

MILLAT TRACTORS LIMITED



Persistence through Excellence

**Quarterly Accounts (Un-audited)
for the 1st Quarter ended
September 30, 2019**

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CORPORATE INFORMATION

Board of Directors

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

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

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

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

Legal Advisors

Riaa Barker Gillette
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@hmaconsultants.com

Bankers

Bank Alfalah Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Standard Chartered Bank
United Bank Ltd.
Allied Bank Ltd.
Meezan Bank Ltd.
MCB Islamic 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

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), Shershah Road,
Tel: 061-6537371
Fax: 061-6539271

Sukkur

House No. B-106, Akuwat Nagar Society
Near Goal Masjid Airport Road, Sukkur
Tel: 071-5815041
Fax: 071-5815042

DIRECTORS' REVIEW

On behalf of the Board of Directors, I would like to present the interim financial information of the Company for the quarter ended 30 September 2019 along with consolidated interim financial information of the Millat Group of Companies.

Challenging times continue not only for the country but the company as well. Tax and economic reforms have so far been unable to rejuvenate the Pakistani economy. Resultantly, overall sales of the company have declined from 10,015 units in comparative quarter last year to 4,830 units in current quarter.

Our tractors are directly associated with agricultural sector of the country. Any adverse effect on this sector impacts your company's performance as well. With recent shift in weather and unpredictable phenomenon occurring throughout the year, agricultural output has remained subdued and is expected to remain subpar if global warming is not reigned in.

Slowdown in economic activity coupled with stringent monetary policy has made it difficult for industrial sector to manage its working capital requirements. The efforts to document the economy are laudable, however, the steps being taken to do so have seen a lukewarm acceptance from the business community.

Despite these hurdles, your company continues to endeavor to overcome these obstacles. The Company has increased its focus on exports in order to alleviate itself from local economic factors and is continuously looking out for new ventures to increase its global footprint.

Last but not least, I would like to commend and recognize the Board, employees, vendors, suppliers, dealers and customers who continue to put their trust and vigor in our company.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman

Lahore: October 24, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2019 (unaudited)

	Note	September 30, 2019 (Rupees in thousand)	June 30, 2019
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (June 30, 2019: 50,000,000)			
ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	442,926
General reserves		2,278,935	2,278,935
Unappropriated profit		2,400,623	2,044,557
Fair value reserve		52,625	66,749
		5,175,109	4,833,167
Non-current liabilities			
Long term deposits		12,731	12,731
Current liabilities			
Accumulating compensated absences		114,819	113,337
Trade and other payables		4,216,693	5,271,385
Unclaimed dividend		273,922	310,095
Unpaid dividend		29,231	33,469
Short term borrowings		985,036	–
		5,619,701	5,728,286
CONTINGENCIES AND COMMITMENTS			
	5	10,807,541	10,574,184

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.



Chief Financial Officer



Chief Executive Officer

	Note	September 30, 2019 (Rupees in thousand)	June 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	715,099	718,559
Capital work in progress	7	13,779	12,827
Intangible assets		3,563	4,048
Investment property		255,708	255,708
Long term investments	8	1,369,755	1,383,879
Long term loans		3,226	2,826
Deferred tax asset - net		12,797	12,797
Employees' defined benefit plan		224,692	219,519
		2,598,619	2,610,163
Current assets			
Stores, spare parts and loose tools		151,627	150,799
Stock-in-trade		4,422,944	3,148,589
Trade debts		63,707	46,637
Loans and advances		125,195	113,876
Trade deposits and short term prepayments		61,250	46,461
Balances with statutory authorities		1,754,263	2,250,219
Other receivables		116,896	87,023
Tax refunds due from the Government		1,218,201	1,268,429
Cash and bank balances		294,839	851,988
		8,208,922	7,964,021
		10,807,541	10,574,184



Chairman / Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended September 30, 2019 (unaudited)

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
Revenue from contracts with customers	5,094,215	9,737,901
Cost of sales	4,262,869	7,763,346
Gross profit	831,346	1,974,555
Distribution and marketing expenses	152,413	179,926
Administrative expenses	125,176	124,178
Other operating expenses	39,050	119,673
	316,639	423,777
Other operating income	23,083	100,505
Operating profit	537,790	1,651,283
Finance cost	26,724	542
Profit before tax	511,066	1,650,741
Taxation	155,000	527,551
Profit after tax for the period	356,066	1,123,190
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods:		
Unrealized loss on revaluation of available for sale investments	(14,124)	(22,757)
Total comprehensive income for the year	341,942	1,100,433
Earnings per share - basic and diluted (Rupees)	8.04	25.36

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

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Chairman / Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2019 (unaudited)

	Share capital	Revenue reserves		Capital reserves	Total
		General reserves	Unappropriated profit	Fair value reserves	
(Rupees in thousand)					
Balance as on July 1, 2018	442,926	2,278,935	2,806,293	126,670	5,654,824
Net profit for the period	-	-	1,123,190	-	1,123,190
Other comprehensive loss for the period	-	-	-	(22,757)	(22,757)
Balance as on September 30, 2018	442,926	2,278,935	3,929,483	103,913	6,755,257
Balance as on July 1, 2019	442,926	2,278,935	2,044,557	66,749	4,833,167
Net profit for the period	-	-	356,066	-	356,066
Other comprehensive loss for the period	-	-	-	(14,124)	(14,124)
Balance as on September 30, 2019	442,926	2,278,935	2,400,623	52,625	5,175,109

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Chairman / Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended September 30, 2019 (unaudited)

	Note	Quarter ended	
		September 30, 2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		511,066	1,650,741
Adjustment for:			
Depreciation on property, plant & equipment		19,793	20,127
Amortization of intangible assets		485	–
Finance cost		26,724	542
Provision for pension obligation		(3,691)	4,180
Profit on bank deposits		(8,805)	(13,218)
		34,506	11,631
Cash flow from operating activities before working capital changes		545,572	1,662,372
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(828)	(6,098)
Stock in trade		(1,274,355)	(139,827)
Trade debts		(17,070)	(13,976)
Loans and advances		(11,319)	(149,279)
Trade deposits and prepayments		(14,789)	(28,533)
Other receivables		(29,873)	2,437
		(1,348,234)	(335,276)
Increase / (decrease) in current liabilities:			
Trade and other payables		(1,081,192)	(2,903,139)
		(2,429,426)	(3,238,415)
Cash used in operations			
Taxes refunds received / (paid) - net		391,184	(1,471,296)
Increase in long term loans to employees		(400)	(218)
Mark-up paid		(224)	(542)
		390,560	(1,472,056)
Net cash used in operating activities		(1,493,294)	(3,048,099)
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,915)	(20,188)
Long term investments made		–	(90,000)
Short term investments redeemed - net		–	4,391,966
Proceeds from disposal of property, plant and equipment		2,630	433
Profit on bank deposits received		8,805	13,218
Net cash (used) in / generated from investing activities		(8,480)	4,295,429
Cash flows from financing activities			
Dividend paid		(40,411)	(18,453)
Net cash used in financing activities		(40,411)	(18,453)
Net (decrease) / increase in cash and cash equivalents		(1,542,185)	1,228,877
Cash and cash equivalents at the beginning of the period		851,988	520,140
Cash and cash equivalents at the end of the period	9	(690,197)	1,749,017

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Chairman / Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

1. The Company And Its Activities

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 Sheikhpura Road, District Sheikhpura. 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 This interim financial information of the Company for the quarter ended September 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by 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 Company's annual financial statements as at June 30, 2019.

3.2 The accounting policies adopted for the preparation of this interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2019 except for as disclosed in note 3.3 below.

3.3 The Company has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 16 – Leases
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- IFRIC 23 – Uncertainty over Income Tax Treatments
- IFRS 9 – Prepayment Features with Negative Compensation (Amendments)
- IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)
- IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)

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

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

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 Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2019.

5. Contingencies And Commitments

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

Commitments in respect of outstanding letters of credit are Rs. 748,410 thousand (June 30, 2019: Rs. 621,662 thousand).

	Note	September 30, 2019 (Rupees in thousand)	June 30, 2019
6. Operating Fixed Assets			
Opening book value		718,559	700,763
Add: Additions during the period	6.1	18,963	113,332
		737,522	814,095
Less:			
Disposals / write offs during the period (at book value)		(2,630)	(13,183)
Depreciation charged during the period		(19,793)	(82,353)
		(22,423)	(95,536)
Closing book value		715,099	718,559
6.1 Additions during the period			
- Buildings		—	9,917
- Plant and machinery		—	41,343
- Tools and equipments		603	3,912
- Furniture, fixture and office equipment		796	2,674
- Vehicles		17,564	48,647
- Computers		—	6,839
		18,963	113,332
7. Capital work in progress			
Plant and machinery		10,116	9,231
Tools and equipments		1,613	1,613
Advance for vehicles		2,050	1,983
		13,779	12,827

	September 30, 2019	June 30, 2019
	(Rupees in thousand)	
8. Long term investments		
Investment at cost		
Subsidiaries		
- Millat Industrial Products Limited - unquoted	57,375	57,375
- Tipeg Intertrade DMCC - unquoted	63,600	63,600
- Bolan Castings Limited - quoted	76,610	76,610
- Millat Equipment Limited - unquoted	117,000	117,000
	314,585	314,585
Others investment at fair value through OCI		
Un quoted		
- Hyundai Nishat Motors (Private) Limited	990,000	990,000
- TCC Management Services (Private) Limited	400	400
	990,400	990,400
Quoted		
- Baluchistan Wheels Limited- Cost	12,145	12,145
Surplus on revaluation of investment	52,625	66,749
	64,770	78,894
	1,369,755	1,383,879

	September 30, 2019	2018
	(Rupees in thousand)	
9. Cash and cash equivalents		
Cash and bank balances	294,839	1,749,017
Short term borrowings	(985,036)	-
	(690,197)	1,749,017

	September 30, 2019	June 30, 2019
	(Rupees in thousand)	
10. Transactions With Related Parties		
Payable to related parties	379,023	369,207
Receivable from related parties	10	3,800

	Quarter ended	
	September 30, 2019	2018
	(Rupees in thousand)	
Purchases from related parties	1,251,831	1,716,412
Sale to related parties	107,677	89,307
Retirement benefit plans	7,237	6,892

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

11. Subsequent Events

The Board of Directors have declared Rs Nil cash dividend (June 30, 2019: Rs. 40 per share) in their meeting held on October 24, 2019.

12. Date Of Authorisation For Issue

This condensed interim financial information was authorised for issue on October 24, 2019 by the Board of Directors of the company.

13. 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 / Director

Consolidated Condensed Interim Financial Statements

Millat Tractors Limited

For the quarter ended September 30, 2019

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2019 (unaudited)

	Note	September 30, 2019 (Rupees in thousand)	June 30, 2019
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital		442,926	442,926
General reserves		2,475,309	2,475,309
Unappropriated profit		3,025,226	2,619,150
Exchange translation reserve		45,158	45,158
Fair value reserve		94,917	110,459
		6,083,536	5,693,002
Non-controlling interests		1,086,842	1,038,347
Non-current liabilities			
Long term deposits		25,674	25,575
Employees' defined benefit plan		50,715	49,619
		76,389	75,194
Current liabilities			
Accumulating compensated absences		137,795	147,064
Trade and other payables		4,509,268	5,330,628
Current portion of long term deposits		463	411
Short term borrowings		1,914,068	887,798
Unclaimed dividend		284,558	320,741
Unpaid dividend		29,231	33,469
		6,875,383	6,720,111
CONTINGENCIES AND COMMITMENTS			
	5	14,122,150	13,526,654

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



Chief Financial Officer



Chief Executive Officer

	Note	September 30, 2019 (Rupees in thousand)	June 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	1,766,452	1,789,809
Capital work in progress	7	31,864	30,912
Intangible asset		3,646	4,138
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	1,069,686	1,086,875
Long term loans		4,725	3,662
Long term deposits		21,432	21,432
Deferred tax asset - net		20,818	13,635
Employees' defined benefit plan		236,657	231,351
		3,429,560	3,456,094
Current assets			
Stores and spares		479,213	487,933
Stock in trade		5,397,134	3,924,036
Trade debts		450,277	357,962
Loans and advances		244,616	216,086
Trade deposits and short term prepayments		79,433	61,503
Other receivables		117,428	85,913
Balances with statutory authorities		1,765,046	2,268,505
Tax refunds due from the Government		1,605,095	1,624,122
Short term investments		326	4,182
Cash and bank balances		554,022	1,040,318
		10,692,590	10,070,560
		14,122,150	13,526,654



Chairman / Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended September 30, 2019 (unaudited)

	Quarter ended	
	September 30, 2019	2018
	(Rupees in thousand)	
Revenue from contracts with customers	5,431,584	9,995,379
Cost of sales	4,325,993	7,627,119
Gross profit	1,105,591	2,368,260
Distribution and marketing expenses	177,305	204,614
Administrative expenses	197,020	202,436
Other operating expenses	48,253	141,969
	422,578	549,019
Other income	29,970	111,585
	712,983	1,930,826
Finance cost	60,672	9,726
Profit before taxation	652,311	1,921,100
Taxation	196,093	607,254
Profit after tax for the period	456,218	1,313,846
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized loss on revaluation of available for sale investments	(17,189)	(27,857)
Total comprehensive income for the period	439,029	1,285,989
Attributable to:		
- Equity holders of the holding Company		
Profit after tax	406,076	1,210,864
Total comprehensive loss for the period	(15,542)	(25,116)
	390,534	1,185,748
- Non-controlling interests		
Profit after tax	50,142	102,982
Total comprehensive loss for the period	(1,647)	(2,741)
	48,495	100,241
	439,029	1,285,989
Earnings per share - basic and diluted (Rupees)	10.30	29.66

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

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



Chief Financial Officer



Chief Executive Officer



Chairman / Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2019 (unaudited)

	Share capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
Balance as on 30 June 2018	442,926	2,475,309	3,646,254	15,418	176,639	1,297,342	8,053,888
Net profit for the period	-	-	1,210,864	-	-	102,982	1,313,846
Other comprehensive income							
for the period	-	-	-	-	(25,116)	(2,741)	(27,857)
	-	-	1,210,864	-	(25,116)	100,241	1,285,989
Balance as on 30 September 2018	442,926	2,475,309	4,857,118	15,418	151,523	1,397,583	9,339,877
Balance as on 30 June 2019	442,926	2,475,309	2,619,150	45,158	110,459	1,038,347	6,731,349
Net profit for the period	-	-	406,076	-	-	50,142	456,218
Other comprehensive loss for the period	-	-	-	-	(15,542)	(1,647)	(17,189)
	-	-	406,076	-	(15,542)	48,495	439,029
Balance as on 30 September 2019	442,926	2,475,309	3,025,226	45,158	94,917	1,086,842	7,170,378

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



Chief Financial Officer



Chief Executive Officer



Chairman / Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended September 30, 2019 (unaudited)

	Note	Quarter ended	
		September 30, 2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		652,311	1,921,100
Adjustment for:			
Depreciation on property, plant & equipment		48,950	41,301
Amortization of intangible assets		492	11
Provision for employee benefits		(13,479)	(4,216)
Finance cost		60,672	9,726
Profit on bank deposits		(8,805)	(13,218)
		87,830	33,604
Cash flow from operating activities before working capital changes		740,141	1,954,704
Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets:			
Stores and spares		8,720	(387,798)
Stock in trade		(1,473,098)	202,439
Trade debts		(92,315)	(288,676)
Loans and advances		(28,530)	(252,433)
Trade deposits and prepayments		(17,930)	(50,741)
Other receivables		(31,515)	284
		(1,634,668)	(776,925)
Increase / (Decrease) in current liabilities:			
Trade and other payables		(863,510)	(2,845,562)
		(2,498,178)	(3,622,487)
Cash used in operations			
Taxes refunds received / (paid) - net		319,210	(1,607,312)
Increase in long term loans to employees		(1,063)	(966)
Increase in long term security deposits		151	1,089
Mark-up paid		(18,522)	(12,253)
		299,776	(1,619,442)
Net cash used in operating activities		(1,458,261)	(3,287,225)
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,633)	(39,695)
Proceeds from disposal of short term investments- net		3,856	4,292,677
Long term investment made		-	(90,000)
Proceeds from sale of property, plant and equipment		5,088	1,398
Profit on bank deposits		8,805	13,218
Net cash (used in) / generated from investing activities		(13,884)	4,177,598
Cash flows from financing activities			
Dividend paid		(40,421)	(18,539)
Net cash used in financing activities		(40,421)	(18,539)
Net (decrease) / increase in cash and cash equivalents		(1,512,566)	871,834
Cash and cash equivalents at the beginning of the period		152,520	595,684
Cash and cash equivalents at the end of the period	9	(1,360,046)	1,467,518

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



Chief Financial Officer



Chief Executive Officer



Chairman / Director

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

1. The Group And Its Activities

Holding company:

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 Sheikhpura Road, District Sheikhpura. 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.

Subsidiary companies:

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited which holds 64.09% of the company's equity. MIPL is engaged in the business of manufacturing of industrial, domestical and vehicular batteries, cells and components. The geographical location and address of the Company's business units, including mills/plant is as under:

- The registered office of the company is situated at 8.8 km, Lahore- Sheikhpura Road, Shahdara, Lahore
- The manufacturing facility of the company is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

Tipeg Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre (DMCC) Authority, is a subsidiary of Millat Tractors Limited which holds 75% of the company's 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 registered office of the company is situated at Unit No.705, Fortune Executive Tower, Jumeirah lake Towers, Dubai, United Arab Emirates.

Millat Equipment Limited, was incorporated as a private limited company under the repealed Companies Ordinance 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017), and was converted into an unlisted public limited company on April 20, 2004 is a subsidiary of Millat Tractors Limited which holds 45% of the company's equity. The Company is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles, parts and components thereof. The registered office of the Company is situated at Sheikhpura Road, Lahore and the manufacturing facility of is situated at 10 km Raiwind Road, Lahore.

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now the Companies Act), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% of the company's equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

2. Statement Of Compliance

- 2.1** This interim financial information of the Group for the quarter ended September 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** This interim financial information is un-audited and is being submitted to shareholders, as required by section 228 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, 2019.
- 3.2** The accounting policies adopted for the preparation of this 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 June 30, 2019 except for as disclosed in note 3.3 below.
- 3.3** The Group has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 16 – Leases
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- IFRIC 23 – Uncertainty over Income Tax Treatments
- IFRS 9 – Prepayment Features with Negative Compensation (Amendments)
- IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)
- IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)

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

4. Accounting Estimates And Judgements

The preparation of interim financial information requires management to make judgements, 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 judgements 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, 2019.

5. Contingencies and commitments

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

Commitments in respect of outstanding letters of credit are Rs. 748,410 thousand (June 30, 2019: Rs. 681,504 thousand).

	Note	September 30, 2019	June 30, 2019
(Rupees in thousand)			
6. Operating fixed assets			
Opening book value		1,788,432	1,665,034
Stores, spares & loose tools		1,377	1,377
Add: Additions during the period	6.1	30,681	347,806
		1,820,490	2,014,217
Less:			
Disposals / write offs during the period (at book value)		(5,088)	(26,163)
Depreciation charged during the period		(48,950)	(198,245)
		(54,038)	(224,408)
Closing book value		1,766,452	1,789,809
6.1 Additions during the period			
- Buildings on freehold land		-	11,744
- Plant and machinery		120	158,738
- Tools and equipment		8,642	97,458
- Furniture, fixture and office equipment		1,726	4,562
- Vehicles		20,114	68,238
- Computers		79	7,066
		30,681	347,806
7. Capital Work In Progress			
Plant and machinery		20,041	19,156
Advance against intangible purchase		8,160	8,160
Advance for tools and equipment		1,613	1,613
Advance for vehicles		2,050	1,983
		31,864	30,912

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

	September 30, 2019	June 30, 2019
	(Rupees in thousand)	
8. Long Term Investments		
Other investment - at FVOCI		
Unquoted		
Hyundai Nishat Motors (Private) Limited	990,000	990,000
TCC Management Services (Private) Limited	400	400
	990,400	990,400
Quoted		
Baluchistan Wheels Limited	24,364	24,364
Surplus on revaluation of investment	54,922	72,111
	79,286	96,475
	1,069,686	1,086,875

	September 30, 2019	2018
	(Rupees in thousand)	
9. Cash and cash equivalents		
Cash and bank balances	554,022	1,930,031
Short term borrowings	(1,914,068)	(462,513)
	(1,360,046)	1,467,518
10. Transactions With Related Parties		
Significant transactions with related parties are as follows:		
Contribution to retirement benefit plans	20,244	13,810

11. 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.

	Tractor		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2019	September 2018	September 2019	September 2018	September 2019	September 2018	September 2019	September 2018	September 2019	September 2018	September 2019	September 2018
Rupees in thousands												
Sales	5,094,215	9,737,901	736,173	1,174,912	500,165	496,168	460,539	392,117	(1,359,508)	(1,805,719)	5,431,584	9,995,379
Cost of sales	4,262,869	7,763,346	572,328	833,283	448,505	494,644	401,799	341,565	(1,359,508)	(1,805,719)	4,325,993	7,627,119
Gross profit	831,346	1,974,555	163,845	341,629	51,660	1,524	58,740	50,552	-	-	1,105,591	2,368,260
Distribution cost	152,413	179,926	645	658	14,230	15,384	10,017	8,646	-	-	177,305	204,614
Administrative expenses	125,176	124,178	26,976	34,146	15,893	16,162	28,975	27,950	-	-	197,020	202,436
Other operating expenses	39,050	119,673	8,970	21,726	233	-	-	570	-	-	48,253	141,969
	316,639	423,777	36,591	56,530	30,356	31,546	38,992	37,166	-	-	422,578	549,019
Other income	23,083	100,505	4,781	8,441	2,089	2,638	17	1	-	-	29,970	111,985
Operating profit	537,790	1,651,283	132,035	293,540	23,393	(27,394)	19,765	13,387	-	-	712,993	1,930,826
Finance costs	26,724	542	11,002	393	20,946	7,316	2,000	1,475	-	-	60,672	9,726
Profit / (loss) before taxation	511,066	1,650,741	121,033	293,147	2,447	(34,700)	17,765	11,912	-	-	652,311	1,921,100
Taxation	155,000	527,551	37,520	85,013	(603)	(8,216)	4,176	2,906	-	-	196,093	607,254
Profit / (loss) for the period	356,066	1,123,190	83,513	208,134	3,050	(26,484)	13,589	9,006	-	-	456,218	1,313,846

11.1 Inter segment sales and purchases have been eliminated.

11.2 Allocation of assets and liabilities

	Tractor		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2019	June 2019	September 2019	June 2019	September 2019	June 2019	September 2019	June 2019	September 2019	June 2019	September 2019	June 2019
Rupees in thousands												
Non-current assets	2,599,619	2,610,163	683,116	695,470	370,254	373,853	159,088	163,815	(400,089)	(405,779)	3,410,988	3,437,522
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current assets	8,208,922	7,964,021	1,147,739	953,489	872,426	808,413	842,536	742,795	(379,033)	(398,158)	10,692,590	10,070,960
Total assets	10,807,541	10,574,184	1,830,855	1,648,959	1,242,680	1,182,266	1,001,624	906,610	(760,550)	(785,305)	14,122,150	13,526,654
Segment operating liabilities												
Non-current liabilities	12,731	12,731	77,958	77,375	55,847	55,235	9,288	9,596	-	(79,743)	155,804	75,194
Current liabilities	5,619,701	5,728,286	582,513	484,713	805,044	745,230	247,158	160,040	(379,033)	(398,158)	6,875,983	6,720,111
Total operating liabilities	5,632,432	5,741,017	660,471	562,088	860,891	800,465	256,426	169,636	(379,033)	(477,901)	7,031,187	6,795,305

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2019 (unaudited)

12. Subsequent Events

The Board of Directors have declared Rs Nil cash dividend (June 30, 2019: Rs. 40 per share) in their meeting held on October 24, 2019.

13. Date Of Authorisation For Issue

This condensed interim financial information was authorised for issue on October 24, 2019 by the Board of Directors of the Group.

14. 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 / Director

















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