

# Attaining new heights



## **MILLAT TRACTORS LIMITED**

2nd Quarterly Report  
For the Quarter and Half-Year ended  
December 31, 2018





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Mr. Sikandar Mustafa Khan

### CHIEF EXECUTIVE

Mr. S M Irfan Aqueel

### DIRECTORS

Mr. Latif Khalid Hashmi  
Mr. Sohail Bashir Rana  
Mr. Laeeq Uddin Ansari  
Mian Muhammad Saleem  
Mrs. Ambreen Waheed  
Mr. Saad Iqbal

## REGIONAL OFFICES

### KARACHI.

3-A, Faiyaz Centre, Sindhi Muslim  
Co-operative Housing Society,  
Tel: 021-34553752, Fax: 021-34556321  
UAN: 111-200-786

### ISLAMABAD.

H. No. 22, St. No. 41, Sector F-6/1,  
Tel: 051-2271470, UAN: 111-200-786  
Fax: 051-2270693

### MULTAN CANTT.

Garden Town, (Daulatabad),  
Shaershah Road, Tel: 061-6537371  
Fax: 061-6539271

### SUKKUR.

A-3, Professor Housing Society,  
Shikarpur Road,  
Tel: 071-5633042, Fax: 071-5633187

## COMPANY SECRETARY

Mr. Muhammad Faisal Azeem

## CHIEF FINANCIAL OFFICER

Mr. Sohail A. Nisar - FCA

## AUDITORS

M/s A.F. Ferguson & Co.  
Chartered Accountants

## LEGAL ADVISORS

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  
E-mail: shares@hmconsultants.com

## REGISTERED OFFICE & PLANT

Sheikhupura Road, Disst.  
Sheikhupura,  
Tel: 042-3791121-25  
Fax: 042-3794166, 37925835  
UAN: 111-200-786  
Website: www.millat.com.pk  
E-mail: info@millat.com.pk



## DIRECTORS' REVIEW

I am pleased to present the interim financial information of the Company for the six months ended December 31, 2018 along with auditor's review report and consolidated interim financial information of the Millat Group of Companies.

These six months, especially the last quarter has been challenging for us due to significant decline in sales. Despite making record sales in 1<sup>st</sup> quarter of fiscal year 2019, overall sales declined as compared to previous period.

Resultantly, total units sold were 16,111 units as compared to 20,155 units sold in previous period. Profit after tax stands at Rs. 1,825 million versus Rs. 2,778 million in previous period.

Continuing devaluation of Pakistani rupee against foreign currencies and dwindling investor confidence has hampered economic growth of Pakistan significantly. Gains made by economy in previous years are under threat on account of increased pressure on current account deficit, rising import bills and widening trade deficit. However, oil prices seem to have stabilized around 60 USD per barrel in international market.

GDP growth for the fiscal year 2019 is being estimated at 4% by IMF. Reputable credit rating agencies have downgraded Pakistan to lower end of highly speculative grade. On the agricultural side, delayed crushing of sugarcane crop and water shortages at the time of sowing of Kharif crop indicate that overall performance may decline as compared to previous comparable period. Year over year growth for agricultural sector is expected to fall below 3.8%.

Drop in the domestic market makes it critical for your company to explore global markets. Devaluation of the Rupee makes our product very attractively priced. Your company will make efforts through our understanding with M/s. AGCO-Massey Ferguson to increase exports.

Despite all the hurdles being faced by economy and your company, we will endeavor to deliver value by focusing on quality and strengthening our relationships with all of the stakeholders involved. I believe that the economy will pick up its pace in near future and your company will bounce back to new heights by embracing innovation and focusing on engineering for life.

Last but not least, I would like to extend my deepest gratitude towards our vendor industry, employees and other stakeholders for being steadfast and standing resolute with us in this challenging time.

For and on behalf of the Board

**Sikandar Mustafa Khan**  
Chairman

Lahore:  
February 14, 2019



# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF MILLAT TRACTORS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Millat Tractors Limited as at December 31, 2018 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the three month period ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended December 31, 2018.

### Scope of Review

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

### Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

Chartered Accountants

Lahore

Dated: February 14, 2019



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)**  
AS AT 31ST DECEMBER 2018

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 50,000,000 (2018: 50,000,000) ordinary shares of Rs. 10/- each		<b>500,000</b>	500,000
Issued, subscribed and paid up capital		<b>442,926</b>	442,926
Reserves		<b>4,344,224</b>	5,211,898
		<b>4,787,150</b>	5,654,824
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits		<b>12,711</b>	12,691
Deferred tax liabilities-net		<b>12,278</b>	57,015
Employees' defined benefit plan		<b>31,044</b>	24,604
		<b>56,033</b>	94,310
<b>CURRENT LIABILITIES</b>			
Accumulating compensated absences		<b>115,973</b>	107,409
Trade and other payables	8	<b>3,911,643</b>	10,410,009
Unclaimed Dividend		<b>279,550</b>	256,584
Unpaid dividend		<b>53,061</b>	48,229
Short term borrowings		<b>2,098,742</b>	-
		<b>6,458,969</b>	10,822,231
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<b>11,302,152</b>	16,571,365

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)



		<b>(Un-audited) December 31, 2018</b>	<b>(Audited) June 30, 2018</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	10	<b>693,737</b>	700,763
Capital work in progress		<b>24,242</b>	26,648
Intangible assets		<b>5,003</b>	-
Investment property		<b>255,708</b>	255,708
Long term investments	11	<b>856,135</b>	709,700
Long term loans		<b>2,544</b>	2,587
		<b>1,837,369</b>	1,695,406
<b>CURRENT ASSETS</b>			
Stores and spare parts and loose tools		<b>134,158</b>	131,266
Stock-in-trade		<b>5,018,093</b>	4,157,062
Trade debts		<b>63,985</b>	65,578
Loans and advances	12	<b>171,863</b>	38,631
Trade deposits and short term prepayments		<b>34,787</b>	16,282
Balances with statutory authorities		<b>2,952,944</b>	1,909,792
Other receivables		<b>56,192</b>	44,118
Tax refunds due from the Government		<b>828,974</b>	725,454
Short term investments	13	-	7,267,636
Cash and bank balances	14	<b>203,787</b>	520,140
		<b>9,464,783</b>	14,875,959
		<b>11,302,152</b>	16,571,365

(CHAIRMAN)



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

Note	Six months ended December 31		Three months ended December 31	
	2018	2017	2018	2017
	<b>(Rupees in thousand)</b>			
Sales - net	<b>15,605,864</b>	18,222,938	<b>5,867,963</b>	9,253,874
Cost of sales	<b>12,689,547</b>	14,007,252	<b>4,926,201</b>	6,986,994
<b>Gross profit</b>	<b>2,916,317</b>	4,215,686	<b>941,762</b>	2,266,880
Distribution and marketing expenses	<b>301,302</b>	301,941	<b>121,376</b>	130,656
Administrative expenses	<b>235,249</b>	231,288	<b>111,071</b>	92,488
Other operating expenses	<b>396,895</b>	300,566	<b>277,222</b>	174,356
Other income	<b>933,446</b>	833,795	<b>509,669</b>	397,500
	<b>572,331</b>	555,666	<b>471,826</b>	427,882
<b>Operating profit</b>	<b>2,555,202</b>	3,937,557	<b>903,919</b>	2,297,262
Finance costs	<b>23,495</b>	810	<b>22,953</b>	503
<b>Profit before taxation</b>	<b>2,531,707</b>	3,936,747	<b>880,966</b>	2,296,759
Taxation	<b>706,914</b>	1,158,407	<b>179,363</b>	685,030
<b>Profit after taxation for the period</b>	<b>1,824,793</b>	2,778,340	<b>701,603</b>	1,611,729
Other comprehensive income / (loss) items that may be reclassified to profit or loss in subsequent periods:				
Unrealized loss on revaluation of investments measured at fair value through other comprehensive income	<b>(34,914)</b>	(49,068)	<b>(12,157)</b>	(15,073)
<b>Total comprehensive income for the period</b>	<b>1,789,879</b>	2,729,272	<b>689,446</b>	1,596,656
<b>Earnings per share - basic and diluted (Rupees)</b>	<b>41.20</b>	62.73	<b>15.84</b>	36.39

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

	Issued, Subscribed and paid up capital	Capital Reserves	Revenue Reserves		Total
		Fair value reserve	General reserves	Unappropriated profit	
----- Rupees in thousand -----					
Balance as on June 30, 2017 (audited)	442,926	178,355	2,278,935	2,849,637	5,749,853
Final dividend for the year ended June 30, 2017 @ Rs. 60 per share	-	-	-	(2,657,553)	(2,657,553)
Profit after taxation for the period	-	-	-	2,778,340	2,778,340
Other comprehensive loss	-	(49,068)	-	-	(49,068)
Total comprehensive income for the period	-	(49,068)	-	2,778,340	2,729,272
Balance as on December 31, 2017 (un-audited)	442,926	129,287	2,278,935	2,970,424	5,821,572
Interim dividend for the period ended December 31, 2017 @ Rs. 60 per share	-	-	-	(2,657,553)	(2,657,553)
Profit after taxation for the period	-	-	-	2,493,422	2,493,422
Other comprehensive loss	-	(2,617)	-	-	(2,617)
Total comprehensive income for the period	-	(2,617)	-	2,493,422	2,490,805
Balance as on June 30, 2018 (audited)	442,926	126,670	2,278,935	2,806,293	5,654,824
Final dividend for the year ended June 30, 2018 @ Rs. 60 per share	-	-	-	(2,657,553)	(2,657,553)
Profit after taxation for the period	-	-	-	1,824,793	1,824,793
Other comprehensive loss	-	(34,914)	-	-	(34,914)
Total comprehensive income for the period	-	(34,914)	-	1,824,793	1,789,879
Balance as on December 31, 2018 (un-audited)	442,926	91,756	2,278,935	1,973,533	4,787,150

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

Note	Six months ended	
	December 31 2018	December 31 2017
	<b>(Rupees in thousand)</b>	
<b>Cash flows from operating activities</b>		
Profit before taxation	2,531,707	3,936,747
Adjustment for:		
Depreciation on property, plant & equipment	39,749	39,721
Amortization of intangible assets	989	450
Provision for accumulated compensated absences	8,564	7,059
Property, plant and equipment written off	-	524
Profit on bank deposits	(16,756)	(87,783)
Dividend income	(531,718)	(264,541)
Provision for pension obligation	10,631	10,295
Bad debts written off	-	8,772
Net loss / (income) from short term investments	202,509	(173,958)
Finance costs	23,495	810
Workers' Profit Participation Fund	136,113	211,653
Workers' Welfare Fund	54,445	84,661
	(71,979)	(162,337)
Cash flow from operating activities before working capital changes	2,459,728	3,774,410
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,892)	(3,177)
Stock in trade	(861,031)	(408,987)
Trade debts	1,593	29,992
Loans and advances	(133,232)	7,730
Trade deposits and short term prepayments	(18,505)	(12,630)
Other receivables	(11,349)	(47,553)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(6,709,647)	1,800,142
<b>Cash (used in) / generated from operations</b>	(7,735,063)	1,365,517
Taxes paid	(1,899,673)	(1,717,420)
Net decrease / (increase) in long term loans to employees	43	(1,482)
Workers' Profit Participation Fund refunded / (paid)	723	(19,536)
Employee benefits paid	(4,190)	-
Long term security deposits received	20	40
Interest and mark-up paid	(3,495)	(810)
	(1,906,572)	(1,739,208)
Net cash (used in) / generated from operating activities	(7,181,907)	3,400,719
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(42,238)	(37,361)
Proceeds from disposal of property, plant and equipment	5,929	13,090
Short term investments made	-	(2,900,000)
Long term investments made	(180,000)	-
Proceeds from sale of short term investments	7,065,127	735,647
Profit on bank deposits received	16,031	87,783
Dividend received	531,718	264,541
Net cash generated from / (used in) investing activities	7,396,567	(1,836,300)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,629,755)	(2,548,176)
Net cash used in financing activities	(2,629,755)	(2,548,176)
Net decrease in cash and cash equivalents	(2,415,095)	(983,757)
Cash and cash equivalents at the beginning of the period	520,140	2,061,003
Cash and cash equivalents at the end of the period	(1,894,955)	1,077,246

17

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

## 1 Legal status and nature of business

Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the Companies Act, 1913 (now the Companies Act, 2017), and is listed on the Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at 9 km Sheikhupura Road, District Sheikhupura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad. The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

## 2 Statement of compliance

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3 Basis of preparation

3.1 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements has been extracted from the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2018, whereas comparative unconsolidated condensed interim statement of profit or loss and comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been extracted from the unconsolidated condensed interim financial statements for the six months ended December 31, 2017.

The figures of the six months ended December 31, 2018 are being submitted to the shareholders, and have been subjected to limited scope review in accordance with Section 237 of the Companies Act, 2017.

3.2 These unconsolidated condensed interim financial statements do not include all information and disclosures required in the unconsolidated annual audited financial statements and therefore should be read in conjunction with the unconsolidated annual audited financial statements for the year ended June 30, 2018.



**4 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

**5 Functional and presentation currency**

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

**6 Summary of significant accounting policies**

The accounting policies and methods of computation adopted for the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the preceding unconsolidated annual audited financial statements of the Company for the year ended June 30, 2018, except for the following changes:

**6.1 Change in accounting policies**

IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' have become effective from accounting periods beginning on or after July 1, 2018. Accordingly, the Company has adopted these standards with effect from July 1, 2018.

The aforementioned changes are considered to be changes in accounting policy in accordance with IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors'. The impact of the same however, are not considered to be material to the financial statements of the Company and accordingly comparatives have not been restated in this regard.

**6.1.1 Revenue recognition**

IFRS 15 - 'Revenue from contracts with customers', replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. Key changes in the new standard include a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**6.1.2 Investments and other financial assets**

IFRS 9 - 'Financial instruments', replaces the guidance in IAS 39. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model.

**6.2 Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant**

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations



Committee (IFRIC). The amendments and Interpretations which became effective during the current period are considered not to be relevant the to Company's operations and therefore are not detailed in these unconsolidated condensed interim financial statements.

## 7 Accounting estimates and judgments

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the unconsolidated annual audited financial statements for the year ended June 30, 2018.

## 8 TRADE AND OTHER PAYABLES

	<b>Un-audited</b> <b>31 December</b> <b>2018</b>	<b>Audited</b> <b>30 June</b> <b>2018</b>
	<b>(Rupees in thousand)</b>	
Trade creditors	<b>1,769,253</b>	847,255
Bills payable	<b>47,663</b>	155,744
Accrued liabilities	<b>153,885</b>	156,322
Advances from customers	<b>1,682,945</b>	8,917,449
Trademark fee payable	<b>51,564</b>	73,743
Workers' Profit Participation Fund	<b>136,836</b>	-
Workers' Welfare Fund	<b>13,022</b>	99,426
Security deposits	<b>5,380</b>	7,915
Accrued mark-up on running finance	<b>20,000</b>	-
Others	<b>31,095</b>	152,155
	<b>3,911,643</b>	10,410,009

## 9 Contingencies and commitments

### 9.1 Contingencies

There has been no significant change in the contingencies since the date of preceding published unconsolidated annual audited financial statements for the year ended June 30, 2018, except for the following:

- Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 480,725 thousand (June 30, 2018: Rs. 502,140 thousand).

- During the current reporting period the Income Tax Department has disputed with the Company's treatment on certain tax matters for the tax year 2016 and 2017. In this regard, orders were issued by the department, thereby creating demand for Rs. 77,511 thousand and Rs. 70,470 thousand respectively, against the Company. The orders have been challenged by the Company before the CIR(A) and are currently pending decision. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these unconsolidated condensed interim financial statements.



## 12 Attaining new heights

Six Months Ended December 31, 2018

### 9.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 903,324 thousand as at December 31, 2018 (June 30, 2018: Rs. 1,758,946 thousand).

		<b>Un-audited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2018</b>	<b>2018</b>
		<b>(Rupees in thousand)</b>	
<b>10</b>	<b>Operating fixed assets</b>		
	Book value at the start of the period/ year	<b>700,763</b>	717,873
	Add: Additions during the period/ year	<b>38,652</b>	84,745
		<b>739,415</b>	802,618
	Less: Deletions during the period/ year	<b>(5,929)</b>	(18,116)
	Depreciation charge for the period/ year	<b>(39,749)</b>	(83,739)
		<b>(45,678)</b>	(101,855)
	Book value at the end of the period/ year	<b>693,737</b>	700,763
<b>10.1</b>	<b>Additions during the period/ year</b>		
	Plant and machinery	<b>520</b>	26,174
	Tools and equipment	<b>743</b>	11,500
	Furniture, fixture and office equipment	<b>2,710</b>	8,586
	Vehicles	<b>26,134</b>	36,098
	Computers	<b>94</b>	2,387
	Office Building	<b>8,451</b>	-
		<b>38,652</b>	84,745
<b>11</b>	<b>Long term investments</b>		
	Investment in related parties		
	In subsidiary undertakings - At cost		
	Unquoted	<b>223,875</b>	223,875
	Quoted	<b>76,610</b>	76,610
		<b>300,485</b>	300,485
	Other investment - At fair value through other comprehensive income		
	Unquoted		
	Cost	<b>360,000</b>	270,000
	Surplus on revaluation of investment	<b>9,000</b>	-
		<b>369,000</b>	270,000
	Advance against share subscription	<b>90,000</b>	-
		<b>828,000</b>	540,000
	Investment other than related parties - At fair value through other comprehensive income		
	Quoted		
	Cost	<b>12,145</b>	12,145
	Surplus on revaluation of investment	<b>84,105</b>	126,670
		<b>96,250</b>	138,815
	Unquoted		
	Cost	<b>400</b>	-
	Advance against share subscription	-	400
		<b>856,135</b>	709,700



	<b>Un-audited</b>	<b>Audited</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>(Rupees in thousand)</b>	
<b>12</b> <b>Loans and advances</b>		
Current portion of long term loans to employees	4,282	4,833
Advances to employees - considered good	3,358	1,427
Advances to suppliers - considered good	159,937	28,085
	<b>167,577</b>	<b>34,345</b>
Advances to suppliers - considered doubtful	2,485	2,485
Less: Provision for doubtful advances	<b>(2,485)</b>	<b>(2,485)</b>
	-	-
Letter of credit opening charges	4,286	4,286
	<b>171,863</b>	<b>38,631</b>
<b>13</b> <b>Short term investments</b>		
Investment in conventional mutual funds designated at fair value through profit and loss	-	6,027,636
Investment in Term Deposit Receipt (TDR)	-	1,240,000
	-	7,267,636
<b>14</b> <b>Cash and bank balances</b>		
In hand		
- Cash	947	1,548
- Cheques	27,429	91,037
Cash at bank		
- Current accounts	139,764	266,331
- Deposits accounts	35,647	161,224
	<b>203,787</b>	<b>520,140</b>
	<b>Un-audited</b>	<b>Un-audited</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>(Rupees in thousand)</b>	
<b>15</b> <b>Other income</b>		
Income from financial assets		
Dividend income on long term investments	233,453	264,541
Dividend income on mutual funds	298,265	-
Gain on short term investments	-	173,958
Mark-up on bank deposits	16,756	87,783
Mark-up on early payments	11,973	16,244
	<b>560,447</b>	542,526
Income from assets other than financial assets	11,884	13,140
	<b>572,331</b>	<b>555,666</b>
<b>16</b> <b>Transactions with related parties</b>		

The related parties comprise subsidiary companies, companies in which directors are interested, major shareholders, staff retirement funds and key management personnel, inclusive of directors, and their close family members. The Company in the normal course of business carries out transactions with various related parties. The period end balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:



Relation with undertaking	Nature of transaction	Note	Un-audited 31 December 2018	Un-audited 31 December 2017
			(Rupees in thousand)	
Subsidiaries	Purchase of components		2,902,076	3,399,020
	Dividend income		229,605	259,410
	Sale of goods		161,866	242,017
	Payment of compensation to staff		22,535	15,039
Associated companies	Cost of Investments made		180,000	-
Retirement benefit plans	Contribution to staff retirement benefit plans		5,093	5,919
Provident Fund	Amount contributed		8,435	8,433
Key management personnel	Remuneration		24,650	25,711
	Disposal of fixed assets		-	6,586
			Un-audited 31 December 2018	Audited 30 June 2018
			(Rupees in thousand)	

The outstanding balances of such parties are as under:

Subsidiaries	Payables		262,999	71,907
	Receivables		1,024	-
			Un-audited 31 December 2018	Un-audited 31 December 2017
			(Rupees in thousand)	
17	Cash and bank balances	14	203,787	1,077,246
	Short term borrowings		(2,098,742)	-
			<u>(1,894,955)</u>	<u>1,077,246</u>

**18** **Operating segments**

**18.1** These financial statements have been prepared on the basis of a single reportable segment.

**18.2** Revenue from sale of tractors represents 97% (December 31, 2017: 97%) of the net sales of the Company.

**18.3** 99% (December 31, 2017: 99%) sales of the Company relate to customers in Pakistan.

**18.4** All non-current assets of the Company as at December 31, 2018 are located in Pakistan.



## 19 Fair value of financial assets and liabilities

- 19.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 19.2 The carrying values of other financial assets and financial liabilities reflected in these unconsolidated condensed interim financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at end of each reporting period.

## 20 Financial risk management

- 20.1 The Company's financial risk management objective and policies are consistent with that disclosed in the unconsolidated annual audited financial statements for the year ended June 30, 2018.

## 21 Subsequent events

The Board of Directors has declared Rs. 45 per share cash dividend (June 30, 2018: Rs. 60 per share) and Nil bonus shares (June 30, 2018: Nil) in their meeting held on February 14, 2019.

## 22 Corresponding figures

There has been no significant re-classifications/restatements in these unconsolidated condensed interim financial statements.

## 23 Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 14, 2019.

## 24 General

- 24.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Employees' defined benefit plan, Accumulating compensated absences and taxation are estimated and these are subject to final adjustment in the unconsolidated annual audited financial statements.
- 24.2 The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.
- 24.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)





Consolidated Condensed Interim Financial Statements  
**MILLAT TRACTORS LIMITED**

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018





## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2018 (UNAUDITED)

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 50,000,000 (2018: 50,000,000) ordinary shares of Rs. 10/- each		<b>500,000</b>	500,000
Issued, subscribed and paid up capital		<b>442,926</b>	442,926
Reserves		<b>5,337,830</b>	6,313,620
		<b>5,780,756</b>	6,756,546
Non-Controlling interest		<b>1,142,516</b>	1,297,342
<b>Non-current liabilities</b>			
Long term deposits		<b>27,124</b>	25,565
Deferred taxation		<b>54,814</b>	133,759
Employees' defined benefit plan obligation		<b>120,866</b>	102,411
		<b>202,804</b>	261,735
<b>Current liabilities</b>			
Accumulating compensated absences		<b>147,308</b>	137,762
Trade and other payables	5	<b>4,169,577</b>	10,809,629
Current portion of long term deposits		<b>798</b>	1,192
Short term borrowings		<b>2,925,862</b>	243,700
Unclaimed dividend		<b>286,129</b>	262,711
Unpaid dividend		<b>53,061</b>	48,229
		<b>7,582,735</b>	11,503,223
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	<b>14,708,811</b>	19,818,846

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)



		<b>(Un-audited) December 31, 2018</b>	<b>(Audited) June 30, 2018</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	7	<b>1,649,719</b>	1,666,736
Capital work in progress	8	<b>177,548</b>	83,917
		<b>1,827,267</b>	1,750,653
Intangible asset		<b>5,116</b>	135
Goodwill		<b>18,572</b>	18,572
Investment property		<b>255,708</b>	255,708
Long term investments	9	<b>577,221</b>	439,925
Long term loans		<b>3,773</b>	3,433
Long term deposits		<b>7,325</b>	7,325
Employees' defined plan obligation		<b>15,963</b>	15,708
		<b>2,710,945</b>	2,491,459
<b>CURRENT ASSETS</b>			
Stores and spares		<b>456,164</b>	425,597
Stock in trade		<b>6,189,431</b>	5,374,605
Trade debts		<b>324,768</b>	255,533
Loans and advances	10	<b>375,228</b>	137,115
Trade deposits and short term prepayments		<b>52,119</b>	20,113
Other receivables		<b>107,321</b>	42,143
Balances with statutory authorities		<b>2,988,970</b>	1,925,886
Tax refunds due from the Government		<b>1,124,453</b>	884,633
Short term investments	11	-	7,422,378
Cash and bank balances	12	<b>379,412</b>	839,384
		<b>11,997,866</b>	17,327,387
		<b>14,708,811</b>	<b>19,818,846</b>

(CHAIRMAN)



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

Note	Six months ended December 31		Three months ended December 31	
	2018	2017	2018	2017
	(Rupees in thousand)			
Sales - net	15,399,093	18,666,490	5,403,714	9,316,368
Cost of sales	11,912,414	13,473,401	4,285,295	6,478,051
<b>Gross profit</b>	<b>3,486,679</b>	5,193,089	<b>1,118,419</b>	2,838,317
Distribution and marketing expenses	345,339	348,636	140,725	144,766
Administrative expenses	401,662	364,105	199,226	168,414
Other operating expenses	427,335	355,167	285,366	207,534
	1,174,336	1,067,908	625,317	520,714
Other income	366,595	320,210	255,010	182,178
<b>Operating profit</b>	<b>2,678,938</b>	4,445,391	<b>748,112</b>	2,499,781
Finance cost	47,657	8,600	37,931	4,273
<b>Profit before taxation</b>	<b>2,631,281</b>	4,436,791	<b>710,181</b>	2,495,508
Taxation	810,307	1,376,173	203,053	818,997
<b>Profit after tax for the period</b>	<b>1,820,974</b>	3,060,618	<b>507,128</b>	1,676,511
Other comprehensive income / (loss):				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	30,692	6,185	30,692	6,185
Unrealized (loss) / gain on revaluation of available for sale investments - net	(44,273)	(60,065)	(16,416)	(18,451)
	(13,581)	(53,880)	14,276	(12,266)
<b>Total comprehensive income for the year</b>	<b>1,807,393</b>	3,006,738	<b>521,404</b>	1,664,245
Attributable to:				
- Equity holders of the holding Company				
Profit after tax	1,697,987	2,772,728	487,123	1,501,887
Total comprehensive (loss) / income for the period	(16,224)	(47,970)	8,892	(10,450)
- Non-controlling interests				
Profit after tax	122,987	287,890	20,005	174,624
Total comprehensive income / (loss) for the period	2,643	(5,910)	5,384	(1,816)
	1,807,393	3,006,738	521,404	1,664,245
<b>Earnings per share - basic and diluted (Rupees)</b>	<b>41.11</b>	69.10	<b>11.45</b>	37.85

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

	Issued, Subscribed and paid up capital	Revenue Reserves		Capital Reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
----- Rupees in thousand -----							
<b>Balance as on 01 July 2017</b>	442,926	2,475,309	3,635,597	1,223	233,682	1,222,266	8,011,003
Net profit for the period	-	-	2,772,728	-	-	287,890	3,060,618
Final dividend for the year ended June 30, 2017 @ Rs. 60 per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Dividend payment to NCI	-	-	-	-	-	(274,405)	(274,405)
Other comprehensive income for the period	-	-	-	6,185	(54,155)	(5,910)	(53,880)
	-	-	115,175	6,185	(54,155)	7,575	74,780
<b>Balance as on 31 December 2017</b>	<b>442,926</b>	<b>2,475,309</b>	<b>3,750,772</b>	<b>7,408</b>	<b>179,527</b>	<b>1,229,841</b>	<b>8,085,783</b>
Net profit for the period	-	-	2,615,215	-	-	287,686	<b>2,902,901</b>
Interim dividend for the year ended 30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	-	-	<b>(2,657,553)</b>
Dividend payment to NCI	-	-	-	-	-	(225,096)	<b>(225,096)</b>
Other comprehensive income for the period	-	-	(62,180)	8,010	(2,888)	4,911	<b>(52,147)</b>
	-	-	(104,518)	8,010	(2,888)	67,501	<b>(31,895)</b>
<b>Balance as on 30 June 2018</b>	<b>442,926</b>	<b>2,475,309</b>	<b>3,646,254</b>	<b>15,418</b>	<b>176,639</b>	<b>1,297,342</b>	<b>8,053,888</b>
<b>Balance as on 01 July 2018</b>	<b>442,926</b>	<b>2,475,309</b>	<b>3,646,254</b>	<b>15,418</b>	<b>176,639</b>	<b>1,297,342</b>	<b>8,053,888</b>
Net profit for the period	-	-	1,697,987	-	-	122,987	1,820,974
Final dividend for the year ended 30 June 2018 @ Rs. 60 per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Dividend payment to NCI	-	-	-	-	-	(280,456)	(280,456)
Other comprehensive income for the period	-	-	-	23,019	(39,243)	2,643	(13,581)
	-	-	(959,566)	23,019	(39,243)	(154,826)	(1,130,616)
<b>Balance as on 31 December 2018</b>	<b>442,926</b>	<b>2,475,309</b>	<b>2,686,688</b>	<b>38,437</b>	<b>137,396</b>	<b>1,142,516</b>	<b>6,923,272</b>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

Note	Six months ended	
	December 31 2018	December 31 2017
	<b>(Rupees in thousand)</b>	
<b>Cash flows from operating activities</b>		
Profit before taxation	2,631,281	4,436,791
Adjustment for:		
Depreciation on property, plant & equipment	86,816	85,764
Amortization of intangible assets	1,011	484
Provision for accumulated compensated absences	9,546	(93,135)
Profit on bank deposits	(19,771)	(6,281)
Dividend income	(302,113)	11,090
Provision for pension obligation	18,455	(183,039)
Loss / (Gain) on sale of short term investments	198,182	8,600
Finance cost	47,657	245,642
Workers' Profit Participation Fund	157,970	97,591
Workers' Welfare Fund	62,816	183,527
	<b>260,569</b>	<b>183,527</b>
Cash flow from operating activities before working capital changes	<b>2,891,850</b>	<b>4,620,318</b>
<b>Effect on cash flow due to working capital changes</b>		
Decrease/(Increase) in current assets:		
Stores, spare parts and loose tools	(30,567)	(21,140)
Stock in trade	(814,826)	(614,133)
Trade debts	(69,235)	(146,254)
Loans and advances	(238,113)	13,697
Trade deposits and prepayments	(32,006)	(22,034)
Other receivables	(65,178)	(25,306)
	<b>(1,249,925)</b>	<b>(815,170)</b>
(Decrease) / Increase in current liabilities:		
Trade and other payables	(6,671,970)	1,941,931
	<b>(7,921,895)</b>	<b>1,126,761</b>
<b>Cash used in operations</b>		
Taxes paid - net	(2,192,156)	(1,940,549)
Net increase in long term loans to employees	(340)	(1,847)
Workers' Profit Participation Fund paid	(77,820)	(82,122)
Workers' Welfare Fund paid	(142,029)	(21,778)
Employee benefits paid	(255)	-
Increase in long term security deposits	1,165	2,967
Mark-up paid	(16,676)	(6,684)
	<b>(2,428,111)</b>	<b>(2,050,013)</b>
Net cash (used in) / generated from operating activities	<b>(7,458,156)</b>	<b>3,697,066</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment- net	(171,687)	(70,179)
Purchase of intangible assets	(5,992)	-
Short term investments redeemed / (made)- net	7,224,196	(1,890,501)
Long term investments made	(173,896)	-
Proceeds from sale of property, plant and equipment	8,257	16,265
Dividend received	302,113	6,281
Profit on bank deposits received	19,771	93,135
Net cash generated from / (used) in investing activities	<b>7,202,762</b>	<b>(1,844,999)</b>
<b>Cash flows from financing activities</b>		
Dividend paid to controlling interests	(2,629,303)	(2,657,553)
Dividend paid to non-controlling interests	(280,456)	(274,405)
Net cash used in financing activities	<b>(2,909,759)</b>	<b>(2,931,958)</b>
Net decrease in cash and cash equivalents	<b>(3,165,153)</b>	<b>(1,079,891)</b>
Cash and cash equivalents at the beginning of the period	839,384	2,213,683
Short term borrowings at the beginning of the period	(243,700)	(125,501)
Foreign exchange difference	23,019	6,185
<b>Cash and cash equivalents at the end of the period</b>	<b>(2,546,450)</b>	<b>1,014,476</b>

15

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

### 1. THE GROUP AND ITS ACTIVITIES

Millat Tractors Limited - the Holding Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 64.09% equity. MIPL is engaged in the business of manufacturing of industrial, domestical and vehicular batteries, cells and components.

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

Millat Equipment Limited (MEL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 45% equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

### 2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and



## 24 Attaining new heights

Six Months Ended December 31, 2018

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These financial statements are being submitted to the shareholders in accordance with Section 237 of the Companies Act, 2017.

### 3 BASIS OF PREPARATION

3.1 This interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2018.

3.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 30 June 2018 except for as disclosed in note 3.3 below.

### 3.3 CHANGE IN ACCOUNTING POLICIES

IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' have become effective from accounting periods beginning on or after July 1, 2018. Accordingly, the Group has adopted the standard with effect from July 1, 2018.

The aforementioned changes are considered to be changes in accounting policy in accordance with IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors'. The impact of the same however, are not considered to be material to the financial statements of the Group and accordingly comparatives have not been restated in this regards.

#### 3.3.1 REVENUE RECOGNITION

IFRS 15 - 'Revenue from contracts with customers', replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. Key changes in the new standard include a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

#### 3.3.2 INVESTMENTS AND OTHER FINANCIAL ASSETS

IFRS 9 - 'Financial instruments', replaces the guidance in IAS 39. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model.

### 3.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR BUT ARE NOT RELEVANT

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations



Committee (IFRIC). The amendments and Interpretations which became effective during the current period are considered not to be relevant to the Group's operations and therefore are not detailed in these unconsolidated condensed interim financial statements.

#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2018.

#### 5. TRADE AND OTHER PAYABLES

	<b>Un-audited</b>	<b>Audited</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>(Rupees in thousand)</b>	
Trade creditors	<b>1,871,146</b>	1,062,386
Bills payable	<b>47,663</b>	155,744
Accrued liabilities	<b>199,308</b>	198,749
Advances from customers	<b>1,699,290</b>	8,935,676
Trademark fee payable	<b>51,564</b>	73,743
Workers' Profit Participation Fund	<b>159,607</b>	79,457
Workers' Welfare Fund	<b>50,869</b>	130,082
Security deposits	<b>8,232</b>	10,567
Accrued mark-up on running finance	<b>34,924</b>	3,943
Others	<b>46,974</b>	159,282
	<b><u>4,169,578</u></b>	<u>10,809,629</u>

#### 6 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies since the date of preceding published annual financial statements except for the following:

##### The Holding Company

- During the current reporting period the Income Tax Department has disputed with the Company's treatment on certain tax matters for the tax year 2016 and 2017. In this regard, orders were issued by the department, thereby creating demand for Rs. 77,511 thousand and Rs. 70,470 thousand respectively, against the Company. The orders have been challenged by the Company before the CIR(A) and are currently pending decision. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these consolidated condensed interim financial statements.

Commitments in respect of outstanding letters of credit are Rs.1,165,501 thousand (June 30, 2018: Rs 1,850,889 thousand).



	Un-audited 31 December 2018	Audited 30 June 2018
<b>(Rupees in thousand)</b>		
<b>7 OPERATING FIXED ASSETS</b>		
Opening book value	<b>1,666,736</b>	1,581,017
Stores, spares & loose tools	<b>1,702</b>	1,702
Add: Additions during the period	<b>76,354</b>	292,868
	<b>1,744,792</b>	1,875,587
Less: Disposals / write offs during the period (at book value)	<b>(8,257)</b>	(27,410)
Depreciation charged during the period	<b>(86,816)</b>	(181,441)
	<b>(95,073)</b>	(208,851)
Closing book value	<b>1,649,719</b>	1,666,736
<b>7.1 Additions during the period</b>		
- Buildings on freehold land	<b>9,060</b>	9,609
- Plant and machinery	<b>16,018</b>	171,589
- Tools and equipments	<b>7,912</b>	30,869
- Furniture, fixture and office equipment	<b>3,214</b>	13,935
- Vehicles	<b>39,633</b>	63,437
- Computers	<b>517</b>	3,429
	<b>76,354</b>	292,868
<b>8 CAPITAL WORK IN PROGRESS</b>		
Advance against intangible purchase	<b>7,268</b>	5,992
Plant and machinery	<b>101,004</b>	72,497
Advance for tools and equipment	<b>61,327</b>	1,613
Advance for vehicles	<b>7,949</b>	3,239
Advance for office building	<b>-</b>	576
	<b>177,548</b>	83,917
<b>9 LONG TERM INVESTMENTS</b>		
Advance against share subscription at fair value through other comprehensive income	<b>90,000</b>	400
Investment at fair value through other comprehensive income- unquoted Cost	<b>360,400</b>	270,000
Surplus on revaluation of investment	<b>9,000</b>	-
	<b>369,400</b>	270,000
Investment at fair value through other comprehensive income- quoted Cost	<b>24,364</b>	24,364
Surplus on revaluation of investment	<b>93,457</b>	145,561
	<b>117,821</b>	169,925
	<b>577,221</b>	440,325
<b>10 LOANS AND ADVANCES</b>		
Current portion of long term loans to employees	<b>5,080</b>	5,527
Advances to employees - considered good	<b>46,808</b>	4,577
Advances to suppliers - considered good	<b>284,688</b>	121,501
	<b>336,576</b>	131,605
Advances to suppliers - considered doubtful	<b>2,485</b>	2,485
Less: Provision for doubtful advances	<b>(2,485)</b>	(2,485)
	<b>-</b>	-
Letter of credit opening charges	<b>38,652</b>	5,110
	<b>375,228</b>	136,715



	<b>Un-audited</b>	<b>Audited</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>(Rupees in thousand)</b>	
Financial assets at fair value through profit and loss - Mutual fund units	-	6,178,976
Investment in Term Deposit Receipt (TDR)	-	1,243,402
	<u>-</u>	<u>7,422,378</u>

## 12 CASH AND BANK BALANCES

In hand - Cash	<b>1,709</b>	2,236
In hand - Cheques	<b>27,429</b>	91,037
Cash at bank - current accounts	<b>300,502</b>	417,838
Cash at bank - deposits accounts	<b>49,772</b>	328,273
	<u><b>379,412</b></u>	<u>839,384</u>

## 13 TRANSACTIONS WITH RELATED PARTIES

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

		<b>Six months ended</b>	
		<b>December 31</b>	
		<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	
Retirement benefit plans	Contribution to staff retirement benefit plans	<b>24,507</b>	25,541
Key management personnel	Remuneration	<b>84,518</b>	75,178
	Disposal of vehicles	-	6,586
		<u><b>Un-audited</b></u>	<u><b>Un-audited</b></u>
		<u><b>31 December</b></u>	<u><b>31 December</b></u>
		<u><b>2018</b></u>	<u><b>2017</b></u>
		<b>(Rupees in thousand)</b>	

## 14 OTHER INCOME

Income from financial assets:

Dividend Income	<b>302,113</b>	6,281
Return on commercial bank deposits	<b>19,771</b>	93,135
Gain on revaluation investment	<b>4,327</b>	183,039
	<u><b>326,211</b></u>	<u>282,455</u>
Income from assets other than financial assets	<b>40,384</b>	37,755
	<u><b>366,595</b></u>	<u>320,210</u>

## 15 CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>379,412</b>	1,260,770
Short term borrowings	<b>(2,925,862)</b>	(246,294)
	<u><b>(2,546,450)</b></u>	<u>1,014,476</u>

16 OPERATING SEGMENT INFORMATION

Business segments

For management purposes, the Group is organized into business units based on their nature of business and has three reportable operating segments as follows:

- Tractors
- Tractor components
- Castings

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017
-----Rupees in thousands-----												
Sales	15,605,864	18,222,938	1,824,438	2,050,544	803,302	1,123,734	786,445	923,105	(3,620,956)	(3,653,831)	15,399,093	18,666,490
Cost of sales	12,683,087	14,007,252	1,335,577	1,357,676	816,145	943,785	698,561	818,519	(3,620,956)	(3,653,831)	11,912,414	13,473,401
Gross profit	2,922,777	4,215,686	488,861	692,868	(12,843)	179,949	87,884	104,586	-	-	3,486,679	5,193,089
Distribution cost	301,302	301,941	1,359	1,478	25,612	29,663	17,066	15,554	-	-	345,339	348,636
Administrative expenses	241,709	231,288	62,344	50,820	41,855	34,955	55,754	47,042	-	-	401,662	364,105
Other operating expenses	396,895	300,566	30,163	45,426	-	7,632	277	1,543	-	-	427,335	355,167
Other income	939,906	833,795	93,866	97,724	67,467	72,250	73,097	64,139	-	-	1,174,336	1,067,908
	572,331	555,666	14,434	17,474	9,374	4,494	61	1,986	(229,605)	(259,410)	366,595	320,210
Operating profit / (loss)	2,555,202	3,937,557	409,429	612,618	(70,936)	112,193	14,848	42,433	(229,605)	(259,410)	2,678,938	4,445,391
Finance costs	23,495	810	2,447	465	18,139	5,725	3,576	1,600	-	-	47,657	8,600
Profit / (loss) before taxation	2,531,707	3,936,747	406,982	612,153	(89,075)	106,468	11,272	40,833	(229,605)	(259,410)	2,631,281	4,436,791
Taxation	706,934	1,158,407	118,025	182,067	(21,776)	30,928	7,124	4,771	-	-	810,307	1,376,173
Profit / (loss) for the period	1,824,773	2,778,340	288,957	430,086	(67,299)	75,540	4,148	36,062	(229,605)	(259,410)	1,820,974	3,060,618

16.1 Inter Segment sales and purchases have been eliminated.



16.2 Allocation of assets and liabilities

Segment Operating assets	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018
Non-Current assets	1,837,369	1,695,006	683,231	622,249	301,976	284,153	170,282	175,603	(300,485)	(304,124)	2,692,373	2,472,887
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	9,548,215	14,876,359	1,125,105	1,071,805	863,788	772,745	724,781	691,812	(264,023)	(85,334)	11,997,866	17,327,387
<b>Total Assets</b>	<b>11,385,584</b>	<b>16,571,365</b>	<b>1,808,336</b>	<b>1,694,054</b>	<b>1,165,764</b>	<b>1,056,898</b>	<b>895,063</b>	<b>867,415</b>	<b>(545,936)</b>	<b>(370,886)</b>	<b>14,708,811</b>	<b>19,818,846</b>
<b>Segment operating liabilities</b>												
Non-current liabilities	56,033	94,310	73,079	71,783	62,961	84,406	10,731	11,236	-	-	202,804	261,735
Current liabilities	6,542,421	10,822,231	588,258	296,230	568,806	332,974	147,273	141,462	(264,023)	(89,674)	7,582,735	11,503,223
<b>Total operating assets</b>	<b>6,598,454</b>	<b>10,916,541</b>	<b>661,337</b>	<b>368,013</b>	<b>631,767</b>	<b>417,380</b>	<b>158,004</b>	<b>152,698</b>	<b>(264,023)</b>	<b>(89,674)</b>	<b>7,785,539</b>	<b>11,764,958</b>

-----Rupees in thousands-----

17 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

18 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objective and policies are consistent with that disclosed in the consolidated annual audited financial statements for the year ended June 30, 2018.



**19 EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors has declared Rs. 45 per share cash dividend (June 30, 2018: Rs. 60 per share) and Nil bonus shares (June 30, 2018: Nil) in their meeting held on February 14, 2019.

**20 DATE OF AUTHORISATION FOR ISSUE**

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Group on February 14, 2019.

**21 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN)



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices



**MILLAT TRACTORS LIMITED**

Registered Office: Sheikhpura Road, Lahore  
Phone: +92 42 7911021-25 (5 Lines)  
UAN: 111 200 786