



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mr. Sikandar Mustafa Khan

CHIEF EXECUTIVE

Mr. S M Irfan Aqueel

DIRECTORS

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mr. Mian Muhammad Saleem

Mr. Ahmed Aqueel

Mr. Saad Iqbal

REGIONAL OFFICES

KARACHI.

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

ISLAMABAD.

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

MULTAN CANTT.

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

SUKKUR.

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

COMPANY SECRETARY

Mr. Muhammad Faisal Azeem

CHIEF FINANCIAL OFFICER

Mr. Sohail A. Nisar - FCA

AUDITORS

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

LEGAL ADVISORS

Akhtar Ali & Associates
Ch. Law Associates Inn

COMPANY SHARE REGISTRARS

M/s Hameed Majeed
Associates (Pvt.) Ltd.
1st Floor, H.M. House, 7-Bank Square, Lahore.
Tel: 042-37235081-82, Fax: 042-37358817
E-mail: shares@hmconsultants.com

REGISTERED OFFICE & PLANT

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





DIRECTORS' REVIEW

I am pleased to present the interim financial information of the Company for the quarter ended 30 September, 2018 along with consolidated interim financial information of the Millat Group of Companies.

Continuing on our previous success, this quarter also had highest record sales of 10,015 tractors. Accordingly, revenue has increased from Rs. 8.9 billion to Rs. 9.7 billion.

The fluctuating exchange rates and imposition of various taxes has adversely impacted margins and as a result profit after tax stands at Rs. 1,123 million as compared to Rs. 1,167 million in the corresponding period.

Being the election year, the uncertainty in policies, devaluation of Pakistani rupee and imposition of taxes at the import stage have resulted in unprecedented increase in input cost. Macroeconomic stability is a key concern for Pakistan economy and without it; local industry will struggle to grow despite increase in volumes as evidenced above. Price adjustments will have to be done.

The overall economic growth is expected to slow down as balance of payments continues to stay in the red. Foreign currency reserves have witnessed their sharpest decline recently. GDP growth rate is expected to slow down to 4.8% as compared to 5.8% in fiscal year 2018. With looming IMF bailout, tighter economic and budgetary measures are likely to be implemented which will act as a double edged sword in slowing down the economy on one hand and increasing inflation on the other. This is also evident from the recent increase in base lending rate by State Bank of Pakistan (up 8.5% from 7.5%). The expected changes in new economic policies shall bear fruit in long-term and no short term relief is expected.

On the agriculture side, factors are not looking positive as cotton sowing target was missed by 8% owing to water shortage. The production target of 14.38 million bales is likely to be missed by 25% which will significantly affect inflows for farmers translating into reduced buying power.

The factors mentioned above are likely to affect the company as well and it is expected that a slowdown in activity might occur in the next quarters. The company management is seized with arduous task of delivering value to all the stake holders in spite of the foregoing constraints. All efforts will be made to compensate by export of MTL tractors this year.

In the end, I would like to extend my gratitude to all Millat stakeholders in helping us achieve another milestone despite all the hurdles we have faced.

For and on behalf of the Board

Sikandar Mustafa Khan
Chairman

Lahore:
October 24, 2018



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018 (UNAUDITED)

Note	September 30, 2018	June 30, 2018
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 50,000,000 (June 30, 2018: 50,000,000) ordinary shares of Rs. 10 each	500,000	500,000
Issued, subscribed and paid up capital	442,926	442,926
General reserves	2,278,935	2,278,935
Unappropriated profit	3,929,483	2,806,293
Fair value reserve	103,913	126,670
	6,755,257	5,654,824
Non-current liabilities		
Long term deposits	12,691	12,691
Deferred tax liabilities - net	57,015	57,015
Employees' defined benefit plan	27,435	24,604
	97,141	94,310
Current liabilities		
Accumulating compensated absences	108,758	107,409
Trade and other payables	7,506,869	10,410,009
Unclaimed dividend	241,515	256,584
Unpaid dividend	44,845	48,229
	7,901,987	10,822,231
CONTINGENCIES AND COMMITMENTS	5	
	14,754,385	16,571,365

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

(Chief Financial Officer)

(Chief Executive Officer)



		September 30, 2018	June 30, 2018
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	692,158	700,763
Capital work in progress	7	34,881	26,648
Investment property		255,708	255,708
Long term investments	8	776,942	709,700
Long term loans		2,805	2,587
		1,762,494	1,695,406
Current assets			
Stores, spare parts and loose tools		137,364	131,266
Stock-in-trade		4,296,889	4,157,062
Trade debts		79,554	65,578
Loans and advances		187,910	38,631
Trade deposits and short term prepayments		44,815	16,282
Balances with statutory authorities		3,026,978	1,909,792
Other receivables		41,681	44,118
Tax refunds due from the Government		552,013	725,454
Short term investments	9	2,875,670	7,267,636
Cash and bank balances		1,749,017	520,140
		12,991,891	14,875,959
		14,754,385	16,571,365

(CHAIRMAN / DIRECTOR)



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Quarter ended September 30	
	2018	2017
	(Rupees in thousand)	
Sales - net	9,737,901	8,969,064
Cost of sales	7,763,346	7,020,258
Gross profit	1,974,555	1,948,806
Distribution and marketing expenses	179,926	171,285
Administrative expenses	124,178	138,800
Other operating expenses	119,673	126,210
	423,777	436,295
Other operating income	100,505	127,784
Operating profit	1,651,283	1,640,295
Finance cost	542	307
Profit before tax	1,650,741	1,639,988
Taxation	527,551	473,377
Profit after tax for the period	1,123,190	1,166,611
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods:		
Unrealized loss on revaluation of available for sale investments	(22,757)	(33,995)
Total comprehensive income for the year	1,100,433	1,132,616
Earnings per share - basic and diluted (Rupees)	25.36	26.34

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

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Quarter ended September 30	
	2018	2017
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,650,741	1,639,988
Adjustment for:		
Depreciation on property, plant & equipment	20,127	19,644
Amortization of intangible assets	-	226
Finance cost	542	307
Provision for pension obligation	4,180	4,158
Profit on bank deposits	(13,218)	(36,482)
	11,631	(12,147)
Cash flow from operating activities before working capital changes	1,662,372	1,627,841
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(6,098)	(5,810)
Stock in trade	(139,827)	136,922
Trade debts	(13,976)	14,539
Loans and advances	(149,279)	(15,061)
Trade deposits and prepayments	(28,533)	(23,487)
Other receivables	2,437	(4,487)
	(335,276)	102,616
Increase / (decrease) in current liabilities:		
Trade and other payables	(2,903,139)	1,744,718
	(3,238,415)	1,847,334
Cash used in operations		
Income tax paid	(1,471,296)	(757,523)
Increase in long term loans to employees	(218)	(4,570)
Mark-up paid	(542)	(307)
	(1,472,056)	(762,400)
Net cash generated from/(used in) operating activities	(3,048,099)	2,712,775
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,188)	(29,906)
Long term investments made	(90,000)	-
Short term investments redeemed / (made) - net	4,391,966	(2,977,634)
Proceeds from disposal of property, plant and equipment	433	9,157
Profit on bank deposits received	13,218	32,477
Net cash used in from investing activities	4,295,429	(2,965,906)
Cash flows from financing activities		
Dividend paid	(18,453)	(3,328)
Net cash used in financing activities	(18,453)	(3,328)
Net decrease in cash and cash equivalents	1,228,877	(256,459)
Cash and cash equivalents at the beginning of the period	520,140	2,061,003
Cash and cash equivalents at the end of the period	1,749,017	1,804,544

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Share capital	Revenue Reserves		Capital Reserves	Total
		General reserves	Unappropriated profit	Fair value reserve	
----- Rupees in thousand -----					
Balance as on July 1, 2017	442,926	2,278,935	2,849,637	178,355	5,749,853
Net profit for the period	-	-	1,166,611	-	1,166,611
Other comprehensive income for the period	-	-	-	(33,995)	(33,995)
Balance as on September 30, 2017	442,926	2,278,935	4,016,248	144,360	6,882,469
Balance as on July 1, 2018	442,926	2,278,935	2,806,293	126,670	5,654,824
Net profit for the period	-	-	1,123,190	-	1,123,190
Other comprehensive loss for the period	-	-	-	(22,757)	(22,757)
Balance as on September 30, 2018	442,926	2,278,935	3,929,483	103,913	6,755,257

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

1. THE COMPANY AND ITS ACTIVITIES

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

2. STATEMENT OF COMPLIANCE

2.1 This interim financial information of the Company for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

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

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

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

IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 – Financial Instruments

IFRS 15 – Revenue from Contracts with Customers



IAS 40 – Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments did not have any effect on the interim financial information however, the management is in the process of assessing the impact of changes laid down by IFRS 9 on its 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 Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2018.

5. CONTINGENCIES AND COMMITMENTS

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

Commitments in respect of outstanding letters of credit are Rs. 1,243,080 thousand (June 30, 2018: Rs 1,758,946 thousand).

		September 30 2018	June 30 2018
	Note	(Rupees in thousand)	
6. OPERATING FIXED ASSETS			
Opening book value		700,763	717,873
Add: Additions during the period	6.1	11,955	84,745
Less:		712,718	802,618
Disposals / write offs during the period (at book value)		(433)	(18,116)
Depreciation charged during the period		(20,127)	(83,739)
		(20,560)	(101,855)
Closing book value		692,158	700,763
6.1 Additions during the period			
- Plant and machinery		2,828	26,174
- Tools and equipments		613	11,500
- Furniture, fixture and office equipment		1,167	8,586
- Vehicles		7,347	36,098
- Computers		-	2,387
		11,955	84,745



	September 30 2018	June 30 2018
	(Rupees in thousand)	
7. CAPITAL WORK IN PROGRESS		
Plant and machinery	15,804	15,804
Advance against purchase of intangible	5,992	5,992
Tools and equipments	1,223	1,613
Vehicles	11,862	3,239
	34,881	26,648
8. LONG TERM INVESTMENTS		
Advance against shares subscription	90,400	400
Investment at cost Subsidiaries		
- Millat Industrial Products Limited - unquoted	57,375	57,375
- Tipeg Intertrade DMCC - unquoted	49,500	49,500
- Bolan Castings Limited - quoted	76,610	76,610
- Millat Equipment Limited - unquoted	117,000	117,000
	300,485	300,485
Others		
Available for sale -		
Un quoted		
- Hyundai Nishat Motors (Private) Limited	270,000	270,000
Quoted		
- Baluchistan Wheels Limited - Cost	12,145	12,145
Surplus on revaluation of investment	103,912	126,670
	116,057	138,815
	776,942	709,700
9. SHORT TERM INVESTMENTS		
Financial assets at fair value through profit and loss - Mutual fund units	2,875,670	6,027,636
Investment in Term Deposit Receipt (TDR)	-	1,240,000
	2,875,670	7,267,636



**September 30
2018** **June 30
2018**
(Rupees in thousand)

10. TRANSACTIONS WITH RELATED PARTIES

Payable to related parties	12,340	71,907
Receivable from related parties	880	-

Quarter ended
September 30 **September 30**
2018 **2017**
(Rupees in thousand)

Purchases from related parties	1,716,412	1,506,474
Sale to related parties	89,307	69,934
Retirement benefit plans	6,892	11,759

11. SUBSEQUENT EVENTS

The Board of Directors have declared Rs. Nil cash dividend (June 30, 2018: Rs. 60 per share) in their meeting held on October 24, 2018.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 24, 2018 by the Board of Directors of the company.

13. CORRESPONDING FIGURES

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



Consolidated Condensed Interim Financial Statements
MILLAT TRACTORS LIMITED
For the Quarter ended September 30, 2018





CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018 (UNAUDITED)

EQUITY AND LIABILITIES	Note	September 30 2018	June 30 2018
		(Rupees in thousand)	
Share capital and reserves			
Authorized share capital 50,000,000 (2018: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital		442,926	442,926
General reserves		2,475,309	2,475,309
Unappropriated profit		4,832,002	3,646,254
Exchange translation reserve		15,418	15,418
Fair value reserve		176,639	176,639
		7,942,294	6,756,546
Non-controlling interests		1,397,583	1,297,342
Non-current liabilities			
Long term deposits		26,809	25,565
Deferred taxation		118,626	133,759
Employees' defined benefit plan		106,102	102,411
		251,537	261,735
Current liabilities			
Accumulating compensated absences		129,986	137,762
Trade and other payables		7,960,124	10,805,686
Current portion of long term deposits		1,037	1,192
Short term borrowings		462,513	243,700
Accrued mark-up on short term borrowings		1,416	3,943
Unclaimed dividend		247,555	262,711
Unpaid dividend		44,845	48,229
		8,847,476	11,503,223
CONTINGENCIES AND COMMITMENTS			
	5	18,438,890	19,818,846

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

(Chief Financial Officer)

(Chief Executive Officer)



ASSETS	Note	September 30 2018	June 30 2018
(Rupees in thousand)			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	1,650,377	1,666,736
Capital work in progress	7	97,272	83,917
Intangible asset		124	135
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	502,467	440,325
Long term loans		4,399	3,433
Long term deposits		7,325	7,325
Employees' defined benefit plan		15,839	15,708
		2,552,083	2,491,859
Current assets			
Stores and spares		813,395	425,597
Stock in trade		5,172,166	5,374,605
Trade debts		544,209	255,533
Loans and advances		389,148	136,715
Trade deposits and short term prepayments		70,854	20,113
Other receivables		41,859	42,143
Balances with statutory authorities		3,036,202	1,925,886
Tax refunds due from the Government		759,242	884,633
Short term investments	9	3,129,701	7,422,378
Cash and bank balances		1,930,031	839,384
		15,886,807	17,326,987
		18,438,890	19,818,846

(CHAIRMAN / DIRECTOR)



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)**

	Quarter ended	
	September 30 2018	September 30 2017
	(Rupees in thousand)	
Sales - net	9,995,379	9,350,122
Cost of sales	7,627,119	6,995,350
Gross profit	2,368,260	2,354,772
Distribution and marketing expenses	204,614	203,870
Administrative expenses	202,436	195,691
Other operating expenses	141,969	147,633
	549,019	547,194
Other income	111,585	138,032
	1,930,826	1,945,610
Finance cost	9,726	4,327
Profit before taxation	1,921,100	1,941,283
Taxation	607,254	557,176
Profit after tax for the period	1,313,846	1,384,107
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized (loss)/gain on revaluation of available for sale investments	(27,857)	(41,614)
Total comprehensive income for the year	1,285,989	1,342,493
Attributable to:		
- Equity holders of the holding Company		
Profit after tax	1,210,864	1,270,841
Total comprehensive (loss) / income for the year	(25,116)	(37,520)
	1,185,748	1,233,321
- Non-controlling interests		
Profit after tax	102,982	113,266
Total comprehensive (loss) / income for the year	(2,741)	(4,094)
	100,241	109,172
	1,285,989	1,342,493
Earnings per share - basic and diluted (Rupees)	29.66	31.25

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

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

Share capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
	General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		

----- (Rupees in thousand) -----

Balance as on
30 June 2017 442,926 2,475,309 3,635,597 1,223 233,682 1,222,266 8,011,003

Net profit for the period	-	-	1,270,841	-	-	113,266	1,384,107
Other comprehensive income for the period	-	-	-	-	(37,520)	(4,094)	(41,614)
	-	-	1,270,841	-	(37,520)	109,172	1,342,493

Balance as on
30 September 2017 442,926 2,475,309 4,906,438 1,223 196,162 1,331,438 9,353,496

Balance as on
30 June 2018 442,926 2,475,309 3,646,254 15,418 176,639 1,297,342 8,053,888

Net profit for the period	-	-	1,210,864	-	-	102,982	1,313,846
Other comprehensive loss for the period	-	-	(25,116)	-	-	(2,741)	(27,857)
	-	-	1,185,748	-	-	100,241	1,285,989

Balance as on
30 September 2018 442,926 2,475,309 4,832,002 15,418 176,639 1,397,583 9,339,877

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Quarter ended September 30 2018	September 30 2017
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	1,921,100	1,941,283
Adjustment for:		
Depreciation on property, plant & equipment	41,301	42,547
Amortization of intangible assets	11	243
Provision for employee benefits	(4,216)	5,630
Finance cost	9,726	4,327
Profit on bank deposits	(13,218)	(36,482)
	33,604	16,265
Cash flow from operating activities before working capital changes	1,954,704	1,957,548
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets:		
Stores and spares	(387,798)	(19,992)
Stock in trade	202,439	61,046
Trade debts	(288,676)	(78,964)
Loans and advances	(252,433)	(38,426)
Trade deposits and prepayments	(50,741)	(33,939)
Other receivables	284	15,051
	(776,925)	(95,224)
Increase / (Decrease) in current liabilities:		
Trade and other payables	(2,845,562)	1,764,383
	(3,622,487)	1,669,159
Cash used in operations		
Income tax paid	(1,607,312)	(842,066)
Increase in long term loans to employees	(966)	(5,298)
Increase in long term security deposits	1,089	929
Mark-up paid	(12,253)	(2,401)
	(1,619,442)	(848,836)
Net cash generated from/(used in) operating activities	(3,287,225)	2,777,871
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,695)	(25,229)
Purchase of short term investments- net	4,292,677	(2,657,593)
Long term investment made	(90,000)	-
Proceeds from sale of property, plant and equipment	1,398	10,267
Profit on bank deposits	13,218	32,477
Net cash (used in)/generated from investing activities	4,177,598	(2,640,078)



Quarter ended
September 30 September 30
2018 2017
(Rupees in thousand)

Cash flows from financing activities

Dividend paid	(18,539)	(3,951)
Net cash used in financing activities	(18,539)	(3,951)
Net increase / (decrease) in cash and cash equivalents	871,834	133,842
Cash and cash equivalents at the beginning of the period	839,384	2,213,683
Short term borrowings	(243,700)	(125,501)
Cash and cash equivalents at the end of the period	<u>1,467,518</u>	<u>2,222,024</u>

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

1. THE GROUP AND ITS ACTIVITIES

Holding company:

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

Subsidiary companies:

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

- The registered office of the company is situated at 8.8 km, Lahore- Sheikhpura Road, Shahdara, Lahore

- The manufacturing facility of the company is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

Tipeg Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre (DMCC) Authority, is a subsidiary of Millat Tractors Limited which holds 75% of the company's equity. The principal place of business of the company is located at Jumeirah Lake Towers, Dubai-UAE. The company is formed for trading of machinery and heavy equipment and registered office of the company is situated at Unit No.705, Fortune Executive Tower, Jumeirah lake Towers, Dubai, United Arab Emirates.

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

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



tractors and automotive parts thereof. The geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

2. STATEMENT OF COMPLIANCE

2.1 This interim financial information of the Group for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 228 of the Companies Act, 2017.

3. BASIS OF PREPARATION

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

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

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

IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 – Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

IAS 40 – Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments did not have any effect on the interim financial information however, the management is in the process of assessing the impact of changes laid down by IFRS 9 on its financial statements.



4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. CONTINGENCIES AND COMMITMENTS

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

Commitments in respect of outstanding letters of credit are Rs. 1,243,080 thousand (June 30, 2018: Rs 1,850,889 thousand).

		September 30 2018	June 30 2018
	Note	(Rupees in thousand)	
6. OPERATING FIXED ASSETS			
Opening book value		1,665,034	1,581,017
Stores, spares & loose tools		1,702	1,702
Add: Additions during the period	6.1	26,340	292,868
		1,693,076	1,875,587
Less:			
Disposals / write offs during the period (at book value)		(1,398)	(27,410)
Depreciation charged during the period		(41,301)	(181,441)
		(42,699)	(208,851)
Closing book value		1,650,377	1,666,736
6.1 Additions during the period			
- Buildings on freehold land		201	9,609
- Plant and machinery		7,956	171,589
- Tools and equipment		3,720	30,869
- Furniture, fixture and office equipment		1,281	13,935
- Vehicles		13,001	63,437
- Computers		181	3,429
		26,340	292,868



	September 30 2018	June 30 2018
	(Rupees in thousand)	
7. CAPITAL WORK IN PROGRESS		
Plant and machinery	67,359	72,497
Advance against intangible purchase	5,992	5,992
Advance for office building	456	576
Advance for tools and equipment	7,006	1,613
Advance for vehicles	16,459	3,239
	97,272	83,917
8. LONG TERM INVESTMENTS		
Advance against shares subscription	90,400	400
Available for sale investment		
Unquoted		
Hyundai Nishat Motors (Private) Limited	270,000	270,000
Quoted		
Baluchistan Wheels Limited - Cost	24,364	24,364
Surplus on revaluation of investment	117,703	145,561
	142,067	169,925
	502,467	440,325
9. SHORT TERM INVESTMENTS		
Financial assets at fair value through profit and loss - Mutual fund units	3,129,701	6,178,976
Investment in Term Deposit Receipts (TDR)	-	1,243,402
	3,129,701	7,422,378
10. TRANSACTIONS WITH RELATED PARTIES		
significant transactions with related parties are as follows:		
Contribution to retirement benefit plans	13,810	22,214

11. OPERATING SEGMENT INFORMATION
Business segments

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

Tractors
Tractor components
Castings

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

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

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2018	September 2017	September 2018	September 2017	September 2018	September 2017	September 2018	September 2017	September 2018	September 2017	September 2018	September 2017
-----Rupees in thousands-----												
Sales	9,737,901	8,969,064	1,174,912	914,749	496,168	488,233	392,117	462,402	(1,805,719)	(1,484,326)	9,995,379	9,350,122
Cost of sales	7,763,346	7,020,258	833,283	640,714	494,644	415,054	341,565	403,650	(1,805,719)	(1,484,326)	7,627,119	6,995,350
Gross profit	1,974,555	1,948,806	341,629	274,035	1,524	73,179	50,552	58,752	-	-	2,368,260	2,354,772
Distribution cost	179,926	171,285	658	611	15,384	14,770	8,646	17,204	-	-	204,614	203,870
Administrative expenses	124,178	138,800	34,146	25,224	16,162	16,217	27,950	15,450	-	-	202,436	195,691
Other operating expenses	119,673	126,210	21,726	17,644	-	2,794	570	988	-	-	141,969	147,636
Other income	423,777	436,295	56,530	43,479	31,546	33,781	37,166	33,642	-	-	549,019	547,197
	100,505	127,784	8,441	7,754	2,638	1,095	1	1,399	-	-	111,585	138,032
Operating profit / (loss)	1,651,283	1,640,295	293,540	238,310	(27,384)	40,493	13,387	26,509	-	-	1,930,826	1,945,607
Finance costs	542	307	393	236	7,316	3,360	1,475	424	-	-	9,726	4,327
Profit / (loss) before taxation	1,650,741	1,639,988	293,147	238,074	(34,700)	37,133	11,912	26,085	-	-	1,921,100	1,941,280
Taxation	527,551	473,377	85,013	71,422	(8,216)	9,727	2,906	2,650	-	-	607,254	557,176
Profit / (loss) for the period	1,123,190	1,166,611	208,134	166,652	(26,484)	27,406	9,006	23,435	-	-	1,313,846	1,384,104

11.1 Inter segment sales and purchases have been eliminated.



	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018

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

11.2 Allocation of assets and liabilities
Segment operating assets

Non- Current assets	1,762,494	1,695,006	621,981	622,249	276,804	284,153	172,717	175,603	(300,485)	(304,124)	2,533,511	2,472,887
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	12,991,891	14,876,359	1,332,105	1,071,805	907,228	772,745	711,221	691,812	(55,638)	(85,334)	15,886,807	17,327,387
Total Assets	14,754,385	16,571,365	1,954,086	1,694,054	1,184,032	1,056,898	883,938	867,415	(337,551)	(370,886)	18,438,890	19,818,846
Segment operating liabilities												
Non-current liabilities	97,141	94,310	73,083	71,783	70,792	84,406	10,521	11,236	-	-	251,537	261,735
Current liabilities	7,901,987	10,822,231	346,827	296,230	505,307	332,974	145,490	141,462	(55,638)	(89,674)	8,843,973	11,503,223
Total operating assets	7,999,128	10,916,541	419,910	368,013	576,099	417,380	156,011	152,698	(55,638)	(89,674)	9,095,510	11,764,958

12. SUBSEQUENT EVENTS

The Board of Directors have declared Rs. Nil cash dividend (June 30, 2018; Rs. 60 per share) in their meeting held on October 24, 2018.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 24, 2018 by the Board of Directors of the Group.

14. CORRESPONDING FIGURES

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)