: Interim dividend @ 325%	(1,098)	(1,188,578)
Un-appropriated profit carried forward	2,766,678	1,490,726

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2011 was Rs. 72.96 as against Rs. 62.41 of preceding year.

BOARD
of Directors

The Board comprises of eight directors of which seven directors were elected in the 46th Annual General Meeting and one director represents financial institution. Since constitution of the Board, there has been no change in its composition.

During the year, four Board meetings were held. The number of meetings attended by each Director is given hereunder:

Name of Directors	Meetings Attended
Mr. Sikandar M. Khan Chairman	4
Mr. Laeeq Uddin Ansari CEO/Director	3
Mr. Latif Khalid Hashmi	2
Mr. Sohail Bashir Rana	4
Mr. Manzoor Ahmed	4
Mr. S. M. Tanveer	0
Mian Muhammad Saleem	4
Rana Muhammad Siddique	4

The Directors who could not attend the meetings were granted leave of absence.

board
AUDIT COMMITTEE

The Board of Directors had constituted an Audit Committee in its 124th meeting held on October 30, 2009 comprising of the following members:

Mr. Latif Khalid Hashmi	Chairman	Executive Director
Mr. Sohail Bashir Rana	Member	Executive Director
Mian Muhammad Saleem	Member	Executive Director
Mr. Manzoor Ahmed	Member	Non-Executive Director
Mr. S. M. Tanveer	Member	Non-Executive Director

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance. The Audit Committee also discussed with the external auditors their letter to the management. Related Party Transactions were also placed before the Audit Committee prior to approval of the Board.

DUTY & TAXES

Information about taxes and levies is given in the respective notes to the accounts.

AUDITORS

The present auditors M/s. A.F. Ferguson & Company, Chartered Accountants retire and offer themselves for re-appointment.The Board Audit Committee and Board of Directors of the Company have endorsed their appointment for shareholders' consideration at the Annual General Meeting. The external auditors have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and being eligible offer themselves for re-appointment.

ORIENTATION COURSE

An orientation course was arranged for the Directors to acquaint them with their duties and responsibilities and enable them to manage affairs of the Company on behalf of the shareholders.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report except as disclosed in this report.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly, the Directors are pleased to confirm the following:

i) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

ii) Proper books of accounts of the Company have been maintained.

iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.

iv) The accounting estimates, wherever required are based on reasonable and prudent judgement.

v) The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

vi) The system of internal control is sound in design and has been effectively implemented and monitored.

vii) There are no significant doubts upon the Company's ability to continue as a going concern.

viii) There has been no material departure from the best practices of Corporate Governance, as required by the listing regulations.

ix) The key operating and financial data for the last six years is annexed.

The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2011 were the following:

- Provident Fund Rs. 436.30 million
- Gratuity Fund Rs. 394.00 million
- Pension Fund Rs. 734.10 million

The value of investment includes accrued interest.

x) Trading of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children.

PURCHASE OF SHARES

Directors	No. of Shares Purchased
Mr. Sikandar Mustafa Khan	10,000
Mr. Sohail Bashir Rana	7,500
Mr. Laeeq Uddin Ansari	114,300
Mian Muhammad Saleem	23,000

SALE OF SHARES

Directors	No. of Shares Sold
Mr. Latif Khalid Hashmi	51,000
Rana Muhammad Siddique	33,000

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every Director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to any body associated of dealing with the Company.

RELATED PARTY TRANSACTIONS

All transactions with related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions as disclosed in the notes to the accounts.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2011 have been duly complied with. A statement to this effect is annexed with the report.

CHAIRMAN'S REVIEW

The Directors of your Company endorse the contents of the Chairman's Review which forms part of the Directors' Report. The Board also authorized the Chief Executive to sign the Directors' Report on behalf of the Board.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

NUMBER OF EMPLOYEES

The number of permanent employees as on June 30, 2011 were 448 compared to 468 of last year.

CONSOLIDATED FINANCIAL STAEMENTS

Consolidated financial statements of the Company as on June 30, 2011 are annexed.

CORPORATE SOCIAL RESPONSIBILITY

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and forms part of this report.

WEB PRESENCE

Company's all periodic financial statements including annual reports are available on the Company's website www.millat.com.pk for information of the investors.

For and on behalf of the Board

Lahore:
August 16, 2011

Laeeq Uddin Ansari
Chief Executive

millat tractors limited (mtl) committment

TOWARDS CSR

The Company practices active corporate citizenship through corporate philanthropy, energy conservation, environmental protection measures, community investments and welfare schemes, consumer protection measures, welfare spending for under privileged classes, industrial relations, encouragement for employment of special persons, occupational safety & health, business ethics and anticorruption measures, national cause donations, contributing to national exchequer and rural development programs.

The detail of the above is as follows.

CORPORATE PHILANTHROPY

1. During the year the Board approved donation of Rs.20 Million to Namal Education Foundation (Namal College Mianwali).

ENERGY CONSERVATION

2. Some measures taken for energy conservation during financial year 2010-2011 are as hereunder.
   - Switching off all air conditioners and other electrical equipment during lunch break.
   - Restricted use of electric & gas heaters.
   - Replacement of electric bulbs & tubes with energy savers and LED's.

3. ENVIRONMENTAL PROTECTION MEASURES

The Company is dedicated for identification & implementation of means and measures that would result in minimum environmental impact from every aspect of its business activities. Realizing the significance of a healthy and pollution-free environment, MTL has a full fledged horticulture division.

The Horticulture department provides seasonal flowers for display in offices and for exhibitions. To reduce pollution and to contribute towards a greener Pakistan, MTL Horticulture actively participates in tree plantation campaigns in collaboration with Parks & Horticulture department and NGOs.

4. COMMUNITY INVESTMENT AND WELFARE SCHEMES

Considering the welfare of community as one of its mandatory role the Company spends in different kind of welfare schemes like providing funds to schools and educational institution. During the year the Company donated Rs. 30 Million to School of Science & Engineering (LUMS).

5. CONSUMER PROTECTION MEASURES

The Company considers it mandatory to protect its customers by providing quality products at competitive price. We offer a range of products related to agriculture. We offer one year free service, after sale warranty and spare parts at our vide dealers/ workshop networks at district & Tehsil level along with prompt redressing of customer complaints. We guide our customers for economical use of our products, proper maintenance and risks involved in improper usage along with advisory services for selection of our products.

6. WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

The Company keeping its old tradition alive to help distressed people of society in the time of need contributed in the shape of eatables items to poor flood affectees and donated three truck of food stuff valuing Rs.2 million approximately to Government of Punjab and other NGos.

7. INDUSTRIAL RELATIONS

The Company considers mutual trust and respect between labour and management as a key fundamental principle of employee relations and enjoys a good relationship between its management and employees. The Company has a “Employees Children Scholarship Scheme” under which top performers are rewarded with cash scholarships. During the year Rs.67,000 were given under this scheme.

The Company sends its 11 employees every year for performing Hajj at the Company’s expense. So far 175 employees have performed Hajj under this scheme.

8. EMPLOYMENT OF SPECIAL PERSONS

We have special provision in our employment rules for those members of our society who suffer from the effects of disabilities. At present five disabled persons are employed in different departments. However, during the year no disabled person was employed.

9. OCCUPATIONAL SAFETY AND HEALTH

Occupational Safety and Health takes priority over all business activities and it is embodied in our policy for the same.

We offer a conducive environment for our employees enabling them to work free of injury and illness. To achieve this, we ensure that operations comply with applicable occupational health and safety regulations.

The foregoing is reviewed for continuous improvement by ensuring objective based efforts for minimizing of unsafe working conditions.

It is also ensured that employees are capable and accountable for preventing works related injuries and illnesses. We also require adoption of sound occupational health and safety management practices by our suppliers & contractors. The Company also has a medical centre for providing emergency treatment in addition to a vehicle dedicated for meeting any eventuality.

10. BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

MTL is proud to have a history of conducting all of its business according to the highest principles of business ethics. We are committed to conducting our business activities with honesty, and in full compliance with the laws and regulations of the state. We also believe in treating our employees with the same principles. A statement of Ethics & Business practice has been framed and duly approved by the Board which is signed by each employee at the beginning of the year.

11. NATIONAL - CAUSE DONATIONS

In 2010 flood caused massive devastation and loss to life and property. MTL, considering its social obligation, decided to play its role in the reconstruction efforts and took up the task of construction of up to 100 houses in the flood affected area of Rahim Yar Khan.

The Company identified the most deserving poor people of 12 villages namely Basti Fareed Chowk, Basti Kartal, Basti Dareshak, Basti Pehlwan, Basti Yar Muhammad, Basti Elahi Buksh Jhullan, Basti Gul Muhammad Chandio, Basti Ghulam Qadir Shah, Basti Mohandara, Basti Mud manthar & Basti Malik Khan Muhammad in Tehsil Rahim Yar Khan with the help of Village Committees/elders and local Administration. MTL completed 70 Model Houses with a cost of Rs.18 million in a record time of 10 weeks as per design approved by the Government of Punjab. The remaining houses will be constructed in due course of time.

12. CONTRIBUTION TO NATIONAL EXCHEQUER

Millat Tractors is one of the leading contributors to the National Exchequer in terms of Corporate Income Tax and other levies. All government Taxes are paid in time and the Company never defaulted in payment of Government dues. During the Year Company paid Rs.1,316 million as Corporate Tax.

13. RURAL DEVELOPMENT PROGRAMS

No significant work was done during the year under rural development program.

summary of CASH FLOW

(Rupees in thousand)

	2011	2010	2009	2008	2007	2006
Net cash generated from / (used in)						
Operating activities	(212,753)	4,238,512	(94,801)	1,102,493	(655,285)	(426,652)
Investing activities	1,669,972	(2,684,029)	1,674,909	(495,692)	(65,907)	(125,426)
Financing activities	(2,172,772)	(1,440,801)	(834,093)	(459,179)	(340,210)	(332,626)
Net increase / (decrease) in cash & Cash equivalent	(715,553)	113,682	746,015	147,622	(1,061,402)	(884,704)
Cash & cash equivalent at the beginning of the year	1,109,055	995,373	249,358	101,736	1,163,139	2,047,843
Cash & cash equivalent at the end of the year	393,502	1,109,055	995,373	249,358	101,737	1,163,139

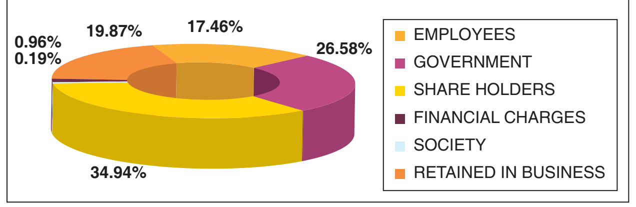
six years at A GLANCE

		2011	2010	2009	2008	2007	2006
PROFIT & LOSS SUMMARY							
Net sales	Rs. in thousand	24,863,264	22,199,909	15,910,619	11,174,014	10,961,438	9,737,382
Gross profit	Rs. in thousand	4,431,963	3,982,800	2,421,765	1,472,716	1,128,585	1,292,838
Operating profit	Rs. in thousand	3,584,625	3,143,484	1,755,736	901,101	599,022	938,960
Profit before tax	Rs. in thousand	3,914,284	3,336,621	1,752,332	1,120,139	840,202	1,074,597
Profit after tax	Rs. in thousand	2,670,736	2,284,498	1,215,120	810,458	636,897	730,577
Profit before interest, tax, depreciation & amortization (EBITDA)	Rs. in thousand	3,990,563	3,402,644	1,841,478	1,174,111	884,393	1,106,187
BALANCE SHEET SUMMARY							
Share capital	Rs. in thousand	366,055	292,844	234,275	187,420	187,420	156,183
Reserves	Rs. in thousand	2,766,678	2,467,776	2,220,776	2,211,000	1,986,000	1,600,000
Property, plant & equipment	Rs. in thousand	435,516	411,759	405,618	298,219	359,443	279,210
Non current assets	Rs. in thousand	723,226	749,411	698,025	789,996	560,741	542,852
Current assets	Rs. in thousand	7,426,242	10,604,724	5,679,157	6,179,581	5,344,140	6,631,480
Current liabilities	Rs. in thousand	3,896,657	7,555,574	3,360,520	4,146,004	3,490,365	4,816,855
Net working capital	Rs. in thousand	3,529,585	3,049,150	2,318,637	2,033,577	1,853,775	1,814,625
Long term / deferred liabilities	Rs. in thousand	36,091	17,913	51,437	54,569	51,350	219,768
PROFITABILITY RATIOS							
Gross profit	%	17.83	17.94	15.22	13.18	10.30	13.28
Operating profit	%	14.42	14.16	11.03	8.06	5.46	9.64
Profit before tax	%	15.74	15.03	11.01	10.03	7.66	11.04
Net profit after tax	%	10.74	10.29	7.64	7.25	5.81	7.50
EBITDA margin	%	16.05	15.33	11.57	10.51	8.07	11.36
Operating leverage	%	1.44	2.20	1.35	17.21	(1.64)	3.15
Return on equity	%	57.41	54.49	36.05	26.67	23.69	30.52
Return on capital employed	%	57.76	54.82	36.30	27.24	24.27	31.34
Return on assets	%	45.59	28.36	25.83	15.41	13.41	14.42
LIQUIDITY RATIOS							
Current		1.91 : 1	1.40 : 1	1.70 : 1	1.50 : 1	1.60 : 1	1.40 : 1
Quick / Acid test		1.21 : 1	1.06 : 1	1.08 : 1	1.09 : 1	1.07 : 1	0.90 : 1
Cash to current liabilities		0.10 : 1	0.15 : 1	0.30 : 1	0.06 : 1	0.03 : 1	0.24 : 1
Cash flow from operations to sales		-0.01 : 1	0.19 : 1	-0.01 : 1	0.10 : 1	-0.06 : 1	-0.04 : 1
ACTIVITY / TURNOVER RATIOS							
Inventory turnover ratio	Times	7.71	7.70	6.97	5.39	4.68	3.67
No. of Days in Inventory	Days	47	47	52	67	77	100
Debtor turnover ratio	Times	78.82	76.33	138.43	59.03	50.27	66.34
No. of Days in Receivables	Days	5	5	3	6	7	6
Creditor turnover ratio	Times	15.60	20.00	20.52	18.91	28.96	27.76
No.of Days in Creditors	Days	23	18	18	19	13	13
Total assets turnover ratio	Times	2.90	1.89	2.35	1.54	1.75	1.31
Fixed assets turnover ratio	Times	42.09	39.14	31.20	23.37	30.50	34.87
Operating cycle	Days	29	34	37	55	73	92
INVESTMENT / MARKET RATIOS							
Earning per share (after tax)	Rs.	72.96	62.41	41.49	34.59	33.98	38.98
Price earning		8.25	7.70	6.73	7.69	9.76	8.26
Dividend yield	%	9.49	16.10	21.30	10.91	6.75	6.89
Payout ratio (after tax)	%	65.10	86.53	91.57	81.00	65.00	47.00
Dividend cover	%	1.54	1.16	1.09	1.33	1.54	2.34
Cash Dividend per share	Rs.	47.50	65.00	45.00	32.50	22.00	20.00
Bonus per share	%	-	25.00	25.00	25.00	-	20.00
Market value per share:							
Year end	Rs.	601.71	480.31	279.24	266.00	331.50	322.00
During the year:							
Highest	Rs.	610.70	529.25	302.00	347.00	378.00	390.00
Average	Rs.	500.35	403.63	211.27	298.50	326.00	290.00
Lowest	Rs.	390.00	278.01	120.54	250.00	274.00	190.00
Break-up value per share	Rs.	127.09	143.16	143.88	162.14	143.88	153.24
CAPITAL STRUCTURE RATIOS							
Debt to Equity ratio		0 : 100	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	504.83	395.73	46.28	57.43	58.96	661.48

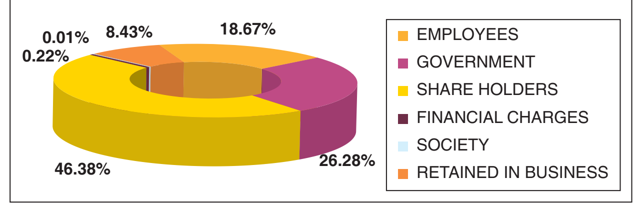
statement of VALUE ADDITION & its distribution

	2011		2010	
	(Rupees in thousand)	%	(Rupees in thousand)	%
VALUE ADDITION				
Net Sales	24,863,264		22,199,909	
Material and services	(20,566,515)		(18,388,159)	
Other income	679,561		450,555	
	4,976,310		**4,262,305**	
VALUE DISTRIBUTION				
Employees				
Salaries, wages and amenities	658,437	13.23	616,567	14.47
Workers profit participation fund	210,183	4.22	179,227	4.20
	868,620	17.46	795,794	18.67
Government				
Tax	1,243,548	24.99	1,052,123	24.68
Workers welfare fund	79,194	1.59	68,104	1.60
	1,322,742	26.58	1,120,227	26.28
Shareholders				
Cash Dividend	1,738,757	34.94	1,903,486	44.66
Bonus Shares	-	-	73,211	1.72
	1,738,757	34.94	1,976,697	46.38
Financial Charges				
Finance Cost	9,562	0.19	9,498	0.22
	9,562	0.19	9,498	0.22
Society				
Donation	47,883	0.96	589	0.01
	47,883	0.96	589	0.01
Retained in Business				
Depreciation	56,767	1.14	51,699	1.21
Retained profit	931,979	18.73	307,801	7.22
	988,746	19.87	359,500	8.43
	4,976,310	**100.00**	**4,262,305**	**100.00**

DISTRIBUTION OF VALUE ADDITION - 2011



DISTRIBUTION OF VALUE ADDITION - 2010



six years

HORIZONTAL ANALYSIS

of balance sheet, profit & loss account

Horizontal Analysis	2011 Rs. ('000)	2011 Increase/ (Decrease) %	2010 Rs. ('000)	2010 Increase/ (Decrease) %	2009 Rs. ('000)	2009 Increase/ (Decrease) %
Balance Sheet Items						
Property, Plant and Equipment	435,516	5.8	411,759	1.5	405,618	36.0
Capital Work in Progress	155,137	(0.2)	155,476	49.0	104,335	(42.0)
Intangible Assets in Progress	17,614	(40.0)	29,357	(2.8)	30,208	77.4
Investment Property	255,708	(6.4)	273,203	-	273,203	-
Long Term Investments	291,907	1.3	288,187	0.4	286,904	(9.0)
Long Term Loans	2,860	(10.3)	3,188	(5.5)	3,375	(23.0)
Stores and Spares	131,559	19.0	110,599	43.2	77,244	(1.3)
Stock in Trade	2,580,293	4.2	2,475,904	19.2	2,077,022	26.9
Trade Debts	176,430	(61.2)	454,465	257.3	127,209	23.9
Loans and Advances	215,293	(10.1)	239,358	135.1	101,790	3.8
Trade Deposits and Prepayments	19,132	(16.8)	23,008	44.9	15,879	104.0
Other Receivables	801,351	(60.5)	2,028,902	83.1	1,107,934	(5.1)
Taxation - net	137,386	194.7	46,612	1,326.8	3,267	(60.1)
Short Term Investments	2,971,296	(27.8)	4,116,821	250.8	1,173,439	(58.6)
Cash and Bank balances	393,502	(64.5)	1,109,055	11.4	995,373	299.2
Total Assets	8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)
Capital Employed	4,652,236	11.0	4,192,407	24.4	3,370,843	10.9
Non Current Liabilities	36,091	101.5	17,913	(65.2)	51,437	(5.7)
Current Liabilities	3,896,657	(48.4)	7,555,574	124.8	3,360,520	(19.5)
Total Liabilities and Equity	8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)
Profit & Loss Items						
Net Sales	24,863,264	12.0	22,199,909	39.5	15,910,619	42.4
Cost of Sales	20,431,301	12.2	18,217,109	35.1	13,488,854	39.0
Gross Profit	4,431,963	11.3	3,982,800	64.5	2,421,765	64.4
Distribution and marketing expenses	540,461	(1.2)	546,976	29.2	423,241	17.1
Administrative Expenses	306,877	5.0	292,340	20.4	242,788	15.5
Operating Profit	3,584,625	14.0	3,143,484	79.0	1,755,736	94.8
Other Operating Income	679,561	50.8	450,555	126.5	198,950	(38.1)
Other Operating Expenses	340,340	37.3	247,920	52.5	162,530	99.2
Finance Cost	9,562	0.7	9,498	(76.2)	39,824	89.7
Profit before Tax	3,914,284	17.3	3,336,621	90.4	1,752,332	56.4
Taxation	1,243,548	18.2	1,052,123	95.8	537,212	73.5
Profit after Tax	2,670,736	16.9	2,284,498	88.0	1,215,120	49.9

Horizontal Analysis	2008 Rs. ('000)	2008 Increase/ (Decrease) %	2007 Rs. ('000)	2007 Increase/ (Decrease) %	2006 Rs. ('000)	2006 Increase/ (Decrease) %
Balance Sheet Items						
Property, Plant and Equipment	298,219	29.4	230,474	(17.5)	279,210	16.9
Capital Work in Progress	179,955	39.5	128,969	-	-	-
Intangible Assets in Progress	17,028	3.0	16,527	100.0	8,263	-
Investment Property	273,203	6.8	255,708	-	255,708	-
Long Term Investments	315,425	10.9	284,364	3.6	274,422	18.9
Long Term Loans	4,385	5.9	4,142	(7.1)	4,459	1.2
Stores and Spares	78,292	77.6	44,081	17.1	37,630	24.2
Stock in Trade	1,636,153	(11.1)	1,840,082	(19.4)	2,283,929	(1.3)
Trade Debts	102,660	(62.8)	275,953	72.3	160,132	20.0
Loans and Advances	98,082	55.3	63,163	7.0	59,019	48.5
Trade Deposits and Prepayments	7,782	46.6	5,308	(62.1)	13,997	166.6
Other Receivables	1,167,286	180.4	416,300	(17.7)	505,865	(24.8)
Taxation - net	8,198	(89.9)	80,811	-	-	(100.0)
Short Term Investments	2,831,770	13.4	2,496,300	(24.5)	3,307,769	40.6
Cash and Bank balances	249,358	104.2	122,142	(53.6)	263,139	(11.7)
Total Assets	7,267,796	16.0	6,264,324	(16.0)	7,453,542	17.9
Capital Employed	3,038,879	12.7	2,696,580	12.7	2,393,343	21.2
Non Current Liabilities	54,569	6.3	51,350	(76.6)	219,768	30.6
Current Liabilities	4,174,348	18.7	3,516,394	(27.4)	4,840,431	15.8
Total Liabilities and Equity	7,267,796	16.0	6,264,324	(16.0)	7,453,542	17.9
Profit & Loss Items						
Net Sales	11,174,014	1.9	10,961,438	12.6	9,737,382	16.9
Cost of Sales	9,701,298	(1.3)	9,832,853	16.4	8,444,544	14.1
Gross Profit	1,472,716	30.5	1,128,585	(12.7)	1,292,838	39.4
Distribution and marketing expenses	361,495	4.4	346,260	73.3	199,836	137.2
Administrative Expenses	210,120	14.6	183,303	19.0	154,042	18.1
Operating Profit	901,101	50.4	599,022	(36.2)	938,960	31.8
Other Operating Income	321,608	(3.3)	332,614	25.5	265,062	323.0
Other Operating Expenses	81,574	8.1	75,437	(40.3)	126,371	74.1
Finance Cost	20,996	31.2	15,997	423.8	3,054	19.7
Profit before Tax	1,120,139	33.3	840,202	(21.8)	1,074,597	53.5
Taxation	309,681	52.3	203,305	(40.9)	344,020	39.7
Profit after Tax	810,458	27.3	636,897	(12.8)	730,577	61.0

six years

VERTICAL ANALYSIS

of balance sheet, profit & loss account

Vertical Analysis	2011		2010		2009	
	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items						
Property, Plant and Equipment	435,516	5.1	411,759	3.5	405,618	6.0
Capital Work in Progress	155,137	1.8	155,476	1.3	104,335	1.5
Intangible Assets in Progress	17,614	0.2	29,357	0.2	30,208	0.4
Investment Property	255,708	3.0	273,203	2.3	273,203	4.0
Long Term Investments	291,907	3.4	288,187	2.4	286,904	4.2
Long Term Loans	2,860	0.0	3,188	0.0	3,375	0.0
Stores and Spares	131,559	1.5	110,599	0.9	77,244	1.1
Stock in Trade	2,580,293	30.1	2,475,904	21.0	2,077,022	30.6
Trade Debts	176,430	2.1	454,465	3.9	127,209	1.9
Loans and Advances	215,293	2.5	239,358	2.0	101,790	1.5
Trade Deposits and Prepayments	19,132	0.2	23,008	0.2	15,879	0.2
Other Receivables	801,351	9.3	2,028,902	17.2	1,107,934	16.3
Taxation - net	137,386	1.6	46,612	0.4	3,267	0.0
Short Term Investments	2,971,296	34.6	4,116,821	35.0	1,173,439	17.3
Cash and Bank balances	393,502	4.6	1,109,055	9.4	995,373	14.7
Total Assets	8,584,984	100.0	11,765,894	100.0	6,782,800	100.0
Capital Employed	4,652,236	54.2	4,192,407	35.6	3,370,843	49.7
Non Current Liabilities	36,091	0.4	17,913	0.2	51,437	0.8
Current Liabilities	3,896,657	45.4	7,555,574	64.2	3,360,520	49.5
Total Liabilities and Equity	8,584,984	100.0	11,765,894	100.0	6,782,800	100.0
Profit & Loss Items						
Net Sales	24,863,264	100.0	22,199,909	100.0	15,910,619	100.0
Cost of Sales	20,431,301	82.2	18,217,109	82.1	13,488,854	84.8
Gross Profit	4,431,963	17.8	3,982,800	17.9	2,421,765	15.2
Distribution and marketing expenses	540,461	2.2	546,976	2.5	423,241	2.7
Administrative Expenses	306,877	1.2	292,340	1.3	242,788	1.5
Operating Profit	3,584,625	14.4	3,143,484	14.2	1,755,736	11.0
Other Operating Income	679,561	2.7	450,555	2.0	198,950	1.3
Other Operating Expenses	340,340	1.4	247,920	1.1	162,530	1.0
Finance Cost	9,562	0.0	9,498	0.0	39,824	0.3
Profit before Tax	3,914,284	15.7	3,336,621	15.0	1,752,332	11.0
Taxation	1,243,548	5.0	1,052,123	4.7	537,212	3.4
Profit after Tax	2,670,736	10.7	2,284,498	10.3	1,215,120	7.6

Vertical Analysis	2008		2007		2006	
	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items						
Property, Plant and Equipment	298,219	4.1	230,474	3.7	279,210	3.7
Capital Work in Progress	179,955	2.5	128,969	2.1	-	-
Intangible Assets in Progress	17,028	0.2	16,527	0.3	8,263	0.1
Investment Property	273,203	3.8	255,708	4.1	255,708	3.4
Long Term Investments	315,425	4.3	284,364	4.5	274,422	3.7
Long Term Loans	4,385	0.1	4,142	0.1	4,459	0.1
Stores and Spares	78,292	1.1	44,081	0.7	37,630	0.5
Stock in Trade	1,636,153	22.5	1,840,082	29.4	2,283,929	30.6
Trade Debts	102,660	1.4	275,953	4.4	160,132	2.1
Loans and Advances	98,082	1.3	63,163	1.0	59,019	0.8
Trade Deposits and Prepayments	7,782	0.1	5,308	0.1	13,997	0.2
Other Receivables	1,167,286	16.1	416,300	6.6	505,865	6.8
Taxation - net	8,198	0.1	80,811	1.3	-	-
Short Term Investments	2,831,770	39.0	2,496,300	39.8	3,307,769	44.4
Cash and Bank balances	249,358	3.4	122,142	1.9	263,139	3.5
Total Assets	7,267,796	100.0	6,264,324	100.0	7,453,542	100.0
Capital Employed	3,038,879	41.8	2,696,580	43.0	2,393,343	32.1
Non Current Liabilities	54,569	0.8	51,350	0.8	219,768	2.9
Current Liabilities	4,174,348	57.4	3,516,394	56.1	4,840,431	64.9
Total Liabilities and Equity	7,267,796	100.0	6,264,324	100.0	7,453,542	100.0
Profit & Loss Items						
Net Sales	11,174,014	100.0	10,961,438	100.0	9,737,382	100.0
Cost of Sales	9,701,298	86.8	9,832,853	89.7	8,444,544	86.7
Gross Profit	1,472,716	13.2	1,128,585	10.3	1,292,838	13.3
Distribution and marketing expenses	361,495	3.2	346,260	3.2	199,836	2.1
Administrative Expenses	210,120	1.9	183,303	1.7	154,042	1.6
Operating Profit	901,101	8.1	599,022	5.5	938,960	9.6
Other Operating Income	321,608	2.9	332,614	3.0	265,062	2.7
Other Operating Expenses	81,574	0.7	75,437	0.7	126,371	1.3
Finance Cost	20,996	0.2	15,997	0.1	3,054	0.0
Profit before Tax	1,120,139	10.0	840,202	7.7	1,074,597	11.0
Taxation	309,681	2.8	203,305	1.9	344,020	3.5
Profit after Tax	810,458	7.3	636,897	5.8	730,577	7.5

pattern of SHAREHOLDING as on june 30, 2011

Number of Shareholders	Shareholding		Number of Share Held
	From	To	
875	1	100	31,449
799	101	500	223,605
389	501	1000	298,910
656	1001	5000	1,596,122
207	5001	10000	1,474,405
73	10001	15000	878,947
54	15001	20000	955,010
29	20001	25000	664,585
15	25001	30000	408,552
14	30001	35000	459,383
9	35001	40000	338,454
3	40001	45000	124,173
7	45001	50000	337,516
8	50001	55000	432,081
2	55001	60000	115,412
4	60001	65000	250,160
2	65001	70000	132,522
8	70001	75000	573,000
1	75001	80000	79,970
2	80001	85000	165,946
3	95001	100000	296,471
2	100001	105000	205,147
2	105001	110000	216,262
3	110001	115000	342,503
4	120001	125000	498,750
1	125001	130000	125,890
1	140001	145000	144,500
1	145001	150000	149,869
1	160001	165000	163,031
2	200001	205000	405,109
2	230001	235000	464,663
1	245001	250000	247,080
2	295001	300000	596,350
1	320001	325000	322,760
1	390001	395000	394,543
1	395001	400000	398,815
1	405001	410000	408,592
2	415001	420000	837,649
1	435001	440000	438,428
1	465001	470000	469,951
1	520001	525000	521,290
1	540001	545000	544,165
1	585001	590000	585,937
1	595001	600000	595,867
1	765001	770000	767,060
1	805001	810000	808,937
1	930001	935000	932,560
1	1080001	1085000	1,083,620
1	1170001	1175000	1,171,875
1	1540001	1545000	1,542,200
1	1625001	1630000	1,629,335
1	1810001	1815000	1,812,500
1	1845001	1850000	1,846,517
1	2940001	2945000	2,943,465
1	3150001	3155000	3,153,515
3,205	**TOTAL**		**36,605,408**

CATEGORIES of shareholders

	Number of Shareholders	Shares Held	Percentage
Directors, CEO and their spouses & minor children			
Mr. Sikandar Mustafa Khan	1	2,943,465	8.04
Mr. Latif Khalid Hashmi	1	1,812,500	4.95
Mr. Sohail Bashir Rana	1	1,901,360	5.20
Mr. Laeeq Uddin Ansari	1	2,474,760	6.76
Mian Muhammad Saleem	1	808,937	2.21
Rana Muhammad Siddique Khan	1	70,289	0.19
Mrs. Cyma Khan	1	48,478	0.13
Mrs. Ayesha Sohail	1	201,037	0.55
NIT and ICP			
National Bank of Pakistan (Trustee Department) NI(U)T FUND	2	418,591	1.14
National Investment Trust Limited	1	13,071	0.04
IDBP (ICP Unit)	2	137	0.00
Executives	22	534,176	1.46
Associated Companies, undertakings and related parties	-	-	-
Public Sector Companies & Corporations	-	-	-
Banks, Development Financial Institutions, Non-Banking			
Financial Institutions	12	1,668,581	4.56
Insurance Companies	6	2,857,879	7.81
Modaraba and Mutual Funds	12	135,156	0.37
Shareholders Holding 10% or more	-	-	-
General Public - Local	3,065	15,049,640	41.11
Others			
Joint Stock Companies	51	307,242	0.84
Trusts	4	1,396,568	3.82
Non-Resident Company	1	3,153,515	8.61
Others	19	810,026	2.21
	3,205	**36,605,408**	**100.00**

REVIEW REPORT

to the members on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of . Corporate Governance prepared by the Board of Directors of Millat Tractors Limited to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2011.

A.F.Ferguson & Co.
Chartered Accountants
Name of audit engagement partner:
Imran Farooq Mian

Lahore:
August 16, 2011

STATEMENT

of compliance with the code of corporate governance year ended: june 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Stock Exchanges for the purpose of establishing a framework of good corporate governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes one independent non-executive director and a director nominated by a financial institution.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the resident director(s) is a member of any of the stock exchanges on which the Company's shares are listed.

4. No Casual vacancy occurred in the Board of Directors of the Company during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which these were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within time.

9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. The Board approves the appointments of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before submission to the Board for approval.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board had re-constituted an Audit Committee in its 124th meeting held on October 30, 2009 comprising five members, of which two are non-executive directors.

16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Audit Committee have been drawn and notified to the Audit Committee for compliance.

17. The Board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced. They are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been assigned other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

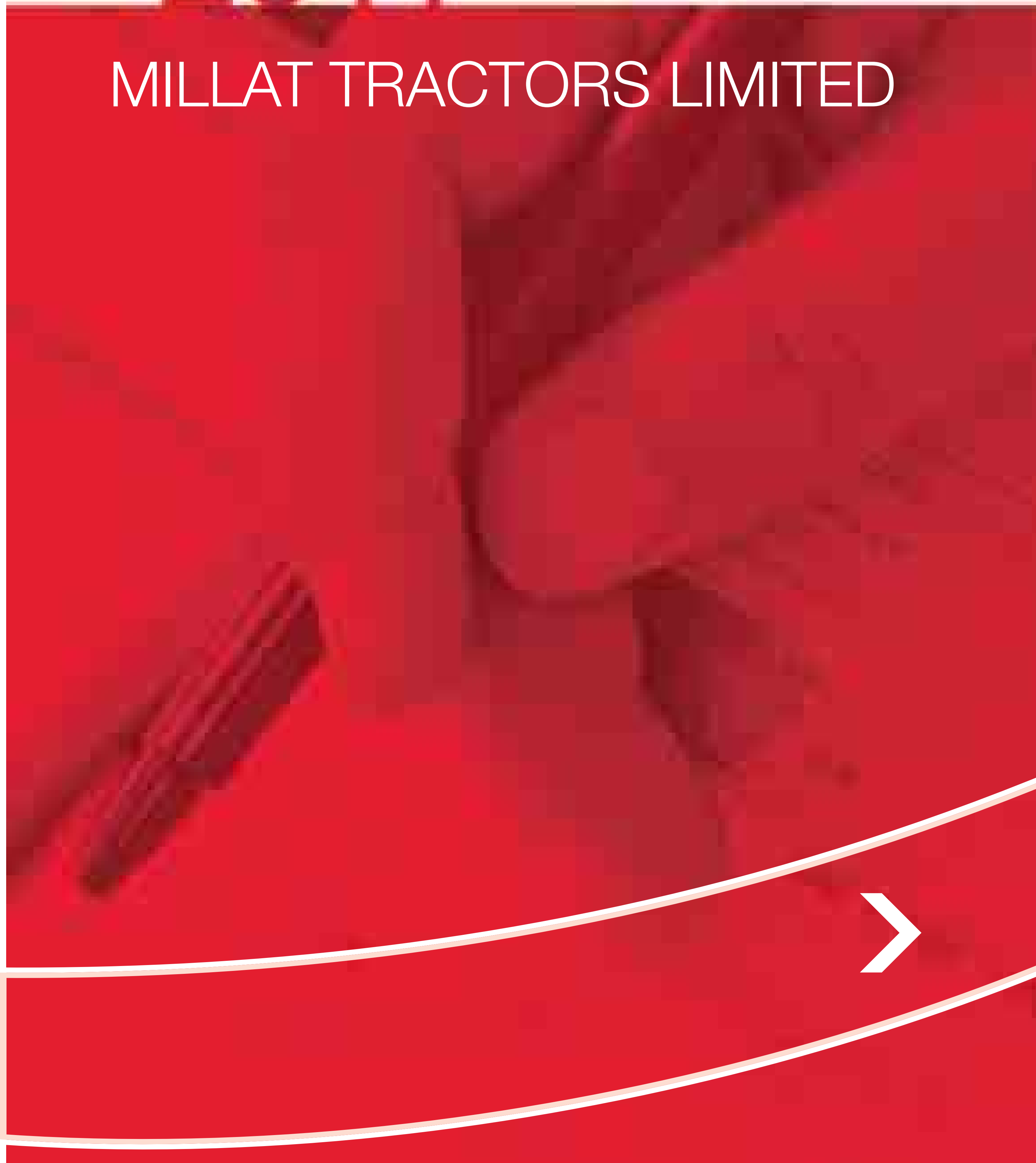
For and on behalf of the Board

Lahore:
August 16, 2011

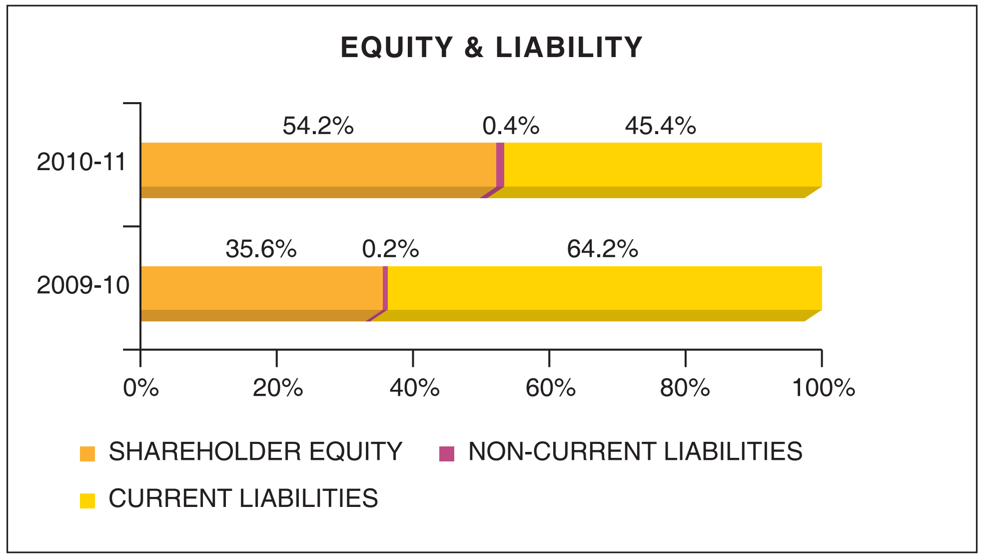
Sikandar Mustafa Khan
Chairman

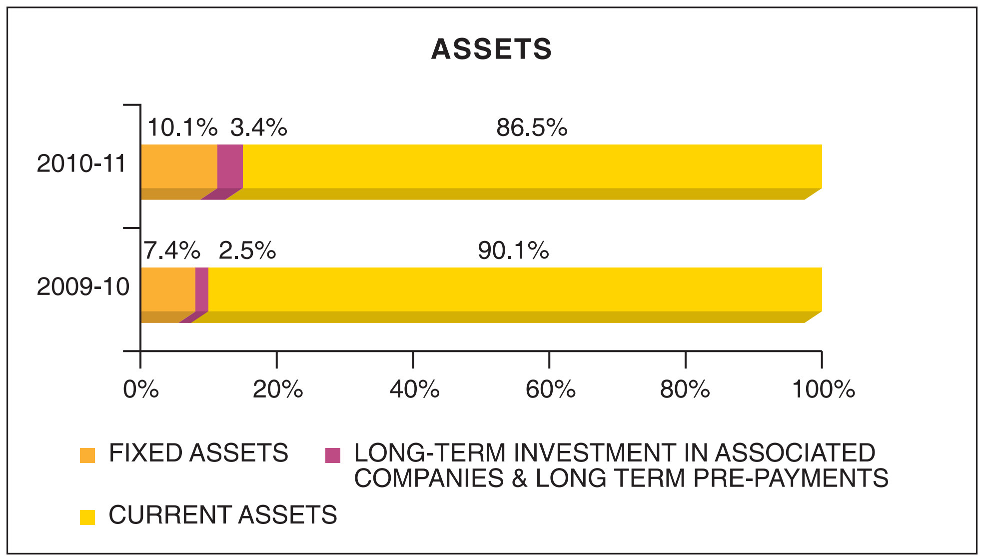
FINANCIAL STATEMENTS 2011

MILLAT TRACTORS LIMITED



graphical analysis of BALANCE SHEET





AUDITOR'S report to the members

We have audited the annexed balance sheet of Millat Tractors Limited as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) In our opinion :

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A.F.Ferguson & Co.
Chartered Accountants
Name of audit engagement partner:
Imran Farooq Mian

Lahore:
August 16, 2011

BALANCE SHEET
as at june 30, 2011

EQUITY AND LIABILITIES

	Note	2011	2010
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised Capital			
50,000,000 (June 30, 2010: 30,000,000)			
ordinary shares of Rs. 10 each		500,000	300,000
Issued, subscribed and paid up capital	5	366,055	292,844
General reserves		2,766,678	2,467,776
Unappropriated profit		1,490,726	1,406,730
Fair value reserve		28,777	25,057
		4,652,236	**4,192,407**
NON-CURRENT LIABILITIES			
Security deposits	6	10,485	10,285
Deferred taxation	7	25,606	7,628
		36,091	**17,913**
CURRENT LIABILITIES			
Accumulating compensated absences		44,965	36,664
Current portion of deferred revenue		-	33,069
Trade and other payables	8	3,850,702	7,483,957
Mark-up accrued on short term borrowings		990	1,884
		3,896,657	**7,555,574**
CONTINGENCIES AND COMMITMENTS	10	**-**	**-**
		8,584,984	**11,765,894**

ASSETS

	Note	2011	2010
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	11	435,516	411,759
Capital work-in-progress	12	155,137	155,476
Intangible asset	13	17,614	29,357
Investment property	14	255,708	273,203
Long term investments	15	291,907	288,187
Long term loans - considered good	16	2,860	3,188
		1,158,742	**1,161,170**
CURRENT ASSETS			
Stores and spares	17	131,559	110,599
Stock-in-trade	18	2,580,293	2,475,904
Trade debts	19	176,430	454,465
Loans and advances	20	215,293	239,358
Trade deposits and prepayments		19,132	23,008
Other receivables	21	801,351	2,028,902
Taxation - net		137,386	46,612
Short term investments	22	2,971,296	4,116,821
Cash and bank balances	23	393,502	1,109,055
		7,426,242	**10,604,724**
		8,584,984	**11,765,894**

The annexed notes 1 to 40 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

PROFIT & LOSS
account for the year ended june 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	24	24,863,264	22,199,909
Cost of sales	25	20,431,301	18,217,109
Gross profit		**4,431,963**	**3,982,800**
Distribution and marketing expenses	26	540,461	546,976
Administrative expenses	27	306,877	292,340
		847,338	839,316
Operating profit		**3,584,625**	**3,143,484**
Other operating income	28	679,561	450,555
		4,264,186	**3,594,039**
Finance cost	29	9,562	9,498
Other operating expenses	30	340,340	247,920
		349,902	**257,418**
Profit before taxation		**3,914,284**	**3,336,621**
Taxation	31	1,243,548	1,052,123
Profit after taxation		**2,670,736**	**2,284,498**
Earnings per share -			
basic and diluted (Rupees)	35	**72.96**	**62.41**

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

The annexed notes 1 to 40 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

statement of
COMPREHENSIVE
income for the year ended june 30, 2011

	2011	2010
	(Rupees in thousand)	
Profit for the year	2,670,736	2,284,498
Unrealized gain on revaluation of investments	3,720	1,283
Total comprehensive income for the year	**2,674,456**	**2,285,781**

The annexed notes 1 to 40 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

CASH FLOW
statement for the year ended june 30, 2011

(Rupees in thousand)

	Note	2011	2010
Cash flows from operating activities			
Cash generated from operations	36	1,113,519	5,345,160
Interest and mark-up paid		(10,456)	(10,912)
Net decrease in long term loans to employees		328	187
Income tax paid		(1,316,344)	(1,096,723)
Long term security deposits received		200	800
Net cash (used in) / generated from operating activities		**(212,753)**	**4,238,512**
Cash flows from investing activities			
Purchase of property, plant and equipment		(94,820)	(116,229)
Purchase of intangible assets		-	(5,020)
Proceeds from sale of property, plant and equipment		16,555	7,248
Proceeds from sale of investment property		68,650	-
Purchase of short term investments		(8,616,398)	(12,586,821)
Proceeds from sale of short term investments		10,207,179	9,955,124
Profit on bank deposits		17,737	28,891
Dividend received		71,069	32,778
Net cash from / (used in) investing activities		**1,669,972**	**(2,684,029)**
Cash flows from financing activities			
Dividend paid		(2,172,772)	(1,440,801)
Net cash used in financing activities		**(2,172,772)**	**(1,440,801)**
Net (decrease)/ increase in cash and cash equivalents		(715,553)	113,682
Cash and cash equivalents at the beginning of the year		1,109,055	995,373
Cash and cash equivalents at the end of the year	36.2	**393,502**	**1,109,055**

The annexed notes 1 to 40 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

statement of changes in EQUITY
for the year ended june 30, 2011

(Rupees in thousand)

	Share Capital	Revenue Reserves		Fair Value Reserves	Total
		General Reserves	Unappropriated Profit		
Balance as on July 1, 2009	**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. 30 per share	-	-	(878,530)	-	(878,530)
Total comprehensive income for the year ended June 30, 2010	-	-	2,284,498	1,283	2,285,781
Balance as on June 30, 2010	**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)
Total comprehensive income for the year ended June 30, 2011	-	-	2,670,736	3,720	2,674,456
Balance as on June 30, 2011	**366,055**	**2,766,678**	**1,490,726**	**28,777**	**4,652,236**

The annexed notes 1 to 40 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

notes to the
FINANCIAL
statements for the year ended june 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

The company is a public limited company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the company is situated at Sheikhupura Road, District Sheikhupura. It is principally engaged in assembly and manufacture of agricultural tractors, implements and multi-application products.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations effective in current year

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2010:

- IAS 1 (amendment), 'Presentation of financial statements'. 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 does not have a material impact on the company's financial statements.

IAS 7, 'Statement of cash flows'. The guidance has been amended to clarify that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment results in an improvement in the alignment of the classification of cash flows from investing activities in the statement of cash flows and the presentation of recognised assets in the statement of financial position. It does not have a material impact on the company's financial statements.

- IFRS 8, 'Operating segments'. The amendment provides that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. It does not have a material impact on the company's financial statements.

- IAS 17, 'Leases'. The amendment provides that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. However, the IASB has concluded that this is inconsistent with the general principles of lease classification, so the relevant guidance has been deleted. A lease newly classified as a finance lease should be recognised retrospectively. This amendment does not have a material impact on the company's financial statements.

- IFRS 5 (amendment) 'Non-current assets held for sale and discontinued operations'. 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. This amendment does not have a material impact on the company's financial statements.

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2010:

- IFRS 3 (amendments), 'Business combinations'. These amendments clarify that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Moreover, these amendments limit the scope of the measurement choices that only the components of NCI that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value, or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. These amendments require an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether by obligation or voluntarily), i.e., split between consideration and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses. These amendments do not have a material impact on the company's financial statements.

- IAS 27 (amendment), 'Consolidated and separate financial statements'. The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

- IFRIC 19 (amendment), 'Extinguishing financial liabilities with equity instruments'. IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 Financial Instruments: Recognition and Measurement. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. This interpretation does not have a material impact on the company's financial statements.

2.2.2 Standards, interpretations and amendments to published standards that are effective but not relevant to the company

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2010 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

2.2.3 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IAS 1 (amendment), 'Presentation of financial statements', is effective for annual periods beginning on or after January 1, 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have a material impact on the company's financial statements.

- IAS 24 (Revised), 'Related Party Disclosures ', is effective for annual periods beginning on or after January 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the company's financial statements.

- IAS 34 (amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 1, 2011. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. This amendment is not expected to have a material impact on the company's financial statements.

- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement', is effective for annual periods beginning on or after January 1, 2011. IFRIC 14 provides further guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. This amendment is not expected to have a material impact on the company's financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after January 1, 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is not expected to have a material impact on the company's financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets) or where financial assets are not derecognised in their entirety. This amendment is not expected to have any impact on the company's financial statements.

2.2.4 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates but are not applicable to the company:

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 (amendments), 'First-time adoption of International Financial Reporting Standards'	January 1, 2011
- IFRIC 13 (amendment), 'Customer loyalty programmes'	January 1, 2011
- IFRS 1 (amendment), 'First-time adoption of International Financial Reporting Standards — Severe hyperinflation and removal of fixed dates for first-time adopters',	July 1, 2011

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value. The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Employees' retirement benefits and other obligations

The company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.1.

3.2 Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature in accordance with law, the amounts are shown as contingent liabilities.

3.3 Useful life and residual values of property, plant and equipment

The company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Employees' retirement benefits and other obligations

The main features of the schemes operated by the company for its employees are as follows:

4.1.1 Defined benefit plan

4.1.1.1 Pension

The company operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2010: 17%) of basic salary per annum and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2011.

The actual return on the plan assets during the year was Rs. 80,832 thousand (2010: Rs. 76,553 thousand). The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the company as reduced by benefits paid during the year.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gain and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2011	2010
Expected rate of increase in salary level	13%	11%
Expected rate of return	12%	12%
Discount rate	14%	12%
Average expected remaining working life of employees	7 Years	7 Years

The company's policy with regard to actuarial gains/(losses) is to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

4.1.2 Defined contribution plans

4.1.2.1 Gratuity

The company operates an approved defined contribution funded gratuity scheme for permanent employees who joined the company before July 1, 2004. Under the scheme, based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees Gratuity Fund Trust. During the year, Rs. 9,302 thousand (2010: Rs. 8,174 thousand) has been recognised as an expense by the company, in respect of the scheme.

4.1.2.2 Provident fund

The company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the company at the rate of 10 percent of basic salary per month. During the year, Rs. 8,628 thousand (2010: Rs. 8,181 thousand) has been recognised as an expense by the company, in respect of the scheme.

4.1.3 Accumulating compensated absences

The company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit. During the year, Rs. 8,301 thousand (2010: Rs. 3,399 thousand) has been recognised as an expense by the company, in respect of the scheme.

4.2 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

Property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold and leasehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to income applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 11. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The company continually assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. Any previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

4.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.5 Intangible assets

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income statement. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

4.6 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the company comprises land and is valued using the cost method, at cost less any identified impairment loss.

The company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.7 Investments and other financial assets

4.7.1 Subsidiary and associated undertakings

Investments in subsidiary and associated undertakings where the company has significant influence are carried at cost less impairment loss, if any.

At each balance sheet date, the company reviews the carrying amounts of the investments in subsidiary and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognised as expense in the income statement.

4.7.2 Others

Financial assets in the scope of IAS 39 : "Financial Instruments - Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. Financial assets are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets are subsequently measured at fair value or cost as the case may be. The company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

4.7.3 Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category (Financial assets at fair value through profit or loss). Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and are effective hedging instruments. Gains or losses on investments held for trading are recognised in income.

4.7.4 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

4.7.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

4.7.6 Available-for-sale financial assets

The financial assets including investments in associated undertakings where the company does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available-for-sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available-for-sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales of investments are recognised on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

4.8 Stores and spares

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores and spares is based on management estimate.

4.9 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of moving average cost and net realizable value.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods include direct material, labour and appropriate portion of manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Net realizable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock-in-trade is based on management estimate.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate for doubtful debts balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values.

4.12 Revenue recognition

Revenue from sale of goods is recognised on dispatch of goods to customers.

Revenue from warranty and maintenance services is recognised on the basis of services performed to date as a percentage of total services to be performed.

Dividend is recognised as income when the right to receive dividend is established.

Profit on bank deposits is recognised when earned.

Investment income is recognised when right to receive the income is established.

4.13 Research cost

These costs are charged to profit and loss account when incurred.

4.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.15 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

4.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognised in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees which is the company’s functional and presentation currency.

4.18 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and de-recognised when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.19 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.20 Dividend and appropriations

Dividend distribution to the company's shareholders is recognised as a liability in the period in which the dividends are approved.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of Shares			(Rupees in thousand)	
2011	2010		2011	2010
2,542,857	2,542,857	ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
		ordinary shares of Rs 10 each issued as fully paid bonus shares		
26,741,469	20,884,604	- Opening balance	267,415	208,846
7,321,082	5,856,865	- Issued during the year	73,211	58,569
34,062,551	26,741,469		340,626	267,415
36,605,408	**29,284,326**		**366,055**	**292,844**

6. SECURITY DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free and used in company's business. These are repayable on cancellation of dealership contract with dealers.

7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

	(Rupees in thousand)	
	2011	2010
Taxable temporary differences		
Accelerated tax depreciation	43,457	39,201
Change in fair value of short term investments	15,120	-
Deductible temporary differences		
Others - Provision for doubtful receivables / accumulating compensated absences	(32,971)	(31,573)
Net deferred tax liability at the year end	**25,606**	**7,628**

	Deferred Tax Liability		Deferred Tax Asset	Net Liability
	Accelerated Tax Depreciation	Change in fair value of short term investments	Others	
			(Rupees in thousand)	
Balance as at July 1, 2009	37,182	-	(28,299)	8,883
Charged/(credited) to profit and loss account	2,019	-	(3,274)	(1,255)
Balance as at June 30, 2010	39,201	-	(31,573)	7,628
Charged/(credited) to profit and loss account	4,256	15,120	(1,398)	17,978
Balance as at June 30, 2011	**43,457**	**15,120**	**(32,971)**	**25,606**

8. TRADE AND OTHER PAYABLES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Trade creditors	8.1	1,521,484	1,097,613
Accrued liabilities		164,567	127,646
Bills payable		106,443	69,032
Advances from customers	8.2	1,623,887	5,681,952
Security deposits	8.3	5,029	4,839
Trademark fee payable		135,537	228,112
Income tax deducted at source		17,805	50,335
Workers' Profit Participation Fund	8.4	5,183	23,227
Workers' Welfare Fund		90,523	79,423
Unclaimed dividends		97,597	55,742
Others		82,647	66,036
		3,850,702	**7,483,957**

8.1 Creditors include balances due to related parties amounting Rs. 172,075 thousand (2010: Rs. 34,919 thousand).

8.2 These represent advances from customers against sale of tractors and carry no mark-up.

8.3 These represent security deposits from contractors which, by virtue of agreement, are interest free, repayable on demand and are used in the company's business.

8.4 Workers' Profit Participation Fund

	Note	2011	2010
		(Rupees in thousand)	
Opening balance		23,227	25,432
Allocation for the year	30	210,183	179,227
		233,410	**204,659**
Less: Payments made during the year		(228,227)	(181,432)
Closing balance		**5,183**	**23,227**

9. SHORT TERM BORROWINGS

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 2,000,000 thousand (2010: Rs. 1,835,000 thousand). The rates of mark-up range from 36.08 paisas to 39.45 paisas (2010: 34.33 paisas to 42.47 paisas) per Rs. 1,000 per day.

The company has facilities for opening of letters of credit and guarantees aggregating to Rs. 2,914,000 thousand (2010: Rs. 3,299,000 thousand) out of which Rs. 1,696,902 thousand (2010: Rs. 1,746,000 thousand) remained unutilized at the end of the year.

These facilities are secured by pari passu hypothecation charge over stocks and book debts of the company, lien over import documents and counter guarantees of the company.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 The company has given guarantee amounting to Rs. 5,000 thousand to the bank for repayment of loan by employees. An amount of Rs. 1,777 thousand (2010: Rs. 1,930 thousand) was utilized by employees as at June 30, 2011.

10.2 Guarantees issued by the banks on behalf of the company in the normal course of business amount to Rs. 240,098 thousand (2010: Rs. 203,500 thousand).

10.3 The company is defending a counter suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. The management and the legal advisor are confident that outcome of the case would be in the company's favour and no loss is likely to occur, hence no provision there against has been made in these financial statements. The case is pending in the Civil Court, Lahore.

10.4 In prior years, the Collector (Adjudication) Customs, issued a show cause notice to the company regarding non-payment of custom duties amounting to Rs. 14,785 thousand, sales tax amounting to Rs. 7,998 thousand and income tax of Rs. 3,088 thousand on import of components that were deleted under the approved deletion programme. However, no provision in this respect has been made in these financial statements, as the management and the legal advisor of the company are of the view that the company has a prima facie valid claim. The company is in appeal in Customs Appellate Tribunal for relief against show cause notice, in the proceedings whereof, stay has been granted to the company.

Commitments

10.5 Commitments in respect of outstanding letters of credit amount to Rs. 977,000 thousand (2010: Rs. 1,746,000 thousand) at the balance sheet date.

10.6 Commitments in respect capital expenditure amount to Rs. 8,942 thousand (2010: Rs. 10,303 thousand) at the balance sheet date.

11. PROPERTY, PLANT AND EQUIPMENT

(Rupees in thousand)

	Land		Buildings		Plant & Machinery
	Freehold	Lesshold	On Freehold land	On Lesshold land	
Net carrying value basis					
Year ended June 30, 2011					
Opening net book value (NBV)	58,307	8	40,453	291	168,338
Additions (at cost)	-	-	-	-	37,128
Disposals / write offs (at NBV)	-	-	(2,944)	-	(26)
Depreciation charge	-	-	(3,696)	(145)	(19,372)
Closing net book value (NBV)	58,307	8	33,813	146	186,068
Gross carrying value basis					
As at June 30, 2011					
Cost	58,307	8	170,978	2,900	420,363
Accumulated depreciation	-	-	(137,165)	(2,754)	(234,295)
Net book value (NBV)	58,307	8	33,813	146	186,068
Depreciation rate % per annum	-	-	5-10	5	10
Net carrying value basis					
Year ended June 30, 2010					
Opening net book value (NBV)	58,307	8	41,796	436	168,968
Additions (at cost)	-	-	2,598	-	17,047
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	-	-	(3,941)	(145)	(17,677)
Closing net book value (NBV)	58,307	8	40,453	291	168,338
Gross carrying value basis					
As at June 30, 2010					
Cost	58,307	8	180,230	2,900	383,458
Accumulated depreciation	-	-	(139,777)	(2,609)	(215,120)
Net book value (NBV)	58,307	8	40,453	291	168,338
Depreciation rate % per annum	-	-	5-10	5	10

(Rupees in thousand)

	Furniture & Office Equipment	Vehicles	Tools & Equipments	Computers	Total
Net carrying value basis					
Year ended June 30, 2011					
Opening net book value (NBV)	23,182	91,829	23,758	5,593	411,759
Additions (at cost)	2,462	50,481	3,744	1,344	95,159
Disposals / write offs (at NBV)	(110)	(11,555)	-	-	(14,635)
Depreciation charge	(2,774)	(24,884)	(3,910)	(1,986)	(56,767)
Closing net book value (NBV)	22,760	105,871	23,592	4,951	435,516
Gross carrying value basis					
As at June 30, 2011					
Cost	47,368	187,933	72,698	19,807	980,362
Accumulated depreciation	(24,608)	(82,062)	(49,106)	(14,856)	(544,846)
Net book value (NBV)	22,760	105,871	23,592	4,951	435,516
Depreciation rate % per annum	10-20	20	10-15	33	
Net carrying value basis					
Year ended June 30, 2010					
Opening net book value (NBV)	21,619	82,611	26,340	5,533	405,618
Additions (at cost)	4,194	37,144	1,592	2,513	65,088
Disposals (at NBV)	-	(7,248)	-	-	(7,248)
Depreciation charge	(2,631)	(20,678)	(4,174)	(2,453)	(51,699)
Closing net book value (NBV)	23,182	91,829	23,758	5,593	411,759
Gross carrying value basis					
As at June 30, 2010					
Cost	45,275	176,048	68,954	18,463	933,643
Accumulated depreciation	(22,093)	(84,219)	(45,196)	(12,870)	(521,884)
Net book value (NBV)	23,182	91,829	23,758	5,593	411,759
Depreciation rate % per annum	10-20	20	10-15	33	

11.1 Disposal of property, plant and equipment

Detail of assets sold during the year, having book value exceeding fifty thousand rupees is as under:

(Rupees in thousand)

Particulars of Assest	Sold to	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal
Vehicles	**Directors**					
	Mr. Sikander Mustafa Khan	5,500	4,058	1,442	1,442	Company car scheme
	Mr. Sohail Bashir Rana	3,700	2,730	970	970	Company car scheme
	Mr. Laeequddin Ansari	3,700	2,730	970	970	Company car scheme
	Mr. Mian Muhammad Saleem	3,200	2,361	839	839	Company car scheme
	Employees					
	Mr. Muhamad Aslam	1,239	239	1,000	1,000	Company car scheme
	Mr. Zulfiqaar Elahi	1,199	437	762	762	Company car scheme
	Mr. Zahid Noor	954	289	665	665	Company car scheme
	Mr. Khurshid Majeed	879	444	435	435	Company car scheme
	Mr. Javed Munir	841	621	220	220	Company car scheme
	Mr. Muhammad Aslam	841	621	220	220	Company car scheme
	Mr. M. Ashfaq Farooqi	774	571	203	203	Company car scheme
	Mr. M. A. Kakakhail	774	571	203	203	Company car scheme
	Mr. Muhammad Akram	774	571	203	203	Company car scheme
	Mr. Gulzar Muhammad	749	308	441	441	Company car scheme
	Mr. Imtiaz Ali	660	339	321	321	Company car scheme
	Mr. Azhar Noor	604	446	158	158	Company car scheme
	Mr. Muhammad Siddique	604	446	158	158	Company car scheme
	Mr. Muhammad Akbar	604	446	158	158	Company car scheme
	Mr. Qamar Islam Khan	604	446	158	158	Company car scheme
	Mr. Muhammad Ali	600	367	233	233	Company car scheme
	Mr. Liaquat Ali Alvi	390	248	142	142	Company car scheme
	Mr. M. Ayub	71	5	66	66	Company m/c scheme
	Mr. Muhammad Tayyab	70	7	63	63	Company m/c scheme
	Mr. Rao Adeel	70	8	62	62	Company m/c scheme
	Mr. Aqeel Abbas	70	9	61	61	Company m/c scheme
	Mr. Ali Usman	63	2	61	61	Company m/c scheme
	Mr. M. Asif Ali	63	7	56	56	Company m/c scheme
	Mr. Azhar Mahmood	63	11	52	52	Company m/c scheme
	Mr.Tabasum Murtaza	63	5	58	58	Company m/c scheme
	Mr. Muhammad Ashraf	63	11	52	52	Company m/c scheme
	Mr. Sher Muhammad	63	11	52	52	Company m/c scheme
	Others					
	Mr. Imran Akhtar	2,349	2,176	173	1,823	Auction
	Mr. Rizwan Ahmed	2,263	2,086	177	1,809	Auction
	Mr. Aslam Rao	1,479	1,411	68	630	Auction
	Mr. Ghulam Hussain	1,136	1,050	86	966	Auction

11.2 The depreciation charge for the year has been allocated as follows:

(Rupees in thousand)

	Note	2011	2010
Cost of sales	25	32,080	31,620
Distribution and marketing expenses	26	7,270	5,779
Administrative expenses	27	17,417	14,300
		56,767	**51,699**

12. CAPITAL WORK-IN-PROGRESS

(Rupees in thousand)

	2011	2010
Plant and machinery	-	1,345
Advance for purchase of office space	151,830	151,830
Others	3,307	2,301
	155,137	**155,476**

13. INTANGIBLE ASSET

(Rupees in thousand)

		ERP Software	
	Note	2011	2010
Net carrying value basis			
Opening net book value (NBV)		29,357	-
Additions at cost		-	35,228
Amortisation charge	27	(11,743)	(5,871)
Closing net book value (NBV)		**17,614**	**29,357**
Gross carrying value basis			
Cost		35,228	35,228
Accumulated amortisation		(17,614)	(5,871)
Net book value (NBV)		**17,614**	**29,357**
Rate of amortisation		33%	33%

14. INVESTMENT PROPERTY

(Rupees in thousand)

	2011	2010
Land	273,203	273,203
Disposals	(14,759)	-
	258,444	273,203
Provision for impairment	(2,736)	-
	255,708	**273,203**

Based on the valuation carried out by an independent valuer as at June 30, 2011, the fair value of investment property is Rs. 353,625 thousand (2010: Rs. 388,875 thousand).

15. LONG TERM INVESTMENTS

	(Rupees in thousand)	
	2011	2010
Investment in related parties		
In subsidiary undertaking		
Unquoted		
Millat Industrial Products Limited		
5,737,500 (2010: 5,737,500) fully paid ordinary shares of Rs. 10/- each	57,375	57,375
Equity held 64.09% (2010: 64.09%)		
Value of investment based on net assets as shown in the audited account as at June 30, 2011 is Rs. 127,204 thousand (2010: Rs. 88,525 thousand)		
In associated companies		
Quoted		
Bolan Castings Limited		
4,824,527 (2010: 4,385,934) fully paid ordinary shares of Rs. 10/- each	76,610	76,610
Equity held 46.26% (2010: 46.26%). Market Value as at June 30, 2011 is Rs. 236,402 thousand (2010: Rs. 156,052 thousand)		
Unquoted		
Millat Equipment Limited		
11,700,000 (2010: 11,700,000) fully paid ordinary shares of Rs. 10/- each	117,000	117,000
Equity held 45% (2010: 45%)		
Value of investment based on net assets as shown in the audited accounts as at June 30, 2011 is Rs. 384,732 thousand (2010: Rs. 278,518 thousand)		
Arabian Sea Country Club Limited		
500,000 (2010: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2010: 6.45%)		
Value of investment based on the net assets shown in the audited accounts as at June 30, 2010 is Rs. 5,569 thousand (2009: Rs. 4,124 thousand)		
Less: Impairment loss	(5,000)	(5,000)
Carried Forward	250,985	250,985

	(Rupees in thousand)	
	2011	2010
Brought Forward	250,985	250,985
Agrimall (Private) Limited	20	20
2,000 (2010: 2,000) fully paid ordinary shares of Rs.10/- each		
Equity held 20% (2010: 20%)		
Value of investment based on the net assets shown in the audited accounts as at June 30, 2008 is Rs.Nil (2007: Rs. Nil)		
Less: Impairment loss	(20)	(20)
	-	-
Other investment - Available-for-sale		
Quoted		
Baluchistan Wheels Limited		
1,282,825 (2010: 1,282,825) fully paid ordinary shares of Rs. 10/- each	12,145	12,145
Surplus on revaluation of investment	28,777	25,057
Market value as at June 30	40,922	37,202
	291,907	**288,187**

16. LONG TERM LOANS - CONSIDERED GOOD

		(Rupees in thousand)	
	Note	2011	2010
Loan to related party	16.1	900	900
Loan to employees:			
Company loan	16.2	1,976	1,994
Motor cycle loan	16.3	1,472	2,453
Less: Current portion included in current assets	20	(1,488)	(2,159)
		1,960	2,288
		2,860	**3,188**

16.1 Unsecured loan bearing mark-up at the rate of 15% (2010: 14%) per annum was advanced to Agrimall (Private) Limited, an associated undertaking engaged in agricultural business and acting interalia as a dealer of the company. The loan shall be exclusively used for promotion of the company's products. The repayment terms are yet to be finalized. The maximum aggregate amount due at the end of any month amounts to Rs. 900 thousand (2010: Rs. 900 thousand).

16.2 This represents interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of 4 years.

16.3 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the company and employees. These loans are repayable in monthly installments over a period of 5 years.

16.4 Reconciliation of carrying amount of loans to executives:

	Balance as at July 1, 2010	Disbursement during the year	Repayments during the year	Balance as at June 30, 2011
			(Rupees in thousand)	
Due from Executives	187	20	195	12

17. STORES AND SPARES

Most of the items of stores and spares are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

18. STOCK - IN - TRADE

	2011	2010
	(Rupees in thousand)	
Raw materials (including in transit of Rs. 291,740 thousand; 2010: Rs. 168,059 thousand)	2,229,777	2,125,219
Work-in-process	88,269	220,048
Finished goods :		
Manufacturing	194,513	75,099
Trading	60,623	50,013
Others	7,111	5,525
	2,580,293	**2,475,904**

Included in stocks are raw materials and components held with third parties amounting to Rs. 71,042 thousand (2010: Rs. 134,564 thousand).

19. TRADE DEBTS

	Note	2011	2010
		(Rupees in thousand)	
Trade debts - Considered good	19.1	176,430	454,465
- Considered doubtful		12,605	12,605
		189,035	467,070
Less: Provision for doubtful debts		(12,605)	(12,605)
		176,430	**454,465**

All debts are unsecured except for Rs. 284 thousand (2010: Rs. 1,066 thousand) which are secured against deposits.

19.1 Trade debts include balances due from related parties, namely, Millat Equipment Limited and Millat Industrial Products Limited amounting to Rs. 35,093 thousand (2010: Rs. 24,329 thousand) and Rs. 5,758 thousand (2010: Rs. nil), respectively.

20. LOANS AND ADVANCES

	Note	2011	2010
		(Rupees in thousand)	
Current portion of long term loans to employees	16	1,488	2,159
Advances to employees - Considered good	20.1	1,500	1,537
Advances to suppliers - Considered good	20.2	174,295	232,827
- Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		38,010	2,835
		215,293	**239,358**

20.1 Included in advances to employees are amounts due from the Chief Executive Rs. nil (2010: Rs. nil) and Directors Rs. nil (2010: Rs. nil).

The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 215 thousand (2010: Rs. 260 thousand) and Directors Rs. 647 thousand (2010: Rs. 388 thousand).

20.2 Advances to suppliers include advances to vendors of Rs. 74,041 thousand (2010: Rs. 94,178 thousand) which carry mark-up of 18% per annum. Included in advances to vendors is advance to Millat Equipment Limited, a related party, of Rs. 2,200 thousand (2010: Rs. 2,200 thousand).

21. OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in thousand)	
Special excise duty recoverable		265,293	216,404
Sales tax recoverable		410,762	1,703,130
Less : Provision for doubtful claims		(34,147)	(34,147)
		376,615	**1,668,983**
Claims receivable from foreign suppliers		73,078	73,671
Profit/interest accrued	21.1	1,396	5
Pension fund	21.2	84,969	67,192
Receivable from gratuity fund		-	2,647
		801,351	**2,028,902**

21.1 Profit/interest accrued

	2011	2010
	(Rupees in thousand)	
On bank deposits	1,260	-
On loan to associate	136	5
	1,396	**5**

21.2 Pension fund

	(Rupees in thousand)	
	2011	2010
This comprises:		
Present value of defined benefit obligation	(544,061)	(518,328)
Fair value of plan assets	731,550	667,000
Unrecognized actuarial (gains) - net	(102,520)	(81,480)
Asset recognized in the balance sheet	**84,969**	**67,192**

Charge for the year

	(Rupees in thousand)	
	2011	2010
Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	12,109	11,959
Interest cost	62,199	58,016
Expected return on plan assets	(80,040)	(72,315)
Net actuarial gain recognized in the year	(2,111)	(657)
	(7,843)	**(2,997)**

The movement in present value of defined benefit obligation is as follows:

	(Rupees in thousand)	
	2011	2010
Present value of defined benefit obligation as at July 1	518,328	483,464
Interest cost	62,199	58,016
Current service cost	12,109	11,959
Benefits paid	(26,215)	(22,071)
Actuarial (gain)/loss	(22,360)	(13,040)
Present value of defined benefit obligation as at June 30	**544,061**	**518,328**

The movement in fair value of plan assets is as follows:

	(Rupees in thousand)	
	2011	2010
Fair value of plan assets as at July 1	667,000	602,621
Expected return on assets	80,040	72,315
Contributions	9,934	9,897
Benefits paid	(26,215)	(22,071)
Actuarial gain	791	4,238
Fair value of plan assets as at June 30	**731,550**	**667,000**
Actual return on plan assets	**80,831**	**76,553**
Plan assets comprise:		
Saving Certificates	58,000	58,000
Bonds, mutual funds and Term Deposit Receipts	673,422	605,661
Cash	128	3,339
	731,550	**667,000**

21.2 Pension fund

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

			(Rupees in thousand)		
As at June 30	2011	2010	2009	2008	2007
Present value of defined benefit obligation	544,061	518,328	483,464	428,585	377,329
Fair value of plan assets	731,550	667,000	602,621	536,159	468,981
Surplus	**187,489**	**148,672**	**119,157**	**107,574**	**91,652**
Experience adjustment on obligation	**(22,360)**	**(13,040)**	**4,584**	**3,033**	**(28,314)**
Experience adjustment on plan assets	**791**	**4,238**	**9,590**	**4,014**	**41,461**

22. SHORT TERM INVESTMENTS

	(Rupees in thousand)	
	2011	2010
Financial asset at fair value through profit and loss	2,820,099	4,116,821
Surplus on revaluation of investment	151,197	-
Market value as at June 30	**2,971,296**	**4,116,821**

Short term investments represent investments in mutual funds as disclosed in note 37

23. CASH AND BANK BALANCES

	2011 (Rupees in thousand)	2010
In hand:		
Cash	580	305
At banks:		
Current accounts	261,362	395,164
Saving accounts	131,560	93,086
Deposit accounts	-	620,500
	393,502	**1,109,055**

The saving accounts bear mark-up at the rate of 5% - 10.5% (2010: 5%) per annum.

24. SALES - NET

	2011 (Rupees in thousand)	2010
Local		
Tractors	25,777,259	21,643,036
Implements	21,051	22,357
Multi-application products	392,955	369,889
Trading goods	257,366	225,911
Warranty and maintenance services	33,069	202,079
	26,481,700	**22,463,272**
Less: Discount	(213,122)	(20,775)
	26,268,578	**22,442,497**
Less: Sales tax and special excise duty	(1,316,190)	(36,410)
	24,952,388	**22,406,087**
Export		
Tractors	196,659	37,726
Multi-application products	-	474
Implements	43	-
	196,702	**38,200**
	25,149,090	**22,444,287**
Less: Commission	(285,826)	(244,378)
	24,863,264	**22,199,909**

25. COST OF SALES

	Note	2011 (Rupees in thousand)	2010
Components consumed		19,527,148	17,454,114
Salaries, wages and amenities	25.1	241,832	219,248
Contract services		169,096	172,233
Fuel and power		72,168	70,152
Communication		331	1,411
Travelling and vehicle running		12,420	13,249
Printing and stationery		718	2,737
Insurance		12,800	9,051
Repairs and maintenance		65,466	59,150
Stores and spares consumed		94,604	73,836
Depreciation	11.2	32,080	31,620
Other expenses		21,513	10,417
		20,250,176	18,117,218
Add: Opening work-in-process		220,048	109,611
Less: Closing work-in-process		(88,269)	(220,048)
Increase / (decrease) in work-in-process		131,779	(110,437)
Cost of goods manufactured		20,381,955	18,006,781
Add: Opening finished goods		75,099	136,474
Less: Closing finished goods		(194,513)	(75,099)
(Decrease) / increase in finished goods stock		(119,414)	61,375
Cost of sales - manufactured		20,262,541	18,068,156
Cost of sales - trading	25.2	168,760	148,953
		20,431,301	**18,217,109**

25.1 Salaries, wages and amenities include Rs. (2,957) thousand (2010: Rs. (5,862) thousand) in respect of pension expense.

25.2 Cost of sales - trading

	2011 (Rupees in thousand)	2010
Opening stock	50,013	65,653
Purchases	179,370	133,313
Closing stock	(60,623)	(50,013)
Cost of goods sold	**168,760**	**148,953**

26. DISTRIBUTION AND MARKETING EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Salaries and amenities	26.1	65,167	60,091
Contract services		16,474	10,946
Fuel and power		4,782	4,024
Communication		493	1,247
Travelling and vehicle running		11,059	13,611
Printing and stationery		6,305	11,350
Insurance		5,879	3,794
Trademark fee		286,877	242,362
Advertisement and sales promotion		11,700	17,373
Depreciation	11.2	7,270	5,779
Meeting/convention		12,576	5,611
After sales support		103,141	148,625
Research cost		-	15,163
Other expenses		8,738	7,001
		540,461	**546,976**

26.1. Salaries and amenities include Rs. (992) thousand (2010: Rs. (2,195) thousand) in respect of pension expense.

27. ADMINISTRATIVE EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Salaries and amenities	27.1	143,576	134,793
Contract services		22,292	19,256
Fuel and power		8,781	6,690
Communication		4,840	2,851
Travelling and vehicle running		20,167	20,748
Insurance		5,090	3,891
Repairs and maintenance		6,851	10,095
Security		8,298	9,024
Legal and professional	27.2	9,459	12,295
Depreciation	11.2	17,417	14,300
Amortization of intangible asset	13	11,743	5,871
Provision for impairment		2,736	-
Rent, rates and taxes		5,654	4,999
Fee and subscription		4,700	2,275
Entertainment		3,076	4,184
Bad debts written off		1,841	7,766
Other expenses		30,356	33,301
		306,877	**292,340**

27.1 Salaries and amenities include Rs. (3,895) thousand (2010: Rs. (4,837) thousand) in respect of pension expense.

27.2 Legal and professional expenses include following in respect of auditors' services:

	2011	2010
	(Rupees in thousand)	
Statutory audit	1,100	1,000
Half year review	150	150
Special reports and sundry certifications	281	358
Out of pocket expenses	75	75
	1,606	**1,583**

28. OTHER OPERATING INCOME

	2011	2010
	(Rupees in thousand)	
Income from financial assets		
Dividend income	1,604	3,528
Return on bank deposits	18,997	23,672
Gain on sale of short term investments	294,059	311,685
Change in fair value of short term investments	151,197	-
Interest charged on early payments and advances	47,625	25,311
	513,482	**364,196**
Income from investment in associates and loans to related parties		
Dividend income from Millat Equipment Limited	58,500	29,250
Dividend income from Bolan Castings Limited	10,965	-
Interest income on loan to Agrimall (Private) Limited	131	126
	69,596	**29,376**
Income from assets other than financial assets		
Rental income	4,952	4,993
Scrap sales	26,534	25,046
Exchange gain	4,700	22,672
Gain on disposal of property, plant and equipment	5,000	-
Gain on disposal of investment property	53,891	-
Others	1,406	4,272
	96,483	**56,983**
	679,561	**450,555**

29. FINANCE COST

	2011	2010
	(Rupees in thousand)	
Mark-up on short term running finance - secured	7,769	8,453
Bank charges and commission	1,793	1,045
	9,562	**9,498**

30. OTHER OPERATING EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Workers' profit participation fund	8.4	210,183	179,227
Workers' welfare fund		79,194	68,104
Donations	30.1	47,883	589
Property, plant and equipment written-off		3,080	-
		340,340	**247,920**

30.1 None of the directors were interested in the donee institutions.

31. TAXATION

	2011	2010
	(Rupees in thousand)	
For the year		
- Current	1,243,372	1,046,837
- Deferred	17,978	(1,255)
	1,261,350	**1,045,582**
Prior years		
- Current	(17,802)	6,541
	1,243,548	**1,052,123**

31.1 Numerical reconciliation between average effective tax rate and the applicable tax rate

	2011	2010
	%	
Applicable tax rate	35.00	35.00
- Effect of change in prior year	(0.45)	0.20
- Income exempt for tax purposes	(0.53)	(3.29)
- Income chargeable to tax at lower rate	(3.67)	(0.33)
- Others	1.43	(0.05)
	(3.23)	**(3.47)**
Average effective tax rate	**31.77**	**31.53**

32. EVENTS AFTER BALANCE SHEET DATE

Dividend declared by the company after the balance sheet date amounts to Rs. 549,081 thousand (Rs. 15 per share) { 2010: Rs. 1,024,951 thousand (Rs. 35 per share)}, while appropriation to general reserve and for issuance of bonus shares made after the balance sheet date amount to Rs. 900,000 thousand and Rs. Nil respectively (2010: Rs. 300,000 thousand and Rs. 73,211 thousand respectively).

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive, full time working directors and executives of the company are as follows :

(Rupees in thousand)

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
Number of persons	1	1	5	5	29	28
Remuneration	2,447	2,131	8,438	7,361	20,708	17,498
Cost of living allowance	2,447	2,131	8,345	7,270	17,078	13,748
Bonus	960	845	3,679	3,235	7,758	6,655
House rent	1,101	959	3,800	3,315	7,421	6,723
Contribution to provident fund and gratuity funds	717	599	122	107	5,247	4,255
Pension contribution	416	362	16	15	2,903	2,337
Medical expenses	80	96	629	439	1,879	2,152
Utilities	325	255	1,603	1,439	2,589	2,282
Other reimbursable expenses	1,331	1,177	4,366	4,751	6,023	4,732
	9,824	**8,555**	**30,998**	**27,932**	**71,606**	**60,382**

The company also provides the Chief Executive, directors and certain employees with free use of company maintained cars and residential telephones.

33.1 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of fee to two directors (2010: 1 director) was Rs. 126 thousand (2010: Rs. 12 thousand) and travelling expenses Rs. 370 thousand (2010: Rs. 217 thousand).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 33. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2011	2010
		(Rupees in thousand)	
Subsidiary	Sale of goods	6,758	-
	Purchase of components	150,724	70,289
Associates	Sale of goods	44,571	29,385
	Purchase of components	4,101,233	3,439,119
	Dividend income	49,465	29,250
	Rental income	-	97
	Sale of investment property	68,650	-
Retirement benefit plans	Contribution to staff retirement benefit plans	19,510	26,804

35. EARNINGS PER SHARE

35.1 Basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

		2011	2010
Profit for the year after tax	(Rupees in thousands)	2,670,736	2,284,498
Average ordinary shares in issue	(Numbers)	36,605,408	36,605,408
Earnings per share	(Rupees)	72.96	62.41

35.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
		(Rupees in thousand)	
Profit before taxation		3,914,284	3,336,621
Adjustment for:			
Depreciation on property, plant and equipment		56,767	51,699
Amortization of intangible asset		11,743	5,871
Provision for impairment		2,736	-
Bad debts written off		1,841	7,766
Provision for accumulating compensated absences		8,301	3,399
Deferred revenue amortised		(33,069)	(202,079)
Property, plant and equipment written off		3,080	-
Profit on bank deposits		(18,997)	(23,672)
Dividend income		(71,069)	(32,778)
Gain on disposal of property, plant and equipment		(5,000)	-
Gain on disposal of investment property		(53,891)	-
Gain on sale of short term investments		(294,059)	(311,685)
Gain on change in fair value of investments		(151,197)	-
Finance cost		9,562	9,498
Working capital changes	36.1	(2,267,513)	2,500,520
		1,113,519	**5,345,160**

36.1 Working capital changes

	2011	2010
	(Rupees in thousand)	
Decrease/(increase) in current assets		
Stores and spares	(20,960)	(33,355)
Stock-in-trade	(104,389)	(398,882)
Trade debts	276,194	(335,022)
Loans and advances	24,065	(137,568)
Trade deposits and prepayments	3,876	(7,129)
Interest accrued on loan to Agrimall (Private) Limited	(131)	109
Other receivables	1,228,942	(926,296)
	1,407,597	**(1,838,143)**
(Decrease)/increase in current liabilities		
Trade and other payables	(3,675,110)	4,338,663
	(2,267,513)	**2,500,520**

36.2 Cash and cash equivalents

	2011	2010
	(Rupees in thousand)	
Cash and bank balances	393,502	1,109,055

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the United Kingdom Sterling (UKP), United States Dollar (USD) and Euro. Currently, the company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to foreign entities. The company's exposure to currency risk is as follows:

	(Rupees in thousand)	
	2011	2010
Trade and other payables - UKP	(589)	(1,796)
Net exposure - UKP	**(589)**	**(1,796)**
Trade and other payables - USD	(155)	(367)
Net exposure - USD	**(155)**	**(367)**
Trade and other payables - Euro	-	(217)
Net exposure - Euro	**-**	**(217)**

The following significant exchange rates were applied during the year:

	2011	2010
Rupees per UKP		
Average rate	136.41	132.73
Reporting date rate	138.62	128.96
Rupees per USD		
Average rate	85.64	84.45
Reporting date rate	86.05	85.60
Rupees per Euro		
Average rate	117.17	104.42
Reporting date rate	124.89	104.58

If the functional currency, at reporting date, had fluctuated by 5% against the UKP, USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 4.750 million (2010: Rs 13.644 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The equity instrument held by the company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Moreover, the company has made investments in mutual funds. Therefore, it is not possible to measure the impact of increase / decrease in the KSE Index on the company's profit after taxation for the year and on equity (fair value reserve).

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest-bearing financial instruments was:

	(Rupees in thousand)	
	2011	2010
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	-	620,500
Bank balances - savings accounts	131,560	93,086
Advances to suppliers	-	94,178
Total exposure	**131,560**	**807,764**

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

The company does not have any variable rate instruments at the reporting date. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the company.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	(Rupees in thousand)	
	2011	2010
Long term investments	291,907	288,187
Long term loans	900	900
Loans to employees	1,960	2,288
Trade debts	176,430	454,465
Other receivables	159,443	140,868
Short term investments	2,971,296	4,116,821
Bank balances	392,922	1,108,750
	3,994,858	**6,112,279**

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The company's exposure to credit risk in respect of trade debts is limited to its carrying amount. The carrying amount of trade debts older than 365 days and not impaired was Rs. 33,872 thousand (2010: Rs. 29,050 thousand).

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			(Rupees in thousand)	
Banks	Short Term	Long Term	Agency	2011	2010
Meezan Bank Limited	A-1+	AA-	JCR-VIS	2,405	2,755
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	66,046	176,783
Bank Alfalah Limited	A1+	AA	PACRA	47,718	110,369
Standard Chartered Bank	A1+	AAA	PACRA	33,738	11,827
Royal Bank of Scotland	A-1+	AA	JCR-VIS	-	214
United Bank Limited	A-1+	AA+	JCR-VIS	178,345	730,970
The Bank of Punjab	A1+	AA-	PACRA	3,257	3,933
MCB Bank Limited	A1+	AA+	PACRA	6,606	18,597
Habib Bank Limited	A-1+	AA+	JCR-VIS	19,575	14,482
Barclays Bank Plc	A-1+	AA-	S&P	30,058	38,820
Faysal Bank Limited	A-1+	AA	JCR-VIS	854	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,320	-
				392,922	**1,108,750**

			(Rupees in thousand)	
Mutual funds	Rating	Rating Agency	2011	2010
MCB Dynamic Cash Fund	A+ (f)	PACRA	-	558,614
UBL Liquidity Plus Fund	AA+ (f)	JCR-VIS	528,743	779,043
MCB Cash Management Optimizer Fund	AA+ (f)	PACRA	453,806	582,494
NAFA Government Securities Liquid Fund	AAA (f)	PACRA	447,176	474,110
NIT Government Bond Fund	AA (f)	PACRA	375,127	565,328
NIT Income Fund	AA- (f)	PACRA	-	57,336
ABL Income Fund	A+ (f)	JCR-VIS	-	995,143
Meezan Cash Fund	AA (f)	JCR-VIS	-	104,753
ABL Cash Fund	AA+ (f)	JCR-VIS	531,776	-
Atlas Money Market Fund	AA+ (f)	PACRA	104,794	-
HBL Money Market Fund	AA+ (f)	JCR-VIS	210,823	-
Askari Sovereign Cash Fund	AA+ (f)	PACRA	319,051	-
			2,971,296	**4,116,821**

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2011, the company had Rs 2,000,000 thousand available borrowing limits from financial institutions and Rs 393,502 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2011:

			(Rupees in thousand)	
	Carrying Amount	Less than one year	One to five years	More than five years
Trade and other payables	2,052,362	2,049,557	2,805	-
Accrued finance cost	990	990	-	-
	2,053,352	**2,050,547**	**2,805**	**-**
The following are the contractual maturities of financial liabilities as at June 30, 2010:				
Trade and other payables	7,410,929	7,407,493	3,436	-
Accrued finance cost	1,884	1,884	-	-
	7,412,813	**7,409,377**	**3,436**	**-**

37.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

37.3 Financial instruments by categories

(Rupees in thousand)

	Available-for-sale		At fair value through Profit and Loss		Loans & Receivables		Investments at cost		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial assets as per balance sheet										
Long term investments	40,922	37,202	-	-	-	-	250,985	250,985	291,907	288,187
Long term loans	-	-	-	-	900	900	-	-	900	900
Loans to employees	-	-	-	-	1,960	2,288	-	-	1,960	2,288
Trade debts	-	-	-	-	176,430	454,465	-	-	176,430	454,465
Other receivables	-	-	-	-	159,443	140,868	-	-	159,443	140,868
Short term investments	-	-	2,971,296	4,116,821	-	-	-	-	2,971,296	4,116,821
Bank balances	-	-	-	-	392,922	1,108,750	-	-	392,922	1,108,750
	40,922	**37,202**	**2,971,296**	**4,116,821**	**731,655**	**1,707,271**	**250,985**	**250,985**	**3,994,858**	**6,112,279**

(Rupees in thousand)

	Other financial liabilities	
	2011	2010
Financial liabilities as per balance sheet		
Trade and other payables	2,052,362	3,410,929
Accrued finance cost	990	1,884
	2,053,352	**7,412,813**

37.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the company is equity based with no financing through long term or short term borrowings. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares and other measures commensurating to the circumstances.

38. CAPACITY AND PRODUCTION

(Units per Annum)

	2011	2010
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	42,188	40,178

The company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2011 by the Board of Directors of the company.

40. CORRESPONDING FIGURES

Corresponding figures, where necessary, have been rearranged for the purposes of comparison. Significant reclassification for better presentation include:

Cost of warranty services amounting to Rs. 148,625 thousand previously included in Cost of sales now presented under Distribution and marketing expenses as After sales support.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

consolidated

FINANCIAL STATEMENTS

2011

MILLAT TRACTORS LIMITED

group directors'
REPORT 2011

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2011.

THE GROUP

The Group comprises of Millat Tractors Limited (MTL) and Millat Industrial Products Limited (MIPL) a subsidiary of MTL.

The Directors' reports, giving complete information about the performance of Millat Tractors Limited and Millat Industrial Products Limited for the year ended June 30, 2011 have been presented separately along with their respective financial statements.

MILLAT INDUSTRIAL PRODUCTS LIMITED

MIPL is engaged in manufacturing of automotive batteries for MTL as well as the after sale market. The Company introduced new range of batteries during the year in order to increase the market share. The Company has also enhanced its production capacity. MIPL earned an after tax profit of Rs.60.359 million and registered sale of Rs.509.874 million.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Group Companies have occurred between the end of the financial year of the Companies and the date of this report except as disclosed in their respective annual reports.

PATTERN OF SHAREHOLDING

The pattern of shareholding of both companies is annexed to their Directors' reports.

EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2011 of both companies are duly reported in their Directors' reports.

Chairman

Chief Executive

Lahore: August 16, 2011

AUDITOR'S
report to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Millat Tractors Limited (the holding company) and its subsidiary company as at June 30, 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separated opinion on the financial statements of Millat Tractors Limited, while the financial statements of its subsidiary company, Millat Industrial Products Limited were audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures, as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Millat Tractors Limited and its subidiary company as at June 30, 2011 and the results of their operations for the year then ended.

A.F.Ferguson & Co.
Chartered Accountants
Name of audit
engagement partner:
Imran Farooq Mian

Lahore:
August 16, 2011

consolidated

BALANCE SHEET

as at june 30, 2011

EQUITY AND LIABILITIES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 (June 30, 2010: 30,000,000)			
ordinary shares of Rs. 10 each		500,000	300,000
Issued, subscribed and paid up capital	5	366,055	292,844
General reserves		2,766,678	2,467,776
Unappropriated profit		1,977,424	1,747,571
Fair value reserve		15,440	11,720
Equity attributable to equity holders of the parent		**5,125,597**	**4,519,911**
Non-controlling interest		68,361	46,683
		5,193,958	**4,566,594**
NON-CURRENT LIABILITIES			
Security deposits	6	10,485	10,285
Deferred taxation	7	29,264	8,528
		39,749	**18,813**
CURRENT LIABILITIES			
Accumulating compensated absences		44,965	36,664
Current portion of deferred revenue		-	33,069
Trade and other payables	8	3,851,727	7,513,070
Mark-up accrued on short term borrowings		1,503	1,909
Provision for taxation		-	3,200
		3,898,195	**7,587,912**
CONTINGENCIES AND COMMITMENTS	**10**	-	-
		9,131,902	**12,173,319**

ASSETS

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
NON-CURRENT ASSETS			
Property, plant and equipment	11	484,578	446,997
Capital work-in-progress	12	155,201	157,748
Intangible assets	13	17,614	29,357
Investment property	14	255,708	273,203
Long term investments	15	636,364	525,467
Long term loans - considered good	16	2,860	3,188
		1,552,325	**1,435,960**
CURRENT ASSETS			
Stores and spares	17	136,104	113,921
Stock-in-trade	18	2,663,197	2,520,520
Trade debts	19	208,138	483,605
Loans and advances	20	229,251	257,022
Trade deposits and prepayments		20,907	24,013
Other receivables	21	803,273	2,030,965
Taxation-net		142,195	46,612
Short term investments	22	2,971,296	4,116,821
Cash and bank balances	23	405,216	1,143,880
		7,579,577	10,737,359
		9,131,902	**12,173,319**

The annexed notes 1 to 42 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

consolidated
PROFIT & LOSS
account for the year ended june 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	24	25,194,473	22,461,249
Cost of sales	25	20,626,228	18,379,551
Gross profit		**4,568,245**	**4,081,698**
Distribution and marketing expenses	26	556,039	559,900
Administrative expenses	27	330,664	309,861
		886,703	869,761
Operating profit		**3,681,542**	**3,211,937**
Other operating income	28	586,909	422,259
		4,268,451	**3,634,196**
Finance cost	29	11,287	10,007
Other operating expenses	30	346,802	252,584
		358,089	**262,591**
		3,910,362	**3,371,605**
Share of profit of associates	31	310,189	262,396
Profit before taxation		**4,220,551**	**3,634,001**
Taxation			
- Group	32	1,272,983	1,072,794
- Associates		109,297	90,625
		1,382,280	**1,163,419**
Profit for the year		**2,838,271**	**2,470,582**
Attributable to:			
- Equity holders of the parent		2,816,593	2,454,937
- Non-controlling interest		21,678	15,645
		2,838,271	**2,470,582**
Earnings per share - basic and diluted (Rupees)	36	**76.94**	**67.06**

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

The annexed notes 1 to 42 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

consolidated statement of
COMPREHENSIVE
income for the year ended june 30, 2011

	2011	2010
	(Rupees in thousand)	
Profit for the year	2,838,271	2,470,582
Unrealized gain on revaluation of investments	3,720	1,283
Total comprehensive income for the year	**2,841,991**	**2,471,865**
Attributable to:		
- Equity holders of the parent	2,820,313	2,456,220
- Non-controlling interest	21,678	15,645
	2,841,991	**2,471,865**

The annexed notes 1 to 42 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

consolidated

CASH FLOW

statement for the year ended june 30, 2011

(Rupees in thousand)

	Note	2011	2010
Cash flows from operating activities			
Cash generated from operations	37	1,142,516	5,388,493
Interest and mark-up paid		(11,693)	(11,789)
Net decrease in long term loans to employees		328	187
Income tax paid		(1,351,031)	(1,112,581)
Long term security deposits received		200	800
Net cash (used in) / from operating activities		**(219,680)**	**4,265,110**
Cash flows from investing activities			
Purchase of property, plant and equipment		(112,326)	(124,072)
Purchase of intangible assets		-	(5,020)
Proceeds from sale of property, plant and equipment		17,239	7,248
Purchase of short term investments		(8,616,398)	(12,586,821)
Proceeds from sale of short term investments		10,207,179	9,955,124
Proceeds from sale of investment property		68,650	-
Profit on bank deposits		18,375	29,645
Dividend received		71,069	32,778
Net cash (used in) / from investing activities		**1,653,788**	**(2,691,118)**
Cash flows from financing activities			
Dividend paid		(2,172,772)	(1,440,801)
Net cash used in financing activities		**(2,172,772)**	**(1,440,801)**
Net (decrease) / increase in cash and cash equivalents		(738,664)	133,191
Cash and cash equivalents at the beginning of the year		1,143,880	1,010,689
Cash and cash equivalents at the end of the year	**37.2**	**405,216**	**1,143,880**

The annexed notes 1 to 42 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

consolidated statement of changes in

EQUITY

for the year ended june 30, 2011

(Rupees in thousand)

	Attributable to equity holders of the parent					Non-Controlling Interest	Total Equity
	Share Capital	Revenue Reserves		Fair Value Reserves	Total		
		General Reserves	Unappropriated Profit				
Balance as on July 1, 2009	**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 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)
Total comprehensive income for the year ended June 30, 2010	-	-	2,454,937	1,283	2,456,220	15,645	2,471,865
Balance as on June 30, 2010	**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)
Total comprehensive income for the year ended June 30, 2011	-	-	2,816,593	3,720	2,820,313	21,678	2,841,991
Balance as on June 30, 2011	**366,055**	**2,766,678**	**1,977,424**	**15,440**	**5,125,597**	**68,361**	**5,193,958**

The annexed notes 1 to 42 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

notes to & forming part of the

CONSOLIDATED

financial statement for the year ended june 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Millat Tractors Limited is a public limited company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the company is situated at Sheikhupura Road, District Sheikhupura. It is principally engaged in assembly and manufacture of agricultural tractors, implements and equipments.

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984, is a subsidiary of Millat Tractors Limited which holds its 64.09% equity. MIPL is engaged in the business of manufacturing of vehicles, industrial and domestic batteries, cells and components.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the group's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

- IAS 1 (amendment), 'Presentation of financial statements'. 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 does not have a material impact on the group's financial statements.

- IAS 7, 'Statement of cash flows'. The guidance has been amended to clarify that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment results in an improvement in the alignment of the classification of cash flows from investing activities in the statement of cash flows and the presentation of recognised assets in the statement of financial position. It does not have a material impact on the group's financial statements.

- IFRS 8, 'Operating segments'. The amendment provides that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. It does not have a material impact on the group's financial statements.

- IAS 17, 'Leases'. The amendment provides that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. However, the IASB has concluded that this is inconsistent with the general principles of lease classification, so the relevant guidance has been deleted. A lease newly classified as a finance lease should be recognised retrospectively. This amendment does not have a material impact on the group's financial statements.

- IFRS 5 (amendment) 'Non-current assets held for sale and discontinued operations'. 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. This amendment does not have a material impact on the group's financial statements.

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2010:

- IFRS 3 (amendments), 'Business combinations'. These amendments clarify that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Moreover, these amendments limit the scope of the measurement choices that only the components of NCI that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value, or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. These amendments require an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether by obligation or voluntarily), i.e., split between consideration and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses. These amendments do not have a material impact on the group's financial statements.

- IAS 27 (amendment), 'Consolidated and separate financial statements'. The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

- IFRIC 19 (amendment), 'Extinguishing financial liabilities with equity instruments'. IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 Financial Instruments: Recognition and Measurement. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. This interpretation does not have a material impact on the group's financial statements.

2.2.2 Standards, interpretations and amendments to published standards that are effective but not relevant to the group

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2010 are considered not to be relevant or to have any significant impact on the group's financial reporting and operations.

2.2.3 Standards, interpretations and amendments to existing standards that are applicable to the group but are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after their respective effective dates:

- IAS 1 (amendment), 'Presentation of financial statements', is effective for annual periods beginning on or after January 1, 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have a material impact on the group's financial statements.
- IAS 24 (Revised), 'Related Party Disclosures ', is effective for annual periods beginning on or after January 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the group's financial statements.

- IAS 34 (amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 1, 2011. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. This amendment is not expected to have a material impact on the group's financial statements.
- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement', is effective for annual periods beginning on or after January 1, 2011. IFRIC 14 provides further guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum

funding requirement as an asset. This amendment is not expected to have a material impact on the group's financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after January 1, 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is not expected to have a material impact on the group's financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets) or where financial assets are not derecognised in their entirety. This amendment is not expected to have any impact on the group's financial statements.

2.2.4 Standards, interpretations and amendments to existing standards that are applicable to the group but are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates but are not applicable to the group:

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 (amendments), 'First-time adoption of International Financial Reporting Standards'	January 1, 2011
- IFRIC 13 (amendment), 'Customer loyalty programmes'	January 1, 2011
- IFRS 1 (amendment), 'First-time adoption of International Financial Reporting Standards — Severe hyperinflation and removal of fixed dates for first-time adopters',	July 1, 2011

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value. The group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Employee retirement benefits and other obligations

The group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

3.2 Provision for taxation

The group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the group's view differs from the view taken by the income tax department at the assessment stage and where the group considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.3 Useful life and residual values of property, plant and equipment

The group reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Principles of consolidation

4.1.1 Subsidiaries

The consolidated financial statements include Millat Tractors Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of parent and subsidiary are prepared up to the same reporting date using consistent accounting policies and are consolidated on line by line basis.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

All significant intra-group transactions and balances between group enterprises and unrealised profits are eliminated on consolidation.

4.1.2 Non-controlling interest

The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group that are recorded in the profit and loss account.

4.1.3 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the profit and loss account.

4.2 Employees' retirement benefits and other obligations

The main features of the schemes operated by the group for its employees are as follows:

4.2.1 Defined benefit plan

4.2.1.1 Pension

The group operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2010: 17%) of basic salary per annum and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2011.

The actual return on the plan assets during the year was Rs. 80,832 thousand (2010: Rs. 76,553 thousand). The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the group as reduced by benefits paid during the year.

The amount recognised in balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gain and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2011	2010
Expected rate of increase in salary level	13%	11%
Expected rate of return	12%	12%
Discount rate	14%	12%
Average expected remaining working life of employees	7 Years	7 Years

The group's policy with regard to actuarial gains/(losses) is to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

4.2.2 Defined contribution plans

4.2.2.1 Gratuity

The group operates an approved defined contribution funded gratuity scheme for permanent employees who joined before July 1, 2004. Under the scheme based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees Gratuity Fund Trust. During the year Rs. 9,302 thousand (2010: Rs. 8,174 thousand) has been recognised as an expense by the group, in respect of the scheme.

4.2.2.2 Provident fund

The group operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the group at the rate of 10 percent of basic salary per month. During the year Rs. 8,628 thousand (2010: Rs. 8,181 thousand) has been recognised as an expense by the group, in respect of the scheme.

4.2.3 Accumulating compensated absences

The group provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit. During the year Rs. 8,301 thousand (2010: Rs. 3,399 thousand) has been recognised as an expense by the group, in respect of the scheme.

4.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to

4.4 Property, plant and equipment

Property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold and leasehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to income applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 11. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The group continually assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognised in profit and loss account for the year. Any previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Intangible assets

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the group comprises land and is valued using the cost method, at cost less any identified impairment loss.

The group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective

recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.
The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.8 Investments and financial assets

Financial assets in the scope of IAS 39 : "Financial Instruments - Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

4.8.1 Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and are effective hedging instruments. Gains or losses on investments held for trading are recognised in income.

4.8.2 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

4.8.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

4.8.4 Available-for-sale financial assets

The financial assets including investments in associated undertakings where the group does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available-for-sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense. In respect of 'available-for-sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in profit and loss account, is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales of investments are recognised on the trade date which is the date that the group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

4.9 Stores and spares

Usable stores and spares are valued principally at average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores and spares is based on management estimate.

4.10 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of average cost and net realizable value.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods include direct material, labour and appropriate portion of manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Net realizable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock-in-trade is based on management estimate.

4.11 Trade debts

Trade debts are carried at original invoice amount less an estimate for doubtful debts balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values.

4.13 Revenue recognition

Revenue from sale of goods is recognised on dispatch of goods to customers.

Revenue from warranty and maintenance services is recognised on the basis of services performed to date as a percentage of total services to be performed.

Dividend is recognised as income when the right to receive dividend is established.

Profit on bank deposits is recognised using effective interest method.

Investment income is recognised when right to receive the income is established.

4.14 Research cost

These costs are charged to profit and loss account when incurred.

4.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset up to the date of its commissioning.

4.16 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the group.

4.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.18 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognised in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees which is the group's functional and presentation currency.

4.19 Financial instruments

"Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument and de-recognised when the group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.20 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.21 Dividend and appropriations

Dividend distribution to the group's shareholders is recognised as a liability in the period in which the dividends are approved.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of Shares			(Rupees in thousand)	
2011	2010		2011	2010
2,542,857	2,542,857	ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
		ordinary shares of Rs 10 each issued as fully paid bonus shares		
26,741,469	20,884,604	- Opening balance	267,415	208,846
7,321,082	5,856,865	- Issued during the year	73,211	58,569
34,062,551	26,741,469		340,626	267,415
36,605,408	**29,284,326**		**366,055**	**292,844**

6. SECURITY DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free and used in company's business. These are repayable on cancellation of dealership contract with dealers.

7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

	(Rupees in thousand)	
	2011	2010
Taxable temporary differences		
Accelerated tax depreciation	47,661	41,231
Change in fair value of short term investments	15,120	-
Deductible temporary differences		
Others - Provision for doubtful receivables / accumulating compensated absences	(33,517)	(32,703)
Net deferred tax liability at the year end	**29,264**	**8,528**

	Deferred Tax Liability		Deferred Tax Asset	Net Liability
	Accelerated Tax Depreciation	Change in fair value of short term investments	Others	
			(Rupees in thousand)	
Balance as at July 1, 2009	38,675	-	(29,279)	9,396
Charged/(credited) to profit and loss account	2,556	-	(3,424)	(868)
Balance as at June 30, 2010	41,231	-	(32,703)	8,528
Charged/(credited) to profit and loss account	6,430	15,120	(814)	20,736
Balance as at June 30, 2011	**47,661**	**15,120**	**(33,517)**	**29,264**

8. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in thousand)	
Creditors	8.1	1,501,580	1,116,050
Accrued liabilities		177,621	132,716
Bills payable		106,443	69,032
Advances from customers	8.2	1,624,505	5,682,511
Security deposits	8.3	5,029	4,839
Trademark fee payable		135,537	228,112
Income tax deducted at source		18,518	50,335
Workers' Profit Participation Fund	8.4	9,996	26,672
Workers' Welfare Fund		92,172	80,642
Unclaimed dividends		97,597	55,743
Others		82,729	66,418
		3,851,727	**7,513,070**

8.1 Creditors include balances due to related parties amounting Rs. 141,173 thousand (2010: Rs. 33,475 thousand).

8.2 These represent advances against sale of tractors and carry no mark-up.

8.3 These represent security deposits from contractors which, by virtue of agreement, are interest free, repayable on demand and are used in the group's business.

8.4 Workers' Profit Participation Fund

	Note	2011	2010
		(Rupees in thousand)	
Opening balance		26,672	27,685
Allocation for the year	30	214,996	182,672
		241,668	**210,357**
Less: Payments made during the year		(231,672)	(183,685)
Closing balance		**9,996**	**26,672**

9. SHORT TERM BORROWINGS

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 2,100,000 thousand (2010: Rs. 1,935,000 thousand). The rates of mark-up range from 36.08 paisas to 39.45 paisas (2010: 34.33 paisas to 42.47 paisas) per Rs. 1,000 per day.

The group has facilities for opening of letters of credit and guarantees aggregating to Rs. 2,914,000 thousand (2010: Rs. 3,299,000 thousand) out of which Rs. 1,679,233 thousand (2010: Rs. 1,746,000 thousand) remained unutilized at the end of the year.

These facilities are secured by pari passu hypothecation charge over stocks and book debts of the group, lien over import documents and counter guarantees of the group.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 The group has given guarantee amounting to Rs. 5,000 thousand to the bank for repayment of loan by employees. An amount of Rs. 1,777 thousand (2010: Rs. 1,930 thousand) was utilized by employees as at June 30, 2011.

10.2 Guarantees issued by the banks on behalf of the group in the normal course of business amount to Rs. 241,166 thousand (2010: Rs. 205,636 thousand).

10.3 The group is defending a counter suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. The management and the legal advisor are confident that outcome of the case would be in the group's favour and no loss is likely to occur, hence no provision there against has been made in these financial statements. The case is pending in the Civil Court, Lahore.

10.4 In prior years, the Collector (Adjudication) Customs, issued a show cause notice to the group regarding non-payment of custom duties amounting to Rs. 14,785 thousand, sales tax amounting to Rs. 7,998 thousand and income tax of Rs. 3,088 thousand on import of components that were deleted under the approved deletion programme. However, no provision in this respect has been made in these financial statements, as the management and the legal advisor of the group are of the view that the group has a prima facie valid claim. The group is in appeal in Customs Appellate Tribunal for relief against show cause notice, in the proceedings whereof, stay has been granted to the group.

Commitments

10.5 Commitments in respect of outstanding letters of credit amount to Rs. 993,601 thousand (2010: Rs. 1,755,638 thousand) at the balance sheet date.

10.6 Commitments in respect capital expenditure amount to Rs. 8,942 thousand (2010: Rs. 10,303 thousand) at the balance sheet date.

11. PROPERTY, PLANT AND EQUIPMENT

(Rupees in thousand)

	Land		Buildings		Plant & Machinery
	Freehold	Lesshold	On Freehold land	On Lesshold land	
Net carrying value basis					
Year ended June 30, 2011					
Opening net book value (NBV)	68,762	8	42,942	291	176,439
Additions (at cost)	-	-	7,671	-	43,520
Disposals / write offs (at NBV)	-	-	(2,944)	-	(26)
Depreciation charge	-	-	(4,395)	(145)	(21,144)
Closing net book value (NBV)	68,762	8	43,274	146	198,789
Gross carrying value basis					
As at June 30, 2011					
Cost	68,762	8	182,619	2,900	442,679
Accumulated depreciation	-	-	(139,345)	(2,754)	(243,890)
Net book value (NBV)	68,762	8	43,274	146	198,789
Depreciation rate % per annum	-	-	5-10	5	10-15
Net carrying value basis					
Year ended June 30, 2010					
Opening net book value (NBV)	68,762	8	44,560	436	176,792
Additions (at cost)	-	-	2,599	-	18,638
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	-	-	(4,217)	(145)	(18,991)
Closing net book value (NBV)	68,762	8	42,942	291	176,439
Gross carrying value basis					
As at June 30, 2010					
Cost	68,762	8	184,200	2,900	399,381
Accumulated depreciation	-	-	(141,258)	(2,609)	(222,942)
Net book value (NBV)	68,762	8	42,942	291	176,439
Depreciation rate % per annum	-	-	5-10	5	10-15

(Rupees in thousand)

	Furniture & Office Equipment	Vehicles	Tools & Equipments	Computers	Total
Net carrying value basis					
Year ended June 30, 2011					
Opening net book value (NBV)	24,371	96,651	31,541	5,992	446,997
Additions (at cost)	2,912	54,339	4,924	1,507	114,873
Disposals / write offs (at NBV)	(110)	(12,014)	-	-	(15,094)
Depreciation charge	(2,992)	(26,211)	(5,173)	(2,138)	(62,198)
Closing net book value (NBV)	24,181	112,765	31,292	5,361	484,578
Gross carrying value basis					
As at June 30, 2011					
Cost	49,365	198,343	87,275	20,738	1,052,689
Accumulated depreciation	(25,184)	(85,578)	(55,983)	(15,377)	(568,111)
Net book value (NBV)	24,181	112,765	31,292	5,361	484,578
Depreciation rate % per annum	10-20	20	10-15	30-33	
Net carrying value basis					
Year ended June 30, 2010					
Opening net book value (NBV)	22,280	86,320	34,312	5,738	439,208
Additions (at cost)	4,844	39,105	2,672	2,801	70,659
Disposals (at NBV)	-	(7,248)	-	-	(7,248)
Depreciation charge	(2,753)	(21,526)	(5,443)	(2,547)	(55,622)
Closing net book value (NBV)	24,371	96,651	31,541	5,992	446,997
Gross carrying value basis					
As at June 30, 2010					
Cost	46,821	184,257	82,351	19,231	987,911
Accumulated depreciation	(22,450)	(87,606)	(50,810)	(13,239)	(540,914)
Net book value (NBV)	24,371	96,651	31,541	5,992	446,997
Depreciation rate % per annum	10-20	20	10-15	30-33	

11.1 Disposal of property, plant and equipment

Detail of assets sold during the year, having book value exceeding fifty thousand rupees is as under:

(Rupees in thousand)

Particulars of Assest	Sold to	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal
Vehicles	**Directors**					
	Mr. Sikander Mustafa Khan	5,500	4,058	1,442	1,442	Company car scheme
	Mr. Sohail Bashir Rana	3,700	2,730	970	970	Company car scheme
	Mr. Laeequddin Ansari	3,700	2,730	970	970	Company car scheme
	Mr. Mian Muhammad Saleem	3,200	2,361	839	839	Company car scheme
	Employees					
	Mr. Muhammad Aslam	1,239	239	1,000	1,000	Company car scheme
	Mr. Khawaja Ijaz Majeed	1,283	948	334	334	Company car scheme
	Mr. Zulfiqaar Elahi	1,199	437	762	762	Company car scheme
	Mr. Zahid Noor	954	289	665	665	Company car scheme
	Mr. Khurshid Majeed	879	444	435	435	Company car scheme
	Mr. Javed Munir	841	621	220	220	Company car scheme
	Mr. Muhammad Aslam	841	621	220	220	Company car scheme
	Mr. M. Ashfaq Farooqi	774	571	203	203	Company car scheme
	Mr. M. A. Kakakhail	774	571	203	203	Company car scheme
	Mr. Muhammad Akram	774	571	203	203	Company car scheme
	Mr. Gulzar Muhammad	749	308	441	441	Company car scheme
	Mr. Imtiaz Ali	660	339	321	321	Company car scheme
	Mr. Azhar Noor	604	446	158	158	Company car scheme
	Mr. Muhammad Siddique	604	446	158	158	Company car scheme
	Mr. Muhammad Akbar	604	446	158	158	Company car scheme
	Mr. Qamar Islam Khan	604	446	158	158	Company car scheme
	Mr. Muhammad Ali	600	367	233	233	Company car scheme
	Mr. Liaquat Ali Alvi	390	248	142	142	Company car scheme
	Mr. M. Ayub	71	5	66	66	Company m/c scheme
	Mr. Muhammad Tayyab	70	7	63	63	Company m/c scheme
	Mr. Rao Adeel	70	8	62	62	Company m/c scheme
	Mr. Aqeel Abbas	70	9	61	61	Company m/c scheme
	Mr. Ali Usman	63	2	61	61	Company m/c scheme
	Mr. M. Asif Ali	63	7	56	56	Company m/c scheme
	Mr. Azhar Mahmood	63	11	52	52	Company m/c scheme
	Mr.Tabasum Murtaza	63	5	58	58	Company m/c scheme
	Mr. Muhammad Ashraf	63	11	52	52	Company m/c scheme
	Mr. Sher Muhammad	63	11	52	52	Company m/c scheme
	Others					
	Mr. Imran Akhtar	2,349	2,176	173	1,823	Auction
	Mr. Rizwan Ahmed	2,263	2,086	177	1,809	Auction
	Mr. Aslam Rao	1,479	1,411	68	630	Auction
	Mr. Ghulam Hussain	1,136	1,050	86	966	Auction
	Mr. Ali Adil Razzaque	392	375	17	290	Auction
	5 Star Speed Car Show room	374	249	125	350	Auction

11.2 The depreciation charge for the year has been allocated as follows:

(Rupees in thousand)

	Note	2011	2010
Cost of sales	25	36,792	35,141
Distribution cost	26	7,510	5,913
Administrative expenses	27	17,896	14,568
		62,198	**55,622**

12. CAPITAL WORK-IN-PROGRESS

(Rupees in thousand)

	2011	2010
Plant and machinery	-	1,345
Advance for purchase of office space	151,830	151,830
Others	3,371	4,573
	155,201	**157,748**

13. INTANGIBLE ASSET

(Rupees in thousand)

	Note	ERP Software 2011	ERP Software 2010
Net carrying value basis			
Opening net book value (NBV)		29,357	-
Additions at cost		-	35,228
Amortisation charge	27	(11,743)	(5,871)
Closing net book value (NBV)		**17,614**	**29,357**
Gross carrying value basis			
Cost		35,228	35,228
Accumulated amortisation		(17,614)	(5,871)
Net book value (NBV)		**17,614**	**29,357**
Rate of amortisation		33%	33%

14. INVESTMENT PROPERTY

(Rupees in thousand)

	2011	2010
Land	273,203	273,203
Disposals	(14,759)	-
	258,444	273,203
Provision for impairment	(2,736)	-
	255,708	**273,203**

Based on the valuation carried out by an independent valuer as at June 30, 2011, the fair value of investment property is Rs. 353,625 thousand (2010: Rs. 388,875 thousand).

15. LONG TERM INVESTMENTS

	2011	2010
	(Rupees in thousand)	
Investment in related parties		
In associated companies		
Quoted		
Bolan Castings Limited		
4,824,527 (2010: 4,385,934) fully paid ordinary shares of Rs. 10/- each	236,745	211,532
Equity held 46.26% (2010: 46.26%). Market Value as at June 30, 2011 is Rs. 236,402 thousand (2010: Rs. 156,052 thousand)		
Unquoted		
Millat Equipment Limited		
11,700,000 (2010: 11,700,000) fully paid ordinary shares of Rs. 10/- each	358,697	276,733
Equity held 45% (2010: 45%)		
Arabian Sea Country Club Limited		
500,000 (2010: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2010: 6.45%)		
Value of investment based on the net assets shown in the audited accounts as at June 30, 2010 is Rs. 5,569 thousand (2009: Rs. 4,124 thousand).		
Less: Impairment loss	(5,000)	(5,000)
	-	-
Agrimall (Private) Limited		
2,000 (2010: 2,000) fully paid ordinary shares of Rs.10/- each	20	20
Equity held 20% (2010: 20%)		
Less: Impairment loss	(20)	(20)
Other investment - Available for sale	-	-
Quoted		
Baluchistan Wheels Limited		
1,282,825 (2010: 1,282,825) fully paid ordinary shares of Rs. 10/- each	25,481	25,481
Surplus on revaluation of investment	15,441	11,721
Market value as at June 30	40,922	37,202
	636,364	**525,467**

The group's share of the result of its associates, all of which are incorporated in Pakistan, and its share of the assets and liabilities in case of those associates, are as follows:

(Rupees in thousand)

Name	Percentage Interest held	Assets	Liabilities	Revenue	Profit/(Loss)
June 30, 2011					
Bolan Castings Limited *	46.26%	453,566	216,821	900,533	57,269
Millat Equipment Limited *	45.00%	564,316	205,619	1,096,039	252,920
Agrimall (Private) Limited **	20.00%	2,651	6,747	2,589	(3)

* Share of profit/(loss) of associates is before taxation (share of tax amounts to Rs. 109,297 thousand).

** The audited accounts for this entity were drawn up to June 30, 2008.

(Rupees in thousand)

Name	Percentage Interest held	Assets	Liabilities	Revenue	Profit/(Loss)
June 30, 2010					
Bolan Castings Limited *	46.26%	482,494	266,548	790,050	58,171
Millat Equipment Limited *	45.00%	598,055	319,538	860,147	204,225
Agrimall (Private) Limited **	20.00%	2,651	6,747	2,589	(3)

* Share of profit/(loss) of associates is before taxation (share of tax amounts to Rs. 90,625 thousand).

** The audited accounts for these entities were drawn up to June 30, 2008.

16. LONG TERM LOANS - CONSIDERED GOOD

	Note	2011	2010
		(Rupees in thousand)	
Loan to related party	16.1	900	900
Loan to employees:			
Company loan	16.2	1,976	1,994
Motor cycle loan	16.3	1,472	2,453
Less: Current portion included in current assets	20	(1,488)	(2,159)
		1,960	2,288
		2,860	**3,188**

16.1 Unsecured loan bearing mark-up at the rate of 15% (2010: 14%) per annum was advanced to Agrimall (Private) Limited, an associated undertaking engaged in agricultural business and acting interalia as a dealer of the group. The loan shall be exclusively used for promotion of the group's products. The repayment terms are yet to be finalized. The maximum aggregate amount due at the end of any month amounts to Rs. 900 thousand (2010: Rs. 900 thousand).

16.2 This represents interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of 4 years.

16.3 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the company and employees. These loans are repayable in monthly installments over a period of 5 years.

16.4 Reconciliation of carrying amount of loans to executives:

	Balance as at July 1, 2010	Disbursement during the year	Repayments during the year	Balance as at June 30, 2011
			(Rupees in thousand)	
Due from Executives	**187**	**20**	**195**	**12**

17. STORES AND SPARES

Most of the items of stores and spares are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

18. STOCK - IN - TRADE

	2011	2010
	(Rupees in thousand)	
Raw materials (including in transit of Rs. 291,740 thousand; 2010: Rs. 168,059 thousand)	2,254,842	2,144,526
Work-in-process	122,523	236,944
Finished goods :		
Manufacturing	218,098	83,512
Trading	60,623	50,013
Others	7,111	5,525
	2,663,197	**2,520,520**

Included in stocks are raw material and components held with third parties amounting to Rs. 72,266 thousand (2010: Rs. 134,834 thousand).

19. TRADE DEBTS

	Note	2011	2010
		(Rupees in thousand)	
Trade debts - Considered good	19.1	208,138	483,605
- Considered doubtful		12,605	12,605
		220,743	496,210
Less: Provision for doubtful debts		(12,605)	(12,605)
		208,138	**483,605**

All debts are unsecured except for Rs. 21,188 thousand (2010: Rs. 1,066 thousand) which are secured against deposits and post dated cheques.

19.1 Trade debts include balance due from Millat Equipment Limited, a related party, amounting to Rs. 35,093 thousand (2010: Rs. 24,329 thousand).

20. LOANS AND ADVANCES

	Note	2011	2010
		(Rupees in thousand)	
Current portion of long term loans to employees	16	1,488	2,159
Advances to employees - Considered good	20.1	1,500	1,537
Advances to suppliers - Considered good	20.2	188,253	250,497
- Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		38,010	2,835
		229,251	**257,022**

20.1 Included in advances to employees are amounts due from the Chief Executive Rs. nil (2010: Rs. nil) and Directors Rs. nil (2010: Rs. nil).

The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 215 thousand (2010: Rs. 260 thousand) and Directors Rs. 647 thousand (2010: Rs. 388 thousand).

20.2 Advances to suppliers include advances to vendors of Rs. 74,041 thousand (2010: Rs. 94,178 thousand) which carry mark-up of 18% per annum. Included in advances to vendors is advance to Millat Equipment Limited, a related party, of Rs. 2,200 thousand (2010: Rs. 2,200 thousand).

21. OTHER RECEIVABLES

	Note	(Rupees in thousand) 2011	2010
Special excise duty recoverable		265,293	216,404
Sales tax recoverable		412,684	1,705,052
Less : Provision for doubtful claims		(34,147)	(34,147)
		378,537	**1,670,905**
Claims receivable from foreign suppliers		73,078	73,671
Profit/interest accrued	21.1	1,396	146
Pension fund	21.2	84,969	67,192
Receivable from gratuity fund		-	2,647
		803,273	**2,030,965**

21.1 Profit/interest accrued

	(Rupees in thousand) 2011	2010
On bank deposits	1,260	141
On loan to associate	136	5
	1,396	**146**

21.2 Pension fund

	(Rupees in thousand) 2011	2010
This comprises:		
Present value of defined benefit obligation	(544,061)	(518,328)
Fair value of plan assets	731,550	667,000
Unrecognized actuarial (gains) - net	(102,520)	(81,480)
Asset recognized in the balance sheet	**84,969**	**67,192**

Charge for the year

	(Rupees in thousand) 2011	2010
Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	12,109	11,959
Interest cost	62,199	58,016
Expected return on plan assets	(80,040)	(72,315)
Net actuarial gain recognized in the year	(2,111)	(657)
	(7,843)	**(2,997)**

The movement in present value of defined benefit obligation is as follows:

	(Rupees in thousand) 2011	2010
Present value of defined benefit obligation as at July 1	518,328	483,464
Interest cost	62,199	58,016
Current service cost	12,109	11,959
Benefits paid	(26,215)	(22,071)
Actuarial (gain)/loss	(22,360)	(13,040)
Present value of defined benefit obligation as at June 30	**544,061**	**518,328**

The movement in fair value of plan assets is as follows:

	(Rupees in thousand) 2011	2010
Fair value of plan assets as at July 1	667,000	602,621
Expected return on assets	80,040	72,315
Contributions	9,934	9,897
Benefits paid	(26,215)	(22,071)
Actuarial gain	791	4,238
Fair value of plan assets as at June 30	**731,550**	**667,000**
Actual return on plan assets	**80,831**	**76,553**
Plan assets comprise:		
Saving Certificates	58,000	58,000
Bonds, mutual funds and Term Deposit Receipts	673,422	605,661
Cash	128	3,339
	731,550	**667,000**

21.3 Pension fund (Cont'd)

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	(Rupees in thousand)				
	2011	2010	2009	2008	2007
As at June 30					
Present value of defined benefit obligation	544,061	518,328	483,464	428,585	377,329
Fair value of plan assets	731,550	667,000	602,621	536,159	468,981
Surplus	**187,489**	**148,672**	**119,157**	**107,574**	**91,652**
Experience adjustment on obligation	**(22,360)**	**(13,040)**	**4,584**	**3,033**	**(28,314)**
Experience adjustment on plan assets	**791**	**4,238**	**9,590**	**4,014**	**41,461**

22. SHORT TERM INVESTMENTS

	(Rupees in thousand)	
	2011	2010
Financial asset at fair value through profit and loss	2,820,099	4,116,821
Surplus on revaluation of investment	151,197	-
Market value as at June 30	**2,971,296**	**4,116,821**

Short term investments represent investments in mutual funds as disclosed in note 38.

23. CASH AND BANK BALANCES

	(Rupees in thousand)	
	2011	2010
In hand:		
Cash	1,158	1,147
At banks:		
Current accounts	272,498	399,147
Saving accounts	131,560	93,086
Deposit accounts	-	650,500
	405,216	**1,143,880**

The saving accounts bear mark-up at the rate of 5% - 10.5% (2010: 5%) per annum.

24. SALES - NET

	(Rupees in thousand)	
	2011	2010
Local		
Tractors	25,777,259	21,643,036
Implements	21,051	22,357
Multi-application products	392,955	369,889
Trading goods	257,366	225,911
Batteries	350,283	282,376
Warranty and maintenance services	33,069	202,079
	26,831,983	**22,745,648**
Less: Discount	(213,122)	(20,775)
	26,618,861	**22,724,873**
Less: Sales tax and special excise duty	(1,316,190)	(36,410)
	25,302,671	**22,688,463**
Export		
Tractors	196,659	37,726
Multi-application products	-	474
Implements	43	-
Batteries	41,042	23,274
	237,744	**61,474**
	25,540,415	**22,749,937**
Less: Commission	(345,942)	(288,688)
	25,194,473	**22,461,249**

25. COST OF SALES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Components consumed		19,692,323	17,527,490
Salaries, wages and amenities	25.1	258,888	233,156
Contract services		169,096	172,233
Fuel and power		90,683	83,457
Communication		632	1,681
Travelling and vehicle running		12,455	13,278
Printing and stationery		738	2,739
Insurance		13,604	9,450
Repairs and maintenance		67,289	61,250
Stores and spares consumed		103,564	79,484
Depreciation	11.2	36,792	35,141
Other expenses		31,569	19,551
		20,477,633	18,238,910
Add: Opening work-in-process		236,944	122,232
Less: Closing work-in-process		(122,523)	(236,944)
Decrease / (increase) in work-in-process		114,421	(114,712)
Cost of goods manufactured		20,592,054	18,124,198
Add: Opening finished goods		83,512	189,912
Less: Closing finished goods		(218,098)	(83,512)
(Increase) / decrease in finished goods stock		(134,586)	106,400
Cost of sales - manufactured		20,457,468	18,230,598
Cost of sales - trading	25.2	168,760	148,953
		20,626,228	**18,379,551**

25.1 Salaries, wages and amenities include Rs. (2,957) thousand (2010: Rs. (5,862) thousand) in respect of pension expense.

25.2 Cost of sales - trading

	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Opening stock	50,013	65,653
Purchases	179,370	133,313
Closing stock	(60,623)	(50,013)
Cost of goods sold	**168,760**	**148,953**

26. DISTRIBUTION AND MARKETING EXPENSES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Salaries and amenities	26.1	68,220	62,901
Contract services		16,474	10,946
Fuel and power		7,427	5,925
Communication		646	1,388
Travelling and vehicle running		13,421	15,693
Printing and stationery		7,240	12,175
Insurance		6,636	4,015
Trademark fee		286,877	242,362
Advertisement and sales promotion		13,385	19,420
Meeting/convention	11.2	7,510	5,913
After sales support		12,576	5,611
Research cost		103,141	148,625
Other expenses		-	15,163
		12,486	9,763
		556,039	**559,900**

26.1 Salaries and amenities include Rs. (992) thousand (2010: Rs. (2,195) thousand) in respect of pension expense.

27. ADMINISTRATIVE EXPENSES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Salaries and amenities	27.1	153,593	142,830
Contract services		22,292	19,256
Fuel and power		14,071	10,491
Communication		4,926	2,928
Travelling and vehicle running		22,120	22,687
Insurance		5,320	4,062
Repairs and maintenance		7,832	10,952
Security		9,466	9,960
Legal and professional	27.2	9,956	12,731
Depreciation	11.2	17,896	14,568
Amortization of intangible asset	13	11,743	5,871
Provision for impairment		2,736	-
Rent, rates and taxes		7,179	5,019
Fee and subscription		4,700	2,275
Entertainment		3,647	4,609
Bad debts written off		1,841	7,766
Other expenses		31,346	33,856
		330,664	**309,861**

27.1 Salaries and amenities include Rs. (3,895) thousand (2010: Rs. (4,837) thousand) in respect of pension expense.

27.2 Legal and professional expenses include following in respect of auditors' services:

	(Rupees in thousand)	
	2011	2010
Statutory audit	1,100	1,000
Half year review	150	150
Special reports and sundry certifications	281	358
Out of pocket expenses	75	75
	1,606	**1,583**

28. OTHER OPERATING INCOME

	(Rupees in thousand)	
	2011	2010
Income from financial assets		
Dividend income	1,604	3,528
Return on bank deposits	19,494	24,567
Gain on sale of short term investments	294,059	311,685
Change in fair value of short term investments	151,197	-
Interest charged on early payments and advances	47,625	25,311
	513,979	**365,091**
Income from investment in associates and loans to related parties		
Interest income on loan to Agrimall (Private) Limited	**131**	**126**
Income from assets other than financial assets		
Rental income	4,952	4,993
Scrap sales	26,534	25,046
Exchange gain	4,700	22,672
Gain on disposal of property, plant and equipment	5,225	-
Gain on disposal of investment property	29,640	-
Others	1,748	4,331
	72,799	**57,042**
	586,909	**422,259**

29. FINANCE COST

	(Rupees in thousand)	
	2011	2010
Mark-up on short term running finance - secured	8,947	8,575
Bank charges and commission	2,340	1,432
	11,287	**10,007**

30. OTHER OPERATING EXPENSES

		(Rupees in thousand)	
	Note	2011	2010
Workers' profit participation fund	8.4	214,996	182,672
Workers' welfare fund		80,843	69,323
Donations	30.1	47,883	589
Property, plant and equipment written-off		3,080	-
		346,802	**252,584**

30.1 None of the directors were interested in the donee institutions.

31. SHARE OF PROFIT OF ASSOCIATES

	(Rupees in thousand)	
	2011	2010
Bolan Castings Limited	57,269	58,171
Millat Equipment Limited	252,920	204,225
	310,189	**262,396**

32. TAXATION

	(Rupees in thousand)	
	2011	2010
For the year		
-Current	1,269,722	1,067,512
-Deferred	20,736	(868)
	1,290,418	**1,066,644**
Prior years		
- Current	(17,475)	6,150
	1,272,983	**1,072,794**

33. EVENTS AFTER BALANCE SHEET DATE

Dividend declared by the Parent after the balance sheet date amounts to Rs. 549,081 thousand (Rs. 15 per share) { 2010: Rs. 1,024,951 thousand (Rs. 35 per share)}, while appropriation to general reserve and for issuance of bonus shares made after the balance sheet date amount to Rs. 900,000 thousand and Rs. Nil respectively (2010: Rs. 300,000 thousand and Rs. 73,211 thousand respectively).

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive, full time working directors and executives of the company are as follows :

(Rupees in thousand)

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
Number of persons	1	1	5	5	31	28
Remuneration	2,447	2,131	8,438	7,361	23,742	17,498
Cost of living allowance	2,447	2,131	8,345	7,270	17,078	13,748
Bonus	960	845	3,679	3,235	8,276	6,655
House rent	1,101	959	3,800	3,315	8,411	6,723
Contribution to provident fund and gratuity funds	717	599	122	107	5,467	4,255
Pension contribution	416	362	16	15	2,903	2,337
Medical expenses	80	96	629	439	1,879	2,152
Utilities	325	255	1,603	1,439	2,808	2,282
Other reimbursable expenses	1,331	1,177	4,366	4,751	7,105	4,732
	9,824	**8,555**	**30,998**	**27,932**	**77,669**	**60,382**

The company also provides the Chief Executive, directors and certain employees with free use of company maintained cars and residential telephones.

34.1 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of fee to two directors (2010: 1 director) was Rs. 126 thousand (2010: Rs. 12 thousand) and travelling expenses Rs. 370 thousand (2010: Rs. 217 thousand).

35. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 34. Other significant transactions with related parties are as follows:

(Rupees in thousand)

Relation with undertaking	Nature of transaction	2011	2010
Associates	Sale of goods	44,571	29,385
	Purchase of components	4,101,233	3,410,716
	Dividend income	49,465	29,250
	Rental income	-	97
	Sale of investment property	68,650	-
Retirement benefit plans	Contribution to staff retirement benefit plans	19,510	26,804

36. EARNINGS PER SHARE

36.1 Basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

		2011	2010
Profit for the year after tax	(Rupees in thousands)	**2,816,593**	**2,454,937**
Average ordinary shares in issue	(Numbers)	**36,605,408**	**36,605,408**
Earnings per share	(Rupees)	**76.94**	**67.06**

36.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

37. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
		(Rupees in thousand)	
Profit before taxation		4,220,551	3,634,001
Adjustment for:			
Depreciation on property, plant and equipment		62,198	55,622
Amortization of intangibles		11,743	5,871
Provision for impairment		2,736	-
Bad debts written off		1,841	7,766
Provision for accumulating compensated absences		8,301	3,399
Deferred revenue amortised		(33,069)	(202,079)
Property, plant and equipment written off		3,080	-
Profit on bank deposits		(19,494)	(24,567)
Dividend income		(1,604)	(3,528)
Gain on sale of short term investments		(294,059)	(311,685)
Gain on change in fair value of investments		(151,197)	-
Gain on disposal of property, plant and equipment		(5,225)	-
Gain on disposal of investment property		(29,640)	-
Finance cost		11,287	10,007
Share of profit of associates		(310,189)	(262,396)
Working capital changes	37.1	(2,334,744)	2,476,0832
		1,142,516	**5,388,493**

37.1 Working capital changes

	2011	2010
	(Rupees in thousand)	
Decrease/(increase) in current assets		
Stores and spares	(22,183)	(35,077)
Stock-in-trade	(142,677)	(410,309)
Trade debts	273,626	(342,694)
Loans and advances	27,771	(149,800)
Trade deposits and prepayments	3,106	(7,382)
Interest accrued on loan to Agrimall (Private) Limited	(131)	109
Other receivables	1,228,942	(928,218)
	1,368,454	(1,873,371)
(Decrease)/increase in current liabilities		
Trade and other payables	(3,703,198)	4,349,453
	(2,334,744)	**2,476,082**

37.2 Cash and cash equivalents

	2011	2010
	(Rupees in thousand)	
Cash and bank balances	**405,216**	**1,143,880**

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The group is exposed to currency risk arising from various currency exposures, primarily with respect to the United Kingdom Sterling (UKP), United States Dollar (USD) and Euro. Currently, the group's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to foreign entities. The group's exposure to currency risk is as follows:

	2011	2010
	(Rupees in thousand)	
Trade and other payables - UKP	(589)	(1,796)
Net exposure - UKP	**(589)**	**(1,796)**
Trade and other payables - USD	(155)	(367)
Net exposure - USD	**(155)**	**(367)**
Trade and other payables - Euro	-	(217)
Net exposure - Euro	**-**	**(217)**

The following significant exchange rates were applied during the year:

	2011	2010
Rupees per UKP		
Average rate	136.41	132.73
Reporting date rate	138.62	128.96
Rupees per USD		
Average rate	85.64	84.45
Reporting date rate	86.05	85.60
Rupees per Euro		
Average rate	117.17	104.42
Reporting date rate	124.89	104.58

If the functional currency, at reporting date, had fluctuated by 5% against the UKP, USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 4.750 million (2010: Rs 13.644 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The equity instrument held by the company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Moreover, the company has made investments in mutual funds. Therefore, it is not possible to measure the impact of increase / decrease in the KSE Index on the company's profit after taxation for the year and on equity (fair value reserve).

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest-bearing financial instruments was:

	(Rupees in thousand)	
	2011	2010
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	-	650,500
Bank balances - savings accounts	131,560	93,086
Advances to suppliers	-	94,178
Total exposure	**131,560**	**837,764**

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the group.

Cash flow sensitivity analysis for variable rate instruments

The group does not have any variable rate instruments at the reporting date. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the group.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	(Rupees in thousand)	
	2011	2010
Long term investments	40,922	37,202
Long term loans	900	900
Loans to employees	3,448	4,447
Trade debts	208,138	483,605
Other receivables	159,443	141,009
Short term investments	2,971,296	4,116,821
Bank balances	404,058	1,142,733
	3,788,205	**5,926,717**

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The group's exposure to credit risk in respect of trade debts is limited to its carrying amount. The carrying amount of trade debts older than 365 days and not impaired was Rs. 33,872 thousand (2010: Rs. 29,050 thousand).

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			(Rupees in thousand)	
Banks	Short Term	Long Term	Agency	2011	2010
Meezan Bank Limited	A-1+	AA-	JCR-VIS	2,405	2,755
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	66,046	176,783
Bank Alfalah Limited	A1+	AA	PACRA	47,718	110,369
Standard Chartered Bank	A1+	AAA	PACRA	33,738	11,827
Royal Bank of Scotland	A-1+	AA	JCR-VIS	-	214
United Bank Limited	A-1+	AA+	JCR-VIS	188,322	760,970
The Bank of Punjab	A1+	AA-	PACRA	3,257	3,933
MCB Bank Limited	A1+	AA+	PACRA	6,606	18,597
Habib Bank Limited	A-1+	AA+	JCR-VIS	20,734	18,465
Barclays Bank Plc	A-1+	AA-	S&P	30,058	38,820
Faysal Bank Limited	A-1+	AA	JCR-VIS	854	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,320	-
				404,058	**1,142,733**

(Rupees in thousand)

Mutual funds	Rating	Rating Agency	2011	2010
MCB Dynamic Cash Fund	A+ (f)	PACRA	-	558,614
UBL Liquidity Plus Fund	AA+ (f)	JCR-VIS	528,743	779,043
MCB Cash Management Optimizer Fund	AA+ (f)	PACRA	453,806	582,494
NAFA Government Securities Liquid Fund	AAA (f)	PACRA	447,176	474,110
NIT Government Bond Fund	AA (f)	PACRA	375,127	565,328
NIT Income Fund	AA- (f)	PACRA	-	57,336
ABL Income Fund	A+ (f)	JCR-VIS	-	995,143
Meezan Cash Fund	AA (f)	JCR-VIS	-	104,753
ABL Cash Fund	AA+ (f)	JCR-VIS	531,776	-
Atlas Money Market Fund	AA+ (f)	PACRA	104,794	-
HBL Money Market Fund	AA+ (f)	JCR-VIS	210,823	-
Askari Sovereign Cash Fund	AA+ (f)	PACRA	319,051	-
			2,971,296	**4,116,821**

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2011, the group had Rs 2,100,000 thousand available borrowing limits from financial institutions and Rs 405,216 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2011:

(Rupees in thousand)

	Carrying Amount	Less than one year	One to five years	More than five years
Trade and other payables	2,086,397	2,083,592	2,805	-
Accrued finance cost	1,503	1,503	-	-
	2,087,900	**2,085,095**	**2,805**	**-**
The following are the contractual maturities of financial liabilities as at June 30, 2010:				
Trade and other payables	7,440,042	7,436,606	3,436	-
Accrued finance cost	1,909	1,909	-	-
	7,441,951	**7,438,515**	**3,436**	**-**

38.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

38.3 Financial instruments by categories

(Rupees in thousand)

	Available-for-sale		At fair value through Profit and Loss		Loans & Receivables		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Financial assets as per balance sheet								
Long term investments	40,922	37,202	-	-	-	-	40,922	37,202
Long term loans	-	-	-	-	900	900	900	900
Loans to employees	-	-	-	-	3,448	4,447	3,448	4,447
Trade debts	-	-	-	-	208,138	483,605	208,138	483,605
Other receivables	-	-	-	-	159,443	141,009	159,443	141,009
Short term investments	-	-	2,971,296	4,116,821	-	-	2,971,296	4,116,821
Bank balances	-	-	-	-	404,058	1,142,733	404,058	1,142,733
	40,922	**37,202**	**2,971,296**	**4,116,821**	**775,987**	**1,772,694**	**3,788,205**	**5,926,717**

(Rupees in thousand)

	Other financial liabilities	
	2011	2010
Financial liabilities as per balance sheet		
Trade and other payables	2,086,397	7,440,042
Accrued finance cost	1,503	1,909
	2,087,900	**7,441,951**

38.4 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the group is equity based with no financing through long term or short term borrowings. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares and other measures commensurating to the circumstances.

39. CAPACITY AND PRODUCTION

	(Units per Annum)	
	2011	2010
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	42,188	40,178

The group has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2011 by the Board of Directors of the company.

41. DETAILS OF SUBSIDIARY

Millat Industrial Products Limited

Accounting Year end	June 30, 2011	June 30, 2010
Percentage of holding	64.09%	64.09%
Country of incorporation	Pakistan	Pakistan

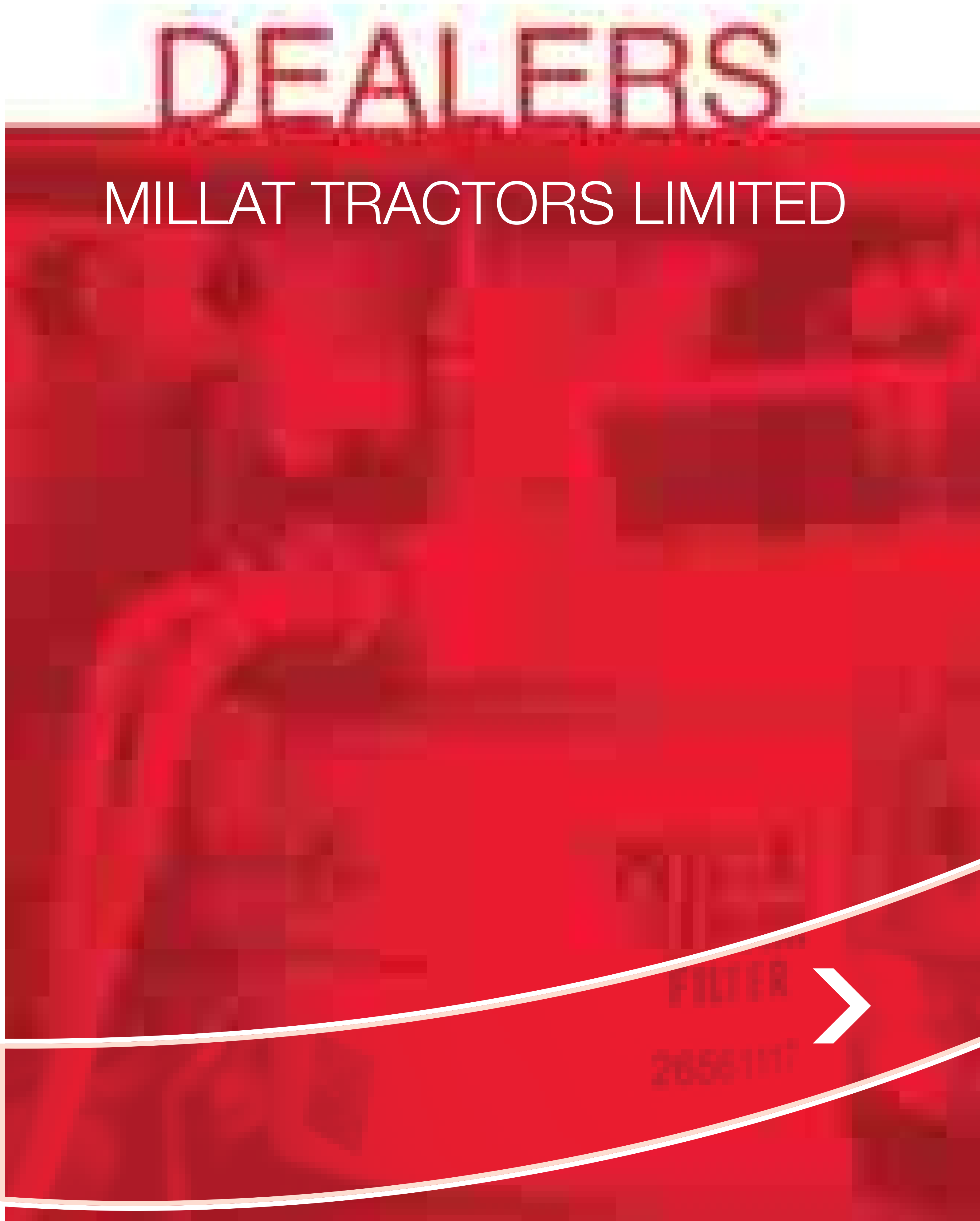
42. CORRESPONDING FIGURES

Corresponding figures, where necessary, have been rearranged for the purposes of comparison. Significant reclassification for better presentation include:

Cost of warranty services amounting to Rs. 148,625 thousand previously included in Cost of sales now presented under Distribution and marketing expenses as After sales support.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive



tractor DEALERS

PUNJAB

Ahmer Brothers, Attock
Haji Sher Muhammad & Brothers, Attock
Sahgol Motors, Rawalpindi
Friends Corporation, Mandi Bahauddin
Hassan Corp., (Pvt) Ltd., Gujranwala
Zeshan Tractors, Gujrat
Kashmir Tractors, Jhelum
Globe Automobiles (Pvt) Limited, Lahore
Zamindar Tractors & Equip., Kasur
Shahrah Autos (Pvt) Ltd., Sheikhupura
Bilal Tractors, Nankana
Muhammad Yousaf & Co., Faisalabad
Sheraz Tractors, Toba Tek Singh
Ahmed K. Agencies, Jhang
Sahiwal Tractor House (Pvt) Ltd., Sahiwal
Khawaja Autos, Okara
Pakistan Tractor House, Sargodha
Sami Ullah Khan & Brothers, Mianwali
Super United Tractors, Mianwali
Shaheen Tractor House, Bhakkar
Multan Autos, Multan
Chenab Tractor House, Muzaffargarh
Universal Autos, D.G. Khan
Haleem Sons Ltd., Khanewal
Thal Agro Services, Leiah
Al-Hassan Traders, Bahawalpur
Panjnad Tractors Ltd., R.Y. Khan
Aziz Sons Tractor Corporation, R.Y. Khan
Vehari Tractors, Vehari
Sutlej Traders, Chishtian
Sargroh Services Ltd. Bahawalnagar
Shabbir Trading Co., Depalpur, Distt. Okara
Iqbal Enterprises, Chakwal
Pak Ghazi Tractors, Jampur, Distt. Rajanpur
Kissan Brothers, Kasur
Usman Enterprises, Opp: Millat Tractor Limited
Ferozewala, Distt. Sheikhupura
Pak Tractor House, Khushab
Al-Hassan Traders, Hasilpur
Syed Tractors, Lodhran
Al-Jabbar Tractors, Sialkot
Zahid Brothers, Shakargarh, Distt. Narowal
Kissan Tractors House, Pakpattan
Ishtiaq Tractor House, Jhelum

BALUCHISTAN

Ravi Tractor House, Chaman, Qila Abdullah
National Agricultural Engineering & Services,
Jhat Pat, Naseerabad
Daavi Autos, Quetta
Zamindar Tractors, Pishin
Bolan Tractors House, Loralai
Baluchistan Tractors & Services, Quetta

KHYBER PAKHTOONKHWA

Indus Autos, D.I. Khan
Kurram Tractors, Sarai Naurang, Bannu
Kohat Automobiles, Kohat
Samir Tractor Agency, Parachinar
Ghulam Muhammad Auto Store, Swat
Hunza Motors, Gilgit
Tractor House, Charsadda
Tractor House, Peshawar
Afghan Tractors House, Malakand
Zahoor Tractor House, Mardan
Parus Agro Tractors, Hazara

SIND

Popular Tractor Co., Sukkur
Larkana Tractor House, Larkana
Sind Trading Company, Jacobabad
Good Luck Tractor Co., Khairpur
Pakistan Zaree Industries, Hyderabad
Mehran Trading Co., Sanghar
Al-Hamd Tractors, Dadu
Millat Farm Machinery, Nawabshah
Agrico International, Karachi
Tharparkar Tractor House, Mirpurkhas
Al-Davi Tractors House, Shahdad Kot
Kashmor Tractor Co., Kashmoor
K. K. Tractors, Tandu Allah Yar

FOREIGN DEALERS-AFGHANISTAN

Serkat Ghazi Tractors Limited, Kabul
Serkat new Popal Limited, Kabul

spare parts DEALERS

PUNJAB

New Bukhtiar Sons, Lahore
Mian Autos, Lahore
Hudiara Agencies, Lahore
Malik Tractors, Lahore
Muslim Tractor Corp., Lahore
Ghazi Autos, Lahore
Pak Tractor House (Pvt) Ltd., Lahore
Sadar Auto Tractors, Lahore
Farhan Tractors, Lahore
Massey Autos, Pattoki
Universal Tractors, Okara
Fareed Auto Store, Depalpur
Madina Tractors, Muridkey Sheikhupura
New Kissan Autos, Hafizabad
Kissan Tractor House, Sialkot
Madina Autos Services, Sambrial
Mukhtar Autos, Sahiwal
Madina Autos, Arifwala
Crescent Autos, Pakpattan
Madina Autos, Burewala
Umer Nawaz Auto Store, Multan
Ishtiaq Auto Store, Multan
M. Latif & Brothers, Mian Channu
Hafiz Autos, Jahanian
Afzal Auto Store, Khanewal
Nazar Tractor Workshop, Alipur
Javed Tractor House, Kot Addu
Sarsabz Auto Store, Rajanpur
Nasir Khan Autos, Leiah
Pak Autos, Pirmahal
Farooq Autos, Faisalabad
Ali Imran Autos, Chiniot
Chaudhry Tractor Centre, Sargodha
Pak Auto Store, Haroonabad
Mushtaq Parts Centre, Wazirabad
Mukhtar Autos, Daska
Malik Tractor Autos, Rawalpindi
Piracha Auto Agency, Bhalwal
Kissan Tractor House, Wazirabad
Awami Tractor Workshop, Narowal
Riaz Autos, Mandi Faizabad, Sheikhupura

KHYBER PAKHTOONKHWA

Millat Tractor House, Mardan
Quresh Mechanical Engineering Works,
Kurram Agency
Lahore Autos, Charsadda

SIND

Genuine Tractors, Hyderabad

WORKSHOPS

ATTOCK

Ahmer Brothers Workshop, Fateh Jhang
Khalid Tractor Workshop, Attock
Abdul Sattar Tractor Workshop, Attock City
Shahid Tractor Workshop, Khunda More Attock

BANNU

Khalid Tractor Workshop, Sara-e-Norang
Gul Tractor Workshop, Laki Marwat
Umer Nyaz Tractor Workshop, Domel
Summas Tractors Workshop, Sara-e-Norang

BHAKKAR

Shaheen Tractor House, Main Workshop, Bhakkar
Shaheen Tractor Workshop, Hyderabad Thal
Bhati Tractor Workshop, Kalore Kot
Hashmi Tractor Workshop, Mankrah
Sahiwal Tractor Workshop, Bail Bhakkar
Sahiwal Tractor Repairing Workshop, Darya Khan

BAHAWALNAGAR

Mughal Tractor Workshop, Haroonabad
Chaudhry Tractor Workshop, Minchinabad
Sadiq Tractor Workshop, Faqir Wali
Mughal Tractor Workshop, Donga Bonga
Sargroh Services Limited, Bahawalnagar

BAHAWALPUR

Najmal Tractor Workshop, Yazman Mandi
Ittefaq Tractor Workshop, Bunglow Tailwala
Shabbir Tractor Workshop, Ahmadpur East
Millat Tractor Workshop, Banglow Shahiwala
Gulzar Tractor Workshop, Head Rajgan
Tariq Tractor Workshop, Yazman Road, Adda 42-DB
Al-Madina Tractor Workshop, Yazman
Manzoor Tractor Workshop, Uch Sharif
Shabbir Tractor Workshop, Musaffar Khana
Shaukat Tractor Workshop, Yazman Road
Al-Hassan Traders, Bahawalpur
Al-Siddique Tractor Workshop, Noor pur, Noranga
Zahoor and Brothers Tractor Workshop, Khanqah Sharif
Al-Hamad Tractor Workshop, Ahmad Pur Sharqia

CHAMAN

Ravi Tractor Workshop, Pir Ali Zai
Mistri Inaytullah Workshop, Chamman Bazar
Mistri Muhammad Lal Workshop, Chamman
Ravi Tractor House, Chamman
Ravi Tractors Workshop, Chamman Border
Ravi Tractor Workshop, Afghan Border
Ravi Tractor Workshop, Mazai Adda

CHAKWAL

Master Sajjad Hussain Tractor Workshop, Chakwal
Mian Asif Tractor Workshop, Pind Dadan Khan
Sargodha Tractor Workshop, Tala Gang
Manzoor Tractor Workshop, Chakwal
Zamindar Tractor Workshop, Pattanwal

CHARSADDA

Rahim Tractor Workshop, Sirdehri

CHISHTIAN

Mushtaq Tractor Workshop, Fort Abbas
Millat Tractor Workshop, Fort Abbas
Millat Tractor Workshop, Kachi Wala
Masha Allah Tractor Workshop, Chishtian
Ashraf Tractor Workshop, Dahranwala
Mughal Tractor Workshop, Chishtian
Asif Tractors Workshop, Chishtian

DADU

Al-Hamad Tractors, Dadu
Al-Hamad Tractor Workshop, Saeedabad
Shahbaz Tractor Workshop, Sehwan Sharif
Al-Hamad Tractor Workshop, Mehr
Al-Hamad Tractor Workshop, Khairpur Nathan Shah
Batai Tractor Workshop, Radhan

DERA GHAZI KHAN

Universal Autos, D.G. Khan
Nawaz Tractor Workshop, Kot Chatta
Abbas Tractor Workshop, Choti Zarin
Bismillah Tractor Workshop, Taunsa Sharif

DERA ISMAIL KHAN

Zari Tractor Workshop, D. I. Khan
Sadiq Tractor Workshop, D. I. Khan
Saleem Tractor Workshop, Adda Rungwala D. I. Khan

DEPALPUR

Al-Madina Tractor Workshop, Haveli Lakha
Madina Tractor Workshop, Baseer Pur
Nasir Tractor Workshop, Rajowal
Qadri Tractor Workshop, Mandi Ahmad Abad
Ghousia Tractor Workshop, Hujra Shah Maqeem
Shabbir Trading Company, Depalpur
Hafiz Tractor Workshop, Hujra Shah Maqeem

FAISALABAD

Khan Tractor Workshop, Faisalabad
Akram Tractor Workshop, Tandilianwala
Millat Tractor Workshop, Jaranwala
Sabar Tractor Workshop, Mamu Kanjan
Moughal Tractor Workshop, Samundri
M. Yousaf & Co., Faisalabad
Saqlain Tractor Workshop, Khurrianwala
Anwar Tractor Workshop, Chak Jhumra

GUJRAT

Traiq Nadeem Tractor Workshop, Kharian
Zeeshan Tractors, Gujrat

GUJRANWALA

Wazirabad Tractor Workshop, Wazirabad
Al-Hussain Tractor Workshop, Pindi Bhattian
Yasin Tractor Workshop, Nowshera Virkan
Dar Tractor Workshop, Whando
Madina Tractor Workshop, Alipur Chatta
Minhas Tractor Workshop, Hafizabad
Chenab Tractor Workshop, Jalalpur Bhattian
Hassan Corporation (Pvt) Ltd., Gujranwala
Zarie Markaz (Agrimall) Workshop, Mansoorwali
Zarie Markaz (Agrimall) Workshop, Ali Pur Arayan
Cheema Tractor workshop, Sadhoki
Saifullah Tractor Workshop, Nokhar Mindi

GILGIT

Karim Autos Workshop, Sakardu
Rakaposhi and Kissan Tractor Workshop, Sakradu
Raziq Autos Workshop, Ashkwaine

HASILPUR

Khalid Tractor Workshop, Jamal Pur
Idrees Tractor Workshop, Chuna Wala Banglow
Bajwa Tractor Workshop, 143-Murad
Al-Hasan Tractor Workshop, Hasilpur
Al-Madina Tractor Workshop, Khairpur Tamewali
Yasin Tractor Workshop, Hasilpur

HYDERABAD

Awan Diesel Service Workshop, Tando Jam
Arian Brothers Tractor Workshop, Tando Allahyar
Pakistan Zari Industries, Hyderabad
Makhdom Talibul Maula Tractor Workshop, Hala
Abdul Qayuum Tractor Workshop, Tando M. Khan
Salahuddin Tractor Workshop, Kotri

JHELUM

Latif Tractor Workshop, Bhimber
Bismillah Tractor Workshop, Sehnsa
New Modern Tractor Workshop, Kotli
Gujranwala Tractor Workshop, Chakswari
Ishfaq Tractor Workshop, Shakrila

JHANG

Yaseen Tractor Workshop, Gojra More
Younas Tractor Workshop, Shorkot
Nawaz Tractor Workshop, Garh Maharajah
Ahmed K. Agencies, Jhang
Ahmed K. Agencies, Chiniot
Iqbal Tractor Workshop, Bakkhar Road
Zamindar Tractor Workshop, Sargodha Road
Sultan Tractor Workshop, Khushab Road
Yaqoob Tractor Workshop, Bowana
Zafar Tractor Workshop, Laleeian

JACOBABAD

Muhammad Ashraf Tractor Workshop, Kashmore
Faiz Muhammad Tractor Workshop, Thal
Sind Trading Company, Jacobabad
Abdul Hameed Mughal Tractor Workshop, Kand Kot
M. Rafique Tractor Workshop, Ghari Khairo

KHAIR PUR

Goodluck Tractor Company (Main Work Shop) Khairpur
Aslam Tractor Workshop, Kot Banglo
Hussainy Tractor Workshop, Sui Gas
Gul Brohe Tractor Workshop, Ranipur
Al-Makhdoom Tractor Workshop, Peryallo

Sikander Tractor Workshop, Perjo Goth
Shaukat Tractor Workshop, Pakka Chung
Ibrahim Tractor Workshop, Khairpur Mirus
Niazi Tractor Workshop, Gambat

KHUSHAB

Ashraf Tractor Workshop, Rangpur
Babar Tractor Workshop, Quaidabad

KASUR (Z & K)

Yousaf Tractor Workshop, Phool Nagar
Khokhar Tractor Workshop, Pattoki
Zamindar Tractor Workshop, Ting More
Kissan Tractor Workshop, Khudian Khas
Kissan Tractor Workshop, Kangan Pur
Malik Tractor Workshop, Chunian
Zamindar Tractor & Equipment, Kasur
Kissan Tractor Workshop, Adda Talwandi
Mukhtar Tractor Workshop, Kot Radha Kishan
Madina Tractor Workshop, Kot Radha Kishan
Kissan Tractor Workshop, Noorpur
Kissan Brothers, Kasur
Mitho Workshop, Thaia Shaikham
Kissan Tractor Workshop, Mustafabad
Riaz Tractor Workshop, Chunian
Kissan Tractor Workshop, Kot Mehtab Khan
Agri Mall Zarai Markaz, Workshop, Bongla Kumbowan

KHANEWAL

Akram Tractor Workshop, Mian Channu
Mukhtar Tractor Workshop, Abdul Hakeem
Sabir Tractor Workshop, Kabirwala
Sadiq Tractor Workshop, Pull-14 Khanewal
Adnan Tractor Workshop, Mohsin Wal
Shabbir Tractor Workshop, Jhang Road Pull-25
Iqbal Tractor Workshop, Thal Najeeb
Javed Tractor Workshop, Nawan Sher
Bismillah Tractor Workshop, Tulamba
Ramzan Tractor Workshop, Kacha Khoh
Liaquat Tractor Workshop, Pull Baghar
Akmal Tractor Workshop, Chauparasta
Munir Tractor Workshop, Jhandiali Banglow
Haleem Sons (Pvt) Ltd., Khanewal
Fiaz Tractor Workshop, Pull-32 Khanewal
Bismillah Tractor Workshop,Chowk Jamal

KOHAT

Kashadar Tractor Workshop, Hango
Fazal Karim Tractor Workshop, Kohat

KARACHI

Agrico International, Sohrab Goth
Sharif Tractor Workshop, Lasbella
Hanif Tractor Workshop, Hub Chauki
Laghari Tractor Workshop, Sajawal
Moula Madad Tractor Workshop, Thatta

LAHORE

Mullan Ashraf Tractor Workshop, Bhatta Chowk
Pakistan Tractor Workshop, Begum Kot
Universal Tractor Workshop, Maraka Quarter
Kissan Auto Services Workshop, Jallo More
Madina Tractor Workshop, Raiwind
Sher Rabbani Tractor Workshop, Shamke Bhattian
Mehr Tractor Workshop, Boghiwal
Jameel Tractor Workshop, Chowk Gunga Wala
Nadeem Brothers Autos Engineering & Services, Lahore
Sajid Tractor Workshop, Lahore Cantt
Sahib Tractor Workshop, Mangamandi
Bhatti Tractors Workshop, Multan Road
Zafar Tractor Workshop, Ali Razabad
Mian Mushtaq Tractor Workshop, Adda Plot
Globe Automobile Main Workshop, Lahore

LEIAH

Lahori Tractor Workshop, Karor Lal Ehsan
Ittefaq Tractor Workshop, Fatehpur
Thal Agro Services Tractor Workshop, Chowk Azam
Thal Agro Services, Leiah
Bismillah Tractor Workshop, Kot Sultan
Zarie Markaz (Agrimall) W. Shop, Chak Mandi Town
Bismillah Tractors Workshop, Pahar Pur

LODHRAN

Multan Tractor Workshop, Kahror Pacca
Syed Tractors, Lodhran
Irfan Tractor Workshop, Dunyapur
Qadri Tractor Workshop, Dunyapur
Zeshan Tractor Workshop, Lodhran
Al-Madina Tractor Workshop, Chak No M.97, Lodhran
Hamza Tractors Workshop, Adda Permint
Nasir Tractor Workshop, Kahror Pacca
Amir Hamza Tractors Workshop, Gaylaywal
Bhutta Tractor Workshop, Qutab Pur
Al-Hamad Tractors Workshop, Dunyapur
Al Faiz Tractors Workshop, Jala Arain More
Al-Madina Tractors Workshop, Sui wala
Rana Tractors Workshop, Adda Pul Bazari
Dilawar Abbass Tractor Workshop, Adda Pul Bazari
Mushtaq Tractor Workshop, Kahror Pacca

LORALAI

Nisar Tractor Workshop, Zhob
Bolan Tractor Workshop, Loralai
Bolan Tractor Workshop, Bustand
Nasrullah Tractor Workshop, Qila Saifullah
Bolan Tractor Workshop, Nassi
Bolan Tractor Workshop, Zhob
Bolan Tractor Workshop, Qila Saifullah

LARKANA

Saleem Tractor Workshop, Dokri
Munawar Anwar Tractor Workshop, Naudero
Larkana Tractor House, Larkana

MARDAN

Minhaj Tractor Workshop, Shewa Adda
Umer Tractor Workshop, Shergarh
Swabi Tractor Workshop, Katling
Macca Tractor Workshop, Swabi
Niaz Muhammad Tractor Workshop, Yar Hussain

MANDI BAHAUDDIN

Fasco Tractor Workshop, Phalia
Friends Corporation, Mandi Bahauddin
Massey Ferguson Tractor Workshop, Khai Adda
Gondal Tractor Worshop, Gujra

MIANWALI

Super United Tractor Workshop, Kamar Mishani
Madina Tractor Workshop, Piplan
Akhtar Tractor Workshop, Wan Bachran
Super United Tractors, Tala Gang Road
Super United Tractor Workshop, Dawood Khail
Super United Tractor Workshop, Hafizwala
Super United Tractor Workshop, Klorsharief
Bismillah Tractor Workshop, Adda Shadian

MULTAN

Iqbal Tractor Workshop, Qasba Maral
Shoaib Tractor Workshop, Qadirpur Rawan
Al-Majeed Tractor Workshop, Makhdoom Rashid
Amin Tractor Workshop, Bohdla Sant
Iqbal Gulzar Tractor Workshop, Adda Bund Bosan
Al-Riaz Tractor Workshop, Multan
Ijaz Tractor Workshop, Shuja Abad
Nizam Tractor Workshop, Adda Laar
Nawaz Tractor Workshop, Multan
Karmanwala Tractor Workshop, Jilalpur Pirwala
Bismillah Tractor Workshop, Pul Khara, Shuja Abad
Multan Autos (Pvt) Ltd., Multan

MUZAFFARGARH

Mukhtar Tractor Workshop, Chowk Karm Dad Qureshi
Nazar Tractor Workshop, Alipur
Al-Hilal Tractor Workshop, Kot Addu
Ashraf Tractor Workshop, Sher Sultan
Nasir Arshad Tractor Workshop, Jatoi
Anwar-ul-Haq Tractor Workshop, Sananwan
Sadabahar Tractor Workshop, Chowk Sarwar Shaheed
Chenab Tractor House, Muzaffargarh
Millat Tractor Workshop, Shah Jamal
Sahiwal Tractor Workshop, Qasba Gujrat
Agri Mall Zarai Markaz Workshop, Mohsinabad
Khadam Hussain Tractor Workshop, Jatoi Road

MIR PUR KHAS

Tharparkar Tractor House, Mir Pur Khas

Rehman Tractor Workshop, Umerkot
Abdul Ghafar Tractor Workshop, Kanri
Munawar Tractor Workshop, Jhido
Noor Muhammad Tractor Workshop, Kot Ghulam Muhammad
Liaquat Tractor Workshop, Ghorchani

NAWABSHAH

Baba Farid Tractor Workshop, Sukrand
Punjab Tractor Workshop, Qazi Ahmad
Mubarak Tractor Workshop, Bandi
Al-Mehran Tractor Workshop, Nawab Wali Muhammad
Latif Tractor Workshop, Nawab Shah
Bismillah Tractor Workshop, Naushero Feroze
Faizan Tractor Workshop, Sher Balai
Abdul Rehman Tractor Workshop, Naushero Feroze
Khamsu Tractor Workshop, Daulat Pur
Millat Tractor Workshop, Nawabshah
Millat Farm Machinery Workshop, Naushero Feroze

NASIRABAD

National Agricultural Engineering & Services, Nasirabad
Fayyaz Tractor Workshop, Usta Muhammad
Sikandar Tractor Workshop, Dera Murad Jamali

NAROWAL

Millat Tractor Workshop, Zafarwal
Mahmood Tractor Workshop, Talwandi Bhandran
Qadri Noshi Tractor Workshop, Adda Bastan
Lasani Tractor Workshop, Dhubliwala
Zahid Brothers, Shakargarh
Asim Tractor Workshop, Qila Suba Singh
Kissan Tractor Workshop, Narowal

NANKANA

Shahrah Tractor Workshop, Nankana
Malik Tractor Workshop, Faizabad
Shahid Tractor Workshop, Buche Ki
Zarai Markaz (Agrimall) Workshop, Mirza Pur
Bilal Tractors, Nankana
Yousaf Tractor Workshop, More Baluchan
Bokhari Tractor Workshop, Nankana
Malik Tractor Worshop, More Khunda
Javaid Tractor Workshop, Bucheki
Dogar Tractor Workshop, Warburton
Mian Pervaiz Tractor Workshop, Manawala
Awami Tractor Workshop, Mangtanwala
Punjab Hasilpur Tractor Workshop, Shahkot
Sahra Autos (Pvt) Ltd, Nankana
Bismillah Tractor Workshop, Pul Piplan
Ayub Tractors Workshop, Adda Biglee Ghar

OKARA

Arif Tractor Workshop, Akbar More, Okara
Al-Madina Tractor Workshop, Chuchak

Brother Tractor Workshop, Renala Khurd
Ali Asghar Tractor Workshop, Saddar Gogera
Khawaja Autos, Okara
Zafar Tractor Workshop, Chak 49-3-R
Raza Tractor Workshop, Basti Ahmed Nagar
Riaz Tractor Workshop, Adda Chuchak, Okara

PAKPATTAN

Kissan Tractor Workshop, Pakpattan
Al-Hamad Tractor Worskhop, Arifwala Pakpattan
Mushtaq Tractor Workshop, Qabolasharif
Bodala Tractor Workshop, 55 Chowk

PESHAWAR

Awami Tractor Workshop, Pandoo, Peshawar
New Peshawar Tractor Workshop, Khazana

PARACHINAR

Samir Tractor Workshop, Sedda
Samir Tractor Workshop, Parachinar

PISHIN

Mian Tractor Workshop, Pishin
Zamindar Tractor Workshop, Muslim Bagh
Zamindar Tractor Workshop, Mazai Adda

QUETTA

Daavi Tractor Workshop, Quetta
Daavi Tractor Workshop, Khano Zai
Daavi Tractor Workshop, Mastang
Baluchistan Tractor Workshop, Noshki
Baluchistan Tractor Workshop, Dalbadin
Daavi Tractor Workshop, Sibbi
Daavi Tractor Workshop, Ziarat Road
Daavi Tractor Workshop, Dahadar
Daavi Tractor Workshop, Khinzdar
Daavi Tractor Workshop, Sohrab Road
Daavi Tractor Workshop, Kachlack

RAJANPUR

Gul Muhammad Tractor Workshop, Rajanpur
Millat Tractors Workshop, Rojhan City
Gul Muhammad Tractor Workshop, Fazalpur
Pak Ghazi Tractor Workshop, Jampur
Millat Tractor Workshop, Dewan Muhammad Pur
Iqbal Tractor Workshop, Dajil
Madina Tractor Workshop, Kotla Mughlan
Ittefaq Tractor Workshop, Jampur
Ashraf Tractor Workshop, Kot Mithan
Iqbal Tractor Workshop, Jampur

RAWALPINDI

Kissan Tractor Workshop, Chowk Pindowri
Akhtar Tractor Workshop, Sawan Camp
Qamar Saleem Tractor Workshop, Rawalpindi
Sargodha Tractor Workshop, Gojar Khan
Noor Ullah Jan Tractor Workshop, Kahuta
Qamar Saleem Tractor Workshop, Kahuta
Ittefaq Tractor Workshop, Taxilla
Chaudhry Tractor Workshop, Shah Bagh
Bismillah Sargodha Tractor Workshop, Jathli

RAHIM YAR KHAN

Anwar Mustafa Tractor Workshop, R. Y. Khan
Ghafoor Tractor Workshop, Kot Sabzal
Ashraf Javed General Tractor Workshop, Khan Pur
Rais Tractor Workshop, Zahir Pir
Kalachi Tractor Workshop, Tranda M. Pinah
Al-Riaz Tractor Workshop, Nawan Kot
Awais Jameel Tractor Workshop, Sadiqabad
Aziz Sons Tractor Workshop, Feroza
Nadeem Tractor Workshop, Kot Samaba
Aziz Sons Tractor Corporation, R. Y. Khan
Panjnad Tractors Limited, R. Y. Khan
Abdul Shakoor Tractor Workshop, Liaqat Pur
Shoaib Tractor Workshop, Sinjar Pur
Syed Brothers Tractor Workshop, Sadiqabad
Ashraf Tractor Workshop, Chowk Sahutra
Pakistan Tractor Workshop, Chowk Shahbaz Pur
Munir Tractor Workshop, Jamal Din Wali
Altaf Tractor Workshop, Tul Hamza
Agrimall Zarai Markaz Workshop, Mianwali Qureshian

SHAHDAD KOT

Bhatai Tractor Workshop, Shahdad Kot
Shah Abdul Latif Tractor Workshop, Qamber Ali Khan
Bismillah Tractor Workshop, Miro Khan
Hafeez Tractor Workshop, Qaboo Saeed Khan
Awami Tractor Workshop, Warra
Nadir Tractor Workshop, Main Road Nasirabad

SAWAT (MANGORA)

Alamgir Tractor Workshop, Sawat

SIALKOT

Al-Jabbar Tractors, Sialkot
Amjad Tractor Workshop, Chowk Mundayki Goraya
Sialkot Tractor Workshop, Pasroor
Mubashar Riaz Tractor Workshop, Adam Ke Cheema
Al-Jabbar Tractor Workshop, Daska

SHEIKHUPURA

Usman Enterprises (Main Workshop) Ferozewala
Ashraf Tractor Workshop, Kot Pindi Das
Nasir Mughal Tractor Workshop, Muridkey
Rafique Tractor Workshop, Narang Mandi
New Kissan Tractor Workshop, Sharaqpur
Hafiz Tractor Workshop, Dhamkey
Zarai Markaz (Agrimall) Workshop, Muridkey
Shahrah Autos (Main Workshop), Sheikhupura
Butt Tractor Workshop, Mana Wala
Allah Tawakal Tractor Workshop, Ajniawala
Syed Qasim Tractor Workshop, Qila Sattar Shah
Arif Tractor Workshop, Farooqabad
Manzoor Tractor Workshop, Khanqan Dogran
Lahore Tractor House Workshop, Nankana
Haji Tractor Workshop, Safdarabad
Shahbaz Tractor Workshop, Panwan
Bismillah Tractor Workshop, More Khunda
New Rehman Tractor Workshop, Shakot
Moazam Tractor Workshop, Syedwala
Hamdaan Tractor Workshop, Farooqabad

SARGODHA

Chishty Brothers Tractor Workshop, Bhera
Iqbal Tractor Workshop, Bhalwal
Afzal Tractor Workshop, Kot Momen
Al-Saeed Tractor Workshop, Sahiwal Town
Pakistan Tractor House, Sargodha
Hamza Tractor Workshop, Frokah

SAHIWAL

Sahiwal Tractor House Workshop, Chichawatni
Sahiwal Tractor House Workshop, Iqbalnagar
Sahiwal Tractor House Workshop, Noor Shah
Sahiwal Tractor House Workshop, Adda Kassowal
Sahiwal Tractor House Workshop, Ghazi Abad
Sahiwal Tractor House (Pvt) Ltd., Sahiwal
Madina Tractor Workshop, Kameer
New Kissan Tractor Workshop, Farid Nagar Sahiwal
Bodla Tractor Workshop, Qadirabad, Sahiwal

SUKKUR

New Feda Hussain Tractor Workshop, Mirpur Mathelo
Kamran Tractor Workshop, Sallahput
Al-Sadiq Tractor Workshop, Sarhad
Madina Tractor Workshop, Ghotki
Al-Sadiq Tractor Workshop, Mathelo
Awami Tractor Workshop, Pannu Aqil
Bismillah Tractor Workshop, Dehrki
Tariq Auto Workshop, Shikarpur
Qasim Tractor Workshop, Gari Yasin
Papular Tractor Workshop, Ali Wahin
New Madina Tractor Workshop, Adil Pur, Ghotki

SANGHAR

Al-Madina Tractor Workshop, Tando Adam
New Sind Tractor Workshop, Jhol
Sind Tractor Workshop, Sinbhoro
Agha Tractor Workshop, Shahdad Pur
Hashim Tractor Workshop, Sanghar
Qader Tractor Workshop, Shahpur Chakar

TOBA TEK SINGH

Al-Madina Tractor Workshop, Gojra
Sheraz Tractors, Toba Tek Singh
Azhar Brothers Tractor Workshop, Pirmahal
Al-Madina Tractor Workshop, Sandilianwali
Hameed Tractor Workshop, Gojra
Roman Tractor Workshop, New Lahore
Haq Bahu Tractor Workshop, Kamalia
Zimidar Autos Workshop, T. T. Singh

VEHARI

Ramzan Tractor Workshop, Gaggo Mandi
Aziz Tractor Workshop, Garah More
Asghar Tractor Workshop, Mailsi
New Mughal Tractor Workshop, Luddan
Mian Brothers Tractor Workshop, Burewala
Vehari Tractors, Vehari
Salim Tractor Workshop, Tibba Sultan Pur
Al-Mumtaz Tractor Workshop, Buraywala
New Asghar Tractor Worskhop, Dokotta

PROXY FORM

MILLAT TRACTORS LIMITED

Please quote your Folio No.
as is in the Register of Members

Folio No ________________________

I/We ____
of ____ (FULL ADDRESS)
being a member / members of MILLAT TRACTORS LIMITED hereby appoint
____ (NAME
of ____ (FULL ADDRESS)
another member of the company or failing him/her ____________________________
____ (NAME
of ____ (FULL ADDRESS)
another member of the company as my/ our proxy to attend and vote for me/ us and on my/ our behalf, at the 48th Annual General Meeting of the Company to be held at Company's Registered Office, 9 K.M. Sheikhupura Road, Lahore, on **Thursday, September 29, 2011 at 4:00 p.m** and at every adjournment thereof.

Signed this ______________________ day of ______________________ 2011

Signature on
Five Rupees
Revenue Stamp

(Signature should agree with specimen
signature registered with the Company)

IMPORTANT

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.

2. The Instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.

3. This Proxy Form, duly completed, must be deposited at the Companyís Registered Office, 9 K.M., Sheikhupura Road, Lahore, not less than 48 hours before the time of holding