



RESILIENT IN TESTING TIMES

Quarterly Accounts (Un-audited)
for the 2nd Quarter and Half Year ended
December 31, 2020



CONTENTS

FINANCIAL STATEMENTS

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

GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Condensed Interim Statement of Financial Position	20
Consolidated Condensed Interim Statement of Profit or Loss and other Comprehensive Income	22
Consolidated Condensed Interim Statement of Changes in Equity	23
Consolidated Condensed Interim Statement of Cash Flows	24
Notes to the Consolidated Condensed Interim Financial Information	25



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

Mian Muhammad Saleem

Mr. Saad Iqbal

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

Sheikhupura Road, Distt. Sheikhupura.

Tel: 042-37911021-25,

UAN: 111-200-786

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society,

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

Islamabad

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

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371

Fax: 061-6539271

Sukkur

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, 2020 along with consolidated interim financial information of the Millat Group of Companies.

Despite COVID-19 challenge, your Company managed to achieve sales of 15,538 units during the first half of fiscal year 2020-21. Resultantly, sales volume increased by 68.37% as compared to previous period. Sales increased from Rs. 9.89 billion to Rs. 18.79 billion, representing an increase of 89.97%. The EPS for the half year increased to Rs. 52.94 in contrast with EPS Rs. 16.22 for the corresponding period last year. In these stressful times your Company achieved an export sale of 853 tractors as compared to 494 tractors last year translating into an increase of 72.67% over last corresponding period.

Rupee has strengthened against US Dollar; Oil Prices are increasing and have crossed USD 50 per barrel. With the new regime in USA it is expected that Oil Prices will increase further and US Dollar will strengthen. International supply chain has suffered disruptions due to logistic issues and Covid-19 led lock downs.

Pakistan economy is now back on recovery trail. COVID-19 is receding now and the vaccination drive for health care workers has raised hope for early recovery locally and internationally. LSM has grown by 7.4 percent (y/y), against a contraction of 5.3 percent during the same period last year. Exports have also recovered to their pre-COVID monthly level of around \$2 billion since September, with a broad-based recovery in export volumes recorded in almost all categories in December 2020. Growth rate has been projected to be a little over 2%.

The outlook remains positive also as agricultural commodity prices have increased. 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 is expected to grow for the remaining fiscal year.

The Company has taken all precautions by following proper SOPs for employees coming to work at the factory. Allah has been kind that we have not had any Corona case fatality.

All in all this period remained prosperous for the company due to which, 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.



Sikandar Mustafa Khan

Chairman

February 19, 2021

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, 2020 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, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended December 31, 2020.

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 22, 2021

Unconsolidated Condensed Interim Financial Statements
MILLAT TRACTORS LIMITED
For the Quarter and Six months ended
December 31, 2020 (Unaudited)

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020 (unaudited)

	Note	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital			
75,000,000 (2020: 50,000,000)			
ordinary shares of Rs 10 each		750,000	500,000
Issued, subscribed and paid up capital		498,292	498,292
Reserves		4,772,438	3,573,784
		5,270,730	4,072,076
Non-Current Liabilities			
Long term deposits		12,633	12,643
Deferred tax liabilities - net		84,176	77,664
Employees' defined benefit plan		136,504	123,029
Lease liabilities against right-of-use assets		7,132	9,881
Long term finance- secured	8	164,626	101,991
Deferred grant	9	7,526	6,558
		412,597	331,766
Current Liabilities			
Accumulating compensated absences		108,924	104,924
Trade and other payables	10	4,101,803	2,848,238
Contract liabilities		4,074,689	3,120,601
Current portion of lease liabilities against right-of-use assets		4,299	3,706
Current portion of long term finance- secured	8	153,707	26,944
Current portion of deferred grant	9	18,444	9,240
Unclaimed dividend		275,714	277,113
Unpaid dividend		15,144	10,004
		8,752,724	6,400,770
CONTINGENCIES AND COMMITMENTS			
	11	14,436,051	10,804,612

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
ASSETS			
Non-Current Assets			
Property, plant and equipment			
Operating fixed assets	12	702,575	667,980
Capital work in progress		24,177	2,945
Right-of-use assets		10,742	12,931
Intangible assets		40,433	41,405
Investment property		255,708	255,708
Long term investments	13	2,217,114	2,039,726
Long term loans		3,076	2,252
		3,253,825	3,022,947
Current Assets			
Stores, spare parts and loose tools		155,431	157,399
Stock-in-trade		6,036,034	3,857,166
Trade debts		159,618	102,044
Loans and advances	14	211,744	51,869
Trade deposits and short term prepayments		58,692	43,382
Balances with statutory authorities		2,687,308	1,032,656
Other receivables		88,171	38,710
Tax refunds due from the Government		9,005	778,977
Short term investments		467,616	-
Cash and bank balances	15	1,308,607	1,719,462
		11,182,226	7,781,665
		14,436,051	10,804,612



Chairman

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

For the six months ended December 31, 2020 (unaudited)

	Note	Six months ended December 31		Three months ended December 31	
		2020	2019	2020	2019
(Rupees in thousand)					
Revenue from contracts with customers		18,796,264	9,894,156	10,278,437	4,799,941
Cost of sales		14,575,036	8,246,848	7,931,920	3,983,979
Gross profit		4,221,228	1,647,308	2,346,517	815,962
Distribution and marketing expenses		350,759	279,247	148,956	126,834
Administrative expenses		256,467	236,332	125,275	111,156
Other operating expenses		273,929	84,430	161,147	45,380
		881,155	600,009	435,378	283,370
Other income	16	268,354	165,562	198,655	142,479
Operating profit		3,608,427	1,212,861	2,109,794	675,071
Finance costs		6,500	127,993	5,690	101,269
Profit before taxation		3,601,927	1,084,868	2,104,104	573,802
Taxation		963,964	276,601	601,096	121,601
Profit after taxation for the period		2,637,963	808,267	1,503,008	452,201
Other comprehensive income					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized gain on revaluation of investments measured at fair value through other comprehensive income					
		55,564	6,042	30,844	20,166
Total comprehensive income for the period		2,693,527	814,309	1,533,852	472,367
Earnings per share - basic and diluted (Rupees)		52.94	16.22	30.16	9.08

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2020 (unaudited)

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
		Fair value reserves	General reserves	Unappropriated profit	
(Rupees in thousand)					
Balance as on June 30, 2019 (audited)	442,926	66,749	2,278,935	2,044,557	4,833,167
Final dividend for the year ended					
June 30, 2019 @ Rs. 40 per share	-	-	-	(1,771,702)	(1,771,702)
Bonus shares issued for the year ended					
June 30, 2019 @ 12.5% per share	55,366	-	-	(55,366)	-
Profit after taxation for the period	-	-	-	808,267	808,267
Other comprehensive income	-	6,042	-	-	6,042
Total comprehensive income for the period	-	6,042	-	808,267	814,309
Balance as on December					
31, 2019 (un-audited)	498,292	72,791	2,278,935	1,025,756	3,875,774
Interim dividend for the period ended					
December 31, 2019 @ Rs. 20 per share	-	-	-	(996,582)	(996,582)
Profit after taxation for the period	-	-	-	1,342,281	1,342,281
Other comprehensive (loss) / income	-	224,598	-	(373,995)	(149,397)
Total comprehensive income for the period	-	224,598	-	968,286	1,192,884
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)
Profit after taxation for the period	-	-	-	2,637,963	2,637,963
Other comprehensive income	-	55,564	-	-	55,564
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

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended December 31, 2020 (unaudited)

	Note	Six months ended December 31,	
		2020 (Rupees in thousand)	2019
Cash Flows From Operating Activities			
Profit before taxation		3,601,927	1,084,868
Adjustment for:			
Depreciation on property, plant and equipment		37,482	40,715
Depreciation charge for the right-of-use assets		2,189	-
Amortization of intangible assets		972	972
Provision for accumulating compensated absences		4,000	12,400
Property, plant and equipment written off		3,033	-
Profit on bank deposits		(24,753)	(11,984)
Dividend income		(123,224)	(122,277)
Loss on foreign currency retranslation		3,450	375
Provision / (reversal) for pension obligation		17,876	(11,990)
Net gain from short term investments		(50,833)	(1,178)
Dividend income on mutual funds		(4,300)	(2,711)
Finance costs		6,500	126,666
Workers' Profit Participation Fund		193,444	58,069
Workers' Welfare Fund		73,509	18,445
		139,345	107,502
Cash flows from operating activities before working capital changes		3,741,272	1,192,370
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		1,968	(8,009)
Stock in trade		(2,178,868)	(1,897,659)
Trade debts		(57,574)	(32,399)
Loans and advances		(159,875)	14,999
Trade deposits and short term prepayments		(15,310)	(10,600)
Other receivables		(49,333)	(53,763)
Increase / (decrease) in current liabilities:			
Trade and other payables		1,000,682	582,380
Contract liabilities		954,088	(2,372,650)
Cash used in from operations		(504,222)	(3,777,701)
Taxes paid - net		(1,834,178)	(252,954)
Net (increase) / decrease in long term loans to employees		(824)	456
Workers' Profit Participation Fund (paid) / refunded		(14,070)	1,851
Employee benefits paid		(4,401)	-
Long term security deposits paid		(10)	-
Finance cost paid		(7,585)	(41,666)
		(1,861,068)	(292,313)
Net cash used generated from / (used in) operating activities		1,375,982	(2,877,644)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(105,911)	(35,958)
Proceeds from disposal of property, plant and equipment		9,569	7,531
Short term investments made		(6,176,757)	(500,000)
Proceeds from sale of short term investments		5,750,599	503,889
Long term investments made		(119,553)	(265,500)
Profit on bank deposits received		24,625	11,579
Dividend received		123,224	122,277
Net cash used in investing activities		(494,204)	(156,182)
Cash Flows From Financing Activities			
Dividend paid		(1,491,132)	(1,819,017)
Principal payment against lease liabilities		(1,071)	-
Long term financing received		199,570	-
Net cash used in financing activities		(1,292,633)	(1,819,017)
Net decrease in cash and cash equivalents		(410,855)	(4,852,843)
Cash and cash equivalents at the beginning of the period		1,719,462	851,988
Cash and cash equivalents at the end of the period	18	1,308,607	(4,000,855)

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (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 Sheikhupura Road, District Sheikhupura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad.

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

1.2 Impact of COVID-19 on the unconsolidated condensed interim financial statements

The pandemic of COVID-19 rapidly spread all across the world, which not only costed many human lives but also adversely impacted the global economy in last Financial Year. However, during the current period, as a result of relaxation of lockdown in the country, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to improve business performance despite slow economic activity. The company has implemented all the necessary Standard Operating Procedures (SOPs) to ensure health and safety of the staff, labour and customers i.e screening of any visitor at the time of entrance, guiding the staff to wear masks and maintain social distancing etc.

Further, the Company believes that it's current liquidity position provides them with sufficient financial resources to meet their anticipated working capital requirements and obligations. Potential valuation adjustments to asset / liability base, as a result of the possible impact of COVID-19 on our future profitability and cash flow generation, were assessed and no significant adjustments were required.

According to management's assessment, there is no material accounting impact of the effects of COVID-19 in these unconsolidated condensed interim financial statements.

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.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

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, 2020, 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, 2019.

The figures of the six months ended December 31, 2020 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, 2020.

4 Basis of measurement

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

5 Functional and presentation currency

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

6 Summary of significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the preceding unconsolidated annual audited financial statements of the Company for the year ended June 30, 2020, 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, 2020.

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
8 Long term finance- secured		
Long term loan	318,333	128,935
Current portion shown under current liabilities	(153,707)	(26,944)
	<u>164,626</u>	<u>101,991</u>
8.1	The reconciliation of the carrying amount is as follows:	
Opening balance	128,935	–
Loan received during the period / year	199,570	144,733
Transferred to deferred grant	(21,841)	(15,798)
Unwinding of discount on liability	11,669	–
	<u>318,333</u>	<u>128,935</u>
Less: Current portion shown under current liabilities	(153,707)	(26,944)
Closing balance	<u>164,626</u>	<u>101,991</u>

8.2 This represents amount of loan against facility of Rs 400,000 thousand (2020: 200,000 thousand) obtained under SBP refinance scheme of salaries and wages. The amount is repayable in 8 equal quarterly installments starting from January 31, 2021 and March 31, 2021. The loan carry markup at the rate of 0.15% per annum to 0.4% per annum which is payable quarterly.

8.3 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

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
9 Deferred grant		
Opening balance	15,798	–
Received during the period / year	21,841	15,798
Transferred to profit or loss during the period / year	(11,669)	–
Closing balance	<u>25,970</u>	<u>15,798</u>
Represented by:		
Non-current portion	7,526	6,558
Current portion	18,444	9,240
	<u>25,970</u>	<u>15,798</u>

9.1 Government grant has been recognized against loan obtained under the SBP refinance scheme of salaries and wages in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

		(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
10	Trade and other payables		
	Trade creditors	2,406,569	1,960,192
	Bills payable	868,031	297,291
	Accrued liabilities	202,260	211,865
	Trademark fee payable	188,602	126,751
	Workers' Profit Participation Fund	193,444	14,070
	Workers' Welfare Fund	35,914	23,079
	Security deposits	51,968	91,501
	Others	155,015	123,489
		4,101,803	2,848,238

11 Contingencies and commitments

11.1 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, 2020.

11.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 1,031,050 thousand as at December 31, 2020 (June 30, 2020: Rs. 604,243 thousand).

Commitments in respect of capital expenditure are Rs. 70,991 thousand as at December 31, 2020 (June 30, 2020: Rs. Nil).

			(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
12	Operating fixed assets			
	Book value at the start of the period / year		667,980	718,559
	Add: Additions during the period/ year	12.1	84,925	55,308
			752,905	773,867
	Less: Deletions during the period / year		(12,602)	(23,981)
	Adjustments made during the period / year		(246)	(490)
	Depreciation charge for the period / year		(37,482)	(81,416)
			(50,330)	(105,887)
	Book value at the end of the period / year		702,575	667,980

	Note	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
12.1	Additions during the period / year		
	Plant and machinery	735	12,108
	Tools and equipment	4,629	7,973
	Furniture, fixture and office equipment	1,380	2,280
	Vehicles	76,336	25,825
	Computers	1,845	7,122
		84,925	55,308
13	Long term investments		
	Investment in related parties		
	In subsidiary undertakings - at cost		
	Unquoted	239,850	243,300
	Quoted	76,610	76,610
		316,460	319,910
	Other investment - at fair value through other comprehensive income		
	Unquoted		
	Cost - note 20.3	1,345,500	1,345,500
	Advance against share subscription	119,553	-
	Surplus on fair valuation of investment	322,312	296,010
		1,787,365	1,641,510
	Investment other than related parties - at fair value through other comprehensive income		
	Quoted		
	Cost	12,145	12,145
	Surplus on revaluation of investment	100,744	65,761
		112,889	77,906
	Unquoted		
	Cost	400	400
		2,217,114	2,039,726
14	Loans and advances		
	Current portion of long term loans to employees	4,806	3,592
	Advances to employees - considered good	1,128	14,940
	Advances to suppliers - considered good	205,810	31,659
		211,744	50,191
	Advances to suppliers - considered doubtful	2,485	2,485
	Less: allowance for impairment loss	(2,485)	(2,485)
		-	-
	Letter of credit opening charges	-	1,678
		211,744	51,869

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	(Rupees in thousand)	
15 Cash and bank balances		
In hand		
- Cash	2,324	7,027
- Cheques	186,798	109,438
Cash at bank		
- Current accounts	138,075	459,140
- Deposits accounts	981,410	1,143,857
	1,308,607	1,719,462

	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	(Rupees in thousand)	
16 Other income		
Income from financial assets		
Dividend income on long term investments	118,924	119,566
Dividend income on mutual funds	4,300	2,711
Gain on disposal of short term investments	50,833	1,178
Mark-up on bank deposits	24,753	11,984
Mark-up on early payments	33,301	9,244
	232,111	144,683
Income from assets other than financial assets	36,243	20,879
	268,354	165,562

17 Transactions with related parties

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

Relation with undertaking	Nature of transaction	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
		(Rupees in thousand)	
Subsidiaries	Purchase of components	3,694,493	2,224,605
	Dividend income	117,000	117,000
	Sale of goods	478,904	249,233
	Payment of compensation to staff	11,448	11,668

Relation with undertaking	Nature of transaction	(Un-audited)	(Un-audited)
		December 31, 2020	December 31, 2019
		(Rupees in thousand)	
Associates	Sale of services	3,100	275
	Investment made	119,553	265,500
Employees' defined benefit plan	Contribution to employees' defined benefit plan	4,402	5,036
Provident Fund	Amount contributed	9,330	9,395
Key management personnel	Remuneration	23,921	24,949
	Disposal of fixed assets	39	2,073

		(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		(Rupees in thousand)	
The outstanding balances of such parties are as under:			
Subsidiaries	Payables	647,059	490,006
	Receivables	–	13,111
Associates	Receivables	1,688	357

	Note	(Un-audited)	(Un-audited)
		December 31, 2020	December 31, 2019
		(Rupees in thousand)	
18	Cash and cash equivalents		
	Cash and bank balances	15	1,308,607
	Short term borrowings		–
			1,308,607
			(4,000,855)

19 Operating segments

- 19.1** These financial statements have been prepared on the basis of a single reportable segment.
- 19.2** Revenue from sale of tractors represents 97% (December 31, 2019: 97%) of the net sales of the Company.
- 19.3** 95% (December 31, 2019: 95%) sales of the Company relate to customers in Pakistan.
- 19.4** All non-current assets of the Company as at December 31, 2020 are located in Pakistan.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

20 Fair value of financial assets and liabilities

20.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.

20.2 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.

20.3 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 no significant change in the underlying factors therefore, fair value measurement made in unconsolidated annual audited financial statements for the year ended June 30, 2020 is considered to be best estimate at current reporting date.

21 Financial risk management

21.1 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, 2020.

22 Subsequent events

The Board of Directors has declared Rs 50 per share cash dividend (June 30, 2020: Rs. 30 per share) and 12.5% bonus shares (June 30, 2020: Nil%) in their meeting held on February 19, 2021.

23 Corresponding figures

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

24 Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 19, 2021.

25 General

25.1 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.

25.2 The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.

25.3 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, 2020 (Unaudited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020 (unaudited)

	Note	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
75,000,000 (2020: 50,000,000)			
ordinary shares of Rs. 10/- each		750,000	500,000
Issued, subscribed and paid up capital		498,292	498,292
Reserves		5,584,487	4,286,481
		6,082,779	4,784,773
Non-controlling interest		923,330	851,210
Non-current liabilities			
Long term deposits		28,291	26,465
Deferred taxation		57,263	56,876
Employees' defined benefit plan		232,013	212,988
Lease liabilities against right-of-use assets		7,132	9,881
Long term finance- secured	5	259,801	162,283
Deferred grant	6	19,677	14,281
		604,177	482,774
Current liabilities			
Accumulating compensated absences		145,172	141,791
Trade and other payables	7	4,267,350	2,978,371
Contract liabilities		4,117,522	3,179,725
Current portion of lease liabilities against right-of-use assets		4,299	3,706
Current portion of long term finance- secured	5	277,459	61,151
Current portion of deferred grant	6	26,045	13,263
Current portion of long term deposits		799	806
Short term borrowings		706,267	899,181
Unclaimed dividend		285,721	287,923
Unpaid dividend		15,144	10,004
		9,845,778	7,575,921
CONTINGENCIES AND COMMITMENTS			
	8	17,456,064	13,694,678

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



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	9	1,641,153	1,645,923
Capital work in progress	10	66,310	34,425
		1,707,463	1,680,348
Intangible asset			
Right-of-use assets		61,205	62,897
Goodwill		10,742	12,931
Investment property		18,572	18,572
Long term investments	11	255,708	255,708
Long term loans		1,925,954	1,794,719
Long term deposits		4,311	3,081
Employees' defined benefit plan obligation		11,232	11,232
		26,094	25,301
		4,021,281	3,864,789
Current assets			
Stores and spares		509,136	494,972
Stock in trade		6,888,059	4,589,238
Trade debts		411,167	221,150
Loans and advances	12	330,449	110,503
Other receivables		89,189	36,767
Trade deposits and short term prepayments		77,824	49,972
Balances with statutory authorities		2,718,447	1,048,254
Tax refunds due from the Government		193,058	1,178,960
Short term investments		627,616	143,855
Cash and bank balances	13	1,588,746	1,955,126
		13,433,691	9,828,797
Non-current assets held for sale		1,092	1,092
		17,456,064	13,694,678



Chairman

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

For the six months ended December 31, 2020 (unaudited)

	Note	Six months ended December 31		Three months ended December 31	
		2020	2019	2020	2019
(Rupees in thousand)					
Revenue from contracts with customers		19,466,742	10,474,215	10,466,291	5,042,631
Cost of sales		14,368,364	8,437,456	7,599,420	4,111,463
Gross profit		5,098,378	2,036,759	2,866,871	931,168
Distribution and marketing expenses		403,887	322,497	179,383	145,192
Administrative expenses		436,092	378,099	215,772	181,079
Other operating expenses		315,281	111,003	186,131	62,750
		1,155,260	811,599	581,286	389,021
Other income	15	187,776	62,668	95,924	32,698
Operating profit		4,130,894	1,287,828	2,381,509	574,845
Finance cost		44,703	199,230	27,072	138,558
Profit before taxation		4,086,191	1,088,598	2,354,437	436,287
Taxation		1,143,345	340,507	703,426	144,414
Profit after tax for the period		2,942,846	748,091	1,651,011	291,873
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		(4,896)	2,343	(4,896)	2,343
Unrealized gain on revaluation of investments at fair value through other comprehensive income		69,125	7,497	38,865	24,686
		64,229	9,840	33,969	27,029
Total comprehensive income for the year		3,007,075	757,931	1,684,980	318,902
Attributable to:					
- Equity holders of the holding Company					
Profit after tax		2,731,639	728,571	1,518,392	322,495
Total comprehensive (loss) / income for the period		61,240	8,472	33,957	24,014
- Non-controlling interests					
Profit after tax		211,207	19,520	132,619	(30,622)
Total comprehensive income / (loss) for the period		2,989	1,368	12	3,015
		3,007,075	757,931	1,684,980	318,902
Earnings per share - basic and diluted (Rupees)		59.06	15.01	33.13	5.86

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, 2020 (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 2019 (audited)	442,926	2,475,309	2,619,150	45,158	110,459	1,038,347	6,731,349
Net profit for the period	-	-	728,571	-	-	19,520	748,091
Final dividend for the year ended							
30 June 2019 @ Rs. 40 per share	-	-	(1,771,702)	-	-	-	(1,771,702)
Bonus shares issued for the year ended							
June 30, 2019 @ 12.5% per share	55,366	-	(55,366)	-	-	-	-
Dividend payment to NCI	-	-	-	-	-	(141,453)	(141,453)
Other comprehensive income for the period	-	-	-	1,757	6,715	1,368	9,840
	55,366	-	(1,098,497)	1,757	6,715	(120,565)	(1,155,224)
Balance as on 31 December 2019 (un-audited)	498,292	2,475,309	1,520,653	46,915	117,174	917,782	5,576,125
Net profit for the period	-	-	1,266,485	-	-	(50,386)	1,216,099
Interim dividend for the year ended							
30 June 2020 @ Rs. 20/- per share	-	-	(996,582)	-	-	-	(996,582)
Dividend payment to NCI	-	-	-	-	-	(11,579)	(11,579)
Other comprehensive income for the period	-	-	(381,212)	13,870	223,869	(4,607)	(148,080)
	-	-	(111,309)	13,870	223,869	(66,572)	59,858
Balance as on 30 June 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

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, 2020 (unaudited)

Six months ended
December 31,

Note	Six months ended December 31,	
	2020	2019
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	4,086,191	1,088,598
Adjustment for:		
Depreciation on property, plant & equipment	91,394	86,652
Depreciation charge for the right-of-use assets	2,189	-
Amortization of intangible assets	1,692	985
Provision for accumulated compensated absences	4,000	13,536
Profit on bank deposits	(30,185)	(12,931)
Dividend income	(6,655)	(5,852)
Provision for pension obligation	23,929	(12,254)
(Gain) / Loss on sale of short term investments	(50,833)	(1,190)
Finance cost	44,703	199,230
Workers' Profit Participation Fund	223,281	66,788
Workers' Welfare Fund	85,023	21,758
	388,538	356,722
Cash flow from operating activities before working capital changes	4,474,729	1,445,320
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets:		
Stores, spare parts and loose tools	(14,164)	4,092
Stock in trade	(2,298,821)	(2,089,920)
Trade debts	(190,017)	74,704
Loans and advances	(219,946)	74,353
Trade deposits and prepayments	(27,852)	(17,472)
Other receivables	(52,422)	(44,627)
	(2,803,222)	(1,998,870)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,087,577	773,563
Contract liabilities	937,797	(2,460,810)
	(777,848)	(3,686,117)
Cash used in operations		
Taxes paid - net	(1,827,249)	(386,335)
Net (increase) / decrease in long term loans to employees	(1,230)	91
Workers' Profit Participation Fund paid	(30,228)	(33,739)
Workers' Welfare Fund paid - net	(60,788)	26,738
Employee benefits paid - net	(6,316)	1,834
Increase in long term security deposits	1,819	14,862
Mark-up paid	(61,674)	(107,241)
	(1,985,666)	(483,790)
Net cash generated from / (used in) operating activities	1,711,215	(2,724,587)
Cash flows from investing activities		
Purchase of property, plant and equipment- net	(138,201)	(77,843)
Short term investments (made) / redeemed - net	(432,928)	5,372
Long term investments made	(62,110)	(294,975)
Proceeds from sale of property, plant and equipment	19,692	23,016
Dividend received	6,655	5,852
Profit on bank deposits received	30,185	12,931
Net cash used in investing activities	(576,707)	(325,647)
Cash flows from financing activities		
Dividend paid to controlling interests	(1,491,935)	(1,819,598)
Dividend paid to non-controlling interests	(142,076)	(141,453)
Principal payment against lease liabilities	(1,071)	-
Long term financing received	332,004	-
Net cash used in financing activities	(1,303,078)	(1,961,051)
Net decrease in cash and cash equivalents	(168,570)	(5,011,285)
Cash and cash equivalents at the beginning of the period	1,955,126	1,040,318
Short term borrowings at the beginning of the period	(899,181)	(887,798)
Foreign exchange difference	(4,896)	2,344
Cash and cash equivalents at the end of the period	882,479	(4,856,421)

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, 2020 (unaudited)

1. THE GROUP AND ITS ACTIVITIES

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.

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.

1.2 The pandemic of COVID-19 rapidly spread all across the world, which not only costed many human lives but also adversely impacted the global economy in last Financial Year. However, during the current period, as a result of relaxation of lockdown in the country, the Group Companies henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to improve business performance despite slow economic activity. The Group has implemented all the necessary Standard Operating Procedures (SOPs) to ensure health and safety of the staff, labour and customers i.e screening of any visitor at the time of entrance, guiding the staff to wear masks and maintain social distancing etc.

Further, the Group believes that it's current liquidity position provides them with sufficient financial resources to meet their anticipated working capital requirements and obligations. Potential valuation adjustments to asset / liability base, as a result of the possible impact of COVID-19 on our future profitability and cash flow generation, were assessed and no significant adjustments were required.

According to management's assessment, there is no material accounting impact of the effects of COVID-19 in these consolidated condensed interim financial statements.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

2 STATEMENT OF COMPLIANCE

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

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

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

These financial statements are being submitted to the shareholders in accordance with Section 237 of the Companies Act, 2017.

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, 2020.

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, 2020, 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 Group's operations and therefore are not detailed in these consolidated condensed 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, 2020.

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
5. Long Term Finance- Secured		
Long term loan	537,260	223,434
Current portion shown under current liabilities	(277,459)	(61,151)
	<u>259,801</u>	<u>162,283</u>
The reconciliation of the carrying amount is as follows:		
Opening balance	223,434	–
Loan received during the period / year	329,437	250,978
Transferred to deferred grant	(33,983)	(27,544)
Unwinding of discount on liability	18,372	–
	<u>537,260</u>	<u>223,434</u>
Less: Current portion shown under current liabilities	(277,459)	(61,151)
Closing balance	<u>259,801</u>	<u>162,283</u>

5.1 This represents amount of loan against facility of Rs 637,500 thousand (2020: Rs 317,500 thousand) obtained under SBP refinance scheme of salaries and wages. The amount is repayable in 8 equal quarterly installments starting from January 31st, 2021 and March 31, 2021. The loan carry markup ranging from 0.15% to 1% per annum which is payable quarterly.

5.2 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

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
6. DEFERRED GRANT		
Opening balance	27,544	–
Received during the period / year	32,753	27,544
Transferred to profit or loss during the period / year	(14,575)	–
Closing balance	<u>45,722</u>	<u>27,544</u>
Represented by:		
Non-current portion	19,677	14,281
Current portion	26,045	13,263
	<u>45,722</u>	<u>27,544</u>

6.1 Government grant has been recognized against loan obtained under the SBP refinance scheme of salaries and wages in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (unaudited)

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
7. Trade And Other Payables		
Trade creditors	2,393,072	1,972,026
Bills payable	868,031	263,345
Accrued liabilities	294,625	285,803
Trademark fee payable	188,602	126,751
Workers' Profit Participation Fund	223,284	30,231
Workers' Welfare Fund	53,501	29,266
Security deposits	53,568	93,131
Others	192,667	177,818
	4,267,350	2,978,371

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.1,098,110 thousand (June 30, 2020: Rs 709,571 thousand).

Commitments in respect of capital expenditure are Rs. 70,991 thousand as at December 31, 2020 (June 30, 2020: Rs. Nil).

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
9 Operating Fixed Assets		
Opening book value	1,645,923	1,788,432
Add: Additions during the period / year	106,316	103,701
	1,752,239	1,892,133
Less: Disposals / write offs during the period (at book value)	(19,692)	(45,877)
Depreciation charged during the period / year	(91,394)	(200,333)
	(111,086)	(246,210)
Closing book value	1,641,153	1,645,923
9.1 Additions during the period		
- Buildings on freehold land	185	-
- Plant and machinery	3,326	32,989
- Tools and equipments	5,048	24,249
- Furniture, fixture and office equipment	1,980	5,161
- Vehicles	93,271	34,044
- Computers	2,506	7,258
	106,316	103,701

	(Un-audited) December 31, 2020 (Rupees in thousand)	(Audited) June 30, 2020
10 Capital Work In Progress		
Advance against solar energy project	12,968	-
Plant and machinery	1,334	1,332
Advance for tools and equipment	3,315	1,613
Advance for vehicles	18,713	1,500
Advance for factory building improvements	29,980	29,980
	<u>66,310</u>	<u>34,425</u>
11 Long Term Investments		
Advance against share subscription at fair value through other comprehensive income	119,553	-
Investment at fair value through other comprehensive income- unquoted		
Cost	1,345,900	1,403,343
Surplus on revaluation of investment	322,312	296,010
	<u>1,668,212</u>	<u>1,699,353</u>
Investment at fair value through other comprehensive income- quoted		
Cost	24,364	24,364
Surplus on revaluation of investment	113,825	71,002
	<u>138,189</u>	<u>95,366</u>
	<u>1,925,954</u>	<u>1,794,719</u>
12 Loans And Advances		
Current portion of long term loans to employees	5,502	4,277
Advances to employees - considered good	6,934	22,742
Advances to suppliers - considered good	312,945	81,774
	<u>325,381</u>	<u>108,793</u>
Advances to suppliers - considered doubtful	2,485	2,485
Less: Provision for doubtful advances	(2,485)	(2,485)
	<u>-</u>	<u>-</u>
Letter of credit opening charges	5,068	1,710
	<u>330,449</u>	<u>110,503</u>
13 Cash And Bank Balances		
In hand - Cash	3,432	7,927
In hand - Cheques	186,798	109,438
Cash at bank - current accounts	397,840	686,207
Cash at bank - deposits accounts	1,000,676	1,151,554
	<u>1,588,746</u>	<u>1,955,126</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (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:

Relation with undertaking	Nature of transaction	Six months ended December 31,	
		2020	2019
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	25,046	21,947
	Associated companies	3,100	275
	Sale of services	119,553	265,500
Key management personnel	Cost of investments made	74,897	49,162
	Remuneration	39	2,073
	Disposal of fixed assets		

		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
		(Rupees in thousand)	

15 Other Income

Income from financial assets:

Dividend Income	6,655	5,852
Return on commercial bank deposits	30,185	12,931
Mark-up on early payments	33,301	9,244
Gain on disposal of short term investments	50,833	1,190
	120,974	29,217
Income from assets other than financial assets	66,802	33,451
	187,776	62,668

16 Cash And Cash Equivalents

Cash and bank balances	1,588,746	395,296
Short term borrowings	(706,267)	(5,251,717)
	882,479	(4,856,421)

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 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Rupees in thousands												
Revenue from contracts												
with customers	18,796,264	9,894,156	2,245,098	1,263,991	1,023,597	798,525	1,575,180	991,381	(4,173,397)	(2,473,838)	19,466,742	10,474,215
Cost of sales	14,575,036	8,246,848	1,645,523	1,015,460	919,811	781,047	1,401,391	867,939	(4,173,397)	(2,473,838)	14,368,364	8,437,456
Gross profit	4,221,228	1,647,308	599,575	248,531	103,786	17,478	173,789	123,442	-	-	5,098,378	2,036,759
Distribution cost	350,759	279,247	1,537	1,199	26,647	23,246	24,944	18,805	-	-	403,887	322,497
Administrative expenses	256,467	236,332	71,674	54,314	45,801	32,788	62,150	54,665	-	-	436,092	378,099
Other operating expenses	273,929	84,430	38,190	26,573	963	-	2,199	-	-	-	315,281	111,003
	881,155	600,009	111,401	82,066	73,411	56,034	89,293	73,470	-	-	1,155,260	811,599
Other income	268,354	165,562	25,205	9,524	5,893	4,556	5,324	26	(117,000)	(117,000)	187,776	62,668
Operating profit	3,609,427	1,212,861	513,379	175,969	36,268	(34,000)	89,820	49,998	(117,000)	(117,000)	4,130,894	1,267,828
Finance costs	6,500	127,993	12,461	25,767	25,552	41,325	190	4,145	-	-	44,703	199,230
Profit / (loss) before taxation	3,601,927	1,084,868	500,918	150,202	10,716	(75,325)	89,630	45,853	(117,000)	(117,000)	4,086,191	1,088,598
Taxation	963,964	276,601	145,266	43,559	19,764	12,624	14,351	7,723	-	-	1,143,345	340,507
Profit / (loss) for the period	2,637,963	808,267	355,652	106,643	(9,048)	(87,949)	75,279	38,130	(117,000)	(117,000)	2,942,846	748,091

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 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020
Rupees in thousands												
Segment operating assets												
Non-Current assets	3,253,825	3,022,947	654,036	668,234	373,827	372,096	151,071	216,437	(430,050)	(414,928)	4,002,709	3,864,786
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	11,118,295	7,781,666	1,345,783	1,240,776	634,736	561,021	984,716	816,310	(648,747)	(588,453)	13,434,783	9,811,320
Total Assets	14,372,120	10,804,613	1,999,819	1,909,010	1,008,563	933,117	1,135,787	1,032,747	(1,060,225)	(984,809)	17,456,064	13,694,678
Segment operating liabilities												
Non-current liabilities	406,876	331,766	134,057	122,544	150,958	115,775	7,811	8,215	(95,525)	(95,526)	604,177	482,774
Current liabilities	8,689,793	6,400,770	743,659	760,216	764,422	722,949	297,451	254,900	(648,747)	(562,914)	9,845,778	7,575,921
Total operating liabilities	9,096,669	6,732,536	877,916	882,760	915,380	838,724	305,262	263,115	(744,272)	(658,440)	10,449,955	8,058,695

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2020 (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 (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. However, since there is no significant change in the underlying factors therefore, fair value measurement made in unconsolidated annual audited financial statements for the year ended June 30, 2020 is considered to be best estimate at current reporting date.

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, 2020.

20 Events After Balance Sheet Date

The Board of Directors has declared Rs 50 per share cash dividend (June 30, 2020: Rs. 30 per share) and 12.5% bonus shares (June 30, 2020: Nil%) in their meeting held on February 19, 2021.

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 19, 2021.

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



www.millat.com.pk

Registered Office:
Sheikhupura Road, Lahore - Pakistan
Tel: +92 42 37311021 - 25
Fax: +92 42 37311022