



## AL-GHAZI TRACTORS LIMITED

### DIRECTORS' REPORT

The year 2010 has had a fantastic start and the Company, for the first quarter ending March 2010, achieved record production and record profit, highest for the first quarter ever in the history of the Company.

8,319 tractors were produced during the quarter compared with 6,696 produced in the same period last year. On sales of 8,036 tractors in the first quarter, the Company earned a pre-tax profit of Rs. 777.3 million, compared with Rs. 572.5 million in the same period last year.

The Sindh Government's scheme to subsidize sale of 5,000 tractors was launched in February 2010. While the pace of bookings under the scheme is rather slow, the Company is still waiting for procedures with reference to payments.

The Punjab Government's Green Tractor Scheme was also launched in March 2010 and the cut off dates for closure of bookings is mid May.

The Company has made arrangements to deliver tractors promptly as accomplished last time in 2008 when the first phase of the Green Tractor Scheme was launched.

The Company's financial results will be placed on the Company's website at [www.alghazitractors.com](http://www.alghazitractors.com).

For and on behalf of the Board

Karachi  
April 16, 2010

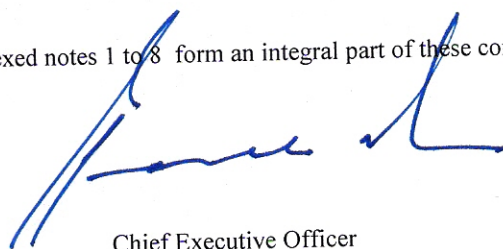
**CHARLES LEONARD HUNT**  
Chairman

**AL GHAZI TRACTORS LIMITED**

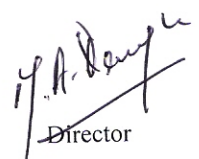
**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2010 (UN-AUDITED)**

		(Unaudited) March 31, 2010	(Audited) December 31, 2009
		(Rupees'000)	
<b>ASSETS</b>			
Fixed assets	3	326,393	252,695
Long-term loans		1,783	2,858
Long-term deposits		367	367
		328,543	255,920
 <b>CURRENT ASSETS</b>			
Stores, spares and loose tools		11,217	11,691
Stock-in-trade		1,060,821	1,253,682
Trade debts		5,760	20,292
Loans and advances		39,093	32,012
Short-term deposits and prepayments		39,005	12,725
Accrued mark-up		23,375	128,281
Other receivables		1,474	10,761
Taxation		281,400	530,563
Sales tax refundable		1,883,215	1,457,265
Investments		236,011	145,000
Cash and bank balances		3,792,170	3,522,479
		7,373,541	7,124,751
		7,702,084	7,380,671
 <b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up		214,682	214,682
Reserves		5,037,788	5,205,237
		5,252,470	5,419,919
 <b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		20,643	21,871
Deferred taxation		31,460	31,460
 <b>CURRENT LIABILITIES</b>			
Trade and other payables		2,397,511	1,907,421
Commitments		-	-
		7,702,084	7,380,671
		7,702,084	7,380,671

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.



Chief Executive Officer



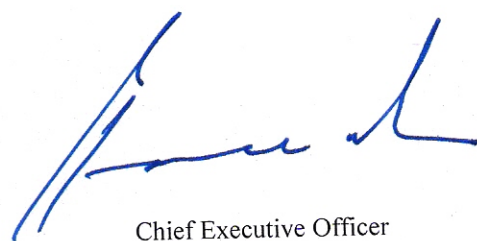
Director

**AL GHAZI TRACTORS LIMITED**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE FIRST QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)**

	Note	Quarter ended	
		March, 31 2010	March, 31 2009
(Rupees. 000)			
Sales	4	4,022,123	4,296,522
Cost of goods sold	5	<u>(3,202,426)</u>	<u>(3,741,851)</u>
Gross profit		819,697	554,671
Distribution cost		(21,485)	(19,518)
Administrative expenses		<u>(30,203)</u>	<u>(25,456)</u>
		768,009	509,697
Other Operating Income		67,945	107,751
Other Operating Expenses		<u>(57,646)</u>	<u>(42,431)</u>
		778,308	575,017
Finance Cost		<u>(1,028)</u>	<u>(2,513)</u>
Profit before Taxation		777,280	572,504
Taxation		(300,683)	(197,955)
Profit after Taxation		<u>476,597</u>	<u>374,549</u>
Other comprehensive income		-	-
Total comprehensive income		<u>476,597</u>	<u>374,549</u>
Earnings per share-Basic and diluted		<u>11.10</u>	<u>8.72</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

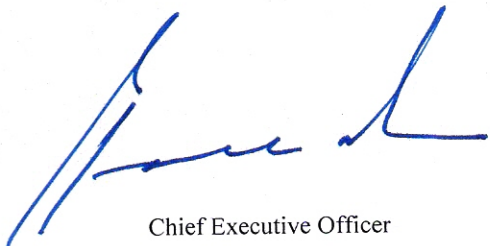
  
Director

**AL GHAZI TRACTORS LIMITED**

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE FIRST QUARTER ENDED MARCH 31, 2010**

	Note	March 31, 2010	March 31, 2009
(Rupees'000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	6	330,229	1,140,805
Income taxes paid		(51,520)	(373,134)
Decrease in long-term loans		1,075	2,331
(Decrease) / Increase in accumulating compensated staff benefits		(1,228)	(2,514)
Net cash from operating activities		<u>278,556</u>	<u>767,488</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(81,477)	(1,494)
Sale proceeds of fixed assets		41	1,077
(Increase) / Decrease in investments		(90,000)	-
Return on investments		162,681	199,260
Net cash from (used in) investing activities		<u>(8,755)</u>	<u>198,843</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(110)	(534,520)
Net increase in cash and cash equivalents		<u>269,691</u>	<u>431,811</u>
Cash and cash equivalents at the beginning of period		3,522,479	5,142,121
Cash and cash equivalents at the end of period		<u><u>3,792,170</u></u>	<u><u>5,573,932</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.



Chief Executive Officer



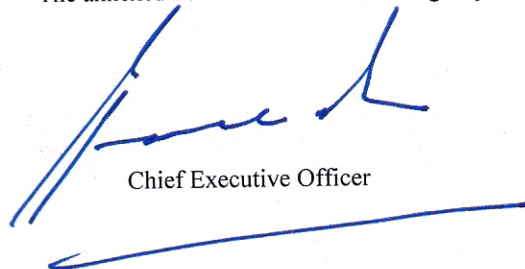
Director

**AL GHAZI TRACTORS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)**

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees'000)			
<b>Balance at January 1, 2009</b>	214,682	1,000,000	3,213,090	4,427,772
Final Dividend @Rs. 12.50 per share for the year ended December 31, 2008	-	-	(536,706)	(536,706)
Interim Dividends @Rs. 5.00 per share for the year ended December 31, 2009	-	-	(214,682)	(214,682)
Net Profit for the year ended December 31, 2009	-	-	1,743,535	1,743,535
<b>Balance at December 31, 2009</b>	214,682	1,000,000	4,205,237	5,419,919
Final Dividend @Rs. 15.00 per share for the year ended December 31, 2009	-	-	(644,046)	(644,046)
Profit for the first quarter ended March 31, 2010	-	-	476,597	476,597
<b>Balance at March 31, 2010</b>	<u>214,682</u>	<u>1,000,000</u>	<u>4,037,788</u>	<u>5,252,470</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

## AL GHAZI TRACTORS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)

#### 1 THE COMPANY AND ITS OPERATIONS

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 Karachi and Lahore Stock Exchanges. The company is engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

#### 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi and Lahore Stock Exchanges.

Accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company.

	March 31, 2010	December 31, 2009
	(Rupees'000)	
<b>3 FIXED ASSETS</b>		
Cost- 1.1.2010	499,336	455,515
Additions	81,477	48,263
Diposals	(113)	(4,442)
Cost- 31.3.2010	<u>580,700</u>	<u>499,336</u>
Accumulated Depreciation- 1.1.2010	246,641	222,301
Charge for the period	7,727	28,614
Deprication on diposals	(61)	(4,274)
Accumulated Depreciation- 31.3.2010	<u>254,307</u>	<u>246,641</u>
Net Book Value at 31.3.2010	<u>326,393</u>	<u>252,695</u>

	Quarter ended	
	March, 31 2010	March, 31 2009
	(Rupees'000)	
<b>4 SALES</b>		
Tractors	4,061,974	4,367,919
Trading goods	<u>8,016</u>	<u>6,610</u>
	4,069,990	4,374,529
Less: Commission and discounts	<u>(47,867)</u>	<u>(78,007)</u>
	<u>4,022,123</u>	<u>4,296,522</u>

#### 5 COST OF GOODS SOLD

Cost of goods manufactured	3,304,320	2,715,082
Opening stock of finished goods	83,332	1,024,712
Closing stock of finished goods	<u>(191,759)</u>	<u>(3,086)</u>
Manufactured goods	<u>3,195,893</u>	<u>3,736,708</u>
Trading goods	<u>6,533</u>	<u>5,143</u>
	<u>3,202,426</u>	<u>3,741,851</u>

**AL GHAZI TRACTORS LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)**

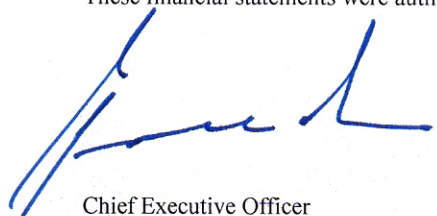
	Quarter ended	
	March 31, 2010	March 31, 2009
	(Rupees'000)	
<b>6 CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	777,280	572,504
Add/(Less) adjustment for non cash charges and other items		
Depreciation	7,727	6,773
Loss/ (Gain) on disposal of fixed assets	11	(1,077)
Fair value gain on investments	(1,011)	-
Return on bank deposits	(57,775)	(89,949)
Gain on disposal of investments	0	(12,769)
Profit before working capital changes	<u>726,232</u>	<u>475,482</u>
<b>Effect on Cash Flow due to Working Capital changes</b>		
(Increase) / Decrease in current assets		
Stores and spares	474	566
Stock in trade	192,861	1,005,399
Trade debts	14,532	7,143
Loans and advances	(7,081)	18,017
Short- term deposits and prepayments	(26,280)	5,282
Other receivables	9,287	56,938
Sales tax refundable	(425,950)	(9,636)
	(242,157)	1,083,709
Increase / (Decrease) in trade and other payables	(153,846)	(418,386)
Cash generated from operations	<u><u>330,229</u></u>	<u><u>1,140,805</u></u>

**7 RELATED PARTY TRANSACTIONS**

There were no significant related party transactions during the quarter under review. (2009: Rs.38.23 million)

**8 AUTHORISATION OF ISSUE**

These financial statements were authorised for issue by the Board of Directors on April 16, 2010

  
Chief Executive Officer

  
Director