



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

**Quarterly financial statements  
for the period ended 31 March 2020**

# **AL-GHAZI TRACTORS LIMITED**

## **DIRECTORS' REVIEW**

The Directors are pleased to present the condensed interim financial information of the Company for the first quarter ended 31 March 2020.

The Company managed to sell 2,852 tractors in the current quarter as compared to last year's first quarter where 5,716 tractors were sold, despite of challenging economic conditions, COVID-19 driven restrictions and market shrinkage of 38% versus SPLY. The Company earned post-tax profit of Rs. 166 million as compared to Rs. 565 million for same period last year. The current quarter's EPS was Rs. 2.86 per share.

Effective working capital management has ensured continuous generation of free cash flows, optimization of inventory levels and a substantial reduction of Company's overdraft utilization, etc. as compared to 2019 yearend despite of testing times. Currently, non-receipt from the authority of our legitimate sales tax refundable balance of significant value is still a major contributor to our reduced over draft balances.

The economic scenario going forward though is expected to continue its turbulent journey as markets will evolve during ongoing pandemic. However, the Company is devising strategies to stand resilient to these uncertain pressures through effective working capital and profitability optimization measures.

AGTL has recently received the coveted Certificate of Excellence Award from the Management Association of Pakistan.

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](http://www.alghazitractors.com).

On behalf of the Board of Directors

Chief Executive Officer

Director

Karachi  
28 May 2020

**AL-GHAZI TRACTORS LIMITED****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

As At MARCH 31 ,2020 (UN-AUDITED)

	(Unaudited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets	5      1,033,173	1,068,382
Deferred tax asset	107,606	87,090
Long-term loans	1,970	2,437
Long-term deposits	<u>3,605</u>	<u>2,320</u>
	<u>1,146,354</u>	<u>1,160,229</u>
<b>CURRENT ASSETS</b>		
Inventories	<u>2,042,129</u>	<u>2,786,893</u>
Trade receivables	5,391	9,624
Loans and advances	117,405	93,216
Trade deposits and short-term prepayments	61,955	7,398
Interest accrued	250	-
Other receivables	159,925	108,134
Taxation - payments less provision	277,738	347,462
Refunds due from the Government	779,067	773,334
Other financial assets	-	-
Cash and bank balances	<u>156,299</u>	<u>189,093</u>
	<u>3,600,159</u>	<u>4,315,154</u>
<b>TOTAL ASSETS</b>	<u><u>4,746,513</u></u>	<u><u>5,475,383</u></u>
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	289,821	289,821
Reserves	<u>779,899</u>	<u>613,896</u>
	<u>1,069,720</u>	<u>903,717</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred staff benefits - compensated absences	<u>84,517</u>	<u>78,389</u>
Employee benefit obligations	<u>51,199</u>	<u>51,199</u>
	<u>135,716</u>	<u>129,588</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>2,291,527</u>	<u>736,098</u>
Unclaimed Dividend	75,438	77,084
Short term financing	<u>1,174,112</u>	<u>3,628,896</u>
<b>TOTAL LIABILITIES</b>	<u>3,676,793</u>	<u>4,571,666</u>
<b>Commitments</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>4,746,513</u></u>	<u><u>5,475,383</u></u>

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

Director

Chief Executive

Chief Financial Officer

**AL-GHAZI TRACTORS LIMITED****CONDENSED INTERIM PROFIT OR LOSS**

FOR THE THIRD QUARTER ENDED MARCH 31 ,2020 (UN-AUDITED)

	Note	March 31, 2020	MARCH 31, 2019
		(Rupees in '000)	
Revenue from contracts with customers	7	2,682,074	4,833,191
Cost of sales	8	<u>(2,185,467)</u>	<u>(3,761,472)</u>
Gross profit		496,607	1,071,719
Distribution expenses		(58,367)	(69,658)
Administrative expenses		<u>(74,289)</u>	<u>(76,731)</u>
		363,951	925,330
Other income		6,573	14,439
Other expenses		<u>(50,538)</u>	<u>(57,324)</u>
		319,986	882,445
Finance costs		<u>(87,052)</u>	<u>(97,061)</u>
Profit before taxation		232,934	785,384
Income tax expense		(66,931)	(219,775)
Profit for the period		<u>166,003</u>	<u>565,609</u>
Other comprehensive income		-	-
Total comprehensive income		<u>166,003</u>	<u>565,609</u>
Earnings per share (Rupees) - Basic and diluted		<u>2.86</u>	<u>9.76</u>

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

Director

Chief Executive

Chief Financial Officer

# AL-GHAZI TRACTORS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED MARCH 31 ,2020 (UN-AUDITED)

Note	March 31, 2020	MARCH 31, 2019
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	2,522,769	1,872,171
Income tax paid	(17,723)	(307,044)
Finance Cost Paid	(106,019)	(70,813)
Increase in deferred staff benefits	6,128	(5,246)
Employee benefit obligations paid	-	(21,602)
(Increase) in long-term deposits	(1,285)	-
Net cash inflow from operating activities	<u>2,403,870</u>	<u>1,467,466</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	13,837	18,224
Proceeds from disposal of fixed assets	0	298
(Increase) /decrease in long-term loans	467	(103)
Return on bank deposits received	5,462	3,945
Net cash inflow / (outflow) from investing activities	<u>19,766</u>	<u>22,364</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividend paid	(1,647)	(602)
<b>Net increase in cash and cash equivalents</b>	<u>2,421,990</u>	<u>1,489,229</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>(1,017,813)</u>	<u>(2,190,067)</u>

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

Director

Chief Executive

Chief Financial Officer

**AL-GHAZI TRACTORS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
FOR THE THIRD QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees in '000) →			
<b>Balance as at January 1, 2020</b>	289,821	-	613,896	903,717
Profit for the first quarter ended March 31, 2020	-	-	166,003	166,003
Other comprehensive income for the first quarter ended March 31, 2020	-	-	-	-
			166,003	166,003
<b>Balance as at March 31, 2020</b>	<u>289,821</u>	<u>-</u>	<u>779,899</u>	<u>1,069,720</u>
<b>Balance as at January 1, 2019</b>	289,821	-	1,079,576	1,369,397
Profit for the first quarter ended March 31, 2019	-	-	565,609	565,609
Other comprehensive income for the first quarter ended March 31, 2019	-	-	-	-
	-	-	565,609	565,609
<b>Balance as at March 31, 2019</b>	<u>289,821</u>	<u>-</u>	<u>1,645,185</u>	<u>1,935,006</u>

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

Director

Chief Executive

Chief Financial Officer

## **AL-GHAZI TRACTORS LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED MARCH 31 ,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**

**2.1** 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** 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.

**2.3** There were certain amendments to accounting and reporting standards which were mandatory for the Company's annual accounting period which began on January 1, 2020. However, these do not have any significant impact on Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

#### **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 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, 2019.

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, 2019.

## 5 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	March 31, 2020	MARCH 31, 2019	March 31, 2020	MARCH 31, 2019
	← Rupees in '000 →			
Building	-	-	-	-
Electrical equipment	21	181	-	0
Plant and machinery	4,696	3,156	-	0
Furniture and fixtures	382	115	0	27
Computer hardware	265	129	0	3
Vehicles	-	-	-	-
Factory equipments and tools	303	2,644	-	-
Additions to capital work in progress	13,971	19,451	33,474	45,054
Intangibles	-	1,154	-	-
	<b>19,637</b>	<b>26,830</b>	<b>33,474</b>	<b>45,084</b>

## 6 COMMITMENTS

Commitments for capital expenditure outstanding as at March 31, 2020 amounted to Rs. 159.8 million (2019: Rs. 144 million)



# AL-GHAZI TRACTORS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED MARCH 31 ,2020 (UN-AUDITED)

	March 31, 2020	MARCH 31, 2019
	(Rupees'000)	
<b>7 Revenue from contracts with customers</b>		
Tractors	2,880,337	5,151,086
Trading and others	22,735	12,708
	<u>2,903,072</u>	<u>5,163,794</u>
Less: Commission and discounts	(53,896)	(79,305)
Sales Tax	(167,102)	(251,298)
	<u>2,682,074</u>	<u>4,833,191</u>
<b>8 COST OF SALES</b>		
Cost of goods manufactured	1,687,807	3,314,633
Opening stock of finished goods	658,793	830,183
Closing stock of finished goods	(176,511)	(390,316)
Manufactured goods	<u>2,170,089</u>	<u>3,754,500</u>
Trading and others	15,378	6,972
	<u>2,185,467</u>	<u>3,761,472</u>
<b>9 CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before income tax</b>	232,934	785,384
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	21,372	19,322
Gain on disposal of fixed assets	0	(268)
Return on bank deposits	(5,712)	(4,200)
Mark up on running finance	85,956	93,925
Profit before working capital changes	<u>334,550</u>	<u>894,163</u>
<b>Effect on Cash Flow due to Working Capital changes</b>		
Decrease / (Increase) in current assets		
Inventories	744,764	825,287
Trade receivables	4,233	37,590
Loans and advances	(24,189)	(77,334)
Trade deposits and short-term prepayments	(54,557)	(10,819)
Other receivables	(51,791)	8,829
Refunds due from the Government	(5,733)	(205,736)
	<u>612,727</u>	<u>577,817</u>
(Decrease) / increase in current liabilities		
Trade and other payables	1,575,492	400,191
Cash generated from operations	<u>2,522,769</u>	<u>1,872,171</u>

**AL-GHAZI TRACTORS LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THIRD QUARTER ENDED MARCH 31 ,2020 (UN-AUDITED)**

**10 RELATED PARTY TRANSACTIONS**

There were no significant related party transactions during the quarter ended March 31,2020. (2019:NIL).

**11 DATE OF AUTHORISATION OF ISSUE**

These financial statements were authorised for issue on May 28th, 2020 by the Board of Directors .

Director

Chief Executive

Chief Financial Officer