



MILLAT TRACTORS LIMITED



**“Leading Pakistan’s
Green Revolution
Through Mechanization”**

for the 2nd Quarter and
Half Year ended December 31, 2023

Contents

FINANCIAL STATEMENTS

02	Corporate Information
03	Directors' Review
04	Independent Auditor's Review Report
06	Unconsolidated Interim Statement of Financial Position
08	Unconsolidated Interim Statement of Profit or Loss and other Comprehensive Income
09	Unconsolidated Interim Statement of Changes in Equity
10	Unconsolidated Interim Statement of Cash Flows
11	Notes to the Unconsolidated Condensed Interim Financial Statements

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

22	Consolidated Condensed Interim Statement of Financial Position
24	Consolidated Condensed Interim Statement of Profit or Loss and other Comprehensive Income
25	Consolidated Condensed Interim Statement of Changes in Equity
26	Consolidated Condensed Interim Statement of Cash Flows
27	Notes to the Consolidated Condensed Interim Financial Statements

Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Mr. Raheel Asghar

Directors

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mr. Qaiser Saleem

Mr. Saad Iqbal

Mr. Nasar Us Samad Qureshi

Mr. Muhammad Javed Rashid

Mrs. Ambreen Waheed

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

A.F. Ferguson & Co.

Chartered Accountants

Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrar

Karachi

CDC Share Registrar Services Limited.

CDC House, 99 - B, Block 'B',

S.M.C.H.S., Main Shahra-e-Faisal,

Karachi-74400.

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

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Email: info@cdcsrcsl.com

Website: www.cdcsrcsl.com

Lahore

Mezzanine Floor, South Tower, LSE Plaza,

Khayaban-E-Aiwan-E-Iqbal,

Lahore.

Tel: (92-42)- 36362061-66

Islamabad

Room # 410,

4th Floor, ISE Towers, 55-B, Jinnah Avenue,

Blue Area,

Islamabad.

Tel. (92-51) 2895456-9

Bankers

Bank Alfalah Limited

Habib Bank Limited

MCB Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Allied Bank Limited

Meezan Bank Limited

The Bank of Punjab

REGISTERED OFFICE AND PLANT

9 - km 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, Karachi.

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

Islamabad

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

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Multan Cantt.

Tel: 061-6537371

Fax: 061-6539271

Sukkur

House No B/106, Akuwat Nagar Society,

Near Gol Masjid, Airport Road, Sukkur.

Tel: 071-5815041

Fax: 071-5815042

Directors' Review

I am pleased to present the interim financial information of the Company for the six months ended December 31, 2023 along with consolidated interim financial information of the Millat Group of Companies.

Economic activity has been stabilizing in Pakistan, despite the challenging outlook. Macroeconomic conditions have generally improved, with a growth of 2% expected in FY24. The fiscal position also strengthened in FY24Q1 achieving a primary surplus of 0.4% of GDP driven by overall strong revenues. Inflation, although still elevated, is expected to go down in the coming months. Gross reserves increased to \$8.2 billion in December 2023, up from \$4.5 billion in June, while the exchange rate has been broadly stable.

Accordingly, your company has also been able to sell 15,099 tractors as against 6,301 units during the first half of fiscal year 2022-23. Resultantly, the sales volume increased by 140% as compared to the previous period. Sales increased to Rs. 44.7 billion from Rs. 13.4 billion, representing an increase of 234%. The EPS of the half year remained at Rs. 27.36 in contrast with Rs. 4.42 (restated) for the corresponding period last year.

Your Company is now focusing on export opportunities after achieving localization of more than 90% parts. Keeping these factors in view, the future outlook remains positive for your company and Pakistan economy as a whole. Demand for agricultural tractors and related products is expected to grow for the remaining fiscal year, due to post flood enhancement in construction activity for rehabilitation of domestic, agricultural and commercial lands, as well as the Government policies, including the farmer package, which encourage investment in farm mechanization and rehabilitation.

On behalf of the Board, I would like to thank and acknowledge untiring efforts made by our employees, vendors and all other stakeholders in sustaining operations.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman
February 27, 2024
Lahore

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, 2023 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, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2023.

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.

Other matter

The unconsolidated condensed interim financial statements of the Company for the six month period ended December 31, 2022 and unconsolidated financial statements for the year ended June 30, 2023 were reviewed and audited, respectively, by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated February 20, 2023 and October 4, 2023 respectively.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A. F. Ferguson & Co.
Chartered Accountants

Lahore: February 28, 2024
UDIN: RR20231011804kt5gJqQ

Unconsolidated Condensed Interim Financial Statements

MILLAT TRACTORS LIMITED

**For the quarter and six months ended
December 31, 2023 (unaudited)**

Unconsolidated Condensed Interim Statement of Financial Position (Unaudited)

As at December 31, 2023

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
400,000,000 (June 30, 2023: 400,000,000)			
		4,000,000	4,000,000
ordinary shares of Rs 10 each			
		1,917,983	1,917,983
Issued, subscribed and paid up capital			
		7,768,743	5,799,669
Reserves			
		9,686,726	7,717,652
Non-Current Liabilities			
Long-term finances - secured	8	833,499	1,016,918
Deferred grant	9	9,932	11,362
Lease liabilities		4,404	6,967
Long-term deposits		15,433	14,633
Deferred tax liabilities - net		1,109,944	1,239,515
		1,973,212	2,289,395
Current Liabilities			
Trade and other payables	10	8,988,983	4,328,370
Contract liabilities		4,128,726	2,836,809
Taxation - net		1,031,187	332,411
Short-term borrowings	11	2,572,150	7,353,261
Current portion of non-current liabilities		371,772	367,854
Unclaimed dividend		306,490	329,143
Unpaid dividend		26,824	10,620
Accumulating compensated absences		187,166	127,419
		17,613,298	15,685,887
CONTINGENCIES AND COMMITMENTS			
	12	29,273,236	25,692,934

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	922,256	849,939
Right-of-use assets		9,543	12,857
Investment property		255,708	255,708
Intangible assets		29,528	31,440
Long-term investments	14	5,947,660	6,479,728
Employees' defined benefit plan		267,097	289,876
Long-term loans and advances		7,761	7,349
		7,439,553	7,926,897
Current Assets			
Stores, spare parts and loose tools		243,056	224,348
Stock-in-trade		13,082,143	9,803,885
Trade debts		381,152	245,821
Loans and advances	15	48,105	101,878
Trade deposits and short-term prepayments		101,600	283,875
Balances with statutory authorities		6,098,397	5,982,200
Other receivables		291,187	117,305
Cash and bank balances	16	1,588,043	1,006,725
		21,833,683	17,766,037
		29,273,236	25,692,934



Chairman

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (unaudited)

For the six months ended December 31, 2023

	Note	Six months ended December 31,		Three months ended December 31,	
		2023	Restated 2022	2023	Restated 2022
(Rupees in thousand)					
Revenue from contracts with customers - net	17	44,693,798	13,375,154	23,932,970	6,535,201
Cost of sales		(34,217,448)	(10,984,728)	(18,255,820)	(5,322,183)
Gross profit		10,476,350	2,390,426	5,677,150	1,213,018
Distribution and marketing expenses		(955,173)	(488,833)	(455,752)	(255,002)
Administrative expenses		(535,773)	(338,731)	(304,022)	(174,903)
Other operating expenses		(648,143)	(202,791)	(337,417)	(158,397)
		(2,139,089)	(1,030,355)	(1,097,191)	(588,302)
Other income	18	691,052	315,228	541,175	295,784
Operating profit		9,028,313	1,675,299	5,121,134	920,500
Finance costs		(316,810)	(490,033)	(121,428)	(334,233)
Profit before taxation		8,711,503	1,185,266	4,999,706	586,267
Taxation		(3,464,766)	(338,110)	(2,044,644)	(189,164)
Profit after taxation for the period		5,246,737	847,156	2,955,062	397,103
Other comprehensive income					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) / gain on revaluation of investments measured at fair value through other comprehensive income - net of taxation					
		(352,844)	297,791	(463,168)	316,905
Remeasurement loss on employees' defined benefit plan					
		(47,846)	-	(47,846)	-
Total comprehensive income for the period		4,846,047	1,144,947	2,444,048	714,008
		Restated		Restated	
Earnings per share - basic and diluted (Rupees)	24	27.36	4.42	15.41	2.07

The annexed notes from 1 to 28 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, 2023

	Issued, subscribed and paid up capital	Capital reserves Fair value reserves	Revenue reserves		Total
			General reserves	Unappropriated profit	
(Rupees in thousand)					
Balance as on July 1, 2022					
(audited) - restated	968,679	1,612,902	2,278,935	2,162,241	7,022,757
Transactions with owners in their capacity as owners:					
Final dividend for the year ended					
June 30, 2022 @ Rs. 20 per share	-	-	-	(1,937,356)	(1,937,356)
Bonus shares issued for the year ended					
June 30, 2022 @ 20% per share	193,736	-	-	(193,736)	-
Profit after taxation for the period	-	-	-	847,156	847,156
Other comprehensive income - net of taxation	-	297,791	-	-	297,791
Total comprehensive income for the period	-	297,791	-	847,156	1,144,947
Balance as on December 31, 2022					
(un-audited)	1,162,415	1,910,693	2,278,935	878,305	6,230,348
Balance as on July 1, 2023					
(audited)	1,917,983	1,902,905	2,278,935	1,617,829	7,717,652
Transactions with owners in their capacity as owners:					
Final dividend for the year ended					
June 30, 2023 @ Rs. 15 per share	-	-	-	(2,876,973)	(2,876,973)
Profit after taxation for the period	-	-	-	5,246,737	5,246,737
Other comprehensive loss - net of taxation	-	(352,844)	-	(47,846)	(400,690)
Total comprehensive income for the period	-	(352,844)	-	5,198,891	4,846,047
Balance as on December 31, 2023					
(un-audited)	1,917,983	1,550,061	2,278,935	3,939,747	9,686,726

The annexed notes from 1 to 28 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, 2023

Six months ended
December 31,

Note	2023	2022
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,711,503	1,185,266
Adjustment for:		
Depreciation on property, plant and equipment	54,143	43,269
Adjustments in property, plant and equipment	1,708	2,468
Depreciation charge for the right-of-use assets	3,314	508
Amortization of intangible assets	1,912	-
Provision for accumulating compensated absences	59,747	1,364
Provision for obsolete stock-in-trade	12,438	-
Profit on bank deposits	(150,411)	(28,376)
Dividend income	(240,577)	(241,213)
Unrealized exchange loss	1,888	114
Credited to employees' defined benefit plan	(19,960)	(2,279)
Provision for gratuity	297	-
Gain on sale of short-term investments	(29,941)	-
Dividend income from short-term investments	(47,465)	-
Finance costs	312,800	489,979
Finance costs on lease liability	810	54
Workers' Profit Participation Fund	467,857	63,656
Amortization of deferred grant	(1,567)	(3,974)
Unwinding of long-term loan	2,227	5,212
Workers' Welfare Fund	177,786	354,189
	607,006	354,971
Cash flows from operating activities before working capital changes	9,318,509	1,540,237
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(18,708)	(4,397)
Stock in trade	(3,290,696)	(4,610,586)
Trade debts	(135,331)	7,588
Loans and advances	53,773	(1,617)
Trade deposits and short-term prepayments	182,275	(9,617)
Other receivables	(166,671)	(29,717)
Balances with statutory authorities	(116,197)	(116,258)
Increase / (decrease) in current liabilities:		
Trade and other payables	4,524,158	87,438
Contract liabilities	1,291,917	(4,669,621)
Cash flows generated from / (used in) operations	2,324,520	(9,346,787)
Taxes paid - net	(2,716,337)	(473,662)
Payment of long-term loans to employees - net	(412)	(187)
Workers' Welfare Fund paid	(102,756)	-
Employee benefits paid	(5,404)	(4,030)
Long term security deposits received	800	400
Finance cost paid	(721,120)	(284,979)
	(3,545,229)	(762,458)
Net cash generated from / (used in) operating activities	8,097,800	(8,569,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(142,129)	(95,258)
Proceeds from disposal of property, plant and equipment	13,961	14,141
Short-term investments made	(3,000,000)	-
Short-term investments redeemed	3,029,941	-
Long term investments made	-	(1,598,126)
Profit on bank deposits received	143,200	27,993
Dividend income from short-term investment	47,465	-
Dividend received	240,577	241,213
Net cash generated from / (used in) investing activities	333,015	(1,410,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,883,422)	(1,920,634)
Lease liabilities paid	(2,384)	(1,385)
Long term financing received	-	1,427,606
Long term financing paid	(182,580)	(88,361)
Net cash used in financing activities	(3,068,386)	(582,774)
Net increase / (decrease) in cash and cash equivalents	5,362,429	(10,561,819)
Cash and cash equivalents at the beginning of the period	(6,346,536)	1,505,688
Cash and cash equivalents at the end of the period	(984,107)	(9,056,131)

The annexed notes from 1 to 28 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, 2023

1 Legal status and nature of business

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

The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

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 Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions and directives issued under the Companies Act, 2017.

Where the provisions of the 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 are the unconsolidated separate financial statements of the Company; consolidated financial statements have been presented separately.

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, 2023, 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, 2022.

The figures of the six months ended December 31, 2023 are being submitted to the shareholders, and have been subjected to limited scope review by the statutory auditors 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, 2023.

4 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain financial instruments, government grant and plan assets of defined benefit plan which have been measured at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

5 Functional and presentation currency

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

6 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements for the year ended June 30, 2023 except for the estimation of income tax (see note 6.3) and adoption of new amended standards as set out in note 6.2.

6.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

6.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

6.3 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

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, 2023.

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
8 Long-term finances - secured			
Long-term loan		1,197,334	1,377,687
Current portion shown under current liabilities		(363,835)	(360,769)
	8.1	833,499	1,016,918

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
8.1	The reconciliation of the carrying amount is as follows:		
	Opening balance	1,377,687	124,296
	Loan received during the period / year	-	1,427,606
	Repayments during the period / year	(182,580)	(177,527)
	Unwinding of discount on liability	2,227	3,312
		1,197,334	1,377,687
	Less: Current portion shown under current liabilities	(363,835)	(360,769)
	Closing balance	833,499	1,016,918
	8.2 & 8.3		

8.2 This includes amount of loan against facility of Rs.100,000 thousand (June 30, 2023: Rs.100,000 thousand) obtained under renewable energy finance scheme announced by the State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. It carries standard markup of 2.5% per annum, which is payable on quarterly basis. The loan was previously repayable in 40 equal quarterly installments starting from September 30, 2021, however the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification was considered to be non-substantial, with the resulting impact recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (June 30, 2023: 11.47% per annum). The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. The carrying amount of loan as of period end is Rs. 37,404 thousand (June 30, 2023: Rs. 39,306 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

8.3 This represents amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2023: Rs. 1,500,000 thousand) to maintain the Company's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.4% per annum, which is payable quarterly. Base rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. The carrying amount of loan as of year end is Rs. 1,159,930 thousand (June 30, 2023: Rs. 1,338,381 thousand). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
9	Deferred grant		
	Opening balance	14,428	20,031
	Transferred to profit or loss during the period / year	(1,567)	(5,603)
	Closing balance	12,861	14,428
	9.1		
	Represented by:		
	Non-current portion	9,932	11,362
	Current portion	2,929	3,066
		12,861	14,428

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

- 9.1** Government grants have been recognized against loans obtained under SBP refinance scheme for renewable energy in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
10 Trade and other payables		
Trade creditors	4,995,713	2,602,123
Accrued liabilities	294,081	186,103
Bills payable	1,380,701	183,045
Security deposits	1,039,569	24,626
Trademark fee payable	360,401	538,791
Workers' Profit Participation Fund	481,438	-
Workers' Welfare Fund	159,379	84,349
Accrued markup on long-term finances	67,420	74,240
Accrued markup on running finance	50,500	452,000
Payable against sale tax withheld	19,484	56,294
Others	140,297	126,799
	8,988,983	4,328,370

11 Short-term borrowings

The effective rates of mark-up on short-term running finance facility ranges from KIBOR + 0.04% to KIBOR + 0.40% (June 30, 2023: KIBOR + 0.04% to KIBOR + 0.25%) per annum. The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The total limit of short term running financing facilities available from banks aggregates to Rs. 12,050,000 thousand (June 30, 2023: Rs. 11,200,000 thousand) out of which an amount of Rs. 2,500,000 thousand (June 30, 2023: Rs. 2,500,000 thousand) has been obtained under Islamic mode of financing. These facilities are secured by pari passu hypothecation charge over current and future assets and book debts of the Company, lien over import documents and counter guarantees of the Company.

12 Contingencies and Commitments

12.1 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, 2023 except for the following:

The company has lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court.

The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore, no provision has been made in these financial statements.

12.2 Commitments

in respect of outstanding letters of credit are Rs. 3,952,310 thousand (June 30, 2023: Rs. 2,419,270 thousand) at the reporting date.

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
13 Property, plant and equipment			
Operating fixed assets	13.1	900,234	827,326
Capital work in progress	13.2	22,022	22,613
		922,256	849,939
13.1 Operating fixed assets			
Book value at the start of the period / year		827,326	775,150
Add:			
Additions during the period/ year	13.1.1	142,720	181,513
		970,046	956,663
Less:			
Deletions during the period / year		(13,961)	(29,903)
Adjustments made during the period / year		(1,708)	(2,468)
Depreciation charge for the period / year		(54,143)	(96,966)
		(69,812)	(129,337)
Book value at the end of the period / year		900,234	827,326
13.1.1 Additions during the period / year			
Buildings - on freehold		-	7,111
Plant and machinery		7,276	14,663
Tools and equipment		11,155	1,928
Furniture, fixture and office equipment		1,700	7,464
Vehicles		115,357	145,632
Computers		7,232	4,715
		142,720	181,513
13.2 Capital work in progress			
Plant and machinery	13.2.1	22,022	22,613
		22,022	22,613

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
13.2.1			
Movement in capital work in progress is as follows:			
Opening		22,613	10,419
Additions during the period / year		4,274	52,036
Capitalized during the period / year		(4,865)	(39,842)
Closing		22,022	22,613
14			
Long term investments			
Investment in related parties			
In subsidiary undertaking - at cost			
Unquoted			
Millat Industrial Products Limited		57,375	57,375
TIPEG Intertrade DMCC		40,020	40,020
Millat Equipment Limited		117,000	117,000
Quoted			
Bolan Castings Limited		76,610	76,610
Other investment - at fair value through other comprehensive income			
Unquoted			
Arabian Sea Country Club Limited		-	-
Hyundai Nishat Motors (Private) Limited			
Cost		3,103,029	3,103,029
Surplus on fair valuation of investment	22.3	2,302,447	3,000,628
		5,405,476	6,103,657
Investment other than related parties - at fair value through other comprehensive income			
Quoted			
Baluchistan Wheels Limited			
Cost		12,145	12,145
Surplus on fair valuation of investment		238,634	72,521
		250,779	84,666
Unquoted			
TCC Management Services (Private) Limited - cost		400	400
		5,947,660	6,479,728

		(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
15	Loans and advances		
	Advances to employees - considered good	3,752	3,876
	Advances to suppliers - considered good	44,322	97,971
	Letter of credit opening charges	31	31
		48,105	101,878
	Advances to suppliers - considered doubtful	-	2,485
	Less: allowance for impairment loss	-	(2,485)
		48,105	101,878
16	Cash and bank balances		
	Cash in hand	1,005	16,329
	Cheques in hand	554,113	30,231
	At banks:		
	Current accounts	379,070	459,043
	Deposit accounts	653,855	501,122
		1,588,043	1,006,725
17	Revenue from contracts with customers		
	Disaggregation of revenue		
	Timing of revenue recognition		
	Local:		
	Tractors	41,400,733	11,346,205
	Implements	130,202	69,622
	Multi-application products	338,154	217,296
	Trading goods	1,160,497	697,293
	IFS services	4,998	6,625
		43,034,584	12,337,041
	Less:		
	- Trade discount	(111,212)	(82,143)
	- Delayed delivery charges	(655)	-
	- Sales tax and special excise duty	(241,157)	(165,572)
	- Provincial sales tax on services	(1,281)	(1,973)
		(354,305)	(249,688)
		42,680,279	12,087,353

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

		(Un-audited) December 31, 2023 (Rupees in thousand)	(Un-audited) June 30, 2023
Export:			
Tractors	Point-in-time	2,528,146	1,360,443
Implements	Point-in-time	-	1,296
Trading goods	Point-in-time	75,924	71,996
IFS services	Point-in-time/ Over time	6,105	10,820
		2,610,175	1,444,555
Less: Commission		(596,656)	(156,754)
		44,693,798	13,375,154
18 Other income			
Income from financial assets			
Dividend income on long-term investments		240,577	241,213
Dividend income from short-term investments at fair value through profit or loss		47,465	-
Gain on sale of short-term investments net at fair value through profit or loss		29,941	-
Mark-up on bank deposits		150,411	28,376
Mark-up on early payments		73,547	16,705
		541,941	286,294
Income from assets other than financial assets		149,111	28,934
		691,052	315,228

19 Transactions with related parties

Related parties include subsidiaries, associates, entities under common control, entities with common directors, group companies, major shareholders, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes to these financial statements other than the following:

		(Un-audited) December 31, 2023 (Rupees in thousand)	(Un-audited) December 31, 2022
Relation with undertaking	Nature of transaction		
Subsidiaries	Purchase of components	8,198,446	3,427,994
	Dividend income	233,522	232,875
	Sale of goods	199,028	505,433

		(Un-audited) December 31, 2023 (Rupees in thousand)	(Un-audited) December 31, 2022
	Payment of compensation to staff	15,892	10,525
Associates	Sale of services	330	6,625
	Investment made	-	1,598,126
	Purchase of fixed assets	13,347	-
	Advance for purchase of vehicle	4,057	-
Employees' defined benefit plan	Contribution to employees' defined benefit plan	5,107	15,300
Defined contribution plans	Contribution to defined contribution plan	297	-
Provident Fund	Amount contributed	15,932	11,110
Key management personnel	Remuneration	132,441	25,617
	Dividend paid - net	361,133	-
	Disposal of fixed assets	1,722	3,049
The outstanding balances of such parties are as under:			
Subsidiaries	Payables	1,082,740	631,959
	Advance against Sale	49,240	19,013
	Receivables	-	20,301
Associates	Receivables	2,073	11,899
	Advance against Purchases	4,057	-

		(Un-audited) December 31, 2023 (Rupees in thousand)	(Un-audited) December 31, 2022
	Note		
20	Cash and cash equivalents		
	Cash and bank balances	16	1,588,043
	Short term borrowings - secured	11	(2,572,150)
			(984,107)
			(9,056,131)

21 Operating segments

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

21.2 Revenue from sale of tractors represents 97% (December 31, 2022: 92%) of the net sales of the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

- 21.3** 96% (December 31, 2022: 89%) sales of the Company relate to customers in Pakistan.
- 21.4** All non-current assets of the Company as at December 31, 2023 and June 30, 2023 are located in Pakistan.
- 22 Fair value of financial assets and liabilities**
- 22.1** Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 22.2** 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.
- 22.3** 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. Due to change in underlying factors, there has been an unrealized loss of Rs 698,181 thousand recognised during the period.

23 Financial risk management

- 23.1** 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, 2023.

24 Earnings per share

During the year ended June 30, 2023, final bonus shares were issued at 20% per share for the year ended June 30, 2022 and then further interim bonus shares were issued at 10% per share and 50% per share. The prior period earning per share has been restated as per requirements of the applicable financial reporting framework to account for the effect of the issue of 94,930,400 bonus shares of Rs. 10 each.

25 Subsequent events

The Board of Directors has declared Rs. 25 per share cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on February 27, 2024.

26 Corresponding figures

There have been no significant re-classifications in these unconsolidated condensed interim financial statements.

27 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 27, 2024.

28 General

- 28.1** 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.
- 28.2** The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and 2022 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.
- 28.3** 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 quarter and six months ended
December 31, 2023 (unaudited)**

Consolidated Condensed Interim Statement of Financial Position (Unaudited)

As at December 31, 2023

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (30 June 2023: 400,000,000)			
ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid up capital		1,917,983	1,917,983
Reserves		8,721,267	6,684,246
		10,639,250	8,602,229
Non-controlling interest		1,376,740	1,126,518
Total equity		12,015,990	9,728,747
Non-current liabilities			
Long term finance- secured	5	950,644	1,044,655
Deferred grant	6	12,314	13,300
Lease liabilities against right-of-use assets		4,404	6,967
Employees' defined benefit plan		25,230	26,981
Long term deposits		40,577	34,406
Deferred taxation net		995,763	1,163,558
		2,028,932	2,289,867
Current liabilities			
Trade and other payables	7	9,886,252	4,917,119
Contract liabilities		4,234,133	2,850,865
Taxation - net		1,031,187	378,161
Short term borrowings		3,894,373	8,643,357
Current portion of non-current liabilities		441,550	377,544
Unclaimed dividend		326,623	354,971
Unpaid dividend		68,017	52,499
Accumulating compensated absences		250,679	171,903
		20,132,814	17,746,419
CONTINGENCIES AND COMMITMENTS	8	34,177,736	29,765,033

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,972,118	1,917,490
Right-of-use assets		9,543	12,857
Intangible asset		32,366	36,145
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	10	5,712,858	6,207,698
Long term loans and advances		8,825	8,375
Long term deposits		13,439	12,527
Employees' defined benefit plan obligation		281,898	310,475
		8,305,327	8,779,847
Current assets			
Stores and spares		749,292	684,460
Stock in trade		14,716,297	11,593,666
Trade debts		1,267,436	651,205
Loans and advances	11	368,674	197,343
Trade deposits and short term prepayments		138,864	305,145
Balances with statutory authorities		6,100,904	6,104,232
Other receivables		291,946	92,910
Tax refunds due from the Government		87,287	69,942
Short term investments		-	3,856
Cash and bank balances	12	2,151,709	1,282,427
		25,872,409	20,985,186
		34,177,736	29,765,033

Chairman

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (unaudited)

For the six months ended December 31, 2023

	Note	Six months ended December 31,		Three months ended December 31,	
		2023	2022	2023	2022
(Rupees in thousand)					
Revenue from contracts with customers	14	46,267,420	14,521,397	23,647,233	6,956,331
Cost of sales		(34,290,264)	(11,715,860)	(16,969,935)	(5,627,970)
Gross profit		11,977,156	2,805,537	6,677,298	1,328,361
Distribution and marketing expenses		(1,039,046)	(556,622)	(503,286)	(290,925)
Administrative expenses		(855,557)	(527,147)	(465,671)	(254,732)
Other operating expenses		(740,688)	(211,726)	(401,650)	(156,315)
		(2,635,291)	(1,295,495)	(1,370,607)	(701,972)
Other income	15	549,179	164,342	356,601	102,514
Operating profit		9,891,044	1,674,384	5,663,292	728,903
Finance cost		(475,139)	(614,222)	(193,914)	(415,957)
Profit before taxation		9,415,905	1,060,162	5,469,378	312,946
Taxation		(3,776,434)	(386,516)	(2,284,024)	(187,899)
Profit after tax for the period		5,639,471	673,646	3,185,354	125,047
Other comprehensive income / (loss):					
Items that may not be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		112,659	46,760	(10,314)	106,434
Unrealized (loss) / gain on revaluation of investments at fair value through other comprehensive income		(315,615)	296,305	(452,030)	319,703
Remeasurements of employee benefits		(52,384)	-	(52,384)	-
		(255,340)	343,065	(514,728)	426,137
Total comprehensive income for the period		5,384,131	1,016,711	2,670,626	551,184
Attributable to:					
- Equity holders of the holding Company					
Profit after tax		5,215,068	658,975	2,890,367	152,494
Total comprehensive (loss) / income for the period		(301,073)	332,174	(515,697)	412,944
- Non-controlling interests					
Profit after tax		424,403	14,671	294,987	(27,447)
Total comprehensive income for the period		45,733	10,891	969	13,193
		5,384,131	1,016,711	2,670,626	551,184
			Restated		Restated
Earnings per share - basic and diluted (Rupees)		29.40	3.51	16.61	0.65

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

The annexed notes 1 to 22 form an integral part of the consolidated 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, 2023

	Issued, subscribed and paid up capital	Revenue reserves			Capital reserves		Non-controlling interests	Total
		General reserves	Other reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)								
Balance as on 01 July 2022 (audited)	968,679	2,475,309	-	2,789,773	76,325	1,658,587	1,084,666	9,053,339
Final dividend for the year ended								
June 30, 2022 @ Rs. 20 per share	-	-	-	(1,937,356)	-	-	-	(1,937,356)
Bonus shares issued for the year ended								
June 30, 2022 @ 20% per share	193,736	-	-	(193,736)	-	-	-	-
Dividend payment to NCI	-	-	-	-	-	-	(246,653)	(246,653)
Net profit for the period	-	-	-	658,975	-	-	14,671	673,646
Other comprehensive income for the period	-	-	-	-	35,070	297,104	10,891	343,065
	193,736	-	-	(1,472,117)	35,070	297,104	(221,091)	(1,167,298)
Balance as on 31 December 2022 (un-audited)	1,162,415	2,475,309	-	1,317,656	111,395	1,955,691	863,575	7,886,041
Balance as on 01 July 2023 (audited)	1,917,983	2,475,309	208,929	1,951,614	101,134	1,947,260	1,126,518	9,728,747
Final dividend for the year ended								
June 30, 2023 @ Rs. 15 per share	-	-	-	(2,876,974)	-	-	-	(2,876,974)
Dividend payment to NCI	-	-	-	-	-	-	(219,914)	(219,914)
Net profit for the period	-	-	-	5,215,068	-	-	424,403	5,639,471
Other comprehensive income for the period	-	-	-	(49,944)	84,494	(335,623)	45,733	(255,340)
	-	-	-	2,288,150	84,494	(335,623)	250,222	2,287,243
Balance as on 31 December 2023 (un-audited)	1,917,983	2,475,309	208,929	4,239,764	185,628	1,611,637	1,376,740	10,015,990

The annexed notes 1 to 22 form an integral part of the consolidated 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, 2023

	Six months ended December 31,	
Note	2023	2022
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	9,415,905	1,060,162
Adjustment for:		
Depreciation on property, plant & equipment	127,985	106,737
Depreciation charge for the right-of-use assets	3,314	1,902
Amortization of intangible assets	3,780	2,950
Provision for obsolete stock	12,438	-
Provision for accumulated compensated absences	46,630	3,798
Profit on bank deposits	(160,775)	(42,881)
Dividend income	(8,636)	(9,704)
(Reversal of provision) / provision for pension obligation	(19,006)	14,442
(Gain) / Loss on sale of short term investments	(29,941)	-
Dividend income from short-term investments	(47,465)	-
Finance cost	475,139	614,222
Workers' Profit Participation Fund	533,798	226,342
Workers' Welfare Fund	204,155	84,841
	1,141,416	1,002,649
Cash flow from operating activities before working capital changes	10,557,321	2,062,811
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(64,832)	(76,703)
Stock in trade	(3,135,069)	(4,617,100)
Trade debts	(616,231)	(148,122)
Loans and advances	(171,331)	(12,026)
Trade deposits and prepayments	166,281	(6,960)
Other receivables	(174,347)	(147,643)
	(3,995,529)	(5,008,554)
Increase / (decrease) in current liabilities:		
Trade and other payables	4,667,551	741,336
Contract liabilities	1,383,268	(4,692,641)
	2,055,290	(8,959,859)
Cash used in operations		
Taxes paid - net	(2,908,022)	(494,834)
Net increase in long term loans to employees	(450)	(656)
Workers' Profit Participation Fund - net	19,102	(152,420)
Workers' Welfare Fund paid - net	(120,374)	(252,845)
Employee benefits - net	77,978	(19,878)
Increase in long term security deposits	(19,434)	(11,747)
Mark-up paid	(894,442)	(584,303)
	(3,845,643)	(1,516,683)
Net cash generated from / (used in) operating activities	8,766,968	(8,413,731)
Cash flows from investing activities		
Purchase of property, plant and equipment- net	(218,518)	(120,448)
Short term investments redeemed - net	29,941	-
Dividend income from short-term investments	47,465	-
Long term investments made	-	(1,748,064)
Proceeds from sale of property, plant and equipment	14,340	18,334
Dividend received	8,636	9,704
Profit on bank deposits received	160,775	42,881
Net cash generated from / (used in) investing activities	42,639	(1,797,593)
Cash flows from financing activities		
Dividend paid to controlling interests	(2,876,973)	(1,896,576)
Dividend paid to non-controlling interests	(219,914)	(246,653)
Principal payment against lease liabilities	(2,384)	(2,725)
Long term financing (paid) / received	(196,135)	1,265,756
Net cash used in financing activities	(3,295,406)	(880,198)
Net increase / (decrease) in cash and cash equivalents	5,514,201	(11,091,522)
Cash and cash equivalents at the beginning of the period	1,286,283	2,038,938
Short term borrowings at the beginning of the period	(8,643,357)	(1,594,845)
Foreign exchange difference	100,208	46,760
Cash and cash equivalents at the end of the period	(7,256,866)	(10,600,669)

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended December 31, 2023 (unaudited)

1 THE GROUP AND ITS ACTIVITIES

Holding company:

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 9 KM Sheikhpura Road, District Sheikhpura. 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 Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

Subsidiary companies:

a) Millat Industrial Products Limited (MIPL)

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 MIPL's equity. MIPL is engaged in the business of manufacturing of industrial, domestic and vehicular batteries, cells and components. The geographical location and address of the MIPL's business units, including mills/plant is as under:

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

b) TIPEG Intertrade DMCC

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 TIPEG Intertrade DMCC's equity. The principal place of business of the TIPEG Intertrade DMCC is located at Jumeirah Lake Towers, Dubai-UAE. TIPEG Intertrade DMCC is formed for trading of machinery and heavy equipment and its registered office is situated at Unit No.705, Fortune Executive Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates.

c) Millat Equipment Limited (MEL)

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 MEL's equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles, parts and components thereof. The registered office of MEL is situated at Sheikhpura Road, Lahore and the manufacturing facility of it is situated at 10 km Raiwind Road, Lahore.

d) Bolan Castings Limited (BCL)

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 BCL's equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of BCL's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

2 BASIS OF PREPARATION

Statement of compliance

These consolidated condensed interim financial statements of the Group for the six months ended December 31, 2023 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 for interim financial reporting comprise of :

Notes to the Consolidated Condensed Interim Financial Statements

For the Six months ended December 31, 2023 (unaudited)

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

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

These consolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In order to comply with the requirements of the IAS 34, the consolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

This interim financial information is un-audited and is being submitted to shareholders, as required under section 237 of the Act.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Group for the year ended June 30, 2023, except for the adoption of new and amended standards as set out in note 3.2.

3.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2023.

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
5	LONG TERM FINANCE- SECURED		
	Long term loan	1,382,775	1,411,910
	Current portion shown under current liabilities	(432,131)	(367,255)
	5.1	950,644	1,044,655
5.1	The reconciliation of the carrying amount is as follows:		
	Opening balance	1,411,910	231,603
	Loan received during the period / year	165,000	1,427,606
	Repayments during the period / year	(196,728)	(255,042)
	Unwinding of discount on liability	2,593	7,743
		1,382,775	1,411,910
	Less: Current portion shown under current liabilities	(432,131)	(367,255)
	Closing balance	950,644	1,044,655

5.2 This represents amount of loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan amounting to Rs. 637,500 thousand has been fully paid off. It carried markup from the rate of 0.15% to 0.4% per annum which was payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranged from 7.41% to 8.28% per annum. The difference between cash received and present value of cash outflows upon initial recognition was recognized as deferred grant.

In case of Millat Tractors Limited, this facility was secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company, in the case of Bolan Castings Limited it was secured by way of hypothecation of plant and machinery and current assets of the Company, while in the case of Millat Equipment Limited it was secured by way of first charge on plant and machinery of the Company.

5.3 This represents a long term finance facility obtained from a commercial bank during the period. It carries mark-up at the rate of 1 month KIBOR plus 1.6% per annum. Principal is to be repaid in 33 equal monthly installments starting from November 2023. The loan is secured by way of hypothecation (First Pari Passu charge) on plant and Machinery amounting to Rs. 200,000 thousand and current assets amounting to Rs. 66,670 thousand of BCL.

5.4 This represents amount of loan against facility of Rs 160,000 thousand (2023: Rs 160,000 thousand) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The average discount rate used is 11.47% per annum (June 30, 2023: 11.47%). The amount is repayable in 20 to 40 equal quarterly installments starting from September 30, 2021 and carries markup of 2.5% per annum which is payable quarterly. The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. This facility is secured by specific and exclusive charge on the purchased machinery in case of Millat Tractors Limited, and first charge over the current assets of Millat Equipment Limited.

In case of Millat Tractors Limited the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended December 31, 2023 (unaudited)

- 5.5** This includes amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2023: Rs 1,500,000 thousand) to maintain the Group's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of Base rate plus 0.4% per annum which is payable quarterly. Base Rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently will be reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. This facility is secured by 1st Exclusive Mortgage charge over land of the Millat Tractor Limited factory situated at 8.8 KM Sheikhpura Road Lahore amounting Rs. 2,000,000 thousand (30 June 2023: Rs. 2,000,000 thousand) (including 25% margin).

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in thousand)	
6		
Deferred grant		
Opening balance	18,109	26,345
Transferred to profit or loss during the period / year	(2,000)	(8,236)
Closing balance	16,109	18,109
Represented by:		
Non-current portion	12,314	13,300
Current portion	3,795	4,809
	16,109	18,109

- 6.1** Government grants have been recognized against loans obtained under SBP refinance scheme for renewable energy in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in thousand)	
7		
Trade and other payables		
Trade creditors	5,536,951	2,989,367
Bills payable	1,380,701	183,045
Accrued liabilities	389,910	258,085
Trademark fee payable	360,401	538,791
Workers' Profit Participation Fund	554,101	-
Workers' Welfare Fund	193,422	109,641
Security deposits	1,040,969	26,026
Others	429,796	812,164
	9,886,252	4,917,119

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

The holding company has lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the holding Company; therefore, no provision has been made in these financial statements.

8.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 4,268,805 thousand (June 30, 2023: Rs 2,660,366 thousand).

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
9	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,948,842	1,890,312
	Capital work in progress	23,276	27,178
		1,972,118	1,917,490
9.1	Operating fixed assets		
	Opening book value	1,890,312	1,790,846
	Add: Additions during the period / year	200,855	355,434
		2,091,167	2,146,280
	Less: Disposals / write offs during the period / year (at book value)	(14,340)	(31,031)
	Depreciation charged during the period / year	(127,985)	(224,937)
		(142,325)	(255,968)
	Closing book value	1,948,842	1,890,312
9.1.1	Additions during the period		
	- Buildings on freehold land	622	13,063
	- Plant and machinery	28,010	59,241
	- Tools and equipments	12,317	38,672
	- Furniture, fixture and office equipment	2,885	12,906
	- Vehicles	149,607	226,607
	- Computers	7,413	4,945
		200,855	355,434

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended December 31, 2023 (unaudited)

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	(Audited) June 30, 2023
9.2	Capital work in progress		
	Plant and machinery	22,306	22,613
	Others	970	4,565
		23,276	27,178
10	LONG TERM INVESTMENTS		
	Investment at fair value through other comprehensive income- unquoted		
	Hyundai Nishat Motors (Private) Limited		
	310,302,936 (30 June 2023: 310,302,936) fully paid ordinary shares	3,103,029	3,103,029
	of Rs. 10/- each equity held 15.86% (30 June 2023: 15.86%)		
	Surplus on revaluation of investment	2,302,447	3,000,628
		5,405,476	6,103,657
	TCC Management Services (Private) Limited	400	400
	Investment at fair value through other comprehensive income- quoted		
	Baluchistan Wheels Limited		
	1,570,325 (30 June 2023: 1,570,325) fully paid ordinary shares of Rs. 10/- each	24,364	24,364
	Surplus on revaluation of investment	282,618	79,277
		306,982	103,641
		5,712,858	6,207,698
11	LOANS AND ADVANCES		
	Current portion of long term loans to employees	954	714
	Advances to employees - considered good	6,991	6,499
	Advances to suppliers - considered good	360,698	190,099
		368,643	197,312
	Advances to suppliers - considered doubtful	-	2,485
	Less: Provision for doubtful advances	-	(2,485)
		-	-
	Letter of credit opening charges	31	31
		368,674	197,343
12	CASH AND BANK BALANCES		
	In hand - Cash	1,536	16,947
	In hand - Cheques	554,113	30,231
	Cash at bank - current accounts	848,377	627,300
	Cash at bank - deposits accounts	747,684	607,949
		2,151,709	1,282,427

13 TRANSACTIONS WITH RELATED PARTIES

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

		(Un-audited) December 31,	
		2023	2023
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	39,919	25,255
Associated companies	Sale of services	330	6,625
	Purchase of fixed assets	13,347	-
	Advance for purchase of vehicle	4,057	-
	Cost of investments made	-	1,598,126
Key management personnel	Remuneration	225,929	93,231
	Dividend paid-net	361,133	390,998
	Disposal of fixed assets	1,722	3,049

14 Revenue from contracts with customers

		Un-audited Six months ended December 31,	
		2023	2023
		(Rupees in thousand)	
Disaggregation of revenue	Timing of revenue recognition		
Local:			
Tractors	Point-in-time	41,104,351	10,656,901
Implements and tractor components	Point-in-time	217,972	108,848
Multi-application products	Point-in-time	286,535	217,296
Trading goods	Point-in-time	989,639	650,106
Batteries	Point-in-time	1,084,804	899,973
Castings	Point-in-time	36,142	46,233
IFS services	Point-in-time / Over time	4,898	6,625
		43,724,342	12,585,982
Export:			
Tractors	Point-in-time	2,758,980	1,891,183
Trading goods and tractor components	Point-in-time	76,027	72,634
Implements	Point-in-time	-	1,296
IFS services	Point-in-time / Over time	6,105	10,820
Batteries	Point-in-time	299,491	116,236
		3,140,602	2,092,169
Less: Commission		(597,524)	(156,754)
		46,267,420	14,521,397

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended December 31, 2023 (unaudited)

		Un-audited Six months ended December 31, 2023 (Rupees in thousand)	Un-audited Six months ended December 31, 2022 (Rupees in thousand)
15	OTHER INCOME		
	Income from financial assets:		
	Dividend Income	8,636	9,704
	Return on commercial bank deposits	160,775	42,881
	Mark-up on early payments	73,547	17,935
	Dividend income from short-term investment	47,465	-
	Gain on disposal of short term investments	29,941	-
		320,364	70,520
	Income from assets other than financial assets	228,815	93,822
		549,179	164,342
16	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	2,151,709	786,950
	Short term borrowings	(3,894,373)	(11,387,619)
		(1,742,664)	(10,600,669)

17 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 2023	December 2022	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022
			Rupees in thousands									
Revenue from contracts with customers	44,693,798	13,375,154	4,779,642	1,737,075	1,658,047	930,209	2,583,669	1,900,779	(7,447,736)	(3,421,820)	46,267,420	14,521,397
Cost of sales	34,217,448	10,984,728	3,568,823	1,574,455	1,357,024	903,990	2,254,813	1,674,507	(7,107,844)	(3,421,820)	34,290,264	11,715,960
Gross profit	10,476,350	2,390,426	1,210,819	162,620	301,023	26,219	328,856	226,272	(339,892)	-	11,977,156	2,805,537
Distribution cost	955,173	488,833	4,363	2,359	37,931	23,375	41,579	42,055	-	-	1,039,046	566,622
Administrative expenses	535,773	338,731	167,805	76,468	46,657	28,777	105,322	83,171	-	-	855,557	527,147
Other operating expenses	648,143	202,791	69,897	2,493	13,300	-	9,258	6,442	-	-	740,688	211,726
	2,139,089	1,030,355	242,155	81,320	97,888	52,152	166,159	131,688	-	-	2,635,291	1,295,405
Other income	691,052	315,228	75,631	54,255	7,821	10,031	8,297	17,703	(233,522)	(232,875)	549,179	164,342
Operating profit	9,028,313	1,975,289	1,044,195	135,555	210,956	(15,902)	180,994	112,307	(573,414)	(232,875)	9,891,044	1,674,384
Finance costs	318,810	490,033	116,627	84,163	39,611	388,17	2,091	1,219	-	-	475,139	614,222
Profit/(loss) before taxation	8,711,503	1,185,266	927,568	51,402	171,345	(647,14)	178,903	111,088	(573,414)	(232,875)	9,415,905	1,060,162
Taxation	3,464,786	338,110	349,753	10,326	55,553	11,251	38,920	28,829	(132,558)	-	3,776,434	386,516
Profit/(loss) for the period	5,246,737	847,156	577,815	41,076	115,792	(65,970)	139,983	84,259	(440,856)	(232,875)	5,639,471	673,646

17.1 Inter segment sales and purchases have been eliminated.

17.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	December 2023	June 2023	December 2023	June 2023	December 2023	June 2023	December 2023	June 2023	December 2023	June 2023	December 2023	June 2023
			Rupees in thousands									
Segment operating assets												
Non- Current assets	7,439,553	7,926,897	720,299	729,059	287,581	288,400	196,337	198,514	(357,015)	(381,595)	8,286,755	8,761,275
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	21,633,693	17,766,037	3,234,920	2,213,927	688,155	641,122	1,540,282	1,435,634	(1,422,631)	(1,071,334)	25,872,409	20,995,186
Total Assets	29,273,236	25,692,934	3,955,219	2,942,986	973,736	929,522	1,736,619	1,634,348	(1,761,074)	(1,434,357)	34,177,736	29,765,033
Segment operating liabilities												
Non-current liabilities	1,973,212	2,289,395	108,000	118,317	122,142	28,562	5,991	6,982	(180,503)	(153,389)	2,028,932	2,289,867
Current liabilities	17,613,298	15,685,887	2,390,090	1,636,035	503,164	701,012	719,011	587,459	(1,082,739)	(863,974)	20,132,814	17,746,419
Total operating liabilities	19,586,510	17,975,282	2,498,170	1,754,352	625,306	729,574	725,002	594,441	(1,263,242)	(1,017,363)	22,161,746	20,036,286

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.

8.2 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. Due to change in underlying factors, there has been an unrealized loss of Rs 698,181 thousand recognised during the 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.

Date of Valuation : December 31, 2023

			Dec 2023 (Rs. In million)	No of shares (Rupees in thousand)	Jun 2023 (Rs. In million)
Shares subscribed	1)	310,302,936	3,103	310,302,936	3,103
Fair valuation gain / (loss)	2)	-	2,302	-	3,001
Closing balance		-	5,405	-	6,104

MTL holds 15.86% (30 June 2023:15.86%) shareholding in Hyundai Nishat Motors as agreed in shareholders agreement.

1) The Company owns a total of 310,303 thousand fully paid ordinary shares of Rs. 10 each as of 31 December 2023 (30 June 2023: 310,303 thousand fully paid ordinary shares of Rs. 10 each).

2) Hyundai Nishat value per share changed from Rs. 19.67 to Rs. 17.42, resulting in FV loss of Rs. 698.18 million. Valuation of Hyundai Nishat share price is based on Discounted cashflow method by the management of Hyundai Nishat Motor Pvt Ltd.

19 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, 2023.

20 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared Rs. 25 per share cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on February 27, 2024.

21 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the holding company on February 27, 2024.

22 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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