MILLAT - DRIVING FARMERS TO PROSPERITY

Annual Report 2009

MILLAT TRACTORS LIMITED

THEME:

"Driving Farmers to Prosperity"

For a "Green Revolution" to be sustainable, the farmer must be in the driving seat.

By constantly introducing, innovating and insisting on latest farm mechanisation for more than four decades, Millat Tractors has surely come a long way in enabling millions of farmers across the country to get their rightful due. Through a sustained process of modernisation of agriculture, horticulture and floriculture, remote villages and helmets are rising to a new era of prosperity as improved techniques in farming help them produce more and better crop. Thanks to the reliable wheels of their tractor trolleys, they're also able to pass swiftly the surplus yield to the nearest markets, without running into the risks of it getting destroyed in the fields.

As a result, incomes are multiplying; translating into better living standards, nutrition, health care, and education. Life is surely changing for the better!

Then which of the favours Of your Lord will ye deny?

Surah 55: Al Rahmān (Al-Quran)

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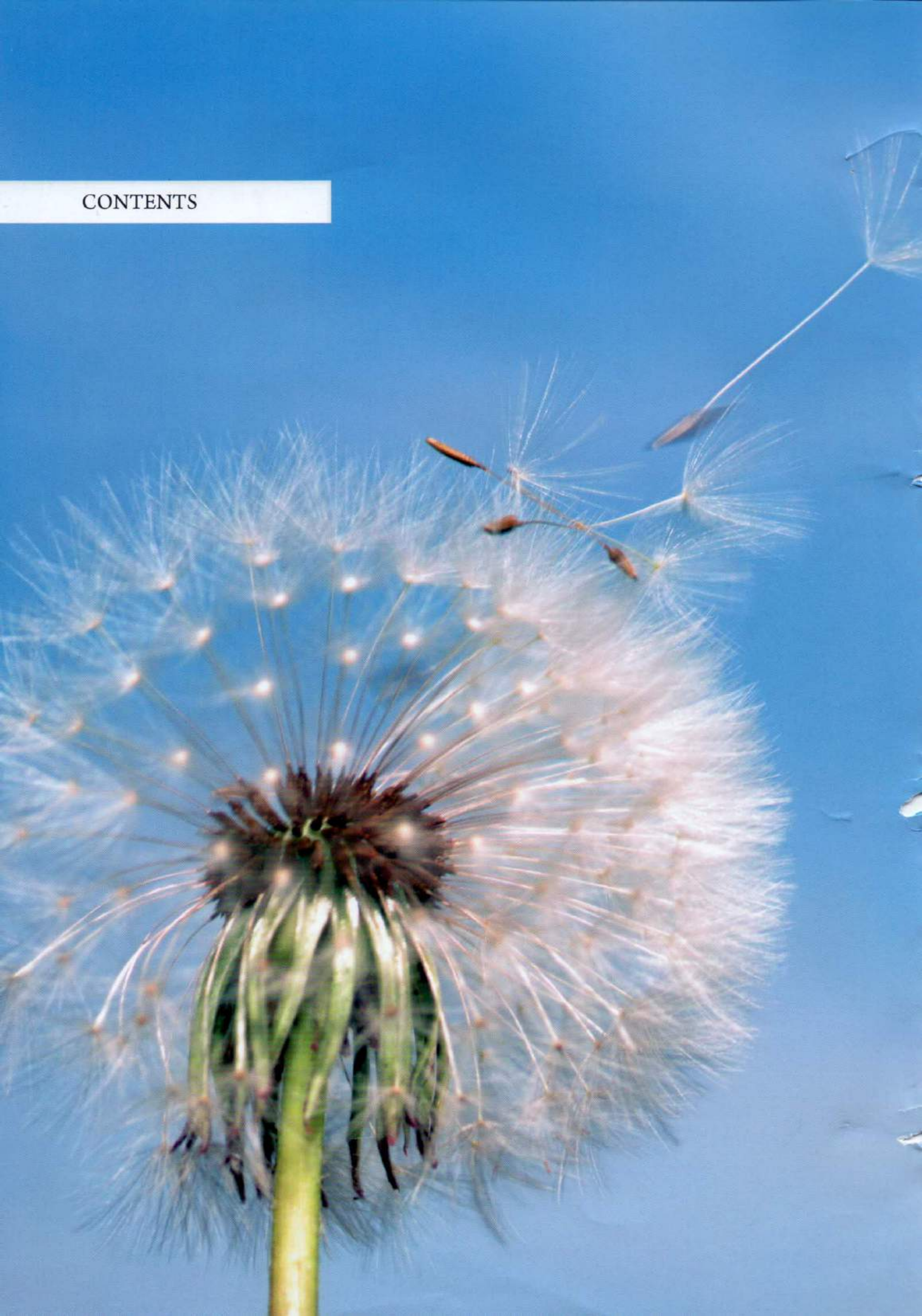
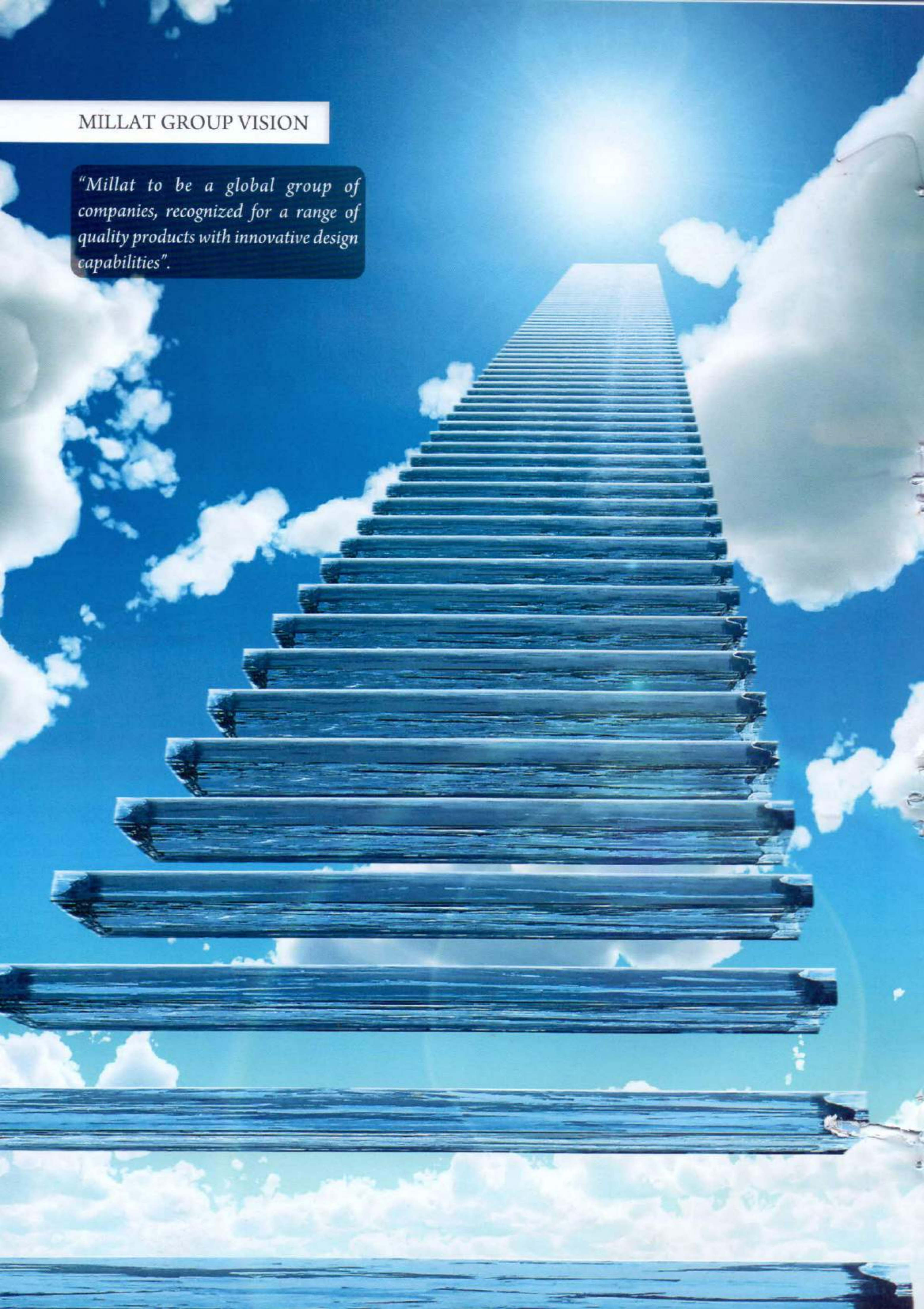


MILLAT TRACTORS LIMITED

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

MILLAT GROUP VISION

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



MISSION STATEMENT

"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 customers and stakeholders and to fulfill social obligations".

CORPORATE INFORMATION

Board of Directors
Mr. Sikandar Mustafa Khan
Chairman

Mr. Laeeq Uddin Ansari
Chief Executive

Mr. Latif Khalid Hashmi
Mr. Sohail Bashir Rana
Mian Muhammad Saleem
Rana Muhammad Siddique
Mr. Manzoor Ahmed
Mr. S.M. Tanvir
M.C.B. Nominee

Company Secretary
Mian Muhammad Saleem

Chief Financial Officer
Mr. Javed Munir

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

Legal Advisors
Walker Martineau Saleem
Advocates & Legal Consultants

Altaf and Altaf
Advocates

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

Bankers
Bank Alfalah Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
RBS (formerly ABN Amro Bank)
Standard Chartered Bank
United Bank Ltd.

Registered Office and Plant
Sheikhupura Road, Distt. Sheikhupura
Tel: 042-37911021-25, 111-200-786
Fax: 042-37924166,37925835
Web Site: www.millat.com.pk
E-mail: info@millat.com.pk

Regional Offices

Karachi
3-A, Faiyaz Centre, Sindhi Muslim
Co-operative Housing Society
Tel: 021-34553752, 111-200-786
Fax: 021-34556321

Multan Cantt
Garden Town, (Daulatabad),
Shershah Road
Tel: 061-6537371 Fax: 061-6539271

Islamabad
H. No. 22, St. No. 41, Sector F-6/1
Tel: 051-2271470, 111-200-786
Fax: 051-2270693

Sukkur
A-3, Professor Housing Society,
Shikarpur Road
Tel: 071-5633042
Fax: 071-5633187

COMMITTEES OF BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors Committee

Audit Committee

Mr. Latif Khalid Hashmi	Chairman
Mr. Laeeq Uddin Ansari	Member
Mian Muhammad Saleem	Member
Mr. S. M. Tanvir	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:

Recommending to the Board the appointment of external auditors.

Determination of appropriate measures to safeguard the Company's assets.

Review of preliminary announcements of results prior to publication.

Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.

Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

Review of management letter issued by external auditors and management's response thereto.

Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

Ensuring coordination between the internal and external auditors of the Company.

Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.

Consideration of major findings of internal investigations and management's response thereto.

Determination of compliance with relevant statutory requirements.

Consideration of any other issue or matter as may be assigned by the Board of Directors.

MANAGEMENT COMMITTEES

1- Business Strategy Committee

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 Business Strategy Committee is responsible for preparing the strategic plan for the future growth of the Company. The Committee also reviews major projects and finalizes recommendations after evaluation from technical and commercial point of view.

2- Management Co-ordination Committee

Mr. Sohail Bashir Rana	Chairman
Mr.Mubashar Iqbal	Member
Mr. Javed Munir	Member
Syed Muhammad Yaqoob	Member
Mr. Muhammad Akram	Member

The Management Co-ordination Committee plays an active participative 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.

3- Systems and Technology Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Javed Munir	Member
Mr. Ahsan Imran	Member
Mr. Farogh Iqbal	Member

The Systems & 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.

4- Safety Committee

Mr. Nasim A. Sindhu	Chairman
Mr. Ahsan Imran	Member
Mr. Muhammad Akbar	Member
Mr. Muhammad Ali	Member

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

5- Human Resource Committee

Mr. Ahsan Imran	Chairman
Mr. Zulafqar Elahi	Member
Syed Azhar Hussain	Member

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

6- Risk Management Committee

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 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.

7- Remuneration Committee

Mr. Sikandar Mustafa Khan	Chairman
Mr. Latif Khalid Hashmi	Member
Mr. Sohail Bashir Rana	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 arranges increase in salary/benefits of workers with CBA through a Negotiation Committee.

8- Budget Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Mubashar Iqbal	Member
Mr. Javed Munir	Member
Mr. Muhammad Akram	Member

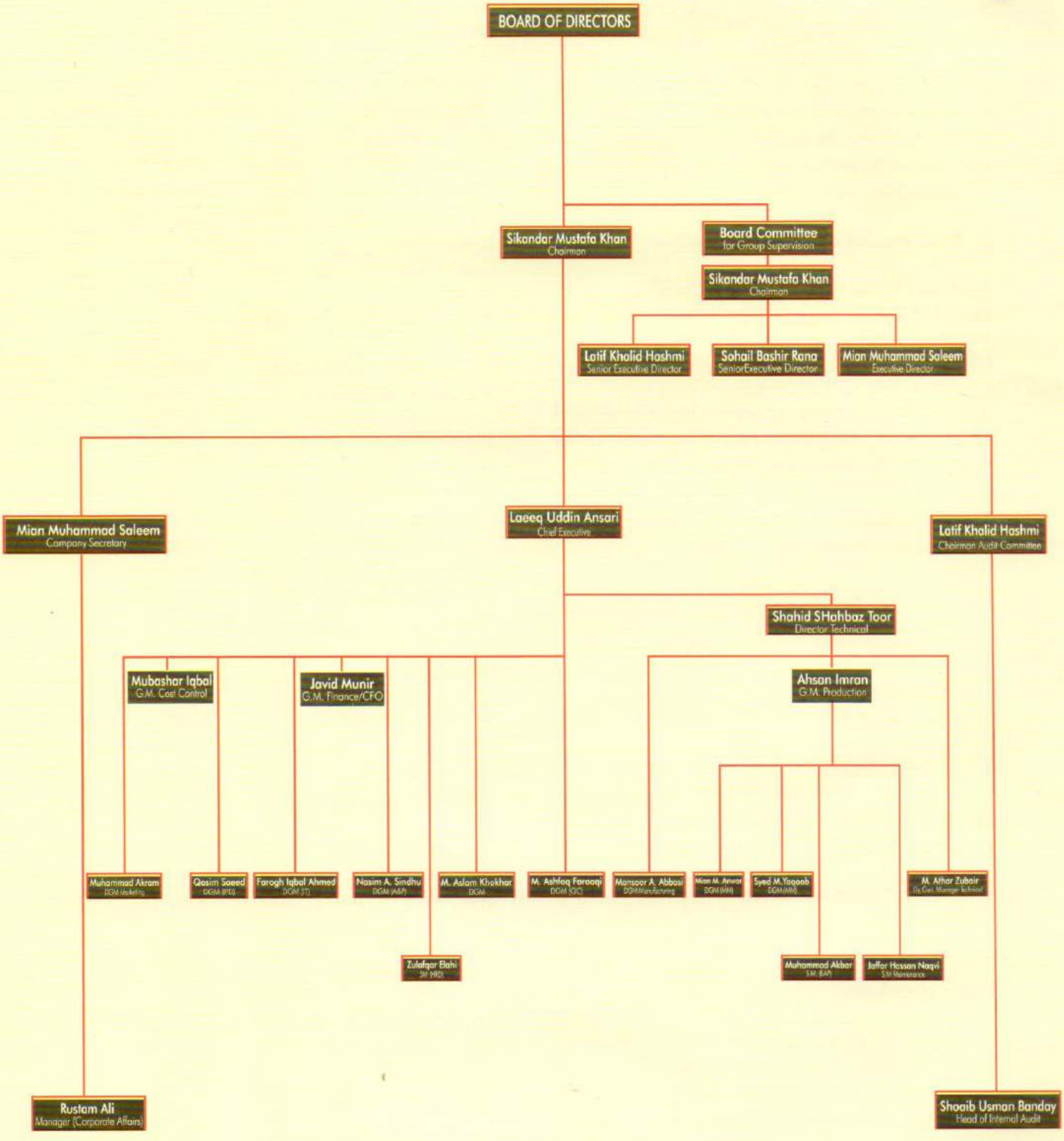
The Budget Committee reviews and approves the annual budget proposals prior to being presented for the approval of the Board. The Committee also monitors utilization of the approved budget.

9- Environmental Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Mubashar Iqbal	Member
Mr. Nasim A. Sindhu	Member
Mr. Muhammad Ali	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.

ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS

		2009	2008
Sales Revenue	Rs. in Million	15,911	11,174
Profit After Tax	Rs. in Million	1,215	810
Number of Outstanding Shares	(000's)	23,427	18,742
Earnings per Share-Basic and Diluted	Rs.	51.87	34.59
Dividend	Rs./Share	45.00	32.50
Capital Expenditure	Rs. in Million	104	180
Long Term Investments	Rs. in Million	286	315
Total Assets	Rs. in Million	6,783	7,268
Shareholders Equity	Rs. in Million	3,371	3,039
Return on Capital Employed	Percentage	36.30	27.24
Current Ratio		1.7:1	1.5:1
Debt: Equity Ratio		0:100	0:100
Market Capitalization (Year End)	Rs. in Million	6,542	4,985
Market Capitalization (Year End)	US$ in Million	80	73
Price to Earnings Ratio	Percentage	5.38	6.15
Net Assets per Share	Rs.	143.88	129.71

OBJECTIVES AND 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.

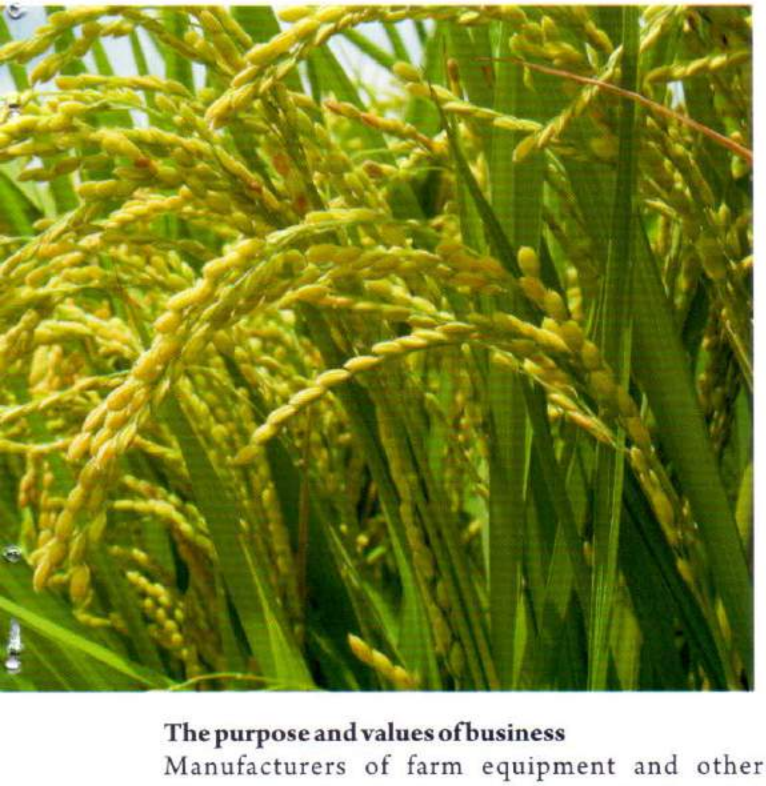
To create in-house plant facilities for manufacture of components for tractors and other agricultural machinery which cannot be fabricated by the ancillary industry, where investments required are heavy or where technology involved is intricate.

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 AND 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 as 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 AND 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 is hereby given that 46th 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 Friday, October 30, 2009 at 4:00 p.m. to transact the following business:

A. ORDINARY BUSINESS

1) To confirm minutes of the Extra Ordinary General Meeting held on December 29, 2008.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' Reports thereon.

3) To approve a final cash dividend of Rs. 25.00 per share i.e. 250 % in addition to the interim dividend of Rs.20.00 per share i.e. 200% already paid making a total cash dividend of Rs. 45.00 per share i.e. 450 %.

4) To elect seven directors of the Company for a period of three years. The retiring directors are M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Rana Muhammad Siddique and Manzoor Ahmed.

As resolved by the Board in its meeting held on September 17, 2009, the number of directors to be elected shall be seven.

5) To appoint auditors and fix their remuneration for the year ending June 30, 2010.

B. SPECIAL BUSINESS

1) To approve sale of Company's land to Millat Equipment Limited, an associated company by passing the following resolution if deemed appropriate:

"Resolved that sale of Company's land measuring 81 Kanals 7.5 Marlas having khasra numbers from 2052 to 2059 and 2081 to 2084 situated at village Bhoptian, 10 K.M., Raiwind Road, Lahore to Millat Equipment Limited, an associated company at the rate of Rs. one million per Kanal except land measuring 12 kanals 14.5 marlas to be transferred at nil vlaue which was acquired free of cost, be and is hereby approved."

2) To consider and if deemed appropriate to approve issuance of 25 % Bonus Shares by passing the following resolution as an ordinary resolution:

"RESOLVED THAT:

A sum of Rs. 58,568,650 out of the profit available for appropriations as at June 30, 2009 be capitalized and be applied to the issue of 5,856,865 ordinary shares of Rs. 10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on October 16, 2009 in the proportion of one share for every four ordinary shares held i.e. 25%.

These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the dividend declared for the year ended June 30, 2009.

The Directors be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of Bonus Shares".

3) To consider and if thought appropriate to pass the following resolution as a special resolution with or

without modification:

"Resolved that the Directors be and are hereby authorized to consolidate all fractions of bonus shares and sell the same in the Stock Market and pay the proceeds of sales when realized to charitable institution(s)".

C. ANY OTHER BUSINESS

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

By order of the Board

Lahore:
October 09, 2009

Mian Muhammad Saleem
Company Secretary

NOTES

1) The share transfer books of the Company will remain closed from October 17, 2009 to October 30, 2009 (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 October 16, 2009 will qualify for the payment of cash dividend and bonus shares.

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 alongwith 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.

6) As required u/s 178(3), any member who seeks to contest an election to the office of a director, shall whether he/she is retiring director or otherwise, file with the Company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as a director along with consent to act as a director u/s 184 of the Companies Ordinance, 1984.

The following declaration should also be furnished as required under the Code of Corporate Governance/listing regulations of the stock exchanges.

i) That I am aware of the duties and powers of directors under the Companies Ordinance, 1984, and Memorandum & Articles of Association of the Company and the listing regulations of Stock exchanges and have read the relevant provisions contained therein.

ii) That I am not a director on the Board of more than ten other listed Companies.

iii) That I am tax payee and my NTN is ______.

iv) That I have not been declared or convicted by a court of competent jurisdiction as a defaulter in repayment of loan to a banking Company, a development financial institution or a non banking financial institution.

v) That I have not been declared as defaulter by a Stock Exchange being member of such Stock Exchange.

vi) That I or my spouse is not engaged in the business of Stock Exchange.

STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

1) **Sales of Company's Land to M/s. Millat Equipment Limited (MEL), an associated Company.**

The Company had purchased land measuring 81 Kanals and 7.5 Marlas at 10 K.M, Raiwind Road, Lahore in the year 1999 @ Rs. 255,000/- per Kanal. Of the aforesaid total area, land measuring 12 Kanal 14.5 Marlas is not reclaimable due to inclusion in Rohi Nala. The said land was acquired by the Company free of charge and shall be transferred at nil value upon purchase of all the balance land by MEL. The purpose of this land was to establish a gear manufacturing plant as part of the Company's Corporate Plan.

Subsequently, the gear manufacturing activity was entrusted to an associated company namely Millat Equipment Limited (MEL). The aforesaid land was leased out to MEL for 30 years as resolved by the shareholders in their Extra Ordinary General Meeting held on March 31, 2004.

Now MEL is interested to purchase this land in phases at the prevailing market price of Rupees One Million per Kanal. Millat is not interested in any project investment in the near future. The Board has approved the necessary draft agreement with the associated company for the sale of aforesaid land, a copy of which is available with the Company Secretary for inspection by the shareholders.

The Directors are not directly or indirectly interested in the resolution except to the extent of their shareholding in the associated Company.

2) **Issuance of Bonus Shares**

The Board of Directors are of the view that the Company's financial position and its reserves justify this capitalization for the issue of bonus shares in the ratio of one bonus share for every four ordinary shares held i.e. 25%.

The Directors of the Company, directly or indirectly are not interested in the resolution except to the extent of their shareholding in the Company.

3) **Disposal of Bonus Share Fractions**

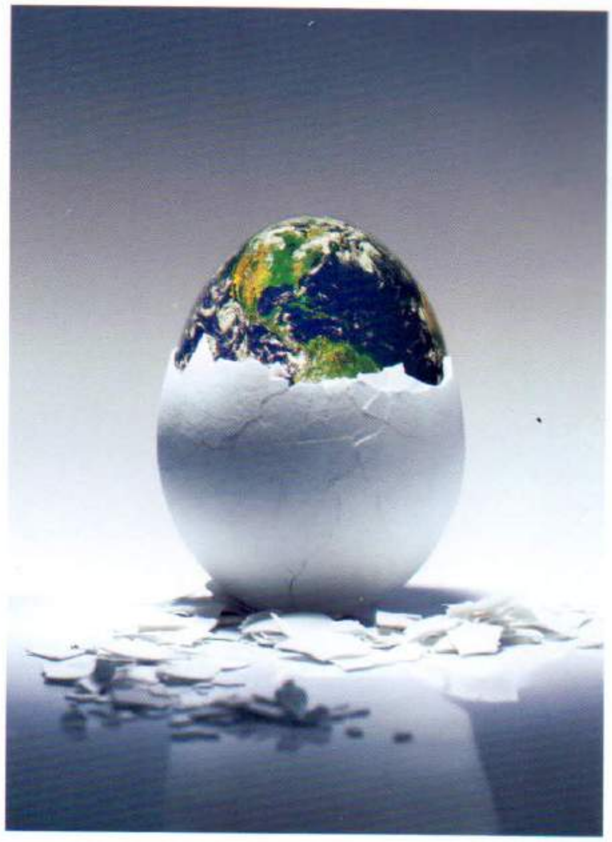
The Board in its 122nd meeting held on September 17, 2009 has recommended that the fractions of bonus shares will be immaterial and of no significant financial disadvantage to the shareholders. Therefore the proceeds of the above may be donated to one or more charitable institutions (engaged in the welfare of human being) in line with the Company's policy of maximum participation in welfare.

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

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS!

On the completion of yet another turbulent financial year, it is my pleasure to report that despite all the talk of global plunge and domestic crash, the Company was not only been able to survive the shocks, it actually showed marked progress. Thanks to the sheer dedication of our workforce, resilience of the management and a committed patronage of our business partners, Millat Tractors was able to turn an otherwise rough course into a record operational performance year in terms of production, sales and profitability.



GLOBAL RECESSION

The year 2008-09 saw the world plunging deeper into an acute economic down turn unwinding in 2007. It was perceived as the worst financial crisis since the great depression of the 1930s.This crisis caused a credit crunch that has severely impacted the global economy including Pakistan. The nationalization era is reborn to hit the capitalistic private sector Banking system. While being detrimental for some, this is also an opportunity for others.

PAKISTAN'S ECONOMIC OVERVIEW

Fortunately, for Pakistan, the impact of financial crisis has not been as severe as it has been for other countries in the region. Part of this can be explained by lack of interdependence on global economies by virtue of limited exports (only around 8% of GDP) and lower FDI.

Pakistan's economy still faces pressures from uncertain security environment, higher inflation driven by spike in food prices, acute power shortages, perceptible contraction in the large-scale manufacturing and slowdown in services sector. Recent successes by Pakistan in the global war on terror gives a hope of higher growth and future potential in the next couple of years to boost Pakistan's economy.

The economic growth of 2.0 percent achieved during 2008-09 seems reasonable albeit it implies definite slippage against 4.1 percent growth of the last year and this year's target of 4.5 percent. The sole good news remained the agriculture sector, which depicted a stellar growth of 4.7 percent, as compared to 1.1 percent witnessed last year and the target of 3.5 percent for the year. On the contrary, the services sector plunged to 3.6 percent as against the target of 6.1 percent and last year's actual growth of 6.6 percent. Similarly, the manufacturing sector contracted by 3.3 percent, finance and insurance sector registered negative growth of 1.2 percent.

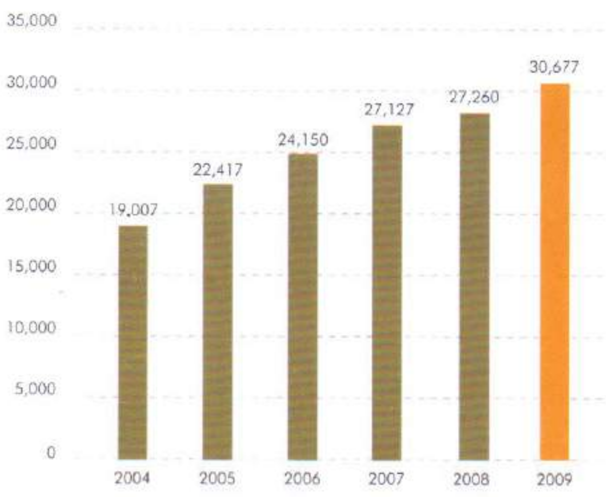
COMPANY'S BUSINESS REVIEW

The year 2008-2009 will surely be remembered in the company's history as the "year of records" as Millat Tractors set a new bench-mark by delivering 30,677 tractors the highest ever by any company in Pakistan. In fact, praise to the strenuous efforts and hard-work of the employees, vendors and dealers, the Company broke its own standards of the previous year of 27,260 units thus registering an increase of 12.5%.

The overall market leadership, hence, was fully maintained by Millat Tractors, which remained the front runner by selling 30,677 units out of the total industry sale of 61,150 tractors.

As a result, Millat Tractors was able to provide the much-needed life-line to the national economy by saving huge foreign exchange, amounting to Rs. 21,619 million against Rs. 19,790 million of previous year on account of locally developed components of tractors.

Sales Volume - Units



FINANCIAL PERFORMANCE

Millat Tractors recorded sales of Rs. 16.0 billion for the year 2008-09 as compared to Rs. 11.2 billion for the year 2007-08, thus an increase of 42.8 % in sales value over last year.

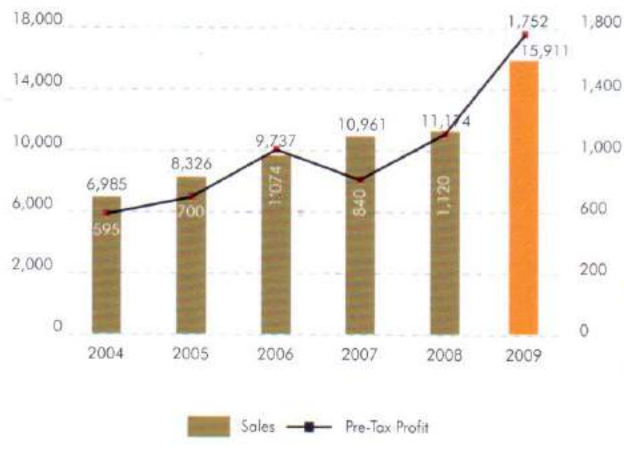
Gross profit ratio has been improved to 15.1 % comparing with the 13.1 % of the last year. The pre-tax profit was Rs. 1,752 million against Rs.1,120 million of last year, reflecting an increase of 56.4 %. The after tax profit was also increased by 50 % from Rs. 810 million of previous year to 1,215 million this year.

The administration, general & selling expenses increased to Rs. 653 from Rs. 572 million of last year due to increase in sales volumes and other inflationary trend prevailing during the year.

Other income decreased to Rs. 199 million from Rs. 322 million of last year.

The break-up value of a share increased to Rs. 143.88 per share from Rs. 129.71 of previous year. Return on capital employed was 36.30 % as against 27.24 % of the last year.

Sales / Per-Tax Profit
(Rs. In Million)



DIVIDEND

True to our resolve of sharing our joys and success together, the Board of Directors recommended a final cash dividend of Rs. 25.00 per share i.e. 250% in addition to Rs. 20.00 per share i.e. 200% interim cash dividend already paid thus making a total of Rs. 45.00 per share i.e. 450%. In addition to that the Board of Directors has also recommended 25% bonus shares to the shareholders of the Company. The dividend and bonus shares recommended are subject to the approval by the shareholders in the forthcoming Annual General Meeting.

MARKETING OPERATIONS

Tractors

For the local tractor industry, the year 2008-09 surely ended on a highly satisfactory note. The market was able to rise to a figure of as much as 61,150 tractors as against 53,470 units of the preceding year 2007-08, reflecting an increase of 14.4%.

The main supportive factor which helped in achieving the higher sales are attributed to Green Tractor Scheme Punjab and better support prices of crops, especially wheat and rice.

In line with the Company's commitment to offer tractor models that suit our agro-climatic conditions, size of farms and buying capacities of various segments of farmers, new tractor models, MF-350 and MF-375 were launched in 2009. The launching ceremonies were held at dealership level across the country where the farmers and institutional customers were invited. The tractor met an enthralling response and got an instant popularity due to its competitive price and

specifications, easy availability of spares and after sale services at farmers' doorstep throughout Pakistan. This enables MTL to compete with CBU imported tractors and all efforts made by the government failed.

Nevertheless, the Marketing predictions foresee better business prospects in the forthcoming year in wake of the emerging market scenario and MTL's product range competitiveness in terms of price, specification, quality, availability and extended support to farmers in terms of sales and after-sale-services.

Industrial Products

The dwindling economy and the resulting increase in cost of fuel was able to make a considerable dent to the sales of Industrial Products which registered a decrease of 36% i.e. Rs. 252 million during the year.

The Most effected product was the Forklift Trucks, which saw a sharp decrease in demand due to the general industrial slow-down.

Based upon the market forecast and a sudden steep demand, MTL is also planning to diversify its Generator Sets to go a long way in not only providing satisfaction to our customers but also in providing reliable products and maintain a leading edge in the market.

This part of MTL remains a small portion of our business, and has potential for growth in future.

After Sales Services

There can be little gainsaying to the fact that the sustainability of the customer's trust squarely depends in the provision of prompt and efficient After-sale services. As always, this trust of the valued customers was kept high by the devoted Service Department, which during the year continued with its policy of providing prompt after sales service to its customers nearest to their doorsteps. Free Service Programs and tractor operators training were also held throughout the year at workshop premises. Special training on our new tractor models, MF- 350 and MF-375, was also imparted to the workshop mechanics.

This department alone makes the difference between a local manufacturer against the tractors imported by "Brief Case" businessmen to the detriment of farmers.

PRODUCTION

The Company continued emphasis on up-gradation and utilization of available resources in Production Department in order to improve quality and enhance productivity during the year under review.

As reported earlier, the Company produced record 30,244 tractors during this fiscal year as compared to 27,506 tractors of last year, hence showing an increase of 10%. This is an outcome of close co-ordination & good team work amongst various departments of the Company despite non-conducive business environment such as energy crisis and variation in raw material prices. The Company also effectively managed the smooth supply-chain to achieve this milestone figure of production.

QUALITY CONTROL

In today's competitive world, the sustainability of any company's success squarely depends on its customer's satisfaction and confidence. This surely demands a clear understanding of the customers needs. At Millat Tractors, the Quality Control team employs strict monitoring and assurance to maintain and enhance the product quality.

In its further quest to excellence, Millat Tractors is enhancing its capabilities by further adding modern techniques of testing and inspection. Quality Control Department is upgrading equipment of Metallographic Laboratory with ultra precise and robust equipment.

INTERNAL AUDIT AND CONTROL

Complete financial and administrative transparency is of utmost importance to the company. Internal audit is an independent in-house function headed by a full time employee of the Company. The performance of the Internal Audit Department is monitored through Audit Committee of the Board of Directors. The scope of the Department has been defined by the Board on the recommendations of the Audit Committee.

The objectives of the Internal Audit Department have been outlined in detail to ensure accurate and transparent feed back to the Board by the Audit Committee in reviewing the company's performance. They keep the Board informed of matters relating to business risks, internal controls, checks and balances, by reviewing systems and procedures regularly.

INFORMATION TECHNOLOGY

In line with the philosophy to adapt to the latest trend, the Company has recently successfully implemented IFS. IFS is a reputed European Enterprise Resource Planning System (ERP) which is getting vary popular amongst the industry and specially the automotive industry. IFS has been implemented with the support of IFS office in Sri Lanka and Zaqsoft in Pakistan. The ERP encompasses all the business areas which include Manufacturing, Sales, Marketing, After Sale Service, Engineering, Material Management, Quality Management, Human Resource Management and Finance.

The business performance module is to facilitate the management for monitoring, control and quick decision making for more effective and efficient management of Millat Tractors. Through such a futuristic module, it can be safely expected that this will be of great benefit to all the stakeholders in the years to come.

BUSINESS RISKS, CHALLENGES AND FUTURE PROSPECTS

At Millat Tractors development of new products through innovation and diversification remain in focus for continued growth and progress. With a firm belief in modernity, we seek to increase productivity and profitability, ensuring enhanced returns to our valued shareholders, without looking our competitiveness.

Millat Tractors will continue to explore and tap all available opportunities, shall readily accept challenges and will continue to make course corrections wherever necessary for the betterment of the Company and the Country. Government policies, global and domestic economic forces and the money market would play a vital role in our decisions and guide our ability to meet business objectives and minimize business risks.

As a result of various measures taken by the Company to meet the growing demand, the Company's tractors supply position will 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 support of the government to the agriculture sector in terms of support prices to the local farmers provides greater opportunities for MTL. This enhanced income available to the farmers will not only enable them to buy agricultural inputs, but also educate themselves to modern agricultural practices to improve productivity, which is low compared to international standards.

The government policy to encourage corporate farming will also create a demand for our products which could also include higher horse power range of tractors and implements.

RESEARCH AND DEVELOPMENT

Since long, the customers had been demanding hydrostatic steering as well as ergonomic brake and clutch actuating systems on the MF 240. These changes were under study in the Technical Department. Guidance was also sought from AGCO and a new model, MF 350 has been developed with all the above improvements. Additionally the new MF- 375 has also been upgraded with features to facilitate the working of farmers.

CONTRIBUTION TO NATIONAL EXCHEQUER

As a true national flag-carrier, 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. 569 million as compared to Rs. 335 million of the preceding year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

For MTL, the Purpose of life is not restricted to draw attention to ourselves, but to brighten the lives of those surrounding us. The Company, thus, strongly believes that the success of an entity is directly connected with the overall well-being of a society in which it operates. Businesses, after all, can never exist or prosper in isolation.

During the year, the Company contributed Rs. 20.5 million to charities and community projects, hence contributing to a better quality of life to the less privileged in the community.

The major contributions to society include the financing for completion of building of LUMS (a leading educational institution) in order to promote the cause of education, fundraiser for Care Foundation and IDPs of Swat.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Millat Tractors nurtures an environment that values expressions of ideas, the merging of different experiences, teamwork, ethical behavior and performance, both in the corporate offices as well as at the Plant sites. 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 RESOURCE DEVELOPMENT

At Millat Tractors, the dedicated work-force has remained the most valued asset of the company.

The HR Department, through its diversified operations, pays considerable heed to enhancing the employees' productivity, which results towards organizational effectiveness. Training and Development is the area where HR is most focused. Trying to convert Millat Tractors Limited as a "life-long learning experience", the skills of the employees is constantly polished through conducting and arranging extensive in-house and outdoor trainings, (both on soft and hard skills).

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 purpose built automotive foundry in Pakistan capable of producing thin walled castings like the Engine Block, Axle Housing etc, in both Grey and S.G Iron. Despite a turbulent year in Raw Material Pricing, the company was able to remain profitable and improve the quality of its castings. They ended the year with sale of Rs. 1,731 million from 14,312 M. Tons of casting. Before tax profit was Rs. 53 million.

They are currently utilizing 100% of the old foundry capacity and plan to achieve 75% 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 30,000 sets of gears, splined shafts etc for MTL tractors and some exports from Pakistan. The company made profit before tax of Rs. 142.6 million on sales of Rs. 1,173 million. The un-utilized capacity is being assessed by MEL for exports and after market.

(C) Millat Industrial Products Ltd.

The company is a specialized unit for the manufacture of Automotive and other applications of Dry Charged Batteries. The company reached a record production of 84,690 batteries and after wiping out previous losses made Rs. 42.6 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.

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, in their contribution to the excellent results achieved by the Company during the year.

MTL's business partners AGCO, UK and other associates 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 business changing conditions. With their guidance and the trust of our stakeholders, I foresee clear skies and greater heights for Millat Tractors in the years to come. May God be with us! Amin

Sikandar Mustafa Khan
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors feel pleasure in presenting their 46th annual report together with audited accounts of the Company for the year ended June 30, 2009.

APPROPRIATIONS

Your Directors recommended a payment of cash dividend @ Rs. 25.00 per share (250%) in addition to interim dividend of Rs. 20.00 per share (200%) already paid. The Directors also recommended 25% Bonus Shares in addition to the cash dividend.

The following appropriations were made during the year:

	(Rupees in thousand)	
	General reserve	Un-appropriated profit
Opening balance	2,211,000	576,917
Less: Final dividend @ 200%	--	(374,839)
Bonus shares @ 25%	--	(46,855)
Transfer to general reserve	155,000	(155,000)
	-----------	-------------
	2,366,000	223
Profit for the year	--	1,215,120
	-------------	-------------
	2,366,000	1,215,343
Less: Interim dividend @ 200%	(145,224)	(323,325)
	-------------	--------------
Un-appropriated profit carried forward	2,220,776	892,018
	=======	========

EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2009 was Rs. 51.87 as against Rs. 34.59 of preceding year.

BOARD OF DIRECTORS

Since the last report, there has been a change in the composition of the Board. Director Mr. Mazhar Uddin Ansari resigned and in his place Mr. Sohail Bashir Rana was co-opted as Director under Article 96(2) of the Articles of Association of the Company to fill the casual vacancy.

On the expiry of three years term, seven Directors shall be elected in the 46th Annual General Meeting. As resolved by the Board in its meeting held on September 17, 2009, the number of Directors to be elected shall be seven in terms of Section 178(1) of the Companies Ordinance, 1984.

The present Directors who shall stand retired are the following:

M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Rana Muhammad Siddique and Manzoor Ahmed.

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

Name of Directors	Meetings attended
Mr. Sikandar M. Khan - Chairman	4
Mr. Sohail Bashir Rana - CEO/Director	4
Mr. Latif Khalid Hashmi	4
Mr. Laeeq Uddin Ansari	4
Mr. Manzoor Ahmed	3
Mr. S.M. Tanvir	2
Mian Muhammad Saleem	4
Rana Muhammad Siddique	4
Mr. Muhammad Shoaib Pasha Ex - CEO	2

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

BOARD AUDIT COMMITTEE

The Board of Directors has constituted an Audit Committee in compliance with the Code of Corporate Governance with the following members:

Mr. Latif Khalid Hashmi	Chairman	Executive Director
Mr. Laeeq Uddin Ansari	Member	Executive Director
Mian Muhammad Saleem	Member	Executive Director
Mr. S. M. Tanvir	Member	Non-Executive Director
Mr. Manzoor Ahmed	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 Parties 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.

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

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

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

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

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

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

ix) The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2009 were the following:

Provident Fund	Rs. 328.23 million
Gratuity Fund	Rs. 345.10 million
Pension Fund	Rs. 605.03 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/sold**
Mr. Latif Khalid Hashmi	124,900
Mr. Sohail Bashir Rana	75,911
Mr. Laeeq Uddin Ansari	68,800
Mian Muhammad Saleem	55,420
Rana Muhammad Siddique	9,000
CFO	
Mr. Javed Munir	8,125
Spouses	
Mrs. Ayesha Sohail W/o Mr. Sohail Bashir Rana	4,200

SALE OF SHARES

Directors	
Rana Muhammad Siddique	34,893

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, 2009 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, 2009 were 473 compared to 475 of last year.

CONSOLIDATED FINANCIAL STAEMENTS

Consolidated Financial Statements of the Company as on June 30, 2009 are annexed.

ABSTRACT UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

The abstract under section 218 (1) of the Companies Ordinance, 1984 is annexed, the same has been previously circulated to the shareholders.

WEB PRESENCE

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

For and on behalf of the Board

Lahore:
September 17, 2009

Laeeq Uddin Ansari
Chief Executive

SIX YEARS AT A GLANCE

(Rupees in thousand)

TRADING RESULTS		2009	2008	2007	2006	2005	2004
Sales - Net		15,910,619	11,174,014	10,961,438	9,737,382	8,326,231	6,984,922
Gross profit		2,409,120	1,472,716	1,128,585	1,292,838	927,359	847,336
Operating profit		1,755,736	901,101	599,022	938,960	712,651	619,805
Profit before tax		1,752,332	1,120,139	840,202	1,074,597	700,198	595,342
Net profit after tax		1,215,120	810,458	636,897	730,577	453,862	394,622
BALANCE SHEET							
Share capital		234,275	187,420	187,420	156,183	120,141	80,094
Reserves		2,220,776	2,211,000	1,986,000	1,600,000	1,362,000	1,111,500
Operating fixed assets		405,618	298,219	359,443	279,210	238,783	240,587
Non current assets		698,025	789,996	560,741	542,852	236,056	176,137
Net working capital		2,350,225	2,033,577	1,853775	1,814,625	1,683,448	1,152,208
Long term liabilities		-	-	-	-	-	-
Deferred liabilities		83,055	82,913	77,379	243,344	183,157	20,384
INVESTOR INFORMATION							
Sales growth	%	42.38	1.94	12.57	16.95	19.20	32.77
Gross profit growth	%	63.58	30.49	(12.70)	39.41	9.44	29.87
Pre tax profit growth	%	56.43	33.33	(21.81)	53.47	17.61	45.17
Net profit after tax growth	%	49.93	27.26	(12.82)	60.90	15.01	48.57
Gross profit ratio	%	15.14	13.18	10.30	13.28	11.14	12.13
Operating profit ratio	%	11.03	8.06	5.46	9.64	8.56	8.87
Profit before tax ratio	%	11.01	10.03	7.66	11.04	8.41	8.52
Profit after tax ratio	%	7.64	7.25	5.81	7.50	5.45	5.65
Return on capital employed	%	36.30	27.24	24.27	31.34	23.44	25.91
Inventory turnover	Times	6.98	5.39	4.68	3.67	3.92	5.42
Total Assets turnover ratio	Times	2.35	1.54	1.75	1.31	1.32	2.0
Fixed assets turnover	Times	31.20	23.37	30.50	34.87	34.85	30.7
Return on assets	%	25.83	15.41	13.41	14.42	11.07	16.76
Long term debt: Equity ratio		0:100	0:100	0:100	0:100	0:100	0:100
Current ratio		1.7:1	1.5:1	1.6:1	1.4:1	1.4:1	1.6:1
Financial charges coverage	Times	46.28	57.43	58.96	661.48	430.30	69.1
Pay out							
Dividend Rs. per share	Rs.	45.00	32.50	22.00	20.00	15.00	13.00
Bonus	%	25	25	-	20	30	50
Payout ratio (after tax)	%	91.57	81.00	65.00	47.00	48.00	37.00
Earning per share (after tax)		51.87	34.59	33.98	38.98	37.78	32.85
Price earning ratio		5.38	6.15	9.75	8.26	5.50	8.52
Break-up value	Rs.	143.88	162.14	143.88	153.24	164.40	188.30
Earning before interest, tax, depreciation and amortization (EBITDA)		1,841,478	1,174,111	884,393	1,106,187	736,901	635,508
EBITDA Margin	%	11.57	10.51	8.07	11.36	8.85	9.10
Return on equity	%	36.05	26.67	23.69	30.52	22.90	25.48
Quick / Acid Test ratio		1.08:1	1.09:1	1.07:1	0.90:1	0.84:1	0.87:1
Dividend Yield	%	21.30	10.91	6.75	6.89	5.30	5.70
Dividend Cover (Times) PAT/Dividend	%	1.09	1.33	1.54	2.34	2.51	3.79
Market price - year end	Rs.	279.24	266.00	331.50	322.00	208.00	280.00
Market price - high	Rs.	302.00	347.00	378.00	390.00	365.00	299.00
Market price - low	Rs.	120.54	250.00	274.00	190.00	200.00	155.00
Market price - average	Rs.	211.27	298.00	326.00	290.00	282.50	227.00

ABSTRACT UNDER SECTION 218 (1) OF THE COMPANIES ORDINANCE, 1984

The Board of Directors passed the following resolutions in the meeting held on October 30, 2008 and by circulation dated May 08, 2009 for the appointment of Director Mr. Sohail Bashir Rana as advisor and M/s. Muhammad Shoaib Pasha and Laeeq Uddin Ansari as CEO's. These resolutions have already been circulated to shareholders as required u/s 218 (3) of the Companies Ordinance, 1984.

1. Appointment of Mr. Sohail Bashir Rana as Advisor to the Company

"RESOLVED that the Board hereby approves appointment of Mr. Sohail Bashir Rana as "Advisor" to the Company w.e.f. February 04, 2009 for a period of three years".

"FURTHER RESOLVED that the Board hereby approves and authorizes holding of office of profit and payment of remuneration to Mr. Sohail Bashir Rana not exceeding Rs. 7 million per annum inclusive of perquisites and benefits but exclusive of medical expenses for self and dependants. The above remuneration shall be subject to such increases, adjustments and restructuring within the approved limit including bonuses/profit share as may be granted at any time and from time to time by the Company in accordance with the Company's policy and terms of his appointment".

"FURTHER RESOLVED that Mr. Sohail Bashir Rana be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard".

"FURTHER RESOLVED that the Chief Executive be and is hereby authorized to issue necessary letter of appointment indicating terms/conditions and remuneration etc".

Mr. Sohail Bashir Rana did not participate in the resolution.

2. Appointment of Chief Executive

"RESOLVED that Mr. Muhammad Shoaib Pasha be and is hereby appointed as Chief Executive of the Company for a period of one year".

Fixation of Remuneration of Chief Executive

"RESOLVED that the Board hereby approves and

authorizes holding of office of profit and payment of remuneration to Mr. Muhammad Shoaib Pasha, CEO not exceeding Rs. 6.5 million per annum inclusive of perquisites and benefits but exclusive of medical expenses for self and dependants. The above remuneration shall be subject to such increases, adjustments and restructuring within the approved limit including bonuses as may be granted at any time and from time to time by the Company in accordance with the Company's policy and terms of his appointment".

"FURTHER RESOLVED that Mr. Muhammad Shoaib Pasha be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard".

"FURTHER RESOLVED that the Chairman be and is hereby authorized to issue necessary letter of appointment indicating terms/conditions and remuneration etc".

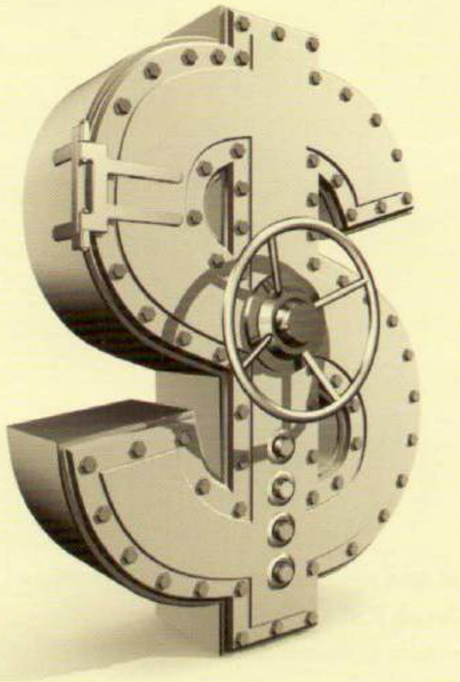
3. Appointment of Chief Executive/Managing Director

"RESOLVED that Mr. Laeeq Uddin Ansari be and is hereby appointed as Chief Executive/Managing Director of the Company w.e.f. May 12, 2009".

Fixation of Remuneration of Chief Executive/Managing Director

"RESOLVED that the Board hereby approves and authorizes holding of office of profit and payment of remuneration to Mr. Laeeq Uddin Ansari, Chief Executive/Managing Director not exceeding Rs. 6.0 million per annum, inclusive of perquisites and benefits but exclusive of retirement benefits and medical expenses for self and dependants to which he is entitled under the terms of his appointment with the Company. The above remuneration shall be subject to such increments, adjustments and restructuring within the approved limit including bonuses/profit share as may be granted at any time and from time to time by the Company in accordance with the Company's policy and service rules for the time being in force".

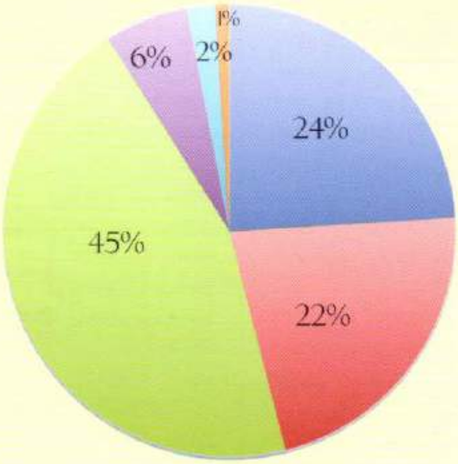
"FURTHER RESOLVED that Mr. Laeeq Uddin Ansari be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard".



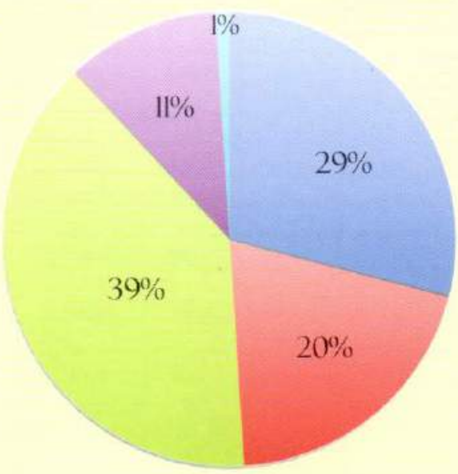
(Rupees in thousand)

SUMMARY OF CASH FLOW	2009	2008	2007	2006	2005	2004
Net Cash generated from / (Used in)						
Operating activities	(94,801)	1,102,493	(655285)	(426,652)	1,492,855	773,451
Investing activities	1,674,909	(495,692)	(65,907)	(125,426)	(54,983)	1,939
Financing activities	(834,093)	(459,179)	(340,210)	(332,626)	(39,744)	(190,131)
Net increase / (decrease) in cash and cash equivalent	746,015	147,622	(1,061,402)	(884,704)	1,398,128	585,259
Cash and cash equivalent at the beginning of the year	249,358	101,736	1,163,139	2,047,843	649,715	64,456
Cash and cash equivalent at the end of the year	995,373	249,358	101,737	1,163,139	2,047,843	649,715

Distribution of value addition-2009



Distribution of value addition-2008



STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2009		2008	
	(Rupees in thousand)			
VALUE ADDITION				
Net sales	15,910,619		11,174,014	
Material and services	(13,609,508)		(9,825,771)	
Other income	198,950		321,608	
	2,500,061		1,669,851	
VALUE DISTRIBUTION				
Employees		%		%
Salaries, wages and amenities	506,440	20	417,635	25
Workers profit participation fund	95,432	4	59,855	4
	601,872	24	477,490	29
Government				
Tax	537,212	21	309,681	19
Workers welfare fund	35,049	1	16,838	1
	572,261	22	326,519	20
Shareholders				
Cash dividend	1,054,236	42	609,114	36
Bonus Shares	58,569	3	46,855	3
	1,112,805	45	655,969	39
Financial Charges				
Finance Cost	39,824	2	20,996	1
	39,824	2	20,996	1
Society				
Donation	20,540	1	265	0
	20,540	1	265	0
Retained in Business				
Depreciation	50,444	2	34,123	2
Retained profit	102,315	4	154,489	9
	152,759	6	188,612	11
	2,500,061	100	1,669,851	100

SIX YEARS HORIZONTAL ANALYSIS OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

Horizontal Analysis	2009	Inc./(Dec.) over last year	2008	Inc./(Dec.) over last year	2007	Inc./(Dec.) over last year	2006	Inc./(Dec.) over last year	2005	Inc./(Dec.) over last year	2004
Property, Plant and Equipment	405,618	107,399	298,219	67,745	230,474	-48,736	279,210	40,427	238,783	-1,804	240,587
Capital Work in Progress	104,335	-75,620	179,955	50,986	128,969	128,969	0	0	0	0	0
Intangible Assets in Progress	30,208	13,180	17,028	501	16,527	8,264	8,263	8,263			
Investment Property	273,203	0	273,203	17,495	255,708	0	255,708	255,708			
Long Term Investments	286,904	-28,521	315,425	31,061	284,364	9,942	274,422	43,597	230,825	65,950	164,875
Long Term Loans	3,375	-1,010	4,385	243	4,142	-317	4,459	55	4,404	305	4,099
Long term Deferred Tax Asset	0	0	0	0	0	0	0	-827	827	-6,336	7,163
Stores and Spares	77,244	-1,048	78,292	34,211	44,081	6,451	37,630	7,322	30,308	2,548	27,760
Stock in Trade	2,077,022	440,869	1,636,153	-203,929	1,840,082	-443,847	2,283,929	-30,528	2,314,457	911,924	1,402,533
Trade Debts	127,209	24,549	102,660	-173,293	275,953	115,821	160,132	26,697	133,435	13,413	120,022
Loans and Advances	101,790	3,708	98,082	34,919	63,163	4,144	59,019	19,266	39,753	1,981	37,772
Trade Deposits and Prepayments	15,879	8,097	7,782	2,474	5,308	-8,689	13,997	8,746	5,251	-748,837	754,088
Other Receivables	1,107,934	-59,352	1,167,286	750,986	416,300	-89,565	505,865	-166,515	672,380	616,090	56,290
Taxation - net	3,267	-4931	8,198	-72,613	80,811	80,811		-2,258	2,258	-85,168	87,426
Short Term Investments	1,173,439	-1658,331	2,831,770	335,470	2,496,300	-811,469	3,307,769	955,491	2,352,278	2,352,278	
Cash and Bank balances	995,373	746,015	249,358	127,216	122,142	-140,997	263,139	-34,704	297,843	-351,872	649,715
Total Assets	**6,782,800**	-484,996	**7,267,796**	1,003,472	**6,264,324**	-1,189,218	**7,453,542**	1,130,740	**6,322,802**	2,770,472	**3,552,330**
Capital Employed	3,370,843	331,964	3,038,879	342,299	2,696,580	303,237	2,393,343	418,213	1,975,130	426,582	1,548,548
Non Current Liabilities	83,055	142	82,913	5,534	77,379	-165,965	243,344	60,187	183,157	162,773	20,384
Current Liabilities	3,328,902	-817,102	4,146,004	655,639	3,490,365	-1,326,490	4,816,855	652,340	4,164,515	2,181,117	1,963,398
Total Liabilities and Equity	**6,782,800**	-484,996	**7,267,796**	1,003,472	**6,264,324**	-1,189,218	**7,453,542**	1,130,740	**6,322,802**	2,770,472	**3,552,330**
	2,009	Inc./(Dec.) over last year	2,008	Inc./(Dec.) over last year	2,007	Inc./(Dec.) over last year	2,006	Inc./(Dec.) over last year	2,005	Inc./(Dec.) over last year	2,004
Sales net	15,910,619	4,736,605	11,174,014	212,576	10,961,438	1,224,056	9,737,382	1,411,151	8,326,231	1,341,309	6,984,922
Cost of Sales	13,501,499	3,800,201	9,701,298	-131,555	9,832,853	1,388,309	8,444,544	1,045,672	7,398,872	1,261,286	6,137,586
Gross Profit	2,409,120	936,404	1,472,716	344,131	1,128,585	-164,253	1,292,838	365,479	927,359	80,023	847,336
Distribution and marketing expenses	410,596	49101	361,495	15,235	346,260	146,424	199,836	115,589	84,247	-18,998	103,245
Administrative Expenses	242,788	32,668	210,120	26,817	183,303	29,261	154,042	23,581	130,461	6,175	124,286
Operating Profit	1,755,736	854,635	901,101	302,079	599,022	-339,938	938,960	226,309	712,651	92,846	619,805
Other Operating Income	198,950	-122,658	321,608	-11,006	332,614	67,552	265,062	202,395	62,667	16,436	46,231
Other Operating Expenses	162,530	80,956	81,574	6,137	75,437	-50,934	126,371	53,803	72,568	13,059	59,509
Finance Cost	39,824	18,828	20,996	4,999	15,997	12,943	3,054	502	2,552	-8,633	11,165
Profit before Tax	1,752,332	632,193	1,120,139	279,937	840,202	-234,395	1,074,597	374,399	700,198	104,856	595,342
Taxation	537,212	227,531	309,681	106,376	203,305	-140,715	344,020	97,684	246,336	45,616	200,720
Profit after Tax	**1,215,120**	**404,662**	**810,458**	173,561	**636,897**	-93,680	**730,577**	276,715	**453,862**	59,240	394,622

SIX YEARS VERTICAL ANALYSIS OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

Vertical Analysis	2009	% of Total	2008	% of Total	2007	% of Total	2006	% of Total	2005	% of Total	2004	% of Total
Property, Plant and Equipment	405,618	6%	298,219	4%	230,474	4%	279,210	4%	238,783	4%	240,587	7%
Capital Work in Progress	104,335	2%	179,955	2%	128,969	2%		0%		0%		0%
Intangible Assets in Progress	30,208	0%	17,028	0%	16,527	0%	8,263	0%		0%		0%
Investment Property	273,203	4%	273,203	4%	255,708	4%	255,708	3%		0%		0%
Long Term Investments	286,904	4%	315,425	4%	284,364	5%	274,422	4%	230,825	4%	164,875	5%
Long Term Loans	3,375	0%	4,385	0%	4,142	0%	4,459	0%	4,404	0%	4,099	0%
Long term Deferred Tax Asset	0	0%	0	0%	0	0%	0	0%	827	0%	7,163	0%
Stores and Spares	77,244	1%	78,292	1%	44,081	1%	37,630	1%	30,308	0%	27,760	1%
Stock in Trade	2,077022	31%	1,636,153	23%	1,840,082	29%	2,283,929	31%	2,314,457	37%	1,402,533	39%
Trade Debts	127,209	2%	102,660	1%	275,953	4%	160,132	2%	133,435	2%	120,022	3%
Loans and Advances	101,790	2%	98,082	1%	63,163	1%	59,019	1%	39,753	1%	37,772	1%
Trade Deposits and Prepayments	15,879	0%	7,782	0%	5,308	0%	13,997	0%	5,251	0%	754,088	21%
Other Receivables	1,107,934	16%	1,167,286	16%	416,300	7%	505,865	7%	672,380	11%	56,290	2%
Taxation - net	3,267	0%	8,198	0%	80,811	1%		0%	2,258	0%	87,426	2%
Short Term Investments	1,173,439	17%	2,831,770	39%	2,496,300	40%	3,307,769	44%	2,352,278	37%		0%
Cash and Bank balances	995,373	15%	249,358	3%	122,142	2%	263,139	4%	297,843	5%	649,715	18%
Total Assets	**6,782,800**	100%	**7,267,796**	100%	**6,264,324**	100%	**7,453,542**	100%	**6,322,802**	100%	**3,552,330**	100%
Capital Employed	3,370,843	50%	3,038,879	42%	2,696,580	43%	2,393,343	32%	1,975,130	31%	1,548,548	44%
Non Current Liabilities	83,055	1%	82,913	1%	77,379	1%	243,344	3%	183,157	3%	20,384	1%
Current Liabilities	3,328,902	49%	4,146,004	57%	3,490,365	56%	4,816,855	65%	4,164,515	66%	1,983,398	56%
Total Liabilities and Equity	**6,782,800**	100%	**7,267,796**	100%	**6,264,324**	100%	**7,453,542**	100%	**6,322,802**	100%	**3,552,330**	100%
	2009	% of Total	**2,008**	% of Total	**2,007**	% of Total	**2,006**	% of Total	**2,005**	% of Total	**2,004**	
Sales net	15,910,619	100%	11,174,014	100%	10,961,438	100%	9,737,382	100%	8,326,231	100%	6,984,922	100%
Cost of Sales	13,501,499	85%	9,701,298	87%	9,832,853	90%	8,444,544	87%	7,398,872	89%	6,137,586	88%
Gross Profit	2,409,120	15%	1,472,716	13%	1,128,585	10%	1,292,838	13%	927,359	11%	847,336	12%
Distribution and marketing expenses	410,596	3%	361,495	3%	346,260	3%	199,836	2%	84,247	1%	103,245	1%
Administrative Expenses	242,788	2%	210,120	2%	183,303	2%	154,042	2%	130,461	2%	124,286	2%
Operating Profit	1,755,736	11%	901,101	8%	599,022	5%	938,960	10%	712,651	9%	619,805	9%
Other Operating Income	198,950	1%	321,608	3%	332,614	3%	265,062	3%	62,667	1%	46,231	1%
Other Operating Expenses	162,530	1%	81,574	1%	75,437	1%	126,371	1%	72,568	1%	59,509	1%
Finance Cost	39,824	0%	20,996	0%	15,997		3,054	0%	2,552	0%	11,185	0%
Profit before Tax	1,752,332	11%	1,120,139	10%	840,202	8%	1,074,597	11%	700,198	8%	595,342	9%
Taxation	537,212	3%	309,681	3%	203,305	2%	344,020	4%	246,336	3%	200,720	3%
Profit after Tax	**1,215,120**	8%	**810,458**	7%	**636,897**	6%	**730,577**	8%	**453,862**	5%	**394,622**	6%

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2009

Number of ShareHolders	Shareholding From	To	Number of Shares Held
758	1	100	26,869
706	101	500	179,408
291	501	1000	210,475
527	1001	5000	1,273,503
129	5001	10000	912,853
56	10001	15000	696,553
27	15001	20000	469,869
15	20001	25000	334,116
9	25001	30000	248,345
12	30001	35000	398,239
9	35001	40000	331,680
7	40001	45000	305,774
1	50001	55000	51,181
2	55001	60000	117,892
4	60001	65000	252,404
1	65001	70000	66,983
1	70001	75000	72,323
1	75001	80000	80,000
1	90001	95000	91,228
1	100001	105000	104,340
1	105001	110000	108,570
1	110001	115000	113,490
1	125001	130000	128,664
1	130001	135000	130,607
3	145001	150000	442,742
1	235001	240000	236,523
1	245001	250000	246,450
1	250001	255000	252,508
2	280001	285000	561,421
1	305001	310000	309,975
1	320001	325000	324,818
2	330001	335000	669,088
1	370001	375000	375,000
1	410001	415000	410,114
1	500001	505000	503,000
1	505001	510000	508,950
1	530001	535000	531,325
1	610001	615000	614,507
2	690001	695000	1,387,517
1	725001	730000	729,957
1	745001	750000	750,000
1	1040001	1045000	1,042,775
1	1200001	1205000	1,200,458
1	1740001	1745000	1,742,695
1	1860001	1865000	1,864,022
1	2015001	2020000	2,018,250
2,589			23,427,461

Categories of Shareholders	No.of shareholders	Shares held	Percentage
Directors, CEO and their spouses & minor children			
Mr. Sikandar M. khan	1	1,864,022	7.96
Mr. Latif Khalid Hashmi	1	1,200,458	5.12
Mr. Sohail Bashir Rana	1	1,200,671	5.13
Mr. Laeeq Uddin Ansari	1	1,742,695	7.44
Mian Muhammad Saleem	1	503,000	2.15
Rana Muhammad Siddique Khan	1	70,106	0.30
Mrs. Cyma Khan	1	31,027	0.13
Mrs. Ayesha Sohail	1	128,664	0.55
Associated Companies, undertakings and related parties	-	-	-
NIT and ICP			
National Bank of Pakistan (Trustee Department)	1	324,918	1.39
NBP Trustee -NI(U)T (LOC) Fund	1	334,591	1.43
IDBP(ICP Unit)	1	88	0.00
Banks, Development Financial Institutions, Non-Banking			
Financial Institutions	10	1,358,711	5.80
Insurance Companies	6	1,945,705	8.31
Modarabas and Mutual Funds	7	71,087	0.30
Shareholders holding ten percent or more voting interest	-	-	-
General Public			
a) Local	2,503	8,927,504	38.10
b) Foreign	-	-	-
Joint Stock Campanies	35	113,129	0.48
Trusts	4	1,167,363	4.98
Non-Resident Company	1	2,018,250	8.61
Others	12	425,472	1.82
(Trustee Muhammad Amin Wakf, Saeeda Amin Wakf and Mrs. Khorshed H. Dinshaw etc.)			
	2,589	23,427,461	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 ('the company') to comply with the Listing Regulation No. 35, 35 and 36 of the Karachi, Lahore and Islamabad Stock Exchanges, respectively, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 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, 2009.

A.F. Ferguson & Co.
Chartered Accountants

Lahore:
September. 17, 2009

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 two independent non-executive directors including one 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 directors is a member of any of the stock exchanges on which the Company's shares are listed except the Chairman of the Company Mr. Sikandar Mustafa Khan who is a non member Director on the Board of Lahore Stock Exchange.

4. A casual vacancy occurred in the Board and was duly filled within 30 days as required.

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 along with 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, are 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, along with 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.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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.

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 has formed an Audit Committee 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:
September 17, 2009

Sikandar Mustafa Khan
chairman

ACCOUNTS

MILLAT TRACTORS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Millat Tractors Limited as at June 30, 2009 and the related profit and loss account, 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, 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, 2009 and of the profit, 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
Engagement Partner:
Imran Farooq Mian

Lahore:
Dated: September 17, 2009

	Note	2009	2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 (June 30, 2008: 20,000,000) ordinary shares of Rs. 10 each		300,000	200,000
Issued, subscribed and paid up capital	5	234,275	187,420
General reserves		2,220,776	2,211,000
Unappropriated profit		892,018	576,917
Fair value reserve		23,774	63,542
		3,370,843	3,038,879
NON-CURRENT LIABILITIES			
Security deposits	6	9,485	9,485
Deferred revenue	7	33,069	32,729
Deferred taxation	8	8,883	12,355
Accumulating compensated absences	9	31,618	28,344
		83,055	82,913
CURRENT LIABILITIES			
Current portion of deferred revenue		202,079	218,127
Trade and other payables	10	3,123,525	3,925,019
Mark-up accrued on short term borrowings		3,298	2,858
		3,328,902	4,146,004
CONTINGENCIES AND COMMITMENTS	12		
		6,782,800	7,267,796

AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	405,618	298,219
Capital work-in-progress	14	104,335	179,955
Intangible assets - in progress	15	30,208	17,028
Investment property	16	273,203	273,203
Long term investments	17	286,904	315,425
Long term loans - considered good	18	3,375	4,385
		1,103,643	1,088,215
CURRENT ASSETS			
Stores and spares	19	77,244	78,292
Stock-in-trade	20	2,077,022	1,636,153
Trade debts	21	127,209	102,660
Loans and advances	22	101,790	98,082
Trade deposits and prepayments		15,879	7,782
Other receivables	23	1,107,934	1,167,286
Taxation - net		3,267	8,198
Short term investments	24	1,173,439	2,831,770
Cash and bank balances	25	995,373	249,358
		5,679,157	6,179,581
		6,782,800	7,267,796

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

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Sales - net	26	15,910,619	11,174,014
Cost of sales	27	13,501,499	9,701,298
Gross profit		2,409,120	1,472,716
Distribution and marketing expenses	28	410,596	361,495
Administrative expenses	29	242,788	210,120
		653,384	571,615
Operating profit		1,755,736	901,101
Other operating income	30	198,950	321,608
		1,954,686	1,222,709
Finance cost	31	39,824	20,996
Other operating expenses	32	162,530	81,574
		202,354	102,570
Profit before taxation		1,752,332	1,120,139
Taxation	33	537,212	309,681
Profit after taxation		1,215,120	810,458
Earnings per share - basic and diluted (Rupees)	37	51.87	34.59

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

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	38	491,760	1,363,058
Interest and mark-up paid		(39,384)	(22,717)
Net decrease/(increase) in long term loans to employees		1,010	(243)
Income tax paid		(535,753)	(230,299)
Net decrease in deferred revenue		(15,708)	(9,821)
Increase in long term security deposits		-	200
Increase in accumulating compensated absences		3,274	2,315
Net cash (used in)/generated from operating activities		(94,801)	1,102,493
Cash flows from investing activities			
Purchase of property, plant and equipment		(93,318)	(178,762)
Purchase of intangible assets		(13,180)	(501)
Proceeds from sale of property, plant and equipment		5,810	9,027
Purchase of short-term investments		(2,153,883)	(1,100,000)
Proceeds from sale of short-term investments		3,902,353	787,008
Profit on bank deposits		19,219	1,549
Dividend received		19,154	5,112
Purchase of investments in related parties		(11,246)	(19,125)
Net cash generated from/(used in) investing activities		1,674,909	(495,692)
Cash flows from financing activities			
Dividend paid		(834,093)	(459,179)
Net cash used in financing activities		(834,093)	(459,179)
Net increase in cash and cash equivalents		746,015	147,622
Cash and cash equivalents at the beginning of the year		249,358	101,736
Cash and cash equivalents at the end of the year	38.2	995,373	249,358

The annexed notes 1 to 42 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, 2009

	Share capital	Revenue Reserves General reserves	Revenue Reserves Unappropriated profit	Fair value reserve	Total
	(Rupees in thousand)				
Balance as on July 1, 2007	187,420	1,986,000	450,638	72,522	2,696,580
Final dividend for the year ended June 30, 2007 Rs. 12 per share	-	-	(224,904)	-	(224,904)
Profit for the year	-	-	810,458	-	810,458
Interim dividend Rs. 12.5 per share	-	-	(234,275)	-	(234,275)
Transferred from profit and loss account	-	225,000	(225,000)	-	-
Unrealized loss on revaluation of investments	-	-	-	(8,980)	(8,980)
Balance as on June 30, 2008	187,420	2,211,000	576,917	63,542	3,038,879
Final dividend for the year ended June 30, 2008 Rs. 20 per share	-	-	(374,839)	-	(374,839)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	46,855	-	(46,855)	-	-
Profit for the year	-	-	1,215,120	-	1,215,120
Interim dividend Rs. 20 per share	-	(145,224)	(323,325)	-	(468,549)
Transferred from profit and loss account	-	155,000	(155,000)	-	-
Unrealized loss on revaluation of investments	-	-	-	(39,768)	(39,768)
Balance as on June 30, 2009	234,275	2,220,776	892,018	23,774	3,370,843

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

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

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 Amendments to published standards effective in current year

- IFRIC 14, ' IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum requirement. It's adoption does not have any significant impact on the company's financial statements.

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 01, 2008 and supercedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 39 to these financial statements. Its adoption does not have any impact on the classification and valuation of the company's financial instruments.

2.2.2 Amendments and interpretations to published standards applicable to the company 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 (Revised), 'Presentation of financial statements' is effective from January 1, 2009. The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in performance statement, but company can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The above standard will only impact the presentation of financial statements.

Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the company's financial statements covering annual periods, beginning on or after January 1, 2009. Adoption of these amendments would require the company to capitalise the borrowing cost directly attributable to acquisition, construction or production of a qualifying asset (one that take substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the company's financial statements.

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

- IFRS 8, 'Operating Segments' replaces IAS 14 and is effective from financial year July 1, 2009. IFRS 8 provides guidance for disclosure of information about entity's operating segments, products and services, geographical areas in which it operates, and major customers. This standard is not relevant to the company's operations.

- IFRIC 12, 'Service concession arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is effective from financial year July 1, 2008 but it is not relevant to the company's operations.

- IFRIC 13, 'Customer loyalty programmes' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is effective from July 1, 2008 but it is not relevant to the company's operations.

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board and has been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) but the notification from SECP is still awaited and, hence, presently do not form part of the local financial reporting framework.

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% (2008: 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, 2009.

The actual return on the plan assets during the year was Rs. 73,929 thousand (2008: Rs. 69,770 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:

	2009	2008
Expected rate of increase in salary level	11%	11%
Expected rate of return	12%	14%
Discount rate	12%	12%
Average expected remaining working life of employees	7 years	9 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 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. 8,488 thousand (2008: Rs. 8,809 thousand) has been recognized 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. 7,274 thousand (2008: Rs. 7,114 thousand) has been recognized 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. 2,905 thousand (2008: Rs. 2,933 thousand) has been recognized 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 13. 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 assets' residual values and useful lives are continually reviewed by the company and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at June 30, 2009 has not required any adjustment as its impact is considered insignificant.

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 - in progress

Intangible assets - in progress are stated at cost less impairment, if any.

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

Investment in subsidiary undertakings is carried at cost less impairment loss, if any.

4.7.2 Associate

Investment in associated undertakings is stated at cost less impairment loss, if any.

4.7.3 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.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase the asset. Regular way purchases or sales are purchases/sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

4.7.4 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.

4.7.5 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. 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.

4.7.6 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.

4.7.7 Available-for-sale financial assets

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.

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.

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 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 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 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A 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.

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 recognized on dispatch of goods to customers.
- Revenue from warranty and maintenance services is recognized on the basis of services performed to date as a percentage of total services to be performed.
- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized when earned.

4.14 Research cost

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

4.15 Borrowing costs

Borrowing costs are recognized 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.

4.16 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 company.

4.17 Provisions

Provisions are recognized 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.

4.18 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 recognized 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.

4.19 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized 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.

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

5. Issued, subscribed and paid up capital

2009	2008		2009	2008
(Number of shares)			(Rupees in thousand)	
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		
16,199,112	16,199,112	- Opening balance	161,991	161,991
4,685,492	-	- Issued during the year	46,855	-
20,884,604	16,199,112		208,846	161,991
23,427,461	18,741,969		234,275	187,420

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.

		2009	2008
		(Rupees in thousand)	

7. Deferred revenue

		2009	2008
Opening balance		250,856	260,677
Receipts during the year		622,381	589,945
		873,237	850,622
Less : Recognised in profit and loss account during the year	- note 26	638,089	599,766
Closing balance		235,148	250,856
Less : Current maturity		202,079	218,127
		33,069	32,729

This represents amounts received from customers of tractors for providing warranty and maintenance services.

8. Deferred taxation

The liability for deferred tax comprises temporary differences relating to:

	2009	2008
Taxable temporary differences		
Accelerated depreciation for tax purposes	37,182	20,250
Deductible temporary differences		
Others - Provision for doubtful receivables / accumulating compensated absences	(28,299)	(7,895)
Net deferred tax liability at the year end	8,883	12,355

	Deferred tax liability	Deferred tax asset	Net liability
	Accelerated tax depreciation	Others	
	(Rupees in thousand)		
Balance as at July 1, 2007	10,613	(5,026)	5,587
Charged to profit and loss account	9,637	(2,869)	6,768
Balance as at June 30, 2008	20,250	(7,895)	12,355
Charged/(credited) to profit and loss account	16,932	(20,404)	(3,472)
Balance as at June 30, 2009	37,182	(28,299)	8,883

		2009	2008
		(Rupees in thousand)	

9. Accumulating compensated absences

		2009	2008
Opening balance		28,344	26,029
Provision for the year		4,914	4,400
Less: Adjustments during the year		(1,640)	(2,085)
Closing balance		31,618	28,344

10. Trade and other payables

		2009	2008
Creditors	- note 10.1	723,843	591,062
Accrued liabilities		116,742	78,001
Bills payable		38,284	138,714
Advances from customers	- note 10.2	1,897,382	2,845,234
Security deposits	- note 10.3	4,372	4,106
Trade mark fee payable		171,938	148,883
Income tax deducted at source		25,960	24,401
Workers' profit participation fund	- note 10.4	25,432	14,855
Workers' welfare fund		47,066	28,838
Unclaimed dividends		32,326	23,031
Others		40,180	27,894
		3,123,525	3,925,019

10.1 Creditors include amounts due to related parties Rs. 177,702 thousand (2008: Rs. 139,801 thousand).

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

10.3 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.

10.4 Workers' profit participation fund

		2009	2008
Opening balance		14,855	1,865
Allocation for the year	- note 32	95,432	59,855
		110,287	61,720
Less: Payments made during the year		(84,855)	(46,865)
Closing balance		25,432	14,855

11. Short term borrowings

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 1,435,000 thousand (2008: Rs. 1,435,000 thousand). The rates of mark-up range from 31.90 paisas to 47.23 paisas (2008: paisas 35.36 to paisas 38.02) per Rs. 1,000 per day.

The company has the facilities for opening of letters of credit and guarantees aggregating to Rs. 2,059,000 thousand (2008: Rs. 2,025,000 thousand) out of which Rs. 837,800 thousand (2008: Rs. 447,199 thousand) remained unutilized at the end of the year.

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

12. Contingencies and commitments

Contingencies

12.1 The company has given guarantee amounting to Rs. 5,000 thousand to the bank for repayment of loan by employees. An amount of Rs. 2,856 thousand (2008: Rs. 3,720 thousand) was utilized by employees as at June 30, 2009.

12.2 Guarantees issued by the banks on behalf of the company in the normal course of business amount to Rs. 210,770 thousand (2008: Rs. 227,882 thousand).

12.3 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.

12.4 In prior years, the Deputy Collector (Adjudication) of Sales tax raised additional tax demand of Rs. 16,189 thousand against certain claims of input tax by the company. The company has filed appeal against the demand and matter has also been referred to Alternate Dispute Resolution Committee (ADRC). However, Rs. 14,913 thousand was charged in financial statements for the year ended June 30, 2007 being the best estimate by the management of the company.

12.5 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.

12.6 In prior years, Punjab Social Security Institution issued demand notice to the company for short payment of Social Security Contribution amounting to Rs. 6,827 thousand. The company filed complaint against the said notice before the Vice Commissioner social security who decided the case against the company.The company has filed an appeal before Social Security Court and the case is pending for final arguments before Social Security Court. The management and the legal advisor of the company are confident that no loss is likely to occur as a result of these cases, and hence, no provision there against has been made in the financial statements.

Commitments

12.7 Commitments in respect of outstanding letters of credit amount to Rs. 837,800 thousand (2008: Rs. 447,199 thousand) at the balance sheet date.

13. Property, plant and equipment

(Rupees in thousand)

	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Annual depreciation rate %
Freehold land	58,307	-	58,307	-	-	-	58,307	-
Leasehold land	8	-	8	-	-	-	8	-
Buildings on freehold land	175,211	2,421	177,632	131,742	4,094	135,836	41,796	5-10
Buildings on leasehold land	2,900	-	2,900	2,319	145	2,464	436	5
Plant and machinery	239,060	131,543 (4,192)	366,411	183,196	17,500 (3,253)	197,443	168,968	10
Furniture and office equipment	37,851	4,407 (1,177)	41,081	17,496	2,506 (540)	19,462	21,619	10-20
Vehicles	148,416	27,361 (17,433)	158,344	69,092	18,365 (11,724)	75,733	82,611	20
Tools and equipments	78,484	3,120 (14,242)	67,362	46,821	4,977 (10,776)	41,022	26,340	10-15
Computers	26,761	86 (10,897)	15,950	18,113	2,857 (10,553)	10,417	5,533	33
2009	766,998	168,938 (47,941)	887,995	468,779	50,444 (36,846)	482,377	405,618	

(Rupees in thousand)

	Cost as at July 1, 2007	Additions/ (deletions) Adjustment*	Cost as at June 30, 2008	Accumulated depreciation as at July 1, 2007	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2008	Book value as at June 30, 2008	Annual depreciation rate %
Freehold land - note 16	31,169	45,533 (900) * (17,495)	58,307	-	-	-	58,307	-
Leasehold land	8	-	8	-	-	-	8	-
Buildings on freehold land	171,087	3,224 900 *	175,211	127,464	4,278	131,742	43,469	5-10
Buildings on leasehold land	2,900	-	2,900	2,175	144	2,319	581	5
Plant and machinery	229,349	10,463 (752)	239,060	178,003	5,698 (505)	183,196	55,864	10
Furniture and office equipment	28,224	9,695 (68)	37,851	15,640	1,894 (38)	17,496	20,355	10-20
Vehicles	135,780	37,021 (24,385)	148,416	69,015	16,239 (16,162)	69,092	79,324	20
Tools and equipments	63,275	16,099 (890)	78,484	43,861	3,938 (978)	46,821	31,663	10-15
Computers	21,155	5,741 (135)	26,761	16,315	1,932 (134)	18,113	8,648	33
2008	682,947	127,776 (26,230) (17,495)	766,998	452,473	34,123 (17,817)	468,779	298,219	

13.1 Disposal of property, plant and equipment

Particulars of assets :	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Vehicles	**Directors**					
	Mr. L.K. Hashmi	3,500	2,582	918	918	Company car scheme
	Employees					
	Dr. Syed Amer Ali	991	731	260	260	Company car scheme
	- do -	840	519	321	321	Company car scheme
	Mr. Bashir Ahmed Ch.	981	724	257	257	Company car scheme
	Mr. M. Aslam Khokhar	821	605	216	216	Company car scheme
	Mr. Farogh Iqbal	821	605	216	216	Company car scheme
	Mr. Zulfiqar Elahi	774	571	203	203	Company car scheme
	Mr. Qasim Saeed	774	571	203	203	Company car scheme
	Mr. Zahid H. Butt	604	446	158	158	Company car scheme
	Mr. S.M. Abdul Qadir	604	446	158	158	Company car scheme
	Mr. Gulzar Muhammad	603	445	158	158	Company car scheme
	Mr. Habib Ahmed	599	442	157	157	Company car scheme
	Mr. Shahid Iqbal Butt	451	113	338	338	Company car scheme
	Mr. Tanveer Ul Hassan	450	44	406	406	Company car scheme
	Mr. Mumtaz Hussain	434	179	255	255	Company car scheme
	Mr. Muhammad Ali Uppal	390	173	217	217	Company car scheme
	Mr. Khalid Nazir Ch.	374	276	98	98	Company car scheme
	Mr. Rasheed Ahmed	374	276	98	98	Company car scheme
	Mr. Liaqat Ali Memon	374	276	98	98	Company car scheme
	Mr. Ashraf Kisana	371	274	97	97	Company car scheme
	Mr. Akhtar Saleem	371	274	97	97	Company car scheme
	Mr. Ali Akhtar	371	274	97	97	Company car scheme
	Mr. Abid Majeed Malik	63	30	33	33	Company m/cycle scheme
	Mr. Masood Ahmed	63	23	40	40	Company m/cycle scheme
	Mr. Munir Ahmed Tahir	61	5	56	56	Company m/cycle scheme
	Mr. Muhammad Yousuf	60	40	20	20	Company m/cycle scheme
	Mr. Ahmed Yar Tariq	60	40	20	20	Company m/cycle scheme
	Mr. Muhammad Aslam	59	40	19	19	Company m/cycle scheme
	Mr. Majeed Ahmed	59	40	19	19	Company m/cycle scheme
	Mr. Anwar Ul Islam	59	40	19	19	Company m/cycle scheme
	Mr. Javaid Qamar	58	39	19	19	Company m/cycle scheme
	Mr. Rana Abdul Ghafoor	58	39	19	19	Company m/cycle scheme
	Mr. Abdul Qadir	58	39	19	19	Company m/cycle scheme
	Mr. M. Ilyas	58	39	19	19	Company m/cycle scheme
	Mr. Waheed Iqbal	58	39	19	19	Company m/cycle scheme
	Mr. Farzand Ali	58	39	19	19	Company m/cycle scheme
	Mr. Abdul Razzaq	58	39	19	19	Company m/cycle scheme
	Mr. Muhammad Sadiq	58	39	19	19	Company m/cycle scheme
	Mr. Muhammad Asif Ali	57	38	19	19	Company m/cycle scheme
	Mr. Muhammad Afzal	57	38	19	19	Company m/cycle scheme
	Mr. A.N. Shakir	57	38	19	19	Company m/cycle scheme
	Mr. Hasnat Rashid	57	38	19	19	Company m/cycle scheme
	Mr. Muhammad Afzal	57	38	19	19	Company m/cycle scheme
	Mr. Muhammad Jaafar	57	38	19	19	Company m/cycle scheme
	Mr. Yasir Aftab	57	2	55	55	Company m/cycle scheme
	Mr. Shahid Iqbal Butt	57	34	23	23	Company m/cycle scheme
	Mr. Muhammad Shafiq	53	17	36	36	Company m/cycle scheme
	Mr. Tauseef Ahmed Hashmi	53	23	30	30	Company m/cycle scheme
	Mr. Muhammad Babar Inayat	51	4	47	47	Company m/cycle scheme
Computers	**Directors**					
	Mr. Sohail Bashir Rana	93	83	10	10	
	Mr. Sikandar Mustafa Khan	93	83	10	10	
	Mr. L.K. Hashmi	93	82	11	11	
	Mian Muhammad Saleem	49	43	6	6	
	Employees					
	Dr. Syed Amer Ali	71	58	13	13	
	Mr. Javed Munir	67	56	11	11	
	Ch. Bashir Ahmed	46	26	20	20	
	Mr. Mubashar Iqbal	45	30	15	15	

		2009	2008
		(Rupees in thousand)	

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

		2009	2008
Cost of sales	- note 27	27,695	18,762
Distribution cost	- note 28	6,549	4,437
Administrative expenses	- note 29	16,200	10,924
		50,444	34,123

14. Capital work-in-progress

	2009	2008
Plant and machinery	14,938	111,145
Advance for purchase of office space	83,230	64,064
Advance for purchase of office furniture	85	102
Others	6,082	4,644
	104,335	179,955

15. Intangible asset - in progress

It represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software.

16. Investment property

	2009	2008
Opening balance	273,203	255,708
Transferred in during the year	-	17,495
Closing balance	273,203	273,203

Based on the valuation carried out by an independent valuer as at June 30, 2009, the fair value of investment property is Rs. 381,375 thousand (2008: Rs. 472,000 thousand).

17. Long term investments

Investment in related parties
In subsidiary undertaking

	2009	2008
Unquoted		
Millat Industrial Products Limited		
5,737,500 (2008: 5,737,500) fully paid ordinary shares of Rs. 10/- each Equity held 64.09% (2008: 64.09%) Value of investment based on net assets as shown in the audited accounts as at June 30, 2009 is Rs. 60,607 thousand (2008: Rs. 35,934 thousand)	57,375	57,375
In associated companies		
Quoted		
Bolan Castings Limited		
3,654,945 (2008: 2,811,498) fully paid ordinary shares of Rs. 10/- each Equity held 46.26% (2008: 46.26%). Market Value as at June 30, 2009 is Rs. 80,409 thousand (2008: Rs. 191,041 thousand)	76,610	65,364
C/F	**133,985**	**122,739**

		2009	2008
		(Rupees in thousand)	
	B/F	**133,985**	**122,739**
Unquoted			
Millat Equipment Limited			
11,700,000 (2008: 11,700,000) fully paid ordinary shares of Rs. 10/- each		117,000	117,000
Equity held 45% (2008: 45%)			
Value of investment based on net assets as shown in the audited accounts as at June 30, 2009 is Rs. 386,673 thousand (2008: Rs. 331,809 thousand)			
Arabian Sea Country Club Limited			
500,000 (2008: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
Equity held 6.45% (2008: 6.45%)			
Value of investment based on the net assets shown in the audited account as at June 30, 2008 is Rs. 3,926 thousand (2007: Rs. 4,679 thousand)			
Less: Impairment loss		(5,000)	(5,000)
		-	-
Agrimall (Private) Limited			
2,000 (2008: 2,000) fully paid ordinary shares of Rs.10/- each		20	20
Equity held 20% (2008: 20%)			
Value of investment based on the net assets shown in the audited account 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 (2008: 1,282,825) fully paid ordinary shares of Rs. 10/- each		12,145	12,145
Surplus on revaluation of investment		23,774	63,541
Market value as at June 30, 2009		35,919	75,686
		286,904	315,425

		2009	2008
18. Long term loans - considered good			
Loan to related party	- note 18.1	900	900
Loan to employees:			
Company loan	- note 18.2	2,154	2,338
Motor cycle loan	- note 18.3	2,382	3,558
Less: Current portion included in current assets	- note 22	(2,061)	(2,411)
		2,475	3,485
		3,375	4,385

18.1 Unsecured loan bearing mark up at 11% 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 (2008: Rs. 900 thousand).

18.2 This represents interest free loans to employees aggregating to Rs. 2,154 thousand (2008: Rs. 2,338 thousand) and are secured against their gratuity and provident fund balances. These loans are repayable in monthly instalments over a period of 2 years.

18.3 This represent interest free loans to employees for purchase of motor cycles aggregating to Rs. 2,382 thousand (2008: Rs. 3,558 thousand) and are secured by joint registration of motor cycles in the name of the employees and the company. These loans are repayable in monthly instalments over a period of 5 years.

18.4 Reconciliation of carrying amount of loans to executives:

	Balance as at July 1, 2008	Disbursement during the year	Repayments during the year	Balance as at June 30, 2009
			(Rupees in thousand)	
Due from Executives	7	10	7	10

19. Store 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.

20. Stock-in-trade

	2009	2008
	(Rupees in thousand)	
Raw materials (including in transit Rs. 342,698 thousand; 2008: Rs. 309,329 thousand)	1,764,315	1,343,600
Work-in-process	109,611	27,189
Finished goods :		
Manufacturing	136,474	227,188
Trading	65,653	37,624
Others	969	552
	2,077,022	1,636,153

Included in stocks are raw materials and components held with third parties amounting to Rs. 64,773 thousand (2008: Rs. 66,157 thousand).

21. Trade debts

	2009	2008
Trade debts - Considered good	127,209	102,660
- Considered doubtful	12,605	17,851
	139,814	120,511
Less: Provision for doubtful debts	(12,605)	(17,851)
	127,209	102,660

All debts are unsecured except for Rs. 133 thousand (2008: Rs. 7 thousand) which are secured against deposits.

		2009	2008
		(Rupees in thousand)	

22. Loans and advances

		2009	2008
Current portion of long term loans to employees	- note 18	2,061	2,411
Advances to employees - Considered good	- note 22.1	1,308	1,668
Advances to suppliers - Considered good	- note 22.2	82,917	69,292
- Considered doubtful		2,485	4,706
Less: Provision for doubtful advances		(2,485)	(4,706)
		-	-
Letter of credit opening charges		15,504	24,711
		101,790	98,082

22.1 Included in advances to employees are amounts due from the Chief Executive Rs. Nil (2008: Rs. 76 thousand) and Directors Rs. Nil (2008: Rs. 293 thousand) in respect of travel advance.

The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 295 thousand (2008: Rs. 139 thousand) and directors Rs. 775 thousand (2008: Rs.735 thousand) in respect of travel advance.

22.2 Advances to suppliers include advances to vendors of Rs. 58,933 thousand (2008: Rs. 58,871 thousand) which carry mark-up of 20% per annum. Included in advances to vendors are advances to related parties of Rs. 2,712 thousand (2008: Rs. 2,154 thousand).

23. Other receivables

		2009	2008
Special excise duty recoverable		140,182	61,638
Sales tax recoverable		921,973	1,082,343
Less : Provision for doubtful claims		(34,147)	(34,147)
		887,826	1,048,196
Claims receivable from principal suppliers		20,294	10,298
Profit/interest accrued	- note 23.1	5,333	211
Pension fund	- note 23.2	54,299	46,943
		1,107,934	1,167,286

23.1 Profit/interest accrued

	2009	2008
On bank deposits	5,219	196
On loan to associate	114	15
	5,333	211

23.2 Pension fund

	2009	2008
	(Rupees in thousand)	
This comprises:		
Present value of defined benefit obligation	(483,464)	(428,585)
Fair value of plan assets	602,621	536,159
Unrecognized actuarial (gains) - net	(64,858)	(60,631)
Asset recognized in the balance sheet	54,299	46,943
Charge for the year		
Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	16,168	15,542
Interest cost	51,430	37,733
Expected return on plan assets	(64,339)	(65,756)
Net actuarial gain recognized in the year	(779)	(1,585)
Past service cost	-	8,063
	2,480	(6,003)
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at July 1	428,585	377,329
Interest cost	51,430	37,733
Current service cost	16,168	15,542
Benefits paid	(17,303)	(13,115)
Actuarial loss	4,584	3,033
Past service cost due to change in benefits	-	8,063
Present value of defined benefit obligation as at June 30	483,464	428,585
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at July 1	536,159	469,684
Expected return on assets	64,339	65,756
Contributions	9,836	9,820
Benefits paid	(17,303)	(13,115)
Actuarial gain	9,590	4,014
Fair value of plan assets as at June 30	602,621	536,159
Actual return on plan assets	73,929	69,770
Plan assets comprise:		
Defence Saving Certificates	14,067	34,077
Bonds, mutual funds and Term Deposit Receipts	583,280	501,908
Cash	5,274	174
	602,621	536,159

23.2 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:

As at June 30	2009	2008	2007	2006	2005
			(Rupees in thousand)		
Present value of defined benefit obligation	483,464	428,585	377,329	365,806	253,518
Fair value of plan assets	602,621	536,159	468,981	374,789	311,868
Surplus	119,157	107,574	91,652	8,983	58,350
Experience adjustment on obligation	4,584	3,033	(28,314)	81,979	(49,264)
Experience adjustment on plan assets	9,590	4,014	41,461	32,995	23,051

		2009	2008
		(Rupees in thousand)	
24. Short term investments			
Financial asset at fair value through profit and loss		1,153,999	2,507,379
Surplus on revaluation of investment		19,440	324,391
Market value as at June 30		1,173,439	2,831,770
25. Cash and bank balance			
In hand:			
Demand drafts		-	49,974
Cash		272	125
		272	50,099
At banks:			
Current accounts		535,083	199,255
Saving accounts		18	4
Deposit accounts		460,000	-
		995,373	249,358

The saving accounts bear mark-up which ranges from 5% to 6% per annum whereas the deposit account bears mark-up at 9% per annum.

		2009	2008
26. Sales - net			
Local			
Tractors		15,068,226	9,977,278
Implements		19,714	20,381
Multi-application products		257,217	407,454
Trading goods		176,234	175,709
Warranty and maintenance services	- note 7	638,089	599,766
		16,159,480	11,180,588
Less: Sales tax		(28,960)	(30,590)
		16,130,520	11,149,998
Export			
Tractors		26,825	151,237
Implements		636	1,743
Trading goods		-	484
		27,461	153,464
		16,157,981	11,303,462
Less: Commission and discount		(247,362)	(129,448)
		15,910,619	11,174,014

		2009	2008
		(Rupees in thousand)	
27. Cost of sales			
Components consumed		12,778,035	9,167,330
Salaries, wages and amenities	- note 27.1	204,137	169,921
Contract services		122,334	93,442
Fuel and power		50,539	34,669
Communication		1,441	1,346
Travelling and vehicle running		9,177	8,059
Printing and stationery		2,023	1,896
Insurance		11,954	9,240
Repairs and maintenance		46,760	24,336
Stores and spares consumed		71,529	57,105
Depreciation	- note 13.3	27,695	18,762
Other expenses		2,376	2,839
		13,328,000	9,588,945
Add: Opening work-in-process		27,189	24,487
Less: Closing work-in-process		(109,611)	(27,189)
Increase in work-in-process		(82,422)	(2,702)
Cost of goods manufactured		13,245,578	9,586,243
Add: Opening finished goods		227,188	155,259
Less: Closing finished goods		(136,474)	(227,188)
Decrease/(Increase) in finished goods stock		90,714	(71,929)
Cost of sales - manufactured		13,336,292	9,514,314
Cost of sales - trading	- note 27.2	101,302	125,239
Cost of sales - warranty and maintenance services	- note 27.3	63,905	61,745
		13,501,499	9,701,298

27.1 Salaries, wages and amenities include Rs. 1,284 thousand (2008: Rs. 2,935 thousand) in respect of pension expense.

27.2 Cost of sales - trading			
Opening stock		37,624	39,459
Purchases		129,331	123,404
Closing stock		(65,653)	(37,624)
Cost of goods sold		101,302	125,239
27.3 Cost of sales - warranty and maintenance services			
Warranty expenses		31,419	29,614
Maintenance services		8,817	7,244
Service department expenses	- note 27.3.1	23,669	24,887
		63,905	61,745

27.3.1 This includes salaries and amenities amounting to Rs. 12,645 thousand (2008: Rs. 13,638 thousand).

		2009	2008
		(Rupees in thousand)	

28. Distribution and marketing expenses

		2009	2008
Salaries and amenities	- note 28.1	34,397	31,501
Contract services		11,236	8,599
Fuel and power		2,620	2,384
Communication		1,074	1,081
Travelling and vehicle running		5,885	5,681
Printing and stationery		6,982	3,548
Insurance		4,015	4,162
Trademark fee		306,671	272,924
Advertisement and sales promotion		16,011	7,347
Depreciation	- note 13.3	6,549	4,437
Meeting/convention		3,707	3,808
Research cost		7,998	4,193
Other expenses		3,451	11,830
		410,596	361,495

28.1 Salaries and amenities include Rs. 320 thousand (2008: Rs. (842) thousand) in respect of pension expense.

29. Administrative expenses

		2009	2008
Salaries and amenities	- note 29.1	124,526	101,819
Contract services		9,810	12,353
Fuel and power		4,527	5,406
Communication		2,527	2,818
Travelling and vehicle running		21,573	17,233
Insurance		4,126	4,145
Repairs and maintenance		9,693	5,996
Security		8,539	7,112
Legal and professional		11,548	14,995
Depreciation	- note 13.3	16,200	10,924
Provision for doubtful debts		-	5,246
Provision for doubtful advances		-	2,952
Rent, rates and taxes		3,806	3,895
Fee and subscription		2,165	2,174
Entertainment		3,282	2,679
Other expenses		20,466	10,373
		242,788	210,120

29.1 Salaries and amenities include Rs. 466 thousand (2008: Rs. (2,330) thousand) in respect of pension expense.

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

	2009	2008
Statutory audit	750	350
Half year review	125	50
Special reports and sundry certifications	530	240
Out of pocket expenses	75	50
	1,480	690

		2009	2008
		(Rupees in thousand)	
30. Other operating income			
Income from financial assets			
Dividend income		1,604	2,565
Return on bank deposits		24,242	1,302
Gain on sale of short-term investments		70,699	22,478
Change in fair value of short-term investments		19,440	229,377
Interest charged on early payments and advances		26,645	10,616
		142,630	266,338
Income from investment in associates and loans to related parties			
Dividend income from Bolan Castings Limited		-	5,112
Dividend income from Millat Equipment Limited		17,550	-
Interest income on loan to Agrimall (Private) Limited		99	99
		17,649	5,211
Income from assets other than financial assets			
Rental income		4,923	4,936
Scrap sales		19,763	11,253
Net profit on disposal of fixed assets		-	614
Reversal of provision for diminution in value of investments		-	20,916
Others		13,985	12,339
		38,671	50,058
		198,950	321,607
31. Finance cost			
Mark-up on short term running finance - secured		38,702	19,849
Bank charges and commission		1,122	1,147
		39,824	20,996
32. Other operating expenses			
Workers' profit participation fund	- note 10.4	95,432	59,855
Workers' welfare fund		35,049	16,838
Donations	- note 32.1	20,540	265
Fixed assets written-off		5,289	-
Exchange loss		6,220	4,616
		162,530	81,574

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

	2009	2008
33. Taxation		
For the year		
- Current	551,681	291,333
- Deferred	23,136	6,768
	574,817	298,101
Prior years		
- Current	(10,997)	11,580
- Deferred	(26,608)	-
	537,212	309,681

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

	2009 %	2008 %
Applicable tax rate	35.00	35.00
- Effect of change in prior year	(2.15)	0.36
- Income exempt for tax purposes	(1.80)	(7.87)
- Income chargeable to tax at lower rate	(0.42)	(0.17)
- Others	0.02	0.33
	(4.35)	(7.35)
Average effective tax rate	30.65	27.65

34. Events after balance sheet date

Dividend declared by the company after the balance sheet date amounts to Rs. 585,688 thousand (Rs. 25 per share) {2008: Rs. 374,840 thousand (Rs. 20 per share)}, while appropriation to general reserve and for issuance of bonus shares made after the balance sheet date amount to Rs. 247,000 thousand and Rs. 58,569 thousand respectively (2008: Rs. 155,000 thousand and Rs. 46,855 thousand respectively).

35. 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 :

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rupees in thousands					
Number of persons	3**	1	6	5	22	15
Remuneration	2,278	1,880	7,467	5,949	15,032	11,746
Cost of living allowance	1,019	-	7,964	-	11,769	-
Bonus	660	1,890	3,430	6,390	7,062	10,276
House rent	1,025	846	3,362	2,678	5,857	4,805
Contribution to provident fund and gratuity funds	162	526	674	899	3,568	2,838
Pension contribution	119	320	407	587	2,049	1,700
Medical expenses	234	331	1,759	442	2,137	1,425
Utilities	181	242	1,239	762	1,814	1,369
Other reimbursable expenses	918	881	3,121	3,163	4,422	4,503
	6,596	6,916	29,423	20,870	53,710	38,662

** During the year, Mr. Laeeq-uddin Ansari was appointed as the Chief Executive with effect from May 12, 2009 in place of Mr. Muhammad Shoaib Pasha. Mr Muhammad Shoaib Pasha had been appointed as the Chief Executive with effect from October 30, 2008 in place of Mr. Sohail Bashir Rana who retired as Chief Executive on the same date.

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

35.1 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of fee to 1 director (2008: 3 directors) was Rs. 9 thousand (2008: Rs. 15 thousand) and travelling expenses Rs. 121 thousand (2008: Rs. 260 thousand).

36. 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 35. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature and transaction	2009 (Rupees in thousand)	2008 (Rupees in thousand)
Subsidiary	Purchase of components	48,983	31,552
Associates	Sale of goods	16,247	-
	Purchase of components	2,673,337	1,573,337
	Dividend income	17,550	7,677
	Rental income	88	80
Other related parties	Purchase of components	50,529	59,695
Retirement benefit plans	Contribution to staff retirement benefit plans	36,333	25,507

All transactions with related parties have been carried out on commercial terms and conditions.

37. Earnings per share

37.1 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:

		2009	2008
Profit for the year after tax	(Rupees in thousands)	1,215,120	810,458
Average ordinary shares in issue	(Numbers)	23,427,461	23,427,461
Earnings per share	(Rupees)	51.87	34.59

37.2 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.

		2009	2008
		(Rupees in thousand)	

38. Cash generated from operations

Profit before taxation		1,752,332	1,120,139
Adjustment for:			
Depreciation on property, plant and equipment		50,440	34,123
(Profit) on disposal of property, plant and equipment		-	(614)
Property, plant and equipment written off		5,289	-
(Profit) on bank deposits		(24,242)	(1,302)
Provision for doubtful debts		-	5,246
Provision for doubtful advances		-	2,952
Dividend		(19,154)	(5,112)
Finance cost		39,824	20,996
Reversal of impairment charged on investments		-	(20,916)
Gain on sale of investments		(90,139)	(22,478)
Working capital changes	- note 38.1	(1,222,590)	230,024
		491,760	1,363,058

38.1 Working capital changes

(Increase)/decrease in current assets		
Stores and spares	1,048	(34,211)
Stock-in-trade	(440,869)	203,928
Trade debts	(24,549)	168,047
Loans and advances	(3,708)	(37,871)
Trade deposits and prepayments	(8,097)	(2,474)
Interest accrued on loan to Agrimall (Private) Limited	(99)	201
Other receivables	64,473	(751,434)
	(411,801)	(453,814)
Increase/(decrease) in current liabilities		
Trade and other payables	(810,789)	683,838
	(1,222,590)	230,024

38.2 Cash and cash equivalents

Cash and bank balances	995,373	249,358

39. Financial risk management

39.1 Financial risk factors

The company's activities expose it to various financial risks, (including currency risk, other price risk and interest rate risk) which are not significant. 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 and guidelines for overall risk management, as well as policies covering specific areas. 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 of a financial instrument will fluctuate due to change in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The company has payables denominated in foreign currency; however, there is no policy to hedge these payables.

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 which is not significant.

	2009	2008
	(Rupees in thousand)	
Trade and other payables - UKP	(1,272)	(1,215)
Net exposure - UKP	(1,272)	(1,215)
Trade and other payables - USD	(178)	(455)
Net exposure - USD	(178)	(455)
Trade and other payables - Euro	(116)	(755)
Net exposure - Euro	(116)	(755)

The following significant exchange rates were applied during the year:

	2009	2008
Rupees per UKP		
Average rate	126.55	125.40
Reporting date rate	135.38	135.94
Rupees per USD		
Average rate	79.92	62.55
Reporting date rate	81.30	68.20
Rupees per Euro		
Average rate	107.99	93.32
Reporting date rate	114.82	107.62

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. 10 million (2008: Rs. 13.87 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). 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:

	2009	2008
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	460,000	-
Bank balances - savings accounts	18	4
Advances to vendors	58,933	58,871
Total exposure	518,951	58,875
Floating rate instruments		
Financial liabilities		
Short term borrowings	-	-

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:

	2009	2008
	(Rupees in thousand)	
Long term investments	286,904	315,425
Long term loans	900	900
Loans to employees	4,536	5,896
Trade debts	127,209	102,660
Other receivables	79,926	57,452
Short term investments	1,173,439	2,831,770
Bank balances	995,101	249,233
	2,668,015	3,563,336

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.

(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:

Banks	Rating		Rating		
	Short term	Long term	Agency	2009	2008
				(Rupees in thousand)	
Meezan Bank Limited	A1	A+	JCR	12,076	10
Zarai Taraqiati Bank	A1+	AAA	JCR	525,274	76,505
Bank Alfalah Limited	A1+	AA	PACRA	48,369	90,184
Standard Chartered Bank	A1+	AAA	PACRA	9,464	534
Royal Bank of Scotland	A1+	AA	PACRA	12,047	968
United Bank Limited	A1+	AA+	JCR	369,098	74,987
Bank of Punjab Limited	A1+	AA-	PACRA	690	12
MCB Bank Limited	A1+	AA+	PACRA	6,827	1,074
Habib Bank Limited	A1+	AA+	JCR	11,256	4,959
				995,101	249,233

Mutual funds

	Rating	Rating Agency	2009	2008
			(Rupees in thousand)	
United Growth and Income Fund	A (f)	JCR	349,776	489,653
NAFA Cash Fund	A (f)	JCR	352,226	816,017
Askari Income Fund	A-	PACRA	-	795,272
MCB Dynamic Cash Fund	Not Available		471,437	-
KASB Liquid Fund	Not Available		-	730,828
			1,173,439	2,831,770

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(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, 2009, the company had Rs. 1,435 million available borrowing limits from financial institutions and Rs. 995.373 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Trade and other payables	3,097,565	3,097,565	-	-
Accrued finance cost	3,298	3,298	-	-
	3,100,863	3,100,863	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2008:

Trade and other payables	3,900,618	3,900,618	-	-
Accrued finance cost	2,858	2,858	-	-
	3,903,476	3,903,476	-	-

39.2 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.

39.3 Financial instruments by categories

	Held for trading		Available for sale		At fair value through profit and loss		Loans and receivables		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)									
Financial assets as per balance sheet										
Long term investments	250,985	239,739	35,919	75,686	-	-	-	-	286,904	315,425
Long term loans	-	-	-	-	-	-	900	900	900	900
Loans to employees	-	-	-	-	-	-	4,536	5,896	4,536	5,896
Trade debts	-	-	-	-	-	-	127,209	102,660	127,209	102,660
Other receivables	-	-	-	-	-	-	79,926	57,452	79,926	57,452
Short term investments	-	-	-	-	1,173,439	2,831,770	-	-	1,173,439	2,831,770
Cash and bank balances	-	-	-	-	-	-	995,101	249,358	995,101	249,358
	250,985	239,739	35,919	75,686	1,173,439	2,831,770	1,207,672	416,266	2,668,015	3,563,461

	Financial liabilities	
	2009	2008
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	3,097,565	3,900,618
Accrued finance cost	3,298	2,858
	3,100,863	3,903,476

39.4 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 for 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.

	2009	2008
	Units per annum	

40. Capacity and production

Tractors

	2009	2008
Plant capacity (double shift)	30,000	30,000
Actual production	30,244	27,506

41. Date of authorisation for issue

These financial statements were authorised for issue on September 17, 2009 by the board of directors of the company.

42. Corresponding figures

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

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

MILLAT TRACTORS GROUP

CONSOLIDATED

FINANCIAL STATEMENTS

GROUP DIRECTORS' REPORT 2009

The Directors are pleased to present their report together with the audited group results for the year ended June 30, 2009.

THE GROUP

The group comprises of Millat Tractors Limited (MTL) and Millat Industrial Products Limited 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, 2009 have been presented separately along with their respective financial statements.

MILLAT INDUSTRIAL PRODUCTS LIMITED

Millat Industrial Products Limited produces automotive batteries for the holding company and local market. During the year, plant capacity was enhanced from 8,000 batteries to 9,000 batteries through BMR of the existing facilities. During the year, new range of batteries were developed to enhance customer base. The company managed to offset its accumulated loss of Rs.33.46 million and repaid full working capital loan. The company has shown tremendous growth in sales over previous year and its gross sales have reached to Rs.240 million from previous year's figure of Rs.132 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.

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, 2009 of both companies are duly reported in their Directors' reports.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

Lahore:
September 17, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Millat Tractors Limited and its subsidiary company as at June 30, 2009 and the related consolidated profit and loss account, 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 separate 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 subsidiary company as at June 30, 2009 and the results of their operations for the year then ended.

A.F.Ferguson & Co.
Chartered Accountants
Engagement Partner:
Imran Farooq Mian

Lahore:
September 17, 2009

CONSOLIDATED BALANCE SHEET

	Note	2009	2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 (June 30, 2008: 20,000,000) ordinary shares of Rs. 10 each		300,000	200,000
Issued, subscribed and paid up capital	5	234,275	187,420
General reserves		2,220,776	2,211,000
Unappropriated profit		1,062,420	682,216
Fair value reserve		10,437	50,205
Equity attributable to equity holders of the parent		3,527,908	3,130,841
Minority interest		31,038	17,211
		3,558,946	3,148,052
NON-CURRENT LIABILITIES			
Security deposits	6	9,485	9,485
Deferred revenue	7	33,069	32,729
Deferred taxation	8	9,396	12,355
Accumulating compensated absences	9	31,618	28,344
		83,568	82,913
CURRENT LIABILITIES			
Current portion of deferred revenue	7	202,079	218,127
Trade and other payables	10	3,141,848	3,936,330
Mark-up accrued on short term borrowings		3,691	4,504
Provision for taxation		695	-
Short term borrowings	11	-	56,203
		3,348,313	4,215,164
CONTINGENCIES AND COMMITMENTS	12	-	-
		6,990,827	7,446,129

AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	439,208	329,151
Capital work-in-progress	14	104,335	179,955
Intangible assets - in progress	15	30,208	17,028
Investment property	16	273,203	273,203
Long term investments	17	381,662	369,753
Long term loans - considered good	18	3,375	4,385
Deferred cost		-	1,032
		1,231,991	1,174,507
CURRENT ASSETS			
Stores and spares	19	78,844	79,334
Stock - in - trade	20	2,110,211	1,670,618
Trade debts	21	148,677	118,809
Loans and advances	22	107,222	100,185
Trade deposits and prepayments		16,631	9,543
Other receivables	23	1,107,934	1,168,935
Taxation - net		5,189	8,198
Short term investments	24	1,173,439	2,831,770
Cash and bank balances	25	1,010,689	284,230
		5,758,836	6,271,622
		6,990,827	7,446,129

The annexed notes 1 to 44 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Sales - net	26	16,091,730	11,272,385
Cost of sales	27	13,609,170	9,768,510
Gross profit		2,482,560	1,503,875
Distribution and marketing expenses	28	419,747	367,278
Administrative expenses	29	257,163	221,483
		676,910	588,761
Operating profit		1,805,650	915,114
Other operating income	30	181,481	295,018
		1,987,131	1,210,132
Finance cost	31	44,759	26,807
Other operating expenses	32	164,992	82,120
		209,751	108,927
		1,777,380	1,101,205
Share of profit of associates	33	88,773	41,723
Profit before taxation		1,866,153	1,142,928
Taxation			
- Group	34	541,309	310,341
- Associates		30,794	21,845
		572,103	332,186
Profit for the year		1,294,050	810,742
Attributable to:			
- Equity holders of the parent		1,280,223	808,388
- Minority interest		13,827	2,354
		1,294,050	810,742
Earnings per share - basic and diluted (Rupees)	38	54.65	34.51

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

The annexed notes 1 to 44 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, 2009

	Note	2009	2008
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	39	545,622	1,352,260
Interest and mark-up paid		(45,572)	(27,901)
Net decrease in long term loans to employees		1,010	(243)
Income tax paid		(540,564)	(228,918)
Net decrease in deferred revenue		(15,708)	(9,821)
Increase in long term security deposits		-	200
Increase in accumulating compensated absences		3,274	2,315
Net cash (used in)/generated from operating activities		(51,938)	1,087,892
Cash flows from investing activities			
Purchase of property, plant and equipment		(99,956)	(182,065)
Purchase of intangible assets		(13,180)	(501)
Proceeds from sale of property, plant and equipment		6,232	9,027
Purchase of short term investments		(2,153,883)	(1,100,000)
Proceeds from sale of short term investments		3,902,353	787,009
Purchase of investment in associate		(11,246)	-
Profit on bank deposits		19,219	1,549
Dividend received		19,154	7,677
Net cash generated from/(used in) investing activities		1,668,693	(477,304)
Cash flows from financing activities			
Dividend paid		(834,093)	(459,179)
Proceeds from right issue to minority shareholders		-	3,278
Net cash used in financing activities		(834,093)	(455,901)
Net increase in cash and cash equivalents		782,662	154,687
Cash and cash equivalents at the beginning of the year		228,027	73,340
Cash and cash equivalents at the end of the year	39.2	1,010,689	228,027

The annexed notes 1 to 44 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, 2009

	Share capital	Revenue Reserves General reserves	Revenue Reserves Unappropriated profit	Fair value reserve	Minority interest	Total
	(Rupees in thousand)					
Balance as on July 1, 2007	187,420	1,986,000	558,007	59,185	11,579	2,802,191
Final dividend for the year ended June 30, 2007 Rs. 12 per share	-	-	(224,904)	-	-	(224,904)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	-	-	-	-	-	-
Profit for the year	-	-	808,388	-	2,354	810,742
Interim dividend Rs. 12.5 per share	-	-	(234,275)	-	-	(234,275)
Transferred from profit and loss account	-	225,000	(225,000)	-	-	-
Right issue to minority shareholders	-	-	-	-	3,278	3,278
Unrealized loss on revaluation of investments	-	-	-	(8,980)	-	(8,980)
Balance as on June 30, 2008	187,420	2,211,000	682,216	50,205	17,211	3,148,052
Final dividend for the year ended June 30, 2008 Rs. 20 per share	-	-	(374,839)	-	-	(374,839)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	46,855	-	(46,855)	-	-	-
Profit for the year	-	-	1,280,223	-	13,827	1,294,050
Interim dividend Rs. 20 per share	-	(145,224)	(323,325)	-	-	(468,549)
Transferred from profit and loss account	-	155,000	(155,000)	-	-	-
Unrealized loss on revaluation of investments	-	-	-	(39,768)	-	(39,768)
Balance as on June 30, 2009	234,275	2,220,776	1,062,420	10,437	31,038	3,558,946

The annexed notes 1 to 44 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

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 multi-application products.

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 shares in MIPL. 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

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum requirement. It's adoption does not have any significant impact on the group's financial statements.

- IFRS 7 'Financial Instruments : Disclosures' is effective from July 31, 2008. It requires disclosures about the significance of financial instruments for the group financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks; however, it does not have any impact on the classification and valuation of the group's financial instruments.

2.2.2 Amendments and interpretations to published standards applicable to the group not yet effetive

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 (Revised), 'Presentation of financial statements' is effective from January 1, 2009. The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in performance statement, but group can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The above standard will only impact the presentation of financial statements.

Certain amendments to IAS 23 'Borrowing Costs' have been published that are applicable to the group's financial statements covering annual periods, beginning on or after January 1, 2009. Adoption of these amendments would require the group to capitalise the borrowing cost directly attributable to acquisition, construction or production of a qualifying asset (one that take substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the group's financial statements.

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

- IFRS 8, 'Operating Segments' replaces IAS 14 and is effective from financial year July 1, 2009. IFRS 8 provides guidance for disclosure of information about entity's operating segments, products and services, geographical areas in which it operates, and major customers. This standard is not relevant to the group's operations.
- IFRIC 12, 'Service concession arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is effective from financial year July 1, 2008 but it is not relevant to the group's operations.
- IFRIC 13, 'Customer loyalty programmes' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is effective from July 1, 2008 but it is not relevant to the group's operations.

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board and has been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) but the notification from SECP is still awaited and, hence, presently do not form part of the local financial reporting framework.

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 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 minority 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 recognized directly in the profit and loss account. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

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

4.1.2 Minority interest

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority 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 recognized 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 recognize 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% (2008: 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, 2009.

The actual return on the plan assets during the year was Rs. 73,929 thousand (2008: Rs. 69,770 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 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:

	2009	2008
Expected rate of increase in salary level	11%	11%
Expected rate of return	12%	14%
Discount rate	12%	12%
Average expected remaining working life of employees	7 years	9 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. 8,488 thousand (2008: Rs. 8,809 thousand) has been recognized 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. 7,274 thousand (2008: Rs. 7,114 thousand) has been recognized 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. 2,905 thousand (2008: Rs. 2,933 thousand) has been recognized 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 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.

4.4 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 13. 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 assets' residual values and useful lives are continually reviewed by the group and adjusted if impact on depreciation is significant. The group's estimate of the residual value of its property, plant and equipment as at June 30, 2009 has not required any adjustment as its impact is considered insignificant.

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.

4.5 Capital work-in-progress

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

4.6 Intangible assets - in progress

Intangible assets - in progress are stated at cost less impairment, if any.

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 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.

4.8 Investments and other financial assets

4.8.1 Subsidiary

Investment in subsidiary is carried at cost less impairment loss, if any, in the Company's financial statements.

4.8.2 Associates

Investment in associates is carried at cost less impairment loss, if any, in the company's financial statements.

4.8.3 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.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases/ sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

4.8.4 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.

4.8.5 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. 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.

4.8.6 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.

4.8.7 Available-for-sale financial assets

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.

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.

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.

4.9 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 Impairment

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A 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.

4.13 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 in 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.

4.14 Revenue recognition

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Revenue from warranty and maintenance services is recognized on the basis of services performed to date as a percentage of total services to be performed.
- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized when earned.

4.15 Research cost

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

4.16 Borrowing costs

Borrowing costs are recognized 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.

4.17 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.

4.18 Provisions

Provisions are recognized 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.

4.19 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 recognized 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.

4.20 Financial instruments

Financial assets and financial liabilities are recognized when the group becomes a party to the contractual provisions of the instrument and de-recognized 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, 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.

4.21 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.

4.22 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

2009	2008		2009	2008
(Number of shares)			(Rupees in thousand)	
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		
16,199,112	16,199,112	- Opening balance	161,991	161,991
4,685,492	-	- Issued during the year	46,855	-
20,884,604	16,199,112		208,846	161,991
23,427,461	18,741,969		234,275	187,420

6. Security deposits

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

		2009	2008
		(Rupees in thousand)	

7. Deferred revenue

		2009	2008
Opening balance		250,856	260,677
Receipts during the year		622,381	589,945
		873,237	850,622
Less : Recognised in profit and loss account during the year	- note 26	(638,089)	(599,766)
Closing balance		235,148	250,856
Less : Current maturity		(202,079)	(218,127)
		33,069	32,729

This represents amounts received from customers of tractors for providing warranty and maintenance services.

8. Deferred taxation

The liability for deferred tax comprises temporary differences relating to:

	2009	2008
Taxable temporary differences		
Accelerated depreciation for tax purposes	38,675	20,250
Deductible temporary differences		
Others - Provision for doubtful receivables / accumulating compensated absences	(29,279)	(7,895)
Net deferred tax liability at the year end	9,396	12,355

	Deferred tax liability	Deferred tax asset	Net liability
	Accelerated tax depreciation	Others	
	(Rupees in thousand)		
Balance as at July 1, 2007	10,613	(5,026)	5,587
Charged to profit and loss account	9,637	(2,869)	6,768
Balance as at June 30, 2008	20,250	(7,895)	12,355
Charged/(credited) to profit and loss account	18,425	(21,384)	(2,959)
Balance as at June 30, 2009	38,675	(29,279)	9,396

		2009	2008
		(Rupees in thousand)	

9. Accumulating compensated absences

		2009	2008
Opening balance		28,344	26,029
Provision for the year		4,914	4,400
Less: Payments made during the year		(1,640)	(2,085)
Closing balance		31,618	28,344

10. Trade and other payables

		2009	2008
Creditors	- note 10.1	727,168	597,730
Accrued liabilities		122,377	78,001
Bills payable		38,284	139,507
Advances from customers	- note 10.2	1,901,509	2,845,515
Security deposits	- note 10.3	4,372	4,106
Trade mark fee payable		171,938	148,883
Income tax deducted at source		28,321	24,401
Workers' profit participation fund	- note 10.4	27,685	15,253
Workers' welfare fund		47,275	28,986
Unclaimed dividends		32,326	23,031
Others		40,593	30,917
		3,141,848	3,936,330

10.1 Creditors include amounts due to related parties Rs. 177,702 thousand (2008: Rs. 139,801 thousand).

10.2 These represent advances against sale of tractors which do not carry any mark-up.

10.3 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.

10.4 Workers' profit participation fund

		2009	2008
		(Rupees in thousand)	
Opening balance		15,253	1,865
Allocation for the year	- note 32	97,685	60,253
		112,938	62,118
Less: Payments made during the year		(85,253)	(46,865)
Closing balance		27,685	15,253

11. Short term borrowings

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 1,535,000 thousand (2008: Rs. 1,535,000 thousand). The rates of mark-up range from 31.90 paisas to 47.23 paisas (2008: paisas 28.05 to paisas 38.02) per Rs. 1,000 per day.

The group has the facilities for opening of letters of credit and guarantees aggregating to Rs. 2,059,000 thousand (2008: Rs. 2,025,000 thousand) out of which Rs. 843,286 thousand (2008: Rs. 447,787 thousand) remained unutilized at the end of the year.

These facilities are secured by pari passu hypothecation charge over current assets of the group lien over import documents, personal guarantees of the directors and counter guarantees of the group.

12. Contingencies and commitments

Contingencies

12.1 The group has given guarantee amounting to Rs. 5,000 thousand to the bank for repayment of loan by employees. An amount of Rs. 2,856 thousand (2008: Rs. 3,720 thousand) was utilized by employees as at June 30, 2009.

12.2 Guarantees issued by the banks on behalf of the company in the normal course of business amount to Rs. 210,770 thousand (2008: Rs. 227,882 thousand).

12.3 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.

12.4 In prior years, the Deputy Collector (Adjudication) of Sales tax raised additional tax demand of Rs. 16,189 thousand against certain claims of input tax by the Company. The Company has filed appeal against the demand and matter has also been referred to Alternate Dispute Resolution Committee (ADRC). However, Rs. 14,913 thousand was charged in financial statements for the year ended June 30, 2007 being the best estimate by the management of the group.

12.5 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 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.

12.6 In prior years, Punjab Social Security Institution issued demand notice to the Millat Tractors Ltd. for short payment of Social Security Contribution amounting to Rs. 6,827 thousand. The company filed complaint against the said notice before the vice commissioner social security who decided the case against the company. The company has filed an appeal before Social Security Court and the case is pending for final arguments before Social Security Court. The management and the legal advisor of the company is confident that no loss is likely to occur as a result of these cases, and hence, no provision there against has been made in the financial statements.

12.7 Guarantee issued by HBL on behalf of Millat Industrial Products Limited (subsidiary) in the normal course of the business amount to Rs. 930 thousand (2008: Rs. 930 thousand) in favour of Sui Northern Gas Pipelines Limited.

Commitments

12.8 Commitments in respect of outstanding letters of credit amount to Rs. 843,286 thousand (2008: Rs. 447,787 thousand) at the balance sheet date.

13. Property, plant and equipment

(Rupees in thousand)

	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Annual depreciation rate %
Freehold land	68,762	-	68,762	-	-	-	68,762	-
Leasehold land	8	-	8	-	-	-	8	-
Buildings on freehold land	178,944	2,657	181,601	132,659	4,382	137,041	44,560	5-10
Buildings on leasehold land	2,900	-	2,900	2,319	145	2,464	436	5
Plant and machinery	251,868	133,067 (4,192)	380,743	188,442	18,762 (3,253)	203,951	176,792	10
Furniture and office equipment	38,401	4,753 (1,177)	41,977	17,649	2,588 (540)	19,697	22,280	10-20
Vehicles	153,615	29,073 (18,096)	164,592	71,187	19,044 (11,959)	78,272	86,320	20
Tools and equipments	88,101	5,820 (14,242)	79,679	49,992	6,151 (10,776)	45,367	34,312	10-15
Computers	27,121	206 (10,897)	16,430	18,321	2,924 (10,553)	10,692	5,738	33
2009	809,720	175,576 (48,604)	936,692	480,569	53,996 (37,081)	497,484	439,208	

(Rupees in thousand)

	Cost as at July 1, 2007	Additions/ (deletions) Adjustment*	Cost as at June 30, 2008	Accumulated depreciation as at July 1, 2007	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2008	Book value as at June 30, 2008	Annual depreciation rate %
Freehold land - note 16	41,624	45,533 (900) * (17,495)	68,762	-	-	-	68,762	-
Leasehold land	8	-	8	-	-	-	8	-
Buildings on freehold land	174,081	3,963 900 *	178,944	128,131	4,528	132,659	46,285	5-10
Buildings on leasehold land	2,900	-	2,900	2,175	144	2,319	581	5
Plant and machinery	242,088	10,532 (752)	251,868	181,922	7,025 (505)	188,442	63,426	10
Furniture and office equipment	28,610	9,859 (68)	38,401	15,744	1,943 (38)	17,649	20,752	10-20
Vehicles	140,979	37,021 (24,385)	153,615	70,334	17,015 (16,162)	71,187	82,428	20
Tools and equipments	70,615	18,376 (890)	88,101	46,072	4,898 (978)	49,992	38,109	10-15
Computers	21,461	5,795 (135)	27,121	16,475	1,980 (134)	18,321	8,800	33
2008	722,366	131,079 (26,230) (17,495)	809,720	460,853	37,533 (17,817)	480,569	329,151	

13.1 Disposal of property, plant and equipment

Particulars of assets :	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
			(Rupees in thousand)			
Vehicles	**Directors**					
	Mr. L.K. Hashmi	3,500	2,582	918	918	Company car scheme
	Employees					
	Dr. Syed Amer Ali	991	731	260	260	Company car scheme
	- do -	840	519	321	321	Company car scheme
	Mr. Bashir Ahmed Ch.	981	724	257	257	Company car scheme
	Mr. M. Aslam Khokhar	821	605	215	215	Company car scheme
	Mr. Farough Iqbal	821	605	215	215	Company car scheme
	Mr. Zulfiqar Elahi	774	571	203	203	Company car scheme
	Mr. Qasim Saeed	774	571	203	203	Company car scheme
	Mr. Zahid H. Butt	604	446	158	158	Company car scheme
	Mr. S.M. Abdul Qadir	604	446	158	158	Company car scheme
	Mr. Gulzar Muhammad	604	446	158	158	Company car scheme
	Mr. Habib Ahmed	599	442	157	157	Company car scheme
	Mr. Shahid Iqbal Butt	451	113	338	338	Company car scheme
	Mr. Tanveer Ul Hassan	450	44	406	406	Company car scheme
	Mr. Mumtaz Hussain	434	179	255	255	Company car scheme
	Mr. Muhammad Ali Uppal	390	173	217	217	Company car scheme
	Mr. Khalid Nazir Ch.	374	276	98	98	Company car scheme
	Mr. Rasheed Ahmed	374	276	98	98	Company car scheme
	Mr. Liaqat Ali Memon	374	276	98	98	Company car scheme
	Mr. Ashraf Kisana	371	274	97	97	Company car scheme
	Mr. Akhtar Saleem	371	274	97	97	Company car scheme
	Mr. Ali Akhtar	371	274	97	97	Company car scheme
	Mr. Abid Majeed Malik	63	30	33	33	Company m/c scheme
	Mr. Masood Ahmed	63	23	40	40	Company m/c scheme
	Mr. Munir Ahmed Tahir	61	5	56	56	Company m/c scheme
	Mr. Muhammad Yousuf	60	40	20	20	Company m/c scheme
	Mr. Ahmed Yar Tariq	60	40	20	20	Company m/c scheme
	Mr. Muhammad Aslam	60	40	20	20	Company m/c scheme
	Mr. Majeed Ahmed	60	40	20	20	Company m/c scheme
	Mr. Anwar Ul Islam	60	40	20	20	Company m/c scheme
	Mr. Javed Qamar	58	39	19	19	Company m/c scheme
	Rana Abdul Ghafoor	58	39	19	19	Company m/c scheme
	Mr. Abdul Qadir	58	39	19	19	Company m/c scheme
	Mr. M. Ilyas	58	39	19	19	Company m/c scheme
	Mr. Waheed Iqbal	58	39	19	19	Company m/c scheme
	Mr. Farzand Ali	58	39	19	19	Company m/c scheme
	Mr. Abdul Razzaq	58	39	19	19	Company m/c scheme
	Mr. Muhammad Sadiq	58	39	19	19	Company m/c scheme
	Mr. Muhammad Asif Ali	58	39	19	19	Company m/c scheme
	Mr. Muhammad Afzal	58	39	19	19	Company m/c scheme
	Mr. A.N. Shakir	58	39	19	19	Company m/c scheme
	Mr. Hasnat Rashid	58	39	19	19	Company m/c scheme
	Mr. Muhammad Afzal	58	39	19	19	Company m/c scheme
	Mr. Muhammad Jaafar	58	39	19	19	Company m/c scheme
	Mr. Yasir Aftab	58	2	57	57	Company m/c scheme
	Mr. Shahid Iqbal Butt	58	34	24	24	Company m/c scheme
	Mr. Muhammad Shafiq	53	16	37	37	Company m/c scheme
	Mr. Tauseef Ahmed Hashmi	53	23	31	31	Company m/c scheme
	Mr. Muhammad Babar Inayat	51	4	46	46	Company m/c scheme
	Mr.Shahbaz Haider	663	235	428	428	Company m/c scheme
Computers	**Directors**					
	Mr. Sohail Bashir Rana	93	83	11	11	
	Mr. Sikandar Mustafa Khan	93	83	11	11	
	Mian M. Saleem	49	43	6	6	
	Mr. L.K. Hashmi	93	83	11	11	
	Employees					
	Dr. Syed Amer Ali	71	58	13	13	
	Mr. Javed Munir	67	56	11	11	
	Ch. Bashir Ahmed	46	26	20	20	
	Mr. Mubashar Iqbal	46	31	15	15	

		2009	2008
		(Rupees in thousand)	

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

Cost of sales	- note 27	30,912	21,835
Distribution and marketing expenses	- note 28	6,661	4,549
Administrative expenses	- note 29	16,423	11,149
		53,996	37,533

14. Capital work-in-progress

Plant and machinery	14,938	111,145
Advance for purchase of office space	83,230	64,064
Advance for purchase of office furniture	85	102
Others	6,082	4,644
	104,335	179,955

15. Intangible asset - in progress

It represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software.

16. Investment property

Opening balance	273,203	255,708
Transferred in during the year	-	17,495
Closing balance	273,203	273,203

Based on the valuation carried out by an independent valuer as at June 30, 2009, the fair value of investment property is Rs. 381,375 thousand (2008: Rs. 472,000 thousand).

17. Long term investments

Investment in related parties
In associated companies

Quoted		
Bolan Castings Limited		
3,654,945 (2008: 2,811,498) fully paid ordinary shares of Rs. 10/- each Equity held 46.26% (2008: 46.26%). Market value as at June 30, 2009 is Rs. 60,607 thousand (2008: Rs. 35,934 thousand)	173,526	146,540
Unquoted		
Millat Equipment Limited		
11,700,000 (2008: 11,700,000) fully paid ordinary shares of Rs. 10/- each Equity held 45% (2008: 45%) Value of investment based on net assets as shown in the audited accounts as at June 30, 2009 is Rs.386,673 thousand (2008: Rs. 331,809 thousand)	172,217	147,527

	2009	2008
	(Rupees in thousand)	
Arabian Sea Country Club Limited		
500,000 (2008: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2008: 6.45%)		
Value of investment based on the net assets shown in the audited account as at June 30, 2008 is Rs. 3,926 thousand (2007: Rs. 4,679 thousand)		
Less: Impairment loss	(5,000)	(5,000)
	-	-
Agrimall (Private) Limited		
2,000 (2008: 2,000) fully paid ordinary shares of Rs.10/- each	20	20
Equity held 20% (2008: 20%)		
Value of investment based on the net assets shown in the audited account 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 (2008: 1,282,825) fully paid ordinary shares of Rs. 10/- each	25,481	25,481
Surplus on revaluation of investment	10,438	50,205
Market value as at June 30	35,919	75,686
	381,662	369,753

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:

Name June 30, 2008	Percentage interest held	Assets	Liabilities	Revenue	Profit/ (Loss)
			(Rupees in thousand)		
Bolan Castings Limited	46.26%	806,946	472,006	1,130,538	22,648
Millat Equipment Limited	45.00%	1,160,365	832,882	647,136	41,373
Arabian Sea Country Club Limited*	6.45%	148,600	76,068	86,325	(3,796)
Agrimall (Private) Limited*	20.00%	16,034	36,501	16,133	223
		2,131,945	1,417,457	1,880,132	60,448

* The audited accounts for these entities were drawn up to June 30, 2007

Name June 30, 2009	Percentage interest held	Assets	Liabilities	Revenue	Profit/ (Loss)
			(Rupees in thousand)		
Bolan Castings Limited	46.26%	893,488	509,123	1,604,626	34,026
Millat Equipment Limited	45.00%	1,051,866	665,193	1,172,563	93,864
Arabian Sea Country Club Limited*	6.45%	153,579	92,714	85,113	(11,230)
Agrimall (Private) Limited*	20.00%	13,256	33,737	12,944	(13)
		2,112,189	1,300,767	2,875,246	116,647

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

18. Long term loans - considered good

		2009	2008
		(Rupees in thousand)	
Loan to related party	- note 18.1	900	900
Loan to employees:			
Company loan	- note 18.2	2,154	3,558
Motor Cycle loan	- note 18.3	2,382	2,338
Less: Current portion included in current assets	- note 22	(2,061)	(2,411)
		2,475	3,485
		3,375	4,385

18.1 Unsecured loan bearing mark up at 11% 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 (2008: Rs. 900 thousand).

18.2 This represents interest free loans to employees aggregating to Rs. 2,154 thousand (2008: Rs. 2,338 thousand) and are secured against their gratuity and provident fund balances. These loans are repayable in monthly instalments over a period of 2 years.

18.3 This represent interest free loans to employees for purchase of motor cycles aggregating to Rs. 2,382 thousand (2008: Rs. 3,558 thousand) and are secured by joint registration of motor cycles in the name of the employees and the group. These loans are repayable in monthly instalments over a period of 5 years.

18.4 Reconciliation of carrying amount of loans to executives:

	Balance as at July 1, 2008	Disbursement during the year	Repayments during the year	Balance as at June 30, 2009
			(Rupees in thousand)	
Due from Executives	7	10	7	10

19. 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.

	2009	2008
	(Rupees in thousand)	
20. Stock-in-trade		
Raw materials (including in transit Rs. 342,698 thousand 2008: Rs. 309,329 thousand)	1,734,626	1,311,027
Work-in-process	122,232	46,148
Finished goods :		
Manufacturing	186,731	275,267
Trading	65,653	37,624
Others	969	552
	2,110,211	1,670,618

Included in stocks are raw material and components held with third parties amounting to Rs. 63,846 thousand (2008: Rs. 65,046 thousand).

21. Trade debts

	2009	2008
Trade debts - Considered good	148,677	118,809
- Considered doubtful	12,605	17,851
	161,282	136,660
Less: Provision for doubtful debts	(12,605)	(17,851)
	148,677	118,809

All debts are unsecured except for Rs. 133 thousand (2008: Rs. 7 thousand) which are secured against deposits.

			2009	2008
			(Rupees in thousand)	

22. Loans and advances

Current portion of long term loans to employees	- note 18	2,061	2,411
Advances to employees - Considered good	- note 22.1	1,308	1,803
Advances to suppliers - Considered good	- note 22.2	88,349	71,260
- Considered doubtful		2,485	4,706
Less: Provision for doubtful advances	- note 22.3	(2,485)	(4,706)
		-	-
Letter of credit opening charges		15,504	24,711
		107,222	100,185

22.1 Included in advances to employees are amounts due from the Chief Executive Rs. Nil (2008: Rs. 76 thousand) and Directors Rs. Nil (2008: Rs. 293 thousand) in respect of travel advance.

The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 295 thousand (2008: Rs. 139 thousand) and directors Rs. 775 thousand (2008: Rs.735 thousand) in respect of travel advance.

22.2 Advances to suppliers include advances to vendors of Rs. 58,933 thousand (2008: Rs. 58,871 thousand) which carry mark-up of 20% per annum. Included in advances to vendors are advances to related parties of Rs. 2,712 thousand (2008: Rs. 2,154 thousand)

			2009	2008
			(Rupees in thousand)	

23. Other receivables

Special excise duty recoverable		140,182	61,566
Sales tax recoverable		921,973	1,084,064
Less : Provision for doubtful claims		(34,147)	(34,147)
		887,826	1,049,917
Claims receivable from principal suppliers		20,294	10,298
Profit/interest accrued	- note 23.1	5,333	211
Pension fund	- note 23.2	54,299	46,943
		1,107,934	1,168,935

23.1 Profit/interest accrued

On bank deposits	5,219	196
On loan to associate	114	15
	5,333	211

	2009	2008
	(Rupees in thousand)	

23.2 Pension fund

This comprises:		
Present value of defined benefit obligation	(483,464)	(428,585)
Fair value of plan assets	602,621	536,159
Unrecognized actuarial (gains) - net	(64,858)	(60,631)
Asset recognized in the balance sheet	54,299	46,943

Charge for the year

Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	16,168	15,542
Interest cost	51,430	37,733
Expected return on plan assets	(64,339)	(65,756)
Net actuarial gain recognized in the year	(779)	(1,585)
Past service cost	-	8,063
	2,480	(6,003)

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

Present value of defined benefit obligation as at July 1	428,585	377,329
Interest cost	51,430	37,733
Current service cost	16,168	15,542
Benefits paid	(17,303)	(13,115)
Actuarial loss	4,584	3,033
Past service cost due to change in benefits	-	8,063
Present value of defined benefit obligation as at June 30	483,464	428,585

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

Fair value of plan assets as at July 1	536,159	469,684
Expected return on assets	64,339	65,756
Contributions	9,836	9,820
Benefits paid	(17,303)	(13,115)
Actuarial gain	9,590	4,014
Fair value of plan assets as at June 30	602,621	536,159
Actual return on plan assets	73,929	69,770

Plan assets comprise:		
Defence Saving Certificates	14,067	34,077
Bonds, mutual funds and Term Deposit Receipts	583,280	501,908
Cash	5,274	174
	602,621	536,159

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:

As at June 30	2009	2008	2007	2006	2005
			(Rupees in thousand)		
Present value of defined benefit obligation	483,464	428,585	377,329	365,806	253,518
Fair value of plan assets	602,621	536,159	468,981	374,789	311,868
Surplus	119,157	107,574	91,652	8,983	58,350
Experience adjustment on plan obligation	4,584	3,033	(28,314)	81,979	(49,264)
Experience adjustment on plan assets	9,590	4,014	41,461	32,995	23,051

		2009	2008
		(Rupees in thousand)	
24.	**Short term investments**		
	Financial asset at fair value through profit and loss accounts	1,153,999	2,507,379
	Surplus on revaluation of investment	19,440	324,391
	Market value as at June 30	1,173,439	2,831,770
25.	**Cash and bank balance**		
	In hand:		
	Demand drafts	-	49,974
	Cash	762	306
		762	50,280
	At banks:		
	Current accounts	549,909	233,946
	Saving accounts	18	4
	Deposit accounts	460,000	-
		1,010,689	284,230

The saving accounts bear mark-up which ranges from 5% to 6% per annum whereas the deposit account bears mark-up at 9% per annum.

26. Sales - net

		2009	2008
Local			
Tractors		15,068,226	9,977,278
Implements		19,714	20,381
Multi-application products		257,217	407,454
Trading goods		176,234	175,709
Batteries		206,505	98,371
Warranty and maintenance services	- note 7	638,089	599,766
		16,365,985	11,278,959
Less: Sales tax		(28,960)	(30,590)
		16,337,025	11,248,369
Export			
Tractors		26,825	151,237
Implements		636	1,743
Trading goods		-	484
Batteries		8,173	-
		35,634	153,464
		16,372,659	11,401,833
Less: Commission and discount		(280,929)	(129,448)
		16,091,730	11,272,385

		2009	2008
		(Rupees in thousand)	
27. Cost of sales			
Components consumed		12,846,841	9,217,172
Salaries, wages and amenities	- note 27.1	214,218	176,306
Contract services		122,334	93,442
Fuel and power		59,647	40,591
Communication		1,682	1,548
Traveling and vehicle running		9,201	8,068
Printing and stationery		3,247	1,900
Insurance		12,402	9,680
Repairs and maintenance		48,498	24,765
Stores and spares consumed		74,685	58,954
Depreciation	- note 13.3	30,912	21,835
Other expenses		3,434	4,323
		13,427,101	9,658,584
Add: Opening work-in-process		46,148	35,418
Less: Closing work-in-process		(122,232)	(46,148)
Increase in work-in-process		(76,084)	(10,730)
Cost of goods manufactured		13,351,017	9,647,854
Add: Opening finished goods		275,267	201,155
Less: Closing finished goods		(189,912)	(275,267)
Decrease/(increase) in finished goods stock		85,355	(74,112)
Cost of sales - manufactured		13,436,372	9,573,742
Cost of sales - trading	- note 27.2	101,302	125,239
Cost of sales - warranty and maintenance services	- note 27.3	71,496	69,529
		13,609,170	9,768,510

27.1 Salaries, wages and amenities include Rs. 1,284 thousand (2008: Rs. 2,935 thousand) in respect of pension expense.

		2009	2008
27.2 Cost of sales - trading			
Opening stock		37,624	39,459
Purchases		129,331	123,404
Closing stock		(65,653)	(37,624)
Cost of goods sold		101,302	125,239
27.3 Cost of sales - warranty and maintance services			
Warranty expenses		39,010	37,398
Maintenance services		8,817	7,244
Service department expenses	- note 27.3.1	23,669	24,887
		71,496	69,529

27.3.1 This includes salaries and amenities amounting to Rs. 12,645 thousand (2008: Rs. 13,638 thousand).

		2009	2008
		(Rupees in thousand)	

28. Distribution and marketing expenses

		2009	2008
Salaries and amenities	- note 28.1	36,663	33,184
Contract services		11,236	8,599
Fuel and power		3,921	3,232
Communication		1,183	1,168
Travelling and vehicle running		7,732	6,899
Printing and stationery		7,354	3,584
Insurance		4,183	4,232
Trademark fee		306,671	272,924
Advertisement and sales promotion		17,138	7,987
Depreciation	- note 13.3	6,661	4,549
Meeting/convention		3,707	3,808
Research cost		7,998	4,193
Other expenses		5,300	12,919
		419,747	367,278

28.1 Salaries and amenities include Rs. 320 thousand (2008: Rs. (842) thousand) in respect of pension expense.

29. Administrative expenses

		2009	2008
Salaries and amenities	- note 29.1	131,776	107,422
Contract services		9,810	12,353
Fuel and power		7,129	7,098
Communication		2,595	2,876
Travelling and vehicle running		23,022	18,396
Printing and stationery		439	852
Insurance		4,256	4,271
Repairs and maintenance		10,041	6,450
Security		8,879	7,307
Legal and professional	- note 29.2	11,812	15,329
Depreciation	- note 13.3	16,423	11,149
Provision for doubtful debts		-	5,246
Provision for doubtful advances		-	2,952
Rent, rates and taxes		3,806	3,915
Fee and subscription		2,165	2,174
Entertainment		3,626	2,927
Other expenses		21,384	10,766
		257,163	221,483

29.1 Salaries and amenities include Rs. 466 thousand (2008: Rs. (2,330) thousand) in respect of pension expense.

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

	2009	2008
Statutory audit	750	350
Half yearly review	125	50
Special reports and sundry certifications	530	240
Out of pocket expenses	75	50
	1,480	690

	2009	2008
	(Rupees in thousand)	

30. Other operating income

Income from financial assets

	2009	2008
Dividend income	1,604	2,565
Return on bank deposits	24,242	1,302
Gain on sale of short-term investments	70,699	22,478
Change in fair value of short-term investments	19,440	229,378
Interest charged on early payments and advances	26,645	10,054
	142,630	265,777

Income from investment in associates and loans to related parties

	2009	2008
Interest on loan to Agrimall (Private) Limited	99	99

Income from assets other than financial assets

	2009	2008
Rental income	4,923	4,936
Scrap sales	19,763	11,253
Net profit on disposal of fixed assets	-	614
Others	14,066	12,339
	38,752	29,142
	181,481	295,018

31. Finance cost

	2009	2008
Mark-up on short term running finance - secured	43,411	25,415
Bank charges and commission	1,348	1,392
	44,759	26,807

32. Other operating expenses

		2009	2008
Workers' profit participation fund	- note 10.4	97,685	60,253
Workers' welfare fund		35,258	16,986
Donations	- note 32.1	20,540	265
Fixed assets written off		5,289	-
Exchange loss		6,220	4,616
		164,992	82,120

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

33. Share of profit of associates

	2009	2008
Bolan Castings Limited	24,587	1,803
Millat Equipment Limited	64,186	39,920
	88,773	41,723

	2009	2008
	(Rupees in thousand)	
34. Taxation		
For the year		
- Current	555,265	291,993
- Deferred	23,649	6,768
	578,914	298,761
Prior years		
- Current	(10,997)	11,580
- Deferred	(26,608)	-
	541,309	310,341

35. Events after balance sheet date

Dividend declared by the parent undertaking after the balance sheet date amounts to Rs. 585,688 thousand (Rs. 25 per share) {2008: Rs. 374,840 thousand (Rs. 20 per share)}, while appropriation to general reserve and for issuance of bonus shares made after the balance sheet date amount to Rs. 247,000 thousand and Rs.58,569 thousand respectively (2008: Rs. 155,000 thousand and Rs. 46,855 thousand respectively).

36. 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 :

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rupees in thousands					
Number of persons	3**	1	6	5	22	18
Remuneration	2,278	1,880	7,467	5,949	15,032	11,746
Cost of living allowance	1,019	-	7,964	-	11,769	-
Bonus	660	1,890	3,430	6,390	7,062	10,276
House rent	1,025	846	3,362	2,678	5,857	4,805
Contribution to provident fund and gratuity funds	162	526	674	899	3,568	2,838
Pension contribution	119	320	407	587	2,049	1,700
Medical expenses	234	331	1,759	442	2,137	1,425
Utilities	181	242	1,239	762	1,814	1,369
Other reimbursable expenses	918	881	3,121	3,163	4,422	4,503
	6,596	6,916	29,423	20,870	53,710	38,662

** During the year, Mr. Laeeq Uddin Ansari was appointed as the Chief Executive with effect from May 12, 2009 in place of Mr. Muhammad Shoaib Pasha. Mr. Muhammad Shoaib Pasha had been appointed as the Chief Executive with effect from October 30, 2008 in place of Mr. Sohail Bashir Rana, who retired as Chief Executive on the same date.

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

36.1 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of fee to 1 director (2008: 3 directors) was Rs. 9 thousand (2008: Rs. 15 thousand) and travelling expenses Rs. 121 thousand (2008: Rs. 260 thousand).

37. Transactions with related parties

The related parties and associated undertakings comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The group in the normal course of business carries out transactions with 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 36. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature and transaction	2009	2008
		(Rupees in thousand)	
Associates	Sale of goods	16,247	-
	Purchase of components	2,673,337	1,573,337
	Dividend income	17,550	7,677
	Rental income	88	80
Other related parties	Purchase of components	50,529	59,695
Retirement benefit plans	Contribution to staff retirement benefit plans	36,712	25,890

38. Combined earnings per share

38.1 Combined 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:

		2009	2008
Profit for the year after tax	(Rupees in thousands)	1,280,223	808,388
Average ordinary shares in issue	(Numbers)	23,427,461	23,427,461
Earnings per share	(Rupees)	54.65	34.51

38.2 Combined diluted earnings per share

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

		2009	2008
		(Rupees in thousand)	
39. Cash generated from operations			
Profit before taxation		1,866,153	1,142,928
Adjustment for:			
Depreciation on property, plant and equipment		53,996	37,533
Profit on bank deposits		(24,242)	(1,302)
Property, plant and equipment written off		5,289	(614)
Provision for doubtful debts		-	5,246
Provision for doubtful advances		-	2,952
Dividend		(1,604)	(2,565)
Finance cost		44,759	26,807
Reversal of impairment charged on investments		-	-
Gain on sale of investments		(90,139)	(22,478)
Share of profit of associates		(88,773)	(41,723)
Amortisation of pre-commencement operating expenses		1,032	1,031
Working capital changes	- note 39.1	(1,220,849)	204,445
		545,622	1,352,260

39.1 Working capital changes

	2009	2008
(Increase)/decrease in current assets		
- Stores and spares	490	(33,215)
- Stock-in-trade	(439,593)	185,934
- Trade debts	(29,868)	170,896
- Loans and advances	(7,037)	(47,609)
- Trade deposits and prepayments	(7,088)	(3,876)
- Interest accrued on loan to Agrimall (Private) Limited	(99)	201
- Other receivables	66,123	(752,156)
	(417,072)	(479,825)
Increase/(decrease) in current liabilities		
- Trade and other payables	(803,777)	684,270
	(1,220,849)	204,445

39.2 Cash and cash equivalents

	2009	2008
Cash and bank balances	1,010,689	284,230
Short term borrowings - running finance	-	(56,203)
	1,010,689	228,027

40. Financial risk management

40.1 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:

	2009	2008
	(Rupees in thousand)	
Trade and other payables - UKP	(1,272)	(1,215)
Net exposure - UKP	(1,272)	(1,215)
Trade and other payables - USD	(178)	(455)
Net exposure - USD	(178)	(455)
Trade and other payables - Euro	(116)	(755)
Net exposure - Euro	(116)	(755)

The following significant exchange rates were applied during the year:

	2009	2008
Rupees per UKP		
Average rate	126.55	125.40
Reporting date rate	135.38	135.94
Rupees per USD		
Average rate	79.92	62.55
Reporting date rate	81.30	68.20
Rupees per Euro		
Average rate	107.99	93.32
Reporting date rate	114.82	107.62

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. 10 million (2008: Rs. 13.87 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 group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The equity instrument held by the group 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). Therefore, it is not possible to measure the impact of increase / decrease in the KSE Index on the group'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 rate.

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

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

	2009	2008
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	460,000	-
Bank balances - savings accounts	18	4
Advances to vendors	58,933	58,871
Total exposure	518,951	58,875
Floating rate instruments		
Financial liabilities		
Short term borrowings	-	56,203

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:

	2009	2008
	(Rupees in thousand)	
Long term investments	35,919	75,686
Long term loans	900	900
Loans to employees	4,536	5,896
Trade debts	148,677	118,808
Other receivables	90,537	57,452
Short term investments	1,173,439	2,831,770
Bank balances	1,009,835	283,924
	2,463,843	3,374,436

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.

(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:

Banks	Rating		Rating		
	Short term	Long term	Agency	2009	2008
				(Rupees in thousand)	
Meezan Bank Limited	A1	A+	JCR	12,076	10
Zarai Taraqiati Bank	A1+	AAA	JCR	525,274	76,505
Bank Alfalah Limited	A1+	AA	PACRA	48,369	90,184
Standard Chartered Bank	A1+	AAA	PACRA	9,464	534
Royal Bank of Scotland	A1+	AA	PACRA	12,047	968
United Bank Limited	A1+	AA+	JCR	377,463	109,678
Bank of Punjab Limited	A1+	AA-	PACRA	690	12
MCB Bank Limited	A1+	AA+	PACRA	6,827	1,074
Habib Bank Limited	A1+	AA+	JCR	17,625	4,959
				1,009,835	283,924

Mutual funds	Rating	Rating Agency	2009	2008
			(Rupees in thousand)	
United Growth and Income Fund	A (f)	JCR	349,776	489,653
NAFA Cash Fund	A (f)	JCR	352,226	816,017
Askari Income Fund	A-	PACRA	-	795,272
MCB Dynamic Cash Fund		Not Available	471,437	-
KASB Liquid Fund		Not Available	-	730,828
			1,173,439	2,831,770

Due to the group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the group. Accordingly, the credit risk is minimal.

(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 availability of funding through an adequate amount of committed credit facilities. At June 30, 2009, the group had Rs. 1,535 million available borrowing limits from financial institutions and Rs. 1,011 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Trade and other payables	3,155,989	3,155,989	-	-
Accrued finance cost	4,084	4,084	-	-
	3,160,073	3,160,073	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2008:

Trade and other payables	3,952,899	3,952,899	-	-
Accrued finance cost	6,150	6,150	-	-
	3,959,049	3,959,049	-	-

40.2 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.

40.3 Financial instruments by categories

	Available for sale		At fair value Through profit and loss		Loans and receivables		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)							
Financial assets as per balance sheet								
Long term investments	35,919	75,686	-	-	-	-	35,919	75,686
Long term loans	-	-	-	-	900	900	900	900
Loans to employees	-	-	-	-	4,536	5,896	4,536	5,896
Trade debts	-	-	-	-	148,677	118,808	148,677	118,808
Other receivables	-	-	-	-	90,537	57,452	90,537	57,452
Short term investments	-	-	1,173,439	2,831,770	-	-	1,173,439	2,831,770
Cash and bank balances	-	-	-	-	1,009,834	283,924	1,009,834	283,924
	35,919	75,686	1,173,439	2,831,770	1,254,484	466,980	2,463,842	3,374,436

	Financial liabilities	
	2009	2008
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	3,155,989	3,952,899
Accrued finance cost	4,084	6,150
	3,160,073	3,959,049

40.4 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 for 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.

	2009	2008
	Units per annum	

41. Capacity and production

Tractors

Plant capacity (double shift)	30,000	30,000
Actual production	30,244	27,506

42. Date of authorisation for issue

These financial statements were authorised for issue on September 17, 2009 by the board of directors .

43. Details of subsidiary

Millat Industrial Product Limited

Accounting year end	June 30, 2009	June 30, 2008
Percentage of holding	64.09%	64.09%
Country of incorporation	Pakistan	Pakistan
Share of net assets as at June 30 (Rupees in thousands)	60,608	35,934

44. Corresponding figures

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

Sikandar Mustafa Khan
Chairman

Laeeq Uddin Ansari
Chief Executive

DEALERS

TRACTOR DEALERS

PUNJAB

Ahmer 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
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, 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

BALUCHISTAN

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

N.W.F.P

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

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 Riaz Autos, Sheikhupura
New Kissan Autos, Hafizabad
Kissan Tractor House, Sialkot
Madina Autos Services, Sambarial
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, Jehanian
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

N.W.F.P.
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
Summurs Tractors, Sara-e-Norang

BHAKKAR
Shaheen Tractor Workshop, Hyderabad Thal
Bhati Tractor Wordship, Kalore Kot
Hashmi Tractor Workshop, Mankrah
Sahiwal Tractor Workshop, Bail Mankrah
Sahiwal Tractor Repairing Workshop, Darya Khan

BAHAWALNAGAR
Mughal Tractor Workshop, Haroonabad
Chaudhry Tractor Workshop, Minchanabad
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
Sarwar Tractor Workshop, Chani Goth
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-Noor Tractor Workshop, Noor Pur
Zahoor and Brothers Tractor Workshop, Khanqah Sharif

CHAMAN
Ravi Tractor Workshop, Qilla Abdullah
Ravi Tractor Workshop, Pir Ali Zai
Mistri Inaytullah Workshop, Chamman Bazar
Mistri Muhammad Lal Workshop, Chamman
Ravi Tractor House, Chaman
Ravi Tractors Workshop, Chamman Border
Ravi Tractor Workshop, Afghan Border

CHAKWAL
Master Sajjad Hussain Tractor Workshop, Chakwal
Mian Asif Tractor Workshop, Pind Dadin Khan
Sargodha Tractor Workshop, Tala Gang
Iqbal Enterprises, Chakwal
Manzoor Tractor Workshop, Chakwal
Zamindar Tractor Workshop, Pattanwal

CHARSADDA
Rahim Tractor Workshop, Sirdehri
Tractor House Workshop, Charsadda

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

DADU
Al-Hamad Tractors, Dadu
Al-Hamad Tractor Workshop, Saee dabad
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, 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 Mooqim

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

GILGIT
Karim Autos Workshop, Sakradu
Rakaposhi and Kissan Tractor Workshop, Sakradu
Krakuram Autos Workshop, India Border
Raza Autos Workshop, India Border

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

HYDERABAD
Awan Diesel Service, 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
Ishtiaq Tractor Workshop, Sangohi
Bismillah Tractor Workshop, Sehnsa
New Modern Tractor Workshop, Kotli
Gujranwala Tractor Workshop, Chakswari
Ishfaq Tractor Workshop, Shakrila
Kashmir Tractors, Jhelum

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, Bukkhar 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

KHUSHAB
Ashraf Tractor Workshop, Rangpur
Babar Tractor Workshop, Quaidabad
Pak Tractor House, Jauharabad

KASUR (Z & K)
Yousaf Tractor Workshop, Phool Nagar
Khokhar Tractor Workshop, Pattoki
Zamindar Tractor Workshop, Ting More
Zamindar Tractor Workshop, Chunian

Kissan Tractor Workshop, Khudian Khas
Qalandri Tractor Workshop, Adda Talwandi
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
Abid Tractor Workshop, Habibabad
Riaz Tractor Workshop, Chunian
Kissan Tractor Workshop, Kot Radha kissen

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

KOHAT

Hameed 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, Mohlanwal
Highway Tractor Workshop, Manga Mandi
Kissan Auto Services Workshop, Jallo More
Madina Tractor Workshop, Raiwind
Sher Rabbani Tractor Workshop, Shamke Bhattian
Mehr Tractor Workshop, Boghiwal
Jameel Tractor Workshop, Karolwal
Globe Automobiles (Pvt Ltd., Lahore
Nadeem Brothers Autos Engeering & Services, Lahore
Sajid Tractor Workshop, Lahore Cantt
Sahib Tractor Workshop, Saral Adda Talab
Bhatti Tractors Workshop, Multan Road
Zafar Tractor Workshop, Ali Razabad

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

LODHRAN

Multan Tractor Workshop, Kahror Pacca
Syed Tractors, Lodhran
Irfan Tractor Workshop, Dunyapur
Qadri Tractor Workshop, Dunyapur
Zeshan Tractor Workshop, Lodhran
Mukhtar Tractor Workshop, Chak No M.97, Lodhran
Hamza Tractors Workshop, Adda Permint

LORALAI

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

LARKANA

Saleem Tractor Workshop, Dokri
Munawar Anwar Tractor Workshop, Nodero
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

MALAKAND

Afghan Tractor Workshop, Dargai

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
General Tractor Workshop, Piplan
Akhtar Tractor Workshop, Wan Bachran
Super United Tractors, Mianwali

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 Worksop, Jilalpur Pirwala
Bismillah Tractor Workshop, Pul Khara, Shujaabad
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

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
Millat Farm Machinery Workshop, Noshero Feroz
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
Jamsu Tractor Workshop, Daulat Pur

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, Shakargrah
Asim Tractor Workshop, Qila Suba Singh
Kissan Tractor Workshop, Narowal

NANKANA
Shahrah Tractor Workshop, Nankana
Malik Tractor Workshop, Faizabad
Shahid Tractor Workshop, Buche Ki
Zarie 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
Nazir Tractor Workshop, Khanqah Dogran
Awami Tractor Workshop, Mangatan wala
Kamboh Tractor Workshop, Mandi Safdarabad
Punjab Hasilpur Tractor Workshop, Shahkot

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
Arshad Tractor Workshop, Akbar Chowk, Okara
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
Baluchinstan Tractor Workshop, Dalbadin
Daavi Tractor Workshop, Sibbi
Daavi Tractor Workshop, Ziarat Road
Davi Tractor Workshop, Dahadar
Davi Tractor Workshop, Khinzdar
Davi Tractor Workshop, Sohrab Road

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 Iqbal Tractor Workshop, Jampur
Ashraf Tractor Workshop, Kot Mithan

RAWALPINDI

Kissan Tractor Workshop, Chowk Pindowri
Akhtar Tractor Workshop, Sawan Camp
Sahgol Motors, Rawalpindi
Qamar Saleem Tractor Workshop, Rawalpindi
Sargodha Tractor Workshop, Gojar Khan
Noor Ullah Jan Tractor Workshop, Kahuta
Qamar Saleem Tractor Workshop, Kahutta
Itifaq Tractor Workshop, Texilla
Chaudhry Tractor Workshop, Shah Bagh
Bismillah Sargodha Tractor Workshop, Jathli

RAHIM YAR KHAN

Anwar Mustafa Tractor Workshop, R. Y. Khan
Al-Riaz Tractor Workshop, Chatha Bhatta
Ghafoor Tractor Workshop, Kot Sabzal
Ashraf Javed Tractor Workshop, Khan Pur
Rais Tractor Workshop, Zahir Pir
Kalachi Tractor Workshop, Tranda M. Pinah
Kissan Tractor Workshop, Tranda Sawaya Khan
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
Aslam Tractor Workshop, Feroza
Abdul Shakoor Tractor Workshop, Liaqat Pur
Manzoor Tractor Workshop, Jamal Din Wali
Shoaib Tractor Workshop, Sinjar Pur
Syed Brothers Tractor Workshop, Sadiqabad
Ashraf Tractor Workshop, Chowk Mahutra
Pakistan Tractor Workshop, Chowk Shahbaz Pur
Munir Tractor Workshop, Jamal Din Wali
Altaf Tractor Workshop, Tul Hamza

SHAHDAD KOT

Bhatai Tractor Workshop, Shahdad Kot
Shah Abdul Latif Tractor Workshop, Qamber Ali Khan
Bismillah Tractor Workshop, Miro Khan
Hafiz 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
Zarie Markaz (Agrimall) Workshop, Muridkey
Shahrah Autos (Main Workshop), Sheikhupura
Butt Tractor Workshop, Mana Mala
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

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

Awami Tractor Workshop, Pannu Aqil
Ayaz Tractor Workshop, Mirpur Mathelo
Millat Tractor Workshop, Ubaro
Sind Tractor Workshop, Lakhi Ghulam Shah
Bismillah Tractor Workshop, Dehrki
Tariq Auto Workshop, Shikarpur
Qasim Tractor Workshop, Gari Yasin
Popular Tractor Workshop, Khanpur Mehra, Ghotki
Papular Tractor Workshop, Ali Wahin
New Madina Tractor Workshop, Adil Pur, Ghotki
New Awami Tractor Workshop, Sarhid, Ghotki
Papular Tractor Co. Sukkur

SANGHAR

Al-Madina Tractor Workshop, Tando Adam
New Sind Tractor Workshop, Jhol
Sind Tractor Workshop, Sinbhoro

Agha Tractor Workshop, Shahdad Pur
Mehran Trading Co. Sanghar
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 46th Annual General Meeting of the Company to be held at Company's Registered Office, 9 K.M. Sheikhupura Road, Lahore, on **Friday, October 30, 2009 at 4:00 p.m** and at every adjournment thereof.

Signed this ______________________ day of ______________________ 2009

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 authorised 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 Company's Registered Office, 9 K.M., Sheikhupura Road, Lahore, not less than 48 hours before the time of holding the meeting.

MILLAT TRACTORS LIMITED

Registered Office:
Sheikhupura Roard, Distt: Sheikhupura
Phone: +92.42.7911021-25 (5 lines)
UAN: 111.200.786