

FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE 3RD QUARTER ENDED MARCH 31, 2014

A LEGACY UNMATCHED



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

Mr. Manzoor Ahmed (NIT Nominee)

Mr. Saad Iqbal

Company Secretary

Mian Muhammad Saleem

Chief Financial Officer

Mr. Javed Munir

Auditors

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

Legal Advisors

Walker Martineau Saleem

Advocates & Legal Consultants

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 gives me pleasure to present to you on behalf of the Board of Directors the un-audited Financial Statements of Millat Tractors Limited for the third quarter ended March 31, 2014.

A total of 14,857 tractors were delivered during the nine months ended March 31, 2014 as against 21,634 tractors of corresponding period last year, showing a decrease of 31%. Total sales revenue for the nine months amounted to Rs. 11,643 million as compared to Rs. 15,168 million for corresponding period of last year showing a decrease of 23%. Pre-tax profit for the period amounted to Rs. 1,503 million as compared to Rs. 2,085 million of the corresponding period, showing a decrease of 28%.

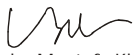
With the increase in GST on tractors from 10% to 16%, the overall tractors sale in the country have dropped drastically and the industry has to cut down its production plan in view of drop in demand.

In view of the above the management of your Company took remedial action of cutting down overheads by reverting to single shift operation. Company wide operations were optimized according to the revised production target to 23,000 tractors from the budgeted target of 33,000 tractors. This will help improve the bottom line. Looking forward, start of harvesting of Kharif crops, improvement in loaning facility to farming community by ZTBL and launch of tractor leasing schemes; we are confident that our company will be able to improve its sales performance.

We take this opportunity to thank our valued customers who have shown great confidence in our products and make a resolve to provide them value for their money by supplying quality products. We also acknowledge the co-operation extended to us by our valued principals, dealers, vendors and convey our gratitude to employees of the Company for their loyalty, devotion and hard work.

For and on behalf of the Board

Lahore
April 25, 2014


Sikandar Mustafa Khan
Chairman

Condensed Interim Financial Statements

Mil at Tractors Limited

For the Nine months ended March 31, 2014

Condensed Interim Balance Sheet

as at March 31, 2014

	Note	Un-audited March 31, 2014	(Restated) Audited June 30, 2013
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (30 June 2013: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital			
		442,926	402,660
General reserves		3,263,551	3,306,590
Unappropriated profit		216,619	1,076,272
Fair value reserve		40,451	50,714
		3,963,547	4,836,236
Non-Current Liabilities			
Security deposits		10,645	10,895
Deferred taxation		53,610	58,236
		64,255	69,131
Current Liabilities			
Accumulating compensated absences		61,335	61,335
Trade and other payables		3,470,689	5,267,679
Mark-up accrued on short term borrowings		8,300	2,400
		3,540,324	5,331,414
		7,568,126	10,236,781
Contingencies and Commitments	5		

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



Sikandar Mustafa Khan
Chairman

	Note	Un-audited March 31, 2014 (Rupees in thousand)	(Restated) Audited June 30, 2013
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	469,098	448,375
Capital work-in-progress	7	221,474	204,112
Intangible assets		6,494	841
Investment property		255,708	255,708
Long term investments	8	343,856	354,119
Long term loans - considered good		2,101	2,065
Employee benefits		245,367	239,405
		1,544,098	1,504,625
Current Assets			
Stores and spares		127,621	133,485
Stock-in-trade		2,989,641	2,601,698
Trade debts		188,668	974,158
Loans and advances		329,282	71,498
Trade deposits and prepayments		30,435	27,384
Balance with statutory authority		458,078	1,904,916
Other receivables		80,141	86,483
Taxation - net		741,764	293,083
Short term investments	9	100,000	551,871
Cash and bank balances		978,398	2,087,580
		6,024,028	8,732,156
		7,568,126	10,236,781



Syed Muhammad Irfan Aqueel
Chief Executive

Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2014

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	(Rupees in thousand)			
Sales - net	11,643,045	15,168,819	2,566,704	4,022,021
Cost of sales	9,593,143	12,511,635	2,186,874	3,297,976
Gross profit	2,049,902	2,657,184	379,830	724,045
Distribution and marketing expenses	335,653	366,863	92,781	134,335
Administrative expenses	270,307	266,959	87,587	93,869
	605,960	633,822	180,368	228,204
Operating profit	1,443,942	2,023,362	199,462	495,841
Other income	238,870	267,570	28,688	47,954
	1,682,812	2,290,932	228,150	543,795
Other operating expenses	108,223	153,780	15,305	29,662
Finance cost	71,107	52,581	10,237	9,636
	179,330	206,361	25,542	39,298
Profit before taxation	1,503,482	2,084,571	202,608	504,497
Taxation	473,408	656,441	61,365	175,019
Profit for the period	1,030,074	1,428,130	141,243	329,478
Earnings per share - basic and diluted (Rupees)	23.26	32.24	3.19	7.44

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

For the nine months ended March 31, 2014

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	(Rupees in thousand)			
Profit for the period	1,030,074	1,428,130	141,243	329,478
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	(10,263)	(2,668)	(14,676)	(10,365)
Total other comprehensive income for the year	(10,263)	(2,668)	(14,676)	(10,365)
Total comprehensive income for the period	1,019,811	1,425,462	126,567	319,113

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

For the nine months ended March 31, 2014

	Nine months ended March 31,	
	2014	2013
(Rupees in thousand)		
Cash flows from operating activities		
Profit before taxation	1,503,482	2,084,571
Adjustment for:		
Depreciation on property, plant and equipment	43,515	40,444
Amortization of intangibles	381	5,872
Gain on disposal of property, plant and equipment	(2,452)	(182)
Gain on disposal of short term investments	(3,813)	(26,865)
Profit on bank deposits	(25,105)	(6,752)
Dividend income	(130,399)	(172,279)
Finance cost	71,107	52,581
	(46,766)	(107,181)
Cash flows from operating activities before working capital changes	1,456,716	1,977,390
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	5,864	(11,677)
Stock-in-trade	(387,943)	(460,063)
Trade debts	785,490	(627,021)
Loans and advances	(257,784)	37,665
Trade deposits and prepayments	(3,051)	(14,107)
Other receivables	1,445,618	(516,841)
Decrease in current liabilities:		
Trade and other payables	(2,624,749)	(1,428,171)
	(1,036,555)	(3,020,215)
Cash used in operations	420,161	(1,042,825)
Mark-up paid	(65,207)	(37,706)
Increase in long term loans to employees	(36)	(1,989)
Taxes paid	(926,715)	(537,552)
(Decrease)/increase in security deposits	(250)	400
Net cash used in operating activities	(572,047)	(1,619,672)



Sikandar Mustafa Khan
Chairman

	Nine months ended March 31,	
	2014	2013
(Rupees in thousand)		
Cash flows from investing activities		
Capital expenditure incurred on property, plant and equipment	(90,174)	(65,597)
Purchase of intangible assets	(6,034)	(978)
Purchase of short term investments	(100,000)	(275,000)
Purchase of long term investments	-	(40,020)
Proceeds from disposal of short term investments	555,684	2,763,724
Proceeds from disposal of property, plant and equipment	11,026	6,793
Profit on bank deposits	26,705	8,252
Dividend received	130,399	137,179
Net cash from investing activities	527,606	2,534,353
Cash flows from financing activities		
Dividend paid	(1,064,741)	(2,476,789)
Net cash used in financing activities	(1,064,741)	(2,476,789)
Net decrease in cash and cash equivalents	(1,109,182)	(1,562,108)
Cash and cash equivalents at the beginning of the period	2,087,580	654,806
Cash and cash equivalents at the end of the period	978,398	(907,302)

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



Syed Muhammad Irfan Aqueel
Chief Executive

Condensed Interim Statement of Changes In Equity

For the nine months ended March 31, 2014

	Note	Share capital	Revenue Reserves		Fair value reserve	Total
			General reserves	Unappropriated profit		
(Rupees in thousand)						
Balance as on 01 July 2012		366,055	3,368,710	1,402,096	25,057	5,161,918
Effect of change in accounting policy	3.4	-	-	35,281	-	-
Balance as on 01 July 2012 - restated		366,055	3,368,710	1,437,377	25,057	5,161,918
Final dividend for the year ended 30 June 2012 @ Rs. 40 per share		-	(62,120)	(1,402,096)	-	(1,464,216)
Interim dividend @ Rs. 30 per share		-	-	(1,098,165)	-	(1,098,165)
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares		36,605	-	(36,605)	-	-
Total comprehensive income for the nine months ended 31 March 2013		-	-	1,428,130	(2,668)	1,425,462
Balance as on 31 March 2013 - restated		402,660	3,306,590	328,641	22,389	4,024,999
Balance as on 01 July 2013		402,660	3,306,590	1,076,272	50,714	4,836,236
Final dividend for the year ended 30 June 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)	-	-
Interim dividend @ Rs. 20 per share		-	-	(885,851)	-	(885,851)
Total comprehensive income for the nine months ended 31 March 2014		-	-	1,030,074	(10,263)	1,019,811
Balance as on 31 March 2014		442,926	3,263,551	216,619	40,451	3,963,547

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 Statements

For the nine months ended March 31, 2014

1. THE COMPANY AND ITS ACTIVITIES

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

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the nine months period ended 31 March 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 30 June 2013.

3.2 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2013 except for as disclosed in note 3.3 below.

3.3 The Company has adopted the following amended International Financial Reporting Standards (IFRSs) which became effective for the period:

IFRS 7 - Financial Instruments : Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

IAS 19 - Employee Benefits – (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial information except as disclosed in Note 3.4 below.

3.4 Change in accounting policy

During the period, the Company has adopted Revised IAS 19 - ' Employee Benefits '. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in the other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current

and past service costs, gains or losses on settlements and net interest income (expense). All other charges in the net defined benefit asset (liability) are recognized in the other comprehensive income with no subsequent recycling to profit and loss account.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses over and above the corridor limit were amortized in the profit and loss account over the expected remaining working lives of the employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost (vested and non-vested) is now recognized immediately in the profit and loss account upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in profit and loss account and non vested cost was amortised to profit and loss account over the vesting period. The impact of the said changes on this condensed interim financial information is as under:

	As at June 30, 2013	As at June 30, 2012
	(Rupees in thousand)	
Increase in unappropriated profit	37,115	35,281
Increase in deferred taxation	19,985	18,998
Increase in employee benefits asset	57,100	54,279

There is no material impact on other comprehensive income for the periods ended 31 March 2013 and 31 March 2013.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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 30 June 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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

5.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 473,000 thousand (30 June 2013: Rs. 577,000 thousand).

	Note	Un-audited March 31, 2014	Audited June 30, 2013
(Rupees in thousand)			
6. OPERATING FIXED ASSETS			
Opening book value		448,375	415,926
Add: Additions during the period/year	(6.1)	72,811	96,998
		521,186	512,924
Less:			
Deletions during the period/year		(8,574)	(9,092)
Depreciation during the period/year		(43,515)	(55,457)
		(52,089)	(64,549)
Book value at the end of the period/year		469,098	448,375
6.1 Additions during the period/year			
Buildings on freehold land		516	196
Plant and machinery		4,777	29,998
Tools and equipment's		1,760	9,762
Furniture, fixture and office equipment		2,186	6,278
Vehicles		62,919	50,512
Computers		653	252
		72,811	96,998
7. CAPITAL WORK-IN-PROGRESS			
Advance for purchase of office space		187,286	187,139
Others		34,188	16,973
		221,474	204,112
8. LONG TERM INVESTMENTS - EQUITIES			
Related parties			
Investment at cost			
- Subsidiary - unquoted		57,375	57,375
- Subsidiary - unquoted		40,275	40,275
- Associates - quoted		76,610	76,610
- Associates - unquoted		117,000	117,000
		291,260	291,260
Others			
Available for sale - quoted		12,145	12,145
Cost		40,451	50,714
Surplus on revaluation of investment		52,596	62,859
		343,856	354,119

Un-audited Audited
March 31, June 30,
2014 2013
(Rupees in thousand)

9. **SHORT TERM INVESTMENTS**

Financial assets at fair value through profit and loss - Mutual fund units	-	551,871
Term deposit certificates	100,000	-
	100,000	551,871

10. **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:

<u>Relationship with the Company</u>	<u>Nature of transaction</u>	Un-audited	
		March 31, 2014	March 31, 2013
		(Rupees in thousand)	
Associated companies	Purchase of goods and services	2,008,632	2,817,694
	Dividend received	130,399	172,279
Retirement benefit plans	Contribution to staff retirement benefit plans	17,938	74,692
Key management personnel	Remuneration	17,984	15,505
	Disposal of vehicles	1,487	-
		Un-audited	Audited
		March 31,	June 30,
		2014	2013
		(Rupees in thousand)	

The outstanding balances of such parties are as under:

<u>Relationship with the Company</u>	<u>Nature of balance</u>		
Associated companies	Creditors	256,619	688,077
	Receivables	72,107	40,172

11. **EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors have declared an interim dividend of Rs. Nil per share (30 June 2013: Rs. 25 per share) and Nil bonus shares (30 June 2013: 10%) at their meeting held on April 25, 2014.

12. **DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 25, 2014.

13. **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation.

14. **GENERAL**

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

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Consolidated Condensed Interim Financial Statements

Mil at Tractors Limited

For the Nine months ended March 31, 2014

Consolidated Condensed Interim Balance Sheet

as at March 31, 2014

	Note	Un-audited March 31, 2014	(Restated) Audited June 30, 2013
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (30 June 2013: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	402,660
General reserves		3,263,551	3,306,590
Unappropriated profit		703,213	1,712,881
Exchange translation reserve		3,578	(63)
Fair value reserve		27,114	37,377
		4,440,382	5,459,445
Non-controlling interest		108,495	106,045
Non-Current Liabilities			
Security deposits		10,905	10,895
Deferred taxation		57,252	62,132
		67,897	73,027
Current Liabilities			
Accumulating compensated absences		61,335	61,336
Trade and other payables		3,535,897	5,266,567
Short term borrowings		16,226	-
Mark-up accrued on short term borrowings		9,180	2,401
		3,622,638	5,330,304
		8,239,412	10,968,821
Contingencies and Commitments	5		

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



Sikandar Mustafa Khan
Chairman

	Note	Un-audited March 31, 2014	(Restated) Audited June 30, 2013
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	517,480	498,858
Capital work-in-progress	7	234,068	205,131
Intangible assets		6,494	841
Investment property		255,708	255,708
Long term investments	8	606,712	768,344
Long term loans - considered good		2,101	2,065
Employee benefits		245,367	239,405
		1,867,930	1,970,352
Current Assets			
Stores and spares		137,810	141,504
Stock-in-trade		3,189,326	2,697,794
Trade debts		240,812	1,010,625
Loans and advances		341,295	83,977
Trade deposits and prepayments		34,541	30,378
Balance with statutory authority		460,000	1,896,021
Other receivables		80,141	83,405
Taxation - net	9	755,224	289,370
Short term investments		100,000	551,871
Cash and bank balances		1,032,333	2,213,524
		6,371,482	8,998,469
		8,239,412	10,968,821



Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2014

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
(Rupees in thousand)				
Sales - net	12,133,159	15,714,279	2,735,593	4,232,155
Cost of sales	10,002,955	12,955,786	2,318,712	3,470,588
Gross profit	2,130,205	2,758,493	416,882	761,567
Distribution and marketing expenses	352,005	384,189	98,272	140,932
Administrative expenses	296,370	290,640	97,153	102,049
	648,376	674,829	195,424	242,981
Operating profit	1,481,829	2,083,664	221,458	518,586
Other income	111,237	99,560	25,894	13,118
	1,593,066	2,183,224	247,352	531,704
Other operating expenses	110,994	158,031	16,833	31,260
Finance cost	72,618	53,063	11,214	9,799
	183,611	211,094	28,046	41,059
Share of profit/(loss) of associated companies	19,405	152,538	(52,032)	72,628
Profit before taxation	1,428,860	2,124,668	167,273	563,273
Taxation:				
Group	486,145	676,596	68,760	182,481
Associated companies	53,775	53,359	21,627	4,408
	539,920	729,955	90,387	186,889
Profit for the period	888,940	1,394,713	76,887	376,384
Attributable to:				
Equity holders of the parent	880,059	1,381,154	72,196	371,430
Non controlling interest	8,881	13,559	4,690	4,954
	888,940	1,394,713	76,886	376,384
Earnings per share - basic and diluted (Rupees)	20.07	31.49	1.74	8.50

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

Consolidated Condensed Interim Statement of Comprehensive Income

For the nine months ended March 31, 2014

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	(Rupees in thousand)			
Profit for the period	888,940	1,394,713	76,886	376,384
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	(10,263)	(2,668)	(14,676)	(10,365)
Total other comprehensive income for the year	10,263	(2,668)	(14,676)	(10,365)
Non controlling interest	(8,881)	(13,559)	(4,690)	(4,954)
Equity holders of the holding Company	869,796	1,378,486	57,520	361,065

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

Consolidated Condensed Interim Cash Flow Statement

For the nine months ended March 31, 2014

	Nine months ended March 31,	
	2014	2013
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,428,860	2,124,668
Adjustment for:		
Depreciation on property, plant and equipment	47,987	45,288
Amortization of intangibles	381	5,871
Gain on disposal of property, plant and equipment	(2,452)	(31,209)
Gain on disposal of short term investments	(3,813)	(26,865)
Profit on bank deposits	(23,597)	(7,100)
Dividend income	(1,924)	(1,924)
Share of profit of associates	(19,405)	(152,538)
Finance cost	72,618	53,063
	69,795	(115,414)
Cash flows from operating activities before working capital changes	1,498,654	2,009,254
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	3,694	(14,994)
Stock-in-trade	(491,532)	(490,588)
Trade debts	769,813	(602,437)
Loans and advances	(257,318)	34,708
Trade deposits and prepayments	(4,163)	(12,938)
Other receivables	1,418,413	(551,940)
Decrease in current liabilities:		
Trade and other payables	(2,558,427)	(1,443,615)
	(1,119,520)	(3,081,804)
Cash used in operations	379,134	(1,072,550)
Mark-up paid	(65,839)	(38,499)
Increase in long term loans to employees	(36)	(1,989)
Taxes paid	(955,045)	(548,325)
(Decrease)/increase in security deposits	(250)	400
Net cash used in operating activities	(642,035)	(1,660,963)



Sikandar Mustafa Khan
Chairman

	Nine months ended March 31,	
	2014	2013
(Rupees in thousand)		
Cash flows from investing activities		
Capital expenditure incurred on property, plant and equipment	(104,120)	(72,451)
Purchase of intangible assets	(6,034)	(978)
Purchase of short term investments	(100,000)	(275,000)
Proceeds from disposal of short term investments	555,684	2,763,725
Proceeds from disposal of property, plant and equipment	11,026	38,357
Investment by NCI	-	13,340
Dividend payed to NCI	(6,431)	(4,823)
Profit on bank deposits	25,197	8,673
Dividend received	130,399	163,674
Net cash from investing activities	505,721	2,634,517
Cash flows from financing activities		
Dividend paid	(1,064,743)	(2,476,789)
Net cash used in financing activities	(1,064,743)	(2,476,789)
Net decrease in cash and cash equivalents	(1,201,058)	(1,503,235)
Cash and cash equivalents at the beginning of the period	2,213,524	683,991
Foreign exchange difference	3,641	-
Cash and cash equivalents at the end of the period	1,016,107	(819,244)

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



Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Condensed Interim Statement of Changes In Equity

For the nine months ended March 31, 2014

Note	Share capital	Exchange translation reserve	Revenue Reserves		Fair value reserve	Non - controlling interest	Total
			General reserves	Unappropriated profit			
(Rupees in thousand)							
Balance as on 01 July 2012	366,055	-	3,368,710	1,974,692	11,720	77,649	5,798,826
Effect of change in accounting policy 3.4	-	-	-	35,281	-	-	35,281
Balance as on 01 July 2012 - restated	366,055	-	3,368,710	2,009,973	11,720	77,649	5,834,107
Final dividend for the year ended 30 June 2012 @ Rs. 40 per share	-	-	(62,120)	(1,402,096)	-	-	(1,464,216)
Dividend payment to NCI	-	-	-	-	-	(4,823)	(4,823)
Interim dividend @ Rs. 30 per share	-	-	-	(1,098,165)	-	-	(1,098,165)
Investment in subsidiary	-	-	-	-	-	13,340	13,340
Issue of ordinary shares of Rs. 10 each as fully paid bonus shares	36,605	-	-	(36,605)	-	-	-
Total comprehensive income for the nine months ended 31 March 2013	-	-	-	1,381,154	(2,668)	13,559	1,392,045
Balance as on 31 March 2013 - restated	402,660	-	3,306,590	854,261	9,052	99,725	4,672,288
Balance as on 01 July 2013	402,660	(63)	3,306,590	1,712,881	37,377	106,045	5,565,490
Final dividend for the year ended 30 June 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)	-	-	-
Dividend payment to NCI	-	-	-	-	-	(6,431)	(6,431)
Interim dividend @ Rs. 20 per share	-	-	-	(885,851)	-	-	(885,851)
Exchange differences on translation of foreign operations	-	3,641	-	-	-	-	3,641
Total comprehensive income for the nine months ended 31 March 2014	-	-	-	880,059	(10,263)	8,881	878,677
Balance as on 31 March 2014	442,926	3,578	3,263,551	703,213	27,114	108,495	4,548,877

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 Consolidated Condensed Interim Financial Statements

For the nine months ended March 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 nine months period ended 31 March 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 30 June 2013.

3.2 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 30 June 2013 except for as disclosed in note 3.3 below.

3.3 The Group has adopted the following amended International Financial Reporting Standards (IFRSs) which became effective for the period:

IFRS 7 - Financial Instruments : Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

IAS 19 - Employee Benefits – (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial information except as disclosed in Note 3.4 below.

3.4 Change in accounting policy

During the period, the Group has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in the other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other charges in the net defined benefit asset (liability) are recognized in the other comprehensive income with no subsequent recycling to profit and loss account.

The adoption of above revised standard has resulted in change in accounting policy of the Group related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses over and above the corridor limit were amortized in the profit and loss account over the expected remaining working lives of the employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost (vested and non-vested) is now recognized immediately in the profit and loss account upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in profit and loss account and non vested cost was amortised to profit and loss account over the vesting period. The impact of the said changes on this condensed interim financial information is as under:

	As at June 30, 2013	As at June 30, 2012
	(Rupees in thousand)	
Increase in unappropriated profit	37,115	35,281
Increase in deferred taxation	19,985	18,998
Increase in employee benefits asset	57,100	54,279

There is no material impact on other comprehensive income for the periods ended 31 March 2013 and 31 March 2014.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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 30 June 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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

5.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 473,000 thousand (30 June 2013: Rs. 582,135 thousand).

	Note	Un-audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
6. OPERATING FIXED ASSETS			
Opening book value		498,858	465,893
Add: Additions during the period/year	(6.1)	75,182	104,467
		574,040	570,360
Less:			
Deletions during the period/year		(8,574)	(9,624)
Depreciation during the period/year		(47,987)	(61,878)
		(56,561)	(71,502)
Book value at the end of the period/year		517,480	498,858
6.1 Additions during the period/year			
Buildings on freehold land		542	446
Plant and machinery		4,777	30,172
Tools and equipment's		3,568	12,176
Furniture, fixture and office equipment		2,374	6,634
Vehicles		63,196	54,705
Computers		725	334
		75,182	104,467
7. CAPITAL WORK-IN-PROGRESS			
Advance for purchase of office space		187,286	188,158
Others		46,782	16,973
		234,068	205,131
8. LONG TERM INVESTMENTS - EQUITIES			
Related parties			
- Associates - quoted		154,843	252,006
- Associates - unquoted		399,274	453,480
		554,117	705,486
Others			
Available for sale - quoted			
Cost		25,481	25,481
Surplus on revaluation of investment		27,114	37,377
		52,595	62,858
		606,712	768,344

Un-audited
March 31,
2014
(Rupees in thousand)

Audited
June 30,
2013

9. SHORT TERM INVESTMENTS

	Un-audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
Financial assets at fair value through profit and loss - Mutual fund units	-	551,871
Term deposit certificates	100,000	-
	100,000	551,871

10. 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	
		March 31, 2014 (Rupees in thousand)	March 31, 2013
Associated companies	Purchase of goods and services	1,918,148	2,695,441
	Dividend received	117,000	163,673
Retirement benefit plans	Contribution to staff retirement benefit plans	17,938	74,692
Key management personnel	Remuneration	17,984	15,505
	Disposal of Vehicles	1,487	-

Un-audited
March 31,
2014
(Rupees in thousand)

Audited
June 30,
2013

The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un-audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
Associated companies	Creditors	238,452	651,226
	Trade debts	70,272	40,172

11. **EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors have declared an interim dividend of Rs. Nil per share (30 June 2013: Rs. 25 per share) and Nil bonus shares (30 June 2013: 10%) at their meeting held on April 25, 2014.

12. **DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors of the Group on April 25, 2014.

13. **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation.

14. **GENERAL**

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

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