



for the 2nd Quarter and
Half Year ended
December 31, 2021

Driving
GROWTH,
Enhancing
PERFORMANCE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

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

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

Chartered Accountants

Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrars

M/s. Hameed Majeed Associates (Pvt.) Ltd.,
1st Floor, H.M. House, 7-Bank Square, Lahore.

Tel: 042-37235081-82

Fax: 042-37358817

E-mail: shares@hmaconsultants.com

Bankers

Bank Alfalah Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank (Pakistan) Ltd.

United Bank Ltd.

Allied Bank Ltd.

Meezan Bank Ltd.

REGISTERED OFFICE AND PLANT

9-Km Sheikhpura Road, Distt. Sheikhpura.

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, 2021 along with consolidated interim financial information of the Millat Group of Companies.

Despite the emergence of latest Omicron variant of coronavirus, your Company managed to achieve sales of 17,254 units during the first half of fiscal year 2021-22. Resultantly, sales volume increased by 11% as compared to previous period. Sales increased from Rs. 18.796 billion to Rs. 24.592 billion, representing an increase of 30.83%. The EPS for the half year witnessed an increase to Rs. 45.04 in contrast with EPS Rs. 39.22 for the corresponding period last year.

Oil Prices are also continuously increasing and have crossed USD 90 per barrel. The raw material prices are surging on daily basis which has resulted in highest inflations rates globally as well as locally. Bilateral trade with Afghanistan is at a standstill due to their cash flow constraints. International supply chain has suffered disruptions due to resurgence of the pandemic owing to latest variant Omicron.

Pakistan Rupee (PKR) is continually struggling against US Dollar; Pakistan economy is also struggling hard to get back on recovery trail. In the first half of FY22, the current account deficit has reached \$9.1 billion. Year on Year inflation has increased in the recent months. Energy cost has increased owing to increased fuel cost and weakening of Rupee against US Dollar.

On the supply side, LSM production decelerated to 3.3 percent (y/y) in July-November 2021, partly reflecting a high base-effect as well as higher input costs, while electricity generation stabilized. Agricultural prices and output have demonstrated growth. Prospects remain favorable in agriculture, with an improved Rabi crop outlook offsetting reports of lower cotton output. Overall, growth in FY22 is expected around the middle of the forecast range of 4-5 percent. Keeping these factors in view, future outlook remains positive for your Company and Pakistan economy as a whole. Demand for agricultural tractors and related products are expected to grow for the remaining fiscal year due to better farmer economics. Efforts are also being made to meet exports targets.

Your company is cognizant of the current demand drivers and is continuously working towards sustainable operational levels. Strict adherence to safety and Corona SOP's has contributed to continuous operations of the Company. 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 growth and helping us realize our vision.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman

February 22, 2022

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, 2021 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co.
Chartered Accountants

Lahore
Dated: February 24, 2022

Unconsolidated Condensed Interim Financial Statements
MILLAT TRACTORS LIMITED
For the Quarter and Six months ended
December 31, 2021 (Unaudited)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (unaudited)

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 (2021: 75,000,000)			
ordinary shares of Rs 10 each		1,000,000	750,000
Issued, subscribed and paid up capital		672,694	560,578
Reserves		8,469,540	8,532,192
		9,142,233	9,092,770
Non-current liabilities			
Long term deposits		13,833	13,433
Deferred tax liabilities - net		859,509	962,984
Employees' defined benefit plan		58,175	50,256
Lease liabilities against right-of-use assets		-	1,442
Long term finance- secured	8	66,116	128,815
Deferred grant	9	10,933	13,485
		1,008,566	1,170,415
Current liabilities			
Accumulating compensated absences		113,670	110,670
Trade and other payables	10	4,205,677	3,661,499
Contract liabilities		4,628,833	9,919,342
Current portion of lease liabilities against right-of-use assets		2,796	4,386
Current portion of long term finance- secured	8	169,003	162,797
Current portion of deferred grant	9	9,896	15,602
Taxation- net		115,527	322,770
Unclaimed dividend		285,568	271,595
Unpaid dividend		28,867	74,403
Short term borrowings	11	2,024,698	-
		11,584,535	14,543,064
CONTINGENCIES AND COMMITMENTS			
	12	21,735,334	24,806,249

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	13	775,632	777,638
Capital work in progress		39,221	45,166
Right-of-use assets		2,994	4,896
Intangible assets		39,300	39,462
Investment property		255,708	255,708
Long term investments	14	5,983,179	6,199,458
Long term loans		2,649	2,482
		7,098,683	7,324,810
Current assets			
Stores, spare parts and loose tools		191,791	161,329
Stock-in-trade		7,370,144	5,372,584
Trade debts		162,964	141,234
Loans and advances	15	30,131	56,359
Trade deposits and short term prepayments		63,339	65,273
Balances with statutory authorities		6,187,777	4,592,169
Other receivables		82,955	108,253
Short term investments		–	6,134,636
Cash and bank balances	16	547,550	849,602
		14,636,651	17,481,439
		21,735,334	24,806,249



Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended December 31, 2021 (unaudited)

	Note	Six months ended December 31,		Three months ended December 31,	
		2021	2020	2021	2020
(Rupees in thousand)					
Revenue from contracts with customers		24,592,063	18,796,264	14,654,016	10,278,437
Cost of sales		20,046,020	14,575,036	12,178,201	7,931,920
Gross profit		4,546,043	4,221,228	2,475,815	2,346,517
Distribution and marketing expenses		444,739	350,759	215,856	148,956
Administrative expenses		301,875	256,467	137,477	125,275
Other operating expenses		294,983	273,929	162,039	161,147
		1,041,597	881,155	515,372	435,378
Other income	17	587,688	268,354	339,354	198,655
Operating profit		4,092,134	3,608,427	2,299,797	2,109,794
Finance costs		13,975	6,500	13,736	5,690
Profit before taxation		4,078,159	3,601,927	2,286,061	2,104,104
Taxation		1,048,446	963,964	573,746	601,096
Profit after taxation for the period		3,029,713	2,637,963	1,712,315	1,503,008
Other comprehensive income					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized gain/ (loss) on revaluation of investments measured at fair value through other comprehensive income					
		(177,362)	55,564	(174,501)	30,844
Total comprehensive income for the period		2,852,351	2,693,527	1,537,814	1,533,852
			Restated		Restated
Earnings per share - basic and diluted (Rupees)		45.04	39.22	25.45	22.34

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2021 (unaudited)

	Issued, subscribed and paid up capital	Capital reserves Fair value reserves	Revenue reserves		Total
			General reserves	Unappropriated profit	
(Rupees in thousand)					
Balance as on June 30, 2020 (audited)	498,292	297,389	2,278,935	997,460	4,072,076
Final dividend for the year ended					
June 30, 2020 @ Rs. 30 per share	-	-	-	(1,494,873)	(1,494,873)
Total comprehensive income for the period	-	55,564	-	2,637,963	2,693,527
Balance as on December 31, 2020 (un-audited)	498,292	352,953	2,278,935	2,140,550	5,270,730
Bonus shares issued during the half year ended					
December 31, 2020 @ 12.5% per share	62,286	-	-	(62,286)	-
Interim dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	-	-	-	(2,491,456)	(2,491,456)
Total Comprehensive income for					
for the year ended June 30,2021	-	3,082,934	-	3,230,562	6,313,496
Balance as on June 30, 2021 (audited)	560,578	3,435,887	2,278,935	2,817,370	9,092,770
Final dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	-	-	-	(2,802,888)	(2,802,888)
Bonus shares issued for the year ended					
June 30, 2021 @ 20% per share	112,116	-	-	(112,116)	-
Profit after taxation for the period	-	-	-	3,029,713	3,029,713
Other comprehensive loss	-	(177,362)	-	-	(177,362)
Total comprehensive income for the period	-	(177,362)	-	3,029,713	2,852,351
Balance as on December 31, 2021 (un-audited)	672,694	3,258,525	2,278,935	2,932,079	9,142,233

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended December 31, 2021 (unaudited)

	Note	Six months ended December 31,	
		2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		4,078,159	3,601,927
Adjustment for:			
Depreciation on property, plant and equipment		44,757	37,482
Depreciation charge for the right-of-use assets		1,902	2,189
Amortization of intangible assets		162	972
Provision for accumulating compensated absences		3,000	4,000
Property, plant and equipment written off		-	3,033
Profit on bank deposits		(17,969)	(24,753)
Dividend income		(379,638)	(123,224)
Loss on foreign currency retranslation		(7,889)	3,450
Provision / (reversal) for pension obligation		12,206	17,876
Net gain from short term investments		(20,762)	(50,833)
Dividend income on mutual funds		(101,458)	(4,300)
Finance costs		13,975	6,500
Workers' Profit Participation Fund		219,020	193,444
Workers' Welfare Fund		83,228	73,509
		(149,466)	139,345
Cash flows from operating activities before working capital changes		3,928,693	3,741,272
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(30,462)	1,968
Stock in trade		(1,997,560)	(2,178,868)
Trade debts		(21,730)	(57,574)
Loans and advances		26,228	(159,875)
Trade deposits and short term prepayments		1,934	(15,310)
Other receivables		25,038	(49,333)
Increase / (decrease) in current liabilities:			
Trade and other payables		322,509	1,000,682
Contract liabilities		(5,290,509)	954,088
		(6,964,552)	(504,222)
Cash used in from operations			
Taxes paid - net		(2,969,626)	(1,834,178)
Net (increase) / decrease in long term loans to employees		(167)	(824)
Workers' Profit Participation Fund (paid) / refunded		(5,151)	(14,070)
Employee benefits paid		(4,287)	(4,401)
Long term security deposits (paid)/ received		400	(10)
Finance cost paid		(6,175)	(7,585)
		(2,985,006)	(1,861,068)
Net cash (used in) / generated from operating activities		(6,020,865)	1,375,982
Cash flows from investing activities			
Payments for property, plant and equipment		(44,320)	(105,911)
Proceeds from disposal of property, plant and equipment		7,514	9,569
Short term investments made		(550,000)	(6,176,757)
Proceeds from sale of short term investments		6,435,288	5,750,599
Long term investments made		-	(119,553)
Profit on bank deposits received		18,229	24,625
Dividend received		379,638	123,224
Net cash (used in) / generated from investing activities		6,246,349	(494,204)
Cash flows from financing activities			
Dividend paid		(2,834,451)	(1,491,132)
Principal payment against lease liabilities		(3,032)	(1,071)
Long term financing received/ (paid)		(64,751)	199,570
Net cash (used in) / generated from financing activities		(2,902,234)	(1,292,633)
Net decrease in cash and cash equivalents		(2,676,750)	(410,855)
Cash and cash equivalents at the beginning of the period		1,199,602	1,719,462
Cash and cash equivalents at the end of the period	19	(1,477,148)	1,308,607

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

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 Sheikhpura Road, District Sheikhpura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad.

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

2 Statement of compliance

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3 Basis of preparation

3.1 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements has been extracted from the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2021, 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, 2020.

The figures of the six months ended December 31, 2021 are being submitted to the shareholders, and have been subjected to limited scope review in accordance with Section 237 of the Companies Act, 2017.

3.2 These unconsolidated condensed interim financial statements do not include all information and disclosures required in the unconsolidated annual audited financial statements and therefore should be read in conjunction with the unconsolidated annual audited financial statements for the year ended June 30, 2021.

4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

5 Functional and presentation currency

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

6 Summary of significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the preceding unconsolidated annual audited financial statements of the Company for the year ended June 30, 2021, except for certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The amendments and Interpretations which became effective during the current period are considered not to be relevant / or material to the Company's operations and therefore are not detailed in these unconsolidated condensed interim financial statements.

7 Accounting estimates and judgments

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the unconsolidated annual audited financial statements for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
8 Long term finance- secured			
Long term loan	8.2 & 8.3	235,119	291,612
Current portion shown under current liabilities		(169,003)	(162,797)
		66,116	128,815
8.1	The reconciliation of the carrying amount is as follows:		
Opening balance		291,612	128,935
Loan received during the period / year		5,000	262,042
Repayments during the year		(70,914)	(87,007)
Transferred to deferred grant	9	(1,078)	(35,315)
Unwinding of discount on liability		10,499	22,957
		235,119	291,612
Less: Current portion shown under current liabilities		(169,003)	(162,797)
Closing balance		66,116	128,815

8.2 This includes amount of loan against facility of Rs 400,000 thousand (2021: Rs 400,000 thousand) 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. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carry markup from the range of 0.15% to 0.4% per annum which is 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 ranges from 7.41% to 7.66%

per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant. This facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company.

- 8.3** This includes amount of loan against facility of Rs 100,000 thousand (2021: Rs 100,000 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 7.95% per annum. The amount is repayable in 40 equal quarterly installments starting from September 30, 2021 and carry markup of 2.5% per annum which is payable quarterly. This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
9	Deferred grant		
	Opening balance	29,087	15,798
	Received during the period / year	8.1 1,078	35,315
	Transferred to profit or loss during the period / year	(9,336)	(22,026)
	Closing balance	20,829	29,087
	Represented by:		
	Non-current portion	10,933	13,485
	Current portion	9,896	15,602
		20,829	29,087

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

	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021	
10	Trade and other payables		
	Trade creditors	2,767,336	2,744,914
	Bills payable	525,771	366,805
	Accrued liabilities	211,259	232,546
	Trademark fee payable	244,332	58,918
	Workers' Profit Participation Fund	219,020	5,151
	Workers' Welfare Fund	48,849	123,202
	Security deposits	31,808	16,420
	Accrued mark-up on running finance	-	-
	Others	157,302	113,543
		4,205,677	3,661,499

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021	
11	Short term borrowings	11.1	2,024,698	–

11.1 The effective rate of mark-up on short-term running finance facility ranging from KIBOR less 0.05% to KIBOR plus 0.25% (2021: KIBOR plus 0.04% to KIBOR plus 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 aggregate to Rs. 6,305,000 thousand (2021: Rs. 5,305,000 thousand) out of which Rs. 4,132,708 thousand (2021: 5,305,000 thousand) remained unutilised as of reporting date. Facilities are secured by way of pari passu hypothecation charge over Company's present and future current assets.

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, 2021.

12.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 1,706,114 thousand as at December 31, 2021 (June 30, 2021: Rs. 1,031,050 thousand).

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
13	Operating fixed assets		
	Book value at the start of the period / year	777,638	667,980
	Add: Additions during the period/ year	50,548	216,657
		828,186	884,637
	Less: Deletions during the period / year	(7,514)	(26,240)
	Adjustments made during the period / year	(283)	(356)
	Depreciation charge for the period / year	(44,757)	(80,403)
		(52,554)	(106,999)
	Book value at the end of the period / year	775,632	777,638
13.1	Additions during the period / year		
	Plant and machinery	718	12,108
	Tools and equipment	721	7,973
	Furniture, fixture and office equipment	4,229	2,280
	Vehicles	41,512	25,825
	Computers	3,368	7,122
		50,548	55,308

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
14	Long term investments		
	Investment in related parties		
	In subsidiary undertakings - at cost		
	Unquoted	247,170	239,280
	Quoted	76,610	76,610
		323,780	315,890
	Other investment - at fair value through other comprehensive income		
	Unquoted		
	Cost	1,504,903	1,504,903
	Surplus on fair valuation of investment	21.3	4,276,935
		5,566,636	5,781,838
	Investment other than related parties - at fair value through other comprehensive income		
	Quoted		
	Cost	12,145	12,145
	Surplus on revaluation of investment	80,218	89,185
		92,363	101,330
	Unquoted		
	Cost	400	400
		5,983,179	6,199,458
15	Loans and advances		
	Current portion of long term loans to employees	4,805	4,863
	Advances to employees - considered good	2,299	1,930
	Advances to suppliers - considered good	23,027	49,566
		30,131	56,359
	Advances to suppliers - considered doubtful	2,485	2,485
	Less: allowance for impairment loss	(2,485)	(2,485)
		-	-
		30,131	56,359
16	Cash and bank balances		
	In hand		
	- Cash	1,050	2,343
	- Cheques	95,970	144,720
	Cash at bank		
	- Current accounts	28,725	320,932
	- Deposits accounts	421,805	381,607
		547,550	849,602

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

(Un-audited) (Un-Audited)
December 31, December 31,
2021 2020
(Rupees in thousand)

17	Other income		
	Income from financial assets		
	Dividend income on long term investments	379,638	118,924
	Dividend income on mutual funds	101,458	4,300
	Gain on disposal of short term investments	20,762	50,833
	Mark-up on bank deposits	17,969	24,753
	Mark-up on early payments	30,667	33,301
		550,494	232,111
	Income from assets other than financial assets	37,194	36,243
		587,688	268,354

18 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. The Company in the normal course of business carries out transactions with various related parties on mutually agreed terms and conditions. The period end balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

(Un-audited) (Un-Audited)
December 31, December 31,
2021 2020
(Rupees in thousand)

Relation with undertaking	Nature of transaction		
Subsidiaries	Purchase of components	5,062,830	3,694,493
	Dividend income	371,941	117,000
	Sale of goods	287,212	478,904
	Payment of compensation to staff	13,171	11,448
Associates	Sale of services	1,629	3,100
	Investment made	-	119,553
Employees' defined benefit plan	Contribution to employees' defined benefit plan	14,913	13,957
Provident Fund	Amount contributed	10,446	9,330
Key management personnel	Remuneration	37,554	23,921
	Disposal of fixed assets	-	39

		(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
The outstanding balances of such parties are as under:			
Subsidiaries	Payables	462,648	647,059
	Receivables	386	-
Associates	Receivables	1,185	1,688
	Advance against Purchases	4,109	-

		(Un-audited) December 31, 2021 (Rupees in thousand)	(Un-Audited) December 31, 2020
19	Cash and cash equivalents		
	Cash and bank balances	16	547,550
	Short term borrowings	11	(2,024,698)
			(1,477,148)
			1,308,607

20 Operating segments

- 20.1** These financial statements have been prepared on the basis of a single reportable segment.
- 20.2** Revenue from sale of tractors represents 97% (December 31, 2020: 97%) of the net sales of the Company.
- 20.3** 98% (December 31, 2020: 95%) sales of the Company relate to customers in Pakistan.
- 20.4** All non-current assets of the Company as at December 31, 2021 and June 30, 2021 are located in Pakistan.

21 Fair value of financial assets and liabilities

- 21.1** Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 21.2** 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.
- 21.3** 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 215,201 thousand recognised during the period.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

22 Financial risk management

22.1 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, 2021.

23 Subsequent events

The Board of Directors has declared Rs.45 per share cash dividend (June 30, 2021: Rs. 50 per share) and 20% bonus shares (June 30, 2021: 20%) in their meeting held on February 22, 2022.

24 Corresponding figures

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

25 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 22, 2022.

26 General

26.1 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.

26.2 The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2021 and 2020 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.

26.3 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, 2021 (unaudited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (unaudited)

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
100,000,000 (2021: 75,000,000) ordinary shares of Rs. 10/- each		1,000,000	750,000
Issued, subscribed and paid up capital		672,694	560,578
Reserves		9,286,001	9,471,014
		9,958,695	10,031,592
Non-controlling interest		991,911	1,049,532
Non-current liabilities			
Long term deposits		29,673	30,025
Deferred taxation net		834,255	938,586
Employees' defined benefit plan		92,887	85,072
Lease liabilities against right-of-use assets		-	1,442
Long term finance- secured	5	109,358	227,511
Deferred grant	6	15,729	21,085
		1,081,902	1,303,721
Current liabilities			
Accumulating compensated absences		151,570	146,256
Trade and other payables	7	4,629,676	4,064,135
Contract liabilities		4,643,001	9,920,662
Current portion of lease liabilities against right-of-use assets		-	4,386
Current portion of long term finance- secured	5	291,331	280,925
Current portion of deferred grant	6	16,113	26,424
Current portion of long term deposits		2,796	1,572
Short term borrowings		3,226,572	530,655
Taxation - net		132,823	372,038
Unclaimed dividend		296,357	284,291
Unpaid dividend		41,616	78,297
Mark-up accrued on secured loans		11,236	-
		13,443,091	15,709,641
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		25,475,599	28,094,486

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



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	9	1,807,489	1,793,993
Capital work in progress	10	39,221	49,828
		1,846,710	1,843,821
Intangible asset		58,562	63,838
Right-of-use assets		2,994	4,896
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	11	5,680,099	5,906,278
Long term loans		3,904	3,347
Long term deposits		22,948	49,644
Employees' defined benefit plan obligation		14,144	13,384
		7,903,641	8,159,488
Current assets			
Stores and spares		590,963	585,931
Stock in trade		8,911,026	6,489,318
Trade debts		413,793	307,921
Loans and advances	12	512,599	198,623
Other receivables		91,726	89,378
Trade deposits and short term prepayments		74,206	77,120
Balances with statutory authorities		6,198,377	4,612,098
Tax refunds due from the Government		89,619	73,299
Short term investments		-	6,368,491
Cash and bank balances	13	689,649	1,132,819
		17,571,958	19,934,998
Non-current assets held for sale		-	-
		25,475,599	28,094,486



Chairman

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

For the six months ended December 31, 2021 (unaudited)

	Note	Six months ended December 31,		Three months ended December 31,	
		2021	2020	2021	2020
(Rupees in thousand)					
Revenue from contracts with customers		25,030,712	19,466,742	14,640,246	10,466,291
Cost of sales		19,545,653	14,368,364	11,699,414	7,599,420
Gross profit		5,485,059	5,098,378	2,940,832	2,866,871
Distribution and marketing expenses		506,945	403,887	245,897	179,383
Administrative expenses		499,412	436,092	235,646	215,772
Other operating expenses		343,833	315,281	186,774	186,131
		1,350,190	1,155,260	668,317	581,286
Other income	15	322,875	187,776	142,270	95,924
Operating profit		4,457,744	4,130,894	2,414,785	2,381,509
Finance cost		63,021	44,703	42,428	27,072
Profit before taxation		4,394,723	4,086,191	2,372,357	2,354,437
Taxation		1,247,740	1,143,345	674,716	703,426
Profit after tax for the period		3,146,983	2,942,846	1,697,641	1,651,011
Other comprehensive income / (loss):					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		15,746	(4,896)	3,369	(4,896)
Unrealized loss on revaluation of investments at fair value through other comprehensive income		(179,371)	69,125	(175,869)	38,865
		(163,625)	64,229	(172,500)	33,969
Total comprehensive income for the year		2,983,358	3,007,075	1,525,141	1,684,980
Attributable to:					
- Equity holders of the holding Company					
Profit after tax		2,896,473	2,731,639	1,572,426	1,518,392
Total comprehensive (loss) / income for the period		(166,482)	61,240	(175,701)	33,957
- Non-controlling interests					
Profit after tax		250,510	211,207	125,215	132,619
Total comprehensive income / (loss) for the period		2,857	2,989	3,201	12
		2,983,358	3,007,075	1,525,141	1,684,980
			Restated		Restated
Earnings per share - basic and diluted (Rupees)		46.78	43.75	25.24	24.54

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

For the six months ended December 31, 2021 (unaudited)

	Issued Subscribed and Paid up Capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
Balance as on 01 July 2020 (audited)	498,292	2,475,309	1,409,344	60,785	341,043	851,210	5,635,983
Net profit for the period	-	-	2,731,639	-	-	211,207	2,942,846
Final dividend for the year ended 30 June 2020 @ Rs. 30 per share	-	-	(1,494,873)	-	-	-	(1,494,873)
Dividend payment to NCI	-	-	-	-	-	(142,076)	(142,076)
Other comprehensive income for the period	-	-	-	(3,672)	64,912	2,989	64,229
	-	-	1,236,766	(3,672)	64,912	72,120	1,370,126
Balance as on 31 December 2020 (un-audited)	498,292	2,475,309	2,646,110	57,113	405,955	923,330	7,006,109
Net profit for the period	-	-	3,290,270	-	-	333,011	3,623,281
Bonus shares issued during the half year ended December 31, 2020 @ 12.5% per share	62,286	-	(62,286)	-	-	-	-
Interim dividend for the year ended 30 June 2021 @ Rs. 50/- per share	-	-	(2,491,456)	-	-	-	(2,491,456)
Dividend payment to NCI	-	-	-	-	-	(191,491)	(191,491)
Other comprehensive income/ (loss) for the period	-	-	76,264	(2,280)	3,076,015	(15,318)	3,134,681
	62,286	-	812,792	(2,280)	3,076,015	126,202	4,075,015
Balance as on 30 June 2021 (audited)	560,578	2,475,309	3,458,902	54,833	3,481,970	1,049,532	11,081,124
Balance as on 01 July 2021 (audited)	560,578	2,475,309	3,458,902	54,833	3,481,970	1,049,532	11,081,124
Bonus shares issued for the year ended June 30, 2021 @ 20% per share	112,116	-	(112,116)	-	-	-	-
Final dividend for the year ended 30 June 2021 @ Rs. 50 per share	-	-	(2,802,888)	-	-	-	(2,802,888)
Dividend payment to NCI	-	-	-	-	-	(310,988)	(310,988)
Net profit for the period	-	-	2,896,473	-	-	250,510	3,146,983
Other comprehensive income for the period	-	-	-	11,810	(178,292)	2,857	(163,625)
	112,116	-	(18,531)	11,810	(178,292)	(57,621)	(130,518)
Balance as on 31 December 2021 (un-audited)	672,694	2,475,309	3,440,371	66,643	3,303,678	991,911	10,950,606

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

For the six months ended December 31, 2021 (unaudited)

Six months ended
December 31,

Note	Six months ended December 31,	
	2021	2020
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	4,394,723	4,086,191
Adjustment for:		
Depreciation on property, plant & equipment	102,409	91,394
Depreciation charge for the right-of-use assets	1,902	2,189
Amortization of intangible assets	4,323	1,692
Provision for accumulated compensated absences	3,216	4,000
Profit on bank deposits	(23,597)	(30,185)
Dividend income	(110,880)	(6,655)
Provision for pension obligation	14,345	23,929
(Gain) / Loss on sale of short term investments	(20,762)	(50,833)
Finance cost	63,021	44,703
Workers' Profit Participation Fund	253,825	223,281
Workers' Welfare Fund	96,676	85,023
	384,478	388,538
Cash flow from operating activities before working capital changes	4,779,201	4,474,729
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets:		
Stores, spare parts and loose tools	(5,032)	(14,164)
Stock in trade	(2,421,708)	(2,298,821)
Trade debts	(105,872)	(190,017)
Loans and advances	(313,976)	(219,946)
Trade deposits and prepayments	2,914	(27,852)
Other receivables	(2,348)	(52,422)
	(2,846,022)	(2,803,222)
Increase / (decrease) in current liabilities:		
Trade and other payables	479,573	1,087,577
Contract liabilities	(5,277,661)	937,797
	(7,644,110)	(777,848)
Cash used in operations		
Taxes paid - net	(3,147,077)	(1,827,249)
Net (increase) / decrease in long term loans to employees	(557)	(1,230)
Workers' Profit Participation Fund paid	(104,749)	(30,228)
Workers' Welfare Fund paid - net	(159,784)	(60,788)
Employee benefits paid - net	(5,192)	(6,316)
Increase in long term security deposits	27,568	1,819
Mark-up paid	(51,785)	(61,674)
	(3,441,576)	(1,985,666)
Net cash generated from / (used in) operating activities	(6,306,485)	1,711,215
Cash flows from investing activities		
Purchase of property, plant and equipment - net	(119,540)	(138,201)
Short term investments (made) / redeemed - net	5,805,398	(432,928)
Long term investments made	-	(62,110)
Proceeds from sale of property, plant and equipment	15,195	19,692
Dividend received	110,880	6,655
Profit on bank deposits received	23,597	30,185
Net cash used in investing activities	5,835,530	(576,707)
Cash flows from financing activities		
Dividend paid to controlling interests	(2,827,503)	(1,491,935)
Dividend paid to non-controlling interests	(310,988)	(142,076)
Principal payment against lease liabilities	(5,828)	(1,071)
Long term financing (paid) / received	(123,414)	332,004
Net cash used in financing activities	(3,267,733)	(1,303,078)
Net decrease in cash and cash equivalents	(3,738,688)	(168,570)
Cash and cash equivalents at the beginning of the period	1,716,674	1,955,126
Short term borrowings at the beginning of the period	(530,655)	(899,181)
Foreign exchange difference	15,746	(4,896)
Cash and cash equivalents at the end of the period	16	882,479

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



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

1. The group and its activities

Holding Company:

- 1.1 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.

Subsidiary Companies:

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

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

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

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

2. Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These interim financial statements are un-audited and being submitted to the shareholders in accordance with Section 228 of the Companies Act, 2017."

3. Basis of preparation

- 3.1 These consolidated condensed interim financial statements do 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, 2021.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

3.2 The accounting policies and methods of computation adopted for the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the preceding consolidated annual audited financial statements of the Group for the year ended June 30, 2021, except for as disclosed in note 3.3 below.

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

IFRS 16 – Leases', Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification

IFRS 9 - Financial Instruments', Amendments regarding replacement issues in the context of the IBOR reform (Amendment)

IFRS 7 - Amendments regarding replacement issues in the context of the IBOR reform (Amendment)

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

4 Accounting estimates and judgments

The preparation of consolidated condensed interim financial statements require 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 consolidated financial statements for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
5			
Long term finance- secured			
Long term loan	5.1 & 5.2	400,688	508,436
Current portion shown under current liabilities		(291,331)	(280,925)
		109,357	227,511
The reconciliation of the carrying amount is as follows:			
Opening balance		508,436	223,434
Loan received during the period / year		7,465	436,535
Repayments during the year		(133,082)	(137,909)
Transferred to deferred grant		(1,434)	(53,252)
Unwinding of discount on liability		19,304	39,628
		400,689	508,436
Less: Current portion shown under current liabilities		(291,331)	(280,925)
Closing balance		109,358	227,511

5.1 This represents amount of loan against facility of Rs 637,500 thousand (2021: Rs 637,500 thousand) 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. The loan is repayable in 8 equal quarterly installments

commencing from January 31, 2021 and carry markup from the range of 0.4% to 1% per annum which is 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 ranges from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

In case of Millat Tractors Limited, this facility is 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 is secured by way of hypothecation of plant and machinery and current assets of the Company, while in the case of Millat Equipment Limited it is secured by way of first charge on plant and machinery of the Company.

- 5.2** This represents amount of loan against facility of Rs 160,000 thousand (2021: Rs 160,000) 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 7.95% per annum. The amount is repayable ranging from 20 to 40 equal quarterly installments starting from September 30, 2021 and carry markup of 2.5% per annum which is payable quarterly. 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.

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in thousand)	
6		
Deferred grant		
Opening balance	32,892	27,544
Received during the period / year	1,078	53,252
Transferred to profit or loss during the period / year	(11,302)	(33,287)
Closing balance	22,668	47,509
Represented by:		
Non-current portion	15,729	21,085
Current portion	16,113	26,424
	31,842	47,509

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

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
7 Trade and other payables		
Trade creditors	3,034,507	2,868,328
Bills payable	525,771	366,805
Accrued liabilities	269,873	333,946
Trademark fee payable	244,332	58,918
Workers' Profit Participation Fund	229,891	80,815
Workers' Welfare Fund	90,419	153,527
Security deposits	33,408	18,020
Others	201,475	183,776
	4,629,676	4,064,135

8 Contingencies and commitments

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

Commitments in respect of outstanding letters of credit are Rs. 1,706,114 thousand (June 30, 2021: Rs 2,374,237 thousand).

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
9 Operating fixed assets			
Opening book value		1,793,993	1,645,923
Add: Additions during the period / year	9.1	131,100	374,957
		1,925,093	2,020,880
Less: Disposals / write offs during the period (at book value)		(15,195)	(38,599)
Depreciation charged during the period / year		(102,409)	(188,288)
		(117,604)	(226,887)
Closing book value		1,807,489	1,793,993
9.1 Additions during the period			
- Buildings on freehold land		333	4,423
- Plant and machinery		49,139	110,561
- Tools and equipments		2,206	84,970
- Furniture, fixture and office equipment		4,448	5,764
- Vehicles		71,350	164,988
- Computers		3,624	4,251
		131,100	374,957

	Note	(Un-audited) December 31, 2021 (Rupees in thousand)	(Audited) June 30, 2021
10	Capital work in progress		
	Advance against solar energy project	–	–
	Plant and machinery	31,713	22,678
	Advance for tools and equipment	1,613	1,613
	Advance for vehicles	5,895	25,383
	Advance for factory office equipment	–	154
		39,221	49,828
11	Long term investments		
	Advance against share subscription at fair value through other comprehensive income	–	–
	Investment at fair value through other comprehensive income- unquoted		
	Cost	1,505,303	1,505,303
	Surplus on revaluation of investment	4,061,733	4,276,935
		5,567,036	5,782,238
	Investment at fair value through other comprehensive income- quoted		
	Cost	24,364	24,364
	Surplus on revaluation of investment	88,699	99,676
		113,063	124,040
		5,680,099	5,906,278
12	Loans and advances		
	Current portion of long term loans to employees	5,537	5,493
	Advances to employees - considered good	10,808	5,731
	Advances to suppliers - considered good	496,254	184,038
		512,599	195,262
	Advances to suppliers - considered doubtful	2,485	2,485
	Less: Provision for doubtful advances	(2,485)	(2,485)
		–	–
	Letter of credit opening charges	–	3,361
		512,599	198,623
13	Cash and bank balances		
	In hand - Cash	2,249	3,432
	In hand - Cheques	95,970	144,720
	Cash at bank - current accounts	145,717	587,241
	Cash at bank - deposits accounts	445,713	397,426
		689,649	1,132,819

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

14 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:

		Six months ended December 31,	
		2021	2020
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	21,494	57,352
Associated companies	Sale of services	1,629	4,850
	Cost of investments made	-	159,403
Key management personnel	Remuneration	87,074	146,712
	Disposal of fixed assets	-	1,573

		Six months ended December 31,	
		2021	2020
		(Rupees in thousand)	
Note			
15	Other income		
	Income from financial assets:		
	Dividend Income	110,880	72,829
	Return on commercial bank deposits	23,597	69,013
	Mark-up on early payments	33,572	70,370
	Gain on disposal of short term investments	20,762	66,760
		188,811	278,972
	Income from assets other than financial assets	134,064	288,462
		322,875	567,434

16 Cash and cash equivalents

Cash and bank balances	13	689,649	1,588,746
Short term borrowings		(3,226,572)	(706,267)
		(2,536,923)	882,479

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 2021	December 2020	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Rupees in thousands												
Revenue from contracts with customers	24,592,063	18,796,264	2,899,129	2,245,098	1,366,702	1,023,597	1,640,450	1,575,180	(5,467,632)	(4,173,397)	25,030,712	19,466,742
Cost of sales	20,046,020	14,575,036	2,255,225	1,645,923	1,260,251	919,811	1,451,789	1,401,391	(5,467,632)	(4,173,397)	19,545,653	14,368,364
Gross profit	4,546,043	4,221,228	643,904	599,575	106,451	103,786	188,661	173,789	-	-	5,485,059	5,098,378
Distribution cost	444,739	350,759	2,005	1,537	29,996	26,647	30,205	24,944	-	-	506,945	403,887
Administrative expenses	301,875	256,467	88,041	71,674	39,942	45,801	69,554	62,150	-	-	499,412	436,092
Other operating expenses	294,983	273,929	42,446	38,190	2,561	983	3,843	2,199	-	-	343,833	315,281
	1,041,597	881,155	132,492	111,401	72,499	73,411	103,602	89,293	-	-	1,350,190	1,155,260
Other income	587,688	268,354	85,134	25,205	13,765	5,883	8,229	5,324	(371,941)	(117,000)	322,875	187,776
Operating profit	4,092,134	3,608,427	596,546	513,379	47,717	36,288	93,288	89,920	(371,941)	(117,000)	4,457,744	4,130,894
Finance costs	13,975	6,500	26,126	12,461	22,032	25,552	888	190	-	-	63,021	44,703
Profit / (loss) before taxation	4,078,159	3,601,927	570,420	500,918	25,685	10,716	92,400	89,630	(371,941)	(117,000)	4,394,723	4,086,191
Taxation	1,051,560	963,964	165,422	145,266	20,759	19,764	9,999	14,351	-	-	1,247,740	1,143,345
Profit / (loss) for the period	3,026,599	2,637,963	404,998	355,652	4,926	(9,048)	82,401	75,279	(371,941)	(117,000)	3,146,983	2,942,846

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 2021	June 2021	December 2021	June 2021	December 2021	June 2021	December 2021	June 2021	December 2021	June 2021	December 2021	June 2021
Rupees in thousands												
Non-Current assets	7,098,693	7,324,810	731,052	754,365	335,625	343,273	157,079	147,948	(437,370)	(410,908)	7,885,069	8,159,488
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	14,636,651	17,481,439	1,984,671	1,424,027	662,909	688,320	854,289	989,214	(566,562)	(628,002)	17,571,958	19,094,998
Total Assets	21,735,334	24,806,249	2,715,723	2,178,392	998,534	1,011,593	1,011,368	1,137,162	(985,360)	(1,020,338)	25,475,599	28,113,068
Segment operating liabilities												
Non-current liabilities	1,009,678	1,170,415	117,307	158,209	45,775	63,988	5,667	6,634	(95,525)	(95,525)	1,081,902	1,303,721
Current liabilities	11,587,537	14,543,064	1,420,134	778,898	742,320	740,080	263,726	274,653	(570,626)	(627,254)	13,443,091	15,709,641
Total operating liabilities	12,597,215	15,713,479	1,537,441	937,107	788,095	804,068	269,393	281,487	(666,151)	(722,779)	14,524,993	17,013,362

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2021 (unaudited)

18 Fair value of financial assets and liabilities

- 18.1** Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 18.2** The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at end of each financial year.
- 18.3** Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. However, since there is significant change in the underlying factors therefore, fair value measurement is made in unconsolidated half year December 31, 2021 audited financial statements. details enclosed below.

	Date of Valuation : December 31, 2021		Dec 2021		Jun 2021	
		No of shares	(Rs. In million)	No of shares	(Rs. In million)	
Shares subscribed		150,490,300	1505	150,490,300		1505
Fair valuation gain / (loss)	1)		4062			4277
Closing balance			5567			5782

MTL holds 15.86% (2021:15.86%) shareholding in Hyundai Nishat Motors as agreed in shareholders agreement.

- 1) Hyundai Nishat value changed from Rs. 38.42 per share to Rs.36.99 per share resulting in FV loss of Rs. 215.2 million
- 1.1) Valuation of Hyundai Nishat share price is based on Discounted cash flow method by Hyundai Nishat Motor Pvt LTD

Significant assumptions used in this valuation technique are as follows:

- * Discount rate used in June-21 working was 16.56% per annum and now it is 18.52% per annum.
- * Long term growth rate remains same as 4%
- * Annual growth in cost are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% per annum.

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, 2021.

20 Events after balance sheet date

The Board of Directors has declared Rs.45 per share cash dividend (June 30, 2021: Rs. 50 per share) and 20% bonus shares (June 30, 2021: 20%) in their meeting held on February 22, 2022.

21 Date of authorisation for issue

This consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Group on February 22, 2022.

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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VANTAGE