

First Quarter Ended
March 31, 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' REPORT

The momentum of growth in sales continued during the first quarter 2018 with sales of 8827 tractors compared with 6455 delivered during same period last year. Company's sales volume took an upturn mainly on account of improved farmer's economic health, recognition of Company's quality initiatives and the Company's strategy of engaging with its customers.

The Company managed to earn Gross Profit of Rs. 1,886 million compared to Rs. 1,496 million of same period last year mainly on the back of additional sales volume. During the quarter, Gross margins remained under pressure due to Rupee devaluation and cost inflation as a result of steep rise of metal prices in the international market.

With resilient good management practices and good governance which are central to AGTL's approach to business, the company has earned a record high post-tax profit of Rs. 1,136 million, an increase of over Rs. 216 million as compared to the same period last year. This translates into record high first quarter EPS of Rs. 19.60 per share.

Further, the Company launched its improved version of Dabung model during the quarter in order to strengthen Company's presence in high HP segment. In a recent move to contribute towards farmer community and for better crop yield, Al-Ghazi Tractors has brought in first of its kind New Holland Brand Combine Harvesters, Balers and 95 HP tractors into Pakistan on exploratory basis.

During the period under review, AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan.

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.

For and on behalf of
the Board



Charles Leonard Hunt
Chairman

Karachi: April 25, 2018

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2018 (UN-AUDITED)

| | Note | (Unaudited) March 31, 2018 | (Audited) December 31, 2017 |
|--|------|----------------------------------|-----------------------------------|
| (Rupees'000) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 3 | 709,473 | 714,732 |
| Long-term loans | | 1,029 | 1,135 |
| Long-term deposits | | 3,835 | 3,525 |
| | | <u>714,337</u> | <u>719,392</u> |
| CURRENT ASSETS | | | |
| Stores and spares | | 35,166 | 37,219 |
| Stock-in-trade | | 1,866,489 | 2,283,945 |
| Trade debts | | 27,180 | 12,023 |
| Loans and advances | | 196,900 | 201,688 |
| Short-term deposits and prepayments | | 21,405 | 11,871 |
| Interest accrued | | 5,498 | 947 |
| Other receivables | | 1,008 | 11,972 |
| Taxation | | 46,930 | 40,075 |
| Refunds due from the Government | | 1,595,916 | 1,221,688 |
| Cash and bank balances | | 1,361,964 | 1,340,511 |
| | | <u>5,158,456</u> | <u>5,161,939</u> |
| TOTAL ASSETS | | <u><u>5,872,793</u></u> | <u><u>5,881,331</u></u> |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 289,821 | 289,821 |
| Reserves | | 2,972,092 | 1,835,995 |
| | | <u>3,261,913</u> | <u>2,125,816</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred staff benefits - compensated absences | | 46,638 | 39,514 |
| Staff retirement benefit | | 10,007 | 10,007 |
| Deferred taxation | | 43,190 | 35,739 |
| | | <u>99,835</u> | <u>85,260</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 2,511,045 | 3,670,175 |
| Accrued mark-up | | - | 80 |
| Commitments | 4 | | |
| TOTAL EQUITY AND LIABILITIES | | <u><u>5,872,793</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.



Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

| | Note | Quarter ended | |
|--------------------------------------|------|--------------------|--------------------|
| | | March, 31 2018 | March, 31 2017 |
| (Rupees' 000) | | | |
| Sales | 5 | 6,957,891 | 4,964,031 |
| Cost of goods sold | 6 | <u>(5,071,810)</u> | <u>(3,467,433)</u> |
| Gross profit | | 1,886,081 | 1,496,598 |
| Distribution cost | | (76,186) | (60,427) |
| Administrative expenses | | <u>(87,815)</u> | <u>(58,877)</u> |
| | | 1,722,080 | 1,377,294 |
| Other income | | 15,023 | 34,149 |
| Other operating expenses | | <u>(119,068)</u> | <u>(97,344)</u> |
| | | 1,618,035 | 1,314,099 |
| Finance cost | | <u>(142)</u> | <u>(254)</u> |
| Profit before taxation | | 1,617,893 | 1,313,845 |
| Taxation | | (481,796) | (394,267) |
| Profit after taxation | | <u>1,136,097</u> | <u>919,578</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>1,136,097</u> | <u>919,578</u> |
| Earnings per share-Basic and diluted | | <u>19.60</u> | <u>15.86</u> |

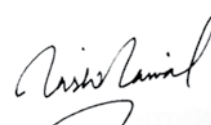
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Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE FIRST QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

| | Note | March, 31 2018 (Rupees'000) | March, 31 2017 |
|--|------|-----------------------------------|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 7 | 1,035,936 | 2,991,332 |
| Income taxes paid | | (481,200) | (389,389) |
| Increase/(Decrease) in deferred staff benefits | | 7,124 | (3,402) |
| Decrease in staff retirement benefits | | - | (9,715) |
| Decrease / (Increase) in long-term deposits | | (310) | 476 |
| Decrease in long-term loans | | 106 | 95 |
| Net cash inflow from operating activities | | 561,656 | 2,589,397 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (11,054) | (16,342) |
| Proceeds from disposal of fixed assets | | 34 | 10 |
| Return on investments | | 7,647 | 34,285 |
| Net cash inflow from investing activities | | (3,373) | 17,953 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (536,750) | (156,858) |
| Accrued mark-up | | (80) | - |
| Net Increase in cash and cash equivalents | | 21,453 | 2,450,492 |
| Cash and cash equivalents at the beginning of period | | 1,340,511 | 1,306,770 |
| Cash and cash equivalents at the end of period | | 1,361,964 | 3,757,262 |

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



Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

| | Share capital | General reserve | Unappropriated profit | Total |
|--|------------------|------------------|-----------------------|------------------|
| | ← (Rupees'000) → | | | |
| 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) |
| 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) |
| Third Interim dividend @ Rs. 25 per share for the year ending December 31, 2017 | | | (1,449,105) | (1,449,105) |
| Profit for the year ended December 31, 2017 | - | - | 3,123,120 | 3,123,120 |
| Other comprehensive loss for the year ended December 31, 2017 | - | - | (9,457) | (9,457) |
| Balance as at December 31, 2017 | <u>289,821</u> | <u>1,000,000</u> | <u>835,995</u> | <u>2,125,816</u> |
| Balance as at January 1, 2018 | 289,821 | 1,000,000 | 835,995 | 2,125,816 |
| Transfer form General reserve to Unappropriated profit | - | (1,000,000) | 1,000,000 | - |
| Profit for the first quarter ended March 31, 2018 | - | - | 1,136,097 | 1,136,097 |
| Other comprehensive income for the first quarter ended March 31, 2018 | | - | - | |
| Balance as at March 31, 2018 | <u>289,821</u> | <u>-</u> | <u>2,972,092</u> | <u>3,261,913</u> |

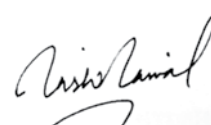
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Chairman



Chief Executive



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED MARCH 31, 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.

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 financial statements of the company for the year ended December 31, 2017.

3 FIXED ASSETS

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

| | Additions (at cost) | | Disposals / Transfers (at net book value) | |
|---------------------------------------|------------------------|-------------------|--|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| | ← Rupees '000 → | | | |
| Building | 1,660 | - | - | - |
| Electrical equipment | 939 | 80 | 33 | - |
| Plant and machinery | 2,871 | 2,166 | - | - |
| Furniture and fixtures | 467 | 630 | - | - |
| Computer hardware | 1,724 | 2,070 | 17 | - |
| Vehicles | 3,675 | 8,656 | - | - |
| Factory equipments and tools | 1,595 | 35 | - | - |
| Additions to capital work in progress | 18,515 | 3,484 | 20,932 | 779 |
| Intangibles | 540 | - | - | - |
| | <u>31,986</u> | <u>17,121</u> | <u>20,982</u> | <u>779</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

4 COMMITMENTS

Commitments for capital expenditure outstanding as at March 31, 2018 amounted to Rs.88.12 million (2017: Rs. 37.59 million)

| | March, 31 2018 | March, 31 2017 |
|--------------------------------|-------------------------|-------------------------|
| | (Rupees'000) | |
| 5 SALES | | |
| Tractors | 7,409,046 | 5,349,125 |
| Trading and others | 10,336 | 8,649 |
| | <u>7,419,382</u> | <u>5,357,774</u> |
| Less: Commission and discounts | (114,890) | (76,285) |
| Sales Tax | (346,601) | (317,458) |
| | <u><u>6,957,891</u></u> | <u><u>4,964,031</u></u> |

| | March, 31 2018 | March, 31 2017 |
|---------------------------------|-------------------------|-------------------------|
| | (Rupees'000) | |
| 6 COST OF GOODS SOLD | | |
| Cost of goods manufactured | 4,922,197 | 3,147,651 |
| Opening stock of finished goods | 169,461 | 334,423 |
| Closing stock of finished goods | (23,507) | (19,183) |
| Manufactured goods | <u>5,068,151</u> | <u>3,462,891</u> |
| Trading and others | 3,659 | 4,542 |
| | <u><u>5,071,810</u></u> | <u><u>3,467,433</u></u> |

7 CASH GENERATED FROM OPERATIONS

| | | |
|--|------------------|------------------|
| Profit before taxation | 1,617,893 | 1,313,845 |
| Add/(Less) adjustment for non cash charges and other items | | |
| Depreciation / amortisation | 16,263 | 14,179 |
| (Profit)/Loss on disposal of fixed assets | 16 | (10) |
| Return on investments and bank deposits | (12,198) | (30,343) |
| Profit before working capital changes | <u>1,621,974</u> | <u>1,297,671</u> |

Effect on Cash Flow due to Working Capital changes

| | | |
|---|-------------------------|-------------------------|
| Decrease / (Increase) in current assets | | |
| Stores and spares | 2,053 | (527) |
| Stock in trade | 417,456 | 40,803 |
| Trade debts | (15,157) | 237,615 |
| Loans and advances | 4,788 | (40,092) |
| Short-term deposits and prepayments | (9,534) | (6,941) |
| Other receivables | 10,964 | 40,721 |
| Refunds due from the Government | (374,228) | (256,372) |
| | 36,342 | 15,207 |
| Increase/(Decrease) in trade and other payables | (622,380) | 1,678,454 |
| Cash generated from operations | <u><u>1,035,936</u></u> | <u><u>2,991,332</u></u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

8 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs. 633 million (2017: NIL).

9 AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors on April 25th, 2018.



Chairman



Chief Executive



Chief Financial Officer

NH - DABUNG (85Hp)





HARVESTER



BALER



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QUALITY MANAGEMENT-BRAND STRENGTH