50 YEARS
OF DELIVERING DYNAMIC CHANGE
WITH INTEGRITY AND TRANSPARENCY

GOLDEN JUBILEE
CELEBRATIONS

YEARS

ANNUAL REPORT 2014

MTL

MILLAT TRACTORS LIMITED

GOLDEN JUBILEE CELEBRATIONS

50 YEARS
ANNUAL REPORT 2014

50 years of Delivering Dynamic Change with Integrity & Transparency

With over Half a Century of market leading operations in the Tractor Manufacturing Industry of the country, Millat Group of companies has been the Jewel of Pakistan's economic strength representing a remarkable success story. Surviving major critical events of nationalization and privatization over the years, having been named as one of Asia's best 200 'Under Billion $' companies by Forbes, is now celebrating its Golden Jubilee.

We at MTL have been proud contributors to the farming community at large through unmatched investment in innovative engineering technology and production quality to bring dynamic change and a new era to the tractor industry of Pakistan. We pride ourselves to be the only manufacturer in the industry that offers the most economical products to the local farmer. Through sheer hard work spanning over 5 decades our unparalleled focus on operational excellence through our passion for engineering, after sales and peerless customer service reflects the integrity that has shaped our character and transparency, which sustained our success through many generations.

The five decades of history MTL made has won it piles of accolades ranging from :

Top 25 Companies in Pakistan	For 17 years
Achievement Award by Massey Ferguson	In 1984
Client Performance Award	In 1984
National Industries Exhibition Award	In 1985
Excellence in Management Award	In 1989
Highest Achievement of Indigenization Award	In 2000
Largest Tractor & Farm Machinery Manufacturing Company	In 2009
16th Largest Company with exceptional performance in Global Tractor manufacturing industry by PLIMSOL	In 2012
Asia's Best 200 'Under a Billion $' companies by Forbes	For 3 years
Best Corporate Report	For 4 years
Annual Report Award	For 3 years

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Financial Highlights

	2014	2013
Sales Revenue (Rs. in Million)	16,590	22,699
Profit After Tax (Rs. in Million)	1,482	2,139
Number of Outstanding Shares (000's)	44,293	40,267
Earnings per Share- Basic and Diluted (Rs.)	33.46	48.28
Dividend (Rs. / Share)	40.00	55.00
Dividend Payout Ratio (Percentage)	119.56	113.92
Long Term Investments (Rs. in Million)	346	354
Total Assets (Rs. in Million)	7,018	10,237
Shareholders Equity (Rs. in Million)	4,488	4,875
Return on Capital Employed (Percentage)	33.33	44.33
Current Ratio (Times)	2.17:1	1.64:1
Debt : Equity Ratio (Times)	0:100	0:100
Market Capitalization (Year End) (Rs. in Million)	22,108	21,140
Market Capitalization (Year End) (US$ in Million)	224	214
Price to Earning Ratio (Times)	14.92	10.87
Net Assets per Share (Rs.)	101.32	121.07

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Vision

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

Mission

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

Corporate Information

BOARD OF DIRECTORS

Chairman
Mr. Sikandar Mustafa Khan

Chief Executive
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. 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

Board of Directors

Mr. Laeeq Uddin Ansari
(Director)

Mian Muhammad Saleem
(Director
Company Secretary)

Mr. Sohail Bashir Rana
(Director)

Mr. Sikandar Mustafa Khan
(Chairman)

S. M. Irfan Aqueel
(Chief Executive)

Mr. Latif Khalid Hashmi
(Director)

Syed Zubair Ahmed Shah
(Director NIT Nominee)

Mr. Saad Iqbal
(Director)

Board of Directors Committees

AUDIT COMMITTEE

1.	Syed Zubair Ahmed Shah	Chairman
2.	Mr. Latif Khalid Hashmi	Member
3.	Mr. Sohail Bashir Rana	Member
4.	Mr. Laeeq Uddin Ansari	Member

The terms of reference of the Audit Committee are as follows :

i) To recommend to the Board of Directors, the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the Company in addition to audit of financial statements.

ii) determination of appropriate measures to safeguard the Company's assets;

iii) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

iv) review of preliminary announcements of results prior to publication;

v) 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);

vi) review of management letter issued by external auditors and management's response thereto;

vii) ensuring co-ordination between the internal and external auditors of the Company;

viii) 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;

ix) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

x) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

xi) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

xii) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

xiii) determination of compliance with relevant statutory requirements;

xiv) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

xv) consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

1.	Mr. Sikandar Mustafa Khan	Chairman
2.	Mr. Latif Khalid Hashmi	Member
3.	Mr. Sohail Bashir Rana	Member

The terms of reference of HR&R committee are as follows:

i) recommending human resource management policies to the Board;

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ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

DIRECTORS' REMUNERATION COMMITTEE

1.	Mr. Sikandar Mustafa Khan	Chairman
2.	Mr. Sohail Bashir Rana	Member
3.	Mr. Latif Khalid Hashmi	Member
4.	Syed Zubair Ahmed Shah	Member

The duties of the Remuneration Committee are as follows:

i) to make recommendations to the Board.

ii) to determine the specific remuneration packages of directors and, including, without limitation, base salaries, deferred compensation, stock options and any benefits in kind, pension rights and incentive payments and any compensation payable for loss or termination of their office or appointment, and to make recommendation to the Board on Annual Report & Financial Statements for the year ended June 30, 2013 9 the remuneration of directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment, responsibilities of the directors and employment conditions elsewhere in the group and in the market and desirability of performance-based remuneration; while considering remuneration of individual Director, his qualification, experience, field of specialization if any, exposure on company Boards and commitment etc shall form basis of remuneration package.

iii) to review and recommend compensation rrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

iv) to ensure that no director or any of his associates is involved in determining his own remuneration;

FINANCE COMMITTEE

1.	Mr. Latif Khalid Hashmi	Chairman
2.	Mr. Laeeq Uddin Ansari	Member
3.	Syed M. Irfan Aqueel	Member
4.	Mian Muhammad Saleem	Member

The terms of reference of the Finance Committee are as follows:

i) Product(s) pricing including tractors:
ii) Investment/disinvestment of funds:
iii) Procurement/import of raw materials:
iv) Capital Expenditure:
v) Review Budget proposals prior to finalization.
vi) Approval of Travelling Abroad up to Executive Grade
vii) Retainership (approval and fixation of compensation).
viii) Any matter(s) brought to the notice of committee for consideration.

MARKETING COMMITTEE

1.	Mr. Sohail Bashir Rana	Chairman
2.	Syed M. Irfan Aqueel	Member
3.	Mian Muhammad Saleem	Member
4.	Mr. Muhammad Akram	Member

The terms of reference of the Marketing Committee are as follows:

i) Formulation of sales/marketing strategy.
ii) Appointment/termination of dealers including agreements.
iii) Allowing commission /discounts.
iv) Approval of priority for early delivery.
v) Introducing of incentive schemes.
vi) Other matters relating to sales & marketing.


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Management Committees & their terms of reference

1. BOARD COMMITTEE FOR GROUP SUPERVISION

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

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

2. BUSINESS DEVELOPMENT & REVIEW COMMITTEE

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

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

3. BUSINESS STRATEGY COMMITTEE

Chief Executive	Chairman
CFO	Member
GM Marketing	Member

The Business Strategy Committee is responsible for preparing the strategic plan and execution/ implementation of the decisions of group performance review committee.

4. MANAGEMENT CO-ORDINATION COMMITTEE

Chief Executive	Chairman
All department Heads	Member
CFO	Member

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

5. SYSTEMS & TECHNOLOGY COMMITTEE

GM IT	Chairman
CFO	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.

6. SAFETY COMMITTEE

GM, Admin	Chairman
Sr. Mgr. Production	Member
DGM Service	Member
DGM Maintenance	Member

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

7. RISK MANAGEMENT COMMITTEE

CFO	Chairman
GM Engineering	Member
GM Marketing	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.

8. ENVIRONMENTAL COMMITTEE

GM Admin	Chairman
Sr. Manager Admin	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

SIKANDAR MUSTAFA KHAN
Chairman

S M IRFAN AQUEEL
Chief Executive Officer

MIAN MUHAMMAD SALEEM
Director / Company Secretary

JAVED MUNIR
Director Finance / CFO

MUHAMMAD AKRAM
GM (Marketing)

FAROGH IQBAL AHMED
GM (Engineering & Supply Chain)

M. ATHAR ZUBAIR
GM (Quality Assurance)

MANSOOR A, ABBASI
GM (Production)

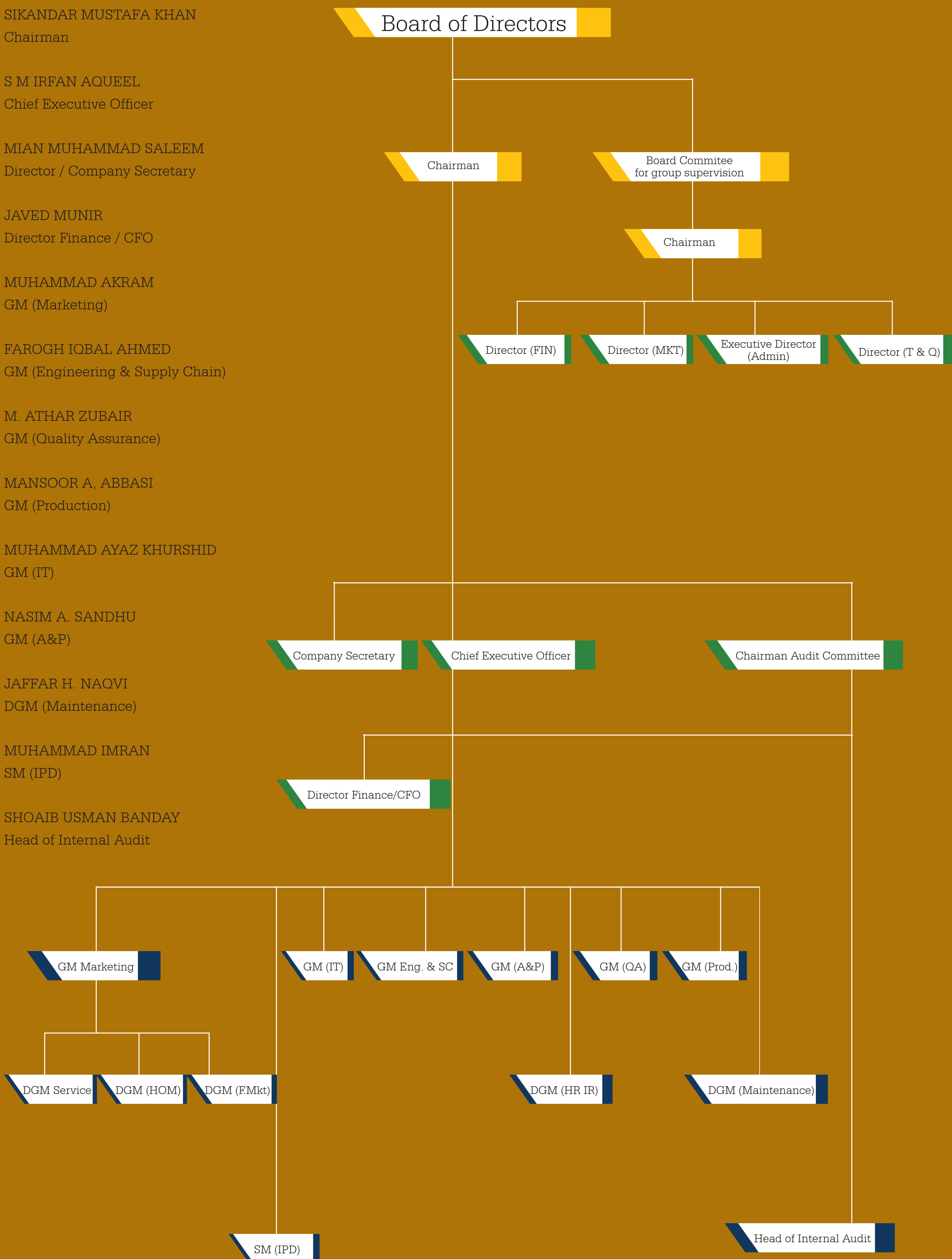
MUHAMMAD AYAZ KHURSHID
GM (IT)

NASIM A. SANDHU
GM (A&P)

JAFFAR H. NAQVI
DGM (Maintenance)

MUHAMMAD IMRAN
SM (IPD)

SHOAIB USMAN BANDAY
Head of Internal Audit



Objectives & Strategic Planning

OBJECTIVES

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

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

STRATEGIC PLANNING

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

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

Code of Conduct

The Company's Code of Conduct conforms to the Millat Group Vision and the Company's Mission Statement.

The Code of Conduct defines the expected behaviors for all employees of Millat Tractors Limited (MTL). MTL will conduct its business fairly, impartially, in an ethical and proper manner, in full compliance with all applicable laws and regulations, and consistent with the values of the Company, Integrity must be ensured in all Company business relationships, including those with customers, suppliers, shareholders, other communities and among employees. The highest standards of ethical business conduct are required of employees in the performance of their responsibilities. Employees will not engage in any conduct or activity that may raise doubts to the honesty, impartiality and reputation of the organization or result in embarrassment to the Company.

Every employee of the Company will ensure that he/she:

- Will not engage in any activity that might create a conflict of interest for him/her or MTL. Conflict of interest shall be disclosed where it exits and guidance sought.
- Will not take advantage of his/her position for personal gain through the inappropriate use of Company name or non-public information or abuse his position.
- Will refrain from insider trading.
- Will follow all restrictions on use and disclosure of information. This include protecting Company's information and ensuring that non-company proprietary information is used and disclosed only as authorized by the owner of the information or as otherwise permitted by law and abide by the employee non-disclosure & confidentiality undertaking already signed by him/her.
- Will observe fair dealing in all of his/her transactions and interactions.
- Will protect all assets of the Company and use them only for appropriate Company-approved activities.
- Without exception, will comply with all statutory applicable laws, regulations, company policies and rules etc.

Core Values

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

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Safety, Health & Environment Policy

SAFETY POLICY

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

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

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

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

All the employees are insured under Group Life Insurance Scheme.

HEALTH POLICY

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

ENVIRONMENT POLICY

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

Notice of Annual General Meeting

Notice is hereby given that 51st 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 Wednesday October 29, 2014 at 4:30 P.M to transact the following business:

A. ORDINARY BUSINESS

1) To confirm minutes of the 50th Annual General Meeting held on September 30, 2013.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.

3) To approve final cash dividend of Rs. 20.00 per share i.e., 200% in addition to the interim dividend of Rs. 20.00 per share i.e., 200% already paid making a total cash dividend of Rs. 40.00 per share i.e., 400%.

4) To appoint auditors and fix their remuneration for the year ending June 30, 2015.

B. SPECIAL BUSINESS

1) To ratify and approve Related Party Transactions of sale and purchase of goods to/ from associated companies for the years ended June 30, 2013 and 2014 by passing the following resolution:

"Resolved that the following Related Party Transactions of sale and purchase of goods to/ from associated companies for the years ended June 30, 2013 and June 30, 2014 be and are hereby ratified, approved and confirmed."

	2013		2014	
NAME(S)	PURCHASES	SALES	PURCHASES	SALES
MILLAT EQUIPMENT LIMITED	2,488,433,688	69,488,422	1,804,019,785	27,726,733
BOLAN CASTINGS LIMITED	1,610,137,609	16,929,578	1,001,138,810	28,797,513
MILLAT INDUSTRIAL PRODUCTS LIMITED	179,103,996	15,590	131,463,257	28,221
TIPEG INTERTRADE JLT	-	-	1,804,629	25,312,419
TOTAL	4,277,675,293	86,433,590	2,938,426,481	81,864,886

2) To authorize Chief Executive of the Company to approve Related Party Transactions for sale and purchase of goods to/from associated companies for the year ending June 30, 2015 by passing the following resolution with or without modification:

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve the following Related Party Transactions for sale and purchase of goods to/from associated companies from time to time for the year ending June 30, 2015 to the extent mentioned against each company and take any and all actions and sign any and all such documents as may be required in this regard."

	2015	
NAME(S)	PURCHASES	SALES
MILLAT EQUIPMENT LIMITED	3,020,771,143	31,885,743
BOLAN CASTINGS LIMITED	2,249,317,372	33,117,140
MILLAT INDUSTRIAL PRODUCTS LIMITED	212,503,500	32,454
TIPEG INTERTRADE JLT	100,000,000	741,867,000
TOTAL	5,582,592,015	806,902,337

C. ANY OTHER BUSINESS

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

By order of the Board

Lahore:
October 01, 2014

Mian Muhammad Saleem
Company Secretary

NOTES

1. The share transfer books of the Company will remain closed from October 23, 2014 to October 29, 2014 (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 22, 2014 will qualify for the payment of cash dividend.

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

3. Non CDC Shareholders are requested to notify the change of address, if any, immediately and submit, if applicable, the CZ-50 Form (for non deduction of Zakat) to the Registrar of the Company M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. All the shareholders holding shares through CDC are requested to update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

4. As per Securities and Exchange Commission of Pakistan (SECP) Notification no. 779(I) 2011 dated August 18, 2011 dividend warrants should bear CNIC numbers. All those shareholders holding physical shares who have not submitted their valid CNICs are requested to send a photocopy of their valid CNIC/ National Tax Numbers (NTN) along with the folio numbers to the Company's share registrar. No dividend will be payable unless the CNIC Number is printed on dividend warrants, therefore, please provide the CNIC numbers, failing which the Company will not be responsible if it is not able to pay the dividend.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC)/ original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CINC/original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

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

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

1) Related Party Transactions(RPTs)

The transactions with associated Companies for the sale and purchase of goods were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause (x) of the Code of Corporate Governance, 2012.

The SECP Enforcement Department vide its Order no.EMD/233/450/2002-1668 dated April 29, 2014 held that majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the Associated Companies, the quorum of directors could not be formed for approval of these transactions and therefore, these transactions had to be approved by the shareholders in the General Meeting.

It may be noted that Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) manufacture intricate tractor components i.e., major tractor castings and gears & shafts etc respectively for which limited sources are available in the country. Millat Industrial Products Limited (MIPL) manufactures tractor batteries while tractors and components are exported through TIPEG INTERTRADE JLT (TIPEG). In addition components are imported through TIPEG for in house use by the Company. Sale of components is also made to MEL for onward export to global customers.

During the years sale of scrap and swarf etc was also made to BCL for in house consumption. The commercial reasons for entering into RPTs are the following:

a. Availability of state of the art production facilities.
b. Advanced Technical Know How.
c. Dedicated production facilities.
d. Elaborated testing facilities for MTL.
e. To ensure smooth supply chain.

The transactions with all related parties are entered into on arm's length basis as per policy approved by the Board.

The Company has the following equity in the associated Companies.

Bolan Castings Limited	46.26%
Millat Equipment Limited	45.00%
Millat Industrial Products Limited	64.09%
TIPEG Inter Trade JLT	75.00%

The common directors have the following shareholding in the associated companies.

		BCL	MEL	MIPL	TIPEG
Sr. No.	Name of Director(s)	No. of Shares	No. of Shares	No. of Shares	No. of Shares
1	Mr. Sikandar Mustafa Khan	166,369	1,625,001	543,750	100
2	Mr. Latif Khalid Hashmi	332,270	1,625,001	362,500	100
3	Mr. Sohail Bashir Rana	144,359	1,708,951	362,500	100
4	Mr. Laeeq Uddin Ansari	733,120	1,904,001	362,500	100
5	Mian Muhammad Saleem	68,157	600,001	200,000	100
6	Syed Muhammad Irfan Aqueel	-	100,000	-	-
	TOTAL	1,444,275	7,562,955	1,831,250	500
	PERCENTAGE OF SHAREHOLDING	14%	29.088 %	20 %	25 %

Rana Muhammad Siddique was common director during 2012-2013 and held 1,550 shares of Millat Industrial Products Limited.

In compliance of the SECP's advice, the transactions conducted with Associated Companies are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the associated companies.

2) Authorization to CEO for Related Party Transactions(RPTs)

The Company shall be conducting transactions of sale and purchase of goods with associated companies during the year ending June 30, 2015 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies as held by the SECP. Therefore the future transactions with associated companies have to be approved by the shareholders.

In the light of the SECP order for compliance of clause(x) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive to approve transactions of sale/purchase of goods with associated companies for the year ending June 30, 2015. The summary of commercial reasons, nature and scope of RPTs is explained under no. 1 above.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the associated companies.

Chairman's Review

Sikandar Mustafa Khan
Chairman

This year MTL marked its 50 Years Golden Jubilee celebrations. With endless hours of hard work spanning 5 decades, every milestone the company has achieved since its incorporation testifies to the sheer determination and honest commitment of its employees and partners.

Our position as Pakistan's number one Tractor manufacturer is a tribute to the business philosophy and approach developed by its founders. Despite the hurdles faced at different times, our growth is a remarkable achievement. But as far as we have come, there is so much more that we will be doing to make a difference for our stakeholders. Much has changed in the tractor industry since the Company's inception. Today's operating environment is fundamentally more competitive and complex, however despite various external pressures ranging from global economic slowdown to local issues impacting MTL, the fundamentals of our business remain strong. We look forward as always to add value to the interests of our stakeholders by conducting successful business operations that improve the quality of farming in Pakistan. We at Millat Tractors fully understand the concerns of the local farmer engulfed with various financial constraints that have truncated their buying power, therefore we strive to provide affordable high performance products to the farming community.

2013/14 ECONOMIC OUTLOOK

World economy is facing turbulent times, with subdued growth of 2.1% in 2013, lower than the forecasted baseline of 2.4% and undergoing a bumpy start to the current year, much impact has been due to the bad weather in the Americas and conflicting situation in Ukraine, a huge agro based economy. The conflicts in the Middle East, are driving fuel prices up, considerable volatility in the forex markets are putting pressure on the Pakistani Rupee, along with increasing debt costs

TURBO 455
THIS IS ABOUT CLASS AND POWER

to Pakistan, the overall business conditions for this growing economy are getting difficult. Due to these scenarios, the World Bank has reduced the forecasted growth of 3.2% for the year 2014 to 2.8%; however growth is expected to resume from the later part of 2014.

Pakistan's economy on the other hand has flourished and achieved 4.1% growth in the outgoing fiscal year, compared to 3.7% last year. This is the highest level achieved since 2008-09. Inflation remained at single digit whereas agricultural sector grew at the rate of 2.1%, industrial sector by 5.8%, large scale manufacturing by 5.3%, against growth of 2.9%, 1.4%, and 4.1% respectively in the last year. Services sector grew at 4.3% against 4.9% in last year. The economy is slowly getting back on track by following a planned economic agenda implemented by the government.

Stabilizing foreign exchange reserves, appreciation of exchange rates, industrial growth due to improved energy supply, exceptional increases in remittances, historical heights achieved in Karachi Stock Exchange, shift in market based (T-Bills and PIB) public debt toward medium to long term, successful launching of Euro Bonds and auction of 3G/4G licenses reinforced this view of economic growth. The international financial institutions are also acknowledging and appreciating the positive improvements in national economy and are supporting the development agenda of the present government. However, the law and order situation; political uncertainty etc. will have its adverse effect of FDI, GDP Growth etc.

Circular Debt of Independent Power Producers (IPPs) and public sector power entities were initially paid. Moreover, the Government has also developed National Power Policy (2013), which envisions provision of affordable electricity through substitution of expensive imported fuels with cheaper native resources led by hydel, coal and renewable energy sources, respectively. In the absence of a well planned energy policy, circular debt and public sector debt will again have a negative impact on the economy. Hydel Power with Water resources are the need of the hour.

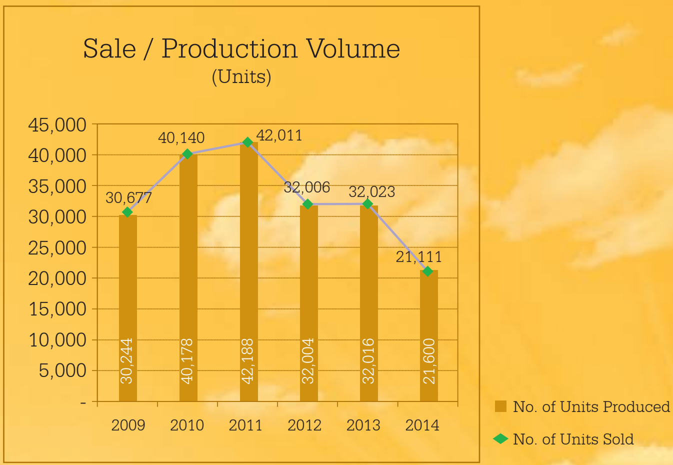
AGRICULTURAL SECTOR

The agricultural sector is a key segment of the economy as it is responsible for provision of raw materials to main industrial units and also contributes significantly to the export earning of the country. The agriculture sector accounts for 21% of GDP and absorbs 43.7% of the labor force. The receded growth in the agricultural sector directly affected the buying power of the farmers due to increased cost of production.

Scarcity of water reservoirs / dams not only causes wastage of millions of cusecs of irrigation water but floods each year causing enormous financial loss to the country on ongoing basis.

Vital crops such as wheat, rice, sugarcane and cotton account for 25.2% of the agricultural value and displayed a commendable growth of 3.7% compared to 1.2% last year neutralizing the subdued growth in other crops due to floods and other factors.

In congruence with the government's concern for development of the agrarian economy, banks have disbursed Rs. 255.7 billion in FY 2013-14, which represents 67.3% of the annual target of Rs. 380 billion compared to preceding year's disbursement of Rs. 231 billion out of a target of Rs. 315 billion. Your Company has taken initiative to provide funding to farmers through financial institutions at competitive pricing in addition to quality tractors at reasonable price



GOLDEN JUBILEE CELEBRATIONS
50 YEARS
ANNUAL REPORT 2014

TRACTOR INDUSTRY

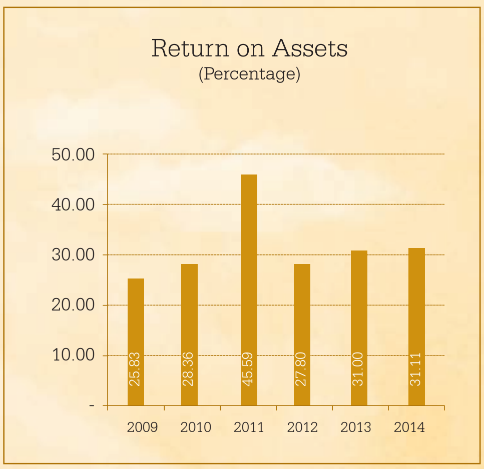
The tractor industry witnessed a drop in FY 2013-14 as bookings and deliveries plummeted to 31,000 and 32,800 tractor units respectively against 45,000 & 50,000 units in the last year's corresponding period. Increase in sales tax by 6% with effect from January 2014 has been a major blow to the tractor industry. The situation aggravated due to government's indications for GST review, which made the farmers un-decisive.

Moreover, Budget 2014-15 announcements for the reduction in GST on tractors from 16% to 10% w.e.f. July 2014 contributed to the collapse in tractor sales during the month of June 2014.

Contrary to the expectations, no subsidy scheme was launched by the federal and provincial governments. Although ZTBL and other commercial banks enhanced tractor lending with 10,000 tractors, yet this could not tackle the unpleasant impact of price hike and absence of subsidy schemes.

Thus increase in GST along with the absence of subsidy schemes debilitated the buying power of the farmers and resultantly industry sales observed significant decline.

MTL continues to focus on quality improvements to meet international standards and timely after sale services to our customers.



REVOLUTIONARY POWER

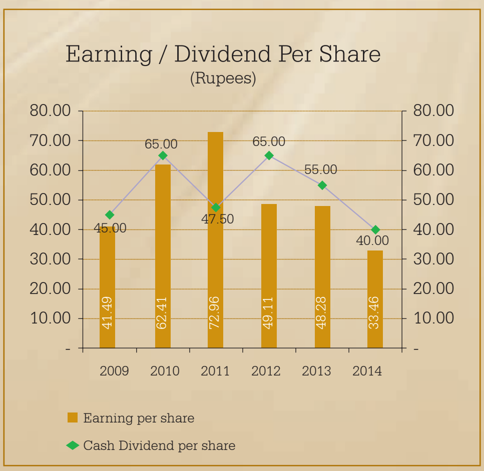
GOLDEN JUBILEE CELEBRATIONS

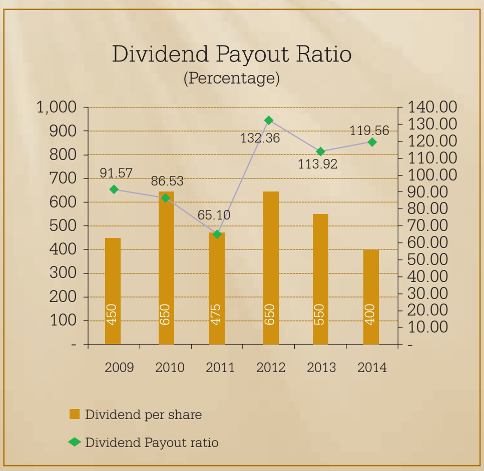
50 YEARS ANNUAL REPORT 2014

OUR PERFORMANCE IN 2013-14

The aforementioned factors played a pivotal role in contributing to the drag in overall sales of the company. MTL booked 19,800 units in 2013-14 compared to 30,200 units in the preceding year, reflecting a decline of 34%.

Deliveries nosedived from 32,023 to 21,111 due to reduced bookings by farmers, restricted loaning earlier in the year and energy crisis. The difficulties amplified by the increase in GST and signals of tax review by Government taking a significant toll on sales in second half of the year. However, it is pleasing encouraging to note that the Company retained its market share of 64%, maintaining its position as the industry leader.



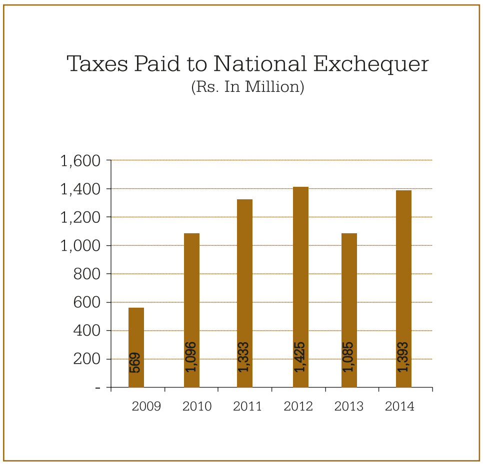


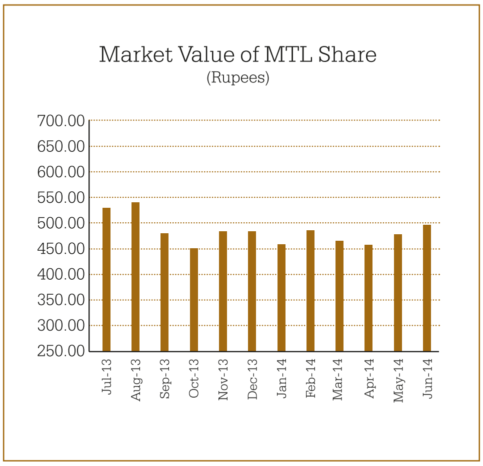
In contrast to the tractor sales, spare parts sales in 2013-14 increased to Rs. 424.8 million vis-à-vis Rs. 265 million of preceding year, an increase of 60%. The company has increased its focus in this segment by increasing exports through TIPEG, ensuring the availability of quality parts and extension in the spare parts dealership network.

Implements sales of Rs. 51.3 million were achieved in 2013-14 as against preceding year sale of Rs. 66.2 million. In order to improve this segment, new machines and hardware are being developed to facilitate mechanized farming.

FINANCIAL PERFORMANCE

Millat Tractors Limited has managed to secure revenues of Rs. 16.6 billion compared to previous year's figures of Rs. 22.7 billion, a material decline of 26.9%. Company's gross profit has increased from 17.7% last year to 17.9% by adopting cost cutting measures, stabilizing material prices and marginal reduction in the growth of general inflation. Profit before tax has been Rs. 2.2 billion whereas after tax profit was Rs. 1.5 billion against last year's Rs. 3.2 billion and Rs. 2.1 billion respectively.





The management is committed to face various challenges imposed by the economy and its competitors and simultaneously is striving forward relentlessly towards increasing client satisfaction and product demand in international markets by keeping abreast with the latest technology and understanding various needs of the clients.

I believe that our commitment to improving financial performance is unprecedented since we strive to match it with continued focus on being a responsible company, by working hard with integrity and delivering sustainable business development

OUR CONTRIBUTION TO THE LOCAL FARMER

In order to fulfill the Company's commitment to support the farming needs at the best possible price, two new tractor models MF 350 Plus (50 hp) and MF 360 (60 hp) with upgraded technical specifications have been introduced for small and medium sized land holding farmers. These models have been appreciated by the farming community due to their features like power steering, oil immersed disc-brakes, heavy duty straddle axle etc. The company with the inclusion of new tractor models in its fleet offers eight tractor models from 50 hp to 100 hp range that best suit our agro-climatic conditions, size of the farms and buying capacities of various segments of the farmers.

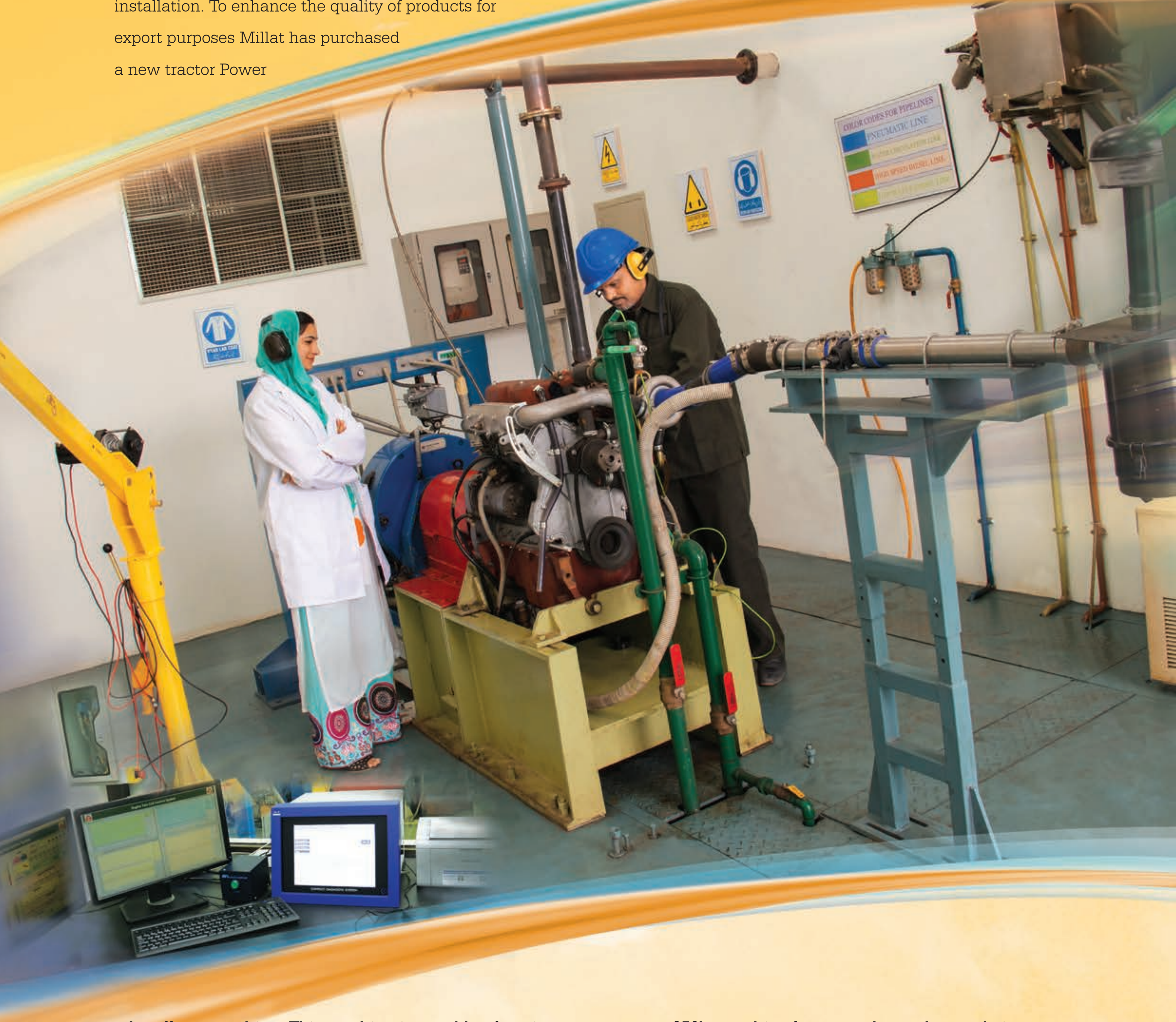
In line with the Company's commitment to improve mechanization level in the country, MTL has introduced new machines and technologies, test and trials for new equipment in the areas of grains harvesting, biomass, fodder bailing and land leveling are under way.


6 PLY RATING
NYGEN
POWERLUG

QUALITY MANAGEMENT

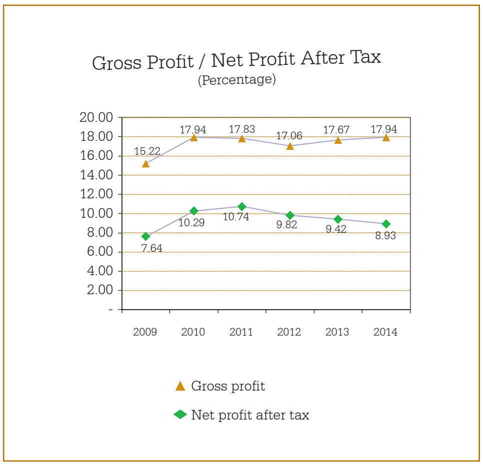
The Quality Assurance department is making incessant efforts to improve tractor quality. Machinery has been installed and upgraded to test quality and durability of components in our established laboratories, thus resulting in improved product quality ratings.

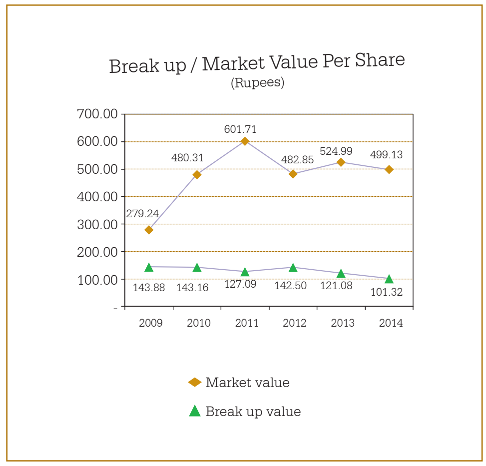
MTL has upgraded a gear-testing machine to detect defects in gears before installation. To enhance the quality of products for export purposes Millat has purchased a new tractor Power



take-off test machine. This machine is capable of testing tractors up to 250hp, and is of same make as the one being used at AGCO Brazil Tractor Plant. Equipped with special features such as "Engine Test System-ETS" and 'system stored library' of renowned Nebraska Test Laboratory USA. It has test results of various international tractor brands available for comparative analysis and graphical presentations.

Training and development of Human resource of QA is another area in sharp focus. Like the previous year, this year too, an opportunity of training abroad at AGCO Brazil has been rendered to 2 QA engineers. This is with the vision of producing better products through more trained people and broadened knowledge base.





INFORMATION TECHNOLOGY

Millat has upgraded its IT infrastructure and a new data centre has been established to provide enhanced surveillance and backup solutions. The prime focus of IT has been the reduction of system downtime and availability of ERP system throughout the year and for this purpose a Rapid Disaster Recovery (DR) plan has been built and its supporting hardware has been secured.

FUTURE PROSPECTS

Tractor sales prospects are positive in the forthcoming year, 2014-15, despite the reduction in sales in previous year. The Government of Pakistan has set a GDP growth target of 5.1% along with the agriculture growth target of 3.3%. Favorable measures are hence expected to meet the targets, which were also presented in the recently announced federal budget for the upcoming year.

It is expected that reduction in GST to 10% and stable tractor prices will improve the sales in 2014-15. Tractor loaning of 12,000 units is prospected by ZTBL and other commercial banks compared to 10,000 units in previous year. Imposition of duty on import of CBU tractors by the Government will augment our cause of indigenization and self reliance, which ultimately will boost the sale of locally manufactured tractors.

A state of the art “Green Engine Test Lab” is fully functional now to test the emission compliant green engines. This facility has opened vast avenues of export of tractors by us around the world, which we are ready to explore. The company Export and trade agreement finalized with our principal AGCO will also supplement our growth targets in the export segment. The Group’s new trading company TIPEG Intertrade JLT in Dubai has initiated its business activities to promote exports and to cater import needs of MTL.

APPRECIATION

Before concluding, and on behalf of the Board, I would like to thank the employees of MTL, with whose efforts we have achieved so much over the years as we laid foundations for the only automotive engineering company in Pakistan to export quality products of highest standards. In particular I would like to thank fellow members of the board who have shown inspirational zeal and leadership skills over the years to make MTL a national pride of Pakistan.

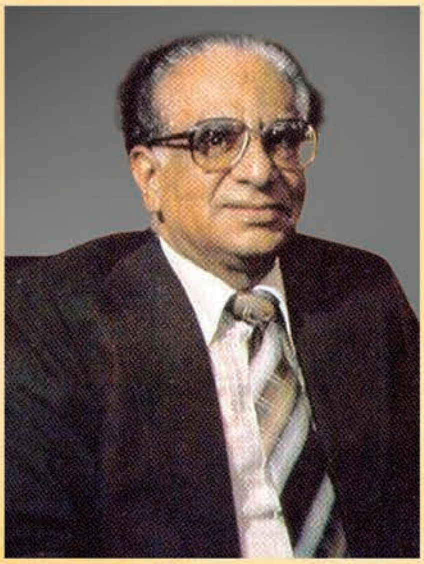
Sikandar Mustafa Khan
Chairman

Lahore
September 11, 2014

Leaders Paving the way to Success

Mr. Rana Khuda Daad
Founder Chairman & MD
(Tenure) 1964 - 1971

Mr. F.I.W. Alfery
MD (Tenure) 1972 - 1976



Mr. Ehsaan Ullah Khan
MD (Tenure) 1977 - 1985

Mr. Sikandar Mustafa Khan
CEO (Tenure) 1985 - 2004

Mr. Latif Khalid Hashmi
CEO (Tenure) 2004 - 2006

Mr. Sohail Bashir Rana
CEO (Tenure) 2006 - 2008

Mr. Shoaib Pasha
CEO (Tenure) 2008 - 2009

GOLDEN JUBILEE CELEBRATIONS
50 YEARS
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Mr. Laeeq Uddin Ansari
CEO (Tenure) 2009 - 2011

S.M. Irfan Aqueel
CEO (Tenure) 2012 to date

Directors' Report to the Shareholders

year ended June 30, 2014

Syed Muhammad Irfan Aqueel
Chief Executive

The Directors feel pleasure in presenting their 51st annual report together with audited accounts of the Company for the year ended June 30, 2014.

APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs. 20.00 per share (200%).

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 20.00 per share (200%) making a total of Rs. 40.00 per share (400%) as cash dividend.

The following appropriations were made during the year:

	(Rupees in thousand)	
	General reserve	Un-appropriated profit
Opening balance	3,306,590	1,115,255
Less: Final dividend @ 250%	(43,039)	(963,610)
Bonus shares@10%	-	(40,266)
Transfer to general reserve	-	-
Profit for the year	-	1,513,478
Less: Interim dividend @ 200%	-	(885,851)
Un-appropriated profit carried forward	3,263,551	739,006

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2014 was Rs. 33.46 as against Rs. 48.28 of the preceding year.

BOARD OF DIRECTORS

The Board comprises of eight directors of which seven were elected in the Extra Ordinary General Meeting held on November 01, 2012. During the year NIT Nominee Director Mr. Manzoor Ahmed resigned from the Board and Syed Zubair Ahmed Shah (NIT Nominee Director) was co-opted in his place. Since then there has been no change in the composition of the Board.

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

Name of Director	Meetings attended
Mr. Sikandar M. Khan - Chairman	6
Syed Muhammad Irfan Aqueel-CEO	6
Mr. Latif Khalid Hashmi	6
Mr. Sohail Bashir Rana	6
Mr. Laeeq Uddin Ansari	6
Mian Muhammad Saleem	6
Mr. Manzoor Ahmed	3
Mr. Saad Iqbal	5
Syed Zubair Ahmed Shah	-

BOARD COMMITTEES'

AUDIT COMMITTEE

The Board of Directors re-constituted the Audit Committee in its 146th meeting held on April 25, 2014 and Syed Zubair Ahmed Shah was appointed as Chairman in place of outgoing director, Mr. Manzoor Ahmed. During the year four meetings of the Audit Committee were held. The number of meetings attended by each member is given hereunder:

Name of Member		Meetings attended
Mr. Manzoor Ahmed outgoing	Chairman	3
Mr. Latif Khalid Hashmi	Member	4
Mr. Sohail Bashir Rana	Member	4
Mr. Laeeq Uddin Ansari	Member	4
Syed Zubair Ahmed Shah incoming	Chairman	-

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

FINANCE COMMITTEE

The Finance Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising the following members. During the year two meetings of the Committee were held. The number of meetings attended by each member is given hereunder:

Name of Member		Meetings attended
Mr. Latif Khalid Hashmi	Chairman	2
Mr. Laeeq Uddin Ansari	Member	1
Mian Muhammad Saleem	Member	2
Syed Muhammad Irfan Aqueel	Member	2

MARKETING COMMITTEE

The Marketing Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising the following members. During the year seven meetings of the Committee were held. The number of meetings attended by each member is given hereunder:

Name of Member		Meetings attended
Mr. Sohail Bashir Rana	Chairman	7
Mian Muhammad Saleem	Member	7
Syed Muhammad Irfan Aqueel	Member	7
Mr. Muhammad Akram	Member	7

DIRECTORS' REMUNERATION COMMITTEE

The Directors' Remuneration Committee was re-constituted by the Board in its 146th meeting held on April 25, 2012 consequent upon resignation of Mr. Manzoor Ahmed and appointment of Syed Zubair Ahmed shah in his place. During the period no meeting of the Committee was held

Name of Member(s)

Mr. Sikandar Mustafa Khan	Chairman
Mr. Latif Khalid Hashmi	Member
Mr. Sohail Bashir Rana	Member
Syed Zubair Ahmed Shah	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising the following members. During the period no meeting of the Committee was held.

Name of Member (s)

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

DUTY & TAXES

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

AUDITORS

The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, Lahore 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 forthcoming 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.

DIRECTORS' TRANING PROGRAM

An orientation course was arranged for the Directors to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage affairs of the Company for and on behalf of the shareholders. Written material was also provided to them.

SUBSEQUENT EVENTS

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

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

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

Accordingly, the Directors are pleased to confirm the following:

a) 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.

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

c) 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.

d) The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

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

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

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

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

i) The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2014 were the following:

Provident Fund	Rs. 586 million
Gratuity Fund	Rs. 490 million
Pension Fund	Rs. 930 million

The value of investment includes accrued interest.

j) Trading of shares by CFO and Head of Internal Audit.

PURCHASE OF SHARES	No. of shares purchased
CFO	
Mr. Javed Munir	3,300
Head of Internal Audit	
Mr. Shoaib Usman Banday	900

CODE OF CONDUCT

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviours. The same has also been placed on the Company's website.

RELATED PARTY TRANSACTIONS

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, 2014 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, 2014 were 434 compared to 452 of last year.

CONSOLIDATED FINANCIAL STAEMENTS

Consolidated financial statements of the Company as on June 30, 2014 are annexed.

CORPORATE SOCIAL RESPONSIBILITY

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

WEB PRESENCE

Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website www.millat.com.pk for information of the investors.

For and on behalf of the Board

SYED MUHAMMAD IRFAN AQUEEL
Chief Executive

Lahore:
September 11, 2014

POWER GENERATION SETS
economy & power
RE-DEFINED

Millat Tractors Limited (MTL) Commitment Towards (CSR)

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

MTL discharges the Corporate Social Responsibilities (CSR) that would positively impact its customers, employees, shareholders, communities, and the environment in various aspects of its operations.

The detail of the above is as follows.

1. Corporate Philanthropy
   During the year the Company donated Rs. 3.36 million to Forman Christian College, Lahore for its Scholarship Support program. The Company also donated Rs. 0.50 million to Lahore Hospital Welfare Society which runs the Shams Shahab-ud-din Convalescent home with 150 bed facility situated within the premises of Mayo Hospital, Lahore and providing nutritious diet to deserving patients along with taking care of their medical expenses, including all diagnostic tests.

2. Energy Conservation
   The Company implemented all possible measures for energy conservation. Some of the steps taken by the Company are as follows.

   - Air conditioners were only used after 11:00 A.M and all air conditioners and other electrical equipment were switched off during lunch break.

   - Use of electric & gas heaters were restricted.

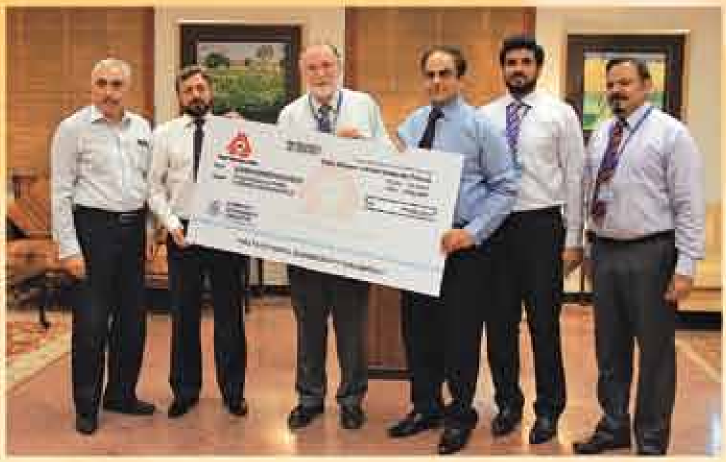
   - Electric bulbs & tubes were replaced with energy savers and LED's.

   In order to overcome the prevailing energy crisis the company has installed stand by generators to have uninterrupted power supply.

3. Environmental Protection Measures
   For a healthy and pollution-free environment, MTL has a horticulture division which provides seasonal flowers for display in offices and for exhibitions. To reduce pollution and to contribute towards a greener Pakistan, MTL Horticulture actively participates in tree plantation campaigns in collaboration with Parks & Horticulture department and NGOs. The Company also participated in Annual Chrysanthemum flower show organized by the Horticulture Society of Pakistan from 5th to 10th December, 2013 at Jilani Park, Lahore and earned first position in the categories of private institutes, residential gardens and pots exhibited. Due to higher environmental pollution concerns, the Green Engine Technology has become need of the hour. Green Engine is a terminology used for environment friendly engines with low emissions of toxic exhaust gases. MTL, while maintaining its reputation of pioneering, is once again a step ahead to adapt this technology in Pakistan and

CSR Activities


Inauguration of Millat Tractors auditorium at LUMS




Donation for Millat Tractors scholarship scheme at FC College

Beneficiaries of MTL scholarship scheme at FC College

Calendar of Events

PAAPAM Auto Parts Show (PAPS) 2014

MOU signing ceremony with Meezan Bank for Tractor Ijarah

MOU signing ceremony with MCB for Tractor Leasing has established an indigenous test laboratory with National University of Science & Technology (NUST), Islamabad. The Company is utilizing this facility at nominal expenses compared to high cost of foreign laboratories.

4. Community Investment and Welfare Schemes
During the year the Company donated Rs. 200,000/- to Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD).

5. Consumer Protection Measures
The Company strives to protect its customers by providing quality products at competitive price. The products are generally related to mechanization of agriculture. The Company offers one year free service, after sale warranty and spare parts through its dealers/ workshop networks at district & Tehsil level along with prompt redressing of customer complaints. Company's experts guide customers in selection of products and for economical use of products, proper maintenance and risks involved in improper usage.

6. Welfare spending for under-privileged classes
During the year no significant contribution was made on this account.

7. Industrial relations
The Company considers mutual trust and respect between labour and management as a key fundamental principle and enjoys a good relationship between its management and employees. The Company has a "Employees Children Scholarship Scheme" under which top performers are rewarded with cash scholarships. During the year Rs. 93,400/- were given under this scheme.

The Company sends its 12 employees every year for performing Hajj at the Company's expense. So far 158 employees have performed Hajj under this scheme.

8. Employment of Special persons
At present five disabled persons are employed in different departments. During the year no disabled person was employed.

9. Occupational Safety and Health
The Company has a conducive environment for its employees, to work free of injury and illness. It is ensured that operations comply with applicable occupational health and safety regulations.

The employees are capable and accountable for preventing works related injuries and illnesses. The Company also requires adoption of sound occupational health and safety management practices by our suppliers & contractors. The Company also has a first aid facility for providing emergency treatment in addition to a vehicle dedicated for meeting any eventuality.

10. Business ethics and anti-corruption measures
The Company conducts all of its business according to the principles of business ethics. We are committed to conducting our business activities with honesty, and in full compliance with the laws and regulations of the state. We also believe in treating our employees with the same principles. The Company also has a Code of Conduct.

11. National–Cause Donations
During the year no significant contribution was made on this account.

12. Contribution to National exchequer
Millat Tractors is one of the leading contributors to the National Exchequer in terms of Corporate Income Tax and other levies. All government Taxes are paid in time and the Company never defaulted in payment of Government dues. During the Year Company paid Rs. 1,393 million as Income Tax and other levies.

13. Rural Development Programs
No significant work was done during the year under rural development program.

INTRODUCING
350 PLUS

INTRODUCING
360 TURBO

Summary of Cash Flow

	2014	2013	2012	2011	2010	2009
	.... (Rupees in thousand)					
Net Cash from / (Used in)						
Operating activities	365,624	1,990,541	896,969	(212,753)	4,238,512	(94,801)
Investing activities	512,669	1,951,648	813,277	1,669,972	(2,684,029)	1,674,909
Financing activities	(1,847,699)	(2,509,415)	(1,448,942)	(2,172,772)	(1,440,801)	(834,093)
Net increase / (decrease) in cash and cash equivalent	(969,406)	1,432,774	261,304	(715,553)	113,682	746,015
Cash and cash equivalent at the beginning of the year	2,087,580	654,806	393,502	1,109,055	995,373	249,358
Cash and cash equivalent at the end of the year	1,118,174	2,087,580	654,806	393,502	1,109,055	995,373


360 TURBO


AGCO
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MILLAT TRACTORS LIMITED


350
MASSEY FERGUSON
MILLAT TRACTORS

Six Years at a Glance

		2014	2013	2012	2011	2010	2009
Profit & Loss Summary							
Net sales	Rs. thousand	16,589,996	22,698,651	20,133,130	24,863,264	22,199,909	15,910,619
Gross profit	Rs. thousand	2,976,691	4,010,267	3,433,817	4,431,963	3,982,800	2,421,765
Operating profit	Rs. thousand	2,123,208	3,175,819	2,639,248	3,584,625	3,143,484	1,755,736
Profit before tax	Rs. thousand	2,183,480	3,172,972	2,875,345	3,914,284	3,336,621	1,752,332
Profit after tax	Rs. thousand	1,481,864	2,138,646	1,977,618	2,670,736	2,284,498	1,215,120
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs. thousand	2,322,428	3,296,625	2,945,723	3,990,563	3,402,644	1,841,478
Balance Sheet Summary							
Share capital	Rs. thousand	442,926	402,660	366,055	366,055	292,844	234,275
General reserves	Rs. thousand	3,263,551	3,306,590	3,368,710	2,766,678	2,467,776	2,220,776
Property, plant & equipment	Rs. thousand	481,293	448,375	415,926	435,516	411,759	405,618
Non current assets	Rs. thousand	1,115,518	1,056,250	889,203	723,226	749,411	698,025
Current assets	Rs. thousand	5,421,289	8,732,156	9,038,370	7,426,242	10,604,724	5,679,157
Current liabilities	Rs. thousand	2,500,805	5,331,414	5,098,772	3,896,657	7,555,574	3,360,520
Net working capital	Rs. thousand	2,920,484	3,400,742	3,939,598	3,529,585	3,049,150	2,318,637
Long term / deferred liabilities	Rs. thousand	29,437	30,148	28,530	36,091	17,913	51,437
Profitibility Ratios							
Gross profit	%	17.94	17.67	17.06	17.83	17.94	15.22
Operating profit	%	12.80	13.99	13.11	14.42	14.16	11.03
Profit before tax	%	13.16	13.98	14.28	15.74	15.03	11.01
Net profit after tax	%	8.93	9.42	9.82	10.74	10.29	7.64
EBITDA margin	%	14.00	14.52	14.63	16.05	15.33	11.57
Operating leverage	%	1.12	0.96	1.40	1.44	2.20	1.35
Return on equity	%	33.02	43.87	37.91	57.41	54.49	36.05
Return on capital employed	%	33.33	44.33	38.10	57.76	54.82	36.30
Return on assets	%	31.11	31.00	27.80	45.59	28.36	25.83
Liquidity Ratios							
Current	Times	2.17 : 1	1.64 : 1	1.77 : 1	1.88 : 1	1.39 : 1	1.67 : 1
Quick / Acid test	Times	1.15 : 1	1.12 : 1	1.17 : 1	1.19 : 1	1.05 : 1	1.03 : 1
Cash to current liabilities	Times	0.45 : 1	0.39 : 1	0.13 : 1	0.10 : 1	0.15 : 1	0.30 : 1
Cash flow from operations to sales	Times	0.02 : 1	0.09 : 1	0.04 : 1	-0.01 : 1	0.19 : 1	-0.01 : 1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	5.15	6.46	5.79	7.71	7.70	6.97
No. of Days in Inventory	Days	71	57	63	47	47	52
Debtor turnover ratio	Times	30.28	32.77	68.51	78.82	76.33	138.43
No. of Days in Receivables	Days	12	11	5	5	5	3
Creditor turnover ratio	Times	7.51	7.94	9.76	15.60	20.00	20.52
No.of Days in Creditors	Days	49	46	37	23	18	18
Total assets turnover ratio	Times	2.36	2.22	1.95	2.90	1.89	2.35
Fixed assets turnover ratio	Times	23.91	34.79	34.46	42.09	39.14	31.20
Operating cycle	Days	34	22	31	29	34	37
Investment / Market Ratios							
Earning per share (after tax)	Rs.	33.46	48.28	49.11	72.96	62.41	41.49
Price earning	Times	14.92	10.87	9.83	8.25	7.70	6.73
Dividend yield	%	7.96	9.81	13.32	9.49	16.10	21.30
Dividend payout ratio (after tax)	%	119.56	113.92	132.36	65.10	86.53	91.57
Dividend cover	Times	0.84	1.02	0.83	1.54	1.16	1.09
Cash Dividend per share	Rs.	40.00	55.00	65.00	47.50	65.00	45.00
Bonus per share	%	-	19.00	-	-	25.00	25.00
Market value per share:							
Year end	Rs.	499.13	524.99	482.85	601.71	480.31	279.24
During the year:							
Highest	Rs.	571.54	646.00	625.80	610.70	529.25	302.00
Average	Rs.	502.64	560.50	487.95	500.35	403.63	211.27
Lowest	Rs.	433.73	475.00	350.09	390.00	278.01	120.54
Break-up value per share	Rs.	101.32	121.08	142.50	127.09	143.16	143.88
(With/without surplus on revaluation of fixed assets)							
Capital Structure Ratios							
Debt to Equity ratio	Times	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	29.14	52.02	499.76	504.83	395.73	46.28

Statement of Value Addition & its Distribution

	2014		2013	
	Rs. ('000)	%	Rs. ('000)	%
VALUE ADDITION				
Net Sales	16,589,996		22,698,651	
Material and services	(13,689,764)		(18,767,522)	
Other income	299,483		301,383	
	3,199,715		4,232,512	
VALUE DISTRIBUTION				
Employees				
Salaries wages and ammenities	716,684	22.40	699,853	16.54
Worker's profit participation fund	114,922	3.59	170,632	4.03
	831,606	25.99	870,485	20.57
Government				
Tax	701,616	21.93	1,034,326	24.44
Workers welfare fund	40,991	1.28	59,304	1.40
	742,607	23.21	1,093,630	25.84
Share holders				
Cash Dividend	1,771,702	55.37	2,104,815	49.73
Bouns Shares	-	-	76,871	1.82
	1,771,702	55.37	2,181,686	51.55
Financial Charges				
Finance Cost	79,208	2.48	64,554	1.53
	79,208	2.48	64,554	1.53
Society				
Donation	4,060	0.13	9,740	0.23
	4,060	0.13	9,740	0.23
Retained in business				
Depreciation	60,370	1.89	55,457	1.31
Retained profit	(289,838)	(9.06)	(43,040)	(1.02)
	(229,468)	(7.17)	12,417	0.29
	3,199,715	100.00	4,232,512	100.00

Horizontal Analysis

	2014	Increase/ (Decrease)	2013	Increase/ (Decrease)
	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items				
Property, Plant and Equipment	481,293	7.3	448,375	7.8
Capital Work in Progress	212,431	4.1	204,112	21.3
Intangible Assets	5,888	600.1	841	(85.7)
Investment Property	255,708	-	255,708	-
Long Term Investments	345,750	(2.4)	354,119	22.9
Long Term Loans	1,941	(6.0)	2,065	(23.6)
Employee benefits	293,800	22.7	239,405	42.1
Stores and Spares	120,951	(9.4)	133,485	95.1
Stock in Trade	2,433,690	(6.5)	2,601,698	(12.9)
Trade Debts	121,731	(87.5)	974,158	136.8
Loans and Advances	122,047	70.7	71,498	(60.6)
Trade Deposits and Prepayments	24,198	(11.6)	27,384	9.1
Balance with statutory authority	317,853	(83.3)	1,904,916	15.5
Other receivables	119,679	38.4	86,483	(11.4)
Taxation - net	942,966	221.7	293,083	(41.7)
Short Term Investments	100,000	(81.9)	551,871	(77.6)
Cash and Bank balances	1,118,174	(46.4)	2,087,580	218.8
Total Assets	7,018,100	(31.4)	10,236,781	(1.0)
Share Holder's Equity	4,487,858	(7.9)	4,875,219	(6.5)
Non Current Liabilities	29,437	(2.4)	30,148	5.7
Current Liabilities	2,500,805	(53.1)	5,331,414	4.6
Total Liabilities and Equity	7,018,100	(31.4)	10,236,781	(1.0)
Profit & Loss Items				
Net Sales	16,589,996	(26.9)	22,698,651	12.7
Cost of Sales	13,613,305	(27.2)	18,688,384	11.9
Gross Profit	2,976,691	(25.8)	4,010,267	16.8
Distribution and marketing expenses	487,292	(1.4)	494,367	2.2
Administrative Expenses	366,191	7.7	340,081	9.5
Operating Profit	2,123,208	(33.1)	3,175,819	20.3
Other Operating Income	299,483	(0.6)	301,383	(36.2)
Other Operating Expenses	160,003	(33.2)	239,676	4.2
Finance Cost	79,208	22.7	64,554	907.4
Profit before Tax	2,183,480	(31.2)	3,172,972	10.4
Taxation	701,616	(32.2)	1,034,326	15.2
Profit after Tax	1,481,864	(30.7)	2,138,646	8.1

2012		2011		2010		2009	
	Increase/ (Decrease)		Increase/ (Decrease)		Increase/ (Decrease)		Increase/ (Decrease)
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
415,926	(4.5)	435,516	5.8	411,759	1.5	405,618	36.0
168,260	8.5	155,137	(0.2)	155,476	49.0	104,335	(42.0)
5,871	(66.7)	17,614	(40.0)	29,357	(2.8)	30,208	77.4
255,708	-	255,708	(6.4)	273,203	-	273,203	-
288,187	(1.3)	291,907	1.3	288,187	0.4	286,904	(9.0)
2,702	(5.5)	2,860	(10.3)	3,188	(5.5)	3,375	(23.0)
168,475	98.3	84,969	21.7	69,839	28.6	54,299	15.7
68,419	(48.0)	131,559	19.0	110,599	43.2	77,244	(1.3)
2,986,120	15.7	2,580,293	4.2	2,475,904	19.2	2,077,022	26.9
411,326	133.1	176,430	(61.2)	454,465	257.3	127,209	23.9
181,535	(15.7)	215,293	(10.1)	239,358	135.1	101,790	3.8
25,103	31.2	19,132	(16.8)	23,008	44.9	15,879	104.0
1,649,132	156.9	641,908	(66.0)	1,885,387	83.4	1,028,008	(7.4)
97,630	31.1	74,474	1.1	73,676	187.5	25,627	143.9
502,439	265.7	137,386	194.7	46,612	1,326.8	3,267	(60.1)
2,461,860	(17.1)	2,971,296	(27.8)	4,116,821	250.8	1,173,439	(58.6)
654,806	66.4	393,502	(64.5)	1,109,055	11.4	995,373	299.2
10,343,499	20.5	8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)
5,216,197	12.1	4,652,236	11.0	4,192,407	24.4	3,370,843	10.9
28,530	(20.9)	36,091	101.5	17,913	(65.2)	51,437	(5.7)
5,098,772	30.8	3,896,657	(48.4)	7,555,574	124.8	3,360,520	(19.5)
10,343,499	20.5	8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)
20,133,130	(19.0)	24,863,264	12.0	22,199,909	39.5	15,910,619	42.4
16,699,313	(18.3)	20,431,301	12.2	18,217,109	35.1	13,488,854	39.0
3,433,817	(22.5)	4,431,963	11.3	3,982,800	64.5	2,421,765	64.4
483,940	(10.5)	540,461	(1.2)	546,976	29.2	423,241	17.1
310,629	1.2	306,877	5.0	292,340	20.4	242,788	15.5
2,639,248	(26.4)	3,584,625	14.0	3,143,484	79.0	1,755,736	94.8
472,618	(30.5)	679,561	50.8	450,555	126.5	198,950	(38.1)
230,113	(32.4)	340,340	37.3	247,920	52.5	162,530	99.2
6,408	(33.0)	9,562	0.7	9,498	(76.2)	39,824	89.7
2,875,345	(26.5)	3,914,284	17.3	3,336,621	90.4	1,752,332	56.4
897,727	(27.8)	1,243,548	18.2	1,052,123	95.8	537,212	73.5
1,977,618	(26.0)	2,670,736	16.9	2,284,498	88.0	1,215,120	49.9

Vertical Analysis

	2014		2013	
	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items				
Property, Plant and Equipment	481,293	6.9	448,375	4.4
Capital Work in Progress	212,431	3.0	204,112	2.0
Intangible Assets	5,888	0.1	841	0.0
Investment Property	255,708	3.6	255,708	2.5
Long Term Investments	345,750	4.9	354,119	3.5
Long Term Loans	1,941	0.0	2,065	0.0
Employee benefits	293,800	4.2	239,405	2.3
Stores and Spares	120,951	1.7	133,485	1.3
Stock in Trade	2,433,690	34.7	2,601,698	25.4
Trade Debts	121,731	1.7	974,158	9.5
Loans and Advances	122,047	1.7	71,498	0.7
Trade Deposits and Prepayments	24,198	0.3	27,384	0.3
Balance with statutory authority	317,853	4.5	1,904,916	18.6
Other receivables	119,679	1.7	86,483	0.8
Taxation - net	942,966	13.4	293,083	2.9
Short Term Investments	100,000	1.4	551,871	5.4
Cash and Bank balances	1,118,174	15.9	2,087,580	20.4
Total Assets	7,018,100	100.0	10,236,781	100.0
Share Holder's Equity	4,487,858	63.9	4,875,219	47.6
Non Current Liabilities	29,437	0.4	30,148	0.3
Current Liabilities	2,500,805	35.6	5,331,414	52.1
Total Liabilities and Equity	7,018,100	100.0	10,236,781	100.0
Profit & Loss Items				
Net Sales	16,589,996	100.0	22,698,651	100.0
Cost of Sales	13,613,305	82.1	18,688,384	82.3
Gross Profit	2,976,691	17.9	4,010,267	17.7
Distribution and marketing expenses	487,292	2.9	494,367	2.2
Administrative Expenses	366,191	2.2	340,081	1.5
Operating Profit	2,123,208	12.8	3,175,819	14.0
Other Operating Income	299,483	1.8	301,383	1.3
Other Operating Expenses	160,003	1.0	239,676	1.1
Finance Cost	79,208	0.5	64,554	0.3
Profit before Tax	2,183,480	13.2	3,172,972	14.0
Taxation	701,616	4.2	1,034,326	4.6
Profit after Tax	1,481,864	8.9	2,138,646	9.4

2012		2011		2010		2009	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
415,926	4.0	435,516	5.1	411,759	3.5	405,618	6.0
168,260	1.6	155,137	1.8	155,476	1.3	104,335	1.5
5,871	0.1	17,614	0.2	29,357	0.2	30,208	0.4
255,708	2.5	255,708	3.0	273,203	2.3	273,203	4.0
288,187	2.8	291,907	3.4	288,187	2.4	286,904	4.2
2,702	0.0	2,860	0.0	3,188	0.0	3,375	0.0
168,475	1.6	84,969	1.0	69,839	0.6	54,299	0.8
68,419	0.7	131,559	1.5	110,599	0.9	77,244	1.1
2,986,120	28.9	2,580,293	30.1	2,475,904	21.0	2,077,022	30.6
411,326	4.0	176,430	2.1	454,465	3.9	127,209	1.9
181,535	1.8	215,293	2.5	239,358	2.0	101,790	1.5
25,103	0.2	19,132	0.2	23,008	0.2	15,879	0.2
1,649,132	15.9	641,908	7.5	1,885,387	16.0	1,028,008	15.2
97,630	0.9	74,474	0.9	73,676	0.6	25,627	0.4
502,439	4.9	137,386	1.6	46,612	0.4	3,267	0.0
2,461,860	23.8	2,971,296	34.6	4,116,821	35.0	1,173,439	17.3
654,806	6.3	393,502	4.6	1,109,055	9.4	995,373	14.7
10,343,499	100.0	8,584,984	100.0	11,765,894	100.0	6,782,800	100.0
5,216,197	50.4	4,652,236	54.2	4,192,407	35.6	3,370,843	49.7
28,530	0.3	36,091	0.4	17,913	0.2	51,437	0.8
5,098,772	49.3	3,896,657	45.4	7,555,574	64.2	3,360,520	49.5
10,343,499	100.0	8,584,984	100.0	11,765,894	100.0	6,782,800	100.0
20,133,130	100.0	24,863,264	100.0	22,199,909	100.0	15,910,619	100.0
16,699,313	82.9	20,431,301	82.2	18,217,109	82.1	13,488,854	84.8
3,433,817	17.1	4,431,963	17.8	3,982,800	17.9	2,421,765	15.2
483,940	2.4	540,461	2.2	546,976	2.5	423,241	2.7
310,629	1.5	306,877	1.2	292,340	1.3	242,788	1.5
2,639,248	13.1	3,584,625	14.4	3,143,484	14.2	1,755,736	11.0
472,618	2.3	679,561	2.7	450,555	2.0	198,950	1.3
230,113	1.1	340,340	1.4	247,920	1.1	162,530	1.0
6,408	0.0	9,562	0.0	9,498	0.0	39,824	0.3
2,875,345	14.3	3,914,284	15.7	3,336,621	15.0	1,752,332	11.0
897,727	4.5	1,243,548	5.0	1,052,123	4.7	537,212	3.4
1,977,618	9.8	2,670,736	10.7	2,284,498	10.3	1,215,120	7.6

Pattern of Shareholding
as on June 30, 2014

Number of Share Holders	Shareholding From	Shareholding To	Number of Shares Held	% of Capital
914	1	100	31,837	0.07
853	101	500	238,117	0.54
394	501	1000	293,517	0.66
727	1001	5000	1,748,997	3.95
233	5001	10000	1,642,414	3.71
91	10001	15000	1,114,572	2.52
35	15001	20000	612,032	1.38
38	20001	25000	858,302	1.94
21	25001	30000	591,741	1.34
11	30001	35000	355,100	0.80
12	35001	40000	451,671	1.02
9	40001	45000	384,818	0.87
6	45001	50000	286,376	0.65
5	50001	55000	269,284	0.61
9	55001	60000	516,460	1.17
3	60001	65000	181,231	0.41
3	65001	70000	197,040	0.44
2	70001	75000	147,766	0.33
2	75001	80000	156,974	0.35
6	80001	85000	504,798	1.14
2	85001	90000	173,431	0.39
2	90001	95000	181,762	0.41
1	95001	100000	96,763	0.22
1	100001	105000	101,310	0.23
2	105001	110000	216,742	0.49
1	115001	120000	118,090	0.27
1	120001	125000	120,747	0.27
1	125001	130000	126,200	0.28
1	130001	135000	130,996	0.30
1	135001	140000	136,733	0.31
1	145001	150000	145,200	0.33
2	150001	155000	301,761	0.68
1	160001	165000	162,140	0.37
1	180001	185000	181,960	0.41
2	205001	210000	416,236	0.94
1	215001	220000	216,848	0.49
1	220001	225000	223,621	0.50
1	240001	245000	243,254	0.55
1	245001	250000	246,926	0.56
1	260001	265000	262,264	0.59
1	275001	280000	279,082	0.63
1	280001	285000	283,158	0.64
1	305001	310000	307,524	0.69
1	310001	315000	313,473	0.71
1	340001	345000	340,996	0.77
1	510001	515000	511,196	1.15
2	530001	535000	1,067,024	2.41
1	565001	570000	567,840	1.28
1	585001	590000	588,185	1.33
1	600001	605000	600,859	1.36
1	655001	660000	656,120	1.48
1	660001	665000	661,279	1.49
1	685001	690000	689,573	1.56
2	745001	750000	1,495,634	3.38
1	770001	775000	772,497	1.74
1	975001	980000	978,813	2.21
1	1310001	1315000	1,311,180	2.96
1	1415001	1420000	1,417,968	3.20
1	1450001	1455000	1,452,000	3.28
1	1735001	1740000	1,739,810	3.93
1	2045001	2050000	2,046,799	4.62
1	2190001	2195000	2,193,125	4.95
1	2230001	2235000	2,234,284	5.04
1	3580001	3585000	3,582,342	8.09
1	3815001	3820000	3,815,752	8.61
3,426		TOTAL	44,292,544	100.00

Categories of Shareholders
as on June 30, 2014

		Number of Share Holders	Shares Held	Percentage
1	Directos, CEO and their spouse & minor children			
	Mr. Sikandar Mustafa Khan	1	3,582,342	8.09
	Syed Muhammad Irfan Aqueel	1	56,217	0.13
	Mr. Latif Khalid Hashmi	1	2,193,125	4.95
	Mr. Sohail Bashir Rana	1	2,335,494	5.27
	Mr. Laeeq Uddin Ansari	1	3,191,810	7.21
	Mian Muhammad Saleem	1	978,813	2.21
	Mr. Saad Iqbal	1	772,497	1.74
	Mrs. Cyma Khan	1	58,657	0.13
	Mrs. Ayesha Sohail	1	243,254	0.55
	Mrs.Shireen Shah Aqueel	1	43,862	0.10
2	Associated Companies, Undertaking and related parties	-	-	-
3	Executives/ Workers	281	4,936,343	11.14
4	NIT and IDBP (ICPUNIT)			
	National Bank of Pakistan (Trustee Department) NI (U) T FUND	4	1,229,584	2.78
	IDBP (ICP Unit)	2	96	0.0002
5	Banks, Development Financial Institution, Non-Banking			
	Financial institutions	6	807,301	1.82
6	Insurance Companies	6	3,599,089	8.13
7	Modaraba and Mutual Funds	31	1,361,997	3.08
8	Shareholders Holding 10% or more	-	-	-
9	General Public			
	a. Local	3024	12,748,409	28.78
	b. Foreign	-	-	-
10	Others			
	Joint Stock Companies	39	159,339	0.36
	Trust	4	1,241,473	2.80
	Non-Resident Company	1	3,815,752	8.61
	Others	18	937,090	2.12
		3426	44,292,544	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 (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended 30 June 2014 to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited, 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 controls covers all the risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 30 June 2014.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Naseem Akbar

Lahore: 11 September 2014

Statement of Compliance

with the code of corporate governance [See clause (xi)] year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Chapter 5.19 of Rule Book of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG 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:

Category	Names
Independent Director(s)	1. Mr. Saad Iqbal
Executive Directors(s)	1. Mian Muhammad Saleem 2. S.M. Irfan Aqueel
Non-Executive Director(s)	1. Mr. Sikandar Mustafa Khan 2. Mr. Latif Khalid Hashmi 3. Mr. Sohail Bashir Rana 4. Mr. Laeeq Uddin Ansari 5. Syed Zubair Ahmed Shah

   The independent director meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year NIT Nominee Director Mr. Manzoor Ahmed resigned and Syed Zubair Ahmed Shah (NIT Nominee) was co-opted within 90 days.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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 they 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, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were

Statement of Compliance

with the code of corporate governance [See clause (xi)] year ended June 30, 2014

circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranged an orientation course for its directors. Six directors meet the criteria of minimum of 14 years of education and 15 years of experience on the board of listed Companies. One of the directors obtained desired certification during the year. The Company is committed to ensure that the remaining one director would obtain the certification before 30 June 2016.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in terms of Code of Corporate Governance, 2012.

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

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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 CCG. In the light of the order of SECP issued during the year, the related party transactions entered into by the Company shall be laid for approval of the members in the ensuing general meeting.

15. The board has formed an Audit Committee. It comprises four members, of whom all are non-executive directors and the chairman of the committee is also a non-excutive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance. All the requirements of CCG with respect to Audit Committee were complied with except that the Chairman Audit Committee was unable to attend the preceding Annual General Meeting of the Company. However, the Audit Committee was represented by its another member on the Chairman's behalf.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

SIKANDAR MUSTAFA KHAN
Chairman

Lahore:
September 11, 2014

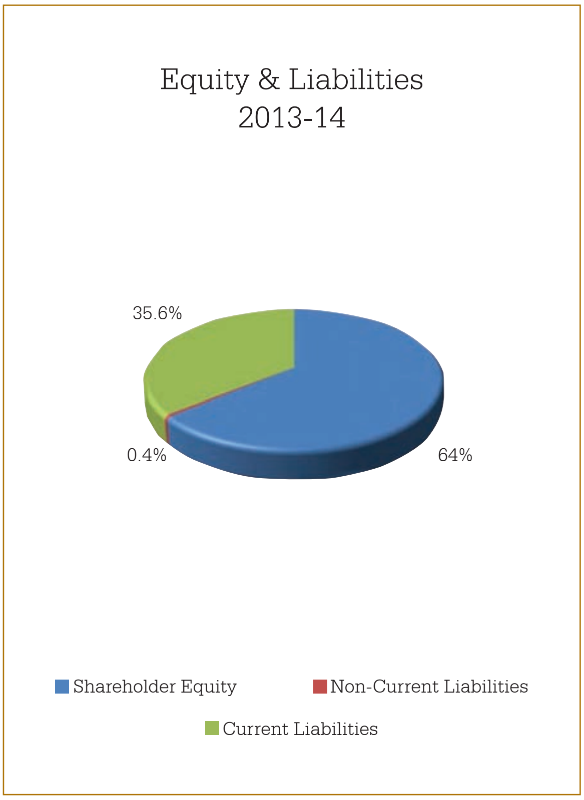
Financial Statements

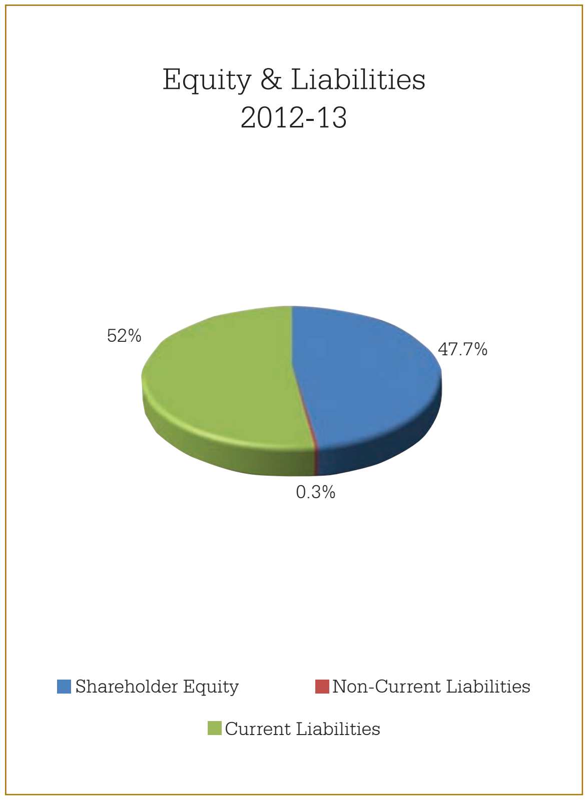
Millat Tractors Limited

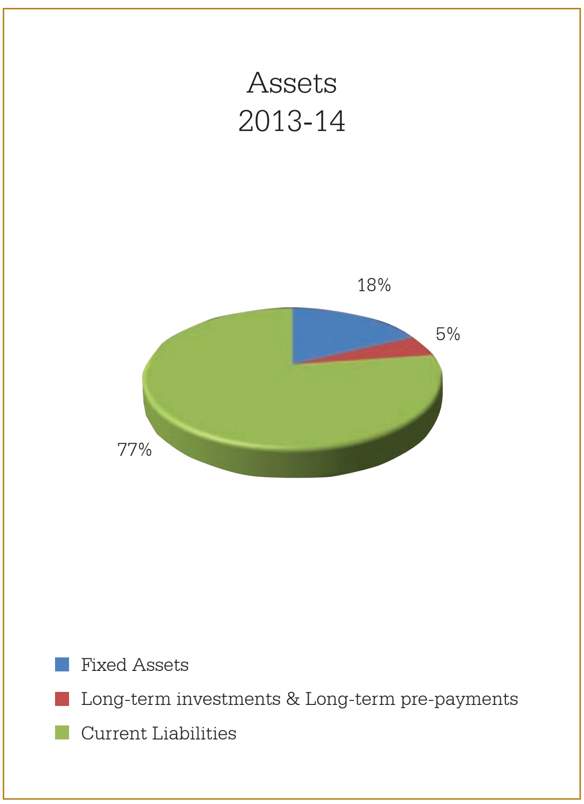
For the year ended 30 June 2014

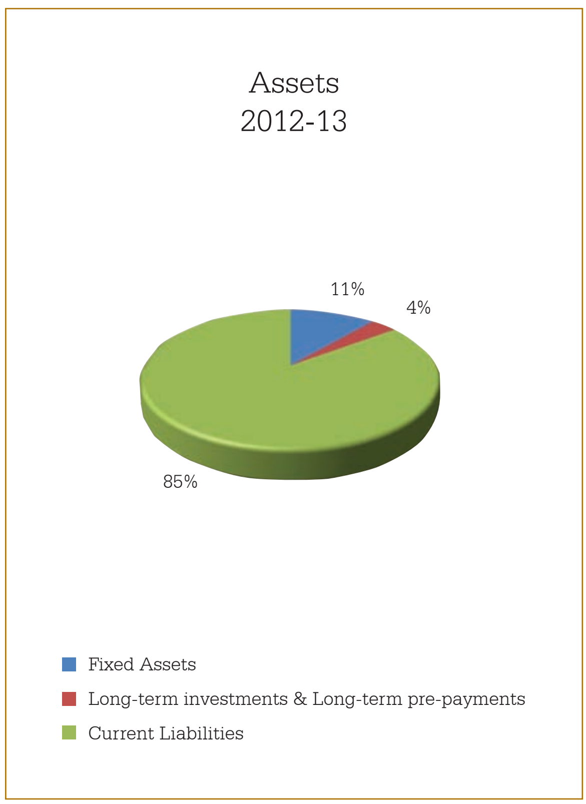
GOLDEN JUBILEE CELEBRATIONS
50 YEARS
Annual Report 2014

Graphical Analysis of Balance Sheet









Auditors' Report
to the Members

We have audited the annexed balance sheet of Millat Tractors Limited ("The Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of change 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 managements 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied except for changes as stated in Note 4.1 and 4.3.1 with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Name of audit engagement partner:
Naseem Akbar

Lahore :
11 September 2014

Balance Sheet
as at June 30, 2014

	Note	2014	Restated 2013	Restated 2012
		.... (Rupees in thousand)		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
50,000,000 (2013: 50,000,000) ordinary				
shares of Rs. 10/- each		500,000	500,000	500,000
Issued, subscribed and paid up capital	5	442,926	402,660	366,055
General reserves		3,263,551	3,306,590	3,368,710
Unappropriated profit		739,006	1,115,255	1,456,375
Fair value reserve		42,375	50,714	25,057
		4,487,858	4,875,219	5,216,197
Non-current liabilities				
Long term deposits	6	10,515	10,895	10,485
Deferred taxation	7	18,922	19,253	18,045
		29,437	30,148	28,530
Current liabilities				
Accumulating compensated absences		77,650	61,335	55,461
Trade and other payables	8	2,419,555	5,267,679	5,041,886
Mark-up accrued on short term borrowings	9	3,600	2,400	1,425
		2,500,805	5,331,414	5,098,772
CONTINGENCIES AND COMMITMENTS	10			
		7,018,100	10,236,781	10,343,499

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

	Note	2014	Restated 2013	Restated 2012
		.... (Rupees in thousand)		
ASSETS				
Non-current assets				
Property, plant and equipment				
Operating fixed assets	11	481,293	448,375	415,926
Capital work in progress	12	212,431	204,112	168,260
Intangible asset	13	5,888	841	5,871
Investment property	14	255,708	255,708	255,708
Long term investments	15	345,750	354,119	288,187
Long term loans	16	1,941	2,065	2,702
Net employee defined benefit asset	17	293,800	239,405	168,475
		1,596,811	1,504,625	1,305,129
Current assets				
Stores and spares	18	120,951	133,485	68,419
Stock in trade	19	2,433,690	2,601,698	2,986,120
Trade debts	20	121,731	974,158	411,326
Loans and advances	21	122,047	71,498	181,535
Trade deposits and short term prepayments		24,198	27,384	25,103
Balances with statutory authorities	22	317,853	1,904,916	1,649,132
Other receivables	23	119,679	86,483	97,630
Tax refunds due from the Government		942,966	293,083	502,439
Short term investments	24	100,000	551,871	2,461,860
Cash and bank balances	25	1,118,174	2,087,580	654,806
		5,421,289	8,732,156	9,038,370
		7,018,100	10,236,781	10,343,499

Syed Muhammad Irfan Aqueel
Chief Executive

Profit and Loss Account
for the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales - net	26	16,589,996	22,698,651
Cost of sales	27	13,613,305	18,688,384
Gross profit		2,976,691	4,010,267
Distribution and marketing expenses	28	487,292	494,367
Administrative expenses	29	366,191	340,081
		853,483	834,448
Operating profit		2,123,208	3,175,819
Other income	30	299,483	301,383
		2,422,691	3,477,202
Finance cost	31	79,208	64,554
Other operating expenses	32	160,003	239,676
		239,211	304,230
Profit before taxation		2,183,480	3,172,972
Taxation	33	701,616	1,034,326
Profit after taxation		1,481,864	2,138,646
Earnings per share - basic and diluted (Rupees)	37	33.46	48.28

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Statement of Comprehensive Income

for the year ended 30 June 2014

	2014	Restated 2013
	(Rupees in thousand)	
Profit for the year	1,481,864	2,138,646
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss		
in subsequent periods:		
Unrealized (loss) / gain on revaluation of available for sale investments	(8,339)	25,657
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain on defined benefit plans	31,614	57,100
Total other comprehensive income, net of tax	23,275	82,757
Total comprehensive income for the year	1,505,139	2,221,403

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Cash Flow Statement
for the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	405,932	3,306,968
Interest and mark-up paid		(78,008)	(63,579)
Net decrease in long term loans to employees		124	637
Workers' profit participation fund paid		(115,632)	(169,983)
Workers' welfare fund paid		(59,845)	-
Taxes refund / (paid)		235,233	(1,062,318)
Employee benefits paid		(21,800)	(21,594)
Long term security deposits (paid) / received		(380)	410
Net cash from operating activities		365,624	1,990,541
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(111,945)	(132,850)
Purchase of intangible assets		(6,033)	(977)
Proceeds from disposal of property, plant and equipment		12,538	9,274
Increase in long term investments - net		-	(40,275)
Proceeds from sale of short term investments - net		457,089	1,939,073
Profit on bank deposits received		30,621	22,351
Dividend received		130,399	155,052
Net cash from investing activities		512,669	1,951,648
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,847,699)	(2,509,415)
Net cash used in financing activities		(1,847,699)	(2,509,415)
Net (decrease) / increase in cash and cash equivalents		(969,406)	1,432,774
Cash and cash equivalents at the beginning of the year		2,087,580	654,806
Cash and cash equivalents at the end of the year	25	1,118,174	2,087,580

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Statement of Changes in Equity
for the year ended 30 June 2014

	Share capital	Revenue reserves		Fair value reserve	Total
		General reserves	Unapprop-riated profit		
	(Rupees in thousand)				
Balance as on 01 July 2012					
- as previously reported	366,055	3,368,710	1,402,096	25,057	5,161,918
Effect of change in					
accounting policy (Note 4.3.1)	-	-	54,279	-	54,279
Balance as on 01 July 2012 - restated	366,055	3,368,710	1,456,375	25,057	5,216,197
Final dividend for the year ended					
30 June 2012 @ Rs. 40/- per share	-	(62,120)	(1,402,096)	-	(1,464,216)
Issue of ordinary shares of Rs.10/- each					
as fully paid bonus shares	36,605	-	(36,605)	-	-
Interim dividend for the year ended					
30 June 2013 @ Rs. 30/- per share	-	-	(1,098,165)	-	(1,098,165)
Total comprehensive income for the					
year ended 30 June 2013 - restated	-	-	2,195,746	25,657	2,221,403
Balance as on 30 June 2013 - restated	402,660	3,306,590	1,115,255	50,714	4,875,219
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 for the year ended					
30 June 2014 @ Rs. 20/- per share	-	-	(885,851)	-	(885,851)
Total comprehensive income for the					
year ended 30 June 2014	-	-	1,513,478	(8,339)	1,505,139
Balance as on 30 June 2014	442,926	3,263,551	739,006	42,375	4,487,858

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Notes to the Financial Statements
for the year ended 30 June 2014

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 assembling and manufacturing of agricultural tractors, implements and multi-application products.

2. 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 (IFRSs) 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.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

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.

3.2 Use of estimates and judgments

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:

3.2.1 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 4.3.1.

3.2.2 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 are in accordance with law, the amounts are shown as contingent liabilities.

3.2.3 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.

3.2.4 Provision for inventories

The company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management estimate.

3.2.5 Provision for receivables

The company regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

3.3 Functional currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as discussed in Note 4.1 and are as follows:

4.1 New, amended standards and interpretations become effective

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments: Disclosures – (Amendments)
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments did not have any effect on the financial statements except changes in accounting policy relating to defined benefit plan as disclosed in Note 4.3.1.

4.2 Segment reporting

The key financial decision maker consider the whole business as one operating segment.

4.3 Employees' retirement benefits and other obligations

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

4.3.1 Defined benefit plan

4.3.1.1 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% (2013: 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 30 June, 2014.

The amount recognized in balance sheet represents the present value of the plan assets reduced by value of defined benefit obligation.

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:

	2014	2013
Expected rate of increase in salary level	12.3%	10.5%
Expected rate of return	10.5%	13%
Discount rate	13.3%	10.5%
Average expected remaining working life of employees	8 years	7 years

4.3.1.2 Change in accounting policy

Until 30 June 2013, the Company's policy with regard to actuarial gains/(losses) was to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

During the year, 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 the financial statements is as under:

	For the year ended 30 June	
	2014	2013
	(Rupees in thousand)	
Increase in opening unappropriated profit	111,379	54,279
Increase in other comprehensive income	31,614	57,100
Increase in net employee defined benefits asset	142,993	111,379

4.3.2 Defined contribution plans

4.3.2.1 Gratuity

The Company operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Company before 01 July 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.

4.3.2.2 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.

4.3.3 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 and loss account.

4.4 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 profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

4.5 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.

Subsequent costs are included in the asset's carrying amount or recognized 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 profit and loss account during the period in which they are incurred.

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

The Company continually assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit and loss account for the year. Any previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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 profit and loss account in the year the asset is derecognized.

4.6 Capital work-in-progress

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

4.7 Intangible assets

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

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

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

4.8 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 is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is 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 recognized in profit and loss account.

4.9 Investments and other financial assets

4.9.1 Subsidiary and associated undertakings

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

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

4.9.2 Others

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

4.9.3 Financial assets at fair value through profit or loss

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

4.9.4 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized 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 amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.9.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

4.9.6 Available-for-sale financial assets

The financial assets including investments in associated undertakings where the Company has not 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. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

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

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

4.10 Stores and spares

Stores and spares are valued at lower of net realizable value or moving average cost. 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.

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

4.11 Stock-in-trade

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

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

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.

Net realizable value signifies the estimated selling price 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.

4.12 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.

4.13 Cash and cash equivalents

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.

4.14 Revenue recognition

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

Revenue from 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.

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

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 Company.

4.18 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.

4.19 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.

4.20 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.

4.21 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 recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.22 Dividend and appropriations

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

4.23 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 10	- Consolidated Financial Statements	01 January 2015
IFRS 11	- Joint Arrangements	01 January 2015
IFRS 12	- Disclosure of Interests in Other Entities	01 January 2015
IFRS 13	- Fair Value Measurement	01 January 2015
IAS 16 and 38	- Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41	- Agriculture: Bearer Plants	01 January 2016
IAS 19	- Employee Contributions	01 July 2014
IAS 32	- Offsetting Financial Assets and Financial liabilities (Amendment)	01 January 2014
IAS 36	- Recoverable Amount for Non-Financial Assets (Amendment)	01 January 2014
IAS 39	- Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21	- Levies	01 January 2014

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB effective date (Annual periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2017

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		2014	2013
(Number of shares in thousand)			(Rupees in thousand)	
2,543	2,543	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		
37,724	34,063	- Opening balance	377,231	340,626
4,026	3,661	- Issued during the year	40,266	36,605
41,750	37,724		417,497	377,231
44,293	40,267		442,926	402,660

6. LONG TERM DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers.

7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

	2014	2013
Taxable temporary differences:		
Accelerated tax depreciation	56,636	52,437
Change in fair value of short term investments	-	125
	56,636	52,562
Deductible temporary differences:		
Accumulating compensated absences	(25,625)	(20,854)
Provision for doubtful receivables	(12,089)	(12,455)
	(37,714)	(33,309)
Net deferred tax liability at the year end	18,922	19,253

	Deferred tax liability		Deferred tax asset		
	Accelerated tax depreciation	Change in fair value of short term investments	Accumulating compensated absences	Provision for doubtful receivables	Net liability
	(Rupees in thousand)				
Balance as at 01 July 2012	40,784	9,492	(19,411)	(12,820)	18,045
Charged/(credited) to profit and loss account	11,653	(9,367)	(1,443)	365	1,208
Balance as at 30 June 2013	52,437	125	(20,854)	(12,455)	19,253
Charged/(credited) to profit and loss account	4,199	(125)	(4,771)	366	(331)
Balance as at 30 June 2014	56,636	-	(25,625)	(12,089)	18,922

	Note	2014	2013
		(Rupees in thousand)	
8. TRADE AND OTHER PAYABLES			
Trade creditors	(8.1)	817,848	2,809,442
Accrued liabilities		118,932	132,221
Bills payable		24,647	64,906
Advances from customers	(8.2)	973,588	1,797,361
Security deposits	(8.3)	5,299	5,379
Trademark fee payable		108,391	131,490
Income tax deducted at source		-	13
Workers' Welfare Fund		101,155	120,009
Unclaimed dividends		210,638	165,837
Others		59,057	41,021
		2,419,555	5,267,679

8.1 These include balances due to related parties amounting Rs. 152,625 thousand (2013: Rs. 688,077 thousand).

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

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

9. MARK-UP ACCRUED ON SHORT TERM BORROWINGS

This represents accrued interest payable on short term borrowings availed during the year, while the balance of short term borrowings as on 30 June 2014 is Nil (2013: Nil).

9.1 Short term borrowings are available from various banks against aggregate sanctioned limit of Rs.3,914,000 thousand (2013: Rs. 2,074,000 thousand). The rates of mark up range between KIBOR plus 0.25% to KIBOR plus 0.4% (2013: KIBOR plus 0.25% to KIBOR plus 0.5%) per annum.

9.2 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 3,400,000 thousand (2013: Rs. 2,674,000 thousand) out of which Rs. 3,018,000 thousand (2013: Rs. 941,800 thousand) remained unutilized at the end of the year.

9.3 These facilities are secured by pari passu hypothecation charge over current assets and book debts of the Company, lien over import documents and counter guarantees of the Company.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The Company has given guarantee amounting to Rs. 5,000 thousand to bank for repayment of loan by employees. An amount of Rs. 3,780 thousand (2013: Rs. 2,064 thousand) was utilized by employees as at 30 June 2014.

10.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 92,094 thousand (2013: Rs. 450,000 thousand).

10.1.3 The Company is defending a suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously the case was pending before the Civil Court, Lahore. However during the year it is held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favour of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has preferred an appeal in the Honourable High Court against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favour and no payment in this regard would be required, hence no provision there against has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.

10.1.4 The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of sales tax act 1990. The Company has filed an appeal against the aforementioned order in the Honourable High Court Lahore. The management and the legal advisor are confident of favourable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.

10.1.5 The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities, alleging the Company for non payment of custom and other additional duties. The demand is on account of purcahse of certain starter motors and alternators to be used for the manufacture of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore. The Company made the payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained the stay order from Honourable High Court, Lahore agianst the further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour hence no provison relating to aforesaid demand has been made in the financial statement. The appeal is pending before the Custom Applellate Tribunal Lahore.

10.2 Commitments

Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 290,000 thousand (2013: Rs. 577,000 thousand) at the balance sheet date.

11. OPERATING FIXED ASSETS

	Land		Buildings							
	Freehold	Lease-hold	On freehold land	On leasehold land	Pland and machin-ery	Furniture and office equip-ment	Vehicles	Tools and equip-ments	Comput-ers	Total
	(Rupees in thousand)									
Net carrying value basis										
Year ended 30 June 2014										
Opening net book value	58,307	8	28,196	-	186,782	28,171	116,895	27,174	2,842	448,375
Additions (at cost)	-	-	3,155	-	17,480	5,758	67,954	1,762	7,517	103,626
Disposals	-	-	-	-	-	-	(10,319)	-	(19)	(10,338)
Depreciation charge	-	-	(2,556)	-	(19,337)	(3,671)	(29,143)	(4,310)	(1,353)	(60,370)
Closing net book value	58,307	8	28,795	-	184,925	30,258	145,387	24,626	8,987	481,293
Gross carrying value basis										
As at 30 June 2014										
Cost	58,307	8	174,329	2,900	475,275	63,940	253,860	84,509	27,721	1,140,849
Accumulated depreciation	-	-	(145,534)	(2,900)	(290,350)	(33,682)	(108,473)	(59,883)	(18,734)	(659,556)
Net book value	58,307	8	28,795	-	184,925	30,258	145,387	24,626	8,987	481,293
Depreciation rate %										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	
Net carrying value basis										
Year ended 30 June 2013										
Opening net book value	58,307	8	30,764	-	176,026	25,324	99,579	21,841	4,077	415,926
Additions (at cost)	-	-	196	-	29,998	6,278	50,512	9,762	252	96,998
Disposals	-	-	-	-	(34)	-	(8,747)	(195)	(116)	(9,092)
Depreciation charge	-	-	(2,764)	-	(19,208)	(3,431)	(24,449)	(4,234)	(1,371)	(55,457)
Closing net book value	58,307	8	28,196	-	186,782	28,171	116,895	27,174	2,842	448,375
Gross carrying value basis										
As at 30 June 2013										
Cost	58,307	8	171,174	2,900	457,795	58,180	221,184	82,749	20,346	1,072,643
Accumulated depreciation	-	-	(142,978)	(2,900)	(271,013)	(30,009)	(104,289)	(55,575)	(17,504)	(624,268)
Net book value	58,307	8	28,196	-	186,782	28,171	116,895	27,174	2,842	448,375
Depreciation rate %										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	

	Note	2014	2013
		(Rupees in thousand)	
11.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	(27)	33,900	32,709
Distribution and marketing expenses	(28)	8,163	7,590
Administrative expenses	(29)	18,307	15,158
		60,370	55,457

11.2 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						
	Employees / Directors					
	Mr. Sikandar Mustafa Khan	5,500	4,013	1,487	1,487	Company Car scheme
	Mr. Sohail Bashir Rana	4,145	3,027	1,099	1,099	Company Car scheme
	Mr. Laeeq Ud Din Ansari	3,109	2,268	840	840	Company Car scheme
	Mr. Muhammad Saleem	2,000	1,460	530	530	Company Car scheme
	Mr. Javaid Munir	1,584	986	597	597	Company Car scheme
	Mr. Muhammad Ameer Khan	1,239	727	512	512	Company Car scheme
	Mr. Syed Jaffar Hussain Naqvi	925	677	248	248	Company Car scheme
	Miss. Quratalain Chouhdary	839	276	563	563	Company Car scheme
	Mr. S.M. Abdul Qadir	824	542	282	282	Company Car scheme
	Mr. Ashfaq Farooqi	715	353	362	362	Company Car scheme
	Mr. Waqar Ahmad	707	517	190	190	Company Car scheme
	Mr. Khalid Saeed Akbar	707	517	190	190	Company Car scheme
	Mr. Abdul Wahid Khan	707	517	190	190	Company Car scheme
	Mr. Muddasar Siddique	707	516	191	191	Company Car scheme
	Mr. Altaf Hussain	689	503	186	186	Company Car scheme
	Mr. S. Alley Ali zaidi	689	503	186	186	Company Car scheme
	Mr. Qamar Mehmood	689	503	186	186	Company Car scheme
	Mr. Muhammad Shahid Mufti	689	503	186	186	Company Car scheme
	Mr. Raffay Zaman Durrani	689	503	186	186	Company Car scheme
	Mr. Khurram Shahzad Toor	689	503	186	186	Company Car scheme
	Mr. Muhammad Tufail	671	338	333	333	Company Car scheme
	Mr. Tausif Ahmad Hashmi	451	329	122	122	Company Car scheme
	Mr. Mansoor Iqbal	79	26	53	53	Company m/cycle scheme
	Mr. Muhammad Saeed Malik	85	6	79	79	Company m/cycle scheme
	Mr. Asif Ali	79	24	55	55	Company m/cycle scheme
	Mr. Abdul Khaliq	79	26	53	53	Company m/cycle scheme
	Mr. Muhammad Faheem Sattar	77	23	54	54	Company m/cycle scheme
	Mr. Muhammad Shamroz Khan	77	27	50	50	Company m/cycle scheme
	Others					
	Mr. Qadeem Khan	1,580	1,503	77	773	Negotiation
	Miss. Asma Raheem	590	520	70	437	Negotiation
	Mr. Jamil Hassan	345	283	62	298	Negotiation

	Note	2014	2013
		(Rupees in thousand)	
12. CAPITAL WORK IN PROGRESS			
Plant and machinery		25,111	16,299
Civil work - office	(12.1)	187,320	187,139
Advance for vehicles		-	674
		212,431	204,112

12.1 This represents office floors at Tricon Corporate Centre being built by Tricon Developers Limited.

	Note	2014	2013
13. INTANGIBLE ASSET			
Net carrying value basis			
Opening net book value		841	5,871
Additions		6,033	977
Amortization charge	(29)	(986)	(6,007)
		5,888	841
Gross carrying value basis			
Cost		36,205	35,228
Additions		6,033	977
Accumulated amortization		(36,350)	(35,364)
		5,888	841
Rate of amortization		33%	33%
14. INVESTMENT PROPERTY			
Land		258,444	258,444
Provision for impairment		(2,736)	(2,736)
		255,708	255,708

14.1 Based on the valuation carried out by an independent valuer as at 30 June 2014, the fair value of investment property is Rs. 370,000 thousand (2013: Rs. 364,234 thousand).

	2014	2013
	(Rupees in thousand)	
15. LONG TERM INVESTMENTS		
Investment in related parties		
In subsidiary undertaking		
Unquoted		
Millat Industrial Products Limited		
5,737,500 (2013: 5,737,500) fully paid ordinary shares of Rs. 10/- each	57,375	57,375
Equity held 64.09% (2013: 64.09%)		
Value of investment based on net assets as shown in the audited accounts		
as at 30 June 2014 is Rs. 196,437 thousand (2013: Rs. 143,794 thousand)		
Tipeg Intertrade JLT		
1,500 (2013: 1,500) fully paid ordinary shares of AED 1,000/- each	40,245	40,275
Equity held 75% (2013: 75%)		
Value of investment based on net assets as shown in the reviewed accounts		
as at 30 June 2014 is Rs. 36,627 thousand (2013: Rs. 40,275 thousand)		
In associated companies		
Quoted		
Bolan Castings Limited		
5,306,979 (2013: 4,824,527) fully paid ordinary shares of Rs. 10/- each	76,610	76,610
Equity held 46.26% (2013: 46.26%). Market Value		
as at 30 June 2014 is Rs. 202,543 thousand (2013: Rs. 192,981 thousand)		
Unquoted		
Millat Equipment Limited		
11,699,993 (2013: 11,699,993) fully paid ordinary shares of Rs. 10/- each	117,000	117,000
Equity held 45% (2013: 45%)		
Value of investment based on net assets as shown in the audited accounts		
as at 30 June 2014 is Rs. 480,963 thousand (2013: Rs. 479,515 thousand)		
Arabian Sea Country Club Limited		
500,000 (2013: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2013: 6.45%)		
Value of investment based on the net assets shown in the audited accounts		
as at 30 June 2010 is Rs. 12,020 thousand (2009: Rs. 10,575 thousand).		
Less: Impairment loss	(5,000)	(5,000)
	-	-
Other investment - Available-for-sale		
Quoted		
Baluchistan Wheels Limited		
1,282,825 (2013: 1,282,825) fully paid ordinary shares of Rs. 10/- each	12,145	12,145
Surplus on revaluation of investment	42,375	50,714
Market value as at 30 June	54,520	62,859
	345,750	354,119

		Note	2014	2013
			(Rupees in thousand)	
16.	LONG TERM LOANS - considered good			
	Loan to employees:			
	Company loan	(16.1)	1,517	1,881
	Motor cycle loan	(16.2)	2,093	2,186
			3,610	4,067
	Less: Current portion included in current assets	(21)	(1,669)	(2,002)
			1,941	2,065

16.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly instalments over a period of two years.

16.2 These represent interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Company and employees. These loans are repayable in monthly instalments over a period of five years.

16.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2013	Disburse- ment during the year	Repayments during the year	Balance as at 30 June 2014
	---------------------- (Rupees in thousand)----------------------			
Due from Executives	218	210	223	205

		2014	Restated 2013
		(Rupees in thousand)	
17.	NET EMPLOYEE DEFINED BENEFIT ASSET		
	This comprises:		
	Fair value of plan assets	929,695	874,065
	Present value of defined benefit obligation	(635,895)	(634,660)
	Asset recognized in the balance sheet	293,800	239,405
	Charge / (credit) for the year		
	Salaries, wages and amenities include the following in respect of employees' pension scheme:		
	Current service cost	14,238	17,670
	Interest cost	64,646	76,627
	Expected return on plan assets	(90,376)	(96,844)
		(11,492)	(2,547)

	2014	Restated 2013
	(Rupees in thousand)	
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at 01 July	634,660	638,562
Interest cost	64,646	76,627
Current service cost	14,238	17,670
Benefits paid	(37,971)	(32,622)
Actuarial gain	(39,678)	(65,577)
Present value of defined benefit obligation as at 30 June	635,895	634,660
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at 01 July	874,065	807,037
Expected return on assets	90,376	96,844
Contributions	11,289	11,283
Benefits paid	(37,971)	(32,622)
Actuarial loss	(8,064)	(8,477)
Fair value of plan assets as at 30 June	929,695	874,065
Actual return on plan assets	82,312	88,367
Plan assets comprise:		
Term Deposit Receipts	723,548	534,352
Bonds and Mutual Funds	176,994	316,825
Accrued interest and bank balance	29,153	22,888
	929,695	874,065

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:

	2014	2013	2012	2011	2010
As at 30 June	(Rupees in thousand)				
Present value of defined benefit obligation	635,895	634,660	638,562	544,061	518,328
Fair value of plan assets	929,695	874,065	807,037	731,550	667,000
Surplus	293,800	239,405	168,475	187,489	148,672
Experience adjustment on obligation	(39,678)	(65,577)	36,486	(13,040)	(13,040)
Experience adjustment on plan assets	8,064	(8,477)	(7,560)	4,238	4,238

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Discount rate + 100 bps	(46,245)
Discount rate - 100 bps	53,791
Salary increase + 100 bps	15,036
Salary increase - 100 bps	(14,176)

18. 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.

	Note	2014	2013
		(Rupees in thousand)	
19. STOCK IN TRADE			
Raw material	(19.1)	1,799,999	2,256,593
Work-in-process		53,434	77,224
Finished goods :			
Manufacturing		465,983	203,711
Trading		94,274	63,112
Others		20,000	1,058
		580,257	267,881
		2,433,690	2,601,698

19.1 This includes stock in transit amounting to Rs. 62,419 thousand (2013: Rs. 260,269 thousand).

19.2 Included in stocks are raw materials and components held with third parties amounting to Rs. 73,633 thousand (2013: Rs. 123,361 thousand).

20. TRADE DEBTS

20.1 These are unsecured but considered good by the management.

20.2 Trade debts include balances due from following related parties

	Note	2014	2013
Millat Equipment Limited		32,069	40,172
Bolan Castings Limited		6,741	-
	(20.2.1)	38,810	40,172

20.2.1 Aging of due from related parties:

	Not past due	Past due 1-6 months
Millat Equipment Limited	7,616	24,453
Bolan Castings Limited	5,477	1,264

	Note	2014	2013
		(Rupees in thousand)	
21. LOANS AND ADVANCES			
Current portion of long term loans to employees	(16)	1,669	2,002
Advances to employees - Considered good	(21.1) & (21.2)	1,273	1,273
Advances to suppliers - Considered good	(21.3)	115,942	64,845
		118,884	68,120
Advances to suppliers - Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		3,163	3,378
		122,047	71,498

21.1 Included in advances to employees are amounts due from the Chief Executive Officer Rs. 291 thousand (2013: Nil) in respect of travel advance.

21.2 The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer is Rs. 151 thousand (2013: Rs. 248 thousand) and Directors Rs. 520 thousand (2013 Rs. 791 thousand) in respect of travel advance.

21.3 Advances to suppliers include advances to vendors of Rs. 96,632 thousand (2013: Rs. 52,482 thousand) which carry mark-up @ 18% (2013: 15% to 18%) per annum. Included in advances to vendors are advances to related parties, namely Bolan Casting Limited of Rs. 18,144 thousand (2013: Nil).

	Note	2014	2013
22. BALANCES WITH STATUTORY AUTHORITIES			
Special excise duty recoverable		(652)	18,073
Sales tax recoverable		352,652	1,920,990
Less: Provision for doubtful claims		(34,147)	(34,147)
		318,505	1,886,843
		317,853	1,904,916
23. OTHER RECEIVABLES			
Claims receivable from foreign suppliers		103,796	79,515
Profit / interest accrued		7,768	2,600
Workers' Profit Participation Fund	(23.1)	5,078	4,368
Other	(23.2)	3,037	-
		119,679	86,483
23.1 Workers' profit participation fund			
Opening balance		4,368	5,017
Add: Payments made during the year		115,632	169,983
		120,000	175,000
Less: Allocation for the year	(32)	(114,922)	(170,632)
Closing balance		5,078	4,368

23.2 This represents balance due from related party namely Tipeg Intertrade JLT.

		Note	2014	2013
			(Rupees in thousand)	
24.	SHORT TERM INVESTMENTS			
	Financial asset at fair value through profit and loss		-	550,623
	Investment in Term Deposit Receipts (TDR)		100,000	-
	Surplus on revaluation of investment	(30)	-	1,248
			100,000	551,871
25.	CASH AND BANK BALANCES			
	In hand:			
	Cash		4,582	2,504
	Cheques in hand		556,170	66,598
			560,752	69,102
	At banks:			
	Current accounts		532,140	599,933
	Deposit Accounts	(25.1)	25,282	1,418,545
			557,422	2,018,478
			1,118,174	2,087,580

25.1 These carry mark-up at the rate of 5% to 10.5% (2013: 5% to 10.5%) per annum.

			2014	2013
26.	SALES - net			
	Local			
	Tractors		18,041,742	24,032,465
	Implements		51,349	66,180
	Multi-application products		291,717	494,345
	Trading goods		419,851	264,775
			18,804,659	24,857,765
	Less:			
	Discount		(14,317)	(47,143)
	Sales tax and special excise duty		(2,198,355)	(2,127,905)
			(2,212,672)	(2,175,048)
			16,591,987	22,682,717
	Export			
	Tractors		201,178	225,931
	Trading goods		4,941	225
			206,119	226,156
			16,798,106	22,908,873
	Less: Commission		(208,110)	(210,222)
			16,589,996	22,698,651

		Note	2014	2013
			(Rupees in thousand)	
27.	COST OF SALES			
	Components consumed		12,933,963	17,744,505
	Salaries, wages and amenities	(27.1)	240,314	250,314
	Contract services		171,139	182,636
	Fuel and power		83,253	82,810
	Communication		223	166
	Travelling and vehicle running		8,616	8,901
	Printing and stationery		2,468	2,192
	Insurance		14,313	8,391
	Repairs and maintenance		65,859	79,063
	Stores and spares consumed		82,161	81,239
	Depreciation	(11.1)	33,900	32,709
	Other expenses		9,891	4,671
			13,646,100	18,477,597
	Add: Opening work-in-process		77,224	98,218
	Less: Closing work-in-process		(53,434)	(77,224)
	Increase / (decrease) in work-in-process		23,790	20,994
	Cost of goods manufactured		13,669,890	18,498,591
	Add: Opening finished goods		203,711	224,414
	Less: Closing finished goods		(465,983)	(203,711)
	Increase / (decrease) in finished goods stock		(262,272)	20,703
	Cost of sales - manufactured		13,407,618	18,519,294
	Cost of sales - trading	(27.2)	205,687	169,090
			13,613,305	18,688,384
27.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(5,746)	(1,340)
	Defined contribution plan - Gratuity		5,077	5,145
	Defined contribution plan - Provident fund		2,161	5,338
	Provision for compensated absences		10,387	2,452
			11,879	11,595
27.2	Cost of sales - trading			
	Opening stock		63,112	66,143
	Purchases		236,849	166,059
			299,961	232,202
	Closing stock		(94,274)	(63,112)
	Cost of goods sold		205,687	169,090

		Note	2014	2013
			(Rupees in thousand)	
28.	DISTRIBUTION AND MARKETING EXPENSES			
	Salaries and amenities	(28.1)	84,440	75,543
	Contract services		20,433	17,459
	Fuel and power		7,634	7,579
	Communication		639	606
	Travelling and vehicle running		14,609	12,512
	Printing and stationery		3,233	4,287
	Insurance		6,757	6,683
	Trademark fee		214,978	256,905
	Advertisement and sales promotion		21,904	17,909
	Depreciation	(11.1)	8,163	7,590
	Meeting / convention		10,638	6,206
	After sales support		81,706	69,858
	Research cost		96	101
	Other expenses		12,062	11,129
			487,292	494,367
28.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(2,873)	(631)
	Defined contribution plan - Gratuity		2,694	2,594
	Defined contribution plan - Provident fund		1,314	2,392
	Provision for compensated absences		5,373	1,106
			6,508	5,461
29.	ADMINISTRATIVE EXPENSES			
	Salaries and amenities	(29.1)	174,781	150,782
	Contract services		25,577	23,119
	Fuel and power		12,718	12,599
	Communication		4,975	5,130
	Travelling and vehicle running		28,005	29,209
	Insurance		6,439	6,037
	Repairs and maintenance		9,919	10,857
	Security		11,675	5,986
	Legal and professional	(29.2)	13,542	12,489
	Depreciation	(11.1)	18,307	15,158
	Amortization of intangible asset	(13)	986	6,007
	Rent, rates and taxes		5,308	4,988
	Fee and subscription		3,833	10,849
	Entertainment		4,938	4,781
	Other expenses		45,188	42,090
			366,191	340,081

	Note	2014	2013
		(Rupees in thousand)	
29.1 It includes the following staff retirement benefits:			
Defined benefit plan - Pension		(2,873)	(576)
Defined contribution plan - Gratuity		2,740	2,572
Defined contribution plan - Provident fund		2,940	3,515
Provision for compensated absences		12,340	2,316
		15,147	7,827
29.2 Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		1,275	1,210
Half year review		150	150
Special reports and sundry certifications		220	220
Out of pocket expenses		100	90
		1,745	1,670
30. OTHER INCOME			
Income from financial assets			
Dividend income		1,924	1,925
Return on bank deposits		35,789	22,451
Accrued interest on term deposit receipts (TDR)		5,218	-
Gain on sale of short term investments		12,309	27,836
Change in fair value of short term investments	(24)	-	1,248
Gain on translation of foreign investment		-	255
Interest charged on early payments and advances		85,744	57,443
		140,984	111,158
Income from investment in associates			
Dividend income from Millat Equipment Limited		117,000	152,100
Dividend income from Millat Industrial Products Limited		11,475	8,606
Dividend income from Bolan Castings Limited		-	9,649
		128,475	170,355
Income from assets other than financial assets			
Rental income		5,114	2,936
Scrap sales		10,665	12,546
Exchange gain		2,732	412
Gain on disposal of property, plant and equipment		2,200	182
Others		9,313	3,794
		30,024	19,870
		299,483	301,383

		Note	2014	2013
			(Rupees in thousand)	
31.	FINANCE COST			
	Mark-up on short term borrowings - secured		77,592	62,189
	Bank charges and commission		1,616	2,365
			79,208	64,554
32.	OTHER OPERATING EXPENSES			
	Workers' profit participation fund	(23.1)	114,922	170,632
	Workers' welfare fund		40,991	59,304
	Donations	(32.1)	4,060	9,740
	Loss on translation of foreign investment		30	-
			160,003	239,676

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

		Note	2014	2013
33.	TAXATION			
	For the year:			
	Current		698,309	1,036,685
	Deferred		(331)	1,208
			697,978	1,037,893
	Prior years:			
	Current		3,638	(3,567)
		(33.1)	701,616	1,034,326

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

	2014	2013
	%	%
Applicable tax rate	34.00	35.00
- Effect of change in prior year	0.170	(0.11)
- Income exempt for tax purposes	0.034	0.002
- Income chargeable to tax at lower rate	(1.96)	(1.97)
- Effect on opening deferred taxes on reduction of rate	(0.03)	(0.01)
- Others	(0.08)	(0.31)
	(1.87)	(2.40)
Average effective tax rate	32.13	32.60

34. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 11 September 2014 has proposed a cash dividend of Rs. 20 per share (2013: Rs. 25 per share) and Nil bonus share (2013: 10%) in respect of the year ended 30 June 2014. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows :

	Chief Executive Officer		Directors				Executives	
	2014	2013	2014		2013		2014	2013
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
	(Rupees in thousand)							
Number of persons	1	1	5		6*		54	55
Remuneration	5,489	4,792	15,929	2,180	11,113	4,587	48,222	44,084
Cost of living allowance	-	-	15,929	2,180	11,113	4,552	31,553	32,059
Bonus	2,326	3,140	5,057	692	3,368	1,409	14,335	13,115
House rent	2,470	2,156	7,168	981	5,001	2,065	16,851	15,087
Contribution to provident fund and gratuity funds	549	481	-	218	-	188	10,149	10,110
Pension contribution	-	-	-	-	-	6	5,364	5,450
Medical expenses	113	73	1,654	94	1,192	202	4,951	4,239
Utilities	433	417	2,139	310	1,395	583	5,352	4,921
Other reimbursable expenses	1,254	1,213	5,272	888	3,553	1,759	9,782	8,755
	12,634	12,272	53,148	7,543	36,735	15,351	146,559	137,820

* During last year, Executive Director Mr. Muhammad Siddique remained director only upto 31 October 2012.

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

35.1 Aggregate amount charged to profit and loss account for the year in respect of meeting fee to two Directors (2013: two Directors) was Rs. 140 thousand (2013: Rs. 120 thousand) and travelling expenses Rs. 461 thousand (2013: Rs. 317 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:

		Note	2014	2013
			(Rupees in thousand)	
Relation with undertaking	Nature of transaction			
Subsidiary	Sale of goods		25,341	16
	Purchase of components		133,268	179,104
	Dividend income		11,475	8,606
Associates	Sale of goods		56,524	86,418
	Purchase of components		2,805,159	4,098,571
	Dividend income		117,000	161,749
Retirement benefit plans	Contribution to staff retirement benefit plans		21,800	19,002

The Company intends to take the approval of the transactions with associated companies from the shareholders in General Meeting.

37. EARNINGS PER SHARE- BASIC AND DILUTED

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:

	Note	2014	2013
		(Rupees in thousand)	
Profit for the year after tax		1,481,864	2,138,646
		(Number of shares)	
			Restated
Weighted average number of ordinary shares outstanding during the year	(37.1.1)	44,293	44,293
		(Rupees)	
			Restated
Earnings per share		33.46	48.28

37.1.1 Corresponding figures of weighted average number of shares and earnings per share have been restated to include the effect of bonus shares issued by the Company during the year.

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.

	Note	2014	2013
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,183,480	3,172,972
Adjustment for:			
Depreciation on property, plant and equipment		60,370	55,457
Amortization of intangible asset		986	6,007
Provision for accumulating compensated absences		16,315	5,874
Profit on bank deposits		(41,007)	(22,451)
Dividend income		(130,399)	(172,280)
Pension		(11,492)	(2,547)
Provision for gratuity		10,511	10,311
Gain on disposal of property, plant and equipment		(2,200)	(182)
Gain on sale of short term investments		-	(27,836)
Loss / (gain) on change in fair value of investments		30	(1,248)
Finance cost		79,208	64,554
Workers' profit participation fund		114,922	170,632
Workers' welfare fund		40,991	59,304
Working capital changes	(38.1)	(1,915,783)	(11,599)
		405,932	3,306,968
38.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		12,534	(65,067)
Stock-in-trade		168,008	384,422
Trade debts		852,427	(562,832)
Loans and advances		(50,549)	110,037
Trade deposits and short term prepayments		3,186	(2,281)
Other receivables		(27,318)	15,615
		958,288	(120,106)
Increase in current liabilities			
Trade and other payables		(2,874,071)	108,507
		(1,915,783)	(11,599)

39. FINANCIAL RISK MANAGEMENT

Financial instruments comprise loans and advances, deposits, interest accrued, trade debts, other receivables, cash and bank balances, short term borrowings, interest/mark-up accrued and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

39.1 Market risk

(a) 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.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in Rate	Effects on Profit Before Tax	Effects on Profit Before Tax
		2014	2013
		.... (Rupees in thousand)	....
Trade and other payables - GBP	+1	(839)	(936)
	-1	839	936
Trade and other payables - USD	+1	(586)	(2,725)
	-1	586	2,725
Trade and other payables - EUR	+1	(455)	(582)
	-1	455	582

	2014	2013
Reporting date rate:		
GBP	168.10	150.90
USD	98.80	98.80
EUR	134.70	129.10

(b) 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).

(c) 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.

	2014	2013
	(Rupees in thousand)	
At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	25,282	1,418,545

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 following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
			(Rupees in thousand)
Bank balances - savings accounts	2014	+1	253
		-1	(253)
	2013	+1	14,185
		-1	(14,185)

39.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 2,122,992 thousand (2013: Rs. 5,960,099 thousand), the financial assets which are subject to credit risk amounted to Rs. 2,061,577 thousand (2013: Rs. 5,837,541 thousand). The Company is not exposed to major concentration of credit risk.

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

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

	2014	2013
	(Rupees in thousand)	
		Restated
Employee benefits	293,800	239,405
Trade debts	121,731	974,158
Other receivables	114,601	82,115
Balances with statutory authorities	317,853	1,904,916
Short term investments	100,000	551,871
Bank balances	1,113,592	2,085,076
	2,061,577	5,837,541

	2014	2013
	(Rupees in thousand)	
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	94,973	948,080
Past due 4 - 6 Months	-	-
Past due 7 - 12 Months	-	-
Past due to above one year	26,758	26,078
	121,731	974,158

Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date:

Banks	Rating			2014	2013
	Short term	Long term	Agency	(Rupees in thousand)	
Meezan Bank Limited	A-1+	AA	PACRA	6,442	87,175
Allied Bank Limited	A-1+	AA+	PACRA	5,665	-
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	193,724	400,428
Bank Alfalah Limited	A-1+	AA	PACRA	65,352	9,525
Standard Chartered Bank	A-1+	AAA	PACRA	900	57,424
United Bank Limited	A-1+	AA+	JCR-VIS	206,645	290,603
The Bank of Punjab	A-1+	AA-	PACRA	20,172	3,194
MCB Bank Limited	A-1+	AAA	PACRA	3,950	1,648
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,095	140,878
Barclays Bank Plc	P-1	A2	Moody's	45,494	101,827
Sindh Bank Limited	A-1+	AA-	JCR-VIS	1,900	924,963
National Bank of Pakistan	A-1+	AAA	JCR-VIS	665	813
				557,004	2,018,478

Mutual funds / Term Deposit Receipts	Rating	Agency	2014	2013
			(Rupees in thousand)	
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	-	150,271
ABL Cash Fund	AA(f)	JCR-VIS	-	100,768
HBL Money Market Fund	AA(f)	JCR-VIS	-	100,561
Askari Sovereign Cash Fund	AAA(f)	PACRA	-	200,271
Dubai Islamic Bank -Term Deposit Receipt	A-1	JCR-VIS	100,000	-
			100,000	551,871

39.3 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 30 June 2014, the Company had Rs. 3,914,000 thousand available borrowing limits from financial institutions and Rs.1,118,174 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	-------------------	(Rupees in thousand)	-------------------	
Trade and other payables	2,419,555	2,419,555	-	-
Mark-up accrued on short term borrowings	3,600	3,600	-	-
	2,423,155	2,423,155	-	-

The following are the contractual maturities of financial liabilities as at 30 June, 2013:

Trade and other payables	5,267,679	5,267,679	-	-
Mark-up accrued on short term borrowings	2,400	2,400	-	-
	5,270,079	5,270,079	-	-

39.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

39.5 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2014, the Company held the following financial instruments carried at fair value:

	2014	Level 1	Level 2	Level 3
	-------------------	(Rupees in thousand)	-------------------	
Assets measured at fair value - available for sale				
Equity shares	54,520	54,520	-	-

There were no liabilities measured at fair value as at 30 June 2014.

As at 30 June 2013, the Company held the following financial instruments carried at fair value:

	2013	Level 1	Level 2	Level 3
	-------------------	(Rupees in thousand)	-------------------	
Assets measured at fair value - available for sale				
Equity shares	62,859	62,859	-	-
Investment in mutual funds	551,871	551,871	-	-

There were no liabilities measured at fair value as at 30 June 2013.

39.6 Financial instruments by categories

	Available-for-sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	------------	------------	------------	------------	(Rupees in thousand)	------------	------------	------------	------------	------------
Financial assets as per balance sheet										
Long term investments	54,520	62,859	-	-	-	-	291,230	291,260	345,750	354,119
Long term loans	-	-	-	-	1,941	2,065	-	-	1,941	2,065
Loans to employees	-	-	-	-	2,942	3,275	-	-	2,942	3,275
Trade debts	-	-	-	-	121,731	974,158	-	-	121,731	974,158
Balances with statutory authorities	-	-	-	-	317,853	1,904,916	-	-	317,853	1,904,916
Other receivables	-	-	-	-	114,601	82,115	-	-	114,601	82,115
Short term investments	-	-	-	551,871	-	-	100,000	-	100,000	551,871
Cash and bank balances	-	-	-	-	1,118,174	2,087,580	-	-	1,118,174	2,087,580
	54,520	62,859	-	551,871	1,677,242	5,054,109	391,230	291,260	2,122,992	5,960,099

	2014	2013
Financial liabilities as per balance sheet	(Rupees in thousand)	
Trade and other payables	2,419,555	5,267,679
Mark-up accrued on short term borrowings	3,600	2,400
	2,423,155	5,270,079

39.7 Capital risk management

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

40. PROVIDENT FUND TRUST

40.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2014	2013
		(Rupees in thousand)	
Size of the fund		586,566	575,133
Cost of investment made	(40.2)	503,079	500,861
Percentage of investment made		85.77%	87.09%
Fair value of investment		829,383	867,753

40.2 Breakup of investment -Amount

	2014		2013	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (Listed Securities)	9,090	2%	10,734	2%
Term Deposit Receipts	493,989	84%	490,127	85%
	503,079	86%	500,861	87%

40.3 The above information is based on un - audited financial statements of the provident fund for the year ended 30 June 2014 .

41. CAPACITY AND PRODUCTION

	2014	2013
	Units per annum	
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	21,600	32,016

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the reason for low production over normal capacity is due to less demand during the year.

42. NUMBER OF EMPLOYEES

	2014	2013
Number of employees at the end of the year	434	452
Average number of employees during the year	443	451

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2014 by the Board of Directors of the Company.

44. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made except as mentioned in note 4.3.1.

45. GENERAL

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Financial Statements

Millat Tractors Limited

For the year ended 30 June 2014

GOLDEN JUBILEE CELEBRATIONS
50 YEARS
ANNUAL REPORT 2014

Group Directors' Report
Year ended 30 June 2014

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2014.

THE GROUP

The Group comprises Millat Tractors Limited (MTL) (Holding Company) and its subsidiaries i.e., Millat Industrial Products Limited (MIPL) and TIPEG INTERTRADE JLT Dubai, U.A.E.

The Directors' reports, giving complete information about the performance of Millat Tractors Limited and Millat Industrial Products Limited for the year ended June 30, 2014 have been presented separately along with their respective financial statements. Additional information of the subsidiaries is as hereunder.

MILLAT INDUSTRIAL PRODUCTS LIMITED

MIPL is engaged in manufacture of automotive batteries for MTL as well as the after sale market. MIPL earned an after tax profit of Rs. 58.78 million and registered sale of Rs. 959 million for the year under review.

TIPEG INTERTRADE JLT

Tipeg Intertrade JLT, Dubai, U.A.E is a Limited Liability Company registered in Dubai Multi Commodities Centre Authority. Millat Tractors Limited has a holding of 75% in the equity of the Company.

The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The principal place of business of the Company is located at Jumeirah Lake Towers, Dubai, UAE. The Company was incorporated on December 25, 2012. There is a net loss of 179,811 UAE Dirhams as on June 30, 2014.

SUBSEQUENT EVENTS

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

PATTERN OF SHAREHOLDING

The pattern of shareholding of MTL and MIPL are annexed to their Directors' Reports and for TIPEG is as under.

Name(s)	Designation	shares	%	Nationality
Sikandar Mustafa Khan	Director	100	05	Pakistani
Latif Khalid Hashmi	Director	100	05	Pakistani
Sohail Bashir Rana	Director	100	05	Pakistani
Laeeq Uddin Ansari	Director	100	05	Pakistani
Mian Muhammad Saleem	Director	100	05	Pakistani
Millat Tractors Limited	Shareholder	1,500	75	Pakistani
Total		2,000	100	

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2014 was Rs. 32.54 as against Rs. 50.12 of the preceding year.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Lahore: September 11, 2014

Auditors' Report
to the Members

We have audited the annexed consolidated financial statements comprising the consolidated balance sheet of Millat Tractors Limited (the holding company) and its subsidiary Companies as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of the Millat Tractors Limited, while the financial statements of its subsidiaries, Millat Industrial Products Limited and Tipeg Intertrade JLT were audited and reviewed by another firms of auditors respectively, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such Companies, is based solely on the report of such other auditors. These consolidated 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 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 parent fairly the financial position of Millat Tractors Limited and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Name of audit engagement partner:
Naseem Akbar

Lahore :
11 September 2014

Consolidated Balance Sheet
as at June 30, 2014

	Note	2014	Restated 2013	Restated 2012
		.... (Rupees in thousand)		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
50,000,000 (2013: 50,000,000) ordinary				
shares of Rs. 10/- each		500,000	500,000	500,000
Issued, subscribed and paid up capital	5	442,926	402,660	366,055
General reserves		3,263,551	3,306,590	3,368,710
Unappropriated profit		1,313,338	1,749,244	2,028,971
Exchange translation reserve		231	(47)	-
Fair value reserve		29,038	37,377	11,720
		5,049,084	5,495,824	5,775,456
Non-controlling interests		118,823	106,029	77,649
Non-current liabilities				
Long term deposits	6	10,515	10,895	10,485
Deferred taxation	7	23,722	23,149	21,937
		34,237	34,044	32,422
Current liabilities				
Accumulating compensated absences		77,650	61,336	55,461
Trade and other payables	8	2,425,347	5,266,567	5,067,207
Mark-up accrued on short term borrowings	9	3,814	2,401	1,736
		2,506,811	5,330,304	5,124,404
CONTINGENCIES AND COMMITMENTS	10			
		7,708,955	10,966,201	11,009,931

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Sikandar Mustafa Khan
Chairman

	Note	2014	Restated 2013	Restated 2012
		.... (Rupees in thousand)		
ASSETS				
Non-current assets				
Property, plant and equipment				
Operating fixed assets	11	544,867	498,858	465,893
Capital work in progress	12	212,431	205,131	168,260
Intangible asset	13	5,888	841	5,871
Investment property	14	255,708	255,708	255,708
Long term investments	15	674,873	768,344	701,962
Long term loans	16	1,941	2,065	2,702
Net employee defined benefit asset	17	293,800	239,405	168,475
		1,989,508	1,970,352	1,768,871
Current assets				
Stores and spares	18	129,639	141,504	74,884
Stock in trade	19	2,543,726	2,695,174	3,064,117
Trade debts	20	157,743	1,010,625	470,198
Loans and advances	21	135,502	83,977	197,477
Trade deposits and short term prepayments		27,438	30,378	27,310
Other receivables	22	111,792	83,405	97,703
Balances with statutory authorities	23	302,081	1,896,021	1,651,054
Tax refunds due from the Government		954,097	289,370	512,466
Short term investments	24	100,000	551,871	2,461,860
Cash and bank balances	25	1,257,429	2,213,524	683,991
		5,719,447	8,995,849	9,241,060
		7,708,955	10,966,201	11,009,931

Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Profit and Loss Account
for the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales - net	26	17,422,122	23,324,378
Cost of sales	27	14,290,770	19,172,705
Gross profit		3,131,352	4,151,673
Distribution and marketing expenses	28	509,872	518,366
Administrative expenses	29	403,844	376,108
		913,716	894,474
Operating profit		2,217,636	3,257,199
Other income	30	172,927	134,435
		2,390,563	3,391,634
Finance cost	31	81,267	65,166
Other operating expenses	32	166,682	245,860
		247,949	311,026
		2,142,614	3,080,608
Share of profit of associates	33	101,492	298,527
Profit before taxation		2,244,106	3,379,135
Taxation			
- Group	34	733,142	1,063,250
- Associates		69,625	96,052
		802,767	1,159,302
Profit after taxation		1,441,339	2,219,833
Attributable to:			
- Equity holders of the holding Company		1,422,207	2,200,039
- Non-controlling interests		19,132	19,794
		1,441,339	2,219,833
Earnings per share - basic and diluted (Rupees)	38	32.54	50.12

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014

	2014	Restated 2013
	(Rupees in thousand)	
Profit for the year	1,441,339	2,219,833
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	371	(63)
Unrealized (loss) / gain on revaluation of available for sale investments	(8,339)	25,657
	(7,968)	25,594
Items not to be reclassified to profit or loss in subsequent period:		
Actuarial gain on defined benefit plans	31,614	57,100
Total other comprehensive income, net of tax	23,646	82,694
Total comprehensive income for the year	1,464,985	2,302,527
Attributable to:		
- Equity holders of the holding Company	1,445,853	2,282,733
- Non-controlling interest	19,132	19,794
	1,464,985	2,302,527

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Cash Flow Statement
for the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	488,602	3,377,923
Interest and mark-up paid		(79,854)	(64,501)
Net decrease in long term loans to employees		124	637
Workers' profit participation fund paid		(120,156)	(172,746)
Workers' welfare fund paid		(62,455)	-
Taxes refund / (paid)		196,644	(1,083,908)
Employee benefits paid		(21,800)	(21,594)
Long term security deposits (paid) / received		(380)	410
Net cash from operating activities		400,725	2,036,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(130,351)	(141,338)
Purchase of intangible assets		(6,033)	(977)
Proceeds from disposal of property, plant and equipment		12,595	10,114
Proceeds from sale of short term investments - net		464,180	1,939,073
Profit on bank deposits received		37,605	23,536
Dividend received		118,924	163,674
Net cash from investing activities		496,920	1,994,082
CASH FLOWS FROM FINANCING ACTIVITIES			
Investment of non controlling interest in foreign subsidiary		-	13,425
Dividends paid to non controlling interests		(6,431)	(4,823)
Dividends paid to equity holder of the holding company		(1,847,680)	(2,509,309)
Net cash used in financing activities		(1,854,111)	(2,500,707)
Net (decrease) / increase in cash and cash equivalents		(956,466)	1,529,596
Cash and cash equivalents at the beginning of the year		2,213,524	683,991
Foreign exchange difference		371	(63)
Cash and cash equivalents at the end of the year	25	1,257,429	2,213,524

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Consolidated Statement of Changes in Equity
for the year ended 30 June 2014

	Share capital	Revenue reserves		Exchange translation reserve	Fair value reserve	Non-controlling interests	Total
		General reserves	Unapprop-riated profit				
	......(Rupees in thousand)......						
Balance as on 01 July 2012							
- as previously reported	366,055	3,368,710	1,974,692	-	11,720	77,649	5,798,826
Effect of change in							
accounting policy (Note 4.4.1)	-	-	54,279	-	-	-	54,279
Balance as on 01 July 2012 - restated	366,055	3,368,710	2,028,971	-	11,720	77,649	5,853,105
Final dividend for the year ended							
30 June 2012 @ Rs. 40/- per share	-	(62,120)	(1,402,096)	-	-	-	(1,464,216)
Issue of ordinary shares of Rs.10/- each							
as fully paid bonus shares	36,605	-	(36,605)	-	-	-	-
Interim dividend for the year ended							
30 June 2013 @ Rs. 30/- per share	-	-	(1,098,165)	-	-	-	(1,098,165)
Dividend payment to							
non controlling interests	-	-	-	-	-	(4,823)	(4,823)
Investment in subsidiary	-	-	-	-	-	13,425	13,425
Exchange differences on translation of							
foreign operations	-	-	-	(47)	-	(16)	(63)
Total comprehensive income for the							
year ended 30 June 2013 - restated	-	-	2,257,139	-	25,657	19,794	2,302,590
Balance as on 30 June 2013 - restated	402,660	3,306,590	1,749,244	(47)	37,377	106,029	5,601,853
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 for the year ended							
30 June 2014 @ Rs. 20/- per share	-	-	(885,851)	-	-	-	(885,851)
Dividend payment to							
non controlling interests	-	-	-	-	-	(6,431)	(6,431)
Exchange differences on translation							
of foreign operations	-	-	-	278	-	93	371
Total comprehensive income for the							
year ended 30 June 2014	-	-	1,453,821	-	(8,339)	19,132	1,464,614
Balance as on 30 June 2014	442,926	3,263,551	1,313,338	231	29,038	118,823	5,167,907

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Notes to the Consolidated Financial Statements
for the year ended 30 June 2014

1. THE GROUP AND ITS OPERATIONS

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.

Holding Company

Millat Tractors Limited - (MTL)

Subsidiary Companies

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

Tipeg Intertrade JLT, Dubai, a limited liability Company registered with Dubai Multi Commodities Centre Authority, is a subsidiary of Millat Tractors Limited which holds 75% equity. The principal place of business of the Company is located at Jumeirah Lake Towers, Dubai-UAE. The Company is formed for trading of machinery and heavy equipment and Company has recently started its operations.

2. STATEMENT OF COMPLIANCE

These consolidated 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.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These consolidated 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.

3.2 Use of estimates and judgments

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 consolidated 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 consolidated financial statements are as follows:

3.2.1 Employees' 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 4.4.1.

3.2.2 Provision for taxation

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

3.2.3 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.

3.2.4 Provision for inventories

The Group regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management estimate.

3.2.5 Provision for receivables

The Group regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

3.3 Functional currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these consolidated financial statements of the Group are consistent with previous year except as discussed in Note 4.1 and are as follows:

4.1 New, amended standards and interpretations that become effective

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments: Disclosures – (Amendments)
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments did not have any effect on the financial statements except changes in accounting policy relating to defined benefit plan as disclosed in Note 4.4.1.

4.2 Principles of consolidation

4.2.1 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 subsidiaries are prepared up to the same reporting date using consistent accounting policies and are consolidated on line by line basis.

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

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

4.2.2 Non-controlling interest

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

4.2.3 Associates

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

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

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

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

4.3 Segment reporting

The key financial decision maker consider the whole business as one operating segment.

4.4 Employees' retirement benefits and other obligations

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

4.4.1 Defined benefit plan

4.4.1.1 Pension

MTL 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% (2013: 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, 2014.

The amount recognized in balance sheet represents the present value of the plan assets reduced by value of defined benefit obligation. 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:

	2014	2013
Expected rate of increase in salary level	12.3%	10.5%
Expected rate of return	10.5%	13%
Discount rate	13.3%	10.5%
Average expected remaining working life of employees	8 years	7 years

4.4.1.2 Change in accounting policy

Until 30 June 2013, the MTL's policy with regard to actuarial gains/(losses) was to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

During the year, the MTL 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 MTL 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 these financial statements are as under:

	For the year ended 30 June	
	2014	2013
	(Rupees in thousand)	
Increase in opening unappropriated profit	111,379	54,279
Increase in other comprehensive income	31,614	57,100
Increase in net employee defined benefits asset	142,993	111,379

4.4.2 Defined contribution plans

4.4.2.1 Gratuity

MTL operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Group before 01 July 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.

4.4.2.2 Provident fund

The Group operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month.

4.4.3 Accumulating compensated absences

MTL provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit and loss account.

4.5 Taxation

4.5.1 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.

4.5.2 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 consolidated 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 profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in equity.

4.6 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.

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

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

The Group continually assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit and loss account for the year. Any previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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 profit and loss account in the year the asset is derecognized.

4.7 Capital work-in-progress

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

4.8 Intangible assets

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

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

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

4.9 Investment property

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

The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is 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 recognized as an income or expense.

4.10 Investments and other financial assets

Financial assets in the scope of IAS 39 : "Financial Instruments - Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. 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 Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

4.10.1 Financial assets at fair value through profit or loss

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

4.10.2 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized 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 amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.10.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

4.10.4 Available-for-sale financial assets

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

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

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

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

4.11 Stores and spares

Stores and spares are valued at lower of net realizable value or moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

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

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

4.12 Stock-in-trade

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

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

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

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

Net realizable value signifies the estimated selling price 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.

4.13 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.

4.14 Cash and cash equivalents

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.

4.15 Revenue recognition

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

Revenue from 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.

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

4.16 Research cost

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

4.17 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.

4.18 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.

4.19 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.

4.20 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.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their profit and loss account are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss account.

4.21 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.

4.22 Offsetting of financial assets and liabilities

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

4.23 Dividend and appropriations

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

4.24 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 10	- Consolidated Financial Statements	01 January 2015
IFRS 11	- Joint Arrangements	01 January 2015
IFRS 12	- Disclosure of Interests in Other Entities	01 January 2015
IFRS 13	- Fair Value Measurement	01 January 2015
IAS 16 and 38	- Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41	- Agriculture: Bearer Plants	01 January 2016
IAS 19	- Employee Contributions	01 July 2014
IAS 32	- Offsetting Financial Assets and Financial liabilities (Amendment)	01 January 2014
IAS 36	- Recoverable Amount for Non-Financial Assets (Amendment)	01 January 2014
IAS 39	- Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21	- Levies	01 January 2014

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB effective date (Annual periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2017

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		2014	2013
(Number of shares in thousand)			(Rupees in thousand)	
2,543	2,543	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		
37,724	34,063	- Opening balance	377,231	340,626
4,026	3,661	- Issued during the year	40,266	36,605
41,750	37,724		417,497	377,231
44,293	40,267		442,926	402,660

6. LONG TERM DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers.

7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

Taxable temporary differences:		
Accelerated tax depreciation	62,496	57,173
Change in fair value of short term investments	-	125
	62,496	57,298
Deductible temporary differences:		
Accumulating compensated absences	(25,625)	(20,854)
Provision for doubtful receivables	(13,149)	(13,295)
	(38,774)	(34,149)
Net deferred tax liability at the year end	23,722	23,149

	Deferred tax liability		Deferred tax asset		
	Accelerated tax depreciation	Change in fair value of short term investments	Accumulating compensated absences	Provision for doubtful receivables	Net liability
	----------------	(Rupees in thousand)	----------------		
Balance as at 01 July 2012	45,307	9,492	(19,411)	(13,451)	21,937
Charged/(credited) to profit and loss account	11,866	(9,367)	(1,443)	156	1,212
Balance as at 30 June 2013	57,173	125	(20,854)	(13,295)	23,149
Charged/(credited) to profit and loss account	5,323	(125)	(4,771)	146	573
Balance as at 30 June 2014	62,496	-	(25,625)	(13,149)	23,722

	Note	2014	2013
		(Rupees in thousand)	
8. TRADE AND OTHER PAYABLES			
Trade creditors	(8.1)	804,362	2,784,379
Accrued liabilities		121,243	134,332
Bills payable		24,647	64,906
Advances from customers	(8.2)	983,090	1,811,707
Security deposits	(8.3)	5,299	5,379
Trademark fee payable		108,391	131,490
Income tax deducted at source		67	53
Workers' profit participation fund	(8.4)	-	144
Workers' welfare fund		102,998	122,615
Unclaimed dividends		210,793	165,973
Others		64,457	45,589
		2,425,347	5,266,567

8.1 These include balances due to related parties amounting Rs. 136,363 thousand (2013: Rs. 651,226 thousand).

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

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

8.4 Workers' profit participation fund			
Opening balance		144	(2,254)
Allocation for the year	(32)	119,784	175,144
		119,928	172,890
Payments made during the year		(120,156)	(172,746)
Closing balance	(8.4.1)	(228)	144

8.4 .1 Current year balance has been transferred to other receivables (Note 22).

9. MARK-UP ACCRUED ON SHORT TERM BORROWINGS

This represents accrued interest payable on short term borrowings availed during the year, while the balance of short term borrowings as on 30 June 2014 is Nil (2013: Nil).

9.1 Short term borrowings facilities are available from various banks against aggregate sanctioned limit of Rs. 4,014,000 thousand (2013: Rs. 2,075,000 thousand). The rates of mark up range between KIBOR plus 0.25% to KIBOR plus 0.4% (2013: KIBOR plus 0.25% to KIBOR plus 1.5%) per annum.

9.2 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 3,430,000 thousand (2013: Rs. 2,674,000 thousand) out of which Rs. 3,048,000 thousand (2013: Rs. 941,800 thousand) remained unutilized at the end of the year.

9.3 These facilities are secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees of the Group.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The Group has given guarantee amounting to Rs. 5,000 thousand to bank for repayment of loan by employees. An amount of Rs. 3,780 thousand (2013: Rs. 2,064 thousand) was utilized by employees as at 30 June 2014.

10.1.2 Guarantees issued by the banks on behalf of the Group in the normal course of business amount to Rs. 93,162 thousand (2013: Rs. 451,068 thousand).

10.1.3 The Group is defending a suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously the case was pending before the Civil Court, Lahore. However during the year it is held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favour of vendor for the aforementioned inconvenience. In addition to that the Group is also required to pay the amount of parts already supplied by the vendor which amounts to Rs. 4,579 thousand along with mark up @ 7% per annum till its realization. However the Group has preferred an appeal in the Honourable High Court against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Group's favour and no payment in this regard would be required, hence no provision there against has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.

10.1.4 The Group is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Group to its customers. The Group filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Group is liable to pay the amount of sales tax on warranty parts which amounts to Rs. 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of sales tax act 1990. The Group has filed an appeal against the aforementioned order in the Honourable High Court Lahore. The management and the legal advisor are confident of favourable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.

10.1.5 The Group is defending a demand of Rs. 31,869 thousand from the Customs Authorities, alleging the Group for non payment of custom and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the manufacture of the tractors. The Group filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore. The Group made the payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained the stay order from Honourable High Court, Lahore against the further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour hence no provision relating to aforesaid demand has been made in the financial statement. The appeal is pending before the Custom Appellate Tribunal Lahore.

10.1.6 The taxation officer has raised demand of Rs. 14,402 thousand during sales tax audit conducted by the Department. The Group has filed appeal against the demand. The Commissioner (Appeals) has directed the assessing officer to re-examine the case on factual grounds. However, no proceeding has been carried till date. Therefore, no provision of the fact is made.

10.2 Commitments

Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 296,596 thousand (2013: Rs. 582,135 thousand) at the balance sheet date.

11. OPERATING FIXED ASSETS

	Land		Buildings		Pland and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
	Freehold	Leasehold	On freehold land	On leasehold land						
	---------- (Rupees in thousand) ----------									
Net carrying value basis										
Year ended 30 June, 2014										
Opening net book value	68,762	8	36,383	-	198,516	30,556	124,577	36,808	3,248	498,858
Additions (at cost)	-	-	17,507	-	19,091	6,202	69,304	3,308	7,639	123,051
Disposals	-	-	-	-	-	-	(10,376)	-	(19)	(10,395)
Depreciation charge	-	-	(3,380)	-	(21,110)	(4,046)	(30,710)	(5,915)	(1,486)	(66,647)
Closing net book value	68,762	8	50,510	-	196,497	32,712	152,795	34,201	9,382	544,867
Gross carrying value basis										
As at 30 June, 2014										
Cost	68,762	8	200,895	2,900	502,736	68,047	284,924	106,793	29,572	1,264,637
Accumulated depreciation	-	-	(150,385)	(2,900)	(306,239)	(35,335)	(132,129)	(72,592)	(20,190)	(719,770)
Net book value	68,762	8	50,510	-	196,497	32,712	152,795	34,201	9,382	544,867
Depreciation rate %										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	
Net carrying value basis										
Year ended 30 June, 2013										
Opening net book value	68,762	8	39,599	-	189,647	27,739	105,058	30,530	4,550	465,893
Additions (at cost)	-	-	446	-	30,172	6,634	54,705	12,176	334	104,467
Disposals	-	-	-	-	(34)	-	(9,279)	(195)	(116)	(9,624)
Depreciation charge	-	-	(3,662)	-	(21,269)	(3,817)	(25,907)	(5,703)	(1,520)	(61,878)
Closing net book value	68,762	8	36,383	-	198,516	30,556	124,577	36,808	3,248	498,858
Gross carrying value basis										
As at 30 June, 2013										
Cost	68,762	8	183,388	2,900	483,645	61,845	250,966	103,485	22,074	1,177,073
Accumulated depreciation	-	-	(147,005)	(2,900)	(285,129)	(31,289)	(126,389)	(66,677)	(18,826)	(678,215)
Net book value	68,762	8	36,383	-	198,516	30,556	124,577	36,808	3,248	498,858
Depreciation rate %										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	

	Note	2014	2013
		(Rupees in thousand)	
11.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	(27)	39,307	38,263
Distribution and marketing expenses	(28)	8,453	7,879
Administrative expenses	(29)	18,887	15,736
		66,647	61,878

11.2 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						
	Employees / Directors					
	Mr. Sikandar Mustafa Khan	5,500	4,013	1,487	1,487	Company Car scheme
	Mr. Sohail Bashir Rana	4,145	3,027	1,099	1,099	Company Car scheme
	Mr. Laeeq Ud Din Ansari	3,109	2,268	840	840	Company Car scheme
	Mr. Muhammad Saleem	2,000	1,460	530	530	Company Car scheme
	Mr. Javaid Munir	1,584	986	597	597	Company Car scheme
	Mr. Muhammad Ameer Khan	1,239	727	512	512	Company Car scheme
	Mr. Syed Jaffar Hussain Naqvi	925	677	248	248	Company Car scheme
	Miss. Quratalain Chouhdary	839	276	563	563	Company Car scheme
	Mr. S.M. Abdul Qadir	824	542	282	282	Company Car scheme
	Mr. Ashfaq Farooqi	715	353	362	362	Company Car scheme
	Mr. Waqar Ahmad	707	517	190	190	Company Car scheme
	Mr. Khalid Saeed Akbar	707	517	190	190	Company Car scheme
	Mr. Abdul Wahid Khan	707	517	190	190	Company Car scheme
	Mr. Muddasar Siddique	707	516	191	191	Company Car scheme
	Mr. Altaf Hussain	689	503	186	186	Company Car scheme
	Mr. S. Alley Ali zaidi	689	503	186	186	Company Car scheme
	Mr. Qamar Mehmood	689	503	186	186	Company Car scheme
	Mr. Muhammad Shahid Mufti	689	503	186	186	Company Car scheme
	Mr. Raffay Zaman Durrani	689	503	186	186	Company Car scheme
	Mr. Khurram Shahzad Toor	689	503	186	186	Company Car scheme
	Mr. Muhammad Tufail	671	338	333	333	Company Car scheme
	Mr. Tausif Ahmad Hashmi	451	329	122	122	Company Car scheme
	Mr. Mansoor Iqbal	79	26	53	53	Company m/cycle scheme
	Mr. Muhammad Saeed Malik	85	6	79	79	Company m/cycle scheme
	Mr. Asif Ali	79	24	55	55	Company m/cycle scheme
	Mr. Abdul Khaliq	79	26	53	53	Company m/cycle scheme
	Mr. Muhammad Faheem Sattar	77	23	54	54	Company m/cycle scheme
	Mr. Muhammad Shamroz Khan	77	27	50	50	Company m/cycle scheme
	Others					
	Mr. Qadeem Khan	1,580	1,503	77	773	Negotiation
	Miss. Asma Raheem	590	520	70	437	Negotiation
	Mr. Jamil Hassan	345	283	62	298	Negotiation

	Note	2014	2013
		(Rupees in thousand)	
12. CAPITAL WORK IN PROGRESS			
Plant and machinery		25,111	16,299
Civil work - office	(12.1)	187,320	188,158
Advance for vehicles		-	674
		212,431	205,131

12.1 This includes office floors at Tricon Corporate Centre being built by Tricon Developers Limited.

	Note	2014	2013
13. INTANGIBLE ASSET			
Net carrying value basis			
Opening net book value		841	5,871
Additions		6,033	977
Amortization charge	(29)	(986)	(6,007)
		5,888	841
Gross carrying value basis			
Cost		36,205	35,228
Additions		6,033	977
Accumulated amortization		(36,350)	(35,364)
		5,888	841
Rate of amortization		33%	33%
14. INVESTMENT PROPERTY			
Land		258,444	258,444
Provision for impairment		(2,736)	(2,736)
		255,708	255,708

14.1 Based on the valuation carried out by an independent valuer as at 30 June 2014, the fair value of investment property is Rs. 370,000 thousand (2013: Rs. 364,234 thousand).

		2014	2013
		(Rupees in thousand)	
15.	LONG TERM INVESTMENTS		
	In associated companies		
	Quoted		
	Bolan Castings Limited		
	5,306,979 (2013: 4,824,527) fully paid ordinary shares of Rs. 10/- each	165,424	252,006
	Equity held 46.26% (2013: 46.26%). Market Value		
	as at 30 June 2014 is Rs. 202,543 thousand (2013: Rs. 192,981 thousand)		
	Unquoted		
	Millat Equipment Limited		
	11,699,993 (2013: 11,699,993) fully paid ordinary shares of Rs. 10/- each	454,929	453,480
	Equity held 45% (2013: 45%)		
	Value of investment based on net assets as shown in the audited accounts		
	as at 30 June 2014 is Rs. 480,963 thousand (2013: Rs. 479,515 thousand)		
	Arabian Sea Country Club Limited		
	500,000 (2013: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
	Equity held 6.45% (2012: 6.45%)		
	Value of investment based on the net assets shown in the audited accounts		
	as at 30 June 2010 is Rs. 12,020 thousand (2009: Rs. 10,575 thousand).		
	Less: Impairment loss	(5,000)	(5,000)
		-	-
	Other investment - Available-for-sale		
	Quoted		
	Baluchistan Wheels Limited		
	1,282,825 (2013: 1,282,825) fully paid ordinary shares of Rs. 10/- each	12,145	12,145
	Surplus on revaluation of investment	42,375	50,713
	Market value as at 30 June	54,520	62,858
		674,873	768,344

15.1 The Group's share of 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 follow:

(Rupees in thousand)

Name	Percentage interest held	Assets	Liabilities	Revenue	Profit
30 June 2014					
Bolan Castings Limited*	46.26%	476,321	272,633	514,054	(67,699)
Millat Equipment Limited*	45.00%	669,195	188,232	850,435	169,191
30 June 2013 Restated					
Bolan Castings Limited*	46.26%	612,857	359,757	807,688	15,461
Millat Equipment Limited*	45.00%	706,370	226,855	1,170,080	282,938

*Share of profit / (loss) is before taxation.

	Note	2014	2013
		(Rupees in thousand)	
16. LONG TERM LOANS - considered good			
Loan to employees:			
Company loan	(16.1)	1,517	1,881
Motor cycle loan	(16.2)	2,093	2,186
		3,610	4,067
Less: Current portion included in current assets	(21)	(1,669)	(2,002)
		1,941	2,065

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

16.2 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Group and employees. These loans are repayable in monthly instalments over a period of five years.

16.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2013	Disburse-ment during the year	Repayments during the year	Balance as at 30 June 2014
	---------------------- (Rupees in thousand)----------------------			
Due from Executives	218	210	223	205

	2014	Restated 2013
	(Rupees in thousand)	
17. NET EMPLOYEE DEFINED BENEFIT ASSET		
This comprises:		
Fair value of plan assets	929,695	874,065
Present value of defined benefit obligation	(635,895)	(634,660)
Asset recognized in the balance sheet	293,800	239,405
Charge / (credit) for the year		
Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	14,238	17,670
Interest cost	64,646	76,627
Expected return on plan assets	(90,376)	(96,844)
	(11,492)	(2,547)

	2014	Restated 2013
	(Rupees in thousand)	
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at 01 July	634,660	638,562
Interest cost	64,646	76,627
Current service cost	14,238	17,670
Benefits paid	(37,971)	(32,622)
Actuarial gain	(39,678)	(65,577)
Present value of defined benefit obligation as at 30 June	635,895	634,660
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at 01 July	874,065	807,037
Expected return on assets	90,376	96,844
Contributions	11,289	11,283
Benefits paid	(37,971)	(32,622)
Actuarial loss	(8,064)	(8,477)
Fair value of plan assets as at 30 June	929,695	874,065
Actual return on plan assets	82,312	88,367
Plan assets comprise:		
Term Deposit Receipts	723,548	534,352
Bonds and Mutual Funds	176,994	316,825
Accrued interest and bank balance	29,153	22,888
	929,695	874,065

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:

	2014	2013	2012	2011	2010
As at 30 June	------------------ (Rupees in thousand) ------------------				
Present value of defined benefit obligation	635,895	634,660	638,562	544,061	518,328
Fair value of plan assets	929,695	874,065	807,037	731,550	667,000
Surplus	293,800	239,405	168,475	187,489	148,672
Experience adjustment on obligation	(39,678)	(65,577)	36,486	(13,040)	(13,040)
Experience adjustment on plan assets	8,064	(8,477)	(7,560)	4,238	4,238

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Discount rate + 100 bps	(46,245)
Discount rate - 100 bps	53,791
Salary increase + 100 bps	15,036
Salary increase - 100 bps	(14,176)

18. 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.

	Note	2014	2013
		(Rupees in thousand)	
19. STOCK IN TRADE			
Raw material	(19.1)	1,846,733	2,291,021
Work-in-process		102,425	129,960
Finished goods :			
Manufacturing		480,294	210,023
Trading		94,274	63,112
Others		20,000	1,058
		594,568	274,193
		2,543,726	2,695,174

19.1 This includes stock in transit amounting to Rs. 62,419 thousand (2013: Rs. 260,269 thousand).

19.2 Included in stocks are raw materials and components held with third parties amounting to Rs. 75,202 thousand (2013: Rs. 125,596 thousand).

20. TRADE DEBTS

		2014	2013
Trade debts - Considered good		157,743	1,010,625
Trade debts - Considered doubtful		-	52
Less: Provision for doubtful advances		-	(52)
		-	-
		157,743	1,010,625

20.1 These are unsecured but considered good by the management except for Rs. 32,251 thousand (2013: Rs. 18,964 thousand) which are secured against deposits and post dated cheques.

20.2 Trade debts include balances due from following related parties

		2014	2013
Millat Equipment Limited		32,069	40,172
Bolan Castings Limited		6,741	-
	(20.2.1)	38,810	40,172

20.2.1 Aging of due from related parties:	Not past due	Past due
		1-6 months
Millat Equipment Limited	7,616	24,453
Bolan Castings Limited	5,477	1,264

		Note	2014	2013
			(Rupees in thousand)	
21.	LOANS AND ADVANCES			
	Current portion of long term loans to employees	(16)	1,669	2,002
	Advances to employees - Considered good	(21.1) & (21.2)	1,273	1,273
	Advances to suppliers - Considered good	(21.3)	129,397	71,206
			132,339	74,481
	Advances to suppliers - Considered doubtful		2,485	2,485
	Less: Provision for doubtful advances		(2,485)	(2,485)
			-	-
	Letter of credit opening charges		3,163	9,496
			135,502	83,977

21.1 Included in advances to employees are amounts due from the Chief Executive Officer Rs. 291 thousand (2013: Nil) in respect of travel advance.

21.2 The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer is Rs. 151 thousand (2013: Rs. 248 thousand) and Directors Rs. 520 thousand (2013 Rs. 791 thousand) in respect of travel advance.

21.3 Advances to suppliers include advances to vendors of Rs. 96,632 thousand (2013: Rs. 52,482 thousand) which carry mark-up @ 18% (2013: 15% to 18%) per annum. Included in advances to vendors are advances to related parties, namely Bolan Casting Limited of Rs. 18,144 thousand (2013: Nil).

		Note	2014	2013
22.	OTHER RECEIVABLES			
	Claims receivable from foreign suppliers		103,796	79,515
	Profit / interest accrued		7,768	2,600
	Workers' Profit Participation Fund	(8.4)	228	-
	Other		-	1,290
			111,792	83,405
23.	BALANCES WITH STATUTORY AUTHORITIES			
	Special excise duty recoverable		(652)	18,073
	Sales tax recoverable		336,880	1,912,095
	Less: Provision for doubtful claims		(34,147)	(34,147)
			302,733	1,877,948
			302,081	1,896,021

	Note	2014	2013
		(Rupees in thousand)	
24. SHORT TERM INVESTMENTS			
Financial asset at fair value through profit and loss		-	550,623
Investment in Term Deposit Receipts (TDR)		100,000	-
Surplus on revaluation of investment	(30)	-	1,248
		100,000	551,871
25. CASH AND BANK BALANCES			
In hand:			
Cash		5,595	2,942
Cheque in hand		556,170	66,598
		561,765	69,540
At banks:			
Current accounts		670,382	660,439
Saving Accounts	(25.1)	25,282	1,418,545
Deposit accounts		-	65,000
		695,664	2,143,984
		1,257,429	2,213,524

25.1 These carry mark-up at the rate of 5% to 10.5% (2013: 5% to 10.5%) per annum.

	Note	2014	2013
26. SALES - net			
Local			
Tractors		18,042,459	24,032,465
Implements		51,349	66,180
Multi-application products		291,717	494,345
Trading goods		419,851	264,775
Batteries		937,354	708,343
		19,742,730	25,566,108
Less:			
Discount		(14,317)	(47,143)
Sales tax and special excise duty		(2,198,355)	(2,127,905)
		(2,212,672)	(2,175,048)
		17,530,058	23,391,060
Export			
Tractors		201,431	225,931
Trading goods		7,670	225
Batteries		-	15,106
		209,101	241,262
		17,739,159	23,632,322
Less: Commission		(317,037)	(307,944)
		17,422,122	23,324,378

	Note	2014	2013
		(Rupees in thousand)	
27. COST OF SALES			
Components consumed		13,460,027	18,144,934
Salaries, wages and amenities	(27.1)	273,843	277,951
Contract services		171,139	182,636
Fuel and power		138,094	115,061
Communication		585	566
Travelling and vehicle running		9,353	9,702
Printing and stationery		2,468	2,192
Insurance		15,856	9,495
Repairs and maintenance		67,564	80,499
Stores and spares consumed		98,218	93,616
Depreciation	(11.1)	39,307	38,263
Other expenses		22,136	21,169
		14,298,590	18,976,084
Add: Opening work-in-process		129,960	139,522
Less: Closing work-in-process		(102,425)	(129,960)
Increase / (decrease) in work-in-process		27,535	9,562
Cost of goods manufactured		14,326,125	18,985,646
Add: Opening finished goods		210,023	227,992
Less: Closing finished goods		(480,294)	(210,023)
Increase / (decrease) in finished goods stock		(270,271)	17,969
Cost of sales - manufactured		14,055,854	19,003,615
Cost of sales - trading	(27.2)	234,916	169,090
		14,290,770	19,172,705
27.1 It includes the following staff retirement benefits:			
Defined benefit plan - Pension		(5,746)	(1,340)
Defined contribution plan - Gratuity		5,077	5,145
Defined contribution plan - Provident fund		2,412	5,559
Provision for compensated absences		10,387	2,452
		12,130	11,816
27.2 Cost of sales - trading			
Opening stock		63,112	66,143
Purchases		266,078	166,059
Closing stock		(94,274)	(63,112)
Cost of goods sold		234,916	169,090

	Note	2014	2013
		(Rupees in thousand)	
28. DISTRIBUTION AND MARKETING EXPENSES			
Salaries and amenities	(28.1)	89,936	80,599
Contract services		20,433	17,459
Fuel and power		9,142	12,186
Communication		874	867
Travelling and vehicle running		18,840	16,355
Printing and stationery		5,458	5,374
Insurance		8,164	8,001
Trademark fee		214,978	256,905
Advertisement and sales promotion		22,435	18,591
Depreciation	(11.1)	8,453	7,879
Meeting / convention		10,638	6,206
After sales support		81,706	69,858
Research cost		96	101
Other expenses		18,719	17,985
		509,872	518,366
28.1 It includes the following staff retirement benefits:			
Defined benefit plan - Pension		(2,873)	(631)
Defined contribution plan - Gratuity		2,694	2,594
Defined contribution plan - Provident fund		1,506	2,585
Provision for compensated absences		5,373	1,106
		6,700	5,654
29. ADMINISTRATIVE EXPENSES			
Salaries and amenities	(29.1)	193,113	165,324
Contract services		25,577	23,119
Fuel and power		16,237	21,814
Communication		5,126	5,244
Travelling and vehicle running		32,252	31,798
Insurance		6,877	6,352
Repairs and maintenance		10,585	11,599
Security		13,451	7,324
Legal and professional	(29.2)	16,141	13,747
Depreciation	(11.1)	18,887	15,736
Amortization of intangible asset	(13)	986	6,007
Rent, rates and taxes		8,028	5,052
Fee and subscription		3,833	10,849
Entertainment		5,784	5,605
Other expenses		46,967	46,538
		403,844	376,108

	Note	2014	2013
		(Rupees in thousand)	
29.1 It includes the following staff retirement benefits:			
Defined benefit plan - Pension		(2,873)	(576)
Defined contribution plan - Gratuity		2,740	2,572
Defined contribution plan - Provident fund		3,500	3,515
Provision for compensated absences		12,340	2,316
		15,707	7,827
29.2 Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		1,575	1,485
Half year review		150	150
Special reports and sundry certifications		403	574
Out of pocket expenses		125	115
		2,253	2,324
30. OTHER INCOME			
Income from financial assets			
Dividend income		1,924	1,925
Return on bank deposits		37,555	23,563
Accrued interest on term deposit receipts (TDR)		5,218	-
Gain on sale of short term investments		12,309	27,836
Change in fair value of short term investments	(24)	-	1,248
Gain on translation of foreign investment		-	255
Interest charged on early payments and advances		85,744	57,443
		142,750	112,270
Income from assets other than financial assets			
Rental income		5,114	2,936
Scrap sales		10,665	12,546
Exchange gain		2,732	412
Gain on disposal of property, plant and equipment		2,200	490
Others		9,466	5,781
		30,177	22,165
		172,927	134,435
31. FINANCE COST			
Mark-up on short term borrowings - secured		78,908	62,361
Bank charges and commission		2,359	2,805
		81,267	65,166

		Note	2014	2013
			(Rupees in thousand)	
32.	OTHER OPERATING EXPENSES			
	Workers' profit participation fund	(8.4)	119,784	175,144
	Workers' welfare fund		42,838	60,976
	Donations	(32.1)	4,060	9,740
			166,682	245,860
32.1	None of the directors were interested in the donee institutions.			
33.	SHARE OF PROFIT OF ASSOCIATES			
	Bolan Castings Limited		(67,699)	15,589
	Millat Equipment Limited		169,191	282,938
			101,492	298,527
34.	TAXATION			
	For the year:			
	Current		727,843	1,065,516
	Deferred		683	1,212
			728,526	1,066,728
	Prior years:			
	Current		4,727	(3,478)
	Deferred		(111)	-
			4,616	(3,478)
			733,142	1,063,250

34.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.

	2014	2013
	%	%
Applicable tax rate	34.00	35.00
- Effect of change in prior year	0.170	(0.110)
- Income exempt for tax purposes	0.034	0.002
- Income chargeable to tax at lower rate	(1.96)	(1.97)
- Effect on opening deferred taxes on reduction of rate	(0.03)	(0.01)
- Others	2.01	1.57
	0.22	(0.52)
Average effective tax rate	34.22	34.48

35. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the parent undertaking in its meeting held on 11 September 2014 has proposed a cash dividend of Rs. 20 per share (2013: Rs. 25 per share) and Nil bonus share (2013: 10%) in respect of the year ended 30 June 2014. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These consolidated financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Group are as follows :

	Chief Executive Officer		Directors				Executives	
	2014	2013	2014		2013		2014	2013
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
	-- (Rupees in thousand) --							
Number of persons	1	1	6		7*		55	56
Remuneration	5,489	4,792	15,929	6,030	11,113	7,977	50,997	45,124
Cost of living allowance	-	-	15,929	2,180	11,113	4,552	31,553	32,059
Bonus	2,326	3,140	5,057	1,795	3,368	2,144	15,302	13,394
House rent	2,470	2,156	7,168	2,231	5,001	3,157	17,948	15,502
Contribution to provident fund and gratuity funds	549	481	-	496	-	431	10,393	10,202
Pension contribution	-	-	-	-	-	6	5,364	5,450
Medical expenses	113	73	1,654	94	1,192	202	4,951	4,239
Utilities	433	417	2,139	513	1,395	734	5,596	5,013
Other reimbursable expenses	1,254	1,213	5,272	2,115	3,553	2,878	10,541	9,028
	12,634	12,272	53,148	15,454	36,735	22,081	152,645	140,011

* During last year, Executive Director Mr. Muhammad Siddique remained director only upto 31 October 2012.

The Group also provides the Chief Executive Officer, Directors and certain employees with free use of Company 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 meeting fee to two Directors (2013: two Directors) was Rs. 140 thousand (2013: Rs. 120 thousand) and travelling expenses Rs. 461 thousand (2013: Rs. 317 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 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 36. Other significant transactions with related parties are as follows:

			2014	2013
Relation with undertaking	Nature of transaction	Note	(Rupees in thousand)	
Associates	Sale of goods		56,524	86,418
	Purchase of components		2,805,159	4,098,571
	Dividend income		117,000	161,749
Retirement benefit plans	Contribution to staff retirement benefit plans		21,800	19,002

The Company intends to take the approval of the transactions with associated companies from the shareholders in General Meeting.

38. EARNINGS PER SHARE- BASIC AND DILUTED

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:

		(Rupees in thousand)	
Profit for the year after tax		1,441,339	2,219,833
		(Number of shares)	
			Restated
Weighted average number of ordinary shares			
outstanding during the year	(38.1.1)	44,293	44,293
		(Rupees)	
			Restated
Earnings per share		32.54	50.12

38.1.1 Corresponding figures of weighted average number of shares and earnings per share have been restated to include the effect of bonus shares issued by the Group during the year.

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.

	Note	2014	2013
		(Rupees in thousand)	
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,244,106	3,381,755
Adjustment for:			
Depreciation on property, plant and equipment		66,647	61,878
Amortization of intangible asset		986	6,007
Share of profit of associates		(101,492)	(298,527)
Provision for accumulating compensated absences		16,314	5,875
Profit on bank deposits		(42,773)	(23,563)
Dividend income		(1,924)	(1,925)
Pension		(11,492)	(2,547)
Provision for gratuity		10,511	10,311
Gain on disposal of property, plant and equipment		(2,200)	(490)
Gain on sale of short term investments		(12,309)	(27,836)
Gain on change in fair value of investments		-	(1,248)
Finance cost		81,267	65,166
Workers' profit participation fund		119,784	175,144
Workers' welfare fund		42,838	60,976
Working capital changes	(39.1)	(1,921,661)	(33,053)
		488,602	3,377,923
39.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		11,865	(66,621)
Stock in trade		151,448	366,323
Trade debts		852,882	(540,427)
Loans and advances		(51,525)	113,500
Trade deposits and short term prepayments		2,940	(3,068)
Other receivables		(22,991)	14,325
		944,619	(115,968)
(Decrease) / increase in current liabilities			
Trade and other payables		(2,866,280)	82,915
		(1,921,661)	(33,053)

40. FINANCIAL RISK MANAGEMENT

Financial instruments comprise loans and advances, deposits, interest accrued, trade debts, other receivables, cash and bank balances, long term financings, short term borrowings, interest/mark-up accrued and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

40.1 Market risk

(a) 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.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in Rate	Effects on Profit Before Tax	Effects on Profit Before Tax
		2014	2013
		.... (Rupees in thousand)	
Trade and other payables - GBP	+1	(839)	(936)
	-1	839	936
Trade and other payables - USD	+1	(586)	(2,725)
	-1	586	2,725
Trade and other payables - EUR	+1	(455)	(582)
	-1	455	582

	2014	2013
Reporting date rate:		
GBP	168.10	150.90
USD	98.80	98.80
EUR	134.70	129.10

(b) 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).

(c) 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 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.

	2014	2013
	(Rupees in thousand)	
At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	25,282	1,483,545

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 following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
			(Rupees in thousand)
Bank balances - savings and deposit accounts	2014	+1	253
		-1	(253)
	2013	+1	14,185
		-1	(14,185)

40.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 2,608,573 thousand (2013: Rs. 6,527,840 thousand), the financial assets which are subject to credit risk amounted to Rs. 1,660,852 thousand (2013: Rs. 5,924,021 thousand). The Group is not exposed to major concentration of credit risk.

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

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

	2014	2013
	(Rupees in thousand)	
		Restated
Net employee defined benefit asset	293,800	239,405
Trade debts	157,743	1,010,625
Other receivables	111,564	82,115
Balances with statutory authorities	302,081	1,896,021
Short term investments	100,000	551,871
Bank balances	695,664	2,143,984
	1,660,852	5,924,021

	2014	2013
	(Rupees in thousand)	
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	130,985	984,547
Past due 4 - 6 Months	-	-
Past due 7 - 12 Months	-	-
Past due to above one year	26,758	26,078
	157,743	1,010,625

Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date:

Banks	Rating			2014	2013
	Short term	Long term	Agency	(Rupees in thousand)	
Meezan Bank Limited	A-1+	AA	PACRA	6,442	87,175
Allied Bank Limited	A-1+	AA+	PACRA	5,665	-
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	194,058	400,428
Bank Alfalah Limited	A-1+	AA	PACRA	65,352	9,525
Standard Chartered Bank	A-1+	AAA	PACRA	900	57,424
United Bank Limited	A-1+	AA+	JCR-VIS	294,473	359,318
The Bank of Punjab	A-1+	AA-	PACRA	20,172	3,194
MCB Bank Limited	A-1+	AAA	PACRA	3,950	1,648
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,653	147,438
Barclays Bank Plc	P-1	A2	Moody's	45,494	101,827
Sindh Bank	A-1+	AA-	JCR-VIS	1,900	924,963
National Bank of Pakistan	A-1+	AAA	JCR-VIS	665	813
Emirates NBD	F1	A+	FITCH	48,940	50,231
				695,664	2,143,984

Mutual funds / Term Deposit Receipts	Rating	Agency	2014	2013
			(Rupees in thousand)	
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	-	150,271
ABL Cash Fund	AA(f)	JCR-VIS	-	100,768
HBL Money Market Fund	AA(f)	JCR-VIS	-	100,561
Askari Sovereign Cash Fund	AAA(f)	PACRA	-	200,271
Dubai Islamic Bank -Term Deposit Receipt	A-1	JCR-VIS	100,000	-
			100,000	551,871

40.3 Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Group had Rs. 4,014,000 thousand available borrowing limits from financial institutions and Rs. 1,257,429 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	-------------------- (Rupees in thousand) --------------------			
Trade and other payables	2,425,347	2,425,347	-	-
Mark-up accrued on short term borrowings	3,814	3,814	-	-
	2,429,161	2,429,161	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2013:

Trade and other payables	5,266,567	5,266,567	-	-
Mark-up accrued on short term borrowings	2,401	2,401	-	-
	5,268,968	5,268,968	-	-

40.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

40.5 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2014, the Group held the following financial instruments carried at fair value:

	2014	Level 1	Level 2	Level 3
	-------------------- (Rupees in thousand) --------------------			
Assets measured at fair value - available for sale				
Equity shares - available for sale	54,520	54,520	-	-

There were no liabilities measured at fair value as at 30 June 2014.

As at 30 June 2013, the Group held the following financial instruments carried at fair value:

	2013	Level 1	Level 2	Level 3
	-------------------- (Rupees in thousand) --------------------			
Assets measured at fair value - available for sale				
Equity shares - available for sale	62,858	62,858	-	-
Investment in mutual funds	551,871	551,871	-	-

There were no liabilities measured at fair value as at 30 June 2013.

40.6 Financial instruments by categories

	Available-for-sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)									
Financial assets as per balance sheet										
Long term investments	54,520	62,858	-	-	-	-	620,353	705,486	674,873	768,344
Long term loans	-	-	-	-	1,941	2,065	-	-	1,941	2,065
Loans to employees	-	-	-	-	2,942	3,275	-	-	2,942	3,275
Trade debts	-	-	-	-	157,743	1,010,625	-	-	157,743	1,010,625
Other receivables	-	-	-	-	111,564	82,115	-	-	111,564	82,115
Balances with statutory authorities	-	-	-	-	302,081	1,896,021	-	-	302,081	1,896,021
Short term investments	-	-	100,000	551,871	-	-	-	-	100,000	551,871
Cash and bank balances	-	-	-	-	1,257,429	2,213,524	-	-	1,257,429	2,213,524
	54,520	62,858	100,000	551,871	1,833,700	5,207,625	620,353	705,486	2,608,573	6,527,840

	2014	2013
Financial liabilities as per balance sheet	(Rupees in thousand)	
Trade and other payables	2,425,347	5,266,567
Mark-up accrued on short term borrowings	3,814	2,401
	2,429,161	5,268,968

40.7 Capital risk management

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

41. PROVIDENT FUND TRUST

41.1 The Group has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2014	2013
		(Rupees in thousand)	
Size of the fund		596,603	583,028
Cost of investment made	(41.2)	511,127	505,724
Percentage of investment made		85.67%	86.74%
Fair value of investment		838,085	872,616

41.2 Breakup of investment -Amount

	2014		2013	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (Listed Securities)	9,090	1.52%	10,734	1.84%
Term Deposit Receipts	499,674	83.75%	492,627	84.49%
Special Saving Certificate	2,363	0.40%	2,363	0.41%
	511,127	85.67%	505,724	86.74%

41.3 The above information is based on un - audited financial statements of the provident fund for the year ended 30 June 2014 .

42. CAPACITY AND PRODUCTION

	2014	2013
	Units per annum	
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	21,600	32,016

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the reason for low production over normal capacity is due to less demand during the year.

Batteries

The actual production capacity of the battery plant cannot be determined as it depends on the proportion of different types of the batteries produced which varies in relation to the consumer demand.

	2014	2013
43. NUMBER OF EMPLOYEES		
Number of employees at the end of the year	462	480
Average number of employees during the year	471	478

44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 11 September 2014 by the Board of Directors of the holding company.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made except as mentioned in note 4.4.1.

46. GENERAL

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqueel
Chief Executive

Tractor Dealers

PUNJAB

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

BALUCHISTAN

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

KHYBER PAKHTOONKHWA

Indus Autos, D.I. Khan
Khurram 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
Saiyar Tractor Agency, Kurram Agency

SINDH

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, ShahdadKot
Kashmor Tractor Co., Kashmoor
K.K. Tractors, Tandu Allah Yar
United Tractors, Badeen

Spare Parts Dealers

PUNJAB
New Mukhtar Sons, Lahore
Mian Autos, Lahore
Goshia Traders, Lahore
Malik Tractors, Lahore
Muslim Tractor Corp., Lahore
Ghazi Autos, Lahore
Pak Tractor House (Pvt) Ltd., Lahore
Sadar Auto Traders, Lahore
Farhan Tractors, Lahore
Rana Auto Store, Pattoki
Tractors Parts, Sahiwal
Fareed Auto Store, Depalpur
Madina Tractors, Muridkey, Sheikhupura
New Kissan Autos, Hafizabad
Kissan Tractor House, Sialkot
Madina Autos Servies, Sambrial
Mukhtar Autos, Sahiwal
Madina Autos, Arifwala
Crescent Autos, Pakpattan
Madina Autos, Burewala
Umer Nawaz Auto Store, Multan
Ishtiaq Auto Store, Multan
New Altaaf Autos, Multan
Kohistan Autos, Multan
M. Latif & Brothers, Mian Channu
Hafiz Autos, Jahanian
Afzal Auto Store, Khanewal
Nazar Tractor Workshop, Alipur
Javed Tractor House, Kot Addu
Sarsabz Auto Store, Rajanpur
Nasir Khan Autos, Leiah
Pak Autos,Pirmahal
Farooq Autos, Faisalabad
All Imran Autos, Chiniot
Chaudhry Tractor Centre, Sargodha
Pak Auto Store,Haroonabad
Mushtaq Parts Centre, Wazirabad
Mukhtar Autos, Daska
Malik Tractor Autos, Rawalpindi
Piracha Auto Agency, Bhalwal
Kissan Tractor House, Wazirabad
Awami Tractor Workshop, Narowal
Riaz Autos,Mandi Faizabad, Sheikhupura
Madina Tractor & Tyer House, Kasur
Ali Auto Centre, Distt. Muzaffargarah
Tahal Auto Store, Joharabad
Punjnand Traders, Rahim Yar Khan
Somoro Auto Store, Rohjan City, Rajan Pur
Gohar Auto Tractor Parts, Muzaffargarah
Ch. Autos, Leiah
Millat Autos Store, D.G. Khan

KHYBER PAKHTOONKHWA
Millat Tractors House, Mardan
Quresh Mechanical Engineering Works,
Khurram Agency
Lahore Autos, Charsadda

SINDH
Genuine Tractors, Hyderabad

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 51st Annual General Meeting of the Company to be held at Company's Registered Office, 9 K.M. Sheikhupura Road, Lahore, on Wednesday, October 29, 2014 at 4:30 p.m and at every adjournment thereof.

Signed this ____________________ day of ____________________ 2014

Signature on
Five rupees
Revenue stamp

(Signature should agree with specimen
Signature registered with the Company)

Important

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.

2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.

3. This proxy form, duly completed, must be deposited at the Company's Registered Office, 9 K.M., Sheikhupura Road, Lahore, not less than 48 hours before the time of holding.

50 YEARS

GOLDEN JUBILEE CELEBRATIONS

50 YEARS

ANNUAL REPORT 2014

www.millat.com.pk

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