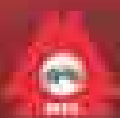


FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

A LEGACY UNMATCHED



HILLAF TRACTORS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Mr. Manzoor Ahmed (NIT Nominee)

Mr. Saad Iqbal

Company Secretary

Mian Muhammad Saleem

Chief Financial Officer

Mr. Javed Munir

Auditors

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

Legal Advisors

Walker Martineau Saleem

Advocates & Legal Consultants

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrars

M/s. Hameed Majeed Associates (Pvt) Ltd.,

1st Floor, H.M. House, 7-Bank Square, Lahore.

Tel: 042-37235081-82

Fax: 042-37358817

shares@hmaconsultants.com

Bankers

Bank Alfalah Ltd.

Barclays Bank PLC.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank

United Bank Ltd.

Allied Bank Ltd.

Meezan Bank Ltd.

Registered Office and Plant

Sheikhupura Road, Distt. Sheikhupura.

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

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society,

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

Fax: 021-34556321

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371, Fax: 061-6539271

Islamabad

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

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

Fax: 051-2270693

Sukkur

A-3, Professor Housing Society,

Shikarpur Road,

Tel: 071-5633042, Fax: 071-5633187

DIRECTORS' REVIEW

It is a pleasure for me to present to you the unaudited interim financial statements of the Company for the half year ended December 31, 2013, duly reviewed by the auditors, as required under section 245 of the Companies Ordinance, 1984.

The Company could manage to achieve a sales volume of 11,464 tractors in the current six months as against 16,032 tractors sold in the corresponding period of last year, showing a decrease of 28.5%. Profit after tax for the current period amounted to Rs. 888.8 million as compared to Rs. 1,098.6 million for the corresponding period of last year showing a decrease of 19.1%.

The overall slump in the economy, persistent inflation, increase in sales tax on tractors, energy crisis and deteriorating law and order situation has severely affected the purchasing power of farming community resulting in lower sales volume as compared to previous period. Restricted loaning for tractors by the financial institutions has also affected the performance of the tractor industry in general. We look upon this situation positively and will revert back to the days of lower sales volume, although it will hurt our farming community.

Looking ahead we see a further drop in sales due to the increase in sales tax on tractors from 10% to 16% effective January 2014 and imposition of 2% extra tax with effect from October 2013. Both these taxes will negatively impact the already depressed tractor market. We have been approaching the Government through various forums in order to gain its support in reviving the tractor market.

To cope with the squeezed local demand of tractors, we are endeavoring for new avenues of business and are hopeful that the Company would perform better in the upcoming periods. We like to thank our valued customers, dealers and vending associates for their trust and co-operation extended to us and pay gratitude to employees of the Company for their loyalty, devotion and hard work.

For and on behalf of the Board



Sikandar Mustafa Khan
Chairman

Lahore
February 19, 2014

AUDITORS' REPORT

to the Members on Review of Interim Financial Information

Introduction

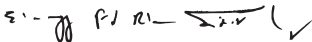
We have reviewed the accompanying condensed interim balance sheet of Millat Tractors Limited as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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



Chartered Accountants
Engagement Partner: **Naseem Akbar**
Lahore:

CONDENSED INTERIM BALANCE SHEET

as at December 31, 2013 (unaudited)

	Note	Un-audited December 31, 2013 (Rupees in thousand)	(Restated) Audited June 30, 2013
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (30 June 2013: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	402,660
General reserves		3,263,551	3,306,590
Unappropriated profit		961,227	1,076,272
Fair value reserve		55,127	50,714
		4,722,831	4,836,236
Non-Current Liabilities			
Security deposits		10,905	10,895
Deferred taxation		53,610	58,236
		64,515	69,131
Current Liabilities			
Accumulating compensated absences		61,335	61,335
Trade and other payables	5	2,731,113	5,267,679
Short term borrowings	6	712,276	-
Mark-up accrued on short term borrowings		34,895	2,400
		3,539,619	5,331,414
		8,326,965	10,236,781
Contingencies and Commitments	7		

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



Sikandar Mustafa Khan
Chairman

	Note	Un-audited December 31, 2013 (Rupees in thousand)	(Restated) Audited June 30, 2013
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	8	444,919	448,375
Capital work-in-progress	9	234,801	204,112
Intangible assets		707	841
Investment property		255,708	255,708
Long term investments		358,532	354,119
Long term loans - considered good		2,419	2,065
Employee benefits		245,367	239,405
		1,542,453	1,504,625
Current Assets			
Stores and spares		127,371	133,485
Stock-in-trade		2,422,655	2,601,698
Trade debts		364,374	974,158
Loans and advances	10	279,293	71,498
Trade deposits and prepayments		27,991	27,384
Balance with statutory authority		1,216,693	1,904,916
Other receivables		74,646	86,483
Taxation - net		672,541	293,083
Short term investments	11	100,000	551,871
Cash and bank balances		1,498,948	2,087,580
		6,784,512	8,732,156
		8,326,965	10,236,781



Syed Muhammad Irfan Aqueel
Chief Executive

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	(Rupees in thousand)			
Sales - net	9,076,341	11,146,798	6,449,681	7,665,679
Cost of sales	7,406,269	9,213,659	5,171,176	6,267,207
Gross profit	1,670,072	1,933,139	1,278,505	1,398,472
Distribution and marketing expenses	242,872	232,528	149,865	129,116
Administrative expenses	182,720	173,090	89,574	82,352
	425,592	405,618	239,439	211,468
Operating profit	1,244,480	1,527,521	1,039,066	1,187,004
Other income	210,182	219,616	50,487	36,104
	1,454,662	1,747,137	1,089,553	1,223,108
Other operating expenses	92,918	124,118	71,482	88,699
Finance cost	60,870	42,945	44,900	34,891
	153,788	167,063	116,382	123,590
Profit before taxation	1,300,874	1,580,074	973,171	1,099,518
Taxation	412,043	481,422	331,842	355,337
Profit for the period	888,831	1,098,652	641,329	744,181
Earnings per share - basic and diluted (Rupees)	20.07	24.80	14.48	16.80

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
 For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	(Rupees in thousand)			
Profit for the period	888,831	1,098,652	641,329	744,181
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	4,413	7,697	488	6,081
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income for the year	4,413	7,697	488	6,081
Total comprehensive income for the period	893,244	1,106,349	641,817	750,262

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT

For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,	
	2013	2012
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,300,874	1,580,074
Adjustment for:		
Depreciation on property, plant and equipment	29,695	25,570
Amortization of intangibles	134	5,872
Gain on disposal of property, plant and equipment	-	(181)
Gain on disposal of short term investments	(3,813)	(25,665)
Profit on bank deposits	(22,624)	(4,880)
Dividend income	(130,399)	(137,179)
Finance cost	60,870	42,945
	(66,137)	(93,518)
Cash flows from operating activities before working capital changes	1,234,737	1,486,556
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	6,114	(4,431)
Stock-in-trade	179,043	(114,353)
Trade debts	609,784	225,352
Loans and advances	(207,795)	(71,111)
Trade deposits and prepayments	(607)	(6,185)
Other receivables	693,678	(774,753)
Decrease in current liabilities:		
Trade and other payables	(2,558,498)	(1,280,055)
	(1,278,281)	(2,025,536)
Cash used in operations	(43,544)	(538,980)
Mark-up paid	(28,375)	(11,030)
Increase in long term loans to employees	(354)	(179)
Taxes paid	(796,127)	(504,867)
Increase in security deposits	10	400
Net cash used in operating activities	(868,390)	(1,054,656)



Sikandar Mustafa Khan
Chairman

Half year ended
December 31,
2013 2012
(Rupees in thousand)

Cash flows from investing activities

Capital expenditure incurred on property, plant and equipment	(62,178)	(97,565)
Purchase of short term investments	(100,000)	(275,000)
Purchase of long term investments	-	(40,020)
Proceeds from disposal of short term investments	555,684	2,662,525
Proceeds from disposal of property, plant and equipment	5,250	2,687
Profit on bank deposits	23,044	6,165
Dividend received	130,399	137,179
Net cash from investing activities	552,199	2,395,971

Cash flows from financing activities

Dividend paid	(984,717)	(1,430,233)
Increase in short term borrowings - net	712,276	-
Net cash used in financing activities	(272,441)	(1,430,233)
Net decrease in cash and cash equivalents	(588,632)	(88,918)
Cash and cash equivalents at the beginning of the period	2,087,580	654,806
Cash and cash equivalents at the end of the period	1,498,948	565,888

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



Syed Muhammad Irfan Aqueel
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended December 31, 2013 (unaudited)

	Note	Share capital	Revenue Reserves		Fair value reserve	Total
			General reserves	Unappropriated profit		
(Rupees in thousand)						
Balance as on 01 July 2012		366,055	3,368,710	1,402,096	25,057	5,161,918
Effect of change in accounting policy	3.4	-	-	35,281	-	-
Balance as on 01 July 2012 - restated		366,055	3,368,710	1,437,377	25,057	5,161,918
Final dividend for the year ended 30 June 2012 @ Rs. 40 per share		-	(62,120)	(1,402,096)	-	(1,464,216)
Total comprehensive income for the half year ended 31 December 2012		-	-	1,098,652	7,697	1,106,349
Balance as on 31 December 2012 - restated		366,055	3,306,590	1,133,933	32,754	4,804,051
Balance as on 01 July 2013		402,660	3,306,590	1,076,272	50,714	4,836,236
Final dividend for the year ended 30 June 2013 @ Rs. 25 per share		-	(43,039)	(963,610)	-	(1,006,649)
Issue of ordinary shares of Rs.10/- each as fully paid bonus shares		40,266	-	(40,266)	-	-
Total comprehensive income for the half year ended 31 December 2013		-	-	888,831	4,413	893,244
Balance as on 31 December 2013		442,926	3,263,551	961,227	55,127	4,722,831

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended December 31, 2013 (unaudited)

1. THE COMPANY AND ITS ACTIVITIES

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

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

3. BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2013.

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

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

IFRS 7 - Financial Instruments : Disclosures – (Amendments)

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

IAS 19 - Employee Benefits – (Amendment)

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

3.4 Change in accounting policy

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

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

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

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

There is no material impact on other comprehensive income for the periods ended 31 December 2012 and 31 December 2013.

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2013.

	Un-audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
5. TRADE AND OTHER PAYABLES		
Trade creditors	1,805,307	2,809,442
Accrued liabilities	68,395	132,221
Bills payable	87,209	64,906
Advances from customers	146,354	1,797,361
Security deposits	5,179	5,379
Trademark fee payable	113,873	131,490
Income tax deducted at source	26	13
Workers' Profit Participation Fund	69,282	-
Workers' Welfare Fund	143,545	120,009
Unclaimed dividends	187,769	165,837
Others	104,174	41,021
	2,731,113	5,267,679

6. SHORT TERM BORROWINGS - secured

6.1 Short term running finances are availed from various banks against aggregate sanctioned limit of Rs. 4,414,000 thousand (30 June 2013: Rs. 1,990,000 thousand). These facilities have various maturity dates up to 31 October 2014 and renewable on the date of maturity. These facilities carry mark-up rates ranging from one month KIBOR to six months KIBOR plus 25 to 40 basis points (30 June 2013: one month KIBOR to six months KIBOR plus 25 to 40 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 5,320,000 thousand on fixed assets and first joint pari passu hypothecation charge of Rs. 5,890,000 thousand on stocks including but not limited to raw materials, goods in process and finished goods of the Company.

6.2 The Company also has aggregate sanctioned import credit facilities negotiated with various banks amount to Rs. 2,550,000 thousand (30 June 2013: Rs. 2,550,000 thousand). These facilities carry mark-up rates ranging from one month KIBOR to six months KIBOR plus 40 to 50 basis points (30 June 2013: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the Company as mentioned above in Note 6.1.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 452,000 thousand (30 June 2013: Rs. 577,000 thousand).

	Note	Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
8. OPERATING FIXED ASSETS			
Opening book value		448,375	415,926
Add: Additions during the period/year	(8.1)	31,488	96,998
		479,863	512,924
Less:			
Deletions during the period/year		(5,250)	(9,092)
Depreciation during the period/year		(29,695)	(55,457)
		(34,945)	(64,549)
Book value at the end of the period/year		444,919	448,375
8.1 Additions during the period/year			
Buildings on freehold land		269	196
Plant and machinery		3,633	29,998
Tools and equipment's		1,760	9,762
Furniture, fixture and office equipment		1,931	6,278
Vehicles		23,242	50,512
Computers		653	252
		31,488	96,998
9. CAPITAL WORK-IN-PROGRESS			
Advance for purchase of office space		187,320	187,139
Others		47,481	16,973
		234,801	204,112
10. LOANS AND ADVANCES			
Current portion of long term loans to employees		2,002	2,002
Advances to employees - Considered good		621	1,273
Advances to suppliers - Considered good		273,428	64,845
		276,051	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		3,242	3,378
		279,293	71,498

	Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
11. SHORT TERM INVESTMENTS		
Financial assets at fair value through profit and loss – Mutual fund units	-	551,871
Term deposit certificates	100,000	-
	100,000	551,871

12. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited	
		December 31, 2013 (Rupees in thousand)	December 31, 2012
<u>Relationship with the Company</u>	<u>Nature of transaction</u>		
Associated companies	Purchase of goods and services	945,776	964,001
	Dividend received	130,399	137,179
Retirement benefit plans	Contribution to staff retirement benefit plans	5,962	7,172
	Key management personnel		
	Remuneration	38,555	33,814
	Disposal of vehicles	2,498	-
		Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013

The outstanding balances of such parties are as under:

<u>Relationship with the Company</u>	<u>Nature of balance</u>		
Associated companies	Creditors	350,589	688,077
	Trade debts	50,127	40,172

13. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors have declared an interim dividend of Rs. 20 per share (30 June 2013: Rs. 25 per share) and Nil bonus shares (30 June 2013: 10%) at their meeting held on February 19, 2014.

14. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 19, 2014.

15. GENERAL

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

15.2 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 2012 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

MILLAT TRACTORS LIMITED

For the Half year ended December 31, 2013

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

as at December 31, 2013 (unaudited)

	Note	Un-audited December 31, 2013 (Rupees in thousand)	(Restated) Audited June 30, 2013
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (30 June 2013: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	402,660
General reserves		3,263,551	3,306,590
Unappropriated profit		1,516,868	1,712,881
Exchange translation reserve		(63)	(63)
Fair value reserve		41,790	37,377
		5,265,072	5,459,445
Non-controlling interest		103,805	106,045
Non-Current Liabilities			
Security deposits		10,905	10,895
Deferred taxation		57,342	62,132
		68,247	73,027
Current Liabilities			
Accumulating compensated absences		61,336	61,336
Trade and other payables	5	2,745,472	5,266,567
Short term borrowings	6	724,956	-
Mark-up accrued on short term borrowings		35,145	2,401
		3,566,909	5,330,304
		9,004,033	10,968,821
Contingencies and Commitments	7		

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



Sikandar Mustafa Khan
Chairman

	Note	Un-audited December 31, 2013 (Rupees in thousand)	(Restated) Audited June 30, 2013
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	8	494,175	498,858
Capital work-in-progress	9	243,083	205,131
Intangible assets		707	841
Investment property		255,708	255,708
Long term investments		695,047	768,344
Long term loans - considered good		2,419	2,065
Employee benefits		245,367	239,405
		1,936,506	1,970,352
Current Assets			
Stores and spares		138,401	141,504
Stock-in-trade		2,573,262	2,697,794
Trade debts		404,682	1,010,625
Loans and advances	10	290,727	83,977
Trade deposits and prepayments		29,792	30,378
Balance with statutory authority		1,218,615	1,896,021
Other receivables		74,646	83,405
Taxation - net		683,618	289,370
Short term investments	11	100,000	551,871
Cash and bank balances		1,553,784	2,213,524
		7,067,527	8,998,469
		9,004,033	10,968,821



Syed Muhammad Irfan Aqueel
Chief Executive

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
(Rupees in thousand)				
Sales - net	9,397,566	11,482,124	6,434,144	7,859,406
Cost of sales	7,684,243	9,485,198	5,141,586	6,428,051
Gross profit	1,713,323	1,996,926	1,292,558	1,431,355
Distribution and marketing expenses	253,733	243,257	159,251	134,115
Administrative expenses	199,218	188,591	96,033	89,533
	452,951	431,848	255,284	223,648
Operating profit	1,260,372	1,565,078	1,037,274	1,207,707
Other income	85,343	86,442	40,268	29,267
	1,345,715	1,651,520	1,077,542	1,236,974
Other operating expenses	94,161	126,771	70,859	90,197
Finance cost	61,404	43,264	44,236	35,116
	155,565	170,035	115,095	125,313
Share of profit/(loss) of associated companies	71,437	79,910	90,379	72,807
Profit before taxation	1,261,587	1,561,395	1,052,826	1,184,468
Taxation:				
Group	417,385	494,115	328,602	362,624
Associated companies	32,148	48,951	20,194	46,155
	449,533	543,066	348,796	408,779
Profit for the period	812,054	1,018,329	704,030	775,689
Attributable to:				
Equity holders of the parent	807,863	1,009,724	701,641	770,859
Non controlling interest	4,191	8,605	2,389	4,830
	812,054	1,018,329	704,030	775,689
Earnings per share - basic and diluted (Rupees)	18.33	22.99	15.89	17.51

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	(Rupees in thousand)			
Profit for the period	812,054	1,018,329	704,030	775,689
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain on revaluation of investments	4,413	7,697	488	6,081
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income for the year	4,413	7,697	488	6,081
Non controlling interest	(4,191)	(8,605)	(2,389)	(5,230)
Equity holders of the holding Company	812,276	1,017,421	702,129	776,540

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

For the half year ended December 31, 2013 (unaudited)

	Half year ended December 31,	
	2013	2012
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,261,587	1,561,395
Adjustment for:		
Depreciation on property, plant and equipment	32,717	28,730
Amortization of intangibles	134	5,872
Gain on disposal of property, plant and equipment	-	(484)
Share of profit of associates	(71,437)	(79,910)
Gain on disposal of short term investments	(3,813)	(25,665)
Profit on bank deposits	(22,624)	(5,228)
Dividend income	(1,924)	(1,924)
Finance cost	61,404	43,264
	(5,543)	(35,345)
Cash flows from operating activities before working capital changes	1,256,044	1,526,050
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	3,103	(6,608)
Stock-in-trade	124,532	(142,187)
Trade debts	605,943	229,183
Loans and advances	(206,750)	(70,118)
Trade deposits and prepayments	586	(5,267)
Other receivables	679,513	(774,752)
Decrease in current liabilities:		
Trade and other payables	(2,543,025)	(1,296,573)
	(1,336,098)	(2,066,322)
Cash used in operations	(80,054)	(540,272)
Mark-up paid	(28,660)	(11,539)
Increase in long term loans to employees	(354)	(179)
Taxes paid	(814,589)	(510,663)
Increase in security deposits	10	400
Net cash used in operating activities	(923,647)	(1,062,253)



Sikandar Mustafa Khan
Chairman

	Half year ended December 31,	
	2013	2012
	(Rupees in thousand)	
Cash flows from investing activities		
Capital expenditure incurred on property, plant and equipment	(71,236)	(102,751)
Purchase of short term investments	(100,000)	(275,000)
Purchase of long term investments	-	-
Proceeds from disposal of short term investments	555,684	2,662,525
Investment by NCI	-	13,340
Dividend payed to NCI	(6,431)	(4,823)
Proceeds from disposal of property, plant and equipment	5,250	3,527
Profit on bank deposits	23,044	6,586
Dividend received	117,359	128,573
Net cash from investing activities	523,670	2,431,977
Cash flows from financing activities		
Dividend paid	(984,719)	(1,430,234)
Increase in short term borrowings - net	724,956	-
Net cash used in financing activities	(259,763)	(1,430,234)
Net decrease in cash and cash equivalents	(659,740)	(60,510)
Cash and cash equivalents at the beginning of the period	2,213,524	683,991
Cash and cash equivalents at the end of the period	1,553,784	623,481

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



Syed Muhammad Irfan Aqueel
Chief Executive

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended December 31, 2013 (unaudited)

Note	Share capital	Exchange translation reserve	Revenue Reserves		Fair value reserve	Non - controlling interest	Total
			General reserves	Unappropriated profit			
(Rupees in thousand)							
Balance as on 01 July 2012	366,055	-	3,368,710	1,974,692	11,720	77,649	5,798,826
Effect of change in accounting policy 3.4	-	-	-	35,281	-	-	35,281
Balance as on 01 July 2012 - restated	366,055	-	3,368,710	2,009,973	11,720	77,649	5,834,107
Final dividend for the year ended 30 June 2012 @ Rs. 40 per share	-	-	(62,120)	(1,402,096)	-	-	(1,464,216)
Dividend payment to NCI	-	-	-	-	-	(4,823)	(4,823)
Investment in subsidiary	-	-	-	-	-	13,425	13,425
Total comprehensive income for the half year ended 31 December 2012	-	-	-	1,009,724	7,697	8,605	1,026,026
Balance as on 31 December 2012 - restated	366,055	-	3,306,590	1,617,601	19,417	94,856	5,404,519
Balance as on 01 July 2013	402,660	(63)	3,306,590	1,712,881	37,377	106,045	5,565,490
Final dividend for the year ended 30 June 2013 @ Rs. 25 per share	-	-	(43,039)	(963,610)	-	-	(1,006,649)
Issue of ordinary shares of Rs.10/- each as fully paid bonus shares	40,266	-	-	(40,266)	-	-	-
Dividend payment to NCI	-	-	-	-	-	(6,431)	(6,431)
Total comprehensive income for the half year ended 31 December 2013	-	-	-	807,863	4,413	4,191	816,467
Balance as on 31 December 2013	442,926	(63)	3,263,551	1,516,868	41,790	103,805	5,368,877

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended December 31, 2013 (unaudited)

1. THE GROUP AND ITS ACTIVITIES

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

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Group for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.

3. BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

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

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

IFRS 7 - Financial Instruments : Disclosures – (Amendments)

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

IAS 19 - Employee Benefits – (Amendment)

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

3.4 Change in accounting policy

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

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

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

There is no material impact on other comprehensive income for the periods ended 31 December 2012 and 31 December 2013.

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2013.

	Un-audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
5. TRADE AND OTHER PAYABLES		
Trade creditors	1,800,247	2,784,379
Accrued liabilities	71,345	134,332
Bills payable	87,209	64,906
Advances from customers	148,036	1,811,707
Security deposits	5,179	5,379
Trademark fee payable	113,873	131,490
Income tax deducted at source	809	53
Workers' Profit Participation Fund	70,195	144
Workers' Welfare Fund	144,810	122,615
Unclaimed dividends	187,903	165,973
Others	115,866	45,589
	2,745,472	5,266,567

6. SHORT TERM BORROWINGS - secured

6.1 Short term running finances are availed from various banks against aggregate sanctioned limit of Rs. 4,414,000 thousand (30 June 2013: Rs. 1,990,000 thousand). These facilities have various maturity dates up to 31 October 2014 and renewable on the date of maturity. These facilities carry mark-up rates ranging from one month KIBOR to six months KIBOR plus 25 to 40 basis points (30 June 2013: one month KIBOR to six months KIBOR plus 25 to 40 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 5,320,000 thousand on fixed assets and first joint pari passu hypothecation charge of Rs. 5,890,000 thousand on stocks including but not limited to raw materials, goods in process and finished goods of the Company.

6.2 The Company also has aggregate sanctioned import credit facilities negotiated with various banks amount to Rs. 2,550,000 thousand (30 June 2013: Rs. 2,550,000 thousand). These facilities carry mark-up rates ranging from one month KIBOR to six months KIBOR plus 40 to 50 basis points (30 June 2013: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the Company as mentioned above in Note 6.1.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 452,000 thousand (30 June 2013: Rs. 582,135 thousand).

	Note	Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
8. OPERATING FIXED ASSETS			
Opening book value		498,858	465,893
Add: Additions during the period/year	(8.1)	33,284	104,467
		532,142	570,360
Less:			
Deletions during the period/year		(5,250)	(9,624)
Depreciation during the period/year		(32,717)	(61,878)
		(37,967)	(71,502)
Book value at the end of the period/year		494,175	498,858
8.1 Additions during the period/year			
Buildings on freehold land		295	446
Plant and machinery		3,633	30,172
Tools and equipment's		3,250	12,176
Furniture, fixture and office equipment		2,071	6,634
Vehicles		23,310	54,705
Computers		725	334
		33,284	104,467
9. CAPITAL WORK-IN-PROGRESS			
Advance for purchase of office space		195,602	188,158
Others		47,481	16,973
		243,083	205,131
10. LOANS AND ADVANCES			
Current portion of long term loans to employees		2,002	2,002
Advances to employees - Considered good		621	1,273
Advances to suppliers - Considered good		281,037	71,206
		283,660	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		7,067	9,496
		290,727	83,977

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

12. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited	
		December 31, 2013 (Rupees in thousand)	December 31, 2012
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of goods and services	906,758	953,767
	Dividend received	130,399	137,179
Retirement benefit plans	Contribution to staff retirement benefit plans	5,962	7,172
Key management personnel	Remuneration	38,555	33,814
	Disposal of Vehicles	2,498	-
		Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013

The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance		
Associated companies	Creditors	324,221	651,226
	Trade debts	50,127	40,172

13. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors have declared an interim dividend of Rs. 20 per share (30 June 2013: Rs. 25 per share) and Nil bonus shares (30 June 2013: 10%) at their meeting held on February 19, 2014.

14. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Group on February 19, 2014.

15. GENERAL

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

15.2 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 2012 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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



Sikandar Mustafa Khan
Chairman



Syed Muhammad Irfan Aqueel
Chief Executive

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