

Half Year Ended
June 30, 2017
(Unaudited)

COMMITTED TO GROWTH



AL-GHAZI TRACTORS LTD



AL FUTTAIM



AGTL



NEWHOLLAND

QUALITY MANAGEMENT-BRAND STRENGTH

OUR VISION AND MISSION

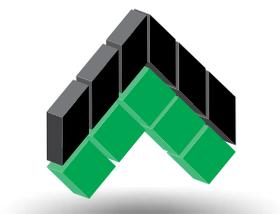
OUR VISION

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

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 momentum of growth in tractor sales continued during the second quarter of the reporting year. This is mainly in response to healthy earnings of farmer community comparatively. Also continued product improvements and innovative marketing strategies adopted by the Company played a key role towards improved sales. 12,362 tractors were delivered by the company during the first half of 2017, compared with 8,735 delivered during the same period last year, translating into a mammoth growth of 42%.

Backed on effective cost discipline, the Company earned a stellar Gross Profit of 29.2% and record high profit after tax of Rs 1.6 billion as compared to Rs 985 million earned in the comparable period last year.

AGTL has successfully negotiated and renewed its Industrial Collaboration Agreement with CNH Industrial Italia S.p.A (CNHI), the number One manufacturer of agricultural tractors in the world, to assemble and sell "NEW HOLLAND"CNHI tractors in Pakistan. The new agreement fortifies AGTL's commitment to quality, technical development and support for the local industry and the farming community. The new agreement also allows rights of export to Afghanistan.

The Company is committed to improve product quality at both incoming and assembly stages. A sophisticated lab is, therefore, being set up at the plant to ensure receiving of quality components. The Company is also focusing on vendor capacity building to further strengthen its supply chain in anticipation of growing demand of big hp tractors.

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.

Karachi
August 10, 2017


Chief Executive


Director



**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

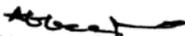
We have reviewed the accompanying condensed interim balance sheet of Al-Ghazi Tractors Limited as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 information as of and for the half year ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants
Karachi

Dated: August 28, 2017

Engagement Partner: Farrukh Rehman

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2017

	Note	(Unaudited) June 30, 2017	(Audited) December 31, 2016
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	704,522	649,897
Long-term loans		1,697	2,280
Long-term deposits		3,545	3,538
		<u>709,764</u>	<u>655,715</u>
CURRENT ASSETS			
Stores and spares		28,616	18,731
Stock-in-trade		2,202,136	1,408,886
Trade debts		207,334	279,759
Loans and advances		100,934	94,042
Short-term deposits and prepayments		12,478	6,119
Accrued mark - up		217	4,307
Other receivables		128	40,849
Taxation		216,575	-
Refunds due from Government		1,449,723	819,138
Cash and bank balances	6	876,999	1,316,770
		<u>5,095,140</u>	<u>3,988,601</u>
TOTAL ASSETS		<u>5,804,904</u>	<u>4,644,316</u>
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		3,214,763	3,069,648
		<u>3,504,584</u>	<u>3,359,469</u>
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		46,855	41,940
Staff retirement benefit		-	9,715
Deferred taxation		40,728	30,865
		<u>87,583</u>	<u>82,520</u>
CURRENT LIABILITIES			
Taxation		-	45,469
Trade and other payables	7	2,212,737	1,156,858
TOTAL LIABILITIES		<u>2,300,320</u>	<u>1,284,847</u>
COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>5,804,904</u>	<u>4,644,316</u>

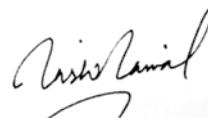
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED JUNE 30, 2017 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
← (Rupees '000) →					
Sales	10	4,553,786	3,537,657	9,517,817	6,352,443
Cost of goods sold	11	(3,272,524)	(2,575,595)	(6,739,957)	(4,636,246)
Gross profit		1,281,262	962,062	2,777,860	1,716,197
Distribution cost		(62,707)	(45,967)	(123,134)	(70,311)
Administrative expenses		(72,278)	(60,119)	(131,155)	(115,699)
		1,146,277	855,976	2,523,571	1,530,187
Other income	12	43,944	57,910	78,093	109,951
Other operating expenses		(82,146)	(63,193)	(179,490)	(113,305)
		1,108,075	850,693	2,422,174	1,526,833
Finance cost		(132)	(143)	(386)	(180)
Profit before taxation		1,107,943	850,550	2,421,788	1,526,653
Taxation					
Current		(330,606)	(262,943)	(724,226)	(472,588)
Prior year		(93,478)	(70,893)	(93,478)	(70,893)
Deferred		(9,216)	1,801	(9,863)	1,801
		(433,300)	(332,035)	(827,567)	(541,680)
Profit after taxation		674,643	518,515	1,594,221	984,973
Earnings per share	9	Rs 11.64	Rs 8.94	Rs 27.50	Rs 16.99

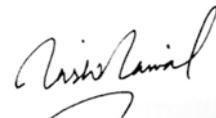
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Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED JUNE 30, 2017 (UNAUDITED)

	2017 (Rupees '000)	2016
Profit after taxation	1,594,221	984,973
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>1,594,221</u>	<u>984,973</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED JUNE 30, 2017 (UNAUDITED)

	Note	June 30, 2017 (Rupees '000)	June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	2,102,610	2,092,449
Income tax paid		(1,079,748)	(602,211)
(Increase) / decrease in long-term deposits		(7)	109
Increase in deferred staff benefits - compensated absences		4,915	6,965
Decrease in staff retirement benefits		(9,715)	(2,131)
Net cash generated from operating activities		<u>1,018,055</u>	<u>1,495,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(83,446)	(57,420)
Proceeds from disposal of fixed assets		81	76
Encashment of term deposits - net		-	900,000
Interest received		72,945	149,358
Decrease / (increase) in long-term loans		583	(1,717)
Net cash (used in) / generated from investing activities		<u>(9,837)</u>	<u>990,297</u>
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(1,447,989)	(2,746,086)
Net decrease in cash and cash equivalents		<u>(439,771)</u>	<u>(260,608)</u>
Cash and cash equivalents at beginning of the period		1,316,770	1,420,238
Cash and cash equivalents at end of the period		<u>876,999</u>	<u>1,159,630</u>

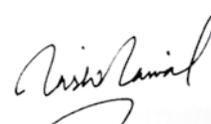
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Chairman



Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2017 (UNAUDITED)

	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)
First interim dividend @ Rs 12.5 per share for the year ending December 31, 2017	-	-	(724,553)	(724,553)
Profit for the half year ended June 30, 2017	-	-	1,594,221	1,594,221
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-
	-	-	1,594,221	1,594,221
Balance as at June 30, 2017	289,821	1,000,000	2,214,763	3,504,584
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)
First interim dividend @ Rs 25 per share for the year ended December 31, 2016	-	-	(1,449,105)	(1,449,105)
Profit for the half year ended June 30, 2016	-	-	984,973	984,973
Other comprehensive income for the half year ended June 30, 2016	-	-	-	-
	-	-	984,973	984,973
Balance as at June 30, 2016	289,821	1,000,000	2,585,522	3,875,343

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED JUNE 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, 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, spare parts and providing irrigation solutions for agriculture.

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. CLD/CCD/PR(11)/2017 and the related press release dated July 20th, 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 June 30, 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.

The Company is assessing the impact of Companies Act, 2017 on its financial statements for the year ending December 31, 2017.

2.1. Changes in accounting standards, interpretations and pronouncements

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2017 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2017 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2017 (UN-AUDITED)

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2016.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information 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 this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2016.

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, 2016.

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, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	← Rupees '000 →			
Building	32,519	-	-	-
Electrical equipment	1,217	792	-	-
Plant and machinery	4,366	16,021	-	-
Furnitures and fixtures	939	1,625	67	-
Computer hardware	2,811	2,067	13	-
Vehicles	8,656	9,718	-	-
Office equipment	669	503	-	-
Factory equipments and tools	35	-	-	-
	51,212	30,726	80	-

5.2 Additions to capital work in process and intangibles are Rs 31.33 million (2016: Rs 26.47 million) and Rs 0.9 million (2016: Rs 0.22 million) respectively.

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE HALF YEAR ENDED JUNE 30, 2017 (UN-AUDITED)

	June 30, 2017	December 31, 2016
	(Rupees '000)	
6. CASH AND BANK BALANCES		
Cash with banks		
-Current accounts	170,866	181,669
-Deposit accounts	543,498	1,051,798
Cash in hand	451	257
Demand drafts in hand	162,184	83,046
	<u>876,999</u>	<u>1,316,770</u>

7. TRADE AND OTHER PAYABLES

This includes Rs. 127 million (2016: Rs. 53.7 million) payable to CNH Industrial Italia S.p.A in respect of royalty charges. The collaboration agreement between the Company and CNH Industrial Italia S.p.A has been signed and is effective from January 1, 2017. The Company has filed an application with State Bank of Pakistan for registration of the same.

8. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2017 amounted to Rs. 40.85 million (2016: Rs. 38.3 million).

	<u>Half year ended</u>	
	June 30, 2017	June 30, 2016
	(Rupees '000)	
9. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	<u>1,594,221</u>	<u>984,973</u>
Weighted average number of shares in issue during the period	<u>57,964</u>	<u>57,964</u>
Earnings per share - Rupees	<u>27.50</u>	<u>16.99</u>

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2017 and 2016.

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE HALF YEAR ENDED JUNE 30, 2017 (UN-AUDITED)

	June 30, 2017	June 30, 2016
	(Rupees '000)	
10. SALES		
Tractors	10,123,143	6,919,475
Trading goods and others	55,626	121,016
	<u>10,178,769</u>	<u>7,040,491</u>
Less: Commission and discounts	(152,896)	(89,074)
Sales tax	(508,056)	(598,974)
	<u><u>9,517,817</u></u>	<u><u>6,352,443</u></u>
11. COST OF GOODS SOLD		
Cost of goods manufactured	6,382,854	4,286,444
Opening stock of finished goods	330,739	420,066
Closing stock of finished goods	(12,639)	(135,463)
Cost of manufactured goods sold	<u>6,700,954</u>	<u>4,571,047</u>
Cost of trading goods and others sold	39,003	65,199
	<u><u>6,739,957</u></u>	<u><u>4,636,246</u></u>
12. OTHER INCOME		
Income from financial assets:		
Profit on deposit accounts	68,855	92,710
Income from assets other than financial assets:		
Profit on disposal of fixed assets	1	47
Sale of scrap materials	8,659	8,528
Others	578	8,666
	<u><u>78,093</u></u>	<u><u>109,951</u></u>

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE HALF YEAR ENDED JUNE 30, 2017 (UN-AUDITED)

	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees '000)	
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,421,788	1,526,653
Add / (less): Adjustments for non-cash charges and other items		
Depreciation / amortisation	28,741	28,905
Profit on disposal of fixed assets	(1)	(47)
Profit on deposit accounts	(68,855)	(92,710)
	<u>2,381,673</u>	<u>1,462,801</u>
Effect on cash flow due to working capital changes		
Increase / (decrease) in current assets		
Stores and spares	(9,885)	12,882
Stock-in-trade	(793,250)	697,044
Trade debts	72,425	(448,957)
Loans and advances	(6,892)	(24,221)
Short-term deposits and prepayments	(6,359)	(16,735)
Other receivables	40,721	504
Refunds due from Government	(630,585)	(76,278)
	<u>(1,333,825)</u>	<u>144,239</u>
Increase in current liabilities		
Trade and other payables	1,054,762	485,409
	<u>(279,063)</u>	<u>629,648</u>
Cash generated from operations	<u><u>2,102,610</u></u>	<u><u>2,092,449</u></u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2017 (UN-AUDITED)

14. 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, 2017	June 30, 2016
		(Rupees '000)	
i. Holding company	Dividends paid	652,336	1,304,672
ii. Other related parties	Dividends paid	547,365	1,094,729
	Royalty paid	-	22,113
	Contribution to Al-Ghazi Tractors Staff Provident Fund	5,189	4,661
	Contribution to Al-Ghazi Tractors Employees' Gratuity Fund	6,273	5,200
iii. Key management personnel	Salaries and other employee benefits	79,225	63,568
	Retirement benefits	5,424	3,527

15. DIVIDEND

The Board of Directors in its meeting held on August 10, 2017 declared an interim cash dividend of Rs. 25 per share (2016: Rs. Nil) amounting to Rs. 1,449.11 million (2016: Rs. Nil).

Final dividend for the year ended December 31, 2016 amounting to Rs. 12.5 per share was paid during the half year ended June 30, 2017 (2016: Rs. 25 per share).

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 10, 2017 by the Board of Directors.



Chairman



Chief Executive



Chief Financial Officer



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NH - DABUNG

(85Hp)





AL FUTTAIM



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QUALITY MANAGEMENT-BRAND STRENGTH