

MILLAT TRACTORS LIMITED



Persistence through Excellence

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

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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

Webside: 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

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Multan Cantt.

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Tel: 061-6537371

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Near Goal Masjid Airport Road, Sukkur

Tel: 071-5815041

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DIRECTORS' REVIEW

I am pleased to present the interim financial information of the Company for the six months ended December 31, 2019 along with auditor's review report and consolidated interim financial information of the MTL.

Sales by the company stood at 9,229 units as compared to 16,111 units in the same period last year. Resultantly, Earnings per share have declined to Rs. 16.22 per share as compared to Rs. 36.62 per share¹.

As stated by International Monetary Fund (IMF), the economic reforms are on track, however, financial and economic risks remain elevated. Despite all the measures, revenue and tax collection by the government has not been as targeted.

With respect to tractor industry, the biggest cause for concern is the shortfall in production targets set for all major crops i.e. cotton, sugar-cane and wheat. Water shortage, reduction in cultivation area, global warming and rising cost of production have resulted in lesser output and it is likely that annual growth target set by the Government of Pakistan will not be met. Formalizing the economic activities has also affected sales.

This has ultimately affected the performance of your company resulting in lower than expected sales. However, the company is actively seeking foreign avenues for exports to diversify its customer base and maximize return for all stakeholders. It is hoped that stability of Rupee against other currencies and stable lending rates will lead to stability in production costs as well.

Future outlook for remaining 6 months is optimistic but depends on the performance of Rabi crops, especially wheat. Increased spending on infrastructure projects including CPEC will also positively impact high horse power tractor sales. We will endeavor to maximize sales.

In the end, I would like to extend my gratitude towards our customers for continuing to believe in us, our vendors, employees and dealers for enabling us to deliver quality products and services.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman

Lahore:

February 19, 2020

¹ Restated for the effect of issuance of Bonus shares by the Company in its 56th Annual General Meeting held on 25 October 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, 2019 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended December 31, 2019.

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.



A. F. Ferguson & Co.
Chartered Accountants

Lahore
Dated: February 19, 2020

Unconsolidated Condensed Interim Financial Statements

Millat Tractors Limited

For the Six Months ended December 31, 2019

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31, 2019

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2019: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		498,292	442,926
Reserves		3,377,482	4,390,241
		3,875,774	4,833,167
Non-current liabilities			
Long term deposits		12,731	12,731
Current liabilities			
Accumulating compensated absences		125,737	113,337
Trade and other payables	8	3,242,292	2,498,398
Contract liabilities		400,337	2,772,987
Unclaimed dividend		277,385	310,095
Unpaid dividend		18,864	33,469
Short term borrowings		4,152,714	–
		8,217,329	5,728,286
CONTINGENCIES AND COMMITMENTS			
	9	12,105,834	10,574,184

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	10	707,125	718,559
Capital work in progress		11,972	12,827
Intangible assets		3,077	4,048
Investment property		255,708	255,708
Long term investments	11	1,655,046	1,383,879
Long term loans		2,370	2,826
Deferred tax asset - net		20,385	12,797
Employees' defined benefit plan		231,509	219,519
		2,887,192	2,610,163
Current assets			
Stores, spare parts and loose tools		158,808	150,799
Stock-in-trade		5,046,248	3,148,589
Trade debts		79,036	46,637
Loans and advances	12	98,877	113,876
Trade deposits and short term prepayments		57,061	46,461
Balances with statutory authorities		2,371,592	2,250,219
Other receivables		139,340	87,023
Tax refunds due from the Government		1,115,821	1,268,429
Cash and bank balances	13	151,859	851,988
		9,218,642	7,964,021
		12,105,834	10,574,184



Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

For the six months ended December 31, 2019

	Note	Six months ended December 31,		Three months ended December 31,	
		2019	2018	2019	2018
(Rupees in thousand)					
Revenue from contracts with customers		9,894,156	15,605,864	4,799,941	5,867,963
Cost of sales		8,246,848	12,689,547	3,983,979	4,926,201
Gross profit		1,647,308	2,916,317	815,962	941,762
Distribution and marketing expenses		279,247	301,302	126,834	121,376
Administrative expenses		236,332	235,249	111,156	111,071
Other operating expenses		84,430	396,895	45,380	277,222
		600,009	933,446	283,370	509,669
Other income	14	165,562	572,331	142,479	471,826
Operating profit		1,212,861	2,555,202	675,071	903,919
Finance costs		127,993	23,495	101,269	22,953
Profit before taxation		1,084,868	2,531,707	573,802	880,966
Taxation		276,601	706,914	121,601	179,363
Profit after taxation for the period		808,267	1,824,793	452,201	701,603
Other comprehensive income / (loss)					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized gain / (loss) on revaluation of investments measured at fair value through other comprehensive income		6,042	(34,914)	20,166	(12,157)
Total comprehensive income for the period		814,309	1,789,879	472,367	689,446
			(restated)		(restated)
			(Rupees)		
Earnings per share - basic and diluted		16.22	36.62	9.08	14.08

The annexed notes from 1 to 23 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 (unaudited)

For the six months ended December 31, 2019

	Issued, subscribed and paid up capital	Capital reserves Fair value reserves	Revenue reserves		Total
			General reserves	Unappropriated profit	
(Rupees in thousand)					
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
Interim dividend for the period ended					
December 31, 2018 @ Rs. 45 per share	-	-	-	(1,993,165)	(1,993,165)
Profit after taxation for the period	-	-	-	1,813,252	1,813,252
Other comprehensive (loss) / income	-	(25,007)	-	250,937	225,930
Total comprehensive income for the period	-	(25,007)	-	2,064,189	2,039,182
Balance as on June 30, 2019 (audited)	442,926	66,749	2,278,935	2,044,557	4,833,167
Final dividend for the year ended					
June 30, 2019 @ Rs. 40 per share	-	-	-	(1,771,702)	(1,771,702)
Bonus shares issued for the year ended	55,366	-	-	(55,366)	-
June 30, 2019 @ 12.5% per share					
Profit after taxation for the period	-	-	-	808,267	808,267
Other comprehensive income	-	6,042	-	-	6,042
Total comprehensive income for the period	-	6,042	-	808,267	814,309
Balance as on December 31, 2019 (un-audited)	498,292	72,791	2,278,935	1,025,756	3,875,774

The annexed notes from 1 to 23 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 (unaudited)

For the six months ended December 31, 2019

	Note	Six months ended December 31,	
		2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		1,084,868	2,531,707
Adjustment for:			
Depreciation on property, plant and equipment		40,715	39,749
Amortization of intangible assets		972	989
Provision for accumulating compensated absences		12,400	8,564
Profit on bank deposits		(11,984)	(16,756)
Dividend income		(122,277)	(531,718)
Loss on foreign currency retranslation		375	-
(Reversal) / Provision for pension obligation		(11,990)	10,631
Net (gain) / loss from short term investments		(1,178)	202,509
Finance costs		126,666	23,495
Workers' Profit Participation Fund		58,069	136,113
Workers' Welfare Fund		18,445	54,445
		110,213	(71,979)
Cash flows from operating activities before working capital changes		1,195,081	2,459,728
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(8,009)	(2,892)
Stock in trade		(1,897,659)	(861,031)
Trade debts		(32,399)	1,593
Loans and advances		14,999	(133,232)
Trade deposits and short term prepayments		(10,600)	(18,505)
Other receivables		(53,763)	(11,349)
Increase / (decrease) in current liabilities:			
Trade and other payables		582,380	524,857
Contract liabilities		(2,372,650)	(7,234,504)
Cash used in from operations		(3,777,701)	(7,735,063)
Taxes paid		(252,954)	(1,899,673)
Net decrease in long term loans to employees		456	43
Workers' Profit Participation Fund refunded		1,851	723
Employee benefits (paid)		-	(4,190)
Long term security deposits received		-	20
Interest and mark-up paid		(41,666)	(3,495)
		(292,313)	(1,906,572)
Net cash used in operating activities		(2,874,933)	(7,181,907)
Cash Flows From Investing Activities			
Capital expenditure incurred		(35,958)	(42,238)
Proceeds from disposal of property, plant and equipment		7,531	5,929
Short term investments made		(500,000)	-
Long term investments made		(265,500)	(180,000)
Proceeds from sale of short term investments		501,178	7,065,127
Profit on bank deposits received		11,579	16,031
Dividend received		122,277	531,718
Net cash (used in) / generated from investing activities		(158,893)	7,396,567
Cash Flows From Financing Activities			
Dividend paid		(1,819,017)	(2,629,755)
Net cash used in financing activities		(1,819,017)	(2,629,755)
Net decrease in cash and cash equivalents		(4,852,843)	(2,415,095)
Cash and cash equivalents at the beginning of the period		851,988	520,140
Cash and cash equivalents at the end of the period	16	(4,000,855)	(1,894,955)

The annexed notes from 1 to 23 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 (unaudited)

For the six months ended December 31, 2019

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 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. The Company is also involved in the sale, implementation and support of IFS applications in Pakistan.

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, 2019, 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, 2018.

The figures of the six months ended December 31, 2019 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, 2019.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

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, 2019, except for the following change:

6.1 Change in accounting policies

6.1.1 First time adoption of IFRS 16 - Leases

This standard was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Company has adopted IFRS 16 effective from July 01, 2019 using the modified retrospective approach as permitted under the specific transitional provisions in the standard. This standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- grandfathered the assessment of which transactions are lease on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There is no significant impact of the standard on these unconsolidated condensed interim financial statements of the Company on initial adoption other than a change in the accounting policies as mentioned above.

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 to the 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, 2019.

	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
8 Trade and other payables		
Trade creditors	1,748,389	1,931,881
Bills payable	385,770	139,488
Accrued liabilities	151,127	123,505
Trademark fee payable	173,267	76,199
Workers' Profit Participation Fund	58,069	–
Workers' Welfare Fund	–	51,802
Security deposits	503,211	51,884
Accrued mark-up on running finance	85,000	–
Others	137,459	123,639
	3,242,292	2,498,398

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

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, 2019.

9.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 486,498 thousand as at December 31, 2019 (June 30, 2019: Rs. 621,662 thousand).

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
10 Operating fixed assets			
Book value at the start of the period / year		718,559	700,763
Add: Additions during the period/ year	10.1	37,128	113,332
		755,687	814,095
Less: Deletions during the period / year		(7,531)	(12,382)
Adjustments made during the period / year		(316)	(801)
Depreciation charge for the period / year		(40,715)	(82,353)
		(48,562)	(95,536)
Book value at the end of the period / year		707,125	718,559
10.1 Additions during the period / year			
Plant and machinery		–	41,343
Tools and equipment		7,760	3,912
Furniture, fixture and office equipment		795	2,674
Vehicles		25,825	48,647
Computers		2,748	6,839
Building		–	9,917
		37,128	113,332

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
11			
Long term investments			
Investment in related parties			
In subsidiary undertakings - at cost			
Unquoted		237,600	237,975
Quoted		76,610	76,610
		314,210	314,585
Other investment - at fair value through other comprehensive income			
Unquoted			
Cost	18.3	990,000	990,000
Advance against share subscription		265,500	-
		1,255,500	990,000
Investment other than related parties - at fair value through other comprehensive income			
Quoted			
Cost		12,145	12,145
Surplus on revaluation of investment		72,791	66,749
		84,936	78,894
Unquoted			
Cost		400	400
		1,655,046	1,383,879
12			
Loans and advances			
Current portion of long term loans to employees		4,000	3,991
Advances to employees - considered good		3,386	3,388
Advances to suppliers - considered good		91,491	106,497
		98,877	113,876
Advances to suppliers - considered doubtful		2,485	2,485
Less: allowance for impairment loss		(2,485)	(2,485)
		-	-
		98,877	113,876
13			
Cash and bank balances			
In hand			
- Cash		539	27,235
- Cheques		3,259	230,506
Cash at bank			
- Current accounts		114,152	418,170
- Deposits accounts		33,909	176,077
		151,859	851,988

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

	(Un-audited) December 31, 2019 (Rupees in thousand)	(Un-audited) December 31, 2018
14 Other income		
Income from financial assets		
Dividend income on long term investments	119,566	233,453
Dividend income on mutual funds	2,711	298,265
Gain on disposal of short term investments	1,178	-
Mark-up on bank deposits	11,984	16,756
Mark-up on early payments	9,244	11,973
	144,683	560,447
Income from assets other than financial assets	20,879	11,884
	165,562	572,331

15 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans 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 on mutually agreed terms and conditions. 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	(Un-audited) December 31, 2019 (Rupees in thousand)	(Un-audited) December 31, 2018
Subsidiaries	Purchase of components	2,224,605	2,902,076
	Dividend income	117,000	229,605
	Sale of goods	249,233	161,866
	Payment of compensation to staff	11,668	22,535
Associated companies	Sale of services	275	-
	Cost of investments made	265,500	180,000
Employees' defined benefit plan	Contribution to employees' defined benefit plan	5,036	5,093
Provident Fund	Amount contributed	9,395	8,435
Key management personnel	Remuneration	24,949	24,650
	Disposal of fixed assets	2,073	-

Relation with undertaking	Nature of transaction		(Un-audited)	(Audited)
			December 31, 2019	June 30, 2019
			(Rupees in thousand)	
Subsidiaries	Payables		354,629	369,207
	Receivables		10,495	3,800
			(Un-audited)	(Un-audited)
			December 31, 2019	December 31, 2018
			(Rupees in thousand)	
16	Cash and cash equivalents			
	Cash and bank balances	13	151,859	203,787
	Short term borrowings		(4,152,714)	(2,098,742)
			(4,000,855)	(1,894,955)

17 Operating segments

- 17.1** These financial statements have been prepared on the basis of a single reportable segment.
- 17.2** Revenue from sale of tractors represents 97% (December 31, 2018: 97%) of the net sales of the Company.
- 17.3** 95% (December 31, 2018: 99%) sales of the Company relate to customers in Pakistan.
- 17.4** All non-current assets of the Company as at December 31, 2019 are located in Pakistan.
- ## 18 Fair value of financial assets and liabilities
- 18.1** Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 18.2** 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.
- 18.3** Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. However, due to the continued volatility in the underlying assumptions relevant to the valuation there is a wide range of possible fair value measurements and cost is considered to represent the best estimate of fair value within that range.

19 Financial risk management

- 19.1** 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, 2019.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

20 Subsequent events

The Board of Directors has declared Rs. 20 per share cash dividend (June 30, 2019: Rs. 40 per share) and Nil bonus shares (June 30, 2019: 12.5%) in their meeting held on February 19, 2020.

21 Corresponding figures

21.1 Contract liabilities previously classified under trade and other payables, have now been presented separately on the unconsolidated condensed interim statement of financial position.

Other than the above, there has been no significant re-classifications in these unconsolidated condensed interim financial statements.

22 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 19, 2020.

23 General

23.1 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.

23.2 The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.

23.3 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, 2019

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31, 2019

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) 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		498,292	442,926
Reserves		4,160,051	5,250,076
		4,658,343	5,693,002
Non-controlling interest		917,782	1,038,347
Non-current liabilities			
Long term deposits		26,384	25,575
Employees' defined benefit plan obligation		51,453	49,619
		77,837	75,194
Current liabilities			
Accumulating compensated absences		160,600	147,064
Trade and other payables	5	3,470,693	2,523,596
Contract liabilities		346,222	2,807,032
Current portion of long term deposits		466	411
Short term borrowings		5,251,717	887,798
Unclaimed dividend		287,450	320,741
Unpaid dividend		18,864	33,469
		9,536,012	6,720,111
CONTINGENCIES AND COMMITMENTS			
	6		
		15,189,974	13,526,654

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	7	1,758,566	1,789,809
Capital work in progress	8	29,238	30,912
		1,787,804	1,820,721
Intangible asset			
Goodwill		3,153	4,138
		18,572	18,572
Investment property			
Long term investments	9	255,708	255,708
Long term loans		1,389,346	1,086,875
Long term deposits		3,571	3,662
Deferred taxation		7,434	21,432
Employees' defined benefit plan obligation		21,883	13,635
		243,605	231,351
		3,731,076	3,456,094
Current assets			
Stores and spares		483,841	487,933
Stock in trade		6,013,956	3,924,036
Trade debts		283,258	357,962
Loans and advances	10	141,733	216,086
Trade deposits and short term prepayments		78,975	61,503
Other receivables		130,540	85,913
Balances with statutory authorities		2,397,559	2,268,505
Tax refunds due from the Government		1,532,648	1,624,122
Short term investments		-	4,182
Non-current assets held for sale		1,092	-
Cash and bank balances	11	395,296	1,040,318
		11,458,898	10,070,560
		15,189,974	13,526,654



Chairman

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

For the six months ended December 31, 2019

	Note	Six months ended December 31,		Three months ended December 31,	
		2019	2018	2019	2018
(Rupees in thousand)					
Revenue from contracts with customers		10,474,215	15,399,093	5,042,631	5,403,714
Cost of sales		8,437,456	11,912,414	4,111,463	4,285,295
Gross profit		2,036,759	3,486,679	931,168	1,118,419
Distribution and marketing expenses		322,497	345,339	145,192	140,725
Administrative expenses		378,099	401,662	181,079	199,226
Other operating expenses		111,003	427,335	62,750	285,366
Other income	13	811,599	1,174,336	389,021	625,317
Operating profit		1,287,828	2,678,938	574,845	748,112
Finance cost		199,230	47,657	138,558	37,931
Profit before taxation		1,088,598	2,631,281	436,287	710,181
Taxation		340,507	810,307	144,414	203,053
Profit after tax for the period		748,091	1,820,974	291,873	507,128
Other comprehensive income / (loss):					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		2,343	30,692	2,343	30,692
Unrealized gain / (loss) on revaluation of investments measured at fair value through other comprehensive income		7,497	(44,273)	24,686	(16,416)
		9,840	(13,581)	27,029	14,276
Total comprehensive income for the period		757,931	1,807,393	318,902	521,404
Attributable to:					
- Equity holders of the holding Company					
Profit after tax		728,571	1,697,987	322,495	487,123
Total comprehensive (loss) / income for the period		8,472	(16,224)	24,014	8,892
- Non-controlling interests					
Profit after tax		19,520	122,987	(30,622)	20,005
Total comprehensive income / (loss) for the period		1,368	2,643	3,015	5,384
		757,931	1,807,393	318,902	521,404
			(restated)		(restated)
			(Rupees)		
Earnings per share - basic and diluted		15.01	36.54	5.86	10.18

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

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six months ended December 31, 2019

	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)							
Balance as on 01 July 2018	442,926	2,475,309	3,646,254	15,418	176,639	1,297,342	8,053,888
Net profit for the period	-	-	1,697,987	-	-	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)
Balance as on 31 December 2018	442,926	2,475,309	2,686,688	38,437	137,396	1,142,516	6,923,272
Net profit for the period	-	-	1,663,822	-	-	30,401	1,694,223
Interim dividend for the year ended							
30 June 2019 @ Rs. 45/- per share	-	-	(1,993,165)	-	-	-	(1,993,165)
Dividend payment to NCI	-	-	-	-	-	(147,195)	(147,195)
Other comprehensive income for the period	-	-	261,805	6,721	(26,937)	12,625	254,214
	-	-	(67,538)	6,721	(26,937)	(104,169)	(191,923)
Balance as on 30 June 2019	442,926	2,475,309	2,619,150	45,158	110,459	1,038,347	6,731,349
Balance as on 01 July 2019	442,926	2,475,309	2,619,150	45,158	110,459	1,038,347	6,731,349
Net profit for the period	-	-	728,571	-	-	19,520	748,091
Final dividend for the year ended							
30 June 2019 @ Rs. 40 per share	-	-	(1,771,702)	-	-	-	(1,771,702)
Bonus shares issued for the year ended							
June 30, 2019 @ 12.5% per share	55,366	-	(55,366)	-	-	-	-
Dividend payment to NCI	-	-	-	-	-	(141,453)	(141,453)
Other comprehensive income for the period	-	-	-	1,757	6,715	1,368	9,840
	55,366	-	(1,098,497)	1,757	6,715	(120,565)	(1,155,224)
Balance as on 31 December 2019	498,292	2,475,309	1,520,653	46,915	117,174	917,782	5,576,125

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited)

For the six months ended December 31, 2019

	Note	Six months ended December 31,	
		2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		1,088,598	2,631,281
Adjustment for:			
Depreciation on property, plant & equipment		86,652	86,816
Amortization of intangible assets		985	1,011
Provision for accumulated compensated absences		13,536	9,546
Profit on bank deposits		(12,931)	(19,771)
Dividend income		(5,852)	(302,113)
Provision for pension obligation		(12,254)	18,455
(Gain) / Loss on sale of short term investments		(1,190)	198,182
Finance cost		199,230	47,657
Workers' Profit Participation Fund		66,788	157,970
Workers' Welfare Fund		21,758	62,816
		356,722	260,569
Cash flow from operating activities before working capital changes		1,445,320	2,891,850
Effect on cash flow due to working capital changes			
Decrease / (Increase) in current assets:			
Stores, spare parts and loose tools		4,092	(30,567)
Stock in trade		(2,089,920)	(814,826)
Trade debts		74,704	(69,235)
Loans and advances		74,353	(238,113)
Trade deposits and prepayments		(17,472)	(32,006)
Other receivables		(44,627)	(65,178)
		(1,998,870)	(1,249,925)
Increase / (decrease) in current liabilities:			
Trade and other payables		773,563	564,416
Contract liabilities		(2,460,810)	(7,236,386)
		(3,686,117)	(7,921,895)
Cash used in operations			
Taxes paid - net		(386,335)	(2,192,156)
Net decrease / (increase) in long term loans to employees		91	(340)
Workers' Profit Participation Fund paid		(33,739)	(77,820)
Workers' Welfare Fund paid - net		26,738	(142,029)
Employee benefits paid - net		1,834	(255)
Increase in long term security deposits		14,862	1,165
Mark-up paid		(107,241)	(16,676)
		(483,790)	(2,428,111)
		(2,724,587)	(7,458,156)
Cash flows from investing activities			
Purchase of property, plant and equipment- net		(77,843)	(171,687)
Purchase of intangible assets		-	(5,992)
Short term investments redeemed net		5,372	7,224,196
Long term investments made		(294,975)	(173,896)
Proceeds from sale of property, plant and equipment		23,016	8,257
Dividend received		5,852	302,113
Profit on bank deposits received		12,931	19,771
Net cash (used in) / generated from investing activities		(325,647)	7,202,762
Cash flows from financing activities			
Dividend paid to controlling interests		(1,819,598)	(2,629,303)
Dividend paid to non-controlling interests		(141,453)	(280,456)
Net cash used in financing activities		(1,961,051)	(2,909,759)
Net decrease in cash and cash equivalents		(5,011,285)	(3,165,153)
Cash and cash equivalents at the beginning of the period		1,040,318	839,384
Short term borrowings at the beginning of the period		(887,798)	(243,700)
Foreign exchange difference		2,344	23,019
Cash and cash equivalents at the end of the period	15	(4,856,421)	(2,546,450)

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

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
- 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.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

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 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 2019 except for as disclosed in note 3.3 below.

3.3 Change in Accounting Policies

3.3.1 First time adoption of IFRS 16 - Leases

This standard was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- grandfathered the assessment of which transactions are lease on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Accordingly, the Group has adopted IFRS 16 from January 1, 2019 using the modified retrospective approach as permitted under the specific transitional provisions in the standard, and related changes to the accounting policies of the Company have been made in these unconsolidated condensed interim financial statements as mentioned above. Other than a change in the accounting policies, there is no significant impact of the standard on these unconsolidated condensed interim financial statements of the Group.

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, 2019.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
		(Rupees in thousand)	
5	Trade and Other Payables		
	Trade creditors	1,858,104	1,790,640
	Bills payable	385,770	139,488
	Accrued liabilities	188,618	182,854
	Trademark fee payable	173,267	76,199
	Workers' Profit Participation Fund	66,791	33,742
	Workers' Welfare Fund	15,508	64,004
	Security deposits	505,899	54,718
	Accrued mark-up on running finance	122,215	30,226
	Others	154,521	151,725
		3,470,693	2,523,596

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

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:

Commitments in respect of outstanding letters of credit are Rs.486,498 thousand (June 30, 2019: Rs 681,504 thousand).

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	(Rupees in thousand)	
7 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 / year	78,425	347,806
	1,868,234	2,014,217
Less: Disposals / write offs during the period (at book value)	(23,016)	(26,163)
Depreciation charged during the period / year	(86,652)	(198,245)
	(109,668)	(224,408)
Closing book value	1,758,566	1,789,809
7.1 Additions during the period		
- Buildings on freehold land	-	11,744
- Plant and machinery	17,214	158,738
- Tools and equipments	22,236	97,458
- Furniture, fixture and office equipment	1,725	4,562
- Vehicles	34,044	68,238
- Computers	3,206	7,066
	78,425	347,806
8 Capital Work in Progress		
Advance against intangible purchase	8,160	8,160
Plant and machinery	19,465	19,156
Advance for tools and equipment	1,613	1,613
Advance for vehicles	-	1,983
Advance for office building	-	-
	29,238	30,912

	(Un-audited) December 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
9 Long Term Investments		
Advance against share subscription at fair value through other comprehensive income	294,975	–
Investment at fair value through other comprehensive income- unquoted		
Cost	990,400	990,400
Surplus on revaluation of investment	–	–
	990,400	990,400
Investment at fair value through other comprehensive income- quoted		
Cost	24,364	24,364
Surplus on revaluation of investment	79,607	72,111
	103,971	96,475
	1,389,346	1,086,875
10 Loans and Advances		
Current portion of long term loans to employees	4,766	4,657
Advances to employees - considered good	7,553	5,677
Advances to suppliers - considered good	129,397	198,412
	141,716	208,746
Advances to suppliers - considered doubtful	2,485	2,485
Less: Provision for doubtful advances	(2,485)	(2,485)
	–	–
Letter of credit opening charges	17	7,340
	141,733	216,086
11 Cash and Bank Balances		
In hand - Cash	1,132	27,993
In hand - Cheques	3,259	230,506
Cash at bank - current accounts	318,963	584,058
Cash at bank - deposits accounts	71,942	197,761
	395,296	1,040,318

12 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:

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

		Six months ended December 31	
		2019	2018
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	21,947	24,507
Associated companies	Sale of services	275	-
	Cost of investments made	265,500	180,000
Key management personnel	Remuneration	49,162	84,518
	Disposal of vehicles	2,073	-
		(Un-audited)	(Un-audited)
		Six months ended December 31	
		2019	2018
		(Rupees in thousand)	
13	Other Income		
	Income from financial assets:		
	Dividend Income	5,852	302,113
	Return on commercial bank deposits	12,931	19,771
	Gain on revaluation investment	1,190	4,327
		19,973	326,211
	Income from assets other than financial assets	42,695	40,384
		62,668	366,595
14	Cash and Cash Equivalents		
	Cash and bank balances	395,296	379,412
	Short term borrowings	(5,251,717)	(2,925,862)
		(4,856,421)	(2,546,450)

15 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 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018
Rupees in thousands												
Revenue from contracts with customers	9,894,156	15,605,864	1,263,991	1,824,438	798,525	803,302	991,381	786,445	(2,473,838)	(3,620,956)	10,474,215	15,399,093
Cost of sales	8,246,848	12,683,087	1,015,460	1,335,577	781,047	816,145	867,939	668,361	(2,473,838)	(3,620,956)	8,437,456	11,912,414
Gross profit	1,647,308	2,922,777	248,531	488,861	17,478	(12,843)	123,442	87,884	-	-	2,036,759	3,486,679
Distribution cost	279,247	301,302	1,199	1,359	23,246	25,612	18,805	17,066	-	-	322,497	345,339
Administrative expenses	236,332	241,709	54,314	62,344	32,788	41,855	54,665	55,754	-	-	378,089	401,862
Other operating expenses	84,430	396,895	26,573	30,163	-	-	-	277	-	-	111,003	427,335
Other income	600,009	939,906	82,086	93,866	56,034	67,467	73,470	73,097	-	-	811,599	1,174,336
Operating profit	1,66,562	5,72,331	9,524	14,434	4,556	9,374	26	61	(117,000)	(29,605)	62,668	366,595
Finance costs	1,212,861	2,555,202	175,969	409,429	(34,000)	(70,936)	49,998	14,848	(117,000)	(29,605)	1,287,828	2,678,938
Profit / (loss) before taxation	127,993	23,495	25,767	2,447	41,325	18,139	4,145	3,576	-	-	199,230	47,657
Taxation	1,084,868	2,531,707	150,202	406,982	(75,325)	(89,075)	45,853	11,272	(117,000)	(29,605)	1,088,598	2,631,281
Profit / (loss) for the period	276,601	706,934	43,559	118,025	(12,624)	(21,776)	7,723	7,124	-	-	340,507	810,307
	808,267	1,824,773	106,643	288,957	(87,949)	(67,289)	38,130	4,148	(117,000)	(29,605)	748,091	1,820,974

15.1 Inter segment sales and purchases have been eliminated.

15.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	December 2019	June 2019	December 2019	June 2019	December 2019	June 2019	December 2019	June 2019	December 2019	June 2019	December 2019	June 2019
Rupees in thousands												
Segment operating assets												
Non-Current assets	2,887,192	2,610,163	674,880	695,470	360,820	373,853	182,905	163,815	(393,293)	(405,779)	3,712,504	3,437,522
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	9,218,641	7,964,021	1,125,133	953,489	728,539	808,413	750,121	742,795	(363,536)	(398,158)	11,458,888	10,070,860
Total Assets	12,105,833	10,574,184	1,800,013	1,648,959	1,089,359	1,182,266	933,026	906,610	(738,257)	(785,365)	15,189,974	13,526,854
Segment operating liabilities												
Non-current liabilities	12,731	12,731	78,625	77,375	56,628	55,235	8,936	9,596	(79,083)	(79,743)	77,837	75,194
Current liabilities	8,217,329	5,728,286	787,876	484,713	737,424	745,230	156,919	160,940	(363,536)	(398,158)	9,536,012	6,720,111
Total operating liabilities	8,230,060	5,741,017	866,501	562,088	794,052	800,465	165,855	169,536	(442,619)	(477,901)	9,613,849	6,795,305

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended December 31, 2019

16 Fair Value Of Financial Assets and Liabilities

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

16.2 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.

17 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, 2019.

18 Events After Balance Sheet Date

The Board of Directors has declared Rs. 20 per share cash dividend (June 30, 2019: Rs. 40 per share) and Nil bonus shares (June 30, 2019: 12.5%) in their meeting held on February 19, 2020.

19 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 19, 2020.

20 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



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