

Attaining new heights



MILLAT TRACTORS LIMITED

3rd Quarterly Report
For the Nine Months and Quarter ended
March 31, 2019



MILLAT TRACTORS LIMITED

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

www.millattractors.com





CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mr. Sikandar Mustafa Khan

CHIEF EXECUTIVE

Mr. S M Irfan Aqueel

DIRECTORS

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

REGIONAL OFFICES

KARACHI.

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

ISLAMABAD.

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

MULTAN CANTT.

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

SUKKUR.

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

COMPANY SECRETARY

Mr. Muhammad Faisal Azeem

CHIEF FINANCIAL OFFICER

Mr. Sohail A. Nisar - FCA

AUDITORS

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

LEGAL ADVISORS

Akhtar Ali & Associates
Ch. Law Associates Inn

COMPANY SHARE REGISTRARS

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

REGISTERED OFFICE & PLANT

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





DIRECTORS' REVIEW

I am pleased to present the interim financial information of the Company for the nine months ended 31 March, 2019 along with consolidated interim financial information of the Millat Group of Companies.

The sales for the period were 23,551 units compared to sales of 31,180 units, lower than last year however, within the historical average. The company has taken steps to curtail expenses. Net profit after tax for the period is Rs. 2,775 million as compared to Rs. 4,197 million for the same period in the previous year.

In the country large scale manufacturing, which accounts for 65% of overall industrial output, contracted by 2.3% between July 2018 to January 2019. In agriculture, four out of five major crops have witnessed year on year decline in production, due to water shortage and reduced area under cultivation.

Measures taken by taxation authorities to bridge the gap in revenue collection and actions by other regulatory departments have affected investors' confidence.

GDP for the current year is expected to be 2.9%*, down from 5.2% in 2018. Growth is further projected to decelerate in upcoming fiscal year on account of increasing inflation and slow-down of demand. Despite this, as tractors forms an essential part of agriculture, we expect the demand to get better during the year. To supplement local sales, the company is making efforts to export tractors from Pakistan.

Once again, I would like to extend my heartiest gratitude towards all stakeholders, namely, board of directors, employees, vendors, dealers and investors in standing by with us during these testing times and lending their full support with utmost conviction and belief.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Sikandar Mustafa Khan'.

Sikandar Mustafa Khan
Chairman

Lahore:
April 25, 2019

*Source: IMF 'World Economic Outlook 2019' report



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019 (UNAUDITED)

	(Un-audited) March 31, 2019	(Audited) June 30, 2018
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised 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
Reserves	3,313,899	5,211,898
	3,756,825	5,654,824
Non-current liabilities		
Long term deposits	74,037	12,691
Deferred tax liabilities - net	12,278	57,015
Employees' defined benefit plan	33,097	24,604
	119,412	94,310
Current liabilities		
Accumulating compensated absences	120,255	107,409
Trade and other payables	6,351,864	10,410,009
Unclaimed dividend	318,269	256,584
Unpaid dividend	38,100	48,229
	6,828,488	10,822,231
CONTINGENCIES AND COMMITMENTS	5	
	10,704,725	16,571,365

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

(Chief Financial Officer)

Millat Tractors Limited

(Chief Executive Officer)



		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	704,229	700,763
Capital work in progress	7	39,791	26,648
Intangible assets		4,534	-
Investment property		255,708	255,708
Long term investments	8	1,138,989	709,700
Long term loans		2,447	2,587
		2,145,698	1,695,406
Current assets			
Stores and spares		147,523	131,266
Stock-in-trade		4,060,164	4,157,062
Trade debts		74,844	65,578
Loans and advances		144,517	38,631
Trade deposits and prepayments		31,227	16,282
Balances with statutory authority		2,091,858	1,909,792
Other receivables		71,546	44,118
Tax refunds due from the Government		1,004,425	725,454
Short term investments	9	-	7,267,636
Cash and bank balances		932,923	520,140
		8,559,027	14,875,959
		10,704,725	16,571,365

(CHAIRMAN / DIRECTOR)



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

FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Nine months ended 31 March		Quarter ended 31 March	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Sales - net	22,810,865	28,212,304	7,205,001	9,989,366
Cost of sales	18,426,657	21,887,331	5,737,110	7,880,079
Gross profit	4,384,208	6,324,973	1,467,891	2,109,287
Distribution and marketing expenses	464,114	490,702	162,812	188,761
Administrative expenses	343,812	374,882	108,563	143,594
Other operating expenses	491,430	446,220	94,535	145,654
	1,299,356	1,311,804	365,910	478,009
Other income	739,013	873,812	166,682	318,146
Operating profit	3,823,865	5,886,981	1,268,663	1,949,424
Finance cost	39,615	890	16,120	80
Profit before taxation	3,784,250	5,886,091	1,252,543	1,949,344
Taxation	1,009,471	1,689,067	302,557	530,660
Profit after taxation for the period	2,774,779	4,197,024	949,986	1,418,684

Other comprehensive income / (loss)

Items that may be reclassified to profit or loss in subsequent periods:

Unrealized loss on revaluation of investments measured at fair value through other comprehensive income	(22,060)	(36,189)	12,854	12,879
Total comprehensive income for the period	2,752,719	4,160,835	962,840	1,431,563
Earnings per share - basic and diluted (Rupees)	62.65	94.76	21.45	32.03

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

(Chief Financial Officer)

Millat Tractors Limited

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Share capital	Revenue Reserves		Capital Reserves	Total
		General reserves	Unappropriated profit	Fair value reserve	
----- Rupees in thousand -----					
Balance as on 01 July 2017	442,926	2,278,935	2,849,637	178,355	5,749,853
Final dividend for the year ended 30 June 2017 @ Rs. 60/- per share	-	-	(2,657,553)	-	(2,657,553)
Interim dividend @ Rs. 60 per share	-	-	(2,657,553)	-	(2,657,553)
Total comprehensive income for the nine months ended 31 March 2018	-	-	4,197,024	(36,189)	4,160,835
Balance as on 31 March 2018	<u>442,926</u>	<u>2,278,935</u>	<u>1,731,555</u>	<u>142,166</u>	<u>4,595,582</u>
Balance as on 01 July 2018	442,926	2,278,935	2,806,293	126,670	5,654,824
Final dividend for the year ended 30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	(2,657,553)
Interim dividend @ Rs. 45 per share	-	-	(1,993,165)	-	(1,993,165)
Total comprehensive income for the nine months ended 31 March 2019	-	-	2,774,779	(22,060)	2,752,719
Balance as on 31 March 2019	<u>442,926</u>	<u>2,278,935</u>	<u>930,354</u>	<u>104,610</u>	<u>3,756,825</u>

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)

Millat Tractors Limited



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended March 31	
	2019	2018
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	3,784,250	5,886,091
Adjustment for:		
Depreciation on property, plant & equipment	59,246	60,664
Amortization of intangible assets	1,458	675
Gain on disposal of short term investments	(202,509)	(262,654)
Provision for employee benefits	21,339	17,354
Finance cost	39,615	890
Profit on bank deposits	(23,850)	(101,746)
Dividend income	(674,592)	(463,593)
	(779,293)	(748,410)
Cash flow from operating activities before working capital changes	3,004,957	5,137,681
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(16,257)	(13,584)
Stock in trade	96,898	(978,206)
Trade debts	(9,266)	81,444
Loans and advances	(105,886)	(23,930)
Trade deposits and prepayments	(14,945)	(4,064)
Other receivables	(1,554)	(786,597)
	(51,010)	(1,724,937)
Increase in current liabilities:		
Trade and other payables	(4,073,245)	5,115,086
Cash (used) in / generated from operations	(4,124,255)	3,390,149
Taxes paid	(1,516,594)	(2,388,988)
Decrease / (Increase) in long term loans to employees	140	(2,794)
Increase in long term security deposits	61,346	840
Finance cost paid	(24,515)	(890)
	(1,479,623)	(2,391,832)
Net cash (used) in / generated from operating activities	(2,598,921)	6,135,998
Cash flows from investing activities		
Purchase of property, plant and equipment	(84,683)	(63,544)
Purchase of intangible assets	(5,992)	-
Long term investments made	(450,000)	-
Purchase of short term investments-net	-	(646,314)
Proceeds from sale of short term investments	7,470,145	-
Proceeds from sale of property, plant and equipment	8,828	13,920
Dividend received	648,718	463,593
Profit on bank deposits	23,850	101,746
Net cash generated from / (used) in investing activities	7,610,866	(130,599)
Cash flows from financing activities		
Dividend paid	(4,599,162)	(5,315,106)
Net cash used in financing activities	(4,599,162)	(5,315,106)
Net increase / (decrease) in cash and cash equivalents	412,783	690,293
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	932,923	2,751,296

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 (UNAUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2019

1. THE COMPANY AND ITS ACTIVITIES

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

2. STATEMENT OF COMPLIANCE

2.1 This interim financial information of the Company for the nine months ended March 31, 2019 has 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:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of 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 condensed 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 30 June 2018.

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

3.3 IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' have become effective from accounting periods beginning on or after July 1, 2018.



Accordingly, the Company has adopted these standards with effect from July 1, 2018. The aforementioned changes are considered to be changes in accounting policy in accordance with IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors'. The impact of the same however, are not considered to be material to the financial statements of the Company and accordingly comparatives have not been restated in this regard.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of 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 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 30 June 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. 519,100 thousand (June 30, 2018: Rs 1,758,946 thousand).

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
		(Rupees in thousand)	
6. OPERATING FIXED ASSETS			
Opening book value		700,763	717,873
Add: Additions during the period	6.1	71,540	84,745
		772,303	802,618
Less:			
Disposals / write offs during the period (at book value)		(8,828)	(18,116)
Depreciation charged during the period		(59,246)	(83,739)
		(68,074)	(101,855)
Closing book value		704,229	700,763
6.1 Additions during the period			
- Plant and machinery		10,738	26,174
- Tools and equipment		3,912	11,500
- Furniture, fixture and office equipment		2,793	8,586
- Vehicles		37,680	36,098
- Computers		6,499	2,387
- Factory building		1,467	-
- Office Building		8,451	-
		71,540	84,745



	(Un-audited) March 31, 2019	(Audited) June 30, 2018
	(Rupees in thousand)	
7. CAPITAL WORK IN PROGRESS		
Plant and machinery	10,628	15,804
Advance against purchase of intangible	-	5,992
Advance for tools and equipments	24,459	1,613
Advance for Vehicles	4,704	3,239
	39,791	26,648
8. LONG TERM INVESTMENTS		
Related parties:		
In subsidiary undertakings - At cost		
- 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
Other investment - At fair value through other comprehensive income		
- Hyundai Nishat Motors (Pvt.) Limited- unquoted		
Cost	720,000	270,000
Surplus on revaluation of investment	9,000	-
	729,000	270,000
	1,029,485	570,485
Investment other than related parties		
At fair value through other comprehensive income		
Quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	96,959	126,670
	109,104	138,815
Unquoted		
Cost	400	-
Advance against share subscription	-	400
	1,138,989	709,700
9. SHORT TERM INVESTMENTS		
Financial assets at fair value through profit and loss - Mutual fund units	-	6,027,636
Investment in Term Deposit Receipt (TDR)	-	1,240,000
	-	7,267,636



March 31,
2019 2018
(Rupees in thousand)

10. TRANSACTIONS WITH RELATED PARTIES

Purchase of components	3,944,350	4,970,826
Sale of goods	207,953	95,332
Dividend income	372,489	458,462
Cost of Investments made	450,000	-
Contribution to staff retirement benefit plans	20,762	6,851
Disposal of assets to key management personnel	-	6,586

The Outstanding balances of such parties are as under:

	March 31, 2019	June 30, 2018
Payable to related parties	510,853	71,907

11. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared Rs. Nil cash dividend (June 30, 2018: Rs. 60 per share) in their meeting held on April 25, 2019.

12. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 25, 2019 by the Board of Directors of the company.

13. CORRESPONDING FIGURES

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



Consolidated Condensed Interim Financial Information (Un-audited)

MILLAT TRACTORS LIMITED

For The Nine Months Ended March 31, 2019





CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019 (UNAUDITED)

EQUITY AND LIABILITIES	Note	(Un-audited) March 31, 2019	(Audited) 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
Reserves		4,155,384	6,313,620
		4,598,310	6,756,546
Non-controlling interests		1,039,687	1,297,342
Non-current liabilities			
Long term deposits		86,780	25,565
Deferred taxation		33,094	133,759
Employees' defined benefit plan		120,594	102,411
		240,468	261,735
Current liabilities			
Accumulating compensated absences		142,728	137,762
Trade and other payables		6,579,974	10,809,629
Current portion of long term deposits		165	1,192
Short term borrowings		981,811	243,700
Unclaimed dividend		326,618	262,711
Unpaid dividend		38,100	48,229
		8,069,396	11,503,223
CONTINGENCIES AND COMMITMENTS	5	13,947,861	19,818,846

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

(Chief Financial Officer)

Millat Tractors Limited

(Chief Executive Officer)



ASSETS	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees in thousand)			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	1,744,335	1,666,736
Capital work in progress	7	91,794	83,917
Intangible asset		4,636	135
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	864,307	440,325
Long term loans		6,906	3,433
Long term deposits		3,807	7,325
Employees' defined benefit plan		16,085	15,708
		3,006,150	2,491,859
Current assets			
Stores and spares		453,050	425,597
Stock in trade		5,008,526	5,374,605
Trade debts		560,487	255,533
Loans and advances		289,685	136,715
Trade deposits and short term prepayments		39,504	20,113
Other receivables		72,006	42,143
Balances with statutory authorities		2,095,841	1,925,886
Tax refunds due from the Government		1,323,978	884,633
Short term investments	9	-	7,422,378
Cash and bank balances		1,098,634	839,384
		10,941,711	17,326,987
		13,947,861	19,818,846

(CHAIRMAN / DIRECTOR)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Nine months ended 31 March		Quarter ended 31 March	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Sales - net	23,567,834	29,545,058	8,168,741	10,878,568
Cost of sales	18,439,011	21,760,330	6,526,597	8,286,929
Gross profit	5,128,823	7,784,728	1,642,144	2,591,639
Distribution and marketing expenses	537,257	564,444	191,918	215,808
Administrative expenses	581,000	577,942	179,338	213,837
Other operating expenses	530,089	527,535	102,754	172,368
	1,648,346	1,669,921	474,010	602,013
Other income	398,680	454,451	32,085	134,241
Operating profit	3,879,157	6,569,258	1,200,219	2,123,867
Finance cost	89,234	13,479	41,577	4,879
Profit before taxation	3,789,923	6,555,779	1,158,642	2,118,988
Taxation	1,129,108	2,041,671	318,801	665,498
Profit after tax for the period	2,660,815	4,514,108	839,841	1,453,490
Other comprehensive income / (loss):				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	1,518	16,735	(29,174)	10,550
Unrealized (loss) / gain on revaluation of available for sale investments - net	(27,367)	(44,299)	16,906	15,766
	(25,849)	(27,564)	(12,268)	26,316
Total comprehensive income for the year	2,634,966	4,486,544	827,573	1,479,806
Attributable to:				
- Equity holders of the holding Company				
Profit after tax	2,521,367	4,102,024	823,380	1,329,296
Other comprehensive (loss) / income for the period	(22,997)	(23,206)	(6,773)	24,764
	2,498,370	4,078,818	816,607	1,354,060
- Non-controlling interests				
Profit after tax	139,448	412,084	16,461	124,194
Other comprehensive (loss) / income for the period	(2,852)	(4,358)	(5,495)	1,552
	136,596	407,726	10,966	125,746
	2,634,966	4,486,544	827,573	1,479,806
Earnings per share - basic and diluted (Rupees)	60.07	101.91	18.96	32.82

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 (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2019

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
Final dividend for the year ended 30 June 2017 @ Rs. 60/- per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Dividend payment to NCI	-	-	-	-	-	(499,869)	(499,869)
Interim dividend for the year ended 30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Total comprehensive income for the nine months ended 31 March 2018	-	-	4,102,024	16,735	(44,299)	412,084	4,486,544
Balance as on 31 March 2018	442,926	2,475,309	2,422,515	17,958	189,383	1,134,481	6,682,572
Balance as on 30 June 2018	442,926	2,475,309	3,646,254	15,418	176,639	1,297,342	8,053,888
Final dividend for the year ended 30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Dividend payment to NCI	-	-	-	-	-	(397,103)	(397,103)
Interim dividend for the year ended 30 June 2019 @ Rs. 45/- per share	-	-	(1,993,165)	-	-	-	(1,993,165)
Total comprehensive income for the nine months ended 31 March 2019	-	-	2,521,367	(1,518)	(27,367)	139,448	2,631,930
Balance as on 31 March 2019	442,926	2,475,309	1,516,903	13,900	149,272	1,039,687	5,637,997

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)

Millat Tractors Limited



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended	
	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	3,789,923	6,555,779
Adjustment for:		
Depreciation on property, plant & equipment	140,027	128,142
Amortization of intangible assets	1,492	675
Gain on disposal of short term investments	(202,509)	(274,370)
Provision for employee benefits	22,772	19,988
Finance cost	89,234	13,479
Profit on bank deposits	(24,206)	(106,835)
Dividend income	(3,848)	(6,281)
	22,962	(225,202)
Cash flow from operating activities before working capital changes	3,812,885	6,330,577
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(27,453)	(82,699)
Stock in trade	366,079	(1,237,890)
Trade debts	(304,954)	(30,616)
Loans and advances	(152,570)	(41,332)
Trade deposits and prepayments	(19,391)	(1,303)
Other receivables	(29,863)	48,828
	(168,152)	(1,345,012)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(4,269,060)	5,131,468
Cash (used in) / generated from operations	(4,437,212)	3,786,456
Taxes paid	(1,840,822)	(3,552,679)
Increase in long term loans to employees	(3,473)	(2,861)
Increase in long term security deposits	63,706	4,500
Mark-up paid	(49,829)	(10,713)
	(1,830,418)	(3,561,753)
Net cash (used) in / generated from operating activities	(2,454,745)	6,555,280
Cash flows from investing activities		
Purchase of property, plant and equipment	(225,503)	(83,733)
Purchase of intangible assets	(5,993)	50
Short term investments made - net	-	(71,154)
Proceeds from sale of short term investments	7,624,887	-
Long term investment made	(450,000)	-
Dividend received	3,848	6,281
Profit on bank deposits	24,206	106,835
Net cash generated from / (used) in investing activities	6,971,445	(41,721)



Nine months ended

March 31, March 31,
2019 2018

(Rupees in thousand)

Cash flows from financing activities

Short term borrowings obtained- net	738,111	99,481
Dividend paid to equity holders	(4,596,940)	(5,315,106)
Dividend paid to non-controlling interests	(397,103)	(499,869)
Net cash used in financing activities	(4,255,932)	(5,715,494)
Net increase in cash and cash equivalents	260,768	798,065
Cash and cash equivalents at the beginning of the period	839,384	2,213,683
Foreign exchange difference	(1,518)	16,735
Cash and cash equivalents at the end of the period	1,098,634	3,028,483

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

(Chief Financial Officer)

(Chief Executive Officer)

(CHAIRMAN / DIRECTOR)



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

1. THE GROUP AND ITS ACTIVITIES

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

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

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

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

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

2. STATEMENT OF COMPLIANCE

This interim financial information of the Group for the nine months ended March 31, 2019 has 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:

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



2017; and

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of 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 condensed 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 30 June 2018.

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

3.3 CHANGE IN ACCOUNTING POLICIES

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

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of 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 30 June 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.519,100 thousand (June 30, 2018: Rs 1,850,889 thousand).



		(Un-audited)	(Audited)
	Note	March 31, 2019	June 30, 2018
(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	236,499	292,868
		1,903,235	1,875,587
Less: Disposals / write offs during the period (at book value)		(18,873)	(27,410)
Depreciation charged during the period		(140,027)	(181,441)
		(158,900)	(208,851)
Closing book value		1,744,335	1,666,736
6.1 Additions during the period			
- Buildings on freehold land		10,527	9,609
- Plant and machinery		143,561	171,589
- Tools and equipments		14,051	30,869
- Furniture, fixture and office equipment		9,226	13,935
- Vehicles		52,191	63,437
- Computers		6,943	3,429
		236,499	292,868
7. CAPITAL WORK IN PROGRESS			
Advance against intangible purchase		7,268	5,992
Plant and machinery		53,070	72,497
Advance for tools and equipment		24,459	1,613
Advance for vehicles		6,997	3,239
Advance for office building		-	576
		91,794	83,917
8. LONG TERM INVESTMENTS			
Advance against share subscription at fair value through other comprehensive income		-	400
Investment at fair value through other comprehensive income- unquoted Cost		720,400	270,000
Surplus on revaluation of investment		9,000	-
		729,400	270,000
Investment at fair value through other comprehensive income- quoted Cost		24,364	24,364
Surplus on revaluation of investment		110,543	145,561
		134,907	169,925
		864,307	440,325
9. SHORT TERM INVESTMENTS			
Financial assets at fair value through profit and loss - Mutual fund units		-	6,178,976
Investment in Term Deposit Receipt (TDR)		-	1,243,402
		-	7,422,378
Nine months ended			
March 31			
		2019	2018
(Rupees in thousand)			
10. TRANSACTIONS WITH RELATED PARTIES			
Retirement benefit plans	Contribution to staff retirement benefit plans	31,882	26,611
Associated undertaking	Cost of Investments made	450,000	-
Key management personnel	Disposal of vehicles	929	6,586



11 OPERATING SEGMENT INFORMATION

Business segments
Tractors
Tractor components
Castings

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

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	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
-----Rupees in thousands-----												
Sales	22,810,865	28,212,304	2,531,421	3,176,943	1,178,560	1,743,359	1,199,291	1,383,278	(4,152,303)	(4,970,826)	23,567,834	29,545,058
Cost of sales	18,426,657	21,887,331	1,875,751	2,148,675	1,223,587	1,474,416	1,065,319	1,220,734	(4,152,303)	(4,970,826)	18,439,011	21,760,330
Gross profit	4,384,208	6,324,973	655,670	1,028,268	(45,027)	268,943	133,972	162,544	-	-	5,128,823	7,784,728
Distribution cost	464,114	490,702	10,108	2,255	37,206	44,955	25,829	26,532	-	-	537,257	564,444
Administrative expenses	343,812	374,882	94,472	75,667	58,558	53,774	84,158	73,619	-	-	581,000	577,942
Other operating expenses	491,430	446,220	38,659	67,569	-	11,710	-	2,036	-	-	530,089	527,535
Other income	1,299,356	1,311,804	143,239	145,491	95,764	110,439	109,987	102,187	-	-	1,648,346	1,669,921
Operating profit / (loss)	739,013	873,812	19,222	28,924	12,225	8,144	(106)	2,033	(371,674)	(458,462)	398,680	454,451
Finance costs	3,823,865	5,886,981	531,653	911,701	(128,566)	166,648	23,879	62,390	(371,674)	(458,462)	3,879,157	6,569,258
Profit before taxation	3,784,250	5,886,091	521,083	910,923	(161,176)	158,004	17,440	59,223	(371,674)	(458,462)	3,789,923	6,555,779
Taxation	1,009,471	1,689,067	149,773	299,025	(39,766)	46,328	9,630	7,251	-	-	1,129,108	2,041,671
Profit for the year	2,774,779	4,197,024	371,310	611,898	(121,410)	111,676	7,810	51,972	(371,674)	(458,462)	2,660,815	4,514,108

11.1 Inter segment sales and purchases have been eliminated.

11.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	31 March 2019	30 June 2018	31 March 2019	30 June 2018	31 March 2019	30 June 2018	31 March 2019	30 June 2018	31 March 2019	30 June 2018	31 March 2019	30 June 2018
-----Rupees in thousands-----												
Segment operating assets												
Non- Current assets	2,145,698	1,695,006	672,657	622,249	304,661	284,153	165,047	175,603	(300,485)	(304,124)	2,987,578	2,472,887
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	8,559,027	14,876,359	1,198,904	1,071,805	905,620	772,745	789,013	691,812	(510,853)	(85,334)	10,941,711	17,327,387
Total Assets	10,704,725	16,571,365	1,871,561	1,694,054	1,210,281	1,056,898	954,060	867,415	(792,766)	(370,886)	13,947,861	19,818,846
Segment operating liabilities												
Non-current liabilities	119,412	94,310	72,155	71,783	39,063	84,406	9,838	11,236	-	-	240,468	261,735
Current liabilities	6,828,488	10,822,231	830,054	296,230	687,098	332,974	234,609	141,462	(510,853)	(89,674)	8,069,396	11,503,223
Total operating assets	6,947,900	10,916,541	902,209	368,013	726,161	417,380	244,447	152,698	(510,853)	(89,674)	8,309,864	11,764,958

12 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared Rs. Nil cash dividend (June 30, 2018: Rs. 60 per share) in their meeting held on April 25, 2019.

13 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 25, 2019 by the Board of Directors of the Group.

14 CORRESPONDING FIGURES

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



(Chief Financial Officer)



(Chief Executive Officer)






(CHAIRMAN / DIRECTOR)



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