
COMPANY INFORMATION

Share Registrar

FAMCO Associates (Private) Limited
8-F, Next To Hotel Faran,
Nursery Block 6, P.E.C.H.S,
Shahrah-e-Faisal, Karachi
Tel: 92 21 34380101-5
Fax: 92 21 34380106

Auditors

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Tax Advisors

Ernst & Young Ford Rhodes
Sidat Hyder
Karachi

Tola Associates
Karachi

Legal Advisors

Saiduddin & Co.
Karachi

Bankers

Askari Bank Limited
Bank AL-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited

Registered and Head Office

Tractor House, 102-B,
16th East Street, DHA Phase I,
Off. Korangi Road, Karachi.
Tel: 92 21 35318901-5
Fax: 92 21 35660882
Email: agtl@alghazitractors.com
Website: www.alghazitractors.com

Plant

Sakhi Sarwar Road, P.O. Box 38
Dera Ghazi Khan
Tel: 92 64 2463750, 2463812,
2020750-51
Fax: 92 64 2462117

Marketing Centres

Dera Ghazi Khan
Lahore
Multan
Islamabad
Sukkur

BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors

Mr. Charles Leonard Hunt
Non-Executive Chairman

Mr. Mohammad Shahid Hussain
CEO & Managing Director

Mr. M. Ali Qaiyum
Independent Non-Executive Director

Mr. Majd-ul-Ahsan Syed
Non-Executive Director

Mr. Kashif Lawai
Executive Director & CFO

Mr. Vincent Delassagne
Non-Executive Director

Mr. Mark Brinn
Non-Executive Director

Mr. Damiano Cretarola
Non-Executive Director

Audit Committee

Mr. M. Ali Qaiyum
Chairman, Independent Non-Executive Director

Mr. Majd-ul-Ahsan Syed
Member, Non-Executive Director

Mr. Damiano Cretarola
Member, Non-Executive Director

Human Resource and Remuneration Committee

Mr. Charles Leonard Hunt
Chairman, Non-Executive Director

Mr. Majd-ul-Ahsan Syed
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

Company Secretary

Ms. Sobika Zubair

Chief Internal Auditor

Syed Faisal Bin Maaz

DIRECTORS' REPORT

The Company continued on its growth trail during the third quarter of 2017. A record high 5,672 tractors were sold during the third quarter of the year 2017, compared with 2,426 sold in the same period last year i.e. growth of 134%. Tractor sales for the nine months, January – September 2017 were 18,034 tractors compared with 11,161 for the comparable period i.e. growth of 62%.

Backed on such stellar sales volume, the Company earned a post-tax profit of Rs. 693.6 million during the third quarter, accumulating to a record high post-tax profit of Rs. 2.3 billion for the nine months ended September 30, 2017 as compared to Rs 1.3 billion earned during same period last year.

With constant attention on quality and product improvement, the Company successfully launched a limited edition model with additional features and facilities in line with the market expectations.

With record high nine months EPS of Rs 39.47/share, the Company no doubt offers handsome returns to its shareholders. The Board of Directors in its meeting held in October 2017 has recommended a third interim cash dividend of 500% with a payout of Rs. 1,449.1 million. This is in addition to the 750% interim dividend already paid.

The Annual Report of the Company was yet again awarded the prestigious one of the Best Annual Report Award by the Joint Committee of ICAP and ICMAP. This recognition motivates the Company to provide improved information to its shareholders.

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

Dubai
October 24, 2017


Chief Executive


Director

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2017 (UN-AUDITED)

		(Unaudited) September 30, 2017	(Audited) December 31, 2016
		(Rupees'000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	661,465	649,897
Long-term loans		2,305	2,280
Long-term deposits		3,545	3,538
		<u>667,315</u>	<u>655,715</u>
CURRENT ASSETS			
Stores and spares		27,456	18,731
Stock-in-trade		2,269,932	1,408,886
Trade debts		54,538	279,759
Loans and advances		206,948	94,042
Short-term deposits and prepayments		15,078	6,119
Accrued mark-up		395	4,307
Other receivables		1,358	40,849
Taxation		170,645	-
Refunds due from the Government		1,373,522	819,138
Cash and bank balances		1,293,376	1,316,770
		<u>5,413,248</u>	<u>3,988,601</u>
TOTAL ASSETS		<u><u>6,080,563</u></u>	<u><u>4,644,316</u></u>
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		2,459,312	3,069,648
		<u>2,749,133</u>	<u>3,359,469</u>
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		46,559	41,940
Staff retirement benefit		-	9,715
Deferred taxation		43,092	30,865
		<u>89,651</u>	<u>82,520</u>
CURRENT LIABILITIES			
Trade and other payables		3,241,779	1,156,858
Taxation		-	45,469
Commitments	4		
TOTAL EQUITY AND LIABILITIES		<u><u>6,080,563</u></u>	<u><u>4,644,316</u></u>

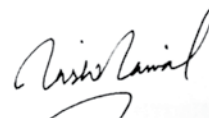
The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		← (Rupees' 000) →			
Sales	5	4,406,124	1,822,590	13,923,941	8,175,033
Cost of goods sold	6	<u>(3,243,197)</u>	<u>(1,314,826)</u>	<u>(9,983,154)</u>	<u>(5,951,072)</u>
Gross profit		1,162,927	507,764	3,940,787	2,223,961
Distribution cost		(64,825)	(30,358)	(187,959)	(100,669)
Administrative expenses		<u>(57,769)</u>	<u>(57,664)</u>	<u>(188,924)</u>	<u>(173,363)</u>
		1,040,333	419,742	3,563,904	1,949,929
Other income		25,268	12,244	103,361	122,195
Other operating expenses		<u>(73,497)</u>	<u>(29,927)</u>	<u>(252,987)</u>	<u>(143,232)</u>
		992,104	402,059	3,414,278	1,928,892
Finance cost		<u>(261)</u>	<u>(238)</u>	<u>(647)</u>	<u>(418)</u>
Profit before taxation		991,843	401,821	3,413,631	1,928,474
Taxation					
Current		<u>(298,836)</u>	<u>(122,618)</u>	<u>(1,023,062)</u>	<u>(595,206)</u>
Prior Year		-	-	(93,478)	(70,893)
Deferred		647	(432)	(9,216)	1,369
		<u>(298,189)</u>	<u>(123,050)</u>	<u>(1,125,756)</u>	<u>(664,730)</u>
Profit after taxation		<u>693,654</u>	<u>278,771</u>	<u>2,287,875</u>	<u>1,263,744</u>
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>693,654</u>	<u>278,771</u>	<u>2,287,875</u>	<u>1,263,744</u>
Earnings per share-Basic and diluted		<u>11.97</u>	<u>4.81</u>	<u>39.47</u>	<u>21.80</u>

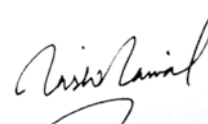
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Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	Note	September 30, 2017	September 30, 2016
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	3,706,287	1,676,285
Income taxes paid		(1,329,643)	(699,519)
Increase in deferred staff benefits		4,619	7,136
Decrease in staff retirement benefits		(9,715)	(2,131)
Increase in long-term deposits		(7)	(1,391)
Increase in long-term loans		(25)	(2,089)
Net cash inflow from operating activities		<u>2,371,516</u>	<u>978,291</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(58,785)	(70,058)
Proceeds from disposal of fixed assets		10,989	69
Placement in term deposits - net		-	900,000
Return on investments		87,720	157,613
Net cash inflow from investing activities		<u>39,924</u>	<u>987,625</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(2,434,834)	(2,900,462)
Net decrease in cash and cash equivalents		<u>(23,394)</u>	<u>(934,546)</u>
Cash and cash equivalents at the beginning of period		1,316,770	1,420,238
Cash and cash equivalents at the end of period		<u><u>1,293,376</u></u>	<u><u>485,692</u></u>

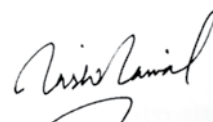
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Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees'000) →			
Balance as at January 1, 2016	289,821	1,000,000	4,498,759	5,788,580
Final dividend @ Rs. 25 per share for the year ended December 31, 2015	-	-	(1,449,105)	(1,449,105)
Interim dividend @ Rs. 25 per share for the year ending December 31, 2016	-	-	(1,449,105)	(1,449,105)
Profit for nine months ended September 30, 2016	-	-	1,263,744	1,263,744
Other comprehensive income for the nine months ended September 30, 2016	-	-	-	-
Balance as at September 30, 2016	<u>289,821</u>	<u>1,000,000</u>	<u>2,864,293</u>	<u>4,154,114</u>
Balance as at January 1, 2017	289,821	1,000,000	2,069,648	3,359,469
Final dividend @ Rs. 12.5 per share for the year ended December 31, 2016	-	-	(724,553)	(724,553)
First Interim dividend @ Rs. 12.5 per share for the year ending December 31, 2017	-	-	(724,553)	(724,553)
Second Interim dividend @ Rs. 25 per share for the year ending December 31, 2017	-	-	(1,449,105)	(1,449,105)
Profit for nine months ended September 30, 2017	-	-	2,287,875	2,287,875
Other comprehensive income for the nine months ended September 30, 2017	-	-	-	-
Balance as at September 30, 2017	<u>289,821</u>	<u>1,000,000</u>	<u>1,459,312</u>	<u>2,749,133</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

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 registered office of the Company is situated at 'Tractor House, Plot No. 102-B, National Highway, Phase I, D.H.A, Karachi'. The Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

2 BASIS OF PREPARATION

During the year, Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of circular no. 23/2017 and the related press release dated October 04th, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
	← Rupees '000 →			
Building	33,219	-	-	-
Electrical equipment	4,296	2,985	-	-
Plant and machinery	5,544	16,080	-	-
Furniture and fixtures	1,496	1,720	98	22
Computer hardware	3,244	2,830	18	-
Vehicles	23,738	19,587	3,707	-
Factory equipment and tools	35	76	-	-
Additions to capital work in progress	20,152	26,780	33,893	-
Intangibles	954	-	-	-
	<u>92,678</u>	<u>70,058</u>	<u>37,715</u>	<u>22</u>

4 COMMITMENTS

Commitments for capital expenditure outstanding as at September 30, 2017 amounted to Rs.41.44 million (2016: Rs. 27.96 million)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	September 30, 2017	September 30, 2016
	(Rupees'000)	
5 SALES		
Tractors	14,826,289	8,854,526
Trading and others	<u>73,510</u>	<u>134,007</u>
	14,899,799	8,988,533
Less: Commission and discounts	(226,896)	(118,336)
Sales Tax	<u>(748,962)</u>	<u>(695,164)</u>
	<u><u>13,923,941</u></u>	<u><u>8,175,033</u></u>

	September 30, 2017	September 30, 2016
	(Rupees'000)	
6 COST OF GOODS SOLD		
Cost of goods manufactured	9,613,351	5,676,303
Opening stock of finished goods	334,423	420,067
Closing stock of finished goods	<u>(19,136)</u>	<u>(253,281)</u>
Manufactured goods	9,928,638	5,843,089
Trading and others	<u>54,516</u>	<u>107,983</u>
	<u><u>9,983,154</u></u>	<u><u>5,951,072</u></u>

7 CASH GENERATED FROM OPERATIONS

Profit before taxation	3,413,631	1,928,474
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	43,394	43,773
Profit on disposal of fixed assets	(7,167)	(47)
Return on investments and bank deposits	<u>(83,808)</u>	<u>(100,854)</u>
Profit before working capital changes	3,366,050	1,871,346

Effect on Cash Flow due to Working Capital changes

Decrease / (Increase) in current assets		
Stores and spares	(8,725)	9,674
Stock in trade	(861,046)	42,179
Trade debts	225,221	(494,924)
Loans and advances	(112,906)	(36,468)
Short-term deposits and prepayments	(8,959)	(3,100)
Other receivables	39,491	3,130
Refunds due from the Government	<u>(554,384)</u>	<u>(292,369)</u>
	(1,281,308)	(771,878)
Increase in trade and other payables	1,621,545	576,817
Cash generated from operations	<u><u>3,706,287</u></u>	<u><u>1,676,285</u></u>

7.1 During the period company utilized funding facility to meet its working capital requirement. The per annum rates of mark-up range between 3 month KIBOR + 0.2% to 0.25%.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

8 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs. 1.85 billion (2016: Rs. 2.42 billion).

9 DIVIDEND

The Board of Directors in its meeting held on October 24th, 2017 declared an interim cash dividend of Rs. 25 per share (2016: Rs. 25 per share) amounting to Rs.1,449.10 million (2016: Rs. 1,449.10 million).

10 AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors on October 24th, 2017.



NEW

NH - DABUNG

(85Hp)

NH - 480

(55Hp)





QUALITY MANAGEMENT-BRAND STRENGTH