

Half Year Ended
30 June, 2016
(Un-Audited)



AL-GHAZI TRACTORS LTD

EXPANDING HORIZONS



AL FUTTAIM



AGTL



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: agt@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

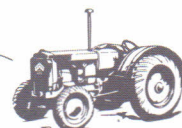
Tax Advisors

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. Michele Lombardi	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 positive trend in sales growth that started from the beginning of 2016 continued during the first half of the year. The Company sold 8735 tractors during the first half of the year 2016, compared with 9365 delivered during the same period last year.

Lean management and rigorous cost discipline yielded a gross profit percentage of 27% compared with 25.8% during the same period last year. With tax charge of Rs 542 million as corporate tax, including Super Tax of Rs. 71 million, the Company earned a post-tax profit of Rs. 985 million compared with a post-tax profit of Rs. 1,114 million earned during the same period last year.

As announced in the Federal Budget, sales tax on tractors has been reduced from 10% to 5% with effect from June 25, 2016, to the benefit of farming community. The Company posted a declining trend in the other income mainly due to payment of additional dividends out of accumulated reserves of the Company, which ultimately resulted in reduced investments in the financial market.

In order to glorify the Company's presence in high horse power market segment, a new model NH Dabung was launched during the period in a glittering ceremony attended by the Chairman, Directors and other stakeholders. The Company continued to invest in quality of its products, accordingly various aesthetic and technical improvements were made in the existing low horse power models, strengthening the market position of the Company. These improvements resulted in appreciable response from our customers and Company's market share increased by 4 percent achieving an average of 40% during the period under review.

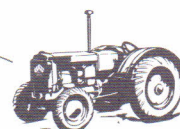
Though the third quarter of the year July – September is usually a slower period for tractor sales, the company is working on various strategies to bolster sales.

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.alghazitractors.com.

For and on behalf of
the Board

Charles Leonard Hunt
Chairman

Karachi
August 11, 2016





**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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

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, 2016 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 24, 2016

Engagement Partner: Syed Fahim ul Hasan

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM BALANCE SHEET

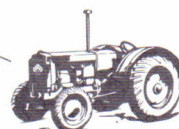
AS AT JUNE 30, 2016

	Note	(Unaudited) June 30, 2016	(Audited) December 31, 2015
Rupees '000			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	640,694	612,208
Long-term loans	6	1,933	216
Long-term deposits	6	2,588	2,697
		645,215	615,121
CURRENT ASSETS			
Stores and spares		21,458	34,340
Stock-in-trade		1,417,990	2,115,034
Trade debts		476,716	27,759
Loans and advances	6	86,269	62,048
Short-term deposits and prepayments	6	23,556	6,821
Accrued mark - up		4,466	61,114
Other receivables		37,907	38,411
Taxation		129,558	70,828
Refunds due from the Government		1,094,231	1,017,953
Investments		25,000	25,000
Cash and bank balances	7	1,169,630	2,330,238
		4,486,781	5,789,546
TOTAL ASSETS		5,131,996	6,404,667
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		3,585,522	5,498,759
		3,875,343	5,788,580
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		39,857	32,892
Staff retirement benefit		-	2,131
Deferred taxation		30,184	31,985
		70,041	67,008
CURRENT LIABILITIES			
Trade and other payables		1,186,612	549,079
TOTAL LIABILITIES		1,256,653	616,087
COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	8	5,131,996	6,404,667

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


Chairman


Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED JUNE 30, 2016 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
← Rupees '000 →					
Sales	10	3,537,657	3,264,871	6,352,443	6,708,177
Cost of goods sold	11	(2,575,595)	(2,434,460)	(4,636,246)	(4,977,713)
Gross profit		962,062	830,411	1,716,197	1,730,464
Distribution cost		(45,967)	(23,966)	(70,311)	(45,043)
Administrative expenses		(60,119)	(73,606)	(115,699)	(129,917)
		855,976	732,839	1,530,187	1,555,504
Other income	12	57,910	128,521	109,951	272,726
Other operating expenses		(63,193)	(59,401)	(113,305)	(126,102)
		850,693	801,959	1,526,833	1,702,128
Finance cost		(143)	(457)	(180)	(662)
Profit before taxation		850,550	801,502	1,526,653	1,701,466
Taxation					
Current		(262,943)	(249,413)	(472,588)	(533,464)
Prior Year		(61,645)	(61,645)	(70,893)	(61,645)
Deferred		1,801	7,172	1,801	7,172
		(322,787)	(303,886)	(541,680)	(587,937)
Profit after taxation		527,763	497,616	984,973	1,113,529
Earnings per share	9	Rs 9.11	Rs 8.58	Rs 16.99	Rs 19.21

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


Chairman


Chief Executive


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED JUNE 30, 2016 (UNAUDITED)

	2016	2015
	Rupees '000	
Profit after taxation	984,973	1,113,529
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>984,973</u>	<u>1,113,529</u>

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


Chairman


Chief Executive



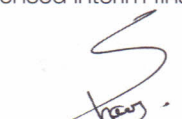
CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED JUNE 30, 2016 (UNAUDITED)

	Note	June 30, 2016	June 30, 2015
Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	2,092,449	1,372,358
Income tax paid		(602,211)	(591,914)
Decrease / (increase) in long-term deposits		109	(350)
Increase / (decrease) in deferred staff benefits - compensated absences		6,965	(1,114)
Decrease in staff retirement benefits		(2,131)	(29,929)
Net cash generated from operating activities		<u>1,495,181</u>	<u>749,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(57,420)	(82,820)
Proceeds from disposal of fixed assets		76	209
Proceeds from disposal of investments		-	1,966,392
Encashment / (placement) in term deposits - net		900,000	(95,000)
Return on bank deposits		149,358	101,395
(Increase) / decrease in long-term loans		(1,717)	113
Net cash generated from investing activities		<u>990,297</u>	<u>1,890,289</u>
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(2,746,086)	(866,972)
Net (decrease) / increase in cash and cash equivalents		<u>(260,608)</u>	<u>1,772,368</u>
Cash and cash equivalents at beginning of the period		1,420,238	1,419,709
Cash and cash equivalents at end of the period		<u><u>1,159,630</u></u>	<u><u>3,192,077</u></u>

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


Chairman


Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2016 (UNAUDITED)

	Share capital	General reserve	Unappropriated profit	Total
← Rupees '000 →				
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
 Balance as 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)
Profit for the half year ended June 30, 2015	-	-	1,113,529	1,113,529
Other comprehensive income for the half year ended June 30, 2015	-	-	-	-
	-	-	1,113,529	1,113,529
Balance as at June 30, 2015	289,821	1,000,000	7,505,740	8,795,561

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


Chairman


Chief Executive



SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED JUNE 30, 2016 (UNAUDITED)

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, National Highway, 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

This condensed interim financial information of the Company for the half year ended June 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.

During the period Securities and Exchange Commission of Pakistan (SECP) has issued a circular No. 14 of 2016 dated April 21, 2016, in relation to mandatory disclosure requirements for listed companies for All Shares Islamic Index Screening. The disclosures required by the circular have been disclosed in the respective notes to the condensed interim financial information, where applicable. The Company has provided the above disclosures according to the underlying terms of the arrangements.

2.1. Changes in accounting standards, interpretations and pronouncements

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

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2016 and are considered to be relevant to the Company's operations.

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

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

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

c) 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.

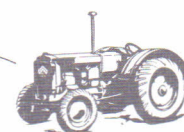
3. ACCOUNTING POLICIES

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, 2015.

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, 2015.



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, 2015.

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, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	← Rupees '000 →			
Building	-	3,932	-	-
Electrical equipment	792	263	-	-
Plant and machinery	16,021	-	-	-
Furnitures and fixtures	1,625	338	-	209
Computer hardware	2,067	685	-	-
Vehicles	9,718	7,434	-	-
Office equipment	503	-	-	-
Factory equipments and tools	-	44	-	-
	30,726	12,696	-	209

5.2 Additions to capital work in process and intangibles are Rs 26.47 million (2015: Rs 70 million) and Rs 0.22 million (2015: Rs 0.12 million) respectively.

6. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

These loans, advances, deposits and prepayments do not carry any interest or mark up arrangement.

7. CASH AND BANK BALANCES

	June 30, 2016	December 31, 2015
	Rupees '000	
Cash with banks - note 7.1		
Current accounts - Under mark-up arrangements	454,075	466,978
Deposit accounts - Under mark-up arrangements	615,852	1,780,033
Cash in hand	612	309
Demand drafts in hand	99,091	82,918
	1,169,630	2,330,238

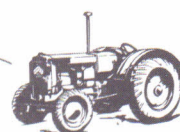
7.1. All bank balances are maintained under conventional banking system.

8. Commitments for capital expenditure outstanding as at June 30, 2016 amounted to Rs. 38.3 million (2015: Rs. 14.78 million).

	Half year ended	
	June 30, 2016	June 30, 2015
	Rupees '000	
9. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	<u>984,973</u>	<u>1,113,529</u>
Weighted average number of shares in issue during the period	<u>57,964</u>	<u>57,964</u>
Earnings per share - Rupees	<u>16.99</u>	<u>19.21</u>

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2016 and 2015.

	Half year ended	
	June 30, 2016	June 30, 2015
10. SALES		
Tractors	6,919,475	7,393,087
Trading goods and others	121,016	86,466
	<u>7,040,491</u>	<u>7,479,553</u>
Less: Commission and discounts	89,074	94,240
Sales tax	598,974	677,136
	<u>6,352,443</u>	<u>6,708,177</u>
11. COST OF GOODS SOLD		
Cost of goods manufactured	4,286,444	4,744,592
Opening stock of finished goods	420,066	318,342
Closing stock of finished goods	(135,463)	(125,360)
Cost of manufactured goods sold	<u>4,571,047</u>	<u>4,937,574</u>
Cost of trading goods and others sold	65,199	40,139
	<u>4,636,246</u>	<u>4,977,713</u>



	Half year ended	
	June 30, 2016	June 30, 2015
	Rupees '000	
12. OTHER INCOME		
Income from financial assets:		
Profit on bank balances - note 12.1	92,710	253,099
Income from assets other than financial assets:		
Profit on disposal of operating fixed assets	47	-
Sale of scrap materials	8,528	8,608
Others - note 12.2	8,666	11,019
	<u>109,951</u>	<u>272,726</u>

12.1 This represents profit earned on bank balances maintained under conventional banking system, except for Rs 1.09 million (2015: Rs NIL) earned from deposits with Islamic bank.

12.2 This includes discounts on early payments made to vendors by the Company amounting to Rs 8.57 million (2015: Rs 10.96 million).

	Half year ended	
	June 30, 2016	June 30, 2015
	Rupees '000	
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,526,653	1,701,466
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation / amortisation	28,905	21,415
Profit on disposal of fixed assets	(47)	-
Gain on investments at fair value through profit and loss account	-	(66,422)
Return on bank deposits	(92,710)	(185,150)
	<u>1,462,801</u>	<u>1,471,309</u>

Effect on cash flow due to working capital changes

Decrease / (Increase) in current assets

 Stores and spares

 Stock-in-trade

 Trade debts

 Loans and advances

 Short-term deposits and prepayments

 Other receivables

 Refunds due from the Government - sales tax and special excise duty

Decrease in current liabilities

 Trade and other payables

12,882	4,490
697,044	345,443
(448,957)	(424,818)
(24,221)	(78,045)
(16,735)	23,563
504	(12,419)
<u>(76,278)</u>	<u>226,493</u>
144,239	84,707
485,409	(183,658)
<u>2,092,449</u>	<u>1,372,358</u>

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, 2016	June 30, 2015
		Rupees '000	
i. Holding company	Dividends paid	1,304,672	391,400
ii. Other related parties	Dividends paid	1,094,729	337,800
	Royalty paid	22,113	98,840
	Contribution to Al-Ghazi Tractors Staff Provident Fund	4,661	4,091
	Contribution to Al-Ghazi Tractors Employees' Gratuity Fund	5,200	4,956
iii. Key management personnel	Salaries and other employee benefits	63,568	73,531
	Retirement benefits	3,527	3,238

15. DIVIDEND

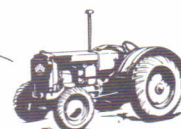
Final dividend for the year ended December 31, 2015 amounting to Rs. 25 per share was paid during the half year ended June 30, 2016 (2015: Rs. 15 per share).

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 11, 2016 by the Board of Directors.


Chairman


Chief Executive



NH - DABUNG 85



Available in Various versions





QUALITY MANAGEMENT-BRAND STRENGTH