AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
JUNE 30, 2019

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AL-GHAZI TRACTORS LIMITED

DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information on the Company for the half year ended 30 June 2019.

Although the significant economic slow-down and depressed automobile / tractor market continued, by engaging with customers and owing to the Company's quality initiatives the Company managed to earn a Gross Profit of Rs. 1,911 million during the current half year as compared to Rs. 3,291 million of same period last year. 9,838 tractors were delivered during the period as compared to 15,778 tractors delivered in the corresponding prior period. Post-tax profit for current half-year stood at Rs. 961 million, as compared to Rs. 1,854 million for same period last year. Accordingly, EPS for the current half-year was Rs. 16.60 per share.

The economic visibility continues to remain uncertain and very challenging due to rupee devaluation, significant increase in metal prices locally as well as imported, rising inflation and interest rates. This adversely impacts significantly on margins and financial cost for the Company and the industry in general. In addition, our legitimate sales tax refundable balance has accumulated to Rs. 2.4 billion and, thus, it is a major reason to liquidity challenge faced by the Company. However, the Company's management continuously strategizes in order to hopefully sail through this challenging period.

The Company has recently been rated as the Top 25 Companies of PSX which is one of Pakistan's premier corporate recognition and having this accolade says a lot about the quality of your organization and the strength of your management team.

The Annual Report of the Company was yet again awarded the prestigious one of the Best Annual Report Award by the Joint Committee of ICAP and ICMAP. This recognition motivates the Company to provide improved information to its shareholders.

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.

On behalf of the Board of Directors

Chief Executive Officer

Director

Karachi
22 August 2019

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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, 2019 and the related condensed interim statement of profit or loss, and other comprehensive income, condensed interim statement of changes in equity, 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 these 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, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2019.

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 are 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 audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants
Karachi

Date: August 27, 2019

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AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	(Unaudited) June 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	**908,617**	828,804
Long-term loans		**835**	891
Long-term deposits		**4,705**	3,805
		914,157	833,500
CURRENT ASSETS			
Inventories		**2,900,439**	3,507,588
Trade receivables		**499,024**	56,606
Loans and advances		**138,089**	132,337
Trade deposits and short-term prepayments		**48,820**	43,305
Interest accrued		**1,278**	1
Other receivables		**3,654**	12,964
Taxation - payments less provision		**143,618**	108,040
Refunds due from Government		**2,360,145**	1,797,206
Cash and bank balances	7	**374,350**	293,910
		6,469,417	5,951,957
TOTAL ASSETS		**7,383,574**	6,785,457
SHARE CAPITAL AND RESERVES			
Share capital		**289,821**	289,821
Unappropriated profit		**1,519,844**	1,079,576
		1,809,665	1,369,397
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		**75,141**	64,057
Employee benefit obligations		**-**	21,602
Deferred tax liability		**35,271**	30,440
		110,412	116,099
CURRENT LIABILITIES			
Trade and other payables	8	**1,378,729**	1,247,226
Unclaimed dividend		**77,405**	79,529
Short term financing	9	**4,007,363**	3,973,206
TOTAL LIABILITIES		**5,573,909**	5,416,060
COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		**7,383,574**	6,785,457

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman **Chief Executive** **Chief Financial Officer**

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED JUNE 30, 2019 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
		Rupees in '000			
Revenue from contracts with customers	11	**3,737,979**	5,656,081	**8,571,170**	12,613,972
Cost of goods sold	12	**(2,898,223)**	(4,251,140)	**(6,659,695)**	(9,322,950)
Gross profit		**839,756**	1,404,941	**1,911,475**	3,291,022
Distribution costs		**(81,704)**	(77,250)	**(151,362)**	(153,436)
Administrative expenses		**(70,672)**	(77,650)	**(147,403)**	(165,465)
		687,380	1,250,041	**1,612,710**	2,972,121
Other income	13	**21,661**	20,026	**36,100**	35,049
Other operating expenses		**(42,814)**	(88,262)	**(100,138)**	(207,330)
		666,227	1,181,805	**1,548,672**	2,799,840
Finance costs		**(96,888)**	(4,221)	**(193,949)**	(4,363)
Profit before income tax		**569,339**	1,177,584	**1,354,723**	2,795,477
Income tax expense					
Current		**(168,168)**	(329,174)	**(387,943)**	(810,970)
Prior year		**-**	(136,812)	**-**	(136,812)
Deferred		**(4,831)**	6,727	**(4,831)**	6,727
		(172,999)	(459,259)	**(392,774)**	(941,055)
Profit after income tax		**396,340**	718,325	**961,949**	1,854,422
Basic and diluted earnings per share	14	**Rs 6.84**	Rs 12.39	**Rs 16.60**	Rs 31.99

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman Chief Executive Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED JUNE 30, 2019 (UNAUDITED)

	2019	2018
	Rupees in '000	
Profit after taxation	**961,949**	1,854,422
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	**961,949**	1,854,422

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman **Chief Executive** **Chief Financial Officer**

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2019 (UNAUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	Rupees in '000			
Balance as at January 1, 2019	**289,821**	**-**	**1,079,576**	**1,369,397**
Final dividend @ Rs 9 per share for the year ended December 31, 2018	**-**	**-**	**(521,681)**	**(521,681)**
Profit for the half year ended June 30, 2019	**-**	**-**	**961,949**	**961,949**
Other comprehensive income for the half year ended June 30, 2019	**-**	**-**	**-**	**-**
	-	**-**	**961,949**	**961,949**
Balance as at June 30, 2019	**289,821**	**-**	**1,519,844**	**1,809,665**
Balance as at January 1, 2018	289,821	1,000,000	835,995	2,125,816
Transfer from general reserve to unappropriated profit	-	(1,000,000)	1,000,000	-
Final dividend @ Rs 25 per share for the year ended December 31, 2017	-	-	(1,449,106)	(1,449,106)
Profit for the half year ended June 30, 2018	-	-	1,854,422	1,854,422
Other comprehensive income for the half year ended June 30, 2018	-	-	-	-
	-	-	1,854,422	1,854,422
Balance as at June 30, 2018	289,821	-	2,241,311	2,531,132

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman | Chief Executive | Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED JUNE 30, 2019 (UNAUDITED)

	Note	**June 30, 2019**	June 30, 2018
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	**1,280,699**	1,133,553
Income tax paid		**(423,521)**	(983,200)
Mark-up paid		**(164,768)**	(380)
Increase in long-term deposits		**(900)**	(280)
Increase in deferred staff benefits - compensated absences		**11,084**	20,182
Decrease in employee benefit obligations		**(21,602)**	(10,007)
Net cash generated from operating activities		**680,992**	159,868
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		**(118,898)**	(82,568)
Proceeds from disposal of fixed assets		**363**	140
Interest received		**7,575**	22,668
Decrease in long-term loans		**56**	209
Net cash used in investing activities		**(110,904)**	(59,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(523,805)**	(1,972,953)
Net increase / (decrease) in cash and cash equivalents		**46,283**	(1,872,636)
Cash and cash equivalents at beginning of the period		**(3,679,296)**	1,340,511
Cash and cash equivalents at end of the period		**(3,633,013)**	(532,125)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman **Chief Executive** **Chief Financial Officer**

AL-GHAZI TRACTORS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2019 (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, generators, implements and spare parts and providing irrigation solutions for agriculture.

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

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.

The impact of changes laid down by these standards are detailed in note 4.

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. However this standard does not have any impact on these interim financial statements.

(b) 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, 2019 are considered not to be relevant for the 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 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, 2018 except for the changes stated in note 4.

4. CHANGE IN ACCOUNTING POLICIES

4.1 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss (FVTPL),
- at fair value through other comprehensive income (FVTOCI), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business models for managing the financial assets and their contractual cash flow characterstics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

4.1.1 Classfication of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss (FVTPL), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

4.1.2 Subsequent measurement

(i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amoritsed cost, and in the case of financial assets, less any impairment.

(iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities initially carried at FVTPL are initially recorded at fair value and transaction costs are expressed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

4.1.3 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occuring over the expected life of the financial instrument has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

4.1.4 Derecognition

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

(ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

4.1.5 Financial assets - policy upto December 31, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable cost, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable is established when there is an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables.Trade receivables considered irrecoverable are written off.

4.1.6 Classifications and remeasurement

On January 1, 2019 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories which are as follows:

Financial assets - January 1, 2019	**Note**	**Carrying amount as reported under IAS 39 - January 1, 2019**	**Reclassification IFRS-9**	**Remeasurement ECL**	**Carrying amount reported under IFRS 9 - January 1, 2019**
		(Rupees in 000)			
Loans and advances		133,228	-	-	133,228
Trade deposits and prepayments		47,110	-	-	47,110
Trade receivables	a,b	56,606	-	-	56,606
Interest accrued		1	-	-	1
Other receivables		12,964	-	-	12,964
Cash and bank balances		293,910	-	-	293,910
		543,819	**-**	**-**	**543,819**

(a) IFRS 9 replaces the incurred loss model in IAS39 with an expected credit loss (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at January 1, 2019 results in no additional allowance for trade receivables.

(b) The Company has adopted consequential amendments to IAS1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended December 31, 2018 there was no provision for doubtful debts that could be reclassified to impairment loss on trade receivables in the profit and loss account.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at January 1, 2019.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
			(Rupees in '000)	
Financial assets				
Loans and advances	Loans and receivables	Amortised cost	133,228	133,228
Trade deposits and prepayments	Loans and receivables	Amortised cost	47,110	47,110
Trade receivables	Loans and receivables	Amortised cost	56,606	56,606
Interest accrued	Loans and receivables	Amortised cost	1	1
Other receivables	Loans and receivables	Amortised cost	12,964	12,964
Cash and bank balances	Loans and receivables	Amortised cost	293,910	293,910
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	1,247,226	1,247,226
Short term financing	Other financial liabilities	Other financial liabilities	3,973,206	3,973,206
Unclaimed dividend	Other financial liabilities	Other financial liabilities	79,529	79,529

There is no impact of these changes on the Company's interim statement of changes in equity.

4.2 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15-Revenue from Contracts with Customers from January 1, 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the half year ended June 30, 2019.

5. 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, 2018.

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, 2018.

6. FIXED ASSETS

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2019	December 2018	**June 30, 2019**	December 2018
	Rupees in '000			
Building	**18,076**	39,329	-	-
Plant and machinery	**15,748**	35,253	-	-
Furnitures and fixtures	**7,363**	3,586	**27**	2
Computer hardware	**3,099**	3,151	**3**	26
Vehicles	-	42,229	-	-
Office equipment	**2,176**	6,621	-	33
Factory equipments and tools	**3,127**	5,731	-	-
	49,589	135,900	**30**	61

6.2 Additions to capital work in process and intangibles are Rs 33.45 million (2018: Rs 44.27 million) and Rs 1.15 million (2018: Rs 0.61 million) respectively.

	June 30, 2019	December 31, 2018
	Rupees in '000	
7. CASH AND BANK BALANCES		
Cash with banks on		
- Current accounts	**143,756**	87,323
- PLS savings and deposit accounts	**176,879**	175,421
Cash in hand	**416**	324
Demand drafts in hand	**53,299**	30,842
	374,350	293,910

8. TRADE AND OTHER PAYABLES

This includes payable to CNH Industrial Italia S.p.A amounting to Rs. 2.1 million (2018: Rs. 56.43 million) against purchases made during the year.

9. SHORT TERM BORROWINGS

The facility for running finance available from banks amounted to Rs. 4.5 billion (2018: Rs. 4 billion). Rates of mark-up ranges from three months KIBOR plus 0.25% to three months KIBOR plus 0.5% (2018: one month KIBOR plus 0.2% to one month KIBOR plus 0.5%) per annum.

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

10. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2019 amounted to Rs. 202.46 million (2018: Rs. 64.9 million).

	Half year ended	
	June 30, 2019	June 30, 2018
	Rupees in '000	
11. REVENUE FROM CONTRACT WITH CUSTOMERS		
Tractors	**9,095,824**	13,379,882
Trading goods and others	**52,569**	68,240
	9,148,393	13,448,122
Less: Commission and discounts	**(140,569)**	(203,759)
Sales tax	**(436,654)**	(630,391)
	8,571,170	12,613,972

		Half year ended	
		June 30, 2019	June 30, 2018
		Rupees '000	
12.	**COST OF GOODS SOLD**		
	Cost of goods manufactured	**6,204,070**	9,726,883
	Opening stock of finished goods	**822,097**	161,338
	Closing stock of finished goods	**(399,004)**	(624,054)
	Cost of manufactured goods sold	**6,627,163**	9,264,167
	Cost of trading goods and others sold	**32,532**	58,783
		6,659,695	9,322,950
13.	**OTHER INCOME**		
	Income from financial assets:		
	Profit on deposit accounts	**8,852**	21,757
	Income from assets other than financial assets:		
	Profit on disposal of fixed assets	**333**	79
	Sale of scrap materials	**17,599**	12,476
	Recovery of investment written off - note 13.1	**3,000**	-
	Liability no longer payable written back	**4,900**	-
	Others	**1,416**	737
		36,100	35,049

13.1 This represents partial recovery of investment, previously written off, from Saudi Pak Leasing Company Limited.

		Half year ended	
		June 30, 2019	June 30, 2018
		Rupees '000	
14.	**EARNINGS PER SHARE**		
	Profit after taxation attributable to ordinary shareholders	**961,949**	1,854,422
	Weighted average number of shares in issue during the period	**57,964**	57,964
	Basic and diluted earnings per share - Rupees	**16.60**	31.99

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2019 and 2018.

	Half year ended	
	June 30, 2019	June 30, 2018
	Rupees in '000	
15. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**1,354,723**	2,795,477
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	**39,055**	33,449
Gain on disposal of fixed assets	**(333)**	(79)
Profit on deposit accounts	**(8,852)**	(21,757)
Mark up on running finance	**190,704**	4,363
	1,575,297	2,811,453
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	**607,149**	(519,758)
Trade receivables	**(442,418)**	(25,162)
Loans and advances	**(5,752)**	81,537
Trade deposits and short-term prepayments	**(5,515)**	(744)
Other receivables	**9,310**	10,970
Refunds due from Government - sales tax and excise duty	**(562,939)**	64,101
	(400,165)	(389,056)
Increase / (decrease) in current liabilities		
Trade and other payables	**105,567**	(1,288,844)
	(294,598)	(1,677,900)
Cash generated from operations	**1,280,699**	1,133,553

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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, 2019	Half year ended June 30, 2018
		Rupees in '000	
i. Holding company	Dividends paid	**260,934**	724,818
ii. Other related parties	Dividends paid	**225,201**	1,157,285
	Royalty paid	**49,278**	170,703
	Contribution to Al-Ghazi Tractors Staff Provident Fund	**7,332**	6,127
	Contribution to Al-Ghazi Tractors Employees' Gratuity Fund	**9,701**	6,861
iii. Key management personnel	Salaries and other employee benefits	**71,019**	49,849
	Retirement benefits	**5,705**	4,438

17. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on 22-08-2019 declared an interim cash dividend of Rs. 15 per share (2018: Rs. ~~25~~ 30 per share) amounting to Rs. 869.46 million (2018: Rs. 1738.93 million).

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22-08-2019 by the Board of Directors.

Chairman **Chief Executive** **Chief Financial Officer**