

Third Quarter Ended
September 30, 2018
(Unaudited)

Sky Is The Limit



AL-GHAZI TRACTORS LTD

Sky Is The Limit



OUR VISION

To Make AGTL a Symbol of Success

OUR MISSION

With AGTL's name being synonymous with stability, profitability, brand strength and customer loyalty, AGTL's mission is to retain market leadership as the lowest cost producer of the highest quality products – the most enduring competitive edge being the quality of our tractors.

With corporate virtue, AGTL's mission is to be a text book case example of good Corporate Governance and through Corporate Social Responsibility create mutually beneficial relationships between the Company, Stakeholders and the Community.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Charles Leonard Hunt
Non-Executive Chairman

Mr. Colin William Cordery
Non-Executive Director

Mr. Mohammad Shahid Hussain
CEO & Managing Director

Mr. Kashif Lawai
Executive Director & CFO

Mr. M. Ali Qaiyum
Independent Non-Executive Director

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. Colin William Cordery
Member, Non-Executive Director

Mr. Damiano Cretarola
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

Mr. Colin William Cordery
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

COMPANY SECRETARY

Mr. Muhammad Babar Khan

CHIEF INTERNAL AUDITOR

Syed Faisal Bin Maaz

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

E&Y Ford Rhodes
Chartered Accountants
Karachi

Tola Associates
Chartered Accountants
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

DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information of the Company for the third quarter ended September 30, 2018.

In the backdrop of off-season, worsening water crisis affecting farmers' economic health and post-election scenario where clarity is yet awaited regarding government policies, the third quarter ended September 30, 2018 was a challenging quarter with sales of 3,602 tractors in current quarter as against 5,672 tractors sold in third quarter of 2017. The Company's sales revenue, post-tax profit and EPS are follows:

	Quarter ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	← (Rupees' 000) →			
Sales	<u>2,907,140</u>	<u>4,406,124</u>	<u>15,521,112</u>	<u>13,923,941</u>
Profit after taxation	<u>255,188</u>	<u>693,654</u>	<u>2,109,610</u>	<u>2,287,875</u>
EPS (Rupees)	<u>4.40</u>	<u>11.97</u>	<u>36.40</u>	<u>39.47</u>

The gross profit for nine months ended September 30, 2018 was 25.03% i.e. Rs. 3,886 million as compared to 28.30% i.e. Rs. 3,940 million for corresponding previous period. We anticipate the Company gross margin to remain under pressure owing to significant rupee devaluation, rising interest rates and considerable increase in metal prices. Moving forward, the Company's management has strategies in place in order to hopefully sail through the aforesaid challenges.

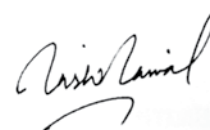
The Annual Report of the Company was yet again awarded the prestigious one of the Best Annual Report Award by the Joint Committee of ICAP and ICMAP. This recognition motivates the Company to provide improved information to its shareholders.

The 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.alghazित्रactors.com.

On behalf of the Board of Directors



Chief Executive Officer



Director

Karachi
October 18, 2018


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
(Rupees'000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	750,368	714,732
Long-term loans		900	1,135
Long-term deposits		3,805	3,525
		<u>755,073</u>	<u>719,392</u>
CURRENT ASSETS			
Stores and spares		25,573	37,219
Stock-in-trade		3,442,306	2,283,945
Trade debts		89,441	12,023
Loans and advances		224,904	201,688
Short-term deposits and prepayments		21,366	11,871
Interest accrued		326	947
Other receivables		2,118	11,972
Taxation - payments less provision		32,307	40,075
Refunds due from the Government- sales tax and excise duty		1,573,550	1,221,688
Cash and bank balances		588,706	1,340,511
		<u>6,000,597</u>	<u>5,161,939</u>
TOTAL ASSETS		<u><u>6,755,670</u></u>	<u><u>5,881,331</u></u>
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		757,573	1,835,995
		<u>1,047,394</u>	<u>2,125,816</u>
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		59,466	39,514
Staff retirement benefit		1,143	10,007
Deferred taxation		35,420	35,739
		<u>96,029</u>	<u>85,260</u>
CURRENT LIABILITIES			
Trade and other payables		1,651,521	3,670,175
Short term borrowings		3,916,192	-
Accrued mark-up		44,534	80
TOTAL LIABILITIES		<u>5,708,276</u>	<u>3,755,515</u>
COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		<u><u>6,755,670</u></u>	<u><u>5,881,331</u></u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
← (Rupees' 000) →					
Sales	5	2,907,140	4,406,124	15,521,112	13,923,941
Cost of goods sold	6	(2,311,975)	(3,243,197)	(11,634,925)	(9,983,154)
Gross profit		595,165	1,162,927	3,886,187	3,940,787
Distribution cost		(55,953)	(64,825)	(209,389)	(187,959)
Administrative expenses		(70,531)	(57,769)	(235,996)	(188,924)
		468,681	1,040,333	3,440,802	3,563,904
Other income		13,825	25,268	48,874	103,361
Other operating expenses		(30,055)	(73,497)	(237,385)	(252,987)
		452,451	992,104	3,252,291	3,414,278
Finance cost		(45,057)	(261)	(49,420)	(647)
Profit before taxation		407,394	991,843	3,202,871	3,413,631
Taxation					
Current		(145,797)	(298,836)	(956,767)	(1,023,062)
Prior Year		-	-	(136,812)	(93,478)
Deffered		(6,409)	647	318	(9,216)
		(152,206)	(298,189)	(1,093,261)	(1,125,756)
Profit after taxation		255,188	693,654	2,109,610	2,287,875
Other comprehensive income		-	-	-	-
Total comprehensive income		255,188	693,654	2,109,610	2,287,875
Earnings per share-Basic and diluted		4.40	11.97	36.40	39.47

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

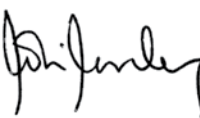
CONDENSED INTERIM STATEMENT OF CASH FLOW

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	September 30, 2018	September 30, 2017
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	120,862	3,706,287
Income taxes paid		(1,085,812)	(1,329,643)
Increase in deferred staff benefits		19,952	4,619
Decrease in staff retirement benefits		(8,864)	(9,715)
Increase in long-term deposits		(280)	(7)
Decrease / (Increase) in long-term loans		235	(25)
Net cash (used) / generated from operating activities		(953,907)	2,371,516
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(87,070)	(58,785)
Proceeds from disposal of fixed assets		235	10,989
Return on investments		25,905	87,720
Net cash (used) / generated from investing activities		(60,930)	39,924
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(3,697,611)	(2,434,834)
Accrued mark-up		44,454	-
Short term borrowings		3,916,192	-
Net cash (used) / generated from financing activities		263,035	(2,434,834)
Net decrease in cash and cash equivalents		(751,805)	(23,394)
Cash and cash equivalents at the beginning of period		1,340,511	1,316,770
Cash and cash equivalents at the end of period		588,706	1,293,376

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees'000) →			
Balance as at January 1, 2018	289,821	1,000,000	835,995	2,125,816
Transfer of general reserve to un appropriated 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 September 30, 2018	-	-	-	-
Balance as at September 30, 2018	<u>289,821</u>	<u>-</u>	<u>757,573</u>	<u>1,047,394</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 9 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (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, 16th East Street, Phase I, D.H.A, off Korangi Road Karachi'. 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.

2 BASIS OF PREPARATION

These 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 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
	← Rupees '000 →			
Building	39,330	33,219	-	-
Electrical equipment	3,214	4,296	33	-
Plant and machinery	25,377	5,544	-	-
Furniture and fixtures	2,523	1,496	2	98
Computer hardware	2,881	3,244	26	18
Vehicles	17,565	23,738	-	3,707
Factory equipments and tools	1,887	35	-	-
Additions to capital work in progress	47,332	20,152	56,633	33,893
Intangibles	3,595	954	-	-
	<u>143,703</u>	<u>92,678</u>	<u>56,694</u>	<u>37,715</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

4 COMMITMENTS

Commitments for capital expenditure outstanding as at September 30, 2018 amounted to Rs.66.26 million (2017: Rs. 41.44 million)

5 SALES

	September 30, 2018	September 30, 2017
	(Rupees'000)	
Tractors	16,435,160	14,826,289
Trading and others	83,628	73,510
	<u>16,518,788</u>	<u>14,899,799</u>
Less: Commission and discounts	(249,352)	(226,896)
Sales Tax	(748,324)	(748,962)
	<u><u>15,521,112</u></u>	<u><u>13,923,941</u></u>

6 COST OF GOODS SOLD

	September 30, 2018	September 30, 2017
	(Rupees'000)	
Cost of goods manufactured	12,133,974	9,613,351
Opening stock of finished goods	169,461	334,423
Closing stock of finished goods	(732,898)	(19,136)
Manufactured goods	<u>11,570,537</u>	<u>9,928,638</u>
Trading and others	64,388	54,516
	<u><u>11,634,925</u></u>	<u><u>9,983,154</u></u>

7 CASH GENERATED FROM OPERATIONS

Profit before taxation	3,202,871	3,413,631
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	51,373	43,394
Profit on disposal of fixed assets	(172)	(7,167)
Return on investments and bank deposits	(25,284)	(83,808)
Profit before working capital changes	<u>3,228,788</u>	<u>3,366,050</u>

Effect on Cash Flow due to Working Capital changes

Decrease / (Increase) in current assets		
Stores and spares	11,646	(8,725)
Stock in trade	(1,158,361)	(861,046)
Trade debts	(77,418)	225,221
Loans and advances	(23,216)	(112,906)
Short-term deposits and prepayments	(9,495)	(8,959)
Other receivables	9,854	39,491
Refunds due from the Government	(351,862)	(554,384)
	<u>(1,598,852)</u>	<u>(1,281,308)</u>
Increase in trade and other payables	(1,509,074)	1,621,545
Cash generated from operations	<u><u>120,862</u></u>	<u><u>3,706,287</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

8 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs 3.30 billion (2017: Rs.1.85 billion).

9 AUTHORISATION OF ISSUE

This Condensed interim financial statements were authorised for issue by the Board of Directors on October 18th, 2018 .

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer



QUALITY MANAGEMENT-BRAND STRENGTH