



AL-GHAZI TRACTORS LTD
PRODUCERS OF NEW HOLLAND TRACTORS IN PAKISTAN

Quarterly Financial Statements
for the period ended 30 September 2020

AL-GHAZI TRACTORS LIMITED

DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information of the Company for the third quarter ended 30 September 2020.

Various challenges of first half of 2020 like overall economic slow-down, currency devaluation, locust attacks, COVID-19 driven supplies disruptions etc. that the business community has been encountering continued to have an impact in quarter 3. It was a challenging quarter with sales of 3,475 tractors in current quarter as against 4,470 tractors sold in third quarter of 2019. The Company's sales revenue, GP, post-tax profit and EPS are follows:

	Quarter ended		Nine months ended	
	Sept 30, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
	(Rupees in '000)		(Rupees in '000)	
Revenue from contracts with customers	3,474,575	3,970,465	9,183,044	12,541,635
Gross profit	861,815	763,618	1,978,523	2,675,094
Profit after income tax	453,466	327,001	889,017	1,288,942
Basic and diluted earnings per share - Rupees	7.82	5.64	15.34	22.24

However, the Company continued to perform exceptionally well on balance sheet health improvements and effective working capital management has resulted in sustainable cash flows, optimal inventory levels and an improved debt to equity ratios despite testing economic times.

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
Karachi
28 October 2020

Director

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPT 30 ,2020 (UN-AUDITED)

	(Unaudited) Sept 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets	4 1,008,641	1,068,382
Deferred tax asset	86,035	87,090
Long-term loans	1,037	2,437
Long-term deposits	<u>2,705</u>	<u>2,320</u>
	1,098,418	1,160,229
CURRENT ASSETS		
Inventories	1,898,439	2,786,893
Trade receivables	372	9,624
Loans and advances	140,912	93,216
Trade deposits and short-term prepayments	65,103	7,398
Interest accrued	1,131	-
Other receivables	78,942	108,134
Taxation - payments less provision	52,906	347,462
Refunds due from the Government	1,166,184	773,334
Other financial assets	-	-
Cash and bank balances	<u>1,322,056</u>	<u>189,093</u>
	4,726,045	4,315,154
TOTAL ASSETS	<u>5,824,463</u>	<u>5,475,383</u>
SHARE CAPITAL AND RESERVES		
Share capital	289,821	289,821
Reserves	<u>1,502,913</u>	<u>613,896</u>
	1,792,734	903,717
NON-CURRENT LIABILITIES		
Deferred staff benefits - compensated absences	53,021	78,389
Employee benefit obligations	12,525	51,199
	<u>65,546</u>	<u>129,588</u>
CURRENT LIABILITIES		
Trade and other payables	3,313,186	736,098
Unclaimed Dividend	73,487	77,084
Short term financing	579,510	3,628,896
TOTAL LIABILITIES	4,031,729	4,571,666
COMMITMENTS		
	5	
TOTAL EQUITY AND LIABILITIES	<u>5,824,463</u>	<u>5,475,383</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chairman

Chief Executive

Chief Financial Officer

AL-GHAZI TRACTORS LIMITED
CONDENSED INTERIM PROFIT OR LOSS

FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		Sept 30, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
		(Rupees in '000)		(Rupees in '000)	
Revenue from contracts with customers	6	3,474,575	3,970,465	9,183,044	12,541,635
Cost of sales	7	<u>(2,612,760)</u>	<u>(3,206,847)</u>	<u>(7,204,521)</u>	<u>(9,866,541)</u>
Gross profit		861,815	763,618	1,978,523	2,675,094
Distribution expenses		<u>(54,863)</u>	<u>(35,593)</u>	<u>(176,261)</u>	<u>(186,954)</u>
Administrative expenses		<u>(76,676)</u>	<u>(146,563)</u>	<u>(268,703)</u>	<u>(293,966)</u>
		730,276	581,464	1,533,559	2,194,174
Other income		32,887	14,943	45,004	51,043
Other operating expenses		<u>(89,868)</u>	<u>(35,702)</u>	<u>(179,908)</u>	<u>(135,850)</u>
		673,295	560,703	1,398,655	2,109,367
Finance costs		<u>(13,841)</u>	<u>(97,151)</u>	<u>(130,232)</u>	<u>(291,100)</u>
Profit before income tax		659,454	463,552	1,268,423	1,818,267
Income tax expense					
Current		(183,628)	(143,241)	(378,352)	(541,540)
Deferred		(22,360)	6,690	(1,054)	12,215
		<u>(205,988)</u>	<u>(136,551)</u>	<u>(379,406)</u>	<u>(529,325)</u>
Profit after income tax		<u>453,466</u>	<u>327,001</u>	<u>889,017</u>	<u>1,288,942</u>
Basic and diluted earnings per share		<u>7.82</u>	<u>5.64</u>	<u>15.34</u>	<u>22.24</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chairman

Chief Executive

Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

	Note	Sept 30, 2020	Sept 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	8	4,522,167	4,597,013
Income tax paid		(83,795)	(675,140)
Mark-up paid		(221,428)	(262,671)
Increase/(Decrease) in deferred staff benefits		(25,368)	10,573
Decrease in employee benefit obligations		(38,674)	(19,985)
(Increase)/Decrease in long-term deposits		(385)	600
(Increase)/Decrease in long-term loans		1,400	(865)
Net cash generated from operating activities		<u>4,153,917</u>	<u>3,649,525</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(17,240)	(131,403)
Proceeds from disposal of fixed assets		15,049	1,959
Interest received		34,220	14,976
Net cash used in investing activities		<u>32,029</u>	<u>(114,468)</u>
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(3,597)	(671,337)
Net increase / (decrease) in cash and cash equivalents		<u>4,182,349</u>	<u>2,863,720</u>
Cash and cash equivalents at the beginning of period		(3,439,803)	(3,679,296)
Cash and cash equivalents at the end of period		<u><u>742,546</u></u>	<u><u>(815,576)</u></u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chairman

Chief Executive

Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees in '000) →			
Balance as at January 1, 2020	289,821		613,896	903,717
Transfer of unappropriated profit to general reserve		1,049,000	(1,049,000)	-
Profit after tax for the nine months ended Sept 30, 2020	-	-	889,017	889,017
Other comprehensive income for the nine months ended Sept 30, 2020	-	-	-	-
	-	-	889,017	889,017
Balance as at Sept 30, 2020	<u>289,821</u>	<u>1,049,000</u>	<u>453,913</u>	<u>1,792,734</u>
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	-	-	(521,678)	(521,678)
Interim dividend @ Rs. 15 per share for the year ending December 31, 2019			(869,463)	(869,463)
Profit after tax for the nine months ended Sept 30, 2019	-	-	1,288,942	1,288,942
Other comprehensive income for the nine months ended Sept 30, 2019	-	-	-	-
	-	-	1,288,942	1,288,942
Balance as at Sept 30, 2019	<u>289,821</u>	<u>-</u>	<u>977,377</u>	<u>1,267,198</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chairman

Chief Executive

Chief Financial Officer

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

1.1 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 Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

The Company is a subsidiary of Al-Futtaim Industries Company LLC, U.A.E.

The financial statements are presented in Pak Rupee which is the Company's functional and presentation currency.

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road
- The assembling plant of the Company is situated at Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan
- The marketing centres of the Company are situated at:
 - 10km Sheikhpura Road, Lahore
 - Plot No. 20, Industrial Estate, Near Mill No, 4, Multan
 - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
 - Abad Lakha, Shikarpur Road, Sukkur

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended March 31,2019 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements are being posted on company's website for information of member as required by section 237 of the companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended December 31, 2019.

4 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Sept 30, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
	← Rupees in '000 →			
Building	3,135	85,376	-	-
Electrical equipment	1,606	2,623	142	0
Plant and machinery	5,510	29,807	895	0
Furniture and fixtures	1,627	1,633	715	27
Computer hardware	6,171	4,832	19	3
Vehicles	3,905	12,866	12,677	-
Factory equipments and tools	373	4,749	197	54
Additions to capital work in progress	27,824	33,165	33,474	45,054
Intangibles	577	1,407	-	-
	<u>50,729</u>	<u>176,457</u>	<u>48,119</u>	<u>45,139</u>

5 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2020 amounted to Rs. 152.54 million (2019: Rs. 144.37 million)

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

	Sept 30, 2020	Sept 30, 2019
	(Rupees'000)	
6 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Tractors	9,777,178	13,327,019
Trading goods and others	63,677	102,792
	<u>9,840,855</u>	<u>13,429,811</u>
Less: Commission and discounts	(183,040)	(233,084)
Sales Tax	(474,771)	(655,092)
	<u>9,183,044</u>	<u>12,541,635</u>
7 COST OF SALES		
Cost of goods manufactured	7,148,667	9,141,778
Opening stock of finished goods	658,793	830,183
Closing stock of finished goods	(647,834)	(178,882)
Cost of manufactured goods sold	<u>7,159,626</u>	<u>9,793,079</u>
Cost of trading goods and others sold	44,895	73,462
	<u>7,204,521</u>	<u>9,866,541</u>
8 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,268,423	1,818,267
Add/(Less) : Adjustment for non cash charges and other items		
Depreciation and amortisation	62,336	59,706
Gain on disposal of fixed assets	(404)	(1,874)
Profit on PLS savings and deposit accounts	(35,351)	(14,975)
Mark up on running finance	128,978	287,372
	<u>1,423,982</u>	<u>2,148,496</u>
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Inventories	888,454	806,472
Trade receivables	9,252	13,230
Loans and advances	(47,696)	(9,787)
Trade deposits and short-term prepayments	(57,705)	(11,477)
Other receivables	29,192	8,076
Refunds due from the Government	(392,850)	1,222,074
	428,647	2,028,588
Increase in current liabilities		
Trade and other payables	2,669,538	419,929
Cash generated from operations	<u>4,522,167</u>	<u>4,597,013</u>

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPT 30 ,2020 (UN-AUDITED)

9 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs 39.64 million (2019: Rs.0.7 billion).

10 DIVIDEND

The Board of Directors in its meeting held on 28 October, 2020 declared an interim cash dividend of Rs. NIL per share (2019: Rs. 15 per share) amounting to Rs. NIL (2019: Rs. 869.46 million).

11 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on 28 October, 2020 by the Board of Directors.

Chairman

Chief Executive

Chief Financial Officer