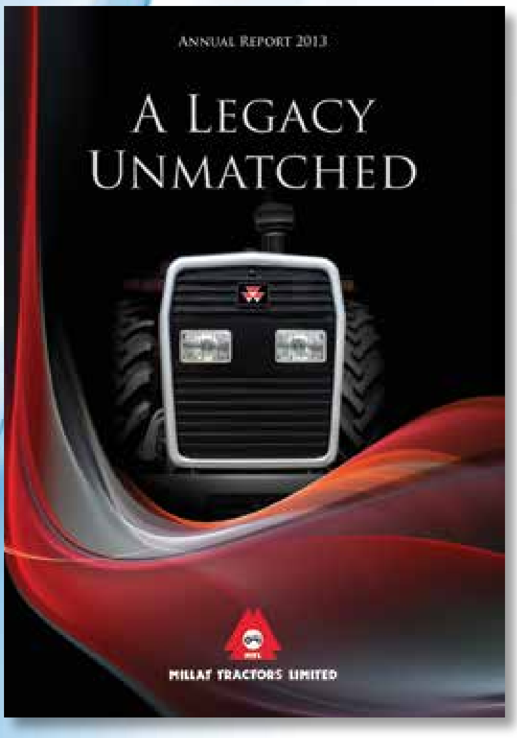
Annual Report 2013

A Legacy Unmatched

MILLAT TRACTORS LIMITED

Cover Concept



A legacy unmatched

Since our foundation in 1964, we at Millat Tractors Limited, have grown to become a market leader in the tractor manufacturing industry of Pakistan.

With our engineering prowess and dynamic team, we have paved the way for mechanized growth and high quality production. Over the years, we have continually strived to develop cost-effective solutions – that not only fulfill the technological demands of the farming community, but also provide empowering opportunities for the community at large.

The cover page reflects our illustrious journey – one that has made us join the ranks of the leading tractor manufacturing companies of the world. Throughout the decades, our values remain unchanged and our legacy remains unmatched.

Financial Highlights

		2013	2012
Sales Revenue	Rs. in Million	22,699	20,133
Profit After Tax	Rs. in Million	2,139	1,978
Number of Outstanding Shares	(000's)	40,266	36,606
Earnings per Share-Basic and Diluted	Rs.	53.11	49.11
Dividend	Rs. / Share	55.00	65.00
Capital Expenditure	Rs. in Million	204	168
Long Term Investments	Rs. in Million	354	288
Total Assets	Rs. in Million	10,125	10,289
Shareholders Equity	Rs. in Million	4,764	5,162
Return on Capital Employed	Percentage	45.38	38.50
Current Ratio	Times	1.64 : 1	1.77 : 1
Debt : Equity Ratio	Times	0 : 100	0 : 100
Market Capitalization (Year End)	Rs. in Million	21,139	17,675
Market Capitalization (Year End)	US$ in Million	214	188
Price to Earning Ratio	Times	9.88	8.94
Net Assets per Share	Rs.	118.31	141.01

Contents

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
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

Board of Directors

Sitting from left to right:
Mr. Latif Khalid Hashmi (Director), **Mr. Sikandar Mustafa Khan** (Chairman), **Mr. Sohail Bashir Rana** (Director)

Standing from left to right:
S.M Irfan Aqeel (Chief Executive), **Mian Muhammad Saleem** (Director/Company Secretary), **Mr. Manzoor Ahmed** (Director NIT Nominee), **Mr. Laeeq Uddin Ansari** (Director), **Mr. Saad Iqbal** (Director), **Mr. Javid Munir** (CFO)

A Passion Unaltered

Board of Directors Committees

The Board in its 139th meeting reconstituted the following committees in compliance of the Code of Corporate Governance-2012

AUDIT COMMITTEE

1.	Mr. Manzoor Ahmed	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;

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.	Mr. Manzoor Ahmed	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

Board of Directors Committees

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 arrangements 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:

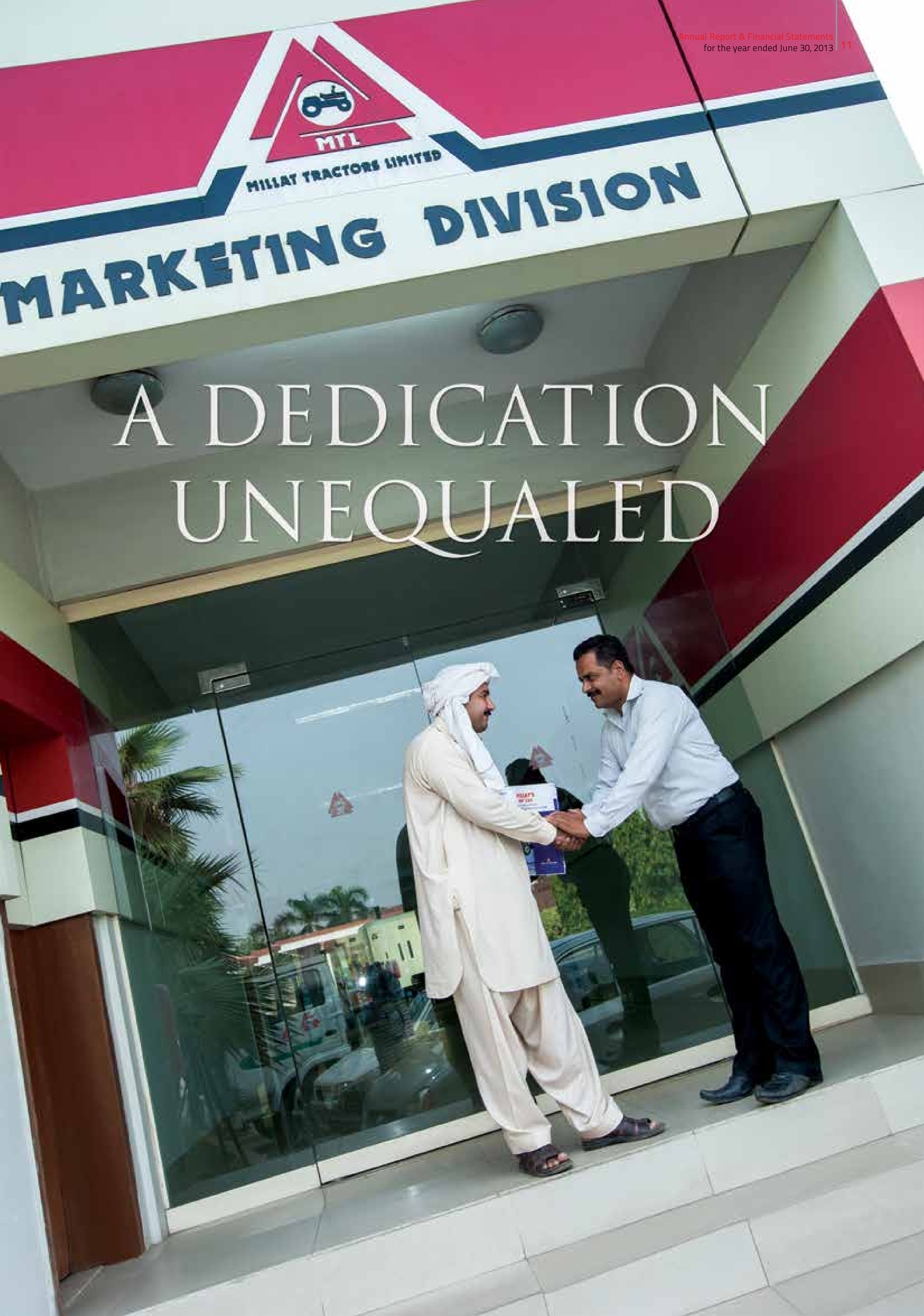
i) Product(s) pricing including tractors:
ii) Investment/disinvestment of funds:
iii) Procurement/import of raw materials:
iv) Capital Expenditure:
v) Review Budget proposals prior to finalization.
vi) Approval of Travelling Abroad up to Executive Grade
vii) Retainership (approval and fixation of compensation).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



A DEDICATION UNEQUALED

MANAGEMENT COMMITTEE & THEIR TERMS OF REFERENCE

1. Board Committee for Group Supervision

Mr. Sikandar Mustafa	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

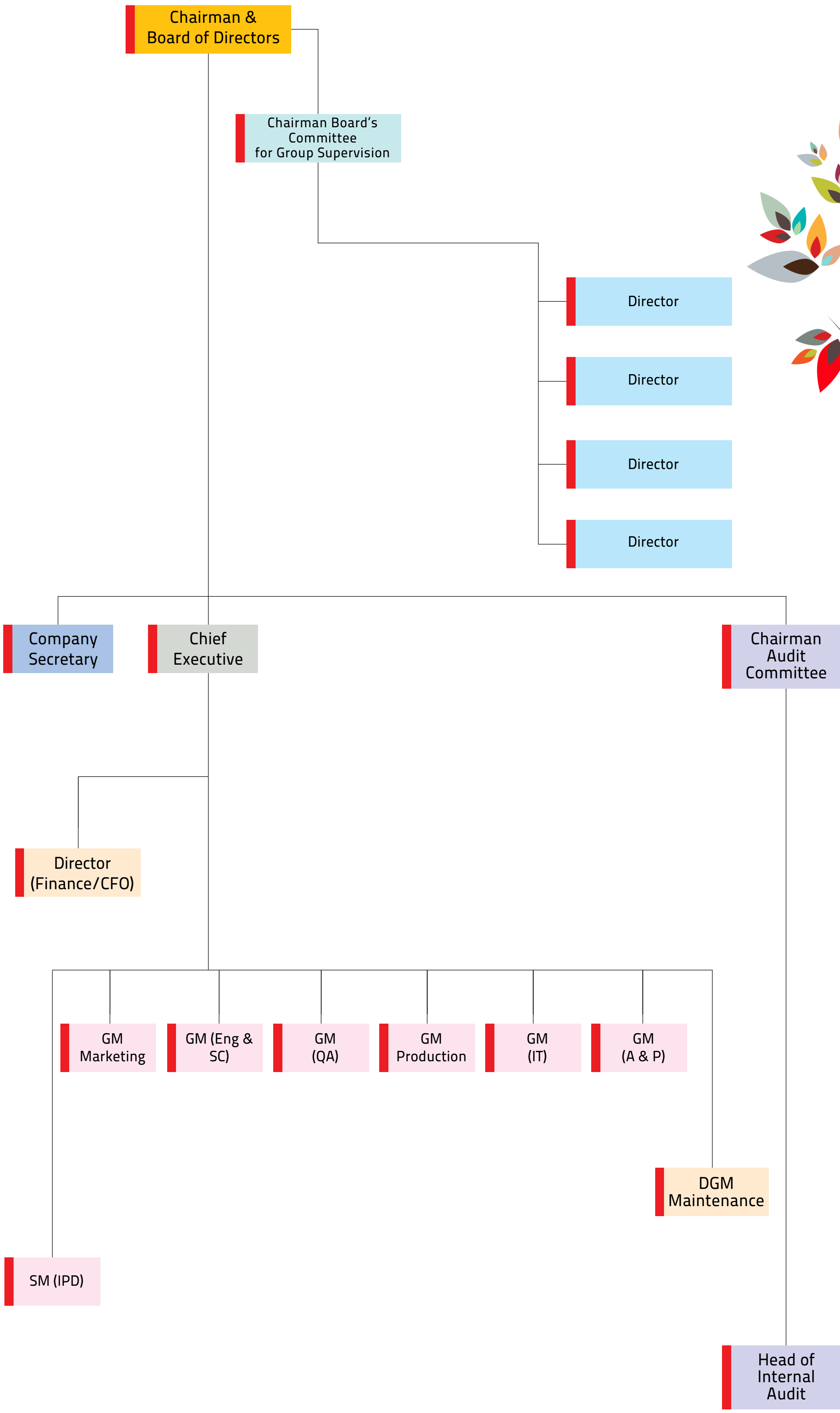
The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The committee is also responsible for formulating 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

LATIF KHALID HASHMI
Director

SOHAIL BASHIR RANA
Director

LAEEQ UDDIN ANSARI
Director

MIAN MUHAMMAD SALEEM
Director / Company Secretary

S M IRFAN AQUEEL
Chief Executive Officer

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)

M. SHAHID MUFTI
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.

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.

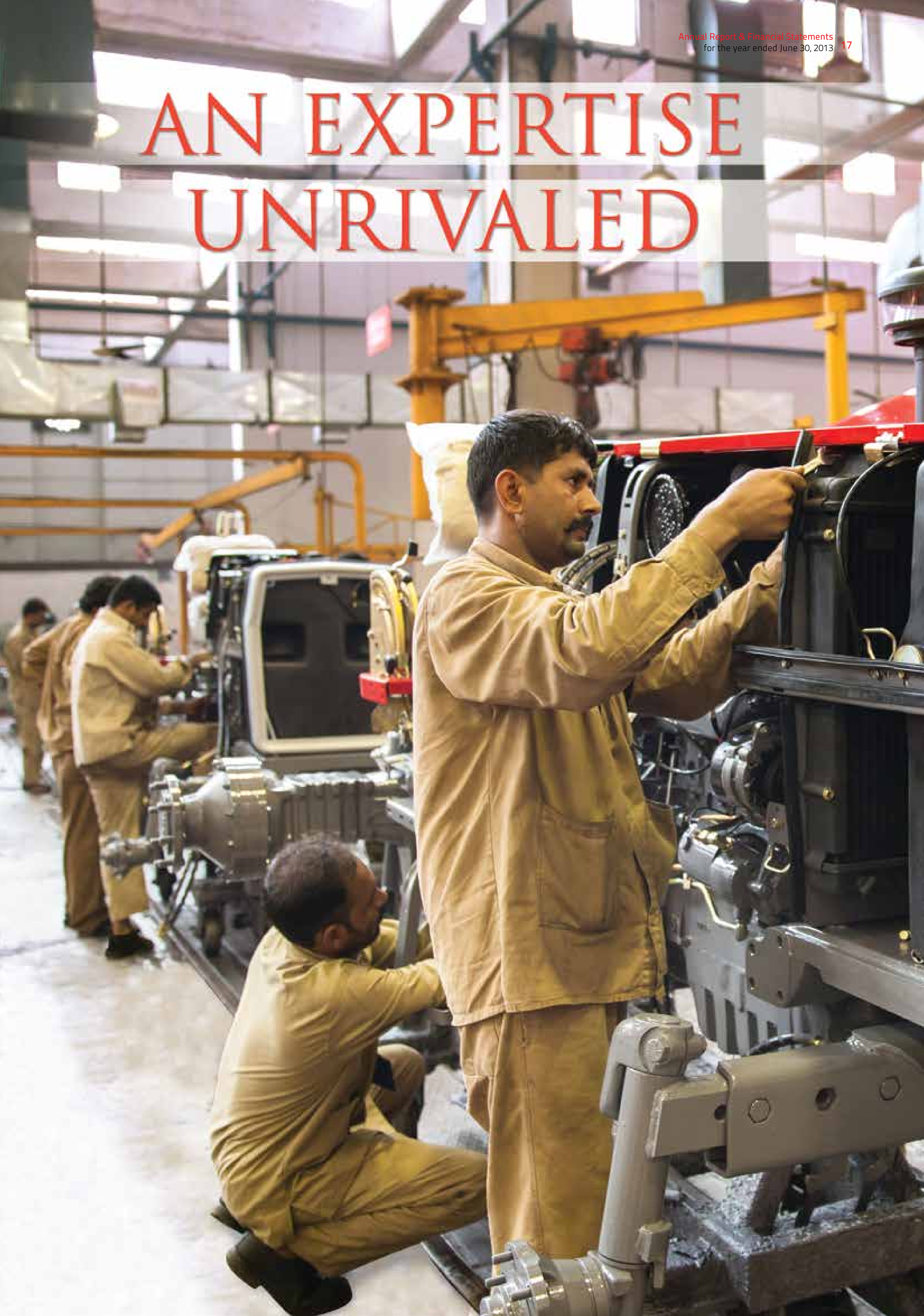
HEALTH POLICY

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.

AN EXPERTISE UNRIVALED



Notice of Annual General Meeting

Notice is hereby given that 50th 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 Monday, September 30, 2013 at 4:00 P.M. to transact the following business:

A. ORDINARY BUSINESS

1) To confirm minutes of the Extra Ordinary General Meeting held on November 01, 2012.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.

3) To approve final cash dividend of Rs. 25.00 per share i.e. 250% in addition to the interim dividend of Rs.30.00 per share i.e. 300% already paid making a total cash dividend of Rs. 55.00 per share i.e. 550%.

4) To appoint auditors and fix their remuneration for the year ending June 30, 2014.

B. SPECIAL BUSINESS

1) To ratify and approve issuance of 10% Bonus Shares already issued and approved by the Board, by passing the following resolution.

   "RESOLVED THAT:

   A sum of Rs. 36,605 (Rs.'000') out of the profit available for appropriations as at December 31, 2012 be capitalized and be applied to the issue of 3,660,541 ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on February 20, 2013 in the proportion of one share for every ten ordinary shares held i.e. 10%.

   These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the interim dividend declared for the year ending June 30, 2013.

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

2) To consider and if deemed appropriate to approve issuance of 10% Bonus Shares in addition to 10% Bonus Shares already issued by passing the following resolution as an ordinary resolution:

   "RESOLVED THAT:

   A sum of Rs. 40,266 (Rs.'000') out of the profit available for appropriations as at June 30, 2013 be capitalized and be applied to the issue of 4,026,595 ordinary shares of Rs. 10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on September 19, 2013 in the proportion of one share for every ten ordinary shares held i.e. 10%.

   These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the dividend declared for the year ended June 30, 2013.

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

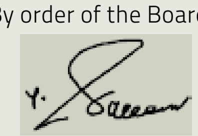
3) To consider and if thought appropriate to pass the following resolution as a special resolution with or without modification:

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

C. ANY OTHER BUSINESS

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

By order of the Board



Mian Muhammad Saleem
Company Secretary

Lahore:
September 09, 2013

NOTES

1. The share transfer books of the Company will remain closed from Friday September 20, 2013 to Monday September 30, 2013 (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 September 19, 2013 will qualify for the payment of cash dividend and bonus shares.

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

3. Shareholders are requested to notify the change of address, if any, immediately.

4. CDC 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.

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

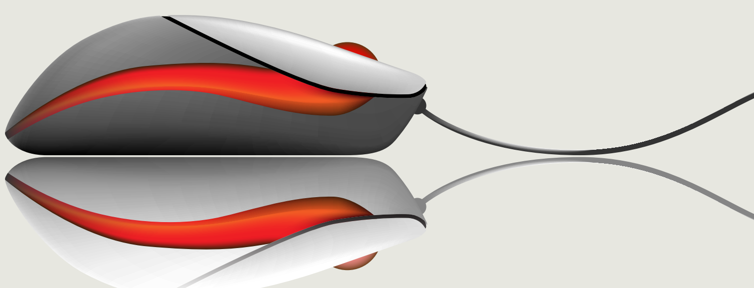
STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

1) Issuance of Bonus Shares

The Board of Directors are of the view that the Company's financial position and its reserves justify this capitalization for the issue of Bonus Shares. The Directors of the Company, directly or indirectly are not interested in the resolution except to the extent of their shareholding in the Company.

2) Disposal of Bonus Share Fractions

The Board in its 140th & 143rd meetings held on January 31, 2013 and August 16, 2013 has recommended that the fractions of bonus shares will be immaterial and of no significant financial disadvantage to the shareholders. Therefore the proceeds of the above may be donated to one or more charitable institutions (engaged in the welfare of human being) in line with the Company's policy of maximum participation in welfare.



Chairman's Review

Sikandar Mustafa Khan
Chairman

Dear Stakeholders

The effects of the global financial meltdown, which shook the economies of the world four years ago, are still being felt today. Economic growth has weakened further in the year 2012-13 and a number of developed economies have dived into double-digit recession. The next two years are predicted to be challenging, filled with uncertainties and risks. However, the positive impact to be noted is that the global inflation has decelerated with a decline in prices, which will ultimately stabilize the commodity prices.

Slow-down in the US and European economies, which account for 31% and 23% of Pakistan's exports respectively, and the resultant weak demand has had significant impact on Pakistan's export growth.

Pakistan's Economy

The economy on average grew 2.94% per annum since 2008-09. During FY12 and FY13 the power shortage became so severe that it wiped out 2% from our GDP. Agriculture, Manufacturing and the Services sector performed below their capacities. The adverse impact of the economic crunch was further aggravated by the war on terror causing irreversible damage to the economy.

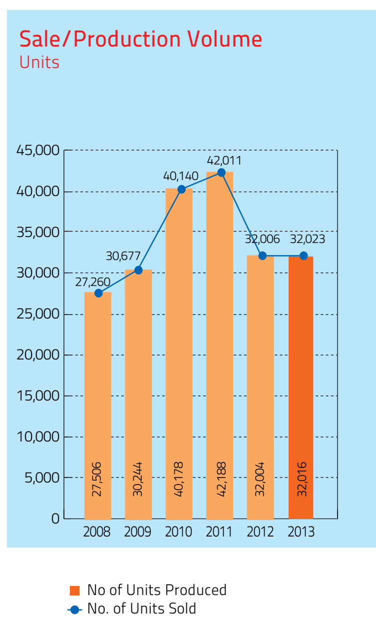
The Agriculture sector managed a growth of 3.3%, against the previous year's growth rate of 3.5%. Large Scale Manufacturing (LSM) sector grew by 2.8%, compared to the growth of 1.2% last year. The Services sector witnessed a growth of 3.7%, as compared to 5.3% in 2012.

On a positive note, inflation fell significantly and LSM showed indications of recovery. Year 2012-13 started with single digit inflation, which is likely to remain during the proceeding financial 2013-14 year. The Consumer Price Index (CPI) for 2012-13 averaged at 7.5% as against 10.9% recorded last year.

Performance of the Agriculture Sector 2012-13

Agriculture is central to economic growth and development in Pakistan and contributes 21.4% to GDP, employs 45% of the country's labor force and greatly influences growth in other sectors of the economy. During 2012-13, the Agriculture sector exhibited a growth of 3.3% on the back of nominal growth in agriculture related sub sectors. Crops grew at 3.2%, Livestock 3.7%, Forestry 0.1% and Fishing 0.7%. Important crops accounted for 25.2% of agricultural value added and have experienced a growth of 2.3% in the fiscal year 2012-13, against the growth of 7.4% in 2011-12. The lower growth in important crops is attributed to the decline in production of rice and cotton by 10.0% and 4.2%, respectively.

During July-March 2012-13, banks' disbursement to the Agriculture sector surged by 17% on year-on-year basis i.e. Rs. 231.0 billion or 73.0% of the target, Rs. 315.0 billion as compared to the disbursement of Rs. 197.4 billion in the preceding year.



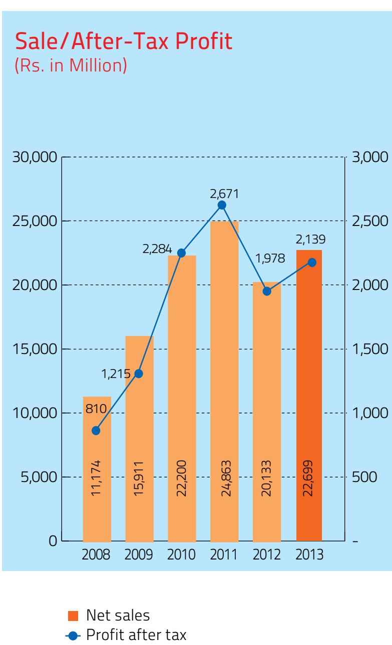
Chairman's Review

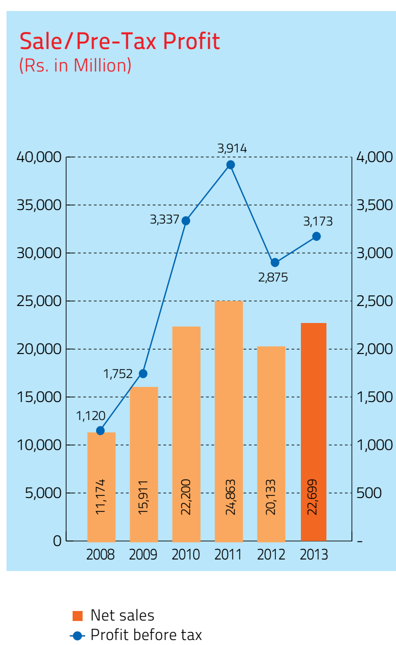
Despite the growth in the Agriculture sector, the farmer's buying power did not improve; due to the drastic increase in the cost of production against the marginal increase in the output prices. The law and order situation and energy crisis had their own untoward effects on the overall economy of the nation.

Tractor Industry

The year 2012-13, particularly the second half, has not been good for the Tractor industry as compared to the preceding year. Sales were hit mainly on account of increase in General Sales Tax (GST), from 5% to 10% in January 2013 – considerably decreasing the buying power of farmers.

The industry sales during the year under review were 50,223 units as against last year sales of 49,745 units, an increase of 1% mainly due to subsidy schemes launched by Provincial Governments of Punjab (GTS) and Sindh (STS). It is pleasing to note that Millat sold 32,023 units as against





last year's 32,006 units, maintaining a market share of 64%. In Punjab Government's Green Tractor Scheme 2012-13, the Company emerged as a market leader by attaining a market share of 56% in tractor bookings. In Sindh Government's Sindh Tractor Scheme, Phase I, the Company achieved a market share of 48% whereas in Phase II, the Company achieved a market share of 54%. This achievement in itself reflects the trust and confidence reposed by the customers in the quality of Millat's tractors. In contrast to the tractor sales, the Company achieved a positive increase in spare parts and implements sales. In 2012-13, spare parts worth Rs. 215 million were sold as against Rs.206 million of the preceding year, showing an increase of 4%. Similarly, implements sales grew by 23% in the year 2012-13; with sales of Rs. 58 million, as against Rs. 47 million of the preceding year.

New Product Line:

Your company introduced two new higher specifications tractor models, MF 350 Plus (50 hp) and MF 360 (60hp) targeting the small to medium sized land holding farmers. Both the tractor models have been very well received by the farming community, due to their features like power steering, oil immersed disc-brakes, heavy duty straddle axle etc. With the inclusion of new tractor models our

product range has now expanded to 8 models (50 to 85 hp) which are well suited to our agro-climatic conditions, size of the farms and buying capacities of various segments of the farmers.

Your Company is in the process of introducing tractor driven fodder harvesting equipment – which is becoming rapidly popular in the livestock sector. We are also looking forward to new business avenues and machines in the harvesting and biomass fuel handling sectors, which will hopefully give a major boost to the agronomy of the country. These machines include combine harvesters, bailers, lawn mowers and conditioners along with high horsepower tractors etc.

Financial Performance

The Company has achieved sales of Rs. 22.7 billion compared to Rs. 20.1 billion of last year, i.e. an increase of 13%. Input costs have risen during the year due to the energy crisis, increase in the cost of raw materials and overall inflation. However, the Company's Gross profit ratio has shown a slight increase compared to FY 2012. Profit before tax was Rs. 3.17 million against Rs. 2.87 million last year, whereas Profit after tax was Rs. 2.14 million, compared to Rs. 1.98 million in 2012.

The Management at Millat Tractors is capable of facing the grave challenges imposed by the local and global economy. It has comprehensive plans on managing the future growth of Company while keeping abreast with the environment and the stakeholders' expectations.

Industrial Products Division

Millat Tractors is one of the leading manufacturers and sellers of diesel generating sets in the 15 to 150 kVA range. Our products are reputed for their reliability, low maintenance cost and extensive after sales service backup throughout Pakistan.

Chairman's Review

Forklift sales have shown an upward trend this year as compared to the previous year due to our price compettitveness in the 3 ton range compared to other imported brands in CBU form. We intend to further exploit our strength in the coming tears.

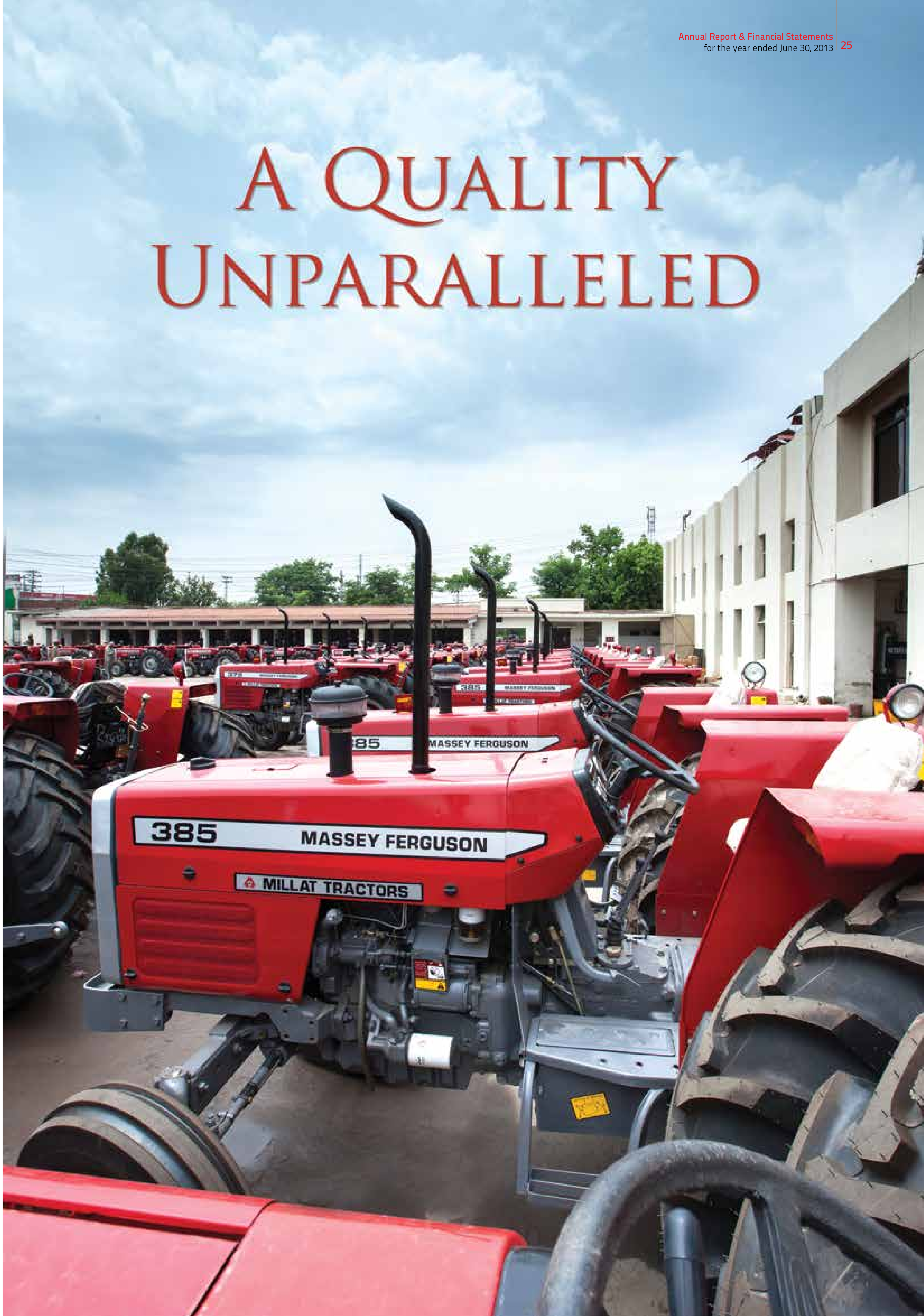
Prime Movers sales have maintained a steady trend KSB Pumps, Haseen Habib and Meraj Pumps as our regular customers.

Quality Management

Quality does not relate solely to the end products and services a Company provides, but also relates to the way the Company employees do their jobs and the work processes they follow to produce products or services.

The Company has established all the necessary quality assurance procedures to ensure that the products and services offered to the customers are consistent and reliable and truly meet the customers' needs. The Company believes in upgrading the inspection facilities on regular basis to improve the quality of tractor parts. In this regard, this year QA has installed another Co-ordinate Measuring Machine (CMM); which has the unique feature of developing component drawings through reverse engineering. QA is also in the process of purchasing a new PTO Dynamometer. This would be capable of testing tractor up to 250hp and is equipped with the latest Engine Test System – a system capable of measuring Engine Output in relation to RPM.

A Quality Unparalleled



Chairman's Review

Information Technology

During the year several new applications were developed in the ERP system in order to further streamline the system and improve visibility and control. Refresher training, being integral to system compliance, was imparted to the end users. A new website was developed and deployed for improved access to company information. In the coming years, we are heading towards mobile technology – by implementing the next generation of the existing ERP system, based on the state of the art technology. Moreover, plans are in hand to upgrade the entire IT infrastructure for greater reliability, high availability and rapid disaster recovery.

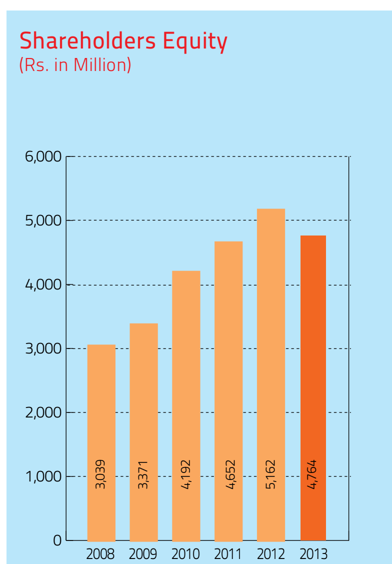
Human Resource Development

During the year the main focus of the HR department was on corporate training and skills development of shop floor staff. A team of 6 engineers were sent to Brazil for hands on training and exposure to the AGCO plant in Canoas. The team returned with extremely useful and concrete projects and ideas which have now been fully implemented at MTL and are paying dividends.

Dividend

Inline with the philosophy of sharing its success with all of its key stakeholders, Millat tractors has always maintained a healthy payout ratio in the form of dividend and bonus shares.

Continuing this tradition, the Board of Directors have recommended a final cash dividend of Rs.25 per share and the issuance of 10% bonus shares in addition to the interim cash dividend of Rs. 30 per share and the interim issuance of 10% bonus shares, taking the overall payout to



Rs 55 cash and 20% bonus shares for the year.

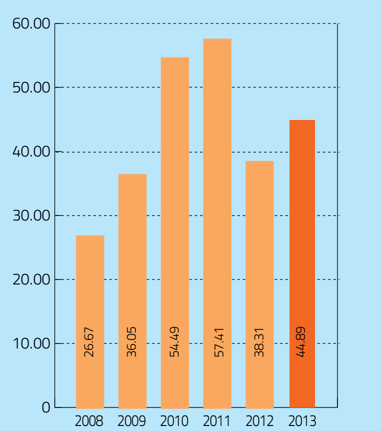
The dividend recommended is subject to the approval of shareholders in the forthcoming Annual General Meeting.

Future Plans

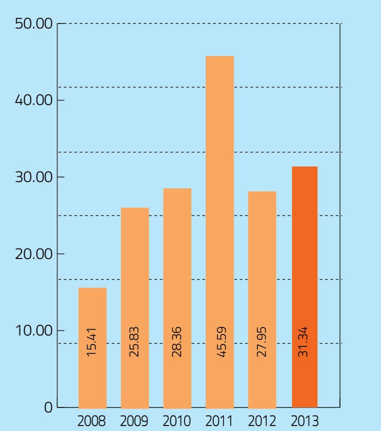
During 2012-13, TIPEG Intertrade JLT, registered at JLT free zone of Dubai was established, acting as a trading arm for Millat Group Companies. TIPEG is promoting and facilitating different businesses across the globe for the import and export of engineering goods.

It gives me great pleasure to inform you your company is entering into an agreement with AGCO to export Massey Ferguson tractors in the 50 to 85 hp range to AGCO customers in Africa, Middle East, China and Afghanistan under their own branding. This will open a window of opportunity for MTL to not only export CBU tractors but also export sub-assemblies and components as well as spare parts. Obviously this will be a new source of foreign exchange earnings for the country.

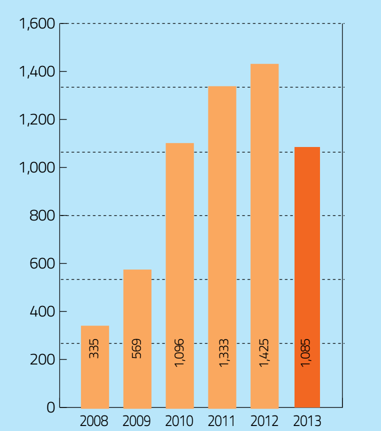
Return on Equity
(Percentage)



Return on Assets
(Percentage)



Taxes Paid to National Exchequer
(Rs. in Million)



Chairman's Review

Your management is aware of the declining local tractor volumes since last two years due to prevailing economic conditions. Accordingly, in order to fill the capacity gap, plans are in hand to get into global markets by making investments in developing emission controlled engines and making other quality improvements. Having advantage of producing lowest cost tractors in the world, your company is capable of exporting high volumes of tractors in certain markets.

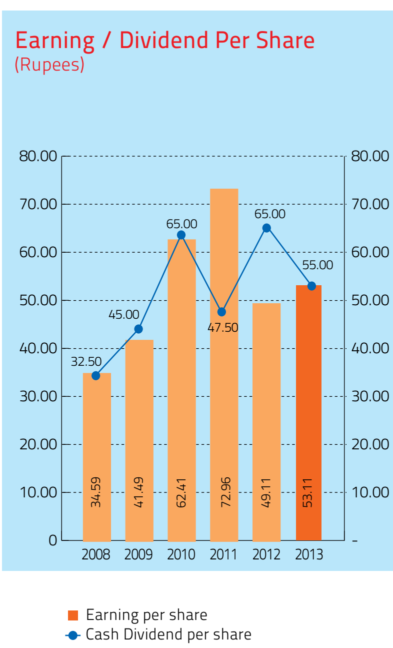
Millat Group of Companies

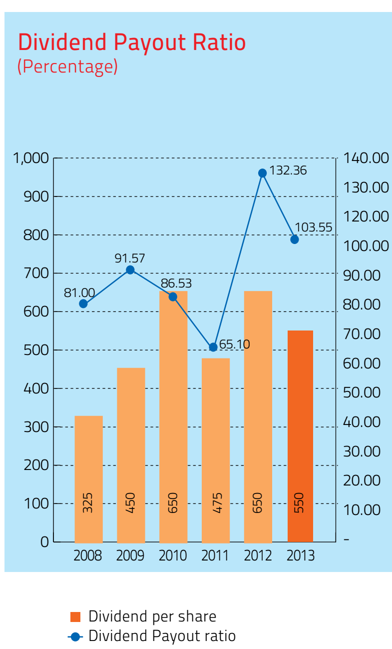
Bolan Castings Limited

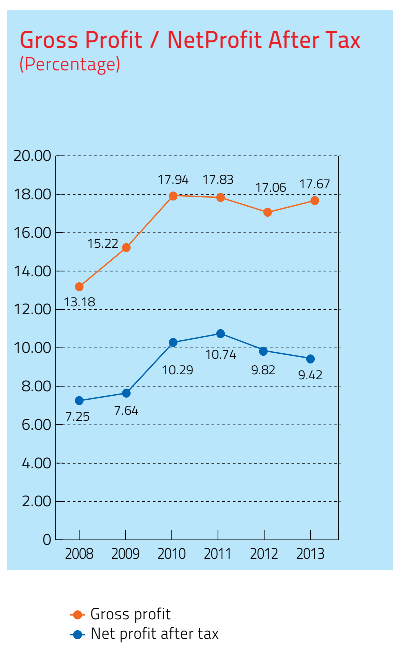
During the year BCL achieved sales of Rs. 1.746 billion compared to previous year's sale of Rs. 1.725 billion. Rise in input costs related to raw material and energy have taken its toll on Company's results.

Millat Equipment Limited

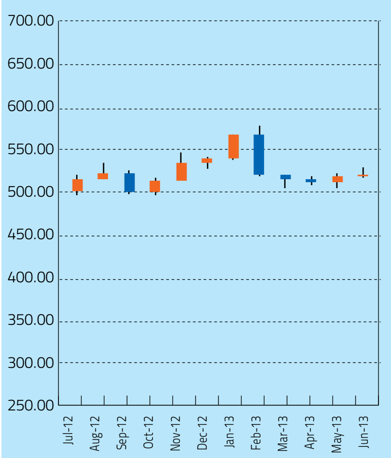
MEL has managed to improve its local sales and has achieved Rs. 2.6 billion in revenue compared to last year's Rs. 2.148 billion improving its profit after tax by 1.63% compared to previous year.



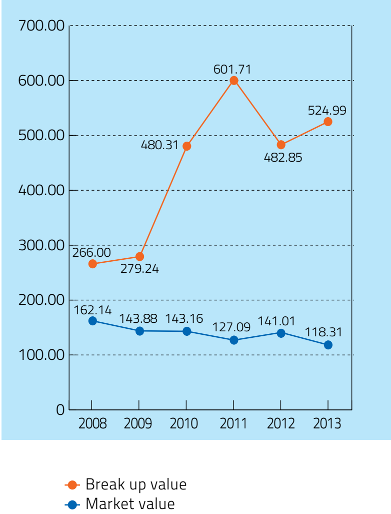




Market Value of MTL Share
(Rupees)



Break up / Market Value Per Share
(Rupees)



Millat Industrial Products Limited

MIPL has improved its performance significantly and its sales boosted to Rs. 805 million compared to Rs. 656 million therefore improving the earnings by Rs. 2.27 per share giving a higher return on investment. Due to favorable market conditions MIPL is working on expanding its manufacturing capacity up to 150,000 batteries per annum which will further enhance the company's performance.

Conclusion

I would like to place my deepest gratitude to all the shareholders, customers, vending associates, dealers, suppliers, contractors, bankers and other business partners for their unstinting support which has contributed towards the stellar performance of Millat Tractors Limited throughout the years.

I would also like to thank our principal business partners AGCO and HELI for their long term support on behalf of the Company. My gratitude also extends to the fellow Board members, Millat team and all other stakeholders for directing and supporting the Company through hostile conditions and various challenges resulting in unparalleled maturity of the Company.

Let us all join hands in making Millat Tractors a harbinger of growth and profitability on one hand and an engine of sustainable development of the agricultural economy of Pakistan on the other.

Sikandar Mustafa Khan
Chairman

Lahore:
August 16, 2013

Directors' Report
to the Shareholders

Syed Muhammad Irfan Aqeel
Chief Executive

The Directors feel pleasure in presenting their 50th annual report together with audited accounts of the Company for the year ended June 30, 2013.

APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs. 25.00 per share (250%)and issuance of 10% Bonus Shares.

The aforesaid payout shall be in addition to the interim cash dividend of Rs.30.00 per share (300%) and 10% Bonus shares already issued making a total payout of Rs. 55.00 per share (550%) as cash dividend and 20% Bonus shares.

The following appropriations were made during the year:

	(Rupees in thousand)	
	General reserve	Un-appropriated profit
Opening balance	3,368,710	1,402,096
Less: Final dividend @ 400%	(62,120)	(1,402,096)
Interim Bonus shares @ 10%	-	(36,605)
Transfer to general reserve	-	-
Profit for the year	-	2,138,646
Less: Interim dividend @ 300%	-	(1,098,165)
Un-appropriated profit carried forward	3,306,590	1,003,876

Directors' Report
to the Shareholders

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2013 was Rs. 53.11 as against Rs. 49.11 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 MCB Nominee Director Mr. S.M Tanveer resigned from the Board. Since then there has been no change in the composition of the Board.

During the year, five 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	5
Syed Muhammad Irfan Aqueel-CEO	4
Mr. Latif Khalid Hashmi	5
Mr. Sohail Bashir Rana	5
Mr. Laeeq Uddin Ansari	5
Mian Muhammad Saleem	5
Mr. Manzoor Ahmed	2
Mr. Saad Iqbal	2

BOARD COMMITTEES'

AUDIT COMMITTEE

The Board of Directors constituted an Audit Committee in its 139th meeting held on November 12, 2012 comprising of the following members. 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	Chairman	2
Mr. Latif Khalid Hashmi	Member	4
Mr. Sohail Bashir Rana	Member	4
Mr. Laeeq Uddin Ansari	Member	4

The Chairman of the Committee is an independent Director 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 prior to approval of the Board.

FINANCE COMMITTEE

The Finance Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising of 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 of the following members. During the year six 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	6
Mian Muhammad Saleem	Member	6
Syed Muhammad Irfan Aqueel	Member	6
Mr. Muhammad Akram	Member	6

DIRECTORS' REMUNERATION COMMITTEE

The Directors' Remuneration Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising of the following members. During the period one meeting of the Committee was held. The number of meetings attended by each member is given hereunder:

Name of Member		Meetings attended
Mr. Sikandar Mustafa Khan	Chairman	1
Mr. Latif Khalid Hashmi	Member	1
Mr. Sohail Bashir Rana	Member	1
Mr. Manzoor Ahmed	Member	0

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration Committee was constituted by the Board in its 139th meeting held on November 12, 2012 comprising of the following members. During the period one meeting of the Committee was held. The number of meetings attended by each member is given hereunder:

Name of Member		Meetings attended
Mr. Sikandar Mustafa Khan	Chairman	1
Mr. Latif Khalid Hashmi	Member	1
Mr. Sohail Bashir Rana	Member	1
Mr. Laeeq Uddin Ansari	Member	1

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' TRAINING 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.

Director Mr. Manzoor Ahmed has acquired the certification under directors' training program from the institute that meets the criteria specified by the SECP.

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:

i) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

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

iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan. The accounting estimates, wherever required are based on reasonable and prudent judgement.

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

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

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

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

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

DIRECTORS' REPORT
TO THE SHAREHOLDERS

ix) The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2013 were the following:

Provident Fund	Rs. 575 million
Gratuity Fund	Rs. 491 million
Pension Fund	Rs. 878 million

The value of investment includes accrued interest.

x) Trading of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children.

PURCHASE OF SHARES		No. of shares purchased
CEO		
Syed Muhammad Irfan Aqueel		8,711
Mrs. Shireen Shah Aqueel	(Spouse)	5,000
CFO		
Mr. Javed Munir		5,100

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

All transactions with related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions as disclosed in the notes to the accounts.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2013 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, 2013 were 452 compared to 453 of last year.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company as on June 30, 2013 are annexed.

CORPORATE SOCIAL RESPONSIBILITY

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

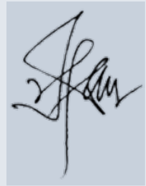
ABSTRACT(S) UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

The abstract(s) under section 218 (1) of the Companies Ordinance, 1984 is annexed.

WEB PRESENCE

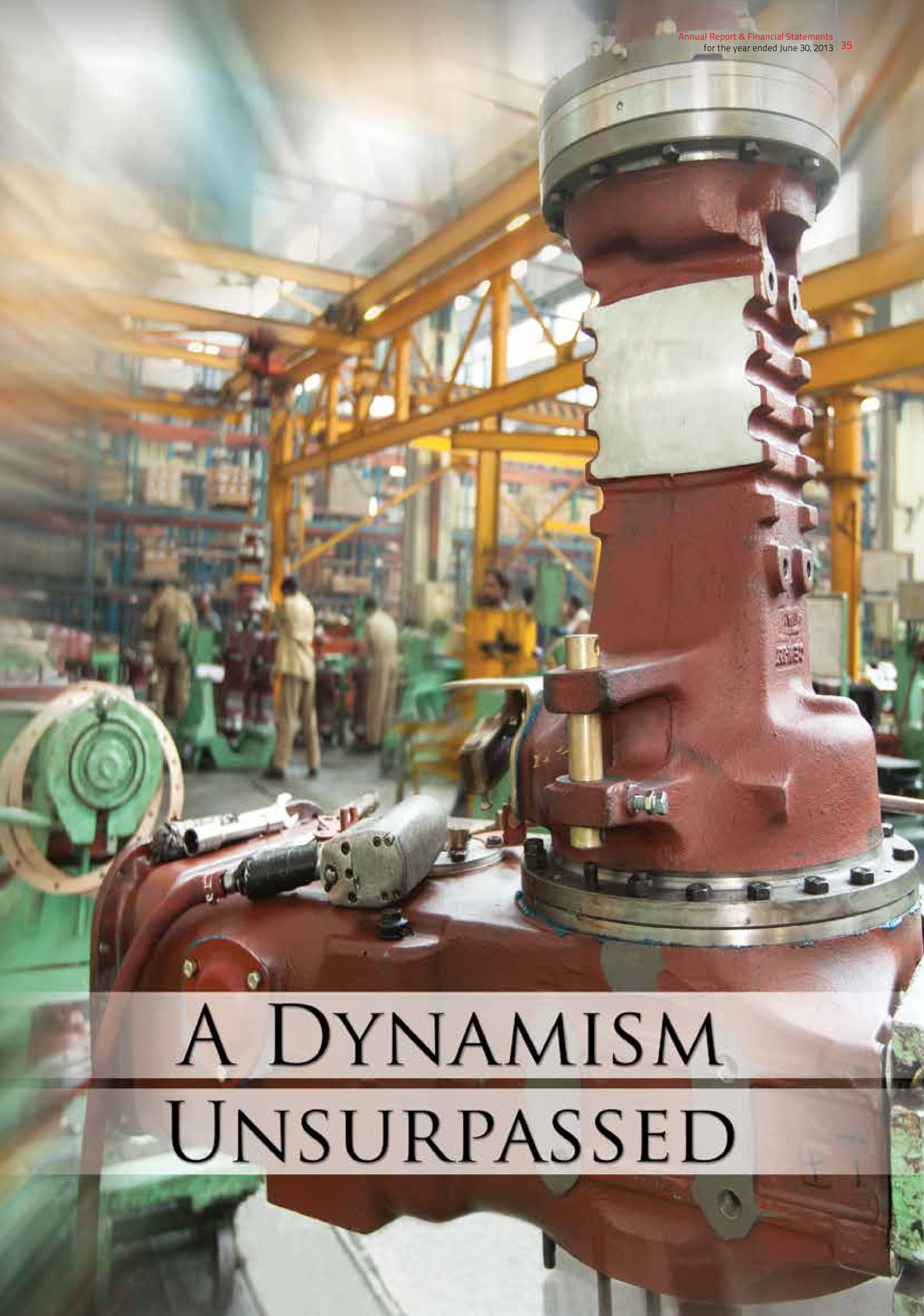
Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website www.millat.com.pk for information of the investors.

For and on behalf of the Board



SYED MUHAMMAD IRFAN AQUEEL
Chief Executive

Lahore:
August 16, 2013



A Dynamism Unsurpassed

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. 5.00 million and Rs.3.3 million respectively to the Endowment Fund of Institute of Business Administration (IBA), Karachi, for uplift of education in the country particularly for deserving students and to Forman Christian College Lahore for its Scholarship Support program. The Company also donated Rs.1.00 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

   In view of the energy crisis being faced by the country, 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

In order to contribute towards 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 Authority and NGOs.

4. Community Investment and Welfare Schemes

During the year the Company contributed an accumulated sum of Rs. 400,000/- to the following NGOs.

1. LABARD.
2. Hunar Foundation.

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. Our 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

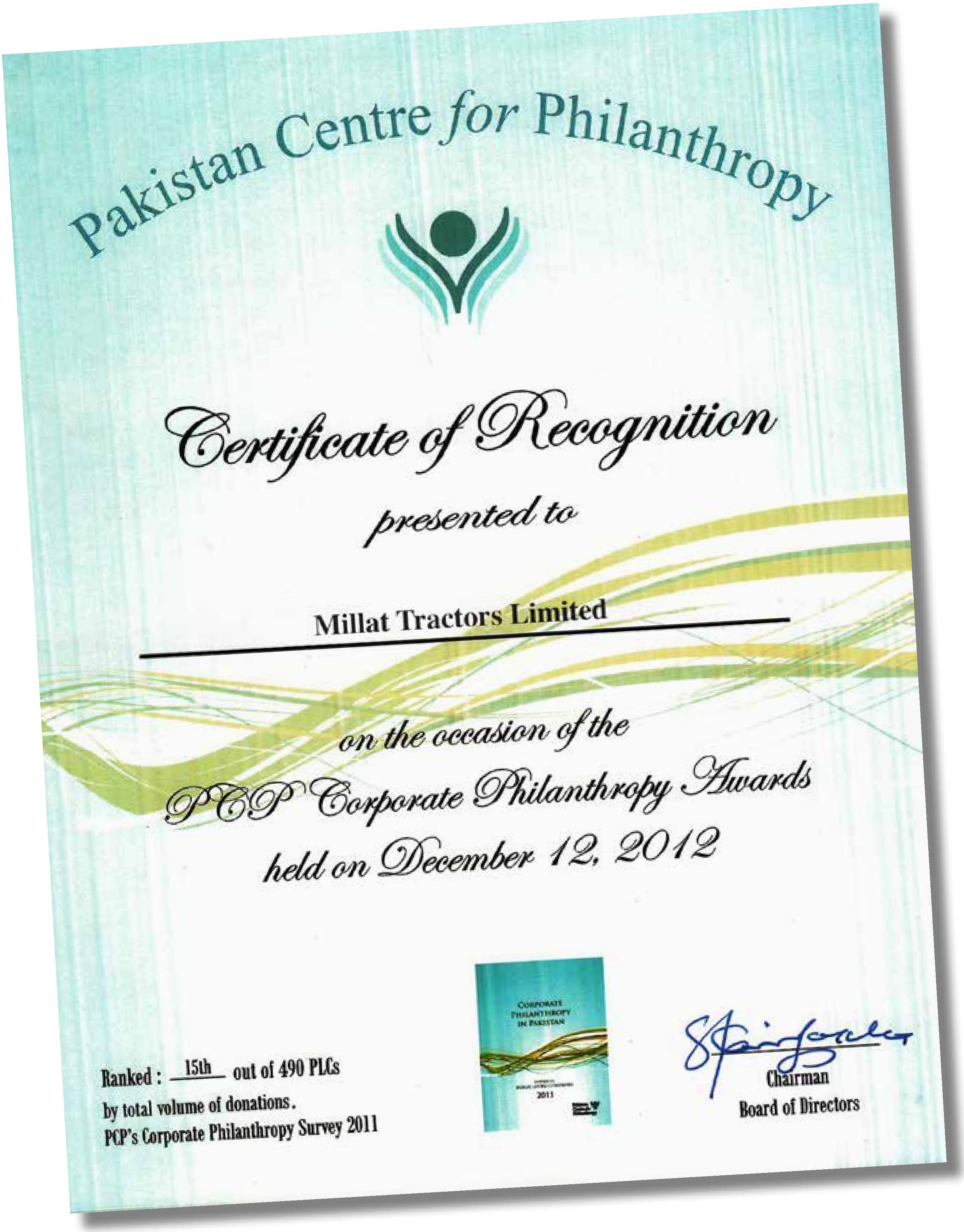
During the year no significant contribution was made on this account.

7. Industrial relations

The Company considers mutual trust and respect between labour and management as a key fundamental principle of employee relations 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. 94,000/- were given under this scheme.

The Company sends its 12 employees every year for performing Hajj at the Company's expense. So far 146 employees have performed Hajj under this scheme.

Millat Tractors Limited (MTL) Commitment Towards (CSR)


Pakistan Centre for Philanthropy

Certificate of Recognition

presented to

Millat Tractors Limited

on the occasion of the

PCP Corporate Philanthropy Awards

held on December 12, 2012

Ranked : 15th out of 490 PLCs

by total volume of donations.

PCP's Corporate Philanthropy Survey 2011

Chairman

Board of Directors

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 work 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. 1,085 million as Corporate Tax.

13. Rural Development Programs

No significant work was done during the year under rural development program.

Abstract Under Section 218 (1) of the Companies Ordinance, 1984

The Board of Directors passed the following resolution in its 139th meeting held on November 12, 2012 for appointment of Mian Muhammad Saleem as Company Secretary with effect from January 01, 2013. The resolution has already been circulated to shareholders u/s 218(3) of the Companies Ordinance, 1984.

"Resolved that Director Mian Muhammad Saleem be and is hereby appointed as whole time Secretary of the Company w.e.f January 01, 2013 for a period of three years.

Further Resolved that the Board hereby approves and authorizes the holding of office of profit and payment of remuneration to Mian Muhammad Saleem not exceeding Rs. 8.2 million per annum, inclusive of perquisites and benefits but exclusive of medical expenses for self and dependants. The above remuneration shall be subject to such increases, adjustments and restructuring within approved limit including bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the Company's policy and terms of his appointment.

Further resolved that Mian Muhammad Saleem be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard."

Mian Muhammad Saleem, being interested did not participate in the resolution.

Summary of
Cash Flow

	2013	2012	2011	2010	2009	2008
					(Rupees in thousand)	
Net Cash from / (Used in)						
Operating activities	1,990,541	896,969	(212,753)	4,238,512	(94,801)	1,102,493
Investing activities	1,951,648	813,277	1,669,972	(2,684,029)	1,674,909	(495,692)
Financing activities	(2,509,415)	(1,448,942)	(2,172,772)	(1,440,801)	(834,093)	(459,179)
Net increase / (decrease) in cash and cash equivalent	1,432,774	261,304	(715,553)	113,682	746,015	147,622
Cash and cash equivalent at the beginning of the year	654,806	393,502	1,109,055	995,373	249,358	101,736
Cash and cash equivalent at the end of the year	2,087,580	654,806	393,502	1,109,055	995,373	249,358

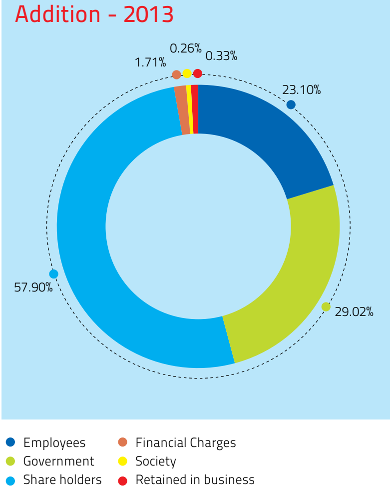
Six Years at A Glance

		2013	2012	2011	2010	2009	2008
Profit & Loss Summary							
Net sales	Rs. in thousand	22,698,651	20,133,130	24,863,264	22,199,909	15,910,619	11,174,014
Gross profit	Rs. in thousand	4,010,267	3,433,817	4,431,963	3,982,800	2,421,765	1,472,716
Operating profit	Rs. in thousand	3,175,819	2,639,248	3,584,625	3,143,484	1,755,736	901,101
Profit before tax	Rs. in thousand	3,172,972	2,875,345	3,914,284	3,336,621	1,752,332	1,120,139
Profit after tax	Rs. in thousand	2,138,646	1,977,618	2,670,736	2,284,498	1,215,120	810,458
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs. in thousand	3,296,625	2,945,723	3,990,563	3,402,644	1,841,478	1,174,111
Balance Sheet Summary							
Share capital	Rs. in thousand	402,660	366,055	366,055	292,844	234,275	187,420
General reserves	Rs. in thousand	3,306,590	3,368,710	2,766,678	2,467,776	2,220,776	2,211,000
Property, plant & equipment	Rs. in thousand	448,375	415,926	435,516	411,759	405,618	298,219
Non current assets	Rs. in thousand	944,871	834,924	723,226	749,411	698,025	789,996
Current assets	Rs. in thousand	8,732,156	9,038,370	7,426,242	10,604,724	5,679,157	6,179,581
Current liabilities	Rs. in thousand	5,331,414	5,098,772	3,896,657	7,555,574	3,360,520	4,146,004
Net working capital	Rs. in thousand	3,400,742	3,939,598	3,529,585	3,049,150	2,318,637	2,033,577
Long term / deferred liabilities	Rs. in thousand	30,148	28,530	36,091	17,913	51,437	54,569
Profitibility Ratios							
Gross profit	%	17.67	17.06	17.83	17.94	15.22	13.18
Operating profit	%	13.99	13.11	14.42	14.16	11.03	8.06
Profit before tax	%	13.98	14.28	15.74	15.03	11.01	10.03
Net profit after tax	%	9.42	9.82	10.74	10.29	7.64	7.25
EBITDA margin	%	14.52	14.63	16.05	15.33	11.57	10.51
Operating leverage	%	0.92	1.40	1.44	2.20	1.35	17.21
Return on equity	%	44.89	38.31	57.41	54.49	36.05	26.67
Return on capital employed	%	45.38	38.50	57.76	54.82	36.30	27.24
Return on assets	%	31.34	27.95	45.59	28.36	25.83	15.41
Liquidity Ratios							
Current	Times	1.64 : 1	1.77 : 1	1.88 : 1	1.39 : 1	1.67 : 1	1.47 : 1
Quick / Acid test	Times	1.12 : 1	1.17 : 1	1.19 : 1	1.05 : 1	1.03 : 1	1.06 : 1
Cash to current liabilities	Times	0.39 : 1	0.13 : 1	0.10 : 1	0.15 : 1	0.30 : 1	0.06 : 1
Cash flow from operations to sales	Times	0.09 : 1	0.04 : 1	-0.01 : 1	0.19 : 1	-0.01 : 1	0.10 : 1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	6.46	5.79	7.71	7.70	6.97	5.39
No. of Days in Inventory	Days	57	63	47	47	52	67
Debtor turnover ratio	Times	32.77	68.51	78.82	76.33	138.43	59.03
No. of Days in Receivables	Days	11	5	5	5	3	6
Creditor turnover ratio	Times	7.94	9.76	15.60	20.00	20.52	18.91
No.of Days in Creditors	Days	46	37	23	18	18	19
Total assets turnover ratio	Times	2.24	1.96	2.90	1.89	2.35	1.54
Fixed assets turnover ratio	Times	34.79	34.46	42.09	39.14	31.20	23.37
Operating cycle	Days	22	31	29	34	37	55
Investment / Market Ratios							
Earning per share (after tax)	Rs	53.11	49.11	72.96	62.41	41.49	34.59
Price earning	Times	9.88	9.83	8.25	7.70	6.73	7.69
Dividend yield	%	9.81	13.32	9.49	16.10	21.30	10.91
Dividend payout ratio (after tax)	%	103.55	132.36	65.10	86.53	91.57	81.00
Dividend cover	Times	1.02	0.83	1.54	1.16	1.09	1.33
Cash Dividend per share	Rs	55.00	65.00	47.50	65.00	45.00	32.50
Bonus per share	%	19.00	-	-	25.00	25.00	25.00
Market value per share:							
Year end	Rs	524.99	482.85	601.71	480.31	279.24	266.00
During the year:							
Highest	Rs	646.00	625.80	610.70	529.25	302.00	347.00
Average	Rs	560.50	487.95	500.35	403.63	211.27	298.50
Lowest	Rs	475.00	350.09	390.00	278.01	120.54	250.00
Break-up value per share	Rs	118.31	141.01	127.09	143.16	143.88	162.14
(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	52.02	499.76	504.83	395.73	46.28	57.43

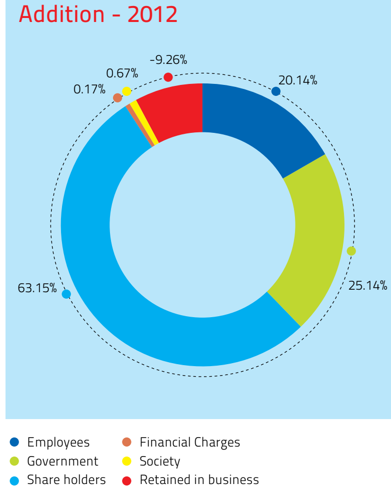
STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

	2013 Rs. ('000)	2013 %	2012 Rs. ('000)	2012 %
VALUE ADDITION				
Net Sales	22,698,651		20,133,130	
Material and services	(17,733,196)		(16,837,790)	
Other income	301,383		472,618	
	5,266,838		3,767,958	
VALUE DISTRIBUTION				
Employees				
Salaries wages and ammenities	699,853	18.57	603,701	16.02
Worker's profit participation fund	170,632	4.53	154,983	4.11
	870,485	23.10	758,684	20.14
Government				
Tax	1,034,326	27.45	897,727	23.83
Workers welfare fund	59,304	1.57	49,377	1.31
	1,093,630	29.02	947,104	25.14
Share holders				
Cash Dividend	2,104,815	55.86	2,379,351	63.15
Bouns Shares	76,871	2.04	-	-
	2,181,686	57.90	2,379,351	63.15
Financial Charges				
Finance Cost	64,554	1.71	6,408	0.17
	64,554	1.71	6,408	0.17
Society				
Donation	9,740	0.26	25,274	0.67
	9,740	0.26	25,274	0.67
Retained in business				
Depreciation	55,457	1.47	52,870	1.40
Retained profit	(43,040)	(1.14)	(401,733)	(10.66)
	12,417	0.33	(348,863)	(9.26)
	4,232,512	112.33	3,767,958	100.00

Distribution of Value Addition - 2013



Distribution of Value Addition - 2012



Horizontal Analysis

	2013		2012	
		Increase/ (Decrease)		Increase/ (Decrease)
	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items				
Property, Plant and Equipment	448,375	7.8	415,926	(4.5)
Capital Work in Progress	204,112	21.3	168,260	8.5
Intangible Assets	841	(85.7)	5,871	(66.7)
Investment Property	255,708	-	255,708	-
Long Term Investments	354,119	22.9	288,187	(1.3)
Long Term Loans	2,065	(23.6)	2,702	(5.5)
Employee benefits	128,026	12.1	114,196	34.4
Stores and Spares	133,485	95.1	68,419	(48.0)
Stock in Trade	2,601,698	(12.9)	2,986,120	15.7
Trade Debts	974,158	136.8	411,326	133.1
Loans and Advances	71,498	(60.6)	181,535	(15.7)
Trade Deposits and Prepayments	27,384	9.1	25,103	31.2
Balance with statutory authority	1,904,916	15.5	1,649,132	156.9
Other receivables	86,483	(11.4)	97,630	31.1
Taxation - net	293,083	(41.7)	502,439	265.7
Short Term Investments	551,871	(77.6)	2,461,860	(17.1)
Cash and Bank balances	2,087,580	218.8	654,806	66.4
Total Assets	10,125,402	(1.6)	10,289,220	19.9
Share Holder's Equity	4,763,840	(7.7)	5,161,918	11.0
Non Current Liabilities	30,148	5.7	28,530	(20.9)
Current Liabilities	5,331,414	4.6	5,098,772	30.8
Total Liabilities and Equity	10,125,402	(1.6)	10,289,220	19.9
Profit & Loss Items				
Net Sales	22,698,651	12.7	20,133,130	(19.0)
Cost of Sales	18,688,384	11.9	16,699,313	(18.3)
Gross Profit	4,010,267	16.8	3,433,817	(22.5)
Distribution and marketing expenses	494,367	2.2	483,940	(10.5)
Administrative Expenses	340,081	9.5	310,629	1.2
Operating Profit	3,175,819	20.3	2,639,248	(26.4)
Other Operating Income	301,383	(36.2)	472,618	(30.5)
Other Operating Expenses	239,676	4.2	230,113	(32.4)
Finance Cost	64,554	907.4	6,408	(33.0)
Profit before Tax	3,172,972	10.4	2,875,345	(26.5)
Taxation	1,034,326	15.2	897,727	(27.8)
Profit after Tax	2,138,646	8.1	1,977,618	(26.0)

2011		2010		2009		2008	
	Increase/ (Decrease)		Increase/ (Decrease)		Increase/ (Decrease)		Increase/ (Decrease)
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
435,516	5.8	411,759	1.5	405,618	36.0	298,219	29.4
155,137	(0.2)	155,476	49.0	104,335	(42.0)	179,955	39.5
17,614	(40.0)	29,357	(2.8)	30,208	77.4	17,028	3.0
255,708	(6.4)	273,203	-	273,203	-	273,203	6.8
291,907	1.3	288,187	0.4	286,904	(9.0)	315,425	10.9
2,860	(10.3)	3,188	(5.5)	3,375	(23.0)	4,385	5.9
84,969	21.7	69,839	28.6	54,299	15.7	46,943	50.8
131,559	19.0	110,599	43.2	77,244	(1.3)	78,292	77.6
2,580,293	4.2	2,475,904	19.2	2,077,022	26.9	1,636,153	(11.1)
176,430	(61.2)	454,465	257.3	127,209	23.9	102,660	(62.8)
215,293	(10.1)	239,358	135.1	101,790	3.8	98,082	55.3
19,132	(16.8)	23,008	44.9	15,879	104.0	7,782	46.6
641,908	(66.0)	1,885,387	83.4	1,028,008	(7.4)	1,109,834	199.9
74,474	1.1	73,676	187.5	25,627	143.9	10,509	(30.6)
137,386	194.7	46,612	1,326.8	3,267	(60.1)	8,198	(89.9)
2,971,296	(27.8)	4,116,821	250.8	1,173,439	(58.6)	2,831,770	13.4
393,502	(64.5)	1,109,055	11.4	995,373	299.2	249,358	104.2
8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)	7,267,796	16.0
4,652,236	11.0	4,192,407	24.4	3,370,843	10.9	3,038,879	12.7
36,091	101.5	17,913	(65.2)	51,437	(5.7)	54,569	6.3
3,896,657	(48.4)	7,555,574	124.8	3,360,520	(19.5)	4,174,348	18.7
8,584,984	(27.0)	11,765,894	73.5	6,782,800	(6.7)	7,267,796	16.0
24,863,264	12.0	22,199,909	39.5	15,910,619	42.4	11,174,014	1.9
20,431,301	12.2	18,217,109	35.1	13,488,854	39.0	9,701,298	(1.3)
4,431,963	11.3	3,982,800	64.5	2,421,765	64.4	1,472,716	30.5
540,461	(1.2)	546,976	29.2	423,241	17.1	361,495	4.4
306,877	5.0	292,340	20.4	242,788	15.5	210,120	14.6
3,584,625	14.0	3,143,484	79.0	1,755,736	94.8	901,101	50.4
679,561	50.8	450,555	126.5	198,950	(38.1)	321,608	(3.3)
340,340	37.3	247,920	52.5	162,530	99.2	81,574	8.1
9,562	0.7	9,498	(76.2)	39,824	89.7	20,996	31.2
3,914,284	17.3	3,336,621	90.4	1,752,332	56.4	1,120,139	33.3
1,243,548	18.2	1,052,123	95.8	537,212	73.5	309,681	52.3
2,670,736	16.9	2,284,498	88.0	1,215,120	49.9	810,458	27.3

VERTICAL ANALYSIS

	2013		2012	
	Rs. ('000)	%	Rs. ('000)	%
Balance Sheet Items				
Property, Plant and Equipment	448,375	4.4	415,926	4.0
Capital Work in Progress	204,112	2.0	168,260	1.6
Intangible Assets	841	0.0	5,871	0.1
Investment Property	255,708	2.5	255,708	2.5
Long Term Investments	354,119	3.5	288,187	2.8
Long Term Loans	2,065	0.0	2,702	0.0
Employee benefits	128,026	1.3	114,196	1.1
Stores and Spares	133,485	1.3	68,419	0.7
Stock in Trade	2,601,698	25.7	2,986,120	29.0
Trade Debts	974,158	9.6	411,326	4.0
Loans and Advances	71,498	0.7	181,535	1.8
Trade Deposits and Prepayments	27,384	0.3	25,103	0.2
Balance with statutory authority	1,904,916	18.8	1,649,132	16.0
Other receivables	86,483	0.9	97,630	0.9
Taxation - net	293,083	2.9	502,439	4.9
Short Term Investments	551,871	5.5	2,461,860	23.9
Cash and Bank balances	2,087,580	20.6	654,806	6.4
Total Assets	10,125,402	100.0	10,289,220	100.0
Share Holder's Equity	4,763,840	47.0	5,161,918	50.2
Non Current Liabilities	30,148	0.3	28,530	0.3
Current Liabilities	5,331,414	52.7	5,098,772	49.5
Total Liabilities and Equity	10,125,402	100.0	10,289,220	100.0
Profit & Loss Items				
Net Sales	22,698,651	100.0	20,133,130	100.0
Cost of Sales	18,688,384	82.3	16,699,313	82.9
Gross Profit	4,010,267	17.7	3,433,817	17.1
Distribution and marketing expenses	494,367	2.2	483,940	2.4
Administrative Expenses	340,081	1.5	310,629	1.5
Operating Profit	3,175,819	14.0	2,639,248	13.1
Other Operating Income	301,383	1.3	472,618	2.3
Other Operating Expenses	239,676	1.1	230,113	1.1
Finance Cost	64,554	0.3	6,408	0.0
Profit before Tax	3,172,972	14.0	2,875,345	14.3
Taxation	1,034,326	4.6	897,727	4.5
Profit after Tax	2,138,646	9.4	1,977,618	9.8

2011		2010		2009		2008	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
435,516	5.1	411,759	3.5	405,618	6.0	298,219	4.1
155,137	1.8	155,476	1.3	104,335	1.5	179,955	2.5
17,614	0.2	29,357	0.2	30,208	0.4	17,028	0.2
255,708	3.0	273,203	2.3	273,203	4.0	273,203	3.8
291,907	3.4	288,187	2.4	286,904	4.2	315,425	4.3
2,860	0.0	3,188	0.0	3,375	0.0	4,385	0.1
84,969	1.0	69,839	0.6	54,299	0.8	46,943	0.6
131,559	1.5	110,599	0.9	77,244	1.1	78,292	1.1
2,580,293	30.1	2,475,904	21.0	2,077,022	30.6	1,636,153	22.5
176,430	2.1	454,465	3.9	127,209	1.9	102,660	1.4
215,293	2.5	239,358	2.0	101,790	1.5	98,082	1.3
19,132	0.2	23,008	0.2	15,879	0.2	7,782	0.1
641,908	7.5	1,885,387	16.0	1,028,008	15.2	1,109,834	15.3
74,474	0.9	73,676	0.6	25,627	0.4	10,509	0.1
137,386	1.6	46,612	0.4	3,267	0.0	8,198	0.1
2,971,296	34.6	4,116,821	35.0	1,173,439	17.3	2,831,770	39.0
393,502	4.6	1,109,055	9.4	995,373	14.7	249,358	3.4
8,584,984	100.0	11,765,894	100.0	6,782,800	100.0	7,267,796	100.0
4,652,236	54.2	4,192,407	35.6	3,370,843	49.7	3,038,879	41.8
36,091	0.4	17,913	0.2	51,437	0.8	54,569	0.8
3,896,657	45.4	7,555,574	64.2	3,360,520	49.5	4,174,348	57.4
8,584,984	100.0	11,765,894	100.0	6,782,800	100.0	7,267,796	100.0
24,863,264	100.0	22,199,909	100.0	15,910,619	100.0	11,174,014	100.0
20,431,301	82.2	18,217,109	82.1	13,488,854	84.8	9,701,298	86.8
4,431,963	17.8	3,982,800	17.9	2,421,765	15.2	1,472,716	13.2
540,461	2.2	546,976	2.5	423,241	2.7	361,495	3.2
306,877	1.2	292,340	1.3	242,788	1.5	210,120	1.9
3,584,625	14.4	3,143,484	14.2	1,755,736	11.0	901,101	8.1
679,561	2.7	450,555	2.0	198,950	1.3	321,608	2.9
340,340	1.4	247,920	1.1	162,530	1.0	81,574	0.7
9,562	0.0	9,498	0.0	39,824	0.3	20,996	0.2
3,914,284	15.7	3,336,621	15.0	1,752,332	11.0	1,120,139	10.0
1,243,548	5.0	1,052,123	4.7	537,212	3.4	309,681	2.8
2,670,736	10.7	2,284,498	10.3	1,215,120	7.6	810,458	7.3

Pattern of Shareholding

as on June 30, 2013

Number of ShareHolders	Shareholding From	Shareholding To	Number of Shares Held
867	1	100	28,172
763	101	500	197,264
381	501	1000	273,382
666	1001	5000	1,603,667
213	5001	10000	1,470,174
78	10001	15000	944,316
46	15001	20000	810,206
32	20001	25000	716,558
18	25001	30000	488,635
13	30001	35000	418,631
16	35001	40000	607,025
7	40001	45000	302,452
5	45001	50000	242,317
11	50001	55000	582,481
2	55001	60000	118,802
6	60001	65000	362,555
2	65001	70000	134,484
1	70001	75000	70,931
6	75001	80000	462,702
4	80001	85000	330,571
1	85001	90000	87,967
1	90001	95000	92,100
2	105001	110000	217,355
1	110001	115000	112,643
1	115001	120000	119,088
1	120001	125000	124,303
1	125001	130000	128,000
2	130001	135000	264,498
2	135001	140000	274,329
1	145001	150000	147,400
1	165001	170000	165,419
1	180001	185000	184,252
2	185001	190000	375,273
1	190001	195000	193,700
2	220001	225000	445,619
1	225001	230000	225,730
1	250001	255000	253,711
1	255001	260000	257,417
1	280001	285000	281,658
1	305001	310000	309,997
1	370001	375000	370,477
1	500001	505000	500,423
2	515001	520000	1,033,165
1	545001	550000	545,043
1	585001	590000	586,460
1	595001	600000	598,573
1	600001	605000	600,781
1	615001	620000	616,072
1	675001	680000	679,730
1	700001	705000	702,270
1	720001	725000	723,465
1	885001	890000	889,830
1	1190001	1195000	1,191,982
1	1285001	1290000	1,289,062
1	1315001	1320000	1,320,000
1	1580001	1585000	1,581,646
1	1860001	1865000	1,860,727
1	1990001	1995000	1,993,750
1	2030001	2035000	2,031,168
1	3255001	3260000	3,256,675
1	3465001	3470000	3,468,866
3,184		TOTAL	40,265,949

Categories of Shareholders

		Number of Shareholders	Shares Held	Percentage
1	Directos, CEO and their spouse & minor children			
	Mr. Sikandar Mustafa Khan	1	3,256,675	8.09
	Syed Muhammad Irfan Aqueel	1	51,107	0.13
	Mr. Latif Khalid Hashmi	1	1,993,750	4.95
	Mr. Sohail Bashir Rana	1	2,123,178	5.27
	Mr. Laeeq Uddin Ansari	1	2,901,646	7.21
	Mian Muhammad Saleem	1	889,830	2.21
	Mr. Saad Iqbal	1	702,270	1.74
	Mrs. Cyma Khan	1	53,325	0.13
	Mrs. Ayesha Sohail	1	221,140	0.55
	Mrs.Shireen Shah Aqueel	1	39,875	0.09
2	NIT and IDBP (ICPUNIT)			
	National Bank of Pakistan (Trustee Department) NI (U) T FUND	4	1,132,714	2.82
	IDBP (ICP Unit)	2	98	0.00
3	Executives/ Workers	281	3,990,941	9.91
4	Associated Companies, Undertaking and related parties	-	-	-
5	Public Sector Companies & Corporations	-	-	-
6	Banks, Development Financial Institution, Non-Banking			
	Financial Institutions	10	722,531	1.80
	Insurance Companies	7	3,380,774	8.40
	Modaraba and Mutual Funds	36	685,156	1.70
7	Shareholders Holding 10% or more	-	-	-
8	General Public- Local	2764	12,269,153	30.47
9	Others			
	Joint Stock Companies	47	170,794	0.42
	Trust	4	1,305,513	3.24
	Non-Resident Company	1	3,468,866	8.62
	Others	18	906,613	2.25
		3184	40,265,949	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) to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, the Listing Regulation No. 35 of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of 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.

Further, Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions and 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 while recording proper justifications for using such alternate pricing mechanism. Further, all such transactions also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company compliance, in all material respects, with the best practices contained in Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

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

Lahore: 16 August 2013

Statement of Compliance
with the code of corporate governance year ended: June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi Stock Exchange 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. Manzoor Ahmed 2. 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

The independent directors 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) except Mr. Manzoor Ahmed (NIT Nominee) who is Director on the Boards of more than seven listed Companies.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the board of directors of the Company during the year.

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.

Statement of Compliance

with the code of corporate governance year ended: June 30, 2013

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged one training program for its directors during the year.

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.

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 an independent 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.

17. The board has formed an HR and Remuneration Committee. It comprises 03 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

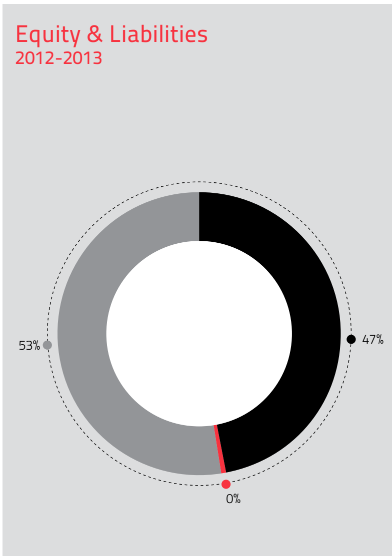
Lahore:
August 16, 2013

Financial Statements

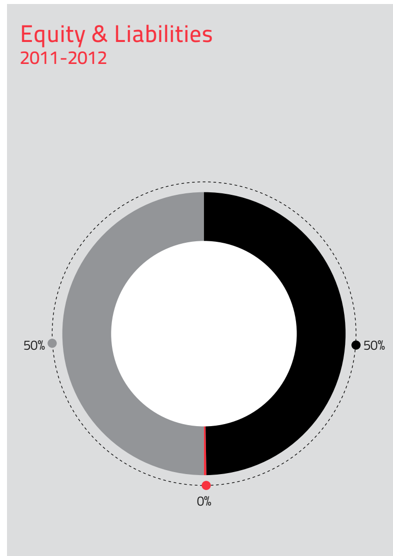
Millat Tractors Limited

For the year ended 30 June 2013

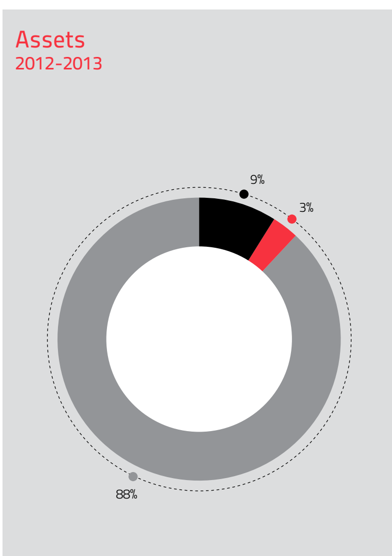
Graphical Analysis of
Balance Sheet



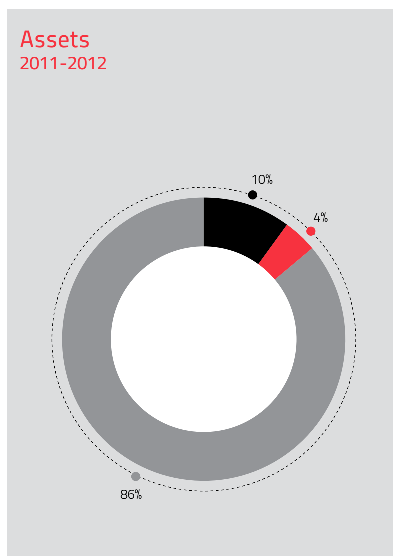
- Shareholder Equity
- Non-Current Liabilities
- Current Liabilities



- Shareholder Equity
- Non-Current Liabilities
- Current Liabilities



- Fixed Assets
- Long-term investment & Long-term pre-payments
- Current Assets



- Fixed Assets
- Long-term investment & Long-term pre-payments
- Current Assets

Auditor's Report
to the Members

We have audited the annexed balance sheet of Millat Tractors Limited ("The Company") as at 30 June 2013 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 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) In our opinion;

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in Note 4.1 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 parts 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 2013 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.

The financial statements of the Company for the year ended 30 June 2012 were audited by another firm of auditors whose report dated 17 August 2012 expressed an unqualified opinion thereon.

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

Lahore :
16 August 2013

Balance Sheet
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2012: 50,000,000) ordinary			
shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital	5	402,660	366,055
General reserves		3,306,590	3,368,710
Unappropriated profit		1,003,876	1,402,096
Fair value reserve		50,714	25,057
		4,763,840	5,161,918
Non-current liabilities			
Security deposits	6	10,895	10,485
Deferred taxation	7	19,253	18,045
		30,148	28,530
Current liabilities			
Accumulating compensated absences		61,335	55,461
Trade and other payables	8	5,267,679	5,041,886
Mark-up accrued on short term borrowings		2,400	1,425
		5,331,414	5,098,772
CONTINGENCIES AND COMMITMENTS	10	-	-
		10,125,402	10,289,220

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

Sikandar Mustafa Khan
Chairman

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	11	448,375	415,926
Capital work in progress	12	204,112	168,260
Intangible asset	13	841	5,871
Investment property	14	255,708	255,708
Long term investments	15	354,119	288,187
Long term loans	16	2,065	2,702
Employee benefits	17	128,026	114,196
		1,393,246	1,250,850
Current assets			
Stores and spares	18	133,485	68,419
Stock in trade	19	2,601,698	2,986,120
Trade debts	20	974,158	411,326
Loans and advances	21	71,498	181,535
Trade deposits and prepayments		27,384	25,103
Balance with statutory authority	22	1,904,916	1,649,132
Other receivables	23	86,483	97,630
Taxation - net		293,083	502,439
Short term investments	24	551,871	2,461,860
Cash and bank balances	25	2,087,580	654,806
		8,732,156	9,038,370
		10,125,402	10,289,220

Syed Muhammad Irfan Aqeel
Chief Executive

Profit and Loss Account
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Sales - net	26	22,698,651	20,133,130
Cost of sales	27	18,688,384	16,699,313
Gross profit		4,010,267	3,433,817
Distribution and marketing expenses	28	494,367	483,940
Administrative expenses	29	340,081	310,629
		834,448	794,569
Operating profit		3,175,819	2,639,248
Other income	30	301,383	472,618
		3,477,202	3,111,866
Finance cost	31	64,554	6,408
Other operating expenses	32	239,676	230,113
		304,230	236,521
Profit before taxation		3,172,972	2,875,345
Taxation	33	1,034,326	897,727
Profit after taxation		2,138,646	1,977,618
Earnings per share - basic and diluted (Rupees)	37	53.11	49.11

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Profit for the year		2,138,646	1,977,618
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss			
in subsequent periods:			
Unrealized gain / (loss) on revaluation of available for sale investments		25,657	(3,720)
Items not to be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income, net of tax		25,657	(3,720)
Total comprehensive income for the year		2,164,303	1,973,898

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Cash Flow Statement

For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	38	3,306,968	3,366,002
Interest and mark-up paid		(63,579)	(5,973)
Net decrease in long term loans to employees		637	373
Workers' profit participation fund paid		(169,983)	(165,183)
Taxes paid		(1,062,318)	(2,277,565)
Employee benefits paid		(21,594)	(20,685)
Long term security deposits received		410	-
Net cash from operating activities		1,990,541	896,969
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(132,850)	(52,193)
Purchase of intangible assets		(977)	-
Proceeds from disposal of property, plant and equipment		9,274	9,586
Investment made in long term investments - net		(40,275)	20
Proceeds from sale of short term investments - net		1,939,073	744,124
Profit on bank deposits received		22,351	8,450
Dividend received		155,052	103,290
Net cash from investing activities		1,951,648	813,277
Cash Flows From Financing Activities			
Dividend paid		(2,509,415)	(1,448,942)
Net cash used in financing activities		(2,509,415)	(1,448,942)
Net increase in cash and cash equivalents		1,432,774	261,304
Cash and cash equivalents at the beginning of the year		654,806	393,502
Cash and cash equivalents at the end of the year	25	2,087,580	654,806

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Revenue Resrves		Fair value reserve	Total
		General reserves	Unappropriated profit		
	(Rupees in thousand)				
Balance as on 01 July 2011	366,055	2,766,678	1,490,726	28,777	4,652,236
Final dividend for the year ended					
30 June 2011 @ Rs. 15/- per share	-	-	(549,081)	-	(549,081)
Transferred to general reserve	-	900,000	(900,000)	-	-
Interim dividend @ Rs. 25/- per share	-	(297,968)	(617,167)	-	(915,135)
Total comprehensive income for the					
year ended 30 June 2012	-	-	1,977,618	(3,720)	1,973,898
Balance as on 30 June 2012	366,055	3,368,710	1,402,096	25,057	5,161,918
Final dividend for the year ended					
30 June 2012 @ Rs. 40/- per share	-	(62,120)	(1,402,096)	-	(1,464,216)
Interim dividend @ Rs. 30/- per share	-	-	(1,098,165)	-	(1,098,165)
Issue of ordinary shares of Rs. 10/- each					
as fully paid bonus shares	36,605	-	(36,605)	-	-
Total comprehensive income for the					
year ended 30 June 2013	-	-	2,138,646	25,657	2,164,303
Balance as on 30 June 2013	402,660	3,306,590	1,003,876	50,714	4,763,840

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Notes to the Financial Statements

For the year ended 30 June 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value. The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1.1 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.

3.1.2 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.

3.1.3 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 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 and amended standards and interpretations become effective

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1	–	Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
IAS 12	–	Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

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% (2012: 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 2013.

The actual return on the plan assets during the year was Rs. 88,367 thousand (2012: Rs. 94,857 thousand). The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.
The amount recognized in balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2013	2012
Expected rate of increase in salary level	10.5%	12%
Expected rate of return	13%	14%
Discount rate	10.5%	13%
Average expected remaining working life of employees	7 years	7 years

The Company's policy with regard to actuarial gains/(losses) is to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

Notes to the Financial Statements
For the year ended 30 June 2013

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. During the year, Rs. 10,311 thousand (2012: Rs. 9,915 thousand) has been recognized as an expense by the Company, in respect of the scheme.

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. During the year, Rs. 11,245 thousand (2012: Rs. 9,721 thousand) has been recognised as an expense by the Company, in respect of the scheme.

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. During the year, Rs. 5,874 thousand (2012: Rs. 10,496 thousand) has been recognised as an expense by the Company, in respect of the scheme.

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 equity.

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.

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.

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.

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.

Notes to the Financial Statements
For the year ended 30 June 2013

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 as an income or expense.

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 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 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, 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.

4.11 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.

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

Notes to the Financial Statements
For the year ended 30 June 2013

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.

4.12 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

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values.

4.14 Revenue recognition

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

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 7	-	Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	-	Employee Benefits – (Amendment)	01 January 2013
IAS 32	-	Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

Notes to the Financial Statements

For the year ended 30 June 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards except IAS 19- Employee Benefits - (Amendment) will not affect the Company's financial statements in the period of initial application. However due to amendment in IAS 19, corridor approach has been eliminated and now all actuarial gain / losses are to be recognized in other comprehensive income as they incur. Due to this change in policy which will be applied retrospectively, unappropriated profit and employee benefits would be higher by Rs. 111,379 thousand.

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 or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	-	Consolidated Financial Statements	01 January 2013
IFRS 11	-	Joint Arrangements	01 January 2013
IFRS 12	-	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	-	Fair Value Measurement	01 January 2013

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2013	2012		2013	2012
(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		
34,063	34,063	- Opening balance	340,626	340,626
3,661	-	- Issued during the year	36,605	-
37,724	34,063		377,231	340,626
40,267	36,606		402,660	366,055

6. SECURITY DEPOSITS

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

	2013	2012
	(Rupees in thousand)	

7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

	2013	2012
Taxable temporary differences		
Accelerated tax depreciation	52,437	40,784
Change in fair value of short term investments	125	9,492
	52,562	50,276
Deductible temporary differences		
Accumulating compensated absences	(20,854)	(19,411)
Provision for doubtful receivables	(12,455)	(12,820)
	(33,309)	(32,231)
Net deferred tax liability at the year end	19,253	18,045

	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 2011	43,457	15,120	(20,151)	(12,820)	25,606
Charged/(credited) to					
profit and loss account	(2,673)	(5,628)	740	-	(7,561)
Balance as at 30 June 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)	19,25

	Note	2013	2012
		(Rupees in thousand)	

8. TRADE AND OTHER PAYABLES

	Note	2013	2012
Trade creditors	(8.1)	2,809,442	1,900,193
Accrued liabilities		132,221	124,758
Bills payable		64,906	221,593
Advances from customers	(8.2)	1,797,361	2,469,431
Security deposits	(8.3)	5,379	5,104
Trademark fee payable		131,490	85,572
Income tax deducted at source		13	12,366
Workers' Profit Participation Fund	(8.4)	-	(5,017)
Workers' Welfare Fund		120,009	60,706
Unclaimed dividends		165,837	112,871
Others		41,021	54,309
		5,267,679	5,041,886

8.1 These include balances due to related parties amounting Rs. 688,077 thousand (2012: Rs. 235,743 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.

8.4 Workers' profit participation fund

	Note	2013	2012
		(Rupees in thousand)	
Opening balance		(5,017)	5,183
Allocation for the year	(32)	170,632	154,983
		165,615	160,166
Less: Payments made during the year		(169,983)	(165,183)
Closing balance	(8.4.1)	(4,368)	(5,017

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

8.4.1 Current year balance has been transferred to other receivables (Note 23).

9. SHORT TERM BORROWINGS

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 2,074,000 thousand (2012: Rs. 1,799,000 thousand). The rates of mark up range between KIBOR plus 0.25% to KIBOR plus 0.5% (2012: KIBOR plus 0.2% to KIBOR plus 0.5%) per annum.

The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 2,674,000 thousand (2012: Rs. 2,470,000 thousand) out of which Rs. 941,800 thousand (2012: Rs. 1,104,780 thousand) remained unutilized at the end of the year.

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. 2,064 thousand (2012: Rs. 2,254 thousand) was utilized by employees as at 30 June.

10.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 450,000 thousand (2012: Rs. 242,879 thousand).

10.1.3 The Company is defending a counter suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. The management and the legal advisor are confident that outcome of the case would be in the Company's favour and no loss is likely to occur, hence no provision there against has been made in these financial statements. The case is pending in the Civil Court, Lahore.

10.2 Commitments

Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 577,000 thousand (2012: Rs. 1,340,000 thousand) at the balance sheet date.

11. OPERATING FIXED ASSETS

	Land		Buildings		Plant and machinery	Furniture & 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 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	
Net carrying value basis										
Year ended 30 June 2012										
Opening net book value	58,307	8	33,813	146	186,068	22,760	105,871	23,592	4,951	435,516
Additions (at cost)	-	-	-	-	9,274	5,720	21,285	1,869	922	39,070
Disposals	-	-	-	-	(129)	(343)	(5,318)	-	-	(5,790)
Depreciation charge	-	-	(3,049)	(146)	(19,187)	(2,813)	(22,259)	(3,620)	(1,796)	(52,870)
Closing net book value	58,307	8	30,764	-	176,026	25,324	99,579	21,841	4,077	415,926
Gross carrying value basis										
As at 30 June 2012										
Cost	58,307	8	170,978	2,900	428,222	51,902	195,680	74,567	20,729	1,003,293
Accumulated depreciation	-	-	(140,214)	(2,900)	(252,196)	(26,578)	(96,101)	(52,726)	(16,652)	(587,367)
Net book value	58,307	8	30,764	-	176,026	25,324	99,579	21,841	4,077	415,926
Depreciation rate % per annum	-	-	5-10	5	10	10-20	20	10-15	33	

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2013	2012
			(Rupees in thousand)	
11.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	(27)	32,709	30,791
	Distribution and marketing expenses	(28)	7,590	6,905
	Administrative expenses	(29)	15,158	15,174
			55,457	52,870

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					
	Mr. Shahid S. Toor	2,591	1,278	1,313	1,313	Company car scheme
	Syed Muhammad Yaqub	1,269	730	539	539	Company car scheme
	Syed Muhammad Yaqub	1,005	678	327	327	Company car scheme
	Mr. Shahid S. Toor	969	698	271	271	Company car scheme
	Mr. Ashfaq Farouqi	969	713	256	256	Company car scheme
	Mr. Nasim A. Sandhu	969	713	256	256	Company car scheme
	Mr. Muhammad Akram	931	684	247	247	Company car scheme
	Mr. M. Athar Zubair	931	684	247	247	Company car scheme
	Mr. Habib Ahmed	884	551	333	333	Company car scheme
	Mr. Nasim A. Sandhu	879	646	233	233	Company car scheme
	Mr. Moazzam Ali	839	109	730	730	Company car scheme
	Mr. M. Shahid Anwar	671	291	380	380	Company car scheme
	Mr. Muhammad Waseem Bhatti	660	485	175	175	Company car scheme
	Mr. Akbar Hassan	660	485	175	175	Company car scheme
	Mr. M. J. Akbar	660	486	174	174	Company car scheme
	Mr. M. Anwar Naz	660	485	175	175	Company car scheme
	Mr. Ghulam Daud	660	462	198	198	Company car scheme
	Mr. G. Jaffar Shah	660	485	175	175	Company car scheme
	Mr. Mazhar Iqbal Khokhar	660	485	175	175	Company car scheme
	Mr. Khurram Anwar	660	485	175	175	Company car scheme
	Mr. Nisar Ahmed Mirani	660	485	175	175	Company car scheme
	Mr. Sadaqat Ali	655	481	174	174	Company car scheme
	Mr. Khalid Mohiyuddin Sindhu	655	482	173	173	Company car scheme
	Mr. Khalid Nazir Ch.	649	390	259	259	Company car scheme
	Mr. Muhammad Hanif	434	319	115	115	Company car scheme
	Mr. Khalid Mehmood	434	319	115	115	Company car scheme
	Mr. S. Mansoor Alvi	434	319	115	115	Company car scheme
	Mr. Abdul Majeed	434	319	115	115	Company car scheme

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Vehicles	Employees					
	Mr. Tariq Mehmood	434	319	115	115	Company car scheme
	Ms. Qammar Sultana	390	288	288	102	Company car scheme
	Mr. Abid Majeed Malik	79	4	4	75	Company motorcycle scheme
	Mr. M. Usman	71	28	28	43	Company motorcycle scheme
	Mr. M. Usman Khan	71	28	43	43	Company motorcycle scheme
	Mr. Ali Anwar	67	13	54	54	Company motorcycle scheme
	Mr. Wasif Amin	66	3	63	63	Company motorcycle scheme
	Mr. Muhammad Akram	66	40	26	26	Company motorcycle scheme
	Mr. Muhammad Yaar	65	33	32	32	Company motorcycle scheme
	Mr. Waqar Abid Shah	63	28	34	34	Company motorcycle scheme
	Mr. Maqsood Saeed	61	41	20	20	Company motorcycle scheme
	Mr. Noor Ahmed	61	41	20	20	Company motorcycle scheme
	Mr. Khurshid Nawaz	61	41	20	20	Company motorcycle scheme
	Mr. Malik M. Akram	60	40	20	20	Company motorcycle scheme
	Mr. Asif Tanveer	60	40	20	20	Company motorcycle scheme
	Mr. Muhammad Ramzan	60	40	20	20	Company motorcycle scheme
	Mr. Khwaja Bux	60	40	20	20	Company motorcycle scheme
	Mr. Javaid Islam	60	40	20	20	Company motorcycle scheme
	Mr. Shahid Abbas	55	37	18	18	Company motorcycle scheme
	Mr. Muhammad Naveed	50	34	17	17	Company motorcycle scheme
	Mr. Muhambar Khan	50	34	17	17	Company motorcycle scheme
	Mr. Khalil-ur-Rehman	50	34	17	17	Company motorcycle scheme
	Mr. A. Ghaffar Abid	50	34	17	17	Company motorcycle scheme
	Mr. M. Javed Akhtar	50	34	17	17	Company motorcycle scheme
	Mr. Akbar Ali	50	34	17	17	Company motorcycle scheme
	Mr. Muhammad Rashid	50	33	17	17	Company motorcycle scheme
	Mr. Jan Muhammad	50	32	18	18	Company motorcycle scheme
	Mr. Muhammad Qayyum	50	34	17	17	Company motorcycle scheme
	Mr. Hafiz M. Idrees	50	34	17	17	Company motorcycle scheme
	Mr. Muhammad Sabir Nazir	50	34	17	17	Company motorcycle scheme
Plant and machinery		425	391	34	164	Auction
Tools and equipments		1,580	1,385	195	246	Negotiation
Computers		635	519	116	116	Negotiation

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2013	2012
			(Rupees in thousand)	
12.	CAPITAL WORK IN PROGRESS			
	Plant and machinery		16,299	11,853
	Civil work - office	(12.1)	187,139	151,830
	Advance for vehicles		674	4,577
			204,112	168,260

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

		Note	2013	2012
			(Rupees in thousand)	
13.	INTANGIBLE ASSET			
	Net carrying value basis			
	Opening net book value		5,871	17,614
	Additions		977	-
	Amortization charge	(29)	(6,007)	(11,743)
			841	5,871
	Gross carrying value basis			
	Cost		35,228	35,228
	Additions		977	-
	Accumulated amortization		(35,364)	(29,357)
			841	5,871
	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 2013, the fair value of investment property is Rs. 364,234 thousand (2012: Rs. 364,234 thousand).

		2013	2012
		(Rupees in thousand)	
15.	**LONG TERM INVESTMENTS**		
	Investment in related parties		
	In subsidiary undertaking		
	Unquoted		
	Millat Industrial Products Limited		
	5,737,500 (2012: 5,737,500) fully paid ordinary shares of Rs. 10/- each	57,375	57,375
	Equity held 64.09% (2012: 64.09%)		
	Value of investment based on net assets as shown in the audited accounts as at 30 June 2012 is Rs. 143,794 thousand (2011: Rs. 127,215 thousand)		
	Tipej Intertrade JLT		
	1,500 (2012: Nil) fully paid ordinary shares of AED 1,000/- each	40,275	-
	Equity held 75% (2012: Nil)		
	Value of investment based on net assets as shown in the reviewed accounts as at 30 June 2013 is Rs. 40,275 thousand (2012: Rs. Nil)		
	In associated companies		
	Quoted		
	Bolan Castings Limited		
	4,824,527 (2012: 4,824,527) fully paid ordinary shares of Rs. 10/- each	76,610	76,610
	Equity held 46.26% (2012: 46.26%). Market Value as at 30 June 2013 is Rs. 192,981 thousand (2012: Rs. 183,332 thousand)		
	Unquoted		
	Millat Equipment Limited		
	11,699,993 (2012: 11,699,993) fully paid ordinary shares of Rs. 10/- each	117,000	117,000
	Equity held 45% (2012: 45%)		
	Value of investment based on net assets as shown in the audited accounts as at 30 June 2013 is Rs. 479,515 (2012: Rs. 439,726 thousand)		
	Arabian Sea Country Club Limited		
	500,000 (2012: 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 (2012: 1,282,825) fully paid ordinary shares of Rs. 10/- each	12,145	12,145
	Surplus on revaluation of investment	50,714	25,057
	Market value as at 30 June	62,859	37,202
		354,119	288,187

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	Note	2013	2012
		(Rupees in thousand)	
16. LONG TERM LOANS - considered good			
Loan to employees:			
Company loan	(16.1)	1,881	2,413
Motor cycle loan	(16.2)	2,186	1,930
Less: Current portion included in current assets	(21)	(2,002)	(1,641)
		2,065	2,702

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

16.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2012	Disbursement during the year	Repayments during the year	Balance as at 30 June 2013
	(Rupees in thousand)			
Due from Executives	1,702	1,190	2,674	218

	2013	2012
	(Rupees in thousand)	
17. EMPLOYEE BENEFITS		
This comprises:		
Present value of defined benefit obligation	(634,660)	(638,562)
Fair value of plan assets	874,065	807,037
Unrecognized actuarial gains - net	(111,379)	(54,279)
Asset recognized in the balance sheet	128,026	114,196
Charge for the year		
Salaries, wages and amenities include the following in respect of employees' pension scheme:		
Current service cost	17,670	11,987
Interest cost	76,627	76,168
Expected return on plan assets	(96,844)	(102,417)
Net actuarial gain recognized in the year	-	(4,195)
	(2,547)	(18,457)

	2013	2012
	(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	638,562	544,061
Interest cost	76,627	76,168
Current service cost	17,670	11,987
Benefits paid	(32,622)	(30,140)
Actuarial (gain)/loss	(65,577)	36,486
Present value of defined benefit obligation as at 30 June	634,660	638,562
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at 01 July	807,037	731,550
Expected return on assets	96,844	102,417
Contributions	11,283	10,770
Benefits paid	(32,622)	(30,140)
Actuarial loss	(8,477)	(7,560)
Fair value of plan assets as at 30 June	874,065	807,037
Actual return on plan assets	88,367	94,857
Plan assets comprise:		
Saving Certificates	-	58,000
Bonds, Mutual Funds and Term Deposit Receipts	872,987	748,717
Cash	1,078	320
	874,065	807,037

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:

	2013	2012	2011	2010	2009
		(Rupees in thousand)			
As at 30 June					
Present value of defined benefit obligation	634,660	638,562	544,061	518,328	483,464
Fair value of plan assets	874,065	807,037	731,550	667,000	602,621
Surplus	239,405	168,475	187,489	148,672	119,157
Experience adjustment on obligation	(65,577)	36,486	(13,040)	(13,040)	4,584
Experience adjustment on plan assets	(8,477)	(7,560)	4,238	4,238	9,590

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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	2013	2012
		(Rupees in thousand)	
19. STOCK IN TRADE			
Raw material	(19.1)	2,256,593	2,589,652
Work-in-process		77,224	98,218
Finished goods :			
Manufacturing		203,711	224,414
Trading		63,112	66,143
Others		1,058	7,693
		267,881	298,250
		2,601,698	2,986,120

19.1 This includes stock in transit amounting to Rs.260,269 thousand (2012: Rs. 363,555 thousand).

19.2 Included in stocks are raw materials and components held with third parties amounting to Rs. 123,361 thousand (2012: Rs. 100,855 thousand).

20. TRADE DEBTS

20.1 These are unsecured but considered good by the management.

20.2 Trade debts include balances due from related parties, namely, Millat Equipment Limited and Bolan Castings Limited amounting to Rs. 40,172 thousand (2012: Rs. 14,254 thousand) and Rs. Nil (2012: Rs. 974) respectively.

20.3 There were no past due or impaired receivables from related parties as on 30 June 2013.

	Note	2013	2012
		(Rupees in thousand)	
21. LOANS AND ADVANCES			
Current portion of long term loans to employees	(16)	2,002	1,641
Advances to employees - Considered good	(21.1) & (21.2)	1,273	3,876
Advances to suppliers - Considered good	(21.3)	64,845	171,870
		68,120	177,387
Advances to suppliers - Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		3,378	4,148
		71,498	181,535

21.1 Included in advances to employees are amounts due from the Chief Executive Officer Rs. Nil (2012: Rs. 89 thousand) and Directors Rs. Nil (2012: Rs. 236 thousand) 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. 248 thousand (2012: Rs. 281 thousand) and Directors Rs. 791 thousand (2012: Rs. 1,288 thousand) in respect of travel advance.

21.3 Advances to suppliers include advances to vendors of Rs. 52,482 thousand (2012: Rs. 148,873 thousand) which carry mark-up of 15% to18% (2012: 15% to 18%) per annum. Included in advances to vendors are advances to related parties, namely Agro Craft (Private) Limited and Bismillah Industries of Rs. Nil (2012: Rs. 34 thousand) and Rs. 36 thousand (2012: Rs. 1,781 thousand) respectively.

		Note	2013	2012
			(Rupees in thousand)	
22.	BALANCE WITH STATUTORY AUTHORITY			
	Special excise duty recoverable		18,073	265,293
	Sales tax recoverable		1,920,990	1,417,986
	Less : Provision for doubtful claims		(34,147)	(34,147)
			1,886,843	1,383,839
			1,904,916	1,649,132
23.	OTHER RECEIVABLES			
	Claims receivable from foreign suppliers		79,515	95,130
	Profit/interest accrued		2,600	2,500
	Workers' Profit Participation Fund	(8.4)	4,368	-
			86,483	97,630
24.	SHORT TERM INVESTMENTS			
	Financial asset at fair value through profit and loss		550,623	2,366,944
	Surplus on revaluation of investment	(30)	1,248	94,916
			551,871	2,461,860
25.	CASH AND BANK BALANCES			
	In hand:			
	Cash		2,504	1,283
	Cheque in hand		66,598	77,109
			69,102	78,392
	At banks:			
	Current accounts		599,933	429,302
	Saving Accounts	(25.1)	1,418,545	147,112
			2,018,478	576,414
			2,087,580	654,806

25.1 These carry mark-up at the rate of 5% to 10.5% (2012: 5% to 10.5%) per annum.

Notes to the Financial Statements

For the year ended 30 June 2013

		Note	2013	2012
			(Rupees in thousand)	
26.	SALES - net			
	Local			
	Tractors		24,032,465	20,579,856
	Implements		66,180	54,422
	Multi-application products		494,345	394,255
	Trading goods		264,775	242,147
			24,857,765	21,270,680
	Less:			
	Discount		(47,143)	(23,387)
	Sales tax and special excise duty		(2,127,905)	(1,624,060)
			(2,175,048)	(1,647,447)
			22,682,717	19,623,233
	Export			
	Tractors		225,931	715,976
	Trading goods		225	5,197
			226,156	721,173
			22,908,873	20,344,406
	Less: Commission		(210,222)	(211,276)
			22,698,651	20,133,130
27.	COST OF SALES			
	Components consumed		17,744,505	15,917,197
	Salaries, wages and amenities	(27.1)	250,314	232,847
	Contract services		182,636	134,533
	Fuel and power		82,810	67,535
	Communication		166	213
	Travelling and vehicle running		8,901	12,902
	Printing and stationery		2,192	1,867
	Insurance		8,391	10,340
	Repairs and maintenance		79,063	70,722
	Stores and spares consumed		81,239	81,947
	Depreciation	(11.1)	32,709	30,791
	Other expenses		4,671	13,792
			18,477,597	16,574,686
	Add: Opening work-in-process		98,218	88,269
	Less: Closing work-in-process		(77,224)	(98,218)
	Increase / (decrease) in work-in-process		20,994	(9,949)
	Cost of goods manufactured		18,498,591	16,564,737
	Add: Opening finished goods		224,414	194,513
	Less: Closing finished goods		(203,711)	(224,414)
	Increase / (decrease) in finished goods stock		20,703	(29,901)
	Cost of sales - manufactured		18,519,294	16,534,836
	Cost of sales - trading	(27.2)	169,090	164,477
			18,688,384	16,699,313

		Note	2013	2012
			(Rupees in thousand)	
27.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(1,340)	(7,123)
	Defined contribution plan - Gratuity		5,145	4,745
	Defined contribution plan - Provident fund		5,338	4,809
	Provision for compensated absences		2,452	4,635
			11,595	7,066
27.2	Cost of sales - trading			
	Opening stock		66,143	60,623
	Purchases		166,059	169,997
	Closing stock		(63,112)	(66,143)
	Cost of goods sold		169,090	164,477
28.	DISTRIBUTION AND MARKETING EXPENSES			
	Salaries and amenities	(28.1)	75,543	64,998
	Contract services		17,459	13,278
	Fuel and power		7,579	6,585
	Communication		606	523
	Travelling and vehicle running		12,512	14,303
	Printing and stationery		4,287	2,525
	Insurance		6,683	4,882
	Trademark fee		256,905	250,205
	Advertisement and sales promotion		17,909	14,553
	Depreciation	(11.1)	7,590	6,905
	Meeting / convention		6,206	8,790
	After sales support		69,858	86,864
	Research cost		101	225
	Other expenses		11,129	9,304
			494,367	483,940
28.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(631)	(2,798)
	Defined contribution plan - Gratuity		2,594	2,311
	Defined contribution plan - Provident fund		2,392	1,884
	Provision for compensated absences		1,106	1,837
			5,461	3,234

Notes to the Financial Statements

For the year ended 30 June 2013

		Note	2013	2012
			(Rupees in thousand)	
29.	ADMINISTRATIVE EXPENSES			
	Salaries and amenities	(29.1)	150,782	139,803
	Contract services		23,119	18,242
	Fuel and power		12,599	10,812
	Communication		5,130	4,529
	Travelling and vehicle running		29,209	20,082
	Insurance		6,037	4,224
	Repairs and maintenance		10,857	11,013
	Security		5,986	11,318
	Legal and professional	(29.2)	12,489	10,067
	Depreciation	(11.1)	15,158	15,174
	Amortization of intangible asset	(13)	6,007	11,743
	Rent, rates and taxes		4,988	5,422
	Fee and subscription		10,849	2,560
	Entertainment		4,781	3,728
	Bad debts written off		-	6,027
	Other expenses		42,090	35,885
			340,081	310,629

29.1 It includes the following staff retirement benefits:

	2013	2012
Defined benefit plan - Pension	(576)	(8,536)
Defined contribution plan - Gratuity	2,572	2,859
Defined contribution plan - Provident fund	3,515	3,028
Provision for compensated absences	2,316	4,024
	7,827	1,375

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

	2013	2012
Statutory audit	1,210	1,210
Half year review	150	150
Special reports and sundry certifications	220	348
Out of pocket expenses	90	83
	1,670	1,791

	Note	2013	2012
		(Rupees in thousand)	
30. OTHER INCOME			
Income from financial assets			
Dividend income		1,925	2,566
Return on bank deposits		22,451	9,690
Gain on sale of short term investments		27,836	139,772
Change in fair value of short term investments	(24)	1,248	94,916
Gain on translation of foreign investment		255	-
Interest charged on early payments and advances		57,443	73,867
		111,158	320,811
Income from investment in associates and loans to related parties			
Dividend income from Millat Equipment Limited		152,100	87,750
Dividend income from Millat Industrial Products Limited		8,606	5,737
Dividend income from Bolan Castings Limited		9,649	7,237
Interest income on loan to Agrimall (Private) Limited		-	79
		170,355	100,803
Income from assets other than financial assets			
Rental income		2,936	5,009
Scrap sales		12,546	26,136
Exchange gain		412	4,683
Gain on disposal of property, plant and equipment		182	3,796
Others		3,794	11,380
		19,870	51,004
		301,383	472,618

31. FINANCE COST

Mark-up on short term borrowings - secured		62,189	5,765
Bank charges and commission		2,365	643
		64,554	6,408

32. OTHER OPERATING EXPENSES

Workers' profit participation fund	(8.4)	170,632	154,983
Workers' welfare fund		59,304	49,377
Donations	(32.1)	9,740	25,274
Advertising and promotion		-	479
		239,676	230,113

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

		2013	2012
		(Rupees in thousand)	
33.	**TAXATION**		
	For the year:		
	Current	1,036,685	870,807
	Deferred	1,208	(7,561)
		1,037,893	863,246
	Prior years:		
	Current	(3,567)	34,481
		1,034,326	897,727

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

	2013	2012
	%	%
Applicable tax rate	35.00	35.00
- Effect of change in prior year	(0.110)	1.20
- Income exempt for tax purposes	0.002	(0.01)
- Income chargeable to tax at lower rate	(1.97)	(4.29)
- Effect on opening deferred taxes on reduction of rate	(0.01)	-
- Others	(0.31)	(0.68)
	(2.40)	(3.78)
Average effective tax rate	32.60	31.22

34. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 16 August 2013 has proposed a cash dividend of Rs. 25 per share (2012: Rs. 40 per share) and 10% bonus share (2012: Nil) in respect of the year ended 30 June 2013. 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 Group are as follows:

	Chief Executive Officer		Directors				Executive	
	2013	2012	2013		2012		2013	2012
			NED	ED	NED	ED		
	(Rupees in thousand)							
Number of persons	1	2*	6**		6		55	46
Remuneration	4,792	3,865	11,113	4,587	3,687	8,662	44,084	35,419
Cost of living allowance	-	1,526	11,113	4,552	2,947	9,838	32,059	27,952
Bonus	3,140	1,175	3,368	1,409	-	4,508	13,115	12,553
House rent	2,156	1,739	5,001	2,065	1,659	3,901	15,087	12,270
Contribution to provident fund and gratuity funds	481	779	-	188	-	156	10,110	8,513
Pension contribution	-	259	-	6	-	17	5,450	4,752
Medical expenses	73	114	1,192	202	275	1,078	4,239	3,515
Utilities	417	249	1,395	583	304	1,674	4,921	4,037
Other reimbursable expenses	1,213	1,264	3,553	1,759	992	4,911	8,755	8,888
	12,272	10,970	36,735	15,351	9,864	34,745	137,820	117,899

* Last year, Syed Muhammad Irfan Aqueel was appointed as the Chief Executive Officer with effect from 01 January 2012 in place of Mr. Laeeq-uddin Ansari.
** During the year, Executive Directors 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 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of fee to two Directors (2012: two Directors) was Rs. 120 thousand (2012: Rs. 180 thousand) and travelling expenses Rs. 317 thousand (2012: Rs. 296 thousand).

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36. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 35. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Subsidiary	Sale of goods	16	1,613
	Purchase of components	179,104	167,129
	Dividend income	8,606	5,737
Associates	Sale of goods	86,418	69,929
	Purchase of components	4,098,571	3,485,389
	Dividend income	161,749	94,987
Retirement benefit plans	Contribution to staff retirement benefit plans	19,002	19,899

37. EARNINGS PER SHARE

37.1 Basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

		2013 (Rupees in thousand)	2012 (Rupees in thousand)
Profit for the year after tax	(Rupees in thousand)	2,138,646	1,977,618
Weighted average ordinary shares in issue	(Numbers)	40,267	40,267
Earnings per share	(Rupees)	53.11	49.11

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	2013	2012
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,172,972	2,875,345
Adjustment for:			
Depreciation on property, plant and equipment		55,457	52,870
Amortization of intangible asset		6,007	11,743
Bad debts written off		-	6,027
Provision for accumulating compensated absences		5,874	10,496
Profit on bank deposits		(22,451)	(9,690)
Dividend income		(172,280)	(103,290)
Pension		(2,547)	(18,457)
Provision for gratuity		10,311	9,915
Gain on disposal of property, plant and equipment		(182)	(3,796)
Gain on sale of short term investments		(27,836)	(139,772)
Gain on change in fair value of investments		(1,248)	(94,916)
Gain on divestment in long term investments		-	(20)
Finance cost		64,554	6,408
Workers' profit participation fund		170,632	154,983
Workers' welfare fund		59,304	49,377
Working capital changes	(38.1)	(11,599)	558,779
		3,306,968	3,366,002

38.1 Working capital changes

(Increase) / decrease in current assets

	2013	2012
Stores and spares	(65,067)	63,140
Stock-in-trade	384,422	(405,827)
Trade debts	(562,832)	(240,923)
Loans and advances	110,037	33,758
Trade deposits and prepayments	(2,281)	(5,971)
Interest accrued on loan to Agrimall (Private) Limited	-	(79)
Other receivables	15,615	(22,052)
	(120,106)	(577,954)
Increase in current liabilities		
Trade and other payables	108,507	1,136,733
	(11,599)	558,779

39. 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/markup 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

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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 analyze 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.

Monetory 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
		2013	2012
		(Rupees in thousand)	
Trade and other payables - GBP	+1	936	305
	-1	(936)	(305)
Trade and other payables - USD	+1	2,725	947
	-1	(2,725)	(947)
Trade and other payables - EUR	+1	582	-
	-1	(582)	-

	2013	2012
Reporting date rate:		
GBP	150.87	147.07
USD	98.8	94.2
EUR	129.11	118.5

(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.

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

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	1,418,545	147,112

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	2013	+1	14,185
		-1	(14,185)
	2012	+1	1,471
		-1	(1,471)

Notes to the Financial Statements

For the year ended 30 June 2013

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. 3,823,750 thousand (2012: Rs. 3,739,818), the financial assets which are subject to credit risk amounted to Rs. 3,754,648 thousand (2012: Rs. 3,738,535 thousand). The Company is 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:

	2013	2012
	(Rupees in thousand)	
Employee benefits	128,026	114,196
Trade debts	974,158	411,326
Other receivables	82,115	97,630
Short term investments	551,871	2,461,860
Bank balances	2,018,478	576,414
	3,754,648	3,661,426
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	974,158	411,326
Past due 4 - 6 Months	-	-
Past due 7 - 12 Months	-	-
Past due one year	-	-
	974,158	411,326

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:

	Rating Short term	Rating Long term	Rating Agency	2013	2012
				(Rupees in thousand)	
Banks					
Meezan Bank Limited	A-1+	AA	JCR-VIS	87,175	16,836
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	400,428	163,130
Bank Alfalah Limited	A-1+	AA	PACRA	9,525	8,016
Standard Chartered Bank	A-1+	AAA	PACRA	57,424	121,176
United Bank Limited	A-1+	AA+	JCR-VIS	290,603	175,429
The Bank of Punjab	A-1+	AA-	PACRA	3,194	7,482
MCB Bank Limited	A-1+	AAA	PACRA	1,648	7,200
Habib Bank Limited	A-1+	AAA	JCR-VIS	140,878	57,746
Barclays Bank Plc	A-1	A	S&P	101,827	19,194
Sindh Bank	A-1+	AA-	JCR-VIS	924,963	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	813	205
				2,018,478	576,414

	Rating	Agency	2013	2012
			(Rupees in thousand)	
Mutual funds				
UBL Liquidity Plus Fund	AA+(f)	JCR-VIS	-	405,842
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	-	313,592
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	150,271	350,308
NIT Government Bond Fund	AA(f)	PACRA	-	202,683
ABL Cash Fund	AA(f)	JCR-VIS	100,768	385,130
Atlas Money Market Fund	AA+(f)	PACRA	-	102,780
HBL Money Market Fund	AA(f)	JCR-VIS	100,561	365,453
Askari Sovereign Cash Fund	AAA(f)	PACRA	200,271	336,072
			551,871	2,461,860

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 2013, the Company had Rs. 2,674,000 thousand available borrowing limits from financial institutions and Rs. 2,087,580 thousand cash and bank balances.

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

	Carry amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Trade and other payables	5,267,679	5,267,679	-	-
Accrued finance cost	2,400	2,400	-	-
	5,270,079	5,270,079	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

The following are the contractual maturities of financial liabilities as at 30 June 2012:

	Carry amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Trade and other payables	5,041,886	5,041,487	399	-
Accrued finance cost	1,425	1,425	-	-
	5,043,311	5,042,912	399	-

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 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.

As at 30 June 2012, the Company held the following financial instruments carried at fair value:

	2012	Level 1	Level 2	Level 3
		(Rupees in thousand)		
Assets measured at fair value - available for sale				
Equity shares	37,202	37,202	-	-
Investment in mutual funds	2,461,860	2,461,860	-	-

There were no liabilities measured at fair value as at 30 June 2012.

39.6 Financial instruments by categories

	Available - for - sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)									
Financial assets as per balance sheet										
Long term investments	62,859	37,202	-	-	-	-	291,260	250,985	354,119	288,187
Long term loans	-	-	-	-	2,065	2,702	-	-	2,065	2,702
Loans to employees	-	-	-	-	3,275	5,517	-	-	3,275	5,517
Trade debts	-	-	-	-	974,158	411,326	-	-	974,158	411,326
Other receivables	-	-	-	-	82,115	97,630	-	-	82,115	97,630
Short term investments	-	-	551,871	2,461,860	-	-	-	-	551,871	2,461,860
Bank balances	-	-	-	-	2,018,478	576,414	-	-	2,018,478	576,414
	62,859	37,202	551,871	2,461,860	3,080,091	1,093,589	291,260	250,985	3,986,081	3,843,636

	Financial liabilities	
	2013	2012
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	5,267,679	5,041,886
Mark-up accrued on short term borrowings	2,400	1,425
	5,270,079	5,043,311

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 financing through long term. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

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	2013	2012
		(Rupees in thousand)	
Size of the fund		575,133	491,097
Cost of investment made	(40.2)	500,861	406,733
Percentage of investment made		87.09%	82.82%
Fair value of investment		867,753	742,097

40.2 Breakup of investment

	2013	2012
Investment in shares (Listed Securities)	10,734	11,519
Term Deposit Receipts	490,127	346,214
Special Saving Certificate	-	49,000
	500,861	406,733

41. CAPACITY AND PRODUCTION

	2013	2012
	Units per annum	
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	32,016	32,004

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

42. NUMBER OF EMPLOYEES

	2013	2012
Number of employees at the end of the year	452	453
Average number of employees during the year	451	433

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 16 August 2013 by the Board of Directors of the Company.

44. CORRESPONDING FIGURES

44.1 Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. Following significant reclassifications have been made:

44.1.1 Balance with statutory authority amounting to Rs.1,904,916 thousand (2012: Rs. 1,649,132 thousand) included in other receivables has been presented as the line item on the face of balance sheet.

44.1.2 Employee benefits amounting to Rs.128,026 thousand (2012: Rs. 114,916 thousand) has been been reclassified from current assets (other receivable) to non current assets and presented as line item on the face of balance sheet.

45. GENERAL

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Consolidated Financial Statements

Millat Tractors Limited

For the year ended 30 June 2013

GROUP DIRECTORS' REPORT

Year ended 30 June 2013

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2013.

THE GROUP

The Group comprises of 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, 2013 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 manufacturing of automotive batteries for MTL as well as the after sale market. During the year the Board of Directors of the Company approved an expansion plan in order to meet the ever increasing demand of its batteries due to high quality and overall energy crisis. MIPL earned an after tax profit of 55 million and registered sale of Rs.804 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 and the remaining 25% is equally held by the five sponsor directors namely M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem.

The principal activity of the Company is trading in machinery and heavy equipment. 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 no profit and loss account from the date of incorporation till balance sheet date of the Company (December 31, 2012) as the Company had not commenced business.

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 as stated above.

EARNINGS PER SHARE

Earnings per share (EPS) for the year ended June 30, 2013 of MTL and MIPL are duly reported in their Directors' reports. The EPS of TIPEG is nil.

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Lahore: August 16, 2013

Auditor's 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 2013 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 Tipej 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 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 2013 and the results of their operations for the year then ended.

The consolidated financial statements of the Holding Company for the year ended 30 June 2012 were audited by another firm of auditors whose report dated 17 August 2012 expressed a qualified opinion regarding group's share of income fro associated companies based on unaudited financial statements.

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

Lahore :
16 August 2013

Consolidated Balance Sheet
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2012: 50,000,000) ordinary			
shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital	5	402,660	366,055
General reserves		3,306,590	3,368,710
Unappropriated profit		1,640,485	1,974,692
Exchange translation reserve		(63)	-
Fair value reserve		37,377	11,720
		5,387,049	5,721,177
Non-controlling interest		106,045	77,649
Non-current liabilities			
Security deposits	6	10,895	10,485
Deferred taxation	7	23,149	21,937
		34,044	32,422
Current liabilities			
Accumulating compensated absences		61,336	55,461
Trade and other payables	8	5,266,567	5,067,207
Mark-up accrued on short term borrowings		2,401	1,736
		5,330,304	5,124,404
CONTINGENCIES AND COMMITMENTS	10	-	-
		10,857,442	10,955,652

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

Sikandar Mustafa Khan
Chairman

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	11	498,858	465,893
Capital work in progress	12	205,131	168,260
Intangible asset	13	841	5,871
Investment property	14	255,708	255,708
Long term investments	15	768,344	701,962
Long term loans	16	2,065	2,702
Employee benefits	17	128,026	114,196
		1,858,973	1,714,592
Current assets			
Stores and spares	18	141,504	74,884
Stock in trade	19	2,697,794	3,064,117
Trade debts	20	1,010,625	470,198
Loans and advances	21	83,977	197,477
Trade deposits and prepayments		30,378	27,310
Other receivables	22	83,405	97,703
Balance with statutory authority	23	1,896,021	1,651,054
Taxation - net		289,370	512,466
Short term investments	24	551,871	2,461,860
Cash and bank balances	25	2,213,524	683,991
		8,998,469	9,241,060
		10,857,442	10,955,652

Syed Muhammad Irfan Aqeel
Chief Executive

Consolidated Profit and Loss Account
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Sales - net	26	23,324,378	20,621,671
Cost of sales	27	19,170,085	17,082,867
Gross profit		4,154,293	3,538,804
Distribution and marketing expenses	28	518,366	504,975
Administrative expenses	29	376,108	337,402
		894,474	842,377
Operating profit		3,259,819	2,696,427
Other income	30	134,435	373,823
		3,394,254	3,070,250
Finance cost	31	65,166	10,262
Other operating expenses	32	245,860	233,727
		311,026	243,989
		3,083,228	2,826,261
Share of profit of associates	33	298,527	236,545
Profit before taxation		3,381,755	3,062,806
Taxation			
- Group	34	1,063,250	914,546
- Associates		96,052	72,240
		1,159,302	986,786
Profit after taxation		2,222,453	2,076,020
Attributable to:			
- Equity holders of the holding Company		2,202,659	2,063,516
- Non-controlling interest		19,794	12,504
		2,222,453	2,076,020
Earnings per share - basic and diluted (Rupees)	38	55.19	51.56

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Profit for the year		2,222,453	2,076,020
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss			
in subsequent periods:			
Exchange differences on translation of foreign operations		(63)	-
Unrealized gain / (loss) on revaluation of available for sale investments		25,657	(3,720)
		25,594	(3,720)
Items not to be reclassified to profit or loss in subsequent period		-	-
Total other comprehensive income, net of tax		25,594	(3,720)
Total comprehensive income for the year		2,248,047	2,072,300
Attributable to:			
- Equity holders of the holding Company		2,228,253	2,059,796
- Non-controlling interest		19,794	12,504
		2,248,047	2,072,300

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Consolidated Cash Flow Statement
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	39	3, 3,377,923	3,467,033
Interest and mark-up paid		(64,501)	(10,029)
Net decrease in long term loans to employees		637	373
Workers' profit participation fund paid		(172,746)	(169,996)
Taxes paid		(1,083,908)	(2,299,368)
Employee benefits paid		(21,594)	(57,599)
Long term security deposits received		410	-
Net cash from operating activities		2,036,221	930,414
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(141,338)	(59,426)
Purchase of intangible assets		(977)	-
Proceeds from disposal of property, plant and equipment		10,114	9,768
Investment made in long term investments - net		-	20
Proceeds from sale of short term investments - net		1,939,073	744,124
Dividend payment to non controlling interest		(4,823)	(3,216)
Profit on bank deposits received		23,536	8,450
Dividend received		163,674	97,553
Net cash from investing activities		1,989,259	797,273
Cash Flows From Financing Activities			
Investment of non controlling interest in foreign subsidiary		13,425	-
Dividend paid		(2,509,309)	(1,448,912)
Net cash used in financing activities		(2,495,884)	(1,448,912)
Net increase in cash and cash equivalents		1,529,596	278,775
Cash and cash equivalents at the beginning of the year		683,991	405,216
Foreign exchange difference		(63)	-
Cash and cash equivalents at the end of the year	25	2,213,524	683,991

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Exchange translation reserve	Revenue Reserves: General reserves	Revenue Reserves: Unappropriated profit	Fair value reserve	Non-controlling interest	Total
	(Rupees in thousand)						
Balance as on 01 July 2011	366,055	-	2,766,678	1,977,424	15,440	68,361	5,193,958
Final dividend for the year ended 30 June 2011 @ Rs. 15/- per share	-	-	-	(549,081)	-	-	(549,081)
Transferred to general reserve	-	-	900,000	(900,000)	-	-	-
Interim dividend @ Rs. 25/- per share	-	-	(297,968)	(617,167)	-	-	(915,135)
Dividend payment to non controlling interest	-	-	-	-	-	(3,216)	(3,216)
Total comprehensive income for the year ended 30 June 2012	-	-	-	2,063,516	(3,720)	12,504	2,072,300
Balance as on 30 June 2012	366,055	-	3,368,710	1,974,692	11,720	77,649	5,798,826
Final dividend for the year ended 30 June 2012 @ Rs. 40/- per share	-	-	(62,120)	(1,402,096)	-	-	(1,464,216)
Interim dividend @ Rs. 30/- per share	-	-	-	(1,098,165)	-	-	(1,098,165)
Issue of ordinary shares of Rs.10/- each as fully paid bonus shares	36,605	-	-	(36,605)	-	-	-
Dividend payment to non controlling interest	-	-	-	-	-	(4,823)	(4,823)
Investment in subsidiary	-	-	-	-	-	13,425	13,425
Exchange differences on translation of foreign operations	-	(63)	-	-	-	-	(63)
Total comprehensive income for the year ended 30 June 2013	-	-	-	2,202,659	25,657	19,794	2,248,110
Balance as on 30 June 2013	402,660	(63)	3,306,590	1,640,485	37,377	106,045	5,493,094

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

1. THE GROUP AND ITS OPERATIONS

Holding Company

Millat Tractors Limited

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.

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 vehicles, industrial and domestic batteries, cells and components.

Tipej Intertrade JLT, Dubai, a limited liability newly incorporated 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 not yet 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 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. 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:

3.1.1 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.

3.1.2 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.

3.1.3 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 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 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 and amended standards and interpretations that become effective

The Group has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1	–	Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
IAS 12	–	Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the consolidated financial statements.

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.

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

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

The Group operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2012: 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 2013.

The actual return on the plan assets during the year was Rs. 88,367 thousand (2012: Rs. 94,857 thousand). The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Group as reduced by benefits paid during the year.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2013	2012
Expected rate of increase in salary level	10.5%	12%
Expected rate of return	13%	14%
Discount rate	10.5%	13%
Average expected remaining working life of employees	7 years	7 years

The Group's policy with regard to actuarial gains/(losses) is to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

4.4.2 Defined contribution plans

4.4.2.1 Gratuity

The Group 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. During the year, Rs. 10,311 thousand (2012: Rs. 9,915 thousand) has been recognized as an expense by The Group, in respect of the scheme.

4.4.2.2 Provident fund

The Group operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and The Group at the rate of 10 percent of basic salary per month. During the year, Rs. 11,659 thousand (2012: Rs. 9,721 thousand) has been recognised as an expense by the Group, in respect of the scheme.

4.4.3 Accumulating compensated absences

The Group provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit. During the year, Rs. 5,875 thousand (2012: Rs. 10,496 thousand) has been recognised as an expense by the Group, in respect of the scheme.

4.5 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 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

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.

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.

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.

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

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 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 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.

4.10.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

4.10.4 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.

4.10.5 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

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values.

4.15 Revenue recognition

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

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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

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 income statements 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 or loss.

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 7	-	Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	-	Employee Benefits – (Amendment)	01 January 2013
IAS 32	-	Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards except IAS 19- Employee Benefits - (Amendment) will not affect the Group's consolidated financial statements in the period of initial application. However due to amendment in IAS 19, corridor approach has been eliminated and now all actuarial gain / losses are to be recognized in other comprehensive income as they incur. Due to this change in policy which will be applied retrospectively, unappropriated profit and employee benefits would be higher by Rs. 111,379 thousand.

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 or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	-	Consolidated Financial Statements	01 January 2013
IFRS 11	-	Joint Arrangements	01 January 2013
IFRS 12	-	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	-	Fair Value Measurement	01 January 2013

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2013	2012		2013	2012
(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		
34,063	34,063	- Opening balance	340,626	340,626
3,661	-	- Issued during the year	36,605	-
37,724	34,063		377,231	340,626
40,267	36,606		402,660	366,055

6. SECURITY DEPOSITS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

		2013	2012
		(Rupees in thousand)	
7.	DEFERRED TAXATION		
	The liability for deferred tax comprises temporary differences relating to:		
	Taxable temporary differences		
	Accelerated tax depreciation	57,173	45,307
	Change in fair value of short term investments	125	9,492
		57,298	54,799
	Deductible temporary differences		
	Accumulating compensated absences	(20,854)	(19,411)
	Provision for doubtful receivables and warranty	(13,295)	(13,451)
		(34,149)	(32,862)
	Net deferred tax liability at the year end	23,149	21,937

	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 2011	47,661	15,120	(20,151)	(13,367)	29,263
Charged/(credited) to profit and loss account	(2,354)	(5,628)	740	(84)	(7,326)
Balance as at 30 June 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

		Note	2013	2012
			(Rupees in thousand)	
8.	TRADE AND OTHER PAYABLES			
	Trade creditors	(8.1)	2,784,379	1,897,313
	Accrued liabilities		134,332	129,717
	Bills payable		64,906	221,593
	Advances from customers	(8.2)	1,811,707	2,477,471
	Security deposits	(8.3)	5,379	5,104
	Trademark fee payable		131,490	85,572
	Income tax deducted at source		53	12,382
	Workers' Profit Participation Fund	(8.4)	144	(2,254)
	Workers' Welfare Fund		122,615	61,640
	Unclaimed dividends		165,973	112,901
	Others		45,589	65,768
			5,266,567	5,067,207

8.1 These include balances due to related parties amounting Rs. 651,226 thousand (2012: Rs. 222,900 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.

		Note	2013	2012
			(Rupees in thousand)	
8.4	Workers' profit participation fund			
	Opening balance		(2,254)	9,996
	Allocation for the year	(32)	175,144	157,746
			172,890	167,742
	Less: Payments made during the year		(172,746)	(169,996)
	Closing balance		144	(2,254)

9. SHORT TERM BORROWINGS

Short term borrowings are available from various banks against aggregate sanctioned limit of Rs. 2,075,000 thousand (2012: Rs. 1,899,000 thousand). The rates of mark up range between KIBOR plus 0.25% to KIBOR plus 1.5% (2012: KIBOR plus 0.2% to KIBOR plus 1.5%) per annum.

The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 2,674,000 thousand (2012: Rs. 2,470,000 thousand) out of which Rs. 941,800 thousand (2012: Rs. 1,104,780 thousand) remained unutilized at the end of the year.

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. 2,064 thousand (2012: Rs. 2,254 thousand) was utilized by employees as at 30 June.

10.1.2 Guarantees issued by the banks on behalf of the Group in the normal course of business amount to Rs. 451,068 thousand (2012: Rs. 243,947 thousand).

10.1.3 The Group is defending a counter suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. The management and the legal advisor are confident that outcome of the case would be in the Group's favour and no loss is likely to occur, hence no provision there against has been made in these financial statements. The case is pending in the Civil Court, Lahore.

10.2 Commitments

Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 582,135 thousand (2012: Rs. 1,356,601 thousand) at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

11. OPERATING FIXED ASSETS

	Land		Buildings		Plant and machinery	Furniture & 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 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	
Net carrying value basis										
Year ended 30 June 2012										
Opening net book value	68,762	8	43,274	146	198,789	24,181	112,765	31,292	5,361	484,578
Additions (at cost)	-	-	323	-	12,244	7,033	21,419	4,230	1,118	46,367
Disposals	-	-	-	-	(129)	(343)	(5,500)	-	-	(5,972)
Depreciation charge	-	-	(3,998)	(146)	(21,257)	(3,132)	(23,626)	(4,992)	(1,929)	(59,080)
Closing net book value	68,762	8	39,599	-	189,647	27,739	105,058	30,530	4,550	465,893
Gross carrying value basis										
As at 30 June 2012										
Cost	68,762	8	182,942	2,900	453,507	55,211	205,540	91,504	21,856	1,082,230
Accumulated depreciation	-	-	(143,343)	(2,900)	(263,860)	(27,472)	(100,482)	(60,974)	(17,306)	(616,337)
Net book value	68,762	8	39,599	-	189,647	27,739	105,058	30,530	4,550	465,893
Depreciation rate % per annum	-	-	5-10	5	10	10-20	20	10-15	33	

		Note	2013	2012
			(Rupees in thousand)	
11.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	(27)	38,263	36,171
	Distribution and marketing expenses	(28)	7,879	7,181
	Administrative expenses	(29)	15,736	15,728
			61,878	59,080

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					
	Mr. Shahid S. Toor	2,591	1,278	1,313	1,313	Company car scheme
	Syed Muhammad Yaqub	1,269	730	539	539	Company car scheme
	Syed Muhammad Yaqub	1,005	678	327	327	Company car scheme
	Mr. Shahid S. Toor	969	698	271	271	Company car scheme
	Mr. Ashfaq Farouqi	969	713	256	256	Company car scheme
	Mr. Nasim A. Sandhu	969	713	256	256	Company car scheme
	Mr. Muhammad Akram	931	684	247	247	Company car scheme
	Mr. M. Athar Zubair	931	684	247	247	Company car scheme
	Mr. Habib Ahmed	884	551	333	333	Company car scheme
	Mr. Nasim A. Sandhu	879	646	233	233	Company car scheme
	Mr. Moazzam Ali	839	109	730	730	Company car scheme
	Mr. M. Shahid Anwar	671	291	380	380	Company car scheme
	Mr. Muhammad Waseem Bhatti	660	485	175	175	Company car scheme
	Mr. Akbar Hassan	660	485	175	175	Company car scheme
	Mr. M. J. Akbar	660	486	174	174	Company car scheme
	Mr. M. Anwar Naz	660	485	175	175	Company car scheme
	Mr. Ghulam Daud	660	462	198	198	Company car scheme
	Mr. G. Jaffar Shah	660	485	175	175	Company car scheme
	Mr. Mazhar Iqbal Khokhar	660	485	175	175	Company car scheme
	Mr. Khurram Anwar	660	485	175	175	Company car scheme
	Mr. Nisar Ahmed Mirani	660	485	175	175	Company car scheme
	Mr. Sadaqat Ali	655	481	174	174	Company car scheme
	Mr. Khalid Mohiyuddin Sindhu	655	482	173	173	Company car scheme
	Mr. Khalid Nazir Ch.	649	390	259	259	Company car scheme
	Mr. Muhammad Hanif	434	319	115	115	Company car scheme
	Mr. Khalid Mehmood	434	319	115	115	Company car scheme
	Mr. S. Mansoor Alvi	434	319	115	115	Company car scheme
	Mr. Abdul Majeed	434	319	115	115	Company car scheme
	Mr. Tariq Mehmood	434	319	115	115	Company car scheme

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Vehicles	Employees					
	Ms. Qammar Sultana	390	288	288	102	Company car scheme
	Mr. Abid Majeed Malik	79	4	4	75	Company motorcycle scheme
	Mr. M. Usman	71	28	28	43	Company motorcycle scheme
	Mr. M. Usman Khan	71	28	43	43	Company motorcycle scheme
	Mr. Ali Anwar	67	13	54	54	Company motorcycle scheme
	Mr. Wasif Amin	66	3	63	63	Company motorcycle scheme
	Mr. Muhammad Akram	66	40	26	26	Company motorcycle scheme
	Mr. Muhammad Yaar	65	33	32	32	Company motorcycle scheme
	Mr. Waqar Abid Shah	63	28	34	34	Company motorcycle scheme
	Mr. Maqsood Saeed	61	41	20	20	Company motorcycle scheme
	Mr. Noor Ahmed	61	41	20	20	Company motorcycle scheme
	Mr. Khurshid Nawaz	61	41	20	20	Company motorcycle scheme
	Mr. Malik M. Akram	60	40	20	20	Company motorcycle scheme
	Mr. Asif Tanveer	60	40	20	20	Company motorcycle scheme
	Mr. Muhammad Ramzan	60	40	20	20	Company motorcycle scheme
	Mr. Khwaja Bux	60	40	20	20	Company motorcycle scheme
	Mr. Javaid Islam	60	40	20	20	Company motorcycle scheme
	Mr. Shahid Abbas	55	37	18	18	Company motorcycle scheme
	Mr. Muhammad Naveed	50	34	17	17	Company motorcycle scheme
	Mr. Muhambar Khan	50	34	17	17	Company motorcycle scheme
	Mr. Khalil-ur-Rehman	50	34	17	17	Company motorcycle scheme
	Mr. A. Ghaffar Abid	50	34	17	17	Company motorcycle scheme
	Mr. M. Javed Akhtar	50	34	17	17	Company motorcycle scheme
	Mr. Akbar Ali	50	34	17	17	Company motorcycle scheme
	Mr. Muhammad Rashid	50	33	17	17	Company motorcycle scheme
	Mr. Jan Muhammad	50	32	18	18	Company motorcycle scheme
	Mr. Muhammad Qayyum	50	34	17	17	Company motorcycle scheme
	Mr. Hafiz M. Idrees	50	34	17	17	Company motorcycle scheme
	Mr. Muhammad Sabir Nazir	50	34	17	17	Company motorcycle scheme
	Mr. Naveed Ashraf	458	362	96	400	Negotiation
	East West Insurance Company	660	225	435	440	Insurance claim recovery
Plant and machinery		425	391	34	164	Auction
Tools and equipments		1,580	1,385	195	246	Negotiation
Computers		635	519	116	116	Negotiation

		Note	2013	2012
			(Rupees in thousand)	
12.	CAPITAL WORK IN PROGRESS			
	Plant and machinery		16,299	11,853
	Civil work - office	(12.1)	188,158	151,830
	Advance for vehicles		674	4,577
			205,131	168,260

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

		Note	2013	2012
			(Rupees in thousand)	
13.	INTANGIBLE ASSET			
	Net carrying value basis			
	Opening net book value		5,871	17,614
	Additions		977	-
	Amortization charge	(29)	(6,007)	(11,743)
			841	5,871
	Gross carrying value basis			
	Cost		35,228	35,228
	Additions		977	-
	Accumulated amortization		(35,364)	(29,357)
			841	5,871
	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 2013, the fair value of investment property is Rs. 364,234 thousand (2012: Rs. 364,234 thousand).

Notes to the Consolidated Financial Statements
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		2013	2012
		(Rupees in thousand)	
15.	LONG TERM INVESTMENTS		
	Investment in related parties		
	In associated companies		
	Quoted		
	Bolan Castings Limited		
	4,824,527 (2012: 4,824,527) fully paid ordinary shares of Rs. 10/- each	252,006	251,069
	Equity held 46.26% (2012: 46.26%). Market Value as at 30 June 2013 is Rs. 192,981 thousand (2012: Rs. 183,332 thousand)		
	Unquoted		
	Millat Equipment Limited		
	11,699,993 (2012: 11,699,993) fully paid ordinary shares of Rs. 10/- each	453,480	413,691
	Equity held 45% (2012: 45%)		
	Value of investment based on net assets as shown in the audited accounts as at 30 June 2013 is Rs. 479,515 (2012: Rs. 439,726 thousand)		
	Arabian Sea Country Club Limited		
	500,000 (2012: 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 (2012: 1,282,825) fully paid ordinary shares of Rs. 10/- each	25,481	25,481
	Surplus on revaluation of investment	37,377	11,721
	Market value as at 30 June	62,858	37,202
		768,344	701,962

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 follows:

(Rupees in thousand)

Name	Percentage interest held	Assets	Liabilities	Revenue	Profit
30 June 2013					
Bolan Castings Limited*	46.26%	621,918	362,838	807,688	15,589
Millat Equipment Limited*	45.00%	706,370	226,855	1,170,080	282,938
30 June 2012					
Bolan Castings Limited*	46.26%	378,305	212,842	797,772	31,921
Millat Equipment Limited*	45.00%	532,439	196,014	966,497	204,624

* Share of profit is before taxation

		Note	2013	2012
			(Rupees in thousand)	
16.	LONG TERM LOANS - considered good			
	Loan to employees:			
	Company loan	(16.1)	1,881	2,413
	Motor cycle loan	(16.2)	2,186	1,930
	Less: Current portion included in current assets	(21)	(2,002)	(1,641)
			2,065	2,702

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

16.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2012	Disbursement during the year	Repayments during the year	Balance as at 30 June 2013
	(Rupees in thousand)			
Due from Executives	1,702	1,190	2,674	218

		2013	2012
		(Rupees in thousand)	
17.	EMPLOYEE BENEFITS		
	This comprises:		
	Present value of defined benefit obligation	(634,660)	(638,562)
	Fair value of plan assets	874,065	807,037
	Unrecognized actuarial gains - net	(111,379)	(54,279)
	Asset recognized in the balance sheet	128,026	114,196
	Charge for the year		
	Salaries, wages and amenities include the following in respect of employees' pension scheme:		
	Current service cost	17,670	11,987
	Interest cost	76,627	76,168
	Expected return on plan assets	(96,844)	(102,417)
	Net actuarial gain recognized in the year	-	(4,195)
		(2,547)	(18,457)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	2013	2012
	(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	638,562	544,061
Interest cost	76,627	76,168
Current service cost	17,670	11,987
Benefits paid	(32,622)	(30,140)
Actuarial (gain)/loss	(65,577)	36,486
Present value of defined benefit obligation as at 30 June	634,660	638,562
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at 01 July	807,037	731,550
Expected return on assets	96,844	102,417
Contributions	11,283	10,770
Benefits paid	(32,622)	(30,140)
Actuarial loss	(8,477)	(7,560)
Fair value of plan assets as at 30 June	874,065	807,037
Actual return on plan assets	88,367	94,857
Plan assets comprise:		
Saving Certificates	-	58,000
Bonds, Mutual Funds and Term Deposit Receipts	872,987	748,717
Cash	1,078	320
	874,065	807,037

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:

	2013	2012	2011	2010	2009
		(Rupees in thousand)			
As at 30 June					
Present value of defined benefit obligation	634,660	638,562	544,061	518,328	483,464
Fair value of plan assets	874,065	807,037	731,550	667,000	602,621
Surplus	239,405	168,475	187,489	148,672	119,157
Experience adjustment on obligation	(65,577)	36,486	(13,040)	(13,040)	4,584
Experience adjustment on plan assets	(8,477)	(7,560)	4,238	4,238	9,590

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	2013	2012
			(Rupees in thousand)	
19.	STOCK IN TRADE			
	Raw material	(19.1)	2,291,021	2,622,767
	Work-in-process		129,960	139,522
	Finished goods :			
	Manufacturing		212,643	227,992
	Trading		63,112	66,143
	Others		1,058	7,693
			276,813	301,828
			2,697,794	3,064,117

19.1 This includes stock in transit amounting to Rs. 260,269 thousand (2012: Rs. 363,555 thousand).

19.2 Included in stocks are raw materials and components held with third parties amounting to Rs. 125,596 thousand (2012: Rs. 102,400 thousand).

		2013	2012
		(Rupees in thousand)	
20.	TRADE DEBTS		
	Trade debts - Considered good	1,010,625	470,198
	Trade debts - Considered doubtful	52	-
	Less: Provision for doubtful advances	(52)	-
		-	-
		1,010,625	470,198

20.1 These are unsecured but considered good by the management except for Rs. 18,964 thousand (2012: Rs. 38,139 thousand) which are secured against deposits and post dated cheques.

20.2 Trade debts include balances due from related parties, namely, Millat Equipment Limited and Bolan Castings Limited amounting to Rs. 40,172 thousand (2012: Rs. 14,254 thousand) and Rs. Nil (2012: Rs. 974) respectively.

20.3 There were no past due or impaired receivables from related parties as on 30 June 2013.

		Note	2013	2012
			(Rupees in thousand)	
21.	LOANS AND ADVANCES			
	Current portion of long term loans to employees	(16)	2,002	1,641
	Advances to employees - Considered good	(21.1) & (21.2)	1,273	3,876
	Advances to suppliers - Considered good	(21.3)	71,206	179,645
			74,481	185,162
	Advances to suppliers - Considered doubtful		2,485	2,485
	Less: Provision for doubtful advances		(2,485)	(2,485)
			-	-
	Letter of credit opening charges		9,496	12,315
			83,977	197,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

21.1 Included in advances to employees are amounts due from the Chief Executive Officer Rs. Nil (2012: Rs. 89 thousand) and Directors Rs. Nil (2012: Rs. 236 thousand) 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. 248 thousand (2012: Rs. 281 thousand) and Directors Rs. 791 thousand (2012: Rs. 1,288 thousand) in respect of travel advance.

21.3 Advances to suppliers include advances to vendors of Rs. 52,482 thousand (2012: Rs. 148,873 thousand) which carry mark-up of 15% to18% (2012: 15% to 18%) per annum. Included in advances to vendors are advances to related parties, namely Agro Craft (Private) Limited and Bismillah Industries of Rs. Nil (2012: Rs. 34 thousand) and Rs. 36 thousand (2012: Rs. 1,781 thousand) respectively.

		Note	2013	2012
			(Rupees in thousand)	
22.	OTHER RECEIVABLES			
	Claims receivable from suppliers		79,515	95,130
	Profit/interest accrued		2,600	2,573
	Others		1,290	-
			83,405	97,703
23.	BALANCE WITH STATUTORY AUTHORITY			
	Special excise duty recoverable		18,073	265,293
	Sales tax recoverable		1,912,095	1,419,908
	Less : Provision for doubtful claims		(34,147)	(34,147)
			1,877,948	1,385,761
			1,896,021	1,651,054
24.	SHORT TERM INVESTMENTS			
	Financial asset at fair value through profit and loss		550,623	2,366,944
	Surplus on revaluation of investment	(30)	1,248	94,916
			551,871	2,461,860
25.	CASH AND BANK BALANCES			
	In hand:			
	Cash		2,942	1,517
	Cheque in hand		66,598	77,109
			69,540	78,626
	At banks:			
	Current accounts		660,439	433,253
	Saving Accounts	(25.1)	1,418,545	147,112
	Deposit accounts		65,000	25,000
			2,143,984	605,365
			2,213,524	683,991

25.1 These carry mark-up at the rate of 5% to 10.5% (2012: 5% to 10.5%) per annum.

		Note	2013	2012
			(Rupees in thousand)	
26.	SALES - net			
	Local			
	Tractors		24,032,465	20,579,856
	Implements		66,180	54,422
	Multi-application products		494,345	394,255
	Trading goods		264,775	242,147
	Batteries		708,343	538,743
			25,566,108	21,809,423
	Less:			
	Discount		(47,143)	(23,387)
	Sales tax and special excise duty		(2,127,905)	(1,624,060)
			(2,175,048)	(1,647,447)
			23,391,060	20,161,976
	Export			
	Tractors		225,931	715,976
	Trading goods		225	5,197
	Batteries		15,106	33,145
			241,262	754,318
			23,632,322	20,916,294
	Less: Commission		(307,944)	(294,623)
			23,324,378	20,621,671
27.	COST OF SALES			
	Components consumed		18,144,934	16,209,321
	Salaries, wages and amenities	(27.1)	277,951	251,670
	Contract services		182,636	134,533
	Fuel and power		115,061	91,652
	Communication		566	585
	Travelling and vehicle running		9,702	13,397
	Printing and stationery		2,192	1,871
	Insurance		9,495	11,277
	Repairs and maintenance		80,499	73,036
	Stores and spares consumed		93,616	92,995
	Depreciation	(11.1)	38,263	36,171
	Other expenses		21,169	28,775
			18,976,084	16,945,283
	Add: Opening work-in-process		139,522	122,523
	Less: Closing work-in-process		(129,960)	(139,522)
	Increase / (decrease) in work-in-process		9,562	(16,999)
	Cost of goods manufactured		18,985,646	16,928,284
	Add: Opening finished goods		227,992	218,098
	Less: Closing finished goods		(212,643)	(227,992)
	Increase / (decrease) in finished goods stock		15,349	(9,894)
	Cost of sales - manufactured		19,000,995	16,918,390
	Cost of sales - trading	(27.2)	169,090	164,477
			19,170,085	17,082,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

		Note	2013	2012
			(Rupees in thousand)	
27.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(1,340)	(7,123)
	Defined contribution plan - Gratuity		5,145	4,745
	Defined contribution plan - Provident fund		5,559	4,963
	Provision for compensated absences		2,452	4,635
			11,816	7,220
27.2	Cost of sales - trading			
	Opening stock		66,143	60,623
	Purchases		166,059	169,997
	Closing stock		(63,112)	(66,143)
	Cost of goods sold		169,090	164,477
28.	DISTRIBUTION AND MARKETING EXPENSES			
	Salaries and amenities	(28.1)	80,599	68,890
	Contract services		17,459	13,278
	Fuel and power		12,186	10,030
	Communication		867	695
	Travelling and vehicle running		16,355	18,034
	Printing and stationery		5,374	5,679
	Insurance		8,001	5,491
	Trademark fee		256,905	250,205
	Advertisement and sales promotion		18,591	14,954
	Depreciation	(11.1)	7,879	7,181
	Meeting / convention		6,206	9,118
	After sales support		69,858	86,864
	Research cost		101	225
	Other expenses		17,985	14,331
			518,366	504,975
28.1	It includes the following staff retirement benefits:			
	Defined benefit plan - Pension		(631)	(2,798)
	Defined contribution plan - Gratuity		2,594	2,311
	Defined contribution plan - Provident fund		2,585	2,041
	Provision for compensated absences		1,106	1,837
			5,654	3,391

		Note	2013	2012
			(Rupees in thousand)	
29.	ADMINISTRATIVE EXPENSES			
	Salaries and amenities	(29.1)	165,324	151,432
	Contract services		23,119	18,242
	Fuel and power		21,814	17,703
	Communication		5,244	4,635
	Travelling and vehicle running		31,798	22,463
	Insurance		6,352	4,492
	Repairs and maintenance		11,599	11,825
	Security		7,324	12,538
	Legal and professional	(29.2)	13,747	11,005
	Depreciation	(11.1)	15,736	15,728
	Amortization of intangible asset	(13)	6,007	11,743
	Rent, rates and taxes		5,052	5,686
	Fee and subscription		10,849	2,560
	Entertainment		5,605	4,380
	Bad debts written off		-	6,027
	Other expenses		46,538	36,943
			376,108	337,402

29.1 It includes the following staff retirement benefits:

Defined benefit plan - Pension	(576)	(8,536)
Defined contribution plan - Gratuity	2,572	2,859
Defined contribution plan - Provident fund	3,515	3,028
Provision for compensated absences	2,316	4,024
	7,827	1,375

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

Statutory audit	1,485	1,485
Half year review	150	150
Special reports and sundry certifications	574	596
Out of pocket expenses	115	103
	2,324	2,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

		Note	2013	2012
			(Rupees in thousand)	
30.	OTHER INCOME			
	Income from financial assets			
	Dividend income		1,925	2,566
	Return on bank deposits		23,563	9,763
	Gain on sale of short term investments		27,836	139,772
	Change in fair value of short term investments	(24)	1,248	94,916
	Gain on translation of foreign investment		255	-
	Interest charged on early payments and advances		57,443	73,867
			112,270	320,884
	Income from investment in associates and loans to related parties			
	Interest income on loan to Agrimall (Private) Limited		-	79
	Income from assets other than financial assets			
	Rental income		2,936	5,009
	Scrap sales		12,546	26,136
	Exchange gain		412	4,683
	Gain on disposal of property, plant and equipment		490	3,796
	Others		5,781	13,236
			22,165	52,860
			134,435	373,823
31.	FINANCE COST			
	Mark-up on short term borrowings - secured		62,361	9,080
	Bank charges and commission		2,805	1,182
			65,166	10,262
32.	OTHER OPERATING EXPENSES			
	Workers' profit participation fund	(8.4)	175,144	157,746
	Workers' welfare fund		60,976	50,228
	Donations	(32.1)	9,740	25,274
	Advertising and promotion		-	479
			245,860	233,727

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

		2013	2012
33.	SHARE OF PROFIT OF ASSOCIATES		
	Bolan Castings Limited	15,589	31,921
	Millat Equipment Limited	282,938	204,624
		298,527	236,545

		2013	2012
		(Rupees in thousand)	
34.	TAXATION		
	For the year:		
	Current	1,065,516	886,862
	Deferred	1,212	(7,327)
		1,066,728	879,535
	Prior years:		
	Current	(3,478)	35,011
		1,063,250	914,546

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

	2013	2012
	%	%
Applicable tax rate	35.00	35.00
- Effect of change in prior year	(0.110)	1.20
- Income exempt for tax purposes	0.002	(0.01)
- Income chargeable to tax at lower rate	(1.97)	(4.29)
- Effect on opening deferred taxes on reduction of rate	(0.01)	-
- Others	1.57	0.46
	(0.52)	(2.64)
Average effective tax rate	34.48	32.36

35. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the parent undertaking in its meeting held on 16 August 2013 has proposed a cash dividend of Rs. 25 per share (2012: Rs. 40 per share) and 10% bonus share (2012: Nil) in respect of the year ended 30 June 2013. 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		Directors				Executive	
	2013	2012	2013		2012		2013	2012
			NED	ED	NED	ED		
	(Rupees in thousand)							
Number of persons	1	2*	7**		7		56	47
Remuneration	4,792	3,865	11,113	7,977	3,687	11,626	45,124	36,322
Cost of living allowance	-	1,526	11,113	4,552	2,947	9,838	32,059	27,952
Bonus	3,140	1,175	3,368	2,144	-	4,967	13,394	12,728
House rent	2,156	1,739	5,001	3,157	1,659	4,844	15,502	12,629
Contribution to provident fund and gratuity funds	481	779	-	431	-	366	10,202	8,593
Pension contribution	-	259	-	6	-	17	5,450	4,752
Medical expenses	73	114	1,192	202	275	1,078	4,239	3,515
Utilities	417	249	1,395	734	304	1,839	5,013	4,117
Other reimbursable expenses	1,213	1,264	3,553	2,878	992	5,982	9,028	9,128
	12,272	10,970	36,735	22,081	9,864	40,557	140,011	119,736

* Last year, Syed Muhammad Irfan Aqueel was appointed as the Chief Executive Officer with effect from 01 January 2012 in place of Mr. Laeeq-uddin Ansari.
** During the year, Executive Directors 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 fee to two Directors (2012: two Directors) was Rs. 120 thousand (2012: Rs. 180 thousand) and travelling expenses Rs. 317 thousand (2012: Rs. 296 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:

		2013	2012
		(Rupees in thousand)	
Relation with undertaking	Nature of transaction		
Associates	Sale of goods	86,418	69,929
	Purchase of components	4,098,571	3,485,389
	Dividend income	161,749	94,987
Retirement benefit plans	Contribution to staff retirement benefit plans	19,002	19,899

38. EARNINGS PER SHARE

38.1 Combined basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

		2013	2012
		(Rupees in thousand)	
Profit for the year after tax	(Rupees in thousand)	2,222,453	2,076,020
Weighted average ordinary shares in issue	(Numbers)	40,267	40,267
Earnings per share	(Rupees)	55.19	51.56

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.

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		Note	2013	2012
			(Rupees in thousand)	
39.	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		3,381,755	3,062,806
	Adjustment for:			
	Depreciation on property, plant and equipment		61,878	59,080
	Amortization of intangible asset		6,007	11,743
	Bad debts written off		-	6,027
	Share of profit of associates		(298,527)	(236,545)
	Provision for accumulating compensated absences		5,875	10,496
	Profit on bank deposits		(23,563)	(9,763)
	Dividend income		(1,925)	(2,566)
	Pension		(2,547)	(18,457)
	Provision for gratuity		10,311	9,915
	Gain on disposal of property, plant and equipment		(490)	(3,796)
	Gain on sale of short term investments		(27,836)	(139,772)
	Gain on change in fair value of investments		(1,248)	(94,916)
	Gain on divestment in long term investments		-	(20)
	Finance cost		65,166	10,262
	Workers' profit participation fund		175,144	157,746
	Workers' welfare fund		60,976	50,228
	Working capital changes	(39.1)	(33,053)	594,565
			3,377,923	3,467,033

39.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	(66,621)	61,220
	Stock-in-trade	366,323	(400,920)
	Trade debts	(540,427)	(268,087)
	Loans and advances	113,500	31,774
	Trade deposits and prepayments	(3,068)	(6,403)
	Interest accrued on loan to Agrimall (Private) Limited	-	(79)
	Other receivables	14,325	14,298
		(115,968)	(568,197)
	Increase in current liabilities		
	Trade and other payables	82,915	1,162,762
		(33,053)	594,565

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/markup 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.

Monetory 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
		2013	2012
		(Rupees in thousand)	
Trade and other payables - GBP	+1	936	305
	-1	(936)	(305)
Trade and other payables - USD	+1	2,725	947
	-1	(2,725)	(947)
Trade and other payables - EUR	+1	582	-
	-1	(582)	-

	2013	2012
Reporting date rate:		
GBP	150.87	147.07
USD	98.8	94.2
EUR	129.11	118.5

(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

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For the year ended 30 June 2013

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.

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

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	1,418,545	147,112

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 accounts	2013	+1	14,185
		-1	(14,185)
	2012	+1	1,471
		-1	(1,471)

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. 3,986,161 thousand (2012: Rs. 3,739,818), the financial assets which are subject to credit risk amounted to Rs. 3,916,621 thousand (2012: Rs. 3,749,322 thousand). The Group is 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:

	2013	2012
	(Rupees in thousand)	
Employee benefits	128,026	114,196
Trade debts	1,010,625	470,198
Other receivables	82,115	97,703
Short term investments	551,871	2,461,860
Bank balances	2,143,984	605,365
	3,916,621	3,749,322
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	1,010,625	470,198
Past due 4 - 6 Months	-	-
Past due 7 - 12 Months	-	-
Past due one year	-	-
	1,010,625	470,198

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 counter party default rate. The table below shows the bank balances and investment held with some major counter parties at the balance sheet date:

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For the year ended 30 June 2013

	Rating			2013	2012
	Short term	Long term	Agency		
				(Rupees in thousand)	
Banks					
Meezan Bank Limited	A-1+	AA	JCR-VIS	87,175	16,836
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	400,428	163,130
Bank Alfalah Limited	A-1+	AA	PACRA	9,525	8,016
Standard Chartered Bank	A-1+	AAA	PACRA	57,424	121,176
United Bank Limited	A-1+	AA+	JCR-VIS	359,318	203,074
The Bank of Punjab	A-1+	AA-	PACRA	3,194	7,482
MCB Bank Limited	A-1+	AAA	PACRA	1,648	7,200
Habib Bank Limited	A-1+	AAA	JCR-VIS	147,438	59,052
Barclays Bank Plc	A-1	A	S&P	101,827	19,194
Sindh Bank	A-1+	AA-	JCR-VIS	924,963	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	813	205
Emirates NBD	F1	A+	FITCH	50,231	-
				2,143,984	605,365

	Rating	Agency	2013	2012
			(Rupees in thousand)	
Mutual funds				
UBL Liquidity Plus Fund	AA+(f)	JCR-VIS	-	405,842
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	-	313,592
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	150,271	350,308
NIT Government Bond Fund	AA(f)	PACRA	-	202,683
ABL Cash Fund	AA(f)	JCR-VIS	100,768	385,130
Atlas Money Market Fund	AA+(f)	PACRA	-	102,780
HBL Money Market Fund	AA(f)	JCR-VIS	100,561	365,453
Askari Sovereign Cash Fund	AAA(f)	PACRA	200,271	336,072
			551,871	2,461,860

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 2013, the Group had Rs. 2,075,000 thousand available borrowing limits from financial institutions and Rs. 2,213,524 thousand cash and bank balances.

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

	Carry amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Trade and other payables	5,266,567	5,266,567	-	-
Accrued finance cost	2,401	2,401	-	-
	5,268,968	5,268,968	-	-

The following are the contractual maturities of financial liabilities as at 30 June 2012:

	Carry amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Trade and other payables	5,067,207	5,066,808	399	-
Accrued finance cost	1,425	1,425	-	-
	5,068,632	5,068,233	399	-

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 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	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.

As at 30 June 2012, the Group held the following financial instruments carried at fair value:

	2012	Level 1	Level 2	Level 3
		(Rupees in thousand)		
Assets measured at fair value - available for sale				
Equity shares	37,202	37,202	-	-
Investment in mutual funds	2,461,860	2,461,860	-	-

There were no liabilities measured at fair value as at 30 June 2012.

Notes to the Consolidated Financial Statements
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40.6 Financial instruments by categories

	Available - for - sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
					(Rupees in thousand)					
Financial assets as per balance sheet										
Long term investments	62,858	37,202	-	-	-	-	705,486	664,760	768,344	701,962
Long term loans	-	-	-	-	2,065	2,702	-	-	2,065	2,702
Loans to employees	-	-	-	-	3,275	5,517	-	-	3,275	5,517
Trade debts	-	-	-	-	1,010,625	470,198	-	-	1,010,625	470,198
Other receivables	-	-	-	-	82,115	97,703	-	-	82,115	97,703
Short term investments	-	-	551,871	2,461,860	-	-	-	-	551,871	2,461,860
Bank balances	-	-	-	-	2,143,984	605,365	-	-	2,143,984	605,365
	62,858	37,202	551,871	2,461,860	3,242,064	1,181,485	705,486	664,760	4,562,279	4,345,307

	Financial liabilities	
	2013	2012
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	5,266,567	5,067,207
Mark-up accrued on short term borrowings	2,401	1,425
	5,268,968	5,068,632

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. 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	2013	2012
		(Rupees in thousand)	
Size of the fund		583,028	496,773
Cost of investment made	(41.2)	505,724	409,291
Percentage of investment made		86.74%	82.39%
Fair value of investment		872,616	744,655

41.2 Breakup of investment

	2013	2012
Investment in shares (Listed Securities)	10,734	11,519
Term Deposit Receipts	492,627	346,714
Special Saving Certificate	2,363	51,058
	505,724	409,291

42. CAPACITY AND PRODUCTION

	2013	2012
	Units per annum	
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	32,016	32,004

The Group has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

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.

43. NUMBER OF EMPLOYEES

	2013	2012
Number of employees at the end of the year	480	475
Average number of employees during the year	478	459

44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 16 August 2013 by the Board of Directors of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2013

45. CORRESPONDING FIGURES

45.1 Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. Following significant reclassifications have been made:

45.1.1 Balance with statutory authority amounting to Rs.1,896,021 thousand (2012: Rs. 1,649,132 thousand) included in other receivables has been presented as the line item on the face of balance sheet.

45.1.2 Employee benefits amounting to Rs.128,026 thousand (2012: Rs. 114,916 thousand) has been been reclassified from current assets (other receivable) to non current assets and presented as line item on the face of balance sheet.

46. GENERAL

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

Sikandar Mustafa Khan
Chairman

Syed Muhammad Irfan Aqeel
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 Bukhtiar Sons, Lahore
Mian Autos, Lahore
Hudiara Agencies, Lahore
Malik Tractors, Lahore
Muslim Tractor Corp., Lahore
Ghazi Autos, Lahore
Pak Tractor House (Pvt) Ltd., Lahore
Sadar Auto Traders, Lahore
Farhan Tractors, Lahore
Massey Autos, Pattoki
Universal Tractors, Okara
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
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

KHYBER PAKHTOONKHWA

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

SIND

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 50th Annual General Meeting of the Company to be held at Company's Registered Office, 9 K.M. Sheikhupura Road, Lahore, on Monday, September 30, 2013 at 4:00 p.m and at every adjournment thereof.

Signed this ______________________ day of ______________________ 2013

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.

www.millat.com.pk

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