

50 YEARS  
OF DELIVERING DYNAMIC CHANGE  
WITH INTEGRITY AND TRANSPARENCY

GOLDEN JUBILEE  
CELEBRATIONS



FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2014

YEARS



**MILLAT TRACTORS LIMITED**

# Corporate Information

## BOARD OF DIRECTORS

### Chairman

Mr. Sikandar Mustafa Khan

### Chief Executive

Syed Muhammad Irfan Aqueel

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Syed Zubair Ahmed Shah (NIT Nominee)

Mr. Saad Iqbal

### Company Secretary

Mian Muhammad Saleem

### Chief Financial Officer

Mr. Sohail A. Nisar

### Auditors

M/s. Ernst & Young Ford Rhodes Sidat Hyder,

Chartered Accountants

### Legal Advisors

MJLA LEGAL

(Mujtaba Jamal Law Associates)

Akhtar Ali & Associates

Ch. Law Associates Inn

### Company Share Registrars

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

Tel: 042-37235081-82

Fax: 042-37358817

shares@hmaconsultants.com

### Bankers

Bank Alfalah Ltd.

Barclays Bank PLC.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank.

United Bank Ltd.

Allied Bank Ltd.

Meezan Bank Ltd.

### Registered Office and Plant

Sheikhupura Road, Distt. Sheikhupura.

Tel: 042-37911021-25, UAN: 111-200-786

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

## REGIONAL OFFICES

### Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society,

Tel: 021-34553752, UAN: 111-200-786

Fax: 021-34556321

### Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371, Fax: 061-6539271

### Islamabad

H. No. 22, St. No. 41, Sector F-6/1,

Tel: 051-2271470, UAN: 111-200-786

Fax: 051-2270693

### Sukkur

A-3, Professor Housing Society,

Shikarpur Road,

Tel: 071-5633042, Fax: 071-5633187

## Directors' Review

It is my pleasure to present the unaudited condensed interim financial statements for the quarter and half year ended December 31, 2014. These condensed financial statements, as required, were subject to limited review by external auditors and their Review Report is also annexed.

During the half year ended December 31, 2014, the company managed to achieve a sales volume of 12,810 tractors as compared to 11,464 tractors in the corresponding period of last financial year registering an increase of 11.7%. The net sales volume for the half year was Rs. 10,167 million against Rs.9,076 million in the same period last year showing an increase of 12%. Profit after tax for the period under review is Rs. 1,178 million translating into an EPS of 26.58 as compared to Rs. 889 million translating into EPS of Rs. 20.07 for the corresponding period of last financial year depicting an increase of 32.5%.

The reduction of sales tax on tractors from 16% to 10% and commencement of loans to farming community has resulted in increased bookings and sales. Prevalent stability of foreign exchange parity coupled with the lowest inflation in last few years will keep economy on the track of recovery. The reduction of oil prices worldwide improved balance of trade and payments. The recent reduction in discount rate by the State Bank of Pakistan should have positive impact on the industry.

Looking ahead we foresee improved sales activity, however, low pricing of cash crops may impede the economic growth in agriculture.

MTL have been in discussion with its principals (AGCO) to restructure their business relationship in view of emerging opportunities of international growth but have now received 12 months notice from AGCO/MF of their intent to withdraw their Trade Mark.

In this connection negotiations are in hand with AGCO/MF for allowing Millat access to some of the export markets while retaining MF Trade Mark.

We would like to express our gratitude to our customers, dealers, vending associates and all other stakeholders for their trust and cooperation extended to us and the employees for their continued, dedicated, untiring efforts and hard work.

For and on behalf of the Board



Sikandar Mustafa Khan  
Chairman

Lahore:  
February 23, 2015

# Auditors' Report

to the members on review of interim financial information

## INTRODUCTION

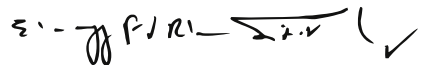
We have reviewed the accompanying condensed interim balance sheet of Millat Tractors Limited as at 31 December 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore:  
February 23, 2015

# Condensed Interim Balance Sheet

as at December 31, 2014

	Note	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
50,000,000 (June 30, 2014: 50,000,000) ordinary			
shares of Rs. 10/- each		500,000	500,000
<b>Issued, subscribed and paid up share capital</b>			
		442,926	442,926
<b>General reserves</b>			
		3,116,706	3,263,551
<b>Unappropriated profit</b>			
		1,177,513	739,006
<b>Fair value reserve</b>			
		61,207	42,375
		4,798,352	4,487,858
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits		10,575	10,515
Deferred taxation		16,073	18,922
		26,648	29,437
<b>CURRENT LIABILITIES</b>			
Accumulating compensated absences		85,808	77,650
Trade and other payables	5	3,951,904	2,419,555
Mark-up accrued on short term borrowings		2,500	3,600
		4,040,212	2,500,805
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	8,865,212	7,018,100

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman

	Note	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	500,550	481,293
Capital work in progress		190,976	212,431
Intangible assets		5,084	5,888
Investment property		255,708	255,708
Long term investments	8	364,582	345,750
Long term loans		2,264	1,941
Net employee defined benefit asset		307,060	293,800
		1,626,224	1,596,811
<b>CURRENT ASSETS</b>			
Stores and spares		124,996	120,951
Stock-in-trade		3,113,373	2,433,690
Trade debts		76,104	121,731
Loans and advances	9	114,485	122,047
Trade deposits and short term prepayments		47,212	24,198
Balances with statutory authorities		740,354	317,853
Other receivables		140,558	119,679
Tax refunds due from the Government		1,008,619	942,966
Short term investments	10	407,054	100,000
Cash and bank balances		1,466,233	1,118,174
		7,238,988	5,421,289
		8,865,212	7,018,100



Syed Muhammad Irfan Aqueel  
Chief Executive

## Condensed Interim Profit and Loss Account (Unaudited) for the half year ended December 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
	(Rupees in thousand)			
Sales - net	10,167,330	9,076,341	5,401,338	6,449,681
Cost of sales	8,210,542	7,406,269	4,362,496	5,171,176
Gross profit	1,956,788	1,670,072	1,038,842	1,278,505
Distribution and marketing expenses	256,668	242,872	141,644	149,865
Administrative expenses	188,925	182,720	94,082	89,574
	445,593	425,592	235,726	239,439
Operating profit	1,511,195	1,244,480	803,116	1,039,066
Other income	273,892	214,637	214,165	54,942
	1,785,087	1,459,117	1,017,281	1,094,008
Finance cost	4,359	60,870	2,274	44,900
Other operating expenses	120,543	97,373	69,256	75,937
	124,902	158,243	71,530	120,837
Profit before taxation	1,660,185	1,300,874	945,751	973,171
Taxation	482,672	412,043	256,742	331,842
Profit after taxation	1,177,513	888,831	689,009	641,329
Earnings per share - basic and diluted (Rupees)	26.58	20.07	15.56	14.48

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended December 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
	(Rupees in thousand)			
Profit for the period	1,177,513	888,831	689,009	641,329
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	18,832	4,413	7,928	488
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income	18,832	4,413	7,928	488
Total comprehensive income for the period	1,196,345	893,244	696,937	641,817

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive



# Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended December 31, 2014

	Half year ended December 31, 2014	Half year ended December 31, 2013
(Rupees in thousand)		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,660,185	1,300,874
Adjustment for:		
Depreciation on property, plant and equipment	32,698	29,695
Amortization of intangible assets	1,167	134
Gain on disposal of property, plant and equipment	(553)	-
Gain on disposal of short term investments	(65,275)	(3,813)
Provision for accumulating compensated absences	8,158	-
Finance cost	4,359	60,870
Profit on bank deposits	(16,893)	(22,624)
Dividend income	(137,099)	(130,399)
	(173,438)	(66,137)
Cash flows from operating activities before working capital changes	1,486,747	1,234,737
Effect on cash flow due to working capital changes (Decrease) / increase in current assets:		
Stores and spares	(4,045)	6,114
Stock in trade	(679,683)	179,043
Trade debts	45,627	609,784
Loans and advances	7,562	(207,795)
Trade deposits and short term prepayments	(23,014)	(607)
Other receivables	(457,595)	693,678
(Increase) / decrease in current liabilities:		
Trade and other payables	1,520,982	(2,558,498)
	409,834	(1,278,281)

	Half year ended December 31, 2014	Half year ended December 31, 2013
	(Rupees in thousand)	
Cash used in operations		
Taxes paid	(551,174)	(796,127)
Increase in long term loans to employees	(323)	(354)
Increase in long term security deposits	60	10
Mark-up paid	(5,459)	(28,375)
	(556,896)	(824,846)
Net cash from / (used in) operating activities	1,339,685	(868,390)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(37,332)	(62,178)
Purchase of short term investments	(2,400,000)	(100,000)
Proceeds from sale of short term investments	2,158,221	555,684
Proceeds from disposal of property, plant and equipment	7,023	5,250
Dividend received	137,099	130,399
Profit on bank deposits received	17,847	23,044
Net cash (used in) / from investing activities	(117,142)	552,199
<b>Cash flows from financing activities</b>		
Dividend paid	(874,484)	(984,717)
Increase in short term borrowings - net	-	712,276
Net cash used in financing activities	(874,484)	(272,441)
Net increase / (decrease) in cash and cash equivalents	348,059	(588,632)
Cash and cash equivalents at the beginning of the period	1,118,174	2,087,580
Cash and cash equivalents at the end of the period	1,466,233	1,498,948

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman




Syed Muhammad Irfan Aqueel  
Chief Executive

## Condensed Interim Statement of Changes in Equity (Unaudited) for the half year ended December 31, 2014

	Share capital	Revenue reserves			Total
		General reserves	Unappropriated profit	Fair value reserve	
..... (Rupees in thousand) .....					
Balance as on					
July 01, 2013	402,660	3,306,590	1,115,255	50,714	4,875,219
Final dividend for the year ended June 30, 2013					
@ Rs. 25/- per share	-	(43,039)	(963,610)	-	(1,006,649)
Issue of ordinary shares of Rs.10/- each as fully paid bonus shares					
	40,266	-	(40,266)	-	-
Total comprehensive income for the half year ended					
December 31, 2013	-	-	888,831	4,413	893,244
Balance as on					
December 31, 2013	442,926	3,263,551	1,000,210	55,127	4,761,814
Balance as on					
July 01, 2014	442,926	3,263,551	739,006	42,375	4,487,858
Final dividend for the year ended June 30, 2014					
@ Rs. 20/- per share	-	(146,845)	(739,006)	-	(885,851)
Total comprehensive income for the half year ended					
December 31, 2014	-	-	1,177,513	18,832	1,196,345
Balance as on					
December 31, 2014	442,926	3,116,706	1,177,513	61,207	4,798,352

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Selected Notes to the Condensed Interim Financial Information (Unaudited) for the half year ended December 31, 2014

## 1. THE COMPANY AND ITS ACTIVITIES

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

## 2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

## 3. BASIS OF PREPARATION

- 3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2014.
- 3.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2014 except for as disclosed in note 3.3 below.
- 3.3 The Company has adopted the following amendments and interpretation of IFRSs which became effective during the current period:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation – (Amendment) - offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) - Novation of derivatives and continuation of hedge

## IFRIC 21 – Levies

The adoption of the above amendments and interpretation did not have any significant impact on this condensed interim financial information.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2014.

	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)		
<b>5. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,167,142	817,848
Accrued liabilities	107,763	118,932
Bills payable	299,469	24,647
Advances from customers	724,595	973,588
Security deposits	6,324	5,299
Trademark fee payable	84,790	108,391
Income tax deducted at source	17	-
Workers' Profit Participation Fund	89,054	-
Workers' Welfare Fund	129,948	101,155
Unclaimed dividends	222,005	210,638
Others	120,797	59,057
	3,951,904	2,419,555

## 6. CONTINGENCIES AND COMMITMENTS

## 6.1 Contingencies

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

## 6.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 1,046,000 thousand (June 30, 2014: Rs. 290,000 thousand).

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
<b>7. OPERATING FIXED ASSETS</b>			
Opening book value		481,293	448,375
Add: Additions during the period / year	(7.1)	58,425	103,626
		539,718	552,001
Less:			
Deletions during the period / year		(6,470)	(10,338)
Depreciation for the period / year		(32,698)	(60,370)
		(39,168)	(70,708)
Book value at the end of the period / year		500,550	481,293
<b>7.1 Additions during the period / year</b>			
Buildings on freehold land		2,026	3,155
Plant and machinery		6,856	17,480
Tools and equipments		518	1,762
Computers		18,190	7,517
Furniture, fixture and office equipment		1,068	5,758
Vehicles		29,767	67,954
		58,425	103,626
<b>8. LONG TERM INVESTMENTS</b>			
Related parties			
Investment at cost			
Subsidiary - unquoted		57,375	57,375
Subsidiary - unquoted		40,245	40,245
Associates - quoted		76,610	76,610
Associates - unquoted		117,000	117,000
		291,230	291,230
Others			
Available for sale - quoted			
Cost		12,145	12,145
Surplus on revaluation of investment		61,207	42,375
		73,352	54,520
		364,582	345,750
<b>9. LOANS AND ADVANCES</b>			
Current portion of long term loans to employees		1,707	1,669
Advances to employees - considered good		2,642	1,273
Advances to suppliers - considered good		107,009	115,942
		111,358	118,884
Advances to suppliers - considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		3,127	3,163
		114,485	122,047

	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
<b>10. SHORT TERM INVESTMENTS</b>		
Financial assets at fair value through profit and loss - Mutual fund units	407,054	-
Term deposit certificates	-	100,000
	407,054	100,000

#### 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transaction	Un-audited	
		December 31, 2014 (Rupees in thousand)	December 31, 2013
Associated companies	Purchase of goods and services	2,091,720	945,776
	Dividend received	134,212	130,399
Retirement benefit plans	Contribution to staff retirement benefit plans	5,635	5,962
Key management personnel	Remuneration	43,986	38,555
	Disposal of vehicles	1,094	2,498
	Disposal of computers	203	-
The outstanding balances of such parties are as under:		Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
Relationship with the Company	Nature of balance		
Associated companies	Creditors	323,714	152,625
	Trade debts	8,722	38,810

#### 12. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared an interim cash dividend of Rs. 25.00 per share (June 30, 2014: Rs. 20 per share) in their meeting held on February 23, 2015.

#### 13. DATE OF AUTHORIZATION

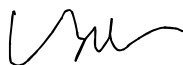
This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 23, 2015.

#### 14. GENERAL

14.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, defined benefit plan and taxation are estimated and these are subject to final adjustment in the annual financial statements.

14.2 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

14.3 Figures have been rounded off to the nearest thousand rupees.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

Condensed Interim  
Consolidated  
Financial Statements  
for the half year ended December 31, 2014

GOLDEN JUBILEE  
CELEBRATIONS

**50** YEARS

Half year ended December 31, 2014



# Consolidated Condensed Interim Balance Sheet

as at December 31, 2014

	Note	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
50,000,000 (June 30, 2014: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up share capital			
		442,926	442,926
General reserves			
		3,116,706	3,263,551
Unappropriated profit			
		1,746,335	1,313,338
Exchange translation reserve			
		1,311	231
Fair value reserve			
		47,870	29,038
		5,355,148	5,049,084
Non-controlling interest			
		124,726	118,823
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits		10,575	10,515
Deferred taxation		20,632	23,722
		31,207	34,237
<b>CURRENT LIABILITIES</b>			
Accumulating compensated absences		85,808	77,650
Trade and other payables	5	4,064,745	2,425,347
Mark-up accrued on short term borrowings		2,762	3,814
		4,153,315	2,506,811
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	9,664,396	7,708,955

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman

	Note	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	566,485	544,867
Capital work-in-progress		190,976	212,431
Intangible assets		5,084	5,888
Investment property		255,708	255,708
Long term investments	8	671,412	674,873
Long term loans		2,264	1,941
Net employee defined benefit asset		307,060	293,800
		1,998,989	1,989,508
<b>CURRENT ASSETS</b>			
Stores and spares		137,685	129,639
Stock-in-trade		3,300,791	2,543,726
Trade debts		217,272	157,743
Loans and advances	9	123,560	135,502
Trade deposits and short term prepayments		50,986	27,438
Balances with statutory authorities		742,276	111,792
Other receivables		134,695	302,081
Tax refunds due from the Government		1,023,842	954,097
Short term investments	10	407,054	100,000
Cash and bank balances		1,527,246	1,257,429
		7,665,407	5,719,447
		9,664,396	7,708,955



Syed Muhammad Irfan Aqueel  
Chief Executive

# Consolidated Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended December 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
	(Rupees in thousand)			
Sales - net	10,725,807	9,397,566	5,759,117	6,434,144
Cost of sales	8,673,177	7,684,243	4,664,338	5,141,586
Gross profit	2,052,630	1,713,323	1,094,779	1,292,558
Distribution and marketing expenses	272,757	253,733	153,023	159,251
Administrative expenses	215,831	199,218	110,786	96,033
	488,588	452,951	263,809	255,284
Operating profit	1,564,042	1,260,372	830,970	1,037,274
Other income	141,250	85,343	80,850	40,268
	1,705,292	1,345,715	911,820	1,077,542
Finance cost	5,219	61,404	3,058	44,236
Other operating expenses	124,163	94,161	71,383	70,859
	129,382	155,565	74,441	115,095
Share of profit/(loss) of associated companies	139,523	71,437	86,141	90,379
Profit before taxation	1,715,433	1,261,587	923,520	1,052,826
Taxation:				
Group	498,614	417,385	266,103	328,602
Associated companies	44,816	32,148	19,123	20,194
	543,430	449,533	285,226	348,796
Profit for the period	1,172,003	812,054	638,294	704,030
Attributable to:				
Equity holders of the parent	1,156,454	807,863	627,355	701,641
Non-controlling interest	15,549	4,191	10,939	2,389
	1,172,003	812,054	638,294	704,030
Earnings per share - basic and diluted (Rupees)	26.46	18.33	14.41	15.89

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended December 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
	(Rupees in thousand)			
Profit for the period	1,172,003	812,054	638,294	704,030
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	18,832	4,413	7,928	488
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income	18,832	4,413	7,928	488
Non-controlling interest	(15,549)	(4,191)	(10,939)	(2,389)
Total comprehensive income for the period	1,175,286	812,276	635,283	702,129

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended December 31, 2014

	Half year ended December 31, 2014	Half year ended December 31, 2013
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,715,433	1,261,587
Adjustment for:		
Depreciation on property, plant and equipment	32,698	32,717
Amortization of intangible assets	1,167	134
Gain on disposal of property, plant and equipment	(553)	-
Share of profit of associates	(139,523)	(71,437)
Gain on disposal of short term investments	(65,275)	(3,813)
Provision for accumulating compensated absences	8,158	-
Finance cost	5,219	61,404
Profit on bank deposits	(16,893)	(22,624)
Dividend income	(2,886)	(1,924)
	(177,888)	(5,543)
Cash flows from operating activities before working capital changes	1,537,545	1,256,044
Effect on cash flow due to working capital changes		
(Decrease) / increase in current assets:		
Stores and spares	(8,046)	3,103
Stock in trade	(757,065)	124,532
Trade debts	(59,529)	605,943
Loans and advances	11,942	(206,750)
Trade deposits and prepayments	(23,014)	586
Other receivables	(478,431)	679,513
(Increase) / decrease in current liabilities:		
Trade and other payables	1,628,032	(2,543,025)
	313,889	(1,336,098)

	Half year ended December 31, 2014	Half year ended December 31, 2013
	(Rupees in thousand)	
Cash used in operations		
Taxes paid	(571,449)	(814,589)
Increase in long term loans to employees	(323)	(354)
Increase in long term security deposits	60	10
Mark-up paid	(6,271)	(28,660)
	(577,983)	(843,593)
Net cash from / (used in)		
operating activities	1,273,451	(923,647)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(43,337)	(71,236)
Purchase of short term investments	(2,400,000)	(100,000)
Proceeds from sale of short term investments	2,158,221	555,684
Proceeds from disposal of property, plant and equipment	10,667	5,250
Dividend payed to NCI	(9,646)	(6,431)
Dividend received	137,099	117,359
Profit on bank deposits received	17,847	23,044
Net cash (used in) / from investing activities	(129,149)	523,670
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(874,485)	(984,719)
Increase in short term borrowings - net	-	724,956
Net cash used in financing activities	(874,485)	(259,763)
Net increase / (decrease) in cash and cash equivalents	269,817	(659,740)
Cash and cash equivalents at the beginning of the period	1,257,429	2,213,524
Cash and cash equivalents at the end of the period	1,527,246	1,553,784

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Consolidated Condensed Interim Statement of Changes in Equity (Unaudited) for the half year ended December 31, 2014

	Share capital	Revenue reserves				Non-Controlling interest	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
..... (Rupees in thousand) .....							
Balance as on							
July 01, 2013	402,660	3,306,590	1,749,244	(47)	37,377	106,029	5,601,853
Final dividend for the year ended June 30, 2013							
@ Rs. 25/- per share	-	(43,039)	(963,610)	-	-	-	(1,006,649)
Issue of ordinary shares of Rs.10/- each as fully paid bonus shares							
	40,266	-	(40,266)	-	-	-	-
Total comprehensive income for the half year ended							
December 31, 2013	-	-	812,054	-	4,413	4,191	820,658
Balance as on							
December 31, 2013	442,926	3,263,551	1,557,422	(47)	41,790	110,220	5,415,862
Balance as on							
July 01, 2014	442,926	3,263,551	1,313,338	231	29,038	118,823	5,167,907
Final dividend for the year ended June 30, 2014							
@ Rs. 20/- per share	-	(146,845)	(739,006)	-	-	-	(885,851)
Dividend payment to NCI						(9,646)	(9,646)
Total comprehensive income for the half year ended							
December 31, 2014	-	-	1,172,003	1,080	18,832	15,549	1,207,464
Balance as on							
December 31, 2014	442,926	3,116,706	1,746,335	1,311	47,870	124,726	5,479,874

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

# Selected Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

## for the half year ended December 31, 2014

### 1. THE GROUP AND ITS ACTIVITIES

Millat Tractors Limited, the company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, and is listed on Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the company is situated at Sheikhpura Road, District Sheikhpura. It is engaged in assembly and manufacture of agricultural tractors, implements and equipments. Millat Industrial Products Limited ( MIPL ) is a subsidiary of Millat Tractors Limited and is engaged in business of manufacturing vehicles, industrial and domestic batteries, cells and components thereof. Tipeg Intertade JLT is a subsidiary of Millat tractors Limited and is engaged in trading business of machinery and heavy equipment.

### 2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Group for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

### 3. BASIS OF PREPARATION

- 3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2014.
- 3.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2014 except for as disclosed in note 3.3 below.
- 3.3 The Group has adopted the following amendments and interpretation of IFRSs which became effective during the current period:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment) - offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) - Novation of derivatives and continuation of hedge

IFRIC 21 – Levies

The adoption of the above amendments and interpretation did not have any significant impact on this condensed interim financial information.



#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2014.

	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)		
<b>5. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,252,458	804,362
Accrued liabilities	107,700	121,243
Bills payable	299,469	24,647
Advances from customers	728,172	983,090
Security deposits	6,324	5,299
Trademark fee payable	84,790	108,391
Income tax deducted at source	144	67
Workers' Profit Participation Fund	91,673	-
Workers' Welfare Fund	132,792	102,998
Unclaimed dividends	222,159	210,793
Others	139,064	64,457
	<b>4,064,745</b>	<b>2,425,347</b>

#### 6. CONTINGENCIES AND COMMITMENTS

##### 6.1 Contingencies

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

##### 6.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 1,046,000 thousand (June 30, 2014: Rs. 296,596 thousand).

	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)		
<b>7. OPERATING FIXED ASSETS</b>		
Opening book value	544,867	498,858
Add: Additions during the period / year	(7.1) 64,430	123,051
	609,297	621,909
Less:		
Deletions during the period / year	(10,114)	(10,395)
Depreciation for the period / year	(32,698)	(66,647)
	(42,812)	(77,042)
Book value at the end of the period / year	566,485	544,867

	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
<b>7.1 Additions during the period / year</b>		
Buildings on freehold land	5,735	17,507
Plant and machinery	6,856	19,091
Tools and equipments	2,599	3,308
Computers	18,190	7,639
Furniture, fixture and office equipment	1,243	6,202
Vehicles	29,807	69,304
	64,430	123,051
<b>8. LONG TERM INVESTMENTS</b>		
Related parties		
Investment at cost		
Associates - quoted	180,717	165,424
Associates - unquoted	417,343	454,929
	598,060	620,353
Others		
Available for sale - quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	61,207	42,375
	73,352	54,520
	671,412	674,873
<b>9. LOANS AND ADVANCES</b>		
Current portion of long term loans to employees	1,707	1,669
Advances to employees - considered good	2,642	1,273
Advances to suppliers - considered good	116,084	129,397
	120,433	132,339
Advances to suppliers - considered doubtful	2,485	2,485
Less: Provision for doubtful advances	(2,485)	(2,485)
	-	-
Letter of credit opening charges	3,127	3,163
	123,560	135,502

	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
<b>10. SHORT TERM INVESTMENTS</b>		
Financial assets at fair value through profit and loss - Mutual fund units	407,054	-
Term deposit certificates	-	100,000
	407,054	100,000

**11. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transaction	Un-audited	
		December 31, 2014	December 31, 2013
(Rupees in thousand)			
Associated companies	Purchase of goods and services	2,091,720	906,758
	Dividend received	134,212	130,399
Retirement benefit plans	Contribution to staff retirement benefit plans	6,724	5,962
Key management personnel	Remuneration	43,986	38,555
	Disposal of vehicles	1,094	2,498
	Disposal of computers	185	-

The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un-audited	
		December 31, 2014	Audited June 30, 2014
(Rupees in thousand)			
Associated companies	Creditors	322,716	136,363
	Trade debts	1,598	38,810

**12. EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors has declared an interim cash dividend of Rs. 25.00 per share (June 30, 2014: Rs. 20 per share) in their meeting held on February 23, 2015.

**13. DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors of the Group on February 23, 2015.

**14. GENERAL**

14.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, defined benefit plan and taxation are estimated and these are subject to final adjustment in the annual financial statements.

14.2 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

14.3 Figures have been rounded off to the nearest thousand rupees.



Sikandar Mustafa Khan  
Chairman



Syed Muhammad Irfan Aqueel  
Chief Executive

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