

First Quarterly Report
31 March 2016
(Un-Audited)



AL-GHAZI TRACTORS LTD

EXPANDING HORIZONS



AL FUTTAIM



AGTL



NEWHOLLAND

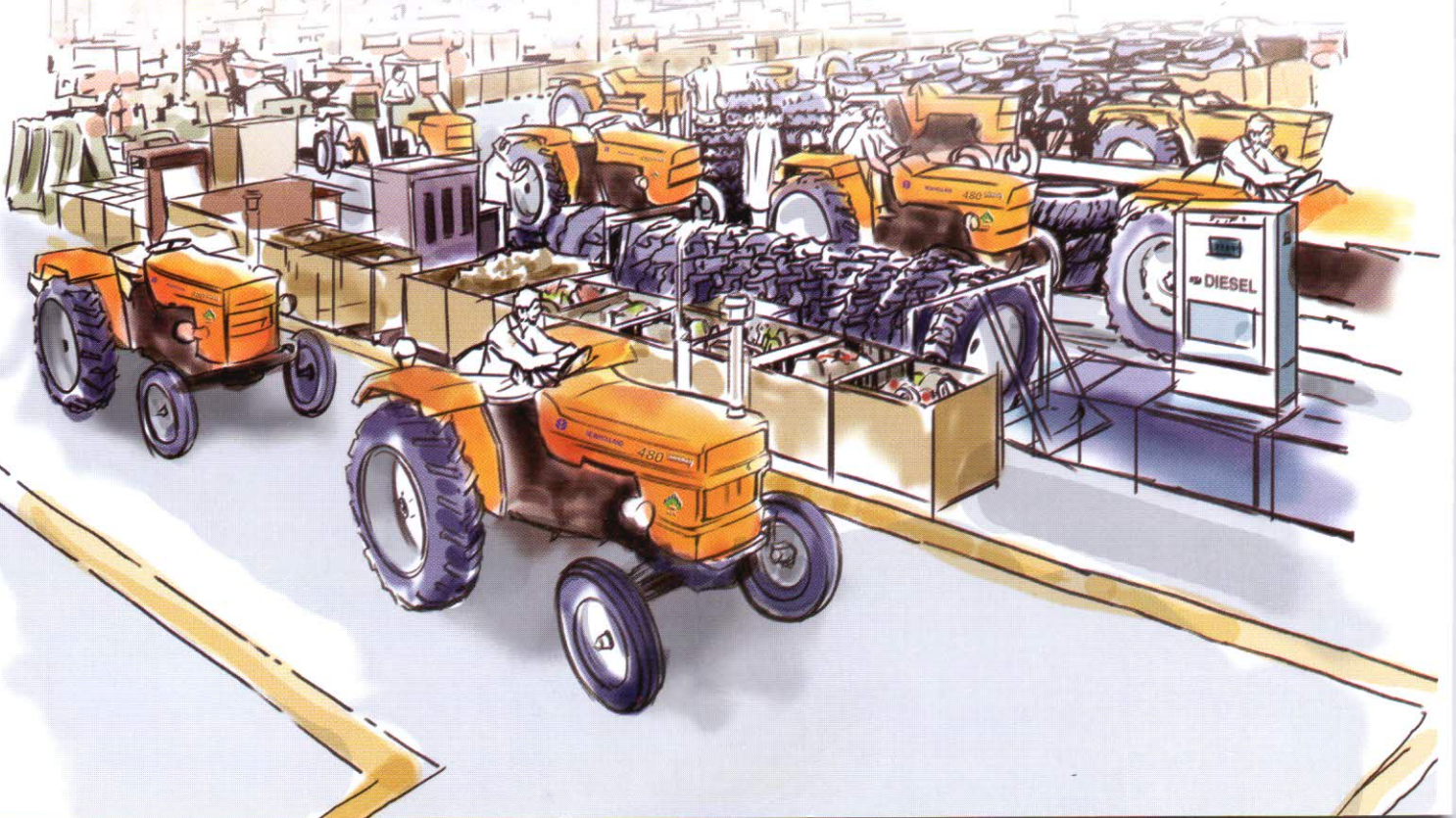
QUALITY MANAGEMENT-BRAND STRENGTH

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: 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



Directors' Report

Tractor sales took an upturn during the first quarter 2016 mainly on the backdrop of improved seasonal activity. Further, various marketing initiatives and spending towards improved quality of product started showing positive impact during the period under review.

The Company sold 3,927 tractors during the first quarter of the year, January – March, 2016, compared with 4,867 delivered last year. Lean management and rigorous cost discipline yielded a gross profit percentage of 26.79% compared with 26.14% during the same period last year. The Company has earned a pre-tax profit of Rs. 676 million during the first quarter compared with a pre-tax profit of Rs. 900 million earned during the same period last year.

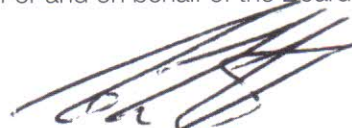
During the period under review, the Company remained focused on its core business activity i.e. tractor sales, with a target to regain the market leadership. However by expanding horizons, the Company re-launched its own lube oil brand "Al-Ghazi" to penetrate the market with full force and to ensure presence in this business segment. Further, the Company also successfully participated in the subsidized implements scheme for farmers' community announced by the Government of Punjab.

During the period under review, your Company secured first runner up award on account of Corporate Governance disclosures in the annual report for the year ended December 31, 2014.

Based on strong financial strength of the Company, the Board of Directors has recommended an interim cash dividend of 500%, that is a payout of Rs. 1,449.1 million.

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
April 21, 2016

CONDENSED INTERIM BALANCE SHEET

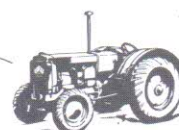
AS AT MARCH 31, 2016 (UN-AUDITED)

		(Unaudited) March 31, 2016	(Audited) December 31, 2015
(Rupees'000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	607,952	612,208
Long-term loans		1,333	216
Long-term deposits		2,697	2,697
		611,982	615,121
CURRENT ASSETS			
Stores and spares		22,379	34,340
Stock-in-trade		1,445,837	2,115,034
Trade debts		337,257	27,759
Loans and advances		55,412	62,048
Short-term deposits and prepayments		12,642	6,821
Accrued mark-up		38,639	61,114
Other receivables		121	38,411
Taxation		98,526	70,828
Refunds due from the Government		983,082	1,017,953
Investments		25,000	25,000
Cash and bank balances		3,474,462	2,330,238
		6,493,357	5,789,546
TOTAL ASSETS		7,105,339	6,404,667
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		5,965,217	5,498,759
		6,255,038	5,788,580
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		32,692	32,892
Staff retirement benefit		403	2,131
Deferred taxation		31,676	31,985
		64,771	67,008
CURRENT LIABILITIES			
Trade and other payables		785,530	549,079
Commitments	4		
TOTAL EQUITY AND LIABILITIES		7,105,339	6,404,667

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


Chairman


Chief Executive

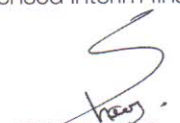


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
 FOR THE FIRST QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	Quarter ended	
		March, 31 2016	March, 31 2015
		(Rupees' 000)	
Sales	5	2,814,786	3,443,306
Cost of goods sold	6	<u>(2,060,651)</u>	<u>(2,543,253)</u>
Gross profit		754,135	900,053
Distribution cost		(24,344)	(21,077)
Administrative expenses		<u>(55,580)</u>	<u>(56,311)</u>
		674,211	822,665
Other income		52,041	144,205
Other operating expenses		<u>(50,112)</u>	<u>(66,701)</u>
		676,140	900,169
Finance cost		<u>(37)</u>	<u>(205)</u>
Profit before taxation		676,103	899,964
Taxation		(209,645)	(284,051)
Profit after taxation		<u>466,458</u>	<u>615,913</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>466,458</u></u>	<u><u>615,913</u></u>
Earnings per share-Basic and diluted		<u><u>8.05</u></u>	<u><u>10.63</u></u>

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 FIRST QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	March, 31 2016	March, 31 2015
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	1,335,776	786,137
Income taxes paid		(237,652)	(108,837)
(Increase) / decrease in long-term loans		(1,117)	75
Decrease in deferred staff benefits		(200)	(4,815)
(Decrease) / increase in staff retirement benefits		(1,728)	1,122
Net cash from operating activities		<u>1,095,079</u>	<u>673,682</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(10,206)	(13,540)
Proceeds from disposal of fixed assets		6	209
Sale of investments		-	2,001
(Placement in) / encashment of term deposits - net		(600,000)	300,000
Return on investments		70,127	(51,344)
Net cash from investing activities		<u>(540,073)</u>	<u>237,326</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(10,782)	(1,082)
Net increase in cash and cash equivalents		<u>544,224</u>	<u>909,926</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>1,964,462</u></u>	<u><u>2,329,635</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 FIRST QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees'000)			
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)
First interim Dividends @ Rs. 30 per share for the year ended December 31, 2015	-	-	(1,738,926)	(1,738,926)
Second interim Dividends @ Rs. 30 per share for the year ended December 31, 2015	-	-	(1,738,926)	(1,738,926)
Total comprehensive income for the year ended December 31, 2015				
Profit for the year ended December 31, 2015	-	-	1,592,283	1,592,283
Other comprehensive loss for the year ended December 31, 2015	-	-	(7,883)	(7,883)
	-	-	1,584,400	1,584,400
Balance as at December 31, 2015	289,821	1,000,000	4,498,759	5,788,580
Total comprehensive income for the first quarter ended March 31, 2016				
Profit for the first quarter ended March 31, 2016	-	-	466,458	466,458
Other comprehensive income for the first quarter ended March 31, 2016	-	-	-	-
	-	-	466,458	466,458
Balance as at March 31, 2016	289,821	1,000,000	4,965,217	6,255,038

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 FIRST QUARTER ENDED MARCH 31, 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 Pakistan Stock Exchange. The registered office of the company is 'Tractor House, Plot No. 102-B, 16th East Street, Phase I, D.H.A, Off Korangi Road, Karachi'. The company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

The financial information is presented in Pak Rupee which is the company's functional and presentation currency.

2 BASIS OF PREPARATION

This condensed interim financial information 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.

The accounting policies and 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 of the company for the year ended December 31, 2015.

3 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfer (at net book value)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	← Rupees '000 →			
Plant and Machinery	5,910	-	-	-
Furnitures & fixtures	835	212	-	209
Computer hardware	1,313	477	-	-
Vehicles	-	7,434	-	-
Factory Equipment & Tools	780	306	-	-
Intangibles	145	118	-	-
Additions to capital work in progress	1,223	4,993	-	-
	<u>10,206</u>	<u>13,540</u>	<u>-</u>	<u>209</u>

4 COMMITMENTS

Commitments for capital expenditure outstanding as at March 31, 2016 amounted to Rs. 26.16 million (2015: Rs. 1.38 million)

5 SALES

	March, 31 2016	March, 31 2015
	(Rupees'000)	
Tractors	3,113,929	3,796,437
Trading and others	24,866	42,684
	<u>3,138,795</u>	<u>3,839,121</u>
Less: Commission and discounts	(40,085)	(46,730)
Sales Tax	(283,924)	(349,085)
	<u>2,814,786</u>	<u>3,443,306</u>



	March, 31 2016	March, 31 2015
	(Rupees'000)	
6 COST OF GOODS SOLD		
Cost of goods manufactured	1,675,537	2,198,351
Opening stock of finished goods	420,067	318,342
Closing stock of finished goods	(57,931)	(2,562)
Manufactured goods	<u>2,037,673</u>	<u>2,514,131</u>
Trading and others	<u>22,978</u>	<u>29,122</u>
	<u>2,060,651</u>	<u>2,543,253</u>
7 CASH GENERATED FROM OPERATIONS		
Profit before taxation	676,103	899,964
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	14,462	10,554
Profit on disposal of fixed assets	(6)	-
Fair value gain on investments	0	(39,244)
Return on investments and bank deposits	(47,652)	(90,308)
Profit before working capital changes	<u>642,907</u>	<u>780,966</u>
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Stores and spares	11,961	99
Stock in trade	669,197	558,516
Trade debts	(309,498)	(582,575)
Loans and advances	6,636	(50,834)
Short-term deposits and prepayments	(5,821)	20,933
Other receivables	38,290	6,028
Refunds due from the Government	34,871	123,952
	445,636	76,119
Increase / (decrease) in trade and other payables	247,233	(70,948)
	<u>1,335,776</u>	<u>786,137</u>

8 RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the quarter ended March 31, 2016 (2015: NIL).

9 DIVIDEND

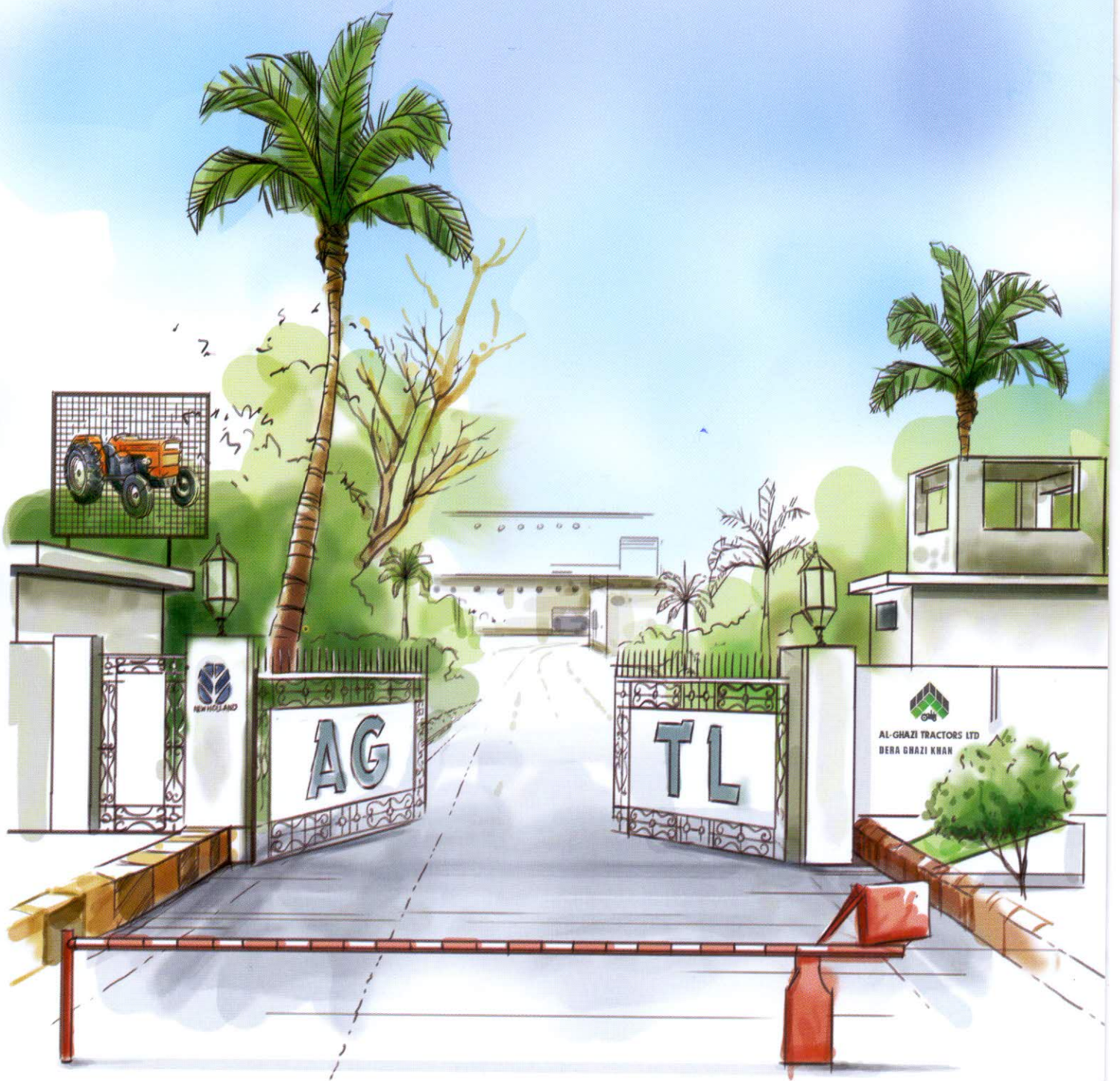
The Board of Directors in its meeting held on April 21, 2016 declared an interim cash dividend of Rs. 25 per share (2015: Rs. Nil) amounting to Rs. 1,449.1 million (2015: Rs. Nil)

10 AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors on April 21, 2016.


Chairman


Chief Executive





QUALITY MANAGEMENT-BRAND STRENGTH