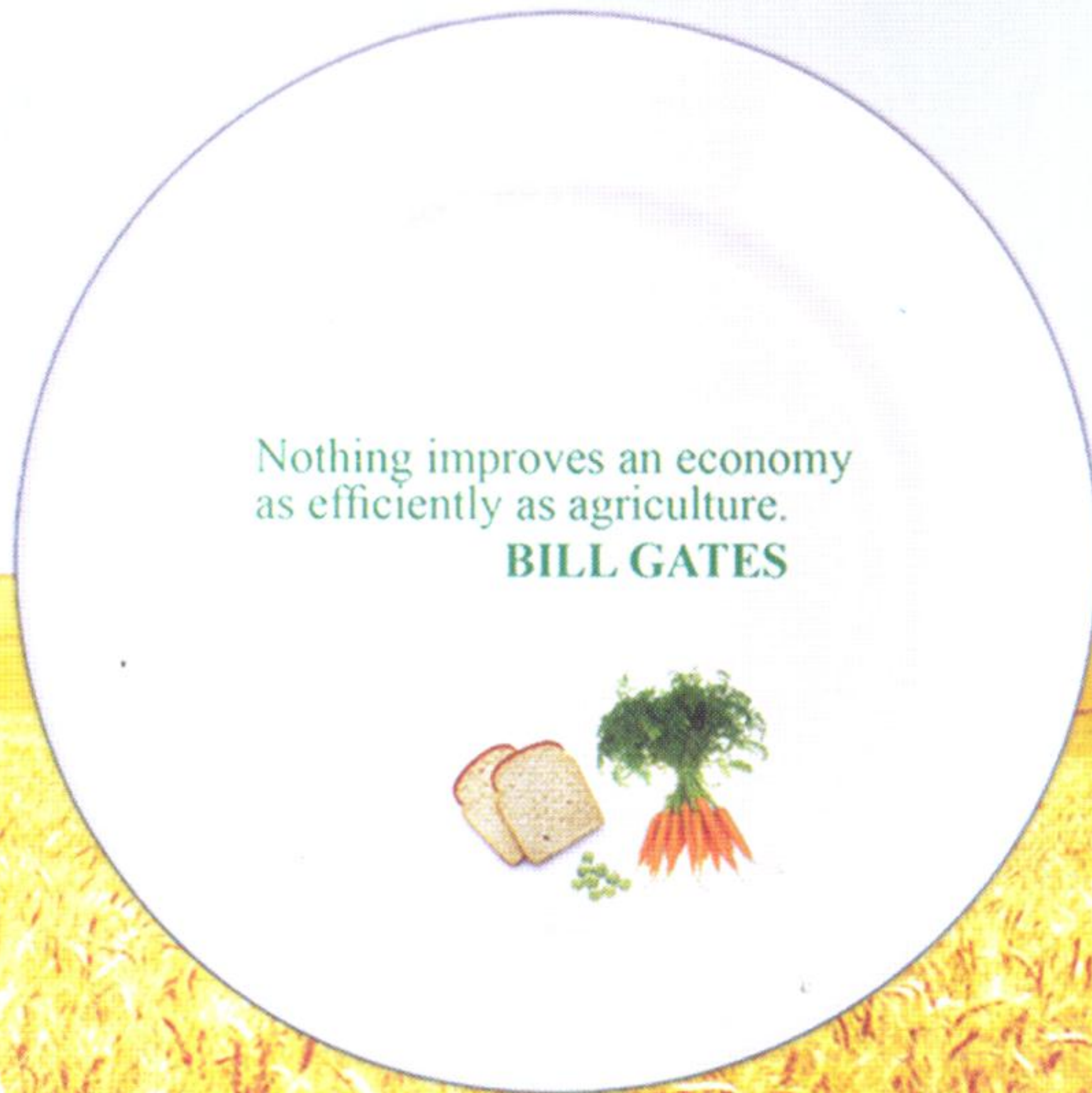


Third Quarterly Report
30 September 2015
(un audited)

As ye SOW...

Agriculture sector hungers for attention



Nothing improves an economy
as efficiently as agriculture.
BILL GATES





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.*

Corporate focus

- *To achieve evolution through continuous change – the deliverables being: to pursue “LEAN MANAGEMENT” to eliminate all activities which don't add value; to eliminate waste; to reduce costs; to focus on all target markets; customer focus and to continuously add customer care centres to give fillip to mechanization of farming in the country.*

AL-GHAZI TRACTORS LTD

CORPORATE INFORMATION

Board of Directors

Mr. Charles Leonard Hunt
Mohammad Shahid Hussain
Mr. Mohammad Ali Qaiyum
Mr. Kashif Lawai
Mr. Majd-ul-Ahsan Syed
Ms. Giovanna Barbieri
Mr. Michele Lombardi
Mr. Damiano Cretarola
Ms. Sobika Zubair

Chairman

Chief Executive Officer & Managing Director
Independent Director
Director
Director
Director
Director
Director
Company Secretary

Bankers

Askari Bank Limited
Habib Bank Limited
Meezan Bank Limited
Faysal Bank Limited
Bank AL-Habib Limited

Legal Advisors

Saiduddin & Co.
Karachi.

Registrar

FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery
Block 6, P.E.C.H.S, Karachi

Auditors

A.F.Ferguson & Co.
Chartered Accountants
Karachi

Tax Advisors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants Karachi.

Registered Office

AL-Ghazi Tractors Ltd
TRACTOR HOUSE
Plot No. 102-B, National Highway
Phase-1, DHA
Karachi.
Phone: (PABX) (92-21) 35318901-5
Email: agtl@alghazitractors.com
Web: www.alghazitractors.com

Board Committees

Audit Committee

Mr. Mohammad Ali Qaiyum Chairman
Mr. Majd-ul-Ahsan Syed Member
Mr. Damiano Cretarola Member

Human Resource &

Remuneration Committee

Mr. Charles Leonard Hunt Chairman
Mr. Majd-ul-Ahsan Syed Member
Ms. Giovanna Barbieri Member



AL-GHAZI TRACTORS LIMITED DIRECTORS' REPORT

The period under review remained challenging and uncertain for the tractor industry. The industry was all geared up for the launch of the subsidized scheme for thousands of tractors announced by the governments of Sindh and Punjab provinces. However, the schemes have been substantially delayed without citing any reason. The momentum of sales has, therefore, stalled as farmers are reluctant to buy for obvious reasons and are waiting for launching of the scheme to avail the subsidy. Moreover, the heavy floods raging in Punjab coupled with substantial drop in prices of farm commodities, significantly reduced purchasing power of the farmers. During July-August alone, the overall market experienced a drop in sales to the tune of 39% compared to same period last year. With the Green Tractor Scheme getting delayed, the likely roll out of this scheme is during early next year which shall lift up the volumes for the entire industry.

2,131 tractors were sold during the third quarter of the year 2015, compared with 3,184 sold in the same period last year. Tractor sales for the nine months, January – September 2015 were 11,496 tractors compared with 7,889 for the comparable period.

After posting a record high profit for the first half of 2015, the Company earned a pre-tax profit of Rs. 370.4 million during the third quarter, accumulating to a pre-tax profit of Rs. 2.1 billion for the nine months ended September 30, 2015. Despite the challenging scenario during the quarter, the Company managed to keep its costs down by being vigilant in procurement and monitoring of expenses, thus earning a remarkable GP of 25.6%.

Based on sound financial strength of the Company, the Board of Directors has recommended an interim cash dividend of 600% with a payout of Rs. 1,738.93 million. This is in addition to the 600% interim dividend already paid for the half year ended June 30, 2015.

The Company continuously strives to increase its sales and market share and in line with that strategy has launched its selected media campaign and trade schemes to bolster sales supported by seasonal demand. It is expected that the market will somewhat normalize in the last quarter of 2015.

With constant focus on quality and product improvement, AGTL products are a household name in the farming community.

The Annual Report of the Company was yet again awarded the coveted Best Annual Report Award by the Joint Committee of ICAP and ICMAP.

The financial statements have been recommended for approval 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

Dubai
October 22, 2015

AL-GHAZI TRACTORS LIMITED


**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015 (UN-AUDITED)**

		(Unaudited) September 30, 2015	(Audited) December 31, 2014
		(Rupees'000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	544,661	466,751
Long-term investments		52,800	42,800
Long-term loans		727	342
Long-term deposits		<u>2,139</u>	<u>1,789</u>
		600,327	511,682
CURRENT ASSETS			
Stores and spares		34,745	35,962
Stock-in-trade		2,311,099	2,160,349
Trade debts		183,709	13,796
Loans and advances		75,912	78,796
Short-term deposits and prepayments		22,143	32,219
Accrued mark-up		174,903	33,986
Other receivables		12,914	6,149
Taxation		54,369	-
Refunds due from the Government		1,089,106	1,281,074
Investments		-	1,909,970
Cash and bank balances		<u>3,818,384</u>	<u>3,924,709</u>
		7,777,284	9,477,010
TOTAL ASSETS		<u><u>8,377,611</u></u>	<u><u>9,988,692</u></u>
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		<u>6,996,378</u>	<u>8,261,674</u>
		7,286,199	8,551,495
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		18,294	32,106
Staff retirement benefit		-	29,929
Deferred taxation		<u>40,561</u>	<u>25,870</u>
		58,855	87,905
CURRENT LIABILITIES			
Trade and other payables		1,032,557	1,347,816
Taxation		-	1,476
Commitments	4		
TOTAL EQUITY AND LIABILITIES		<u><u>8,377,611</u></u>	<u><u>9,988,692</u></u>

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



Chairman



Chief Executive

AL-GHAZI TRACTORS LIMITED


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	Note	Quarter ended		Nine months ended	
		September, 30 2015	September, 30 2014	September, 30 2015	September, 30 2014
← (Rupees' 000) →					
Sales	5	1,550,147	2,271,313	8,258,324	5,586,025
Cost of goods sold	6	(1,153,552)	(1,671,712)	(6,131,265)	(4,114,619)
Gross profit		396,595	599,601	2,127,059	1,471,406
Distribution cost		(17,285)	(25,598)	(62,328)	(75,747)
Administrative expenses		(86,466)	(51,159)	(216,383)	(157,692)
		292,844	522,844	1,848,348	1,237,967
Other income		105,154	112,565	377,880	317,106
Other operating expenses		(27,456)	(43,799)	(153,558)	(107,236)
		370,542	591,610	2,072,670	1,447,837
Finance cost		(184)	(636)	(846)	(928)
Profit before taxation		370,358	590,974	2,071,824	1,446,909
Taxation					
Current		(118,931)	(195,166)	(652,395)	(439,421)
Prior Year		-	-	(61,645)	-
Deferred		(21,863)	-	(14,691)	4,270
		(140,794)	(195,166)	(728,731)	(435,151)
Profit after taxation		229,564	395,808	1,343,093	1,011,758
Other comprehensive income		-	-	-	-
Total comprehensive income		229,564	395,808	1,343,093	1,011,758
Earnings per share-Basic and diluted		3.96	6.83	23.17	17.45

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



Chairman



Chief Executive

AL-GHAZI TRACTORS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	September 30, 2015	September 30, 2014
(Rupees'000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	1,366,705	578,091
Income taxes paid		(769,885)	(356,044)
(Decrease) / Increase in deferred staff benefits		(13,812)	2,068
(Decrease) / Increase in staff retirement benefits		(29,929)	530
Increase in long-term deposits		(350)	-
Net cash from operating activities		<u>552,729</u>	<u>224,645</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(110,767)	(68,048)
Proceeds from disposal of fixed assets		1,553	1,716
Redemption of investments - net		1,899,970	1,452,000
Placement in term deposits - net		(105,000)	(1,700,000)
Return on investments		143,326	98,576
Increase in long-term loans		(385)	(1,903)
Net cash from investing activities		<u>1,828,697</u>	<u>(217,659)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(2,592,751)	(642,776)
Net decrease in cash and cash equivalents		<u>(211,325)</u>	<u>(635,790)</u>
Cash and cash equivalents at the beginning of period		1,419,709	1,903,497
Cash and cash equivalents at the end of period		<u><u>1,208,384</u></u>	<u><u>1,267,707</u></u>

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



Chairman



Chief Executive

AL-GHAZI TRACTORS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees'000) →			
Balance 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)
Interim dividend @ Rs. 30 per share for the year ending December 31, 2015	-	-	(1,738,926)	(1,738,926)
Profit for nine months ended September 30, 2015	-	-	1,343,093	1,343,093
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-
Balance as at September 30, 2015	<u>289,821</u>	<u>1,000,000</u>	<u>5,996,378</u>	<u>7,286,199</u>
Balance at January 1, 2014	214,682	1,000,000	7,004,277	8,218,959
Final Dividend @ Rs. 15 per share for the year ended December 31, 2013	-	-	(644,047)	(644,047)
Issue of 35 bonus shares for every 100 shares held	75,139	-	(75,139)	-
Profit for nine months ended September 30, 2014	-	-	1,011,758	1,011,758
Other comprehensive income for the nine months ended September 30, 2014	-	-	-	-
Balance as at September 30, 2014	<u>289,821</u>	<u>1,000,000</u>	<u>7,296,849</u>	<u>8,586,670</u>

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


Chairman


Chief Executive

AL-GHAZI TRACTORS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (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 Karachi and Lahore Stock Exchanges. The address of registered office of the company is 'Tractor House, Plot No, 102-B, National Highway, Phase I, D.H.A, Karachi'. The company is principally engaged in the manufacture and sale of agricultural tractors, implements, spare parts and providing irrigation solutions for agriculture.

2 BASIS OF PREPARATION

This condensed interim financial information of the company for the nine months ended September 30, 2015 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 Karachi and Lahore Stock Exchanges.

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, 2014.

3 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	←————— Rupees '000 —————→			
Building	155,801	-	-	-
Electrical equipment	2,713	13	-	-
Plant and machinery	-	4,930	-	-
Furniture and fixtures	8,401	589	356	330
Computer hardware	990	1,788	-	-
Vehicles	13,181	14,927	-	-
Factory equipments and tools	44	3,349	-	-
Additions to capital work in progress	92,247	42,452	162,610	-
	<u>273,377</u>	<u>68,048</u>	<u>162,966</u>	<u>330</u>

4 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2015 amounted to Rs. 0.27 million (2014: Rs. 1.07 million)

5 SALES

	September, 30 2015	September, 30 2014
	(Rupees'000)	
Tractors	8,440,886	5,821,180
Trading and others	<u>89,287</u>	<u>65,666</u>
	8,530,173	5,886,846
Less: Commission and discounts	115,956	69,884
Sales Tax	<u>155,893</u>	<u>230,937</u>
	<u>8,258,324</u>	<u>5,586,025</u>

AL-GHAZI TRACTORS LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	September, 30 2015	September, 30 2014
	(Rupees'000)	
6 COST OF GOODS SOLD		
Cost of goods manufactured	6,091,106	4,401,565
Opening stock of finished goods	318,342	8,866
Closing stock of finished goods	(346,891)	(340,695)
Manufactured goods	<u>6,062,557</u>	<u>4,069,736</u>
Trading and others	<u>68,708</u>	<u>44,883</u>
	<u><u>6,131,265</u></u>	<u><u>4,114,619</u></u>
7 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,071,824	1,446,909
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	32,501	31,483
Profit on disposal of fixed assets	(1,197)	(1,386)
Fair value gain on investments	-	(165,848)
Return on investments and bank deposits	<u>(284,243)</u>	<u>(140,794)</u>
Profit before working capital changes	1,818,885	1,170,364
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Stores and spares	1,217	(5,261)
Stock in trade	(150,750)	(116,915)
Trade debts	(169,913)	(66,654)
Loans and advances	2,884	(15,168)
Short-term deposits and prepayments	10,076	(2,947)
Other receivables	(6,765)	11,336
Refunds due from the Government	191,968	159,074
	(121,283)	(36,535)
Decrease in trade and other payables	(330,897)	(555,738)
Cash generated from operations	<u><u>1,366,705</u></u>	<u><u>578,091</u></u>

AL-GHAZI TRACTORS LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

8 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs. 2.27 billion (2014: Rs.600 million)

9 DIVIDEND

The Board of Directors in its meeting held on October 22, 2015 declared an interim cash dividend of Rs. 30 per share (2014: Rs 10 per share) amounting to Rs. 1,738.93 million (2014: Rs. 579.64 million).

10 AUTHORISATION OF ISSUE

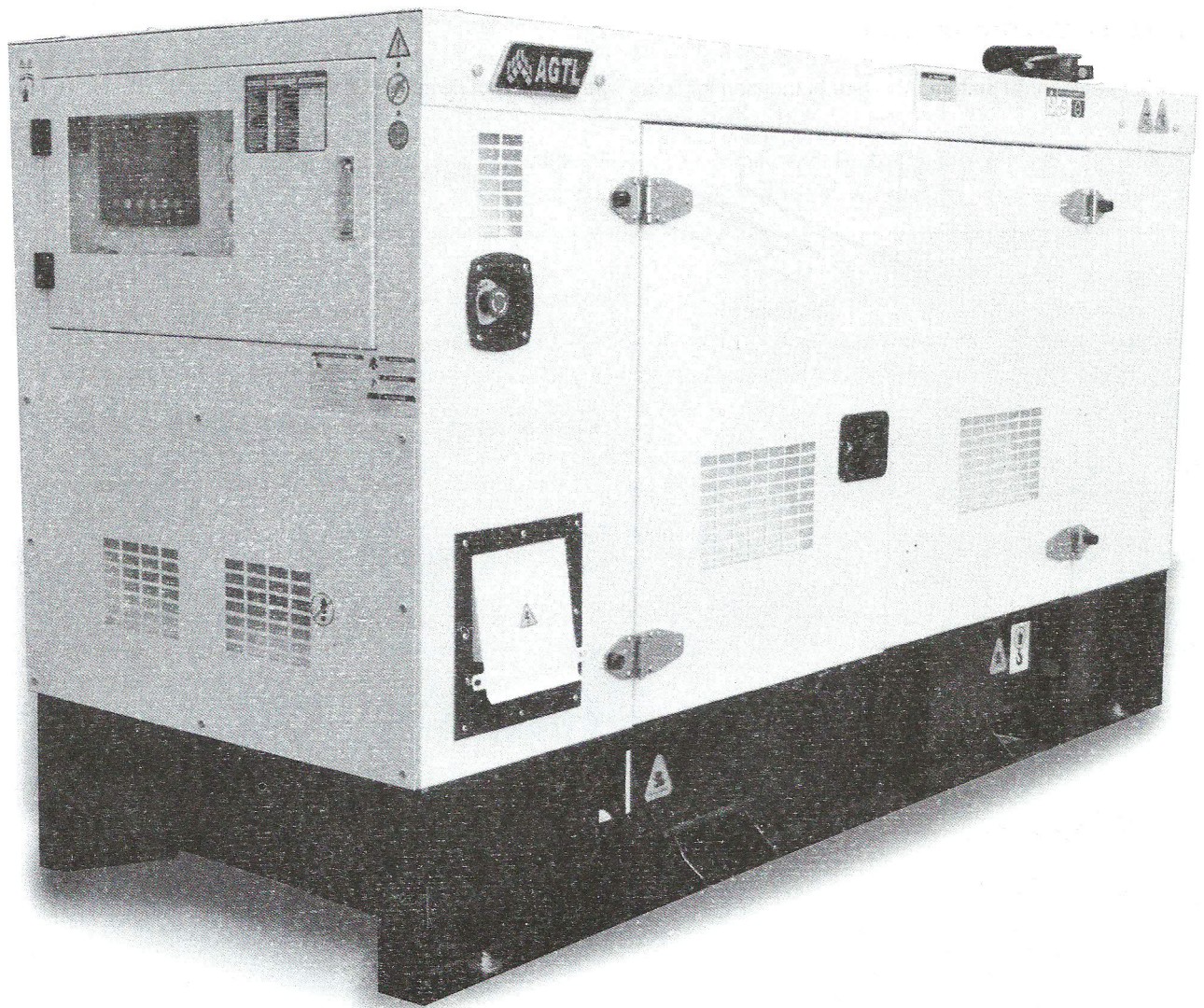
These financial statements were authorised for issue by the Board of Directors on October 22, 2015 .



Chairman

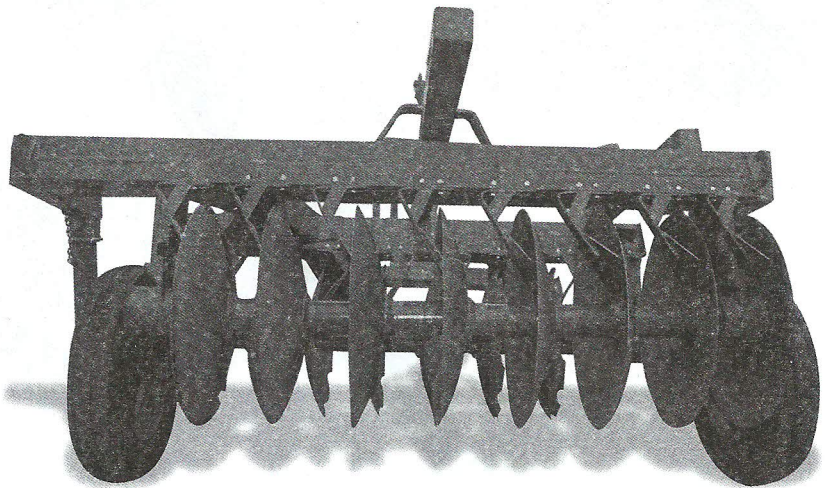
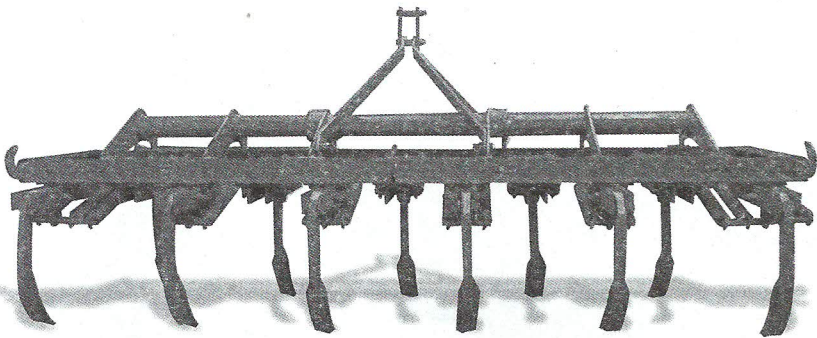
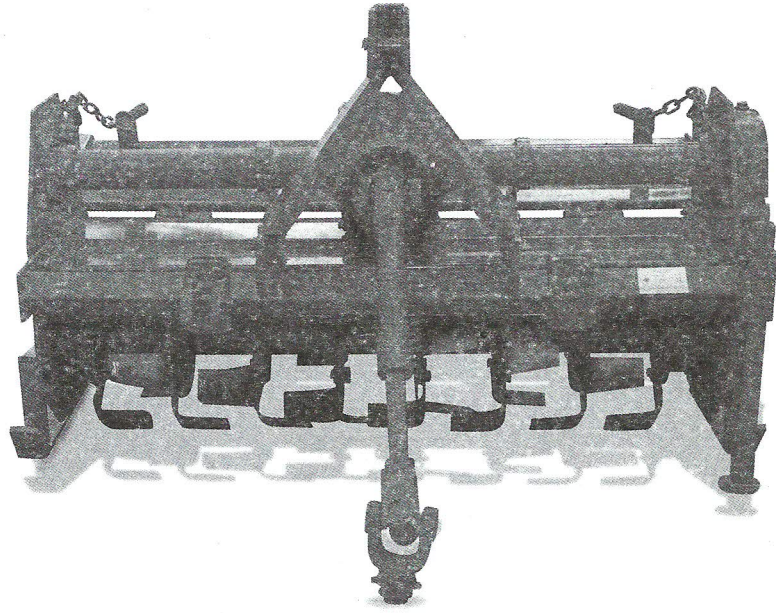


Chief Executive



NH 70-56 4WD
4x4 Lift-O-Matic (85-Hp)
HYDROSTATIC POWER STEERING





REGIONAL OFFICES

Marketing Centre, Lahore

10 Km, Sheikhpura Road,

Tel: 042-37912226, 37924676-7

Marketing Regional Office, Multan

20 Industrial Estates,

Tel: 061-6514057-9

Marketing Regional Office, Sukkur

House No. 8/A Hamdard Housing Society Airport Road.

Tel: 071-5633920,5002852

Marketing Regional Office, Islamabad

Flat no.7, 2nd Floor, Plaza City Arcade I-8, Markaz.

Tel: 051-4862524-25



AL-GHAZI TRACTORS LTD



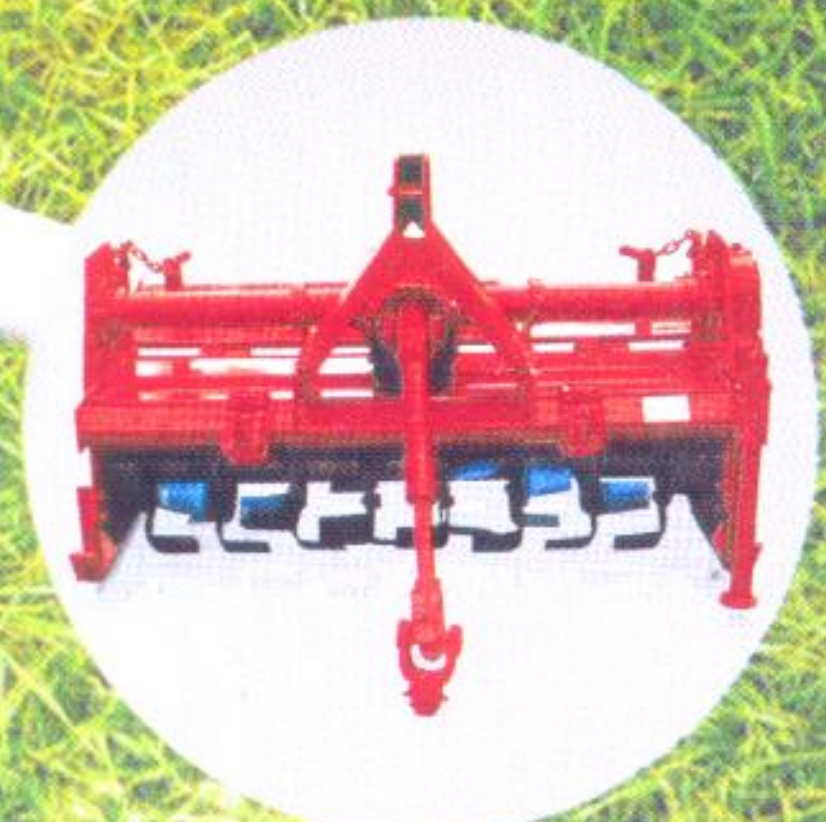


Generators



Tractors

Farm Machines
& Equipment



Smart Irrigation Solutions



AL-GHAZI TRACTORS LTD

