



AL-GHAZI TRACTORS LTD
PRODUCER OF FIAT-NEW HOLLAND TRACTORS IN PAKISTAN



AL-GHAZI TRACTORS LIMITED

DIRECTORS' REPORT

For the first quarter of the year 2011, the company has posted stellar results. 8718 tractors were produced and 8602 delivered during the period January – March '2011, compared with 8319 produced and 8036 delivered during the same period last year.

On 8602 deliveries the company has earned a record high pre-tax-profit of Rs 927.81 million, compared with Rs 777.28 million earned during the first quarter of 2010.

On March 15, 2011, the Federal government has imposed new taxes through a Presidential Ordinance. Exemptions on tractors have been withdrawn. 17% Sales Tax has been imposed on tractors. This has decelerated the pace of bookings for tractors which were otherwise showing a robust trend. Chambers of Agriculture, Growers associations have flayed the new imposts on agricultural inputs including those on pesticides, fertilizers, implements etc which will obviously burden the farmers who were already devastated by the recent flash floods.

The government has been appealed to withdraw the new taxes or to scale them down to reduce the burden.

The agricultural sector indeed deserves a healing touch.

For and on behalf of
the Board

Karachi
April 20, 2011

Charles Leonard Hunt
Chairman

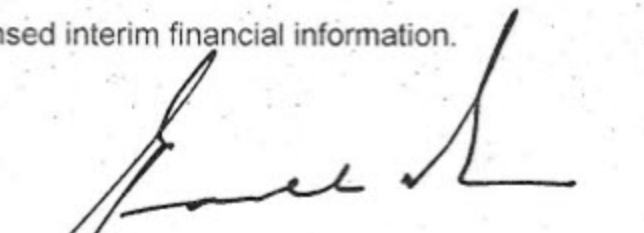
AL-GHAZI TRACTORS LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2011 (UN-AUDITED)**

		(Unaudited) March 31, 2011	(Audited) December 31, 2010
		(Rupees'000)	
ASSETS			
Fixed assets	3	364,808	368,671
Long-term investments		57,500	40,000
Long-term loans		1,744	495
Long-term deposits		367	367
		424,419	409,533
CURRENT ASSETS			
Stores, spares and loose tools		14,418	9,749
Stock-in-trade		1,132,805	1,073,122
Trade debts		320,041	264,063
Loans and advances		26,829	22,109
Short-term deposits and prepayments		18,576	11,476
Accrued mark-up		93,150	54,884
Other receivables		5,063	57,967
Taxation		376,377	339,456
Refunds due from the Government		891,609	979,537
Investments		2,555,114	1,331,464
Cash and bank balances		4,671,474	3,112,794
		10,105,456	7,256,621
		10,529,875	7,666,154
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up		214,682	214,682
Reserves		6,232,752	6,148,039
		6,447,434	6,362,721
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		22,891	24,405
Deferred taxation		37,163	37,739
CURRENT LIABILITIES			
Trade and other payables		4,022,387	1,241,289
Commitments			
		10,529,875	7,666,154

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.


Chairman


Chief Executive Officer

AL-GHAZI TRACTORS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Note	Quarter ended	
		March, 31 2011	March, 31 2010
(Rupees. 000)			
Sales	4	4,623,718	4,022,123
Cost of goods sold	5	(3,728,582)	(3,202,426)
Gross profit		<u>895,136</u>	<u>819,697</u>
Distribution cost		(21,354)	(21,485)
Administrative expenses		<u>(36,543)</u>	<u>(30,203)</u>
		837,239	768,009
Other operating income		159,500	67,945
Other operating expenses		<u>(68,764)</u>	<u>(57,646)</u>
		927,975	778,308
Finance cost		<u>(165)</u>	<u>(1,028)</u>
Profit before taxation		<u>927,810</u>	<u>777,280</u>
Taxation		(306,391)	(300,683)
Profit after taxation		<u><u>621,419</u></u>	<u><u>476,597</u></u>
Earnings per share-Basic and diluted		<u><u>14.47</u></u>	<u><u>11.10</u></u>

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Chairman



Chief Executive Officer

AL-GHAZI TRACTORS LIMITED

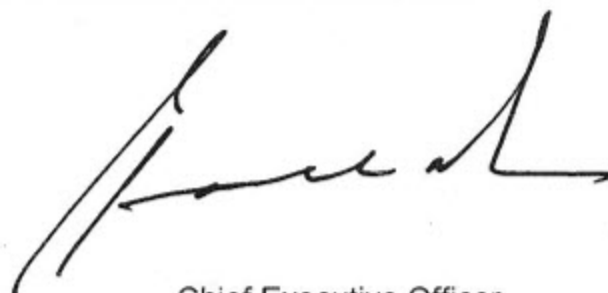
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees'000)			
Balance at January 1, 2010	214,682	1,000,000	4,205,237	5,419,919
Final Dividend @Rs. 15 per share for the year ended December 31, 2009	-	-	(644,047)	(644,047)
Interim Dividends @Rs. 7.50 per share for the year ended December 31, 2010	-	-	(322,023)	(322,023)
Net Profit for the year ended December 31, 2010	-	-	1,908,872	1,908,872
Balance at December 31, 2010	214,682	1,000,000	5,148,039	6,362,721
Final Dividend @Rs. 12.50 per share for the year ended December 31, 2010	-	-	(536,706)	(536,706)
Profit for the first quarter ended March 31, 2011	-	-	621,419	621,419
Balance at March 31, 2011	<u>214,682</u>	<u>1,000,000</u>	<u>5,232,752</u>	<u>6,447,434</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.



Chairman



Chief Executive Officer

AL-GHAZI TRACTORS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Note	March 31, 2011	March 31, 2010
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	6	3,037,453	330,229
Income taxes paid		(343,888)	(51,520)
(Increase) / Decrease in long-term loans		(1,249)	1,075
(Decrease) / Increase in deferred staff benefits		(1,514)	(1,228)
Net cash from operating activities		<u>2,690,802</u>	<u>278,556</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,413)	(81,477)
Sale proceeds of fixed assets		-	41
Purchase of investments		(1,187,500)	(90,000)
Return on investments		59,953	162,681
Net cash used in investing activities		<u>(1,131,960)</u>	<u>(8,755)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(162)	(110)
Net increase in cash and cash equivalents		<u>1,558,680</u>	<u>269,691</u>
Cash and cash equivalents at the beginning of period		3,112,794	3,522,479
Cash and cash equivalents at the end of period		<u><u>4,671,474</u></u>	<u><u>3,792,170</u></u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.



Chairman



Chief Executive Officer

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (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.

3 FIXED ASSETS

	March 31, 2011	December 31, 2010
	(Rupees'000)	
Cost - opening	614,442	499,336
Additions during the period	4,413	148,797
Diposals during the period	-	(33,691)
Cost - closing	<u>618,855</u>	<u>614,442</u>
Accumulated Depreciation - opening	245,771	246,641
Charge for the period	8,276	31,801
Deprication on diposals	-	(32,671)
Accumulated Depreciation - closing	<u>254,047</u>	<u>245,771</u>
Net Book Value	<u>364,808</u>	<u>368,671</u>

4 SALES

	Quarter ended	
	March, 31 2011	March, 31 2010
	(Rupees'000)	
Tractors	4,680,922	4,061,974
Trading goods	9,688	8,016
	<u>4,690,610</u>	<u>4,069,990</u>
Less: Commission and discounts	(66,892)	(47,867)
	<u>4,623,718</u>	<u>4,022,123</u>

5 COST OF GOODS SOLD

Cost of goods manufactured	3,766,222	3,304,320
Opening stock of finished goods	34,496	83,332
Closing stock of finished goods	(79,871)	(191,759)
Manufactured goods	<u>3,720,847</u>	<u>3,195,893</u>
Trading goods	7,735	6,533
	<u>3,728,582</u>	<u>3,202,426</u>

AL-GHAZI TRACTORS LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Quarter ended	
	March 31, 2011	March 31, 2010
	(Rupees'000)	
6 CASH GENERATED FROM OPERATIONS		
Profit before taxation	927,810	777,280
Add/(Less) adjustment for non cash charges and other items		
Depreciation	8,276	7,727
Loss/ (Gain) on disposal of fixed assets	-	11
Fair value gain on investments	(53,650)	(1,011)
Return on investments and bank deposits	(98,219)	(57,775)
Profit before working capital changes	<u>784,217</u>	<u>726,232</u>
Effect on Cash Flow due to Working Capital changes		
Decrease / (Increase) in current assets		
Stores and spares	(4,669)	474
Stock in trade	(59,683)	192,861
Trade debts	(55,978)	14,532
Loans and advances	(4,720)	(7,081)
Short- term deposits and prepayments	(7,100)	(26,280)
Other receivables	52,904	9,287
Refunds due form the Government	87,928	(425,950)
	8,682	(242,157)
Increase / (Decrease) in trade and other payables	2,244,554	(153,846)
Cash generated from operations	<u><u>3,037,453</u></u>	<u><u>330,229</u></u>

7 RELATED PARTY TRANSACTIONS

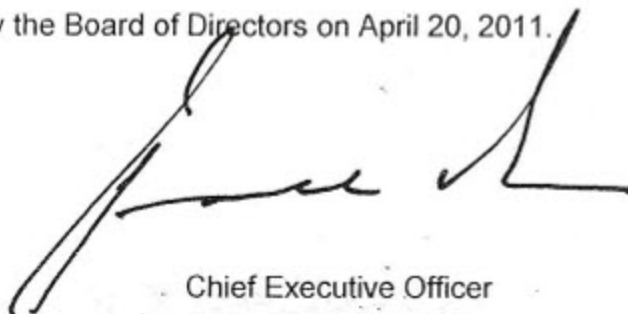
There were no significant related party transactions during the quarter ended March 31, 2011 and 2010.

8 AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors on April 20, 2011.



Chairman



Chief Executive Officer