



AL-GHAZI TRACTORS LIMITED

DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information on the Company for the third quarter ended 30 September 2019.

Rising inflation, weakening purchasing power of farmers and persistent economic slowdown remain to be significant issues contributing in a considerable slow down. Despite these factors, the Company continued its efforts of engaging with customers and ensuring quality improvements with efficiencies. Sales of 4,470 tractors were made in current quarter as against 3,602 tractors sold in third quarter of 2018. The Company's sales revenue, post-tax profit and EPS are as follows:

	Quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Revenue	3,970,465	2,907,140	12,541,635	15,521,112
Profit after tax	327,001	255,188	1,288,942	2,109,610
Earnings per share (Rupees)	5.64	4.40	22.24	36.40

The gross profit for nine months ended September 30, 2019 was Rs. 2,675 million as compared to Rs. 3,886 million for corresponding previous period. The Company gross margin remained under pressure owing to legitimate price increases given to vendors and additional government levies applied at import stage on CKD components. Going forward, the natural organic seasonal ordering and volume seem to be low and subdued. However, the Company's management continuously strategizes in order to hopefully sail through this challenging period.

The Company was able to receive Rs 2 billion of sales tax refund from government during the quarter, though as of the quarter end, a significant amount of Rs. 575 million was still receivable as refunds due from the government. This has resulted in reduced financial burden on the Company.

The Company's financial results have been recommended by the Audit Committee of the Board and will be placed on the company's website at www.alghazitractors.com.

On behalf of the Board of Directors

Chief Executive Officer

Dubai
29 October 2019

Director



QUALITY MANAGEMENT-BRAND STRENGTH

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT Sept 30, 2019 (UN-AUDITED)

		(Unaudited) Sept 30, 2019	(Audited) December 31, 2018
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	4	900,416	828,804
Long-term loans		1,756	891
Long-term deposits		3,205	3,805
		<u>905,377</u>	<u>833,500</u>
CURRENT ASSETS			
Inventories		2,701,116	3,507,588
Trade receivables		43,376	56,606
Loans and advances		142,124	132,337
Trade deposits and short-term prepayments		54,782	43,305
Interest accrued		-	1
Other receivables		4,888	12,964
Taxation - payments less provision		241,640	108,040
Refunds due from the Government		575,132	1,797,206
Cash and bank balances	8	920,905	293,910
		<u>4,683,963</u>	<u>5,951,957</u>
TOTAL ASSETS		<u>5,589,340</u>	<u>6,785,457</u>
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		977,377	1,079,576
		<u>1,267,198</u>	<u>1,369,397</u>
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		74,630	64,057
Employee benefit obligations		1,617	21,602
Deferred tax liability		18,225	30,440
		<u>94,472</u>	<u>116,099</u>
CURRENT LIABILITIES			
Trade and other payables		1,691,856	1,247,226
Dividend Payable		710,437	-
Unclaimed Dividend		88,896	79,529
Short term financing		1,736,481	3,973,206
TOTAL LIABILITIES		<u>4,322,142</u>	<u>5,416,060</u>
Commitments	5		
TOTAL EQUITY AND LIABILITIES		<u>5,589,340</u>	<u>6,785,457</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM PROFIT OR LOSS
FOR THE THIRD QUARTER ENDED Sept 30, 2019 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		Sept 30, 2019	Sept 30, 2018	Sept 30, 2019	Sept 30, 2018
		(Rupees in '000)		(Rupees in '000)	
Revenue	6	3,970,465	2,907,140	12,541,635	15,521,112
Cost of sales	7	(3,206,847)	(2,311,975)	(9,866,541)	(11,634,925)
Gross profit		763,618	595,165	2,675,094	3,886,187
Distribution expenses		(35,593)	(55,953)	(186,954)	(209,389)
Administrative expenses		(146,563)	(70,531)	(293,966)	(235,996)
		581,462	468,681	2,194,174	3,440,802
Other income		14,943	13,825	51,043	48,874
Other operating expenses		(35,702)	(30,055)	(135,850)	(237,385)
		560,703	452,451	2,109,367	3,252,291
Finance costs		(97,151)	(45,057)	(291,100)	(49,420)
Profit before taxation		463,552	407,394	1,818,267	3,202,871
Income tax expense					
Current		(143,241)	(145,797)	(541,540)	(956,767)
Prior Year		-	-	-	(136,812)
Deffered		6,690	(6,409)	12,215	318
		(136,551)	(152,206)	(529,325)	(1,093,261)
Profit for the period		327,001	255,188	1,288,942	2,109,610
Other comprehensive income		-	-	-	-
Total comprehensive income		327,001	255,188	1,288,942	2,109,610
Earnings per share (Rupees)		5.64	4.40	22.24	36.40

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED Sept 30 ,2019 (UN-AUDITED)

	Note	Sept 30, 2019	Sept 30, 2018
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	9	4,597,013	169,516
Income tax paid		(675,140)	(1,085,812)
Finance Cost Paid		(262,671)	(4,200)
Increase in deferred staff benefits		10,573	19,952
Employee benefit obligations paid		(19,985)	(8,864)
(Increase) in long-term deposits		600.00	(280)
(Increase) /decrease in long-term loans		(865)	235
Net cash inflow from operating activities		<u>3,649,525</u>	<u>(909,453)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(131,403)	(87,070)
Proceeds from disposal of fixed assets		1,959	235
Return on bank deposits received		14,976	25,905
Net cash inflow / (outflow) from investing activities		<u>(114,468)</u>	<u>(60,930)</u>
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(671,337)	(3,697,611)
Net increase in cash and cash equivalents		<u>2,863,720</u>	<u>(4,667,994)</u>
Cash and cash equivalents at the beginning of period		(3,679,296)	1,340,511
Cash and cash equivalents at the end of period		<u><u>(815,576)</u></u>	<u><u>(3,327,483)</u></u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED Sept 30 ,2019 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees in '000) →			
Balance as at January 1, 2019	289,821	-	1,079,576	1,369,397
Final dividend @ Rs. 9 per share for the year ended December 31, 2018	-	-	(521,678)	(521,678)
Interim dividend @ Rs. 15 per share for the year ending December 31, 2019			(869,463)	(869,463)
Profit for the nine months ended September 30, 2019	-	-	1,288,942	1,288,942
Other comprehensive income for the nine months ended Sep 30, 2019	-	-	-	-
			1,288,942	1,288,942
Balance as at Sep 30, 2019	289,821	-	977,377	1,267,198
Balance as at January 1, 2018	289,821	1,000,000	835,995	2,125,816
Transfer of general reserve to unappropriated profit	-	(1,000,000)	1,000,000	-
Final dividend @ Rs. 25 per share for the year ended December 31, 2017			(1,449,106)	(1,449,106)
Interim dividend @ Rs. 30 per share for the year ending December 31, 2018			(1,738,926)	(1,738,926)
Profit for the nine months ended September 30, 2018	-	-	2,109,610	2,109,610
Other comprehensive income for the nine months ended Sep 30, 2018	-	-	-	-
			2,109,610	2,109,610
Balance as at Sep 30, 2018	289,821	-	757,573	1,047,394

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED Sept 30, 2019 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

1.1 Al-Ghazi Tractors Limited (the Company) was incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited company in June 1983 and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

The Company is a subsidiary of Al-Futtaim Industries Company LLC, U.A.E.

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

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road
- The assembling plant of the Company is situated at Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan
- The marketing centres of the Company are situated at:
 - 10km Sheikhpura Road, Lahore
 - Plot No. 20, Industrial Estate, Near Mill No. 4, Multan
 - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
 - Abad Lakha, Shikarpur Road, Sukkur

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended September 30, 2019 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements are being posted on company's website for information of member as required by section 237 of the companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended December 31, 2018.

4 FIXED ASSETS

Additions and disposals of assets during the period are as follow:

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Sept 30, 2019	Sept 30, 2018	Sept 30, 2019	Sept 30, 2018
	← Rupees in '000 →			
Building	85,376	39,330	-	-
Electrical equipment	2,623	3,214	0	33
Plant and machinery	29,807	25,377	0	-
Furniture and fixtures	1,633	2,523	27	2
Computer hardware	4,832	2,881	3	26
Vehicles	12,866	17,565	-	-
Factory equipments and tools	4,749	1,887	54	-
Additions to capital work in progress	33,165	47,332	45,054	56,633
Intangibles	1,407	3,595	-	-
	<u>176,457</u>	<u>143,703</u>	<u>45,139</u>	<u>56,694</u>

5 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2019 amounted to Rs. 144.37 million (2018: Rs. 66.26 million)

AL-GHAZI TRACTORS LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED Sept 30 ,2019 (UN-AUDITED)**

	Sept 30, 2019	Sept 30, 2018
	(Rupees'000)	
6 Revenue		
Tractors	13,327,019	16,435,160
Trading and others	<u>102,792</u>	<u>83,628</u>
	<u>13,429,811</u>	<u>16,518,788</u>
Less: Commission and discounts	(233,084)	(249,352)
Sales Tax	<u>(655,092)</u>	<u>(748,324)</u>
	<u><u>12,541,635</u></u>	<u><u>15,521,112</u></u>
7 COST OF SALES		
Cost of goods manufactured	9,141,778	12,133,974
Opening stock of finished goods	830,183	169,461
Closing stock of finished goods	<u>(178,882)</u>	<u>(732,898)</u>
Manufactured goods	<u>9,793,079</u>	<u>11,570,537</u>
Trading and others	<u>73,462</u>	<u>64,388</u>
	<u><u>9,866,541</u></u>	<u><u>11,634,925</u></u>

8 CASH AND BANK BALANCES

Cash and bank balances include amount of Rs.763 millions kept in separate dividend account for payment to shareholders.

9 CASH GENERATED FROM OPERATIONS

Profit before income tax	1,818,267	3,202,871
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	59,706	51,373
(Profit)/Loss on disposal of fixed assets	(1,874)	(172)
Return on bank deposits	(14,975)	(25,284)
Mark up on running finance	<u>287,372</u>	<u>48,654</u>
Profit before working capital changes	<u>2,148,496</u>	<u>3,277,442</u>

Effect on Cash Flow due to Working Capital changes

Decrease / (Increase) in current assets		
Inventories	806,472	(1,146,715)
Trade receivables	13,230	(77,418)
Loans and advances	(9,787)	(23,216)
Trade deposits and short-term prepayments	(11,477)	(9,495)
Other receivables	8,076	9,854
Refunds due from the Government	<u>1,222,074</u>	<u>(351,862)</u>
	<u>2,028,588</u>	<u>(1,598,852)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	419,929	(1,509,074)
Cash generated from operations	<u><u>4,597,013</u></u>	<u><u>169,516</u></u>

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED Sept 30 ,2019 (UN-AUDITED)

10 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs 0.7 billion (2018: Rs.3.30 billion).

11 DATE OF AUTHORISATION OF ISSUE


These financial statements were authorised for issue on Oct 29th, 2019 by the Board of Directors .



Chief Executive



Director



Chief Financial Officer