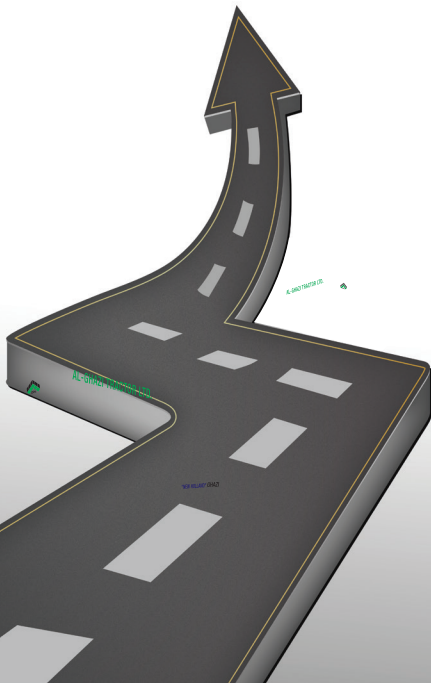




# Sky Is The Limit



## 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](mailto:agtl@alghazitractors.com)  
Website: [www.alghazitractors.com](http://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 on the Company for the half year ended 30 June 2018.

On account of the Company's quality initiatives and by engaging customers through different marketing strategies including extensive road shows helped AGTL to continue the positive momentum during the second quarter as well. The Company managed to earn a Gross Profit of Rs. 3,291 million during the current half year as compared to Rs. 2,777 million of same period last year on the back of additional sales volume of 28% and effective cost management. 15,778 tractors were delivered during the period as compared to 12,362 tractors delivered in the corresponding prior period.

With resilient good management practices and good governance which are central to AGTL's approach to business, the company has earned a post-tax profit of Rs. 1,854 million, an increase of over Rs. 260 million as compared to the same period last year. This translates into an EPS of Rs. 31.99 per share.

Water crisis has now worsened in the country which is likely to affect crop yield and farmers economic health as well. Resultantly, going forward we may encounter challenging situation during the remaining period of 2018. Further, due to considerable and frequent increase in metal prices locally as well as imported, rupee devaluation, extra ordinary push from vendors for increase in prices of components, the gross margins will remain under extra ordinary pressure during the year 2018. Nevertheless, the Company's management has strategies in place in order to hopefully sail through this period handling the challenges.

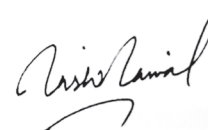
The Company's financial results have been recommended by the Audit Committee of the Board and will be placed on the company's website at [www.alghazित्रactors.com](http://www.alghazित्रactors.com).

Karachi  
July 31, 2018

On behalf of the Board of



**Chief Executive Officer**



**Director**



**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE MEMBERS OF AL-GHAZI TRACTORS LIMITED  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Al-Ghazi Tractors Limited as at June 30, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year 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 condensed interim statement of profit or loss for the quarters ended June 30, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2018.

**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 review resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants  
Karachi

Date: August 3, 2018.

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	(Unaudited) June 30, 2018	(Audited) December 31, 2017
<b>Rupees '000</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	763,790	714,732
Long-term loans		926	1,135
Long-term deposits		3,805	3,525
		<u>768,521</u>	<u>719,392</u>
<b>CURRENT ASSETS</b>			
Stores and spares		32,147	37,219
Stock-in-trade		2,808,775	2,283,945
Trade debts		37,185	12,023
Loans and advances		120,151	201,688
Short-term deposits and prepayments		12,615	11,871
Interest accrued		36	947
Other receivables		1,002	11,972
Taxation - payments less provision		75,493	40,075
Refunds due from Government - sales tax and excise duty		1,157,587	1,221,688
Cash and bank balances	6	493,294	1,340,511
		<u>4,738,285</u>	<u>5,161,939</u>
<b>TOTAL ASSETS</b>		<u><b>5,506,806</b></u>	<u><b>5,881,331</b></u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Reserves		2,241,311	1,835,995
		<u>2,531,132</u>	<u>2,125,816</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		59,696	39,514
Staff retirement benefit		-	10,007
Deferred taxation		29,012	35,739
		<u>88,708</u>	<u>85,260</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,857,484	3,670,175
Short term borrowings	8	1,025,419	-
Accrued mark-up		4,063	80
<b>TOTAL LIABILITIES</b>		<u><b>2,975,674</b></u>	<u><b>3,755,515</b></u>
<b>COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,506,806</b></u>	<u><b>5,881,331</b></u>


The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chairman



Chief Executive Officer



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		← Rupees '000 →			
Sales	10	<b>5,656,081</b>	4,553,786	<b>12,613,972</b>	9,517,817
Cost of goods sold	11	<b>(4,251,140)</b>	(3,272,524)	<b>(9,322,950)</b>	(6,739,957)
Gross profit		<b>1,404,941</b>	1,281,262	<b>3,291,022</b>	2,777,860
Distribution cost		<b>(77,250)</b>	(62,707)	<b>(153,436)</b>	(123,134)
Administrative expenses		<b>(77,650)</b>	(72,278)	<b>(165,465)</b>	(131,155)
		<b>1,250,041</b>	1,146,277	<b>2,972,121</b>	2,523,571
Other income	12	<b>20,026</b>	43,944	<b>35,049</b>	78,093
Other operating expenses		<b>(88,262)</b>	(82,146)	<b>(207,330)</b>	(179,490)
		<b>1,181,805</b>	1,108,075	<b>2,799,840</b>	2,422,174
Finance cost		<b>(4,221)</b>	(132)	<b>(4,363)</b>	(386)
Profit before taxation		<b>1,177,584</b>	1,107,943	<b>2,795,477</b>	2,421,788
Taxation					
Current		<b>(329,174)</b>	(330,606)	<b>(810,970)</b>	(724,226)
Prior year	13	<b>(136,812)</b>	(93,478)	<b>(136,812)</b>	(93,478)
Deferred		<b>6,727</b>	(9,216)	<b>6,727</b>	(9,863)
		<b>(459,259)</b>	(433,300)	<b>(941,055)</b>	(827,567)
Profit after taxation		<b>718,325</b>	674,643	<b>1,854,422</b>	1,594,221
Basic and diluted earnings per share	14	<b>Rs 12.39</b>	Rs 11.64	<b>Rs 31.99</b>	Rs 27.50

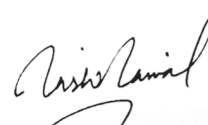
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chairman



Chief Executive Officer



Chief Financial Officer



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

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	2018	2017
	Rupees '000	
Profit after taxation	<b>1,854,422</b>	1,594,221
Other comprehensive income:		
Items that will not be reclassified to Profit or Loss	-	-
Items that may be subsequently reclassified to Profit or Loss	-	-
Total comprehensive income for the year	<u><b>1,854,422</b></u>	<u>1,594,221</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Chairman**



**Chief Executive Officer**



**Chief Financial Officer**

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	Note	June 30, 2018	June 30, 2017
Rupees '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	1,133,553	2,102,610
Income tax paid		(983,200)	(1,079,748)
Mark-up paid		(380)	-
Increase in long-term deposits		(280)	(7)
Increase in deferred staff benefits - compensated absences		20,182	4,915
Decrease in staff retirement benefits		(10,007)	(9,715)
Net cash generated from operating activities		<u>159,868</u>	<u>1,018,055</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(82,568)	(83,446)
Proceeds from disposal of fixed assets		140	81
Interest received		22,668	72,945
Decrease in long-term loans		209	583
Net cash used in investing activities		<u>(59,551)</u>	<u>(9,837)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,972,953)	(1,447,989)
Short term borrowing obtained		1,025,419	-
Net cash used in financing activities		<u>(947,534)</u>	<u>(1,447,989)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(847,217)</u>	<u>(439,771)</u>
Cash and cash equivalents at beginning of the period		1,340,511	1,316,770
Cash and cash equivalents at end of the period		<u>493,294</u>	<u>876,999</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chairman



Chief Executive Officer



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← Rupees '000 →			
<b>Balance as at January 1, 2018</b>	289,821	1,000,000	835,995	2,125,816
<b>Transfer from general reserve to unappropriated profit</b>		(1,000,000)	1,000,000	-
<b>Final dividend @ Rs 25 per share for the year ended December 31, 2017</b>	-	-	(1,449,106)	(1,449,106)
<b>Profit for the half year ended June 30, 2018</b>	-	-	1,854,422	1,854,422
<b>Other comprehensive income for the half year ended June 30, 2018</b>	-	-	-	-
	-	-	1,854,422	1,854,422
<b>Balance as at June 30, 2018</b>	289,821	-	2,241,311	2,531,132
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 ended December 31, 2017	-	-	(724,553)	(724,553)
<b>Profit for the half year ended June 30, 2017</b>	-	-	1,594,221	1,594,221
<b>Other comprehensive income for the half year ended June 30, 2017</b>	-	-	-	-
	-	-	1,594,221	1,594,221
<b>Balance as at June 30, 2017</b>	289,821	1,000,000	2,214,763	3,504,584

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

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, Off Korangi Road, 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

### 2.1. Statement of compliance

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.

### 2.2. Changes in accounting standards, interpretations and pronouncements

#### a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The Companies Act, 2017 (the Act) has brought certain changes with regards to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets and change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Keeping in view of the above, the presentation of these condensed interim financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact on the recognition and measurement of the amounts included in these condensed interim financial statements of the Company.

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

## b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018, that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management believes that the impact of changes laid down by these standards does not have a significant impact on the Company's financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2017.

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended December 31, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2017.

## 5. FIXED ASSETS

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	← Rupees '000 →			
Building	38,034	32,519	-	-
Electrical equipment	2,528	1,217	33	-
Plant and machinery	22,557	4,366	-	-
Furnitures and fixtures	1,085	939	2	67
Computer hardware	2,246	2,811	26	13
Vehicles	14,476	8,656	-	-
Office equipment	81	669	-	-
Factory equipments and tools	1,595	35	-	-
	<b>82,602</b>	<b>51,212</b>	<b>61</b>	<b>80</b>

5.2 Additions to capital work in process and intangibles are Rs 44.27 million (2017: Rs 31.33 million) and Rs 0.61 million (2017: Rs 0.9 million) respectively.

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	June 30, 2018	December 31, 2017
	Rupees '000	
<b>6. CASH AND BANK BALANCES</b>		
Cash with banks		
- Current accounts	75,514	826,982
- Deposit accounts	310,116	441,621
Cash in hand	343	281
Demand drafts in hand	107,321	71,627
	<u>493,294</u>	<u>1,340,511</u>

## 7. TRADE AND OTHER PAYABLES

This includes payable to CNH Industrial Italia S.p.A amounting to Rs. 108.1 million (2017: Rs. 194.86 million) in respect of royalty charges and Rs. 58.16 million (2017: Rs. Nil) in respect of import of implements respectively.

## 8. SHORT TERM BORROWINGS

The facility for running finance available from banks amounted to Rs. 1.5 billion (2017: Rs. 1 billion). Rates of mark-up ranges from three months KIBOR plus 0.20% to three months KIBOR plus 0.25% (2017: KIBOR plus 0.20% to three months KIBOR plus 0.25% ) per annum.

The above arrangements are secured by way of pari-passu charge against hypothecation of Company's present and future current assets.

## 9. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2018 amounted to Rs. 64.90 million (2017: Rs. 78.70 million).

	Half year ended	
	June 30, 2018	June 30, 2017
	Rupees '000	
<b>10. SALES</b>		
Tractors	13,379,882	10,123,143
Trading goods and others	68,240	55,626
	<u>13,448,122</u>	<u>10,178,769</u>
Less: Commission and discounts	(203,759)	(152,896)
Sales tax	(630,391)	(508,056)
	<u>12,613,972</u>	<u>9,517,817</u>

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	Half year ended	
	June 30, 2018	June 30, 2017
	Rupees '000	
<b>11. COST OF GOODS SOLD</b>		
Cost of goods manufactured	9,726,883	6,382,854
Opening stock of finished goods	161,338	330,739
Closing stock of finished goods	(624,054)	(12,639)
Cost of manufactured goods sold	<u>9,264,167</u>	<u>6,700,954</u>
Cost of trading goods and others sold	58,783	39,003
	<u><u>9,322,950</u></u>	<u><u>6,739,957</u></u>
<b>12. OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Profit on deposit accounts	21,757	68,855
<b>Income from assets other than financial assets:</b>		
Profit on disposal of fixed assets	79	1
Sale of scrap materials	12,476	8,659
Others	737	578
	<u><u>35,049</u></u>	<u><u>78,093</u></u>

## 13. TAXATION

This represents prior year charge for super tax, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2018).

	Half year ended	
	June 30, 2018	June 30, 2017
	Rupees '000	
<b>14. EARNINGS PER SHARE</b>		
Profit after taxation attributable to ordinary shareholders	<u>1,854,422</u>	<u>1,594,221</u>
Weighted average number of shares in issue during the period	<u>57,964</u>	<u>57,964</u>
Basic and diluted earnings per share - Rupees	<u><u>31.99</u></u>	<u><u>27.50</u></u>

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2018 and 2017.



# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

	<u>Half year ended</u>	
	June 30, 2018	June 30, 2017
	Rupees '000	
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>2,795,477</b>	2,421,788
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	<b>33,449</b>	28,741
Gain on disposal of fixed assets	<b>(79)</b>	(1)
Profit on deposit accounts	<b>(21,757)</b>	(68,855)
Mark up on running finance	<b>4,363</b>	-
	<u><b>2,811,453</b></u>	<u>2,381,673</u>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	<b>5,072</b>	(9,885)
Stock-in-trade	<b>(524,830)</b>	(793,250)
Trade debts	<b>(25,162)</b>	72,425
Loans and advances	<b>81,537</b>	(6,892)
Short-term deposits and prepayments	<b>(744)</b>	(6,359)
Other receivables	<b>10,970</b>	40,721
Refunds due from Government - sales tax and excise duty	<b>64,101</b>	(630,585)
	<u><b>(389,056)</b></u>	<u>(1,333,825)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(1,288,844)</b>	1,054,762
	<u><b>(1,677,900)</b></u>	<u>(279,063)</u>
Cash generated from operations	<u><u><b>1,133,553</b></u></u>	<u><u>2,102,610</u></u>

# SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2018 (UNAUDITED)

## 16. TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Company and the related parties during the period are as follows:

Relationship	Nature of transactions	Half year ended	
		June 30, 2018	June 30, 2017
		Rupees '000	
i. Holding company	Dividends paid	652,336	652,336
ii. Other related parties	Dividends paid	1,063,451	547,365
	Royalty paid - note 16.1	170,703	-
	Contribution to Al-Ghazi Tractors Staff Provident Fund	6,127	5,189
	Contribution to Al-Ghazi Tractors Employees' Gratuity Fund	6,861	6,273
iii. Key management personnel	Salaries and other employee benefits	49,849	60,163
	Retirement benefits	4,438	4,134

16.1. The new collaboration agreement between the Company and CNH Industrial Italia S.p.A effective from January 1, 2017 was registered with State Bank of Pakistan on August 3, 2017.

## 17. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on July 31, 2018 declared an interim cash dividend of Rs.30 per share (2017: Rs. 25 per share) amounting to Rs.1,738.93 (2017: Rs. 1,449.11 million). Further, the Board of Directors resolved to transfer Rs. Nil (2017: Rs. 1 billion) from general reserve to unappropriated profit.

Final dividend for the year ended December 31, 2017 amounting to Rs. 25 per share was paid during the half year ended June 30, 2018 (2017: Rs. 12.5 per share).

## 18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on July 31, 2018 by the Board of Directors.



Chairman



Chief Executive Officer



Chief Financial Officer





QUALITY MANAGEMENT-BRAND STRENGTH