

Third Quarter Ended
September 30, 2016
(Un-Audited)



AL-GHAZI TRACTORS LTD

EXPANDING HORIZONS



AL FUTTAIM



AGIL



NEWHOLLAND

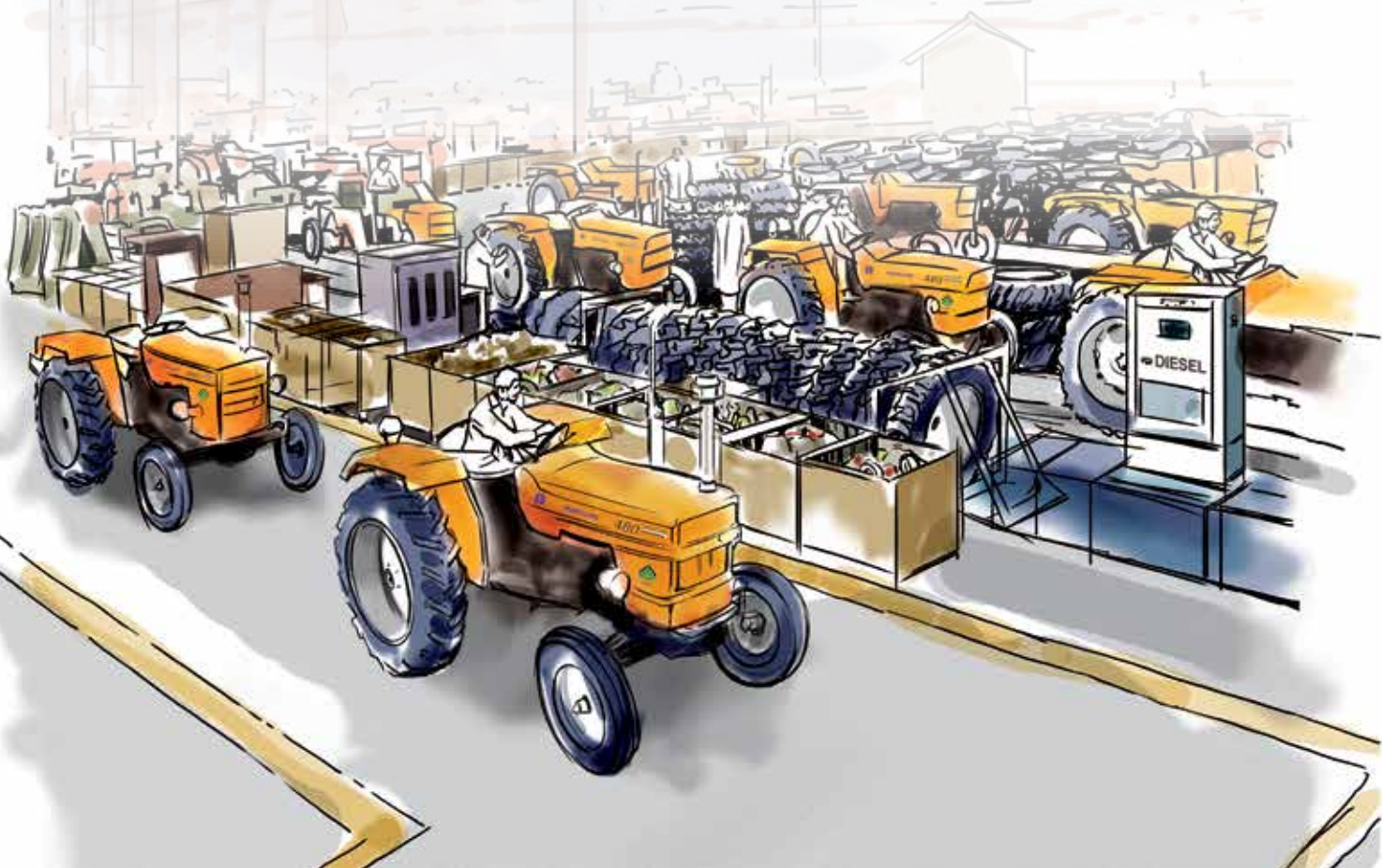
QUALITY MANAGEMENT-BRAND STRENGTH

Corporate Vision

To Make AGTL a Symbol of Success.

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

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

Bankers

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

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

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Karachi

Legal Advisors

Saiduddin & Co.
Karachi



BOARD OF DIRECTORS & BOARD COMMITTEES

Board of Directors

Mr. Charles Leonard Hunt	Non-Executive Chairman
Mr. Mohammad Shahid Hussain	Chief Executive Officer and 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

Company Secretary

Ms. Sobika Zubair

Board Committees

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



AL-GHAZI TRACTORS LIMITED

DIRECTORS' REPORT

The Company continued on its growth trajectory during the third quarter of 2016. 2,426 tractors were sold during the third quarter of the year 2016, compared with 2,131 sold in the same period last year. Tractor sales for the nine months, January – September 2016 were 11,161 tractors compared with 11,496 for the comparable period.

The Company earned a pre-tax profit of Rs. 401.8 million during the third quarter, accumulating to a pre-tax profit of Rs. 1.9 billion for the nine months ended September 30, 2016 as compared to Rs 2.1 billion earned during same period last year. The Company managed to keep its costs down by being vigilant in procurement and monitoring of expenses, thus maintaining a notable gross profit of Rs. 2,224 million during the nine months period as against Rs. 2,127 million for the comparable period.

Based on sound financial strength of the Company, the Board of Directors has recommended an interim cash dividend of 500% with a payout of Rs. 1,449.1 million. This is in addition to the 500% interim dividend already paid.

Recently in the Federal Budget, the Government reduced sales tax rate on supply of tractors from 10 percent to 5 percent, thus widening the gap of input and output sales tax resulting in further accumulation of sales tax refunds due from Government. Company has been pursuing the tax authority to release its genuine refund claims which will ultimately ease out pressure on the cash flows.

With constant attention on quality and product improvement, focus is being kept to make AGTL products a household name in the farming community. All efforts have been directed towards regaining the Company's market share in the tractor industry.

The Annual Report of the Company was yet again awarded the coveted Best Annual Report Award by the Joint Committee of ICAP and ICMAP. This recognition motivates the Company to continue compliance to Code of Corporate Governance and also 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.

For and on behalf of
the Board

Charles Leonard Hunt
Chairman

Dubai
October 24, 2016



CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2016 (UN-AUDITED)

		(Unaudited) September 30, 2016	(Audited) December 31, 2015
(Rupees'000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	638,470	612,208
Long-term loans		2,305	216
Long-term deposits		4,088	2,697
		644,863	615,121
CURRENT ASSETS			
Stores and spares		24,666	34,340
Stock-in-trade		2,072,855	2,115,034
Trade debts		522,683	27,759
Loans and advances		98,516	62,048
Short-term deposits and prepayments		9,921	6,821
Accrued mark-up		4,355	61,114
Other receivables		35,281	38,411
Taxation		113,145	70,828
Refunds due from the Government		1,310,322	1,017,953
Investments		25,000	25,000
Cash and bank balances		495,692	2,330,238
		4,712,436	5,789,546
TOTAL ASSETS		5,357,299	6,404,667
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		3,864,293	5,498,759
		4,154,114	5,788,580
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		40,028	32,892
Staff retirement benefit		-	2,131
Deferred taxation		39,513	31,985
		79,541	67,008
CURRENT LIABILITIES			
Trade and other payables		1,123,644	549,079
Commitments	4		
TOTAL EQUITY AND LIABILITIES		5,357,299	6,404,667

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


Chairman


Chief Executive

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		September, 30	September, 30	September, 30	September, 30
		2016	2015	2016	2015
		← (Rupees' 000) →			
Sales	5	1,822,590	1,550,147	8,175,033	8,258,324
Cost of goods sold	6	(1,314,826)	(1,153,552)	(5,951,072)	(6,131,265)
Gross profit		507,764	396,595	2,223,961	2,127,059
Distribution cost		(30,358)	(17,285)	(100,669)	(62,328)
Administrative expenses		(57,664)	(86,466)	(173,363)	(216,383)
		419,742	292,844	1,949,929	1,848,348
Other income		12,244	105,154	122,195	377,880
Other operating expenses		(29,927)	(27,456)	(143,232)	(153,558)
		402,059	370,542	1,928,892	2,072,670
Finance cost		(238)	(184)	(418)	(846)
Profit before taxation		401,821	370,358	1,928,474	2,071,824
Taxation					
Current		(122,618)	(118,931)	(595,206)	(652,395)
Prior Year		-	-	(70,893)	(61,645)
Deferred		(432)	(21,863)	1,369	(14,691)
		(123,050)	(140,794)	(664,730)	(728,731)
Profit after taxation		278,771	229,564	1,263,744	1,343,093
Other comprehensive income		-	-	-	-
Total comprehensive income		278,771	229,564	1,263,744	1,343,093
Earnings per share-Basic and diluted		4.81	3.96	21.80	23.17

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


Chairman


Chief Executive



CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	September 30, 2016	September 30, 2015
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	1,676,285	1,366,705
Income taxes paid		(699,519)	(769,885)
(Decrease) / Increase in deferred staff benefits		7,136	(13,812)
(Decrease) / Increase in staff retirement benefits		(2,131)	(29,929)
Increase in long-term deposits		(1,391)	(350)
Net cash from operating activities		<u>980,380</u>	<u>552,729</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(70,058)	(110,767)
Proceeds from disposal of fixed assets		69	1,553
Redemption of investments - net		-	1,899,970
(Placement in) / encashment of term deposits - net		900,000	(105,000)
Return on investments		157,613	143,326
Increase in long-term loans		(2,089)	(385)
Net cash from investing activities		<u>985,536</u>	<u>1,828,697</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(2,900,462)	(2,592,751)
Net decrease in cash and cash equivalents		<u>(934,546)</u>	<u>(211,325)</u>
Cash and cash equivalents at the beginning of period		1,420,238	1,419,709
Cash and cash equivalents at the end of period		<u><u>485,692</u></u>	<u><u>1,208,384</u></u>

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


Chairman


Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees'000) →			
Balance 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 at January 1, 2015	289,821	1,000,000	7,261,674	8,551,495
Final dividend @ Rs. 15 per share for the year ended December 31, 2014	-	-	(869,463)	(869,463)
Interim dividend @ Rs. 30 per share for the year ending December 31, 2015	-	-	(1,738,926)	(1,738,926)
Profit for nine months ended September 30, 2015	-	-	1,343,093	1,343,093
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-
Balance as at September 30, 2015	<u>289,821</u>	<u>1,000,000</u>	<u>5,996,378</u>	<u>7,286,199</u>

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


Chairman


Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (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 Ordinance, 1984) 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, spare parts and providing irrigation solutions for agriculture.

2 BASIS OF PREPARATION

This condensed interim financial information of the company for the nine months ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 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. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

3 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	← Rupees '000 →			
Building	-	155,801	-	-
Electrical equipment	2,985	2,713	-	-
Plant and machinery	16,080	-	-	-
Furniture and fixtures	1,720	8,401	22	356
Computer hardware	2,830	990	-	-
Vehicles	19,587	13,181	-	-
Factory equipments and tools	75	44	-	-
Additions to capital work in progress	26,780	92,247	-	162,610
	<u>70,058</u>	<u>273,377</u>	<u>22</u>	<u>162,966</u>

4 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2016 amounted to Rs.27.96 million (2015: Rs. 0.27 million)

5 SALES

	September, 30 2016	September, 30 2015
	(Rupees'000)	
Tractors	8,854,526	9,110,936
Trading and others	134,007	96,373
	<u>8,988,533</u>	<u>9,207,309</u>
Less: Commission and discounts	118,336	115,956
Sales Tax	695,164	833,029
	<u><u>8,175,033</u></u>	<u><u>8,258,324</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	September, 30 2016	September, 30 2015
	(Rupees'000)	
6 COST OF GOODS SOLD		
Cost of goods manufactured	5,676,303	6,091,106
Opening stock of finished goods	420,067	318,342
Closing stock of finished goods	<u>(253,281)</u>	<u>(346,891)</u>
Manufactured goods	5,843,089	6,062,557
Trading and others	<u>107,983</u>	<u>68,708</u>
	<u>5,951,072</u>	<u>6,131,265</u>
7 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,928,474	2,071,824
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	43,773	32,501
Profit on disposal of fixed assets	(47)	(1,197)
Fair value gain on investments	-	-
Return on investments and bank deposits	<u>(100,854)</u>	<u>(284,243)</u>
Profit before working capital changes	1,871,346	1,818,885
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Stores and spares	9,674	1,217
Stock in trade	42,179	(150,750)
Trade debts	(494,924)	(169,913)
Loans and advances	(36,468)	2,884
Short-term deposits and prepayments	(3,100)	10,076
Other receivables	3,130	(6,765)
Refunds due from the Government	<u>(292,369)</u>	<u>191,968</u>
	(771,878)	(121,283)
Increase in trade and other payables	<u>576,817</u>	<u>(330,897)</u>
Cash generated from operations	<u>1,676,285</u>	<u>1,366,705</u>



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

8 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs.2.42 billion (2015: Rs.2.27 billion)

9 DIVIDEND

The Board of Directors in its meeting held on October 24th, 2016 declared an interim cash dividend of Rs. 25 per share (2015: Rs. 30 per share) amounting to Rs. 1,449.10 million (2015: Rs. 1,738.93 million) .

10 AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors on October 24th, 2016 .



Chairman



Chief Executive

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QUALITY MANAGEMENT-BRAND STRENGTH