

Half Year Report  
for the period ended June 30, 2024 (Un-Audited)



Embracing traditions,  
driving change



Al-Ghazi Tractors Limited



As we embark on the next phase of our journey, we remain steadfast in our commitment to delivering superior value to our stakeholders while upholding the highest standards of corporate governance, ethics, and social responsibility. With a clear strategic vision, a resilient business model, and a passionate team driving us forward, we are well-positioned to capitalize on emerging opportunities and overcome future challenges

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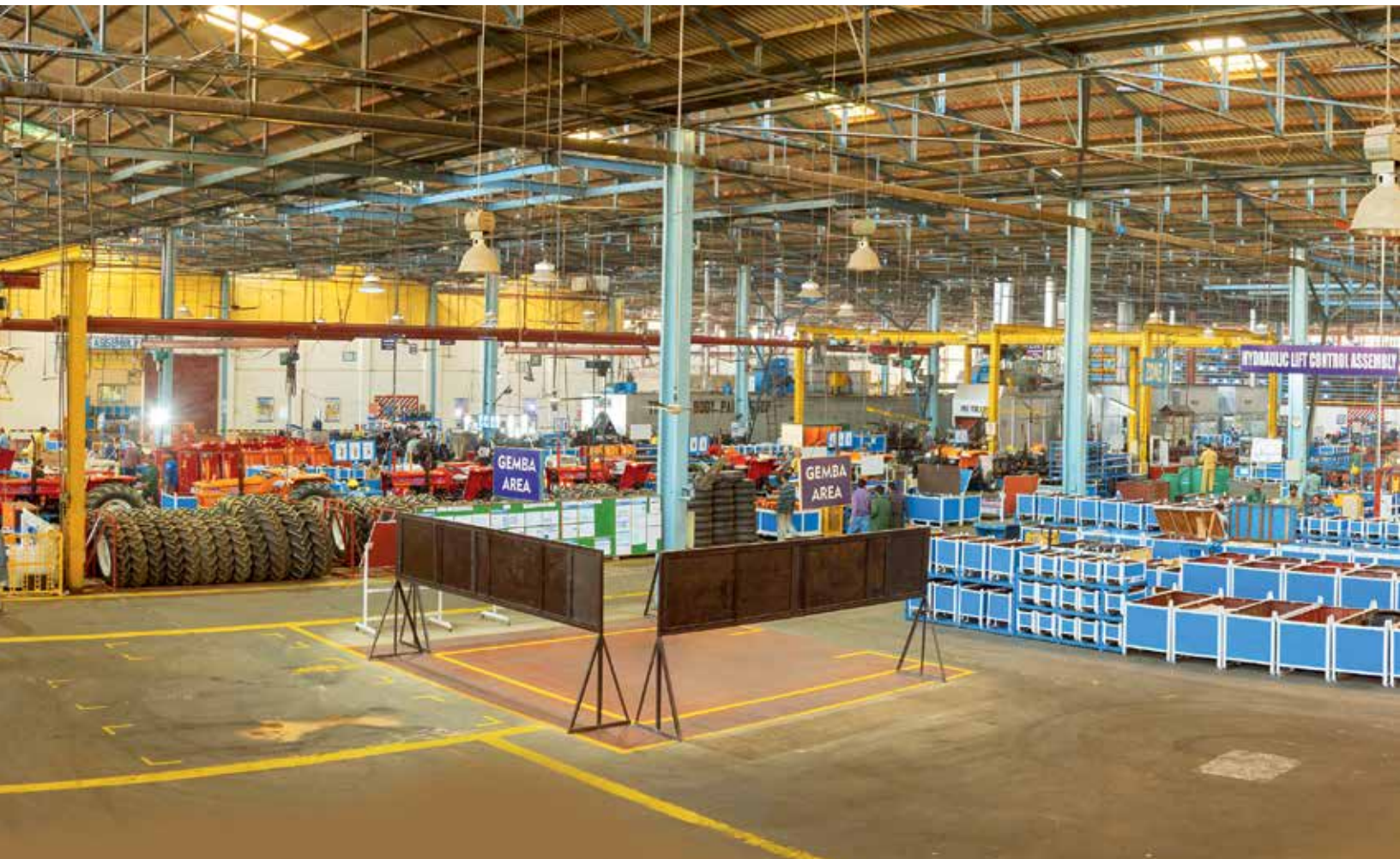
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# Company Information



## Board of Directors

### Mr. Robert Ian McAllister

Chairman, Non-Executive Director

### Mr. Dmitrii Bogatyrev

Non-Executive Director

### Mr. Malik Ehtisham Ikram

Non-Executive Director

### Mr. Marco Votta

Non-Executive Director

### Mr. Matthieu Séjourné

Non-Executive Director

### Mr. Vincent De Lassagne

Non-Executive Director

### Mr. Shahid Shahbaz Toor

Independent Director

### Mr. Mirza Malik

Independent Director

## Chief Executive Officer

### Mr. Sakib Eltaff

## Audit Committee

Mr. Marco Votta

Mr. Malik Ehtisham Ikram

Mr. Malik Mirza

## Human Resource & Remuneration Committee

Mr. Marco Votta

Mr. Malik Ehtisham Ikram

Mr. Sakib Eltaff

## Technical Committee

Mr. Shahid Shahbaz Toor

Mr. Robert Ian McAllister

Mr. Matthieu Séjourné

Mr. Vincent De Lassagne

Mr. Malik Ehtisham Ikram

Mr. Marco Votta

Mr. Dmitrii Bogatyrev

## Chief Financial Officer

Mr. Javed Iqbal

## Company Secretary

Mr. Mansoor Khan



#### Chief Internal Auditor

Mr. Muneeb Ahmed Khan

#### Auditors

A.F. Ferguson & Co.  
Chartered Accountants

#### Tax Advisors

EY Ford Rhodes  
Chartered Accountants

#### Tola Associates

Chartered Accountants

#### KPMG Taseer Hadi & Co.

Chartered Accountants

#### Legal Advisors

Orr, Dignam & Co.

Advocates

Engagement Partner: Mr. Shahzaib Siddiqui

#### Share Registrar

FAMCO Share Registration  
Services (Pvt) Limited

8-F, Adjacent to Hotel Faran,  
Block 6, P.E.C.H.S., Near Nursery,  
Shahrah-e-Faisal, Karachi.

Tel: (92 21) 34380101-5

Fax: (92 21) 34380106

#### Registered Office

Tractor House

102-B, 16<sup>th</sup> East Street, DHA Phase I,  
off Korangi Road, Karachi.

Tel: (92 21) 35318901-5

Fax: (92 21) 35660882

Email: agtl@alghazitractors.com

Website: www.alghazitractors.com

#### Corporate Office

Askari Corporate Tower

9th Floor, 75/76 D-1, Main Boulevard,  
Gulberg – III, Lahore

#### Plant

Sakhi Sarwar Road,

P.O. Box 38,

Dera Ghazi Khan.

Tel: (92 64) 2463750, 2463812, 2020750-51

#### Marketing Centres

Dera Ghazi Khan

Lahore

Multan

Islamabad

Sukkur

# Directors' Report



The Directors are pleased to present the condensed interim financial information of Al-Ghazi Tractors Limited ("the Company") for the half-year ended June 30, 2024.

## **Economic Environment**

Pakistan's economy experienced a moderate recovery in the first half of 2024, driven by the government's prudent policy management and administrative measures that have restored market confidence and boosted economic activity. The country's GDP growth for FY 2024 showed a moderate increase of 2.4%, with the agriculture sector as the key contributor, achieving a growth rate of 6.25%. During this period, tractor production and sales saw significant increases, rising by 24.3% to 21,919 units and by 15.8% to 22,500 units, respectively, compared to the same period last year. Additionally, the Government of Pakistan is negotiating a 37-month extended fund facility arrangement with the IMF, valued at \$7 billion. While a staff-level agreement has been reached, the final approval from

the IMF board is still pending. The anticipated approval of this bailout package is expected to further stabilize the economic environment by bolstering foreign exchange reserves, reducing fiscal deficits, and enhancing investor confidence.

## **Financial Review**

During the period under review, the tractor industry experienced a 16% market growth, driven by economic stabilization and the establishment of a new government in February 2024. The company produced 6,990 tractors and sold 6,979 units, compared to the same period last year, when 5,965 tractors were produced, and 7,108 units were sold.

The company generated operating revenue of Rs. 17,540 million during the half-year ending on



June 30, 2024, compared to Rs. 14,751 million in the same period last year. The cost of sales was recorded at Rs. 13,600 million, up from Rs. 12,259 million (restated) in the corresponding period of the previous year. Consequently, gross profit for the current half-year increased to Rs. 3,939 million, up from Rs. 2,491 million (restated) during the half-year ending on June 30, 2023.

Distribution and administrative expenses for the half-year under review amounted to Rs. 197 million and Rs. 734 million, respectively, compared to Rs. 178 million and Rs. 419 million recorded during the same period last year.

The profit after tax for the period under review is Rs. 1,733 million, compared to Rs. 802 million in the corresponding period last year.

Earnings per share for the half-year ended June 30, 2024, stand at Rs. 29.90, up from Rs. 13.84 during the same period last year. The Company's annexed financial statements have been recommended by the Audit Committee of the Board and are authorized by the Board for placement on the Company's website.

#### **Future Outlook**

The 2024-25 Budget introduced a 10% Sales Tax on tractors, disrupting an industry that had been exempt from this tax until June 2024. This policy change has forced tractor manufacturers back into the refund regime and onerous documentary requirements, exacerbating financial strain due to unresolved legacy refunds.

Furthermore, meteorological forecasts for southern Punjab and Sindh – key sales regions for the company – indicate a heightened risk of flooding similar to the 2022 disaster, posing significant threats to the agriculture sector and potential challenges for the company.

On a positive note, the Provincial Government of Punjab has announced a Green Tractor Scheme for the upcoming fiscal year, with an allocation of Rs. 30 billion to subsidize the purchase of 20,000 tractors, ranging from 55 HP to 85 HP, exclusively for Kissan Card holders. The company is optimistic about securing a significant share of this opportunity.

## Directors' Report

Looking ahead, the company remains dedicated to safeguarding the interests of its shareholders, customers, and other stakeholders. We are determined to achieve our objectives through effective and sustained sales strategies. Our ongoing transformation program is set to deliver long-term benefits by enhancing product quality, improving operational efficiency, optimizing customer experience, and strengthening sales channels. This program also focuses on bolstering core supply chain operations and modernizing manufacturing processes. Through these initiatives, the company aims to navigate current economic challenges and emerge as a more resilient and adaptable organization.

### Launch of SAP S/4 HANA

During the period under review, the Company has successfully implemented the state-of-the-art ERP solution SAP S/4HANA, replacing the previous ERP system, BAAN, as part of its ongoing transformation program.

### Acknowledgement

The Board would like to place on record its gratitude to all stakeholders, especially its customers, as well as the vendors and suppliers, for their continued commitment and support to the Company. The Board would also like to appreciate the contribution of all staff members of the Company for performing their tasks with dedication, diligence, and commitment in the challenging environment.

On behalf of the Board of Directors:



**Robert Ian McAllister**  
Chairman of the Board



**Sakib Eltaff**  
Chief Executive Officer

August 26, 2024





A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Al-Ghazi Tractors Limited

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al-Ghazi Tractors Limited as at June 30, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2024 and June 30, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2024.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

Chartered Accountants  
Karachi

Date: August 27, 2024

UDIN: RR2024100732zyIPbf5G

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

# Condensed Interim Statement of Financial Position

As at June 30, 2024 (Un-Audited)

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,725,897	1,607,672
Intangible assets		233,733	495
Deferred tax asset		180,994	129,972
Long-term loans		5,695	3,459
Long-term deposits		13,864	13,460
Employee benefit prepayments		77,435	32,039
		2,237,618	1,787,097
<b>CURRENT ASSETS</b>			
Inventories		7,775,685	6,084,499
Trade receivables		2,568,751	-
Loans and advances		171,230	95,715
Trade deposits and short-term prepayments	6	38,937	324,848
Interest accrued		1,913	3,371
Other receivables		21,371	201
Refunds due from Government		4,219,364	4,210,453
Cash and bank balances	7	845,932	1,723,449
		15,643,183	12,442,536
<b>TOTAL ASSETS</b>		<b>17,880,801</b>	<b>14,229,633</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Unappropriated profit		7,223,651	5,490,404
		7,513,472	5,780,225
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		98,207	103,154
Lease liability		39,732	46,418
		137,939	149,572
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	5,038,169	3,812,570
Customers' and dealers' advances		681,412	131,452
Taxation - provision less payments		325,320	213,815
Unclaimed dividend		62,796	65,498
Unpaid dividend	9	2,416,858	2,416,858
Current portion of lease liability		12,841	10,990
Short-term financing	10	1,691,994	1,648,653
		10,229,390	8,299,836
<b>TOTAL LIABILITIES</b>		<b>10,367,329</b>	<b>8,449,408</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,880,801</b>	<b>14,229,633</b>

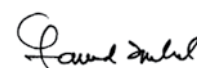
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Director



Chief Executive Officer



Chief Financial Officer

# Condensed Interim Statement of Profit or Loss

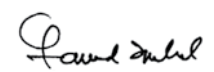
For the quarter and half year ended June 30, 2024 (Un-Audited)

	Note	Quarter ended		Half year ended	
		June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
(Rupees in thousand)					
Revenue from contract with customers	12	8,043,836	10,577,842	17,540,520	14,751,382
Cost of sales	13	(6,214,475)	(8,718,176)	(13,600,943)	(12,259,679)
<b>Gross profit</b>		1,829,361	1,859,666	3,939,577	2,491,703
Distribution expenses		(16,259)	(93,053)	(197,484)	(178,471)
Administrative expenses	14	(339,698)	(210,500)	(734,828)	(419,317)
		1,473,404	1,556,113	3,007,265	1,893,915
Other income	15	192,342	209,540	224,400	326,888
Other operating expenses		(110,561)	(129,531)	(236,021)	(172,335)
		1,555,185	1,636,122	2,995,644	2,048,468
Finance costs		(108,285)	(316,994)	(158,416)	(384,864)
Profit before income tax and levy		1,446,900	1,319,128	2,837,228	1,663,604
Levy - final tax	16	(1,836)	(534)	(2,226)	(657)
<b>Profit before income tax</b>		1,445,064	1,318,594	2,835,002	1,662,947
Income tax expense	17	(565,133)	(745,973)	(1,101,755)	(860,621)
<b>Profit after taxation</b>		879,931	572,621	1,733,247	802,326
Basic and diluted earnings per share - Rupees	18	15.18	9.88	29.90	13.84

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

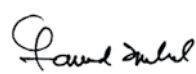
For the quarter and half year ended June 30, 2024 (Un-Audited)

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(Rupees in thousand)				
<b>Profit after taxation</b>	879,931	572,621	1,733,247	802,326
Other comprehensive income:				
Items that will not be subsequently reclassified in profit or loss	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>879,931</b>	<b>572,621</b>	<b>1,733,247</b>	<b>802,326</b>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

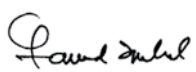
## For the half year ended June 30, 2024 (Un-Audited)

	Share capital	Revenue reserves		Total
		General reserve	Unappropriated profit	
(Rupees in thousand)				
<b>Balance as at January 1, 2024</b>	289,821	-	5,490,404	5,780,225
Profit after tax for the half year ended June 30, 2024	-	-	1,733,247	1,733,247
Other comprehensive income for the half year ended June 30, 2024	-	-	-	-
	-	-	1,733,247	1,733,247
<b>Balance as at June 30, 2024</b>	289,821	-	7,223,651	7,513,472
Balance as at January 1, 2023	289,821	-	2,842,264	3,132,085
Profit after tax for the half year ended June 30, 2023	-	-	802,326	802,326
Other comprehensive income for the half year ended June 30, 2023	-	-	-	-
	-	-	802,326	802,326
Balance as at June 30, 2023	289,821	-	3,644,590	3,934,411

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows

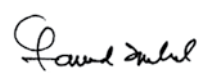
For the half year ended June 30, 2024 (Un-Audited)

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	681,331	5,238,831
Income tax and levy paid		(1,043,498)	(691,092)
Finance cost paid		(55,443)	(185,604)
(Increase) / decrease in long-term deposits		(404)	537
(Decrease) / increase in deferred staff benefits - compensated absences		(4,947)	4,415
Employee benefit obligations paid		(64,054)	-
(Increase) / decrease in long-term loans		(2,236)	952
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(489,251)</b>	<b>4,368,039</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(227,633)	(272,870)
Additions to intangible assets		(247,203)	(22,648)
Proceeds from disposal of property, plant and equipment		9,412	13,186
Return on bank deposit received		45,730	283,540
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(419,694)</b>	<b>1,208</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,702)	(6,505)
Short term borrowings obtained / (paid)		36,398	(3,709,372)
Lease rentals paid		(9,211)	(5,579)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>24,485</b>	<b>(3,721,456)</b>
		<b>(395,209)</b>	<b>(3,720,248)</b>
<b>Net (decrease) / Increase in cash and cash equivalents</b>		<b>(884,460)</b>	<b>647,791</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>1,723,449</b>	<b>727,990</b>
<b>Cash and cash equivalents at end of the period</b>	20	<b>838,989</b>	<b>1,375,781</b>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-Audited)

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Company was incorporated in Pakistan under the Companies Act, 1913 (now 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 and its ultimate parent is Al-Futtaim Holding Limited, U.A.E.

These condensed interim financial statements are presented in Pak Rupee which is the Company's functional and presentation currency and all amounts have been rounded off to nearest thousands unless otherwise indicated.

**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
- Corporate office situated at Askari Corporate Tower, Plot No. 75D, 76D LDA Scheme Gulberg III, District Lahore
- 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:
  - J6CV - 58, 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
  - House No. B-166, Sukkur Society, 100 FT Road, Opposite JS bank, Sukkar.

**1.3** In 2021, the Competition Commission of Pakistan (CCP) has initiated proceedings against the Company under relevant provisions of the Competition Act, 2010. CCP has issued an enquiry report and multiple show cause notices to the Company. The Company has filed a petition against CCP proceedings and obtained interim relief from Islamabad High Court through which CCP is restrained from passing any adverse order against the Company during the pendency of the petition. Based on the relevant facts and the advice of Company's legal counsel, the Company believes that there are no grounds which could result in any adverse order against the Company.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, 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.

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements for the year ended December 31, 2023.

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-Audited)

## 2.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

### a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2024. However, these do not have any significant impact on the Company's financial reporting.

### b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2025. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2023 except for the following:

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the condensed interim statement of financial position, the condensed interim statement of cash flows and earning per share as a result of this change.

	For the half year ended June 30, 2024			For the half year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	Rupees in thousand					
Levy	-	(2,226)	(2,226)	-	(657)	(657)
Profit before income tax	2,837,228	(2,226)	2,835,002	1,663,604	(657)	1,662,947
Income tax - net	(1,103,981)	2,226	(1,101,755)	(861,278)	657	(860,621)

### Accounting policy - Levy

Any tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

## 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 annual audited financial statements for the year ended December 31, 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2023.

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,381,607	1,380,918
Capital work-in-progress	5.2	344,290	226,754
		1,725,897	1,607,672

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(Rupees in thousand)				
Building	2,306	616	-	-
Plant and machinery	14,627	1,065	-	-
Furnitures and fixtures	12,272	18,326	-	-
Office equipment	-	2,048	-	-
Computer hardware	42,119	22,538	-	16
Vehicles	39,162	46,145	-*	1,313*
Factory equipments and tools	842	606	-	-
	111,328	91,344	-	1,329

\* Includes assets disposed off having Nil net book value

5.2 Additions to capital work in progress and intangibles are Rs. 446.45 million (December 31, 2023: Rs. 553.22 million) and Rs. 247.20 million (December 31, 2023: Rs. 0.33 million) respectively.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)		
<b>6. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
LC margin against imports	-	23,039
Prepayments	36,894	84,936
Deposit with government authority	-	215,282
Other deposits	2,043	1,591
	38,937	324,848

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-Audited)

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>7. CASH AND BANK BALANCES</b>			
With banks in			
<b>Conventional</b>			
- Current accounts		411,664	295,911
- Savings and deposit accounts	7.1	48,163	436,412
<b>Islamic</b>			
- Current accounts		48,977	49,486
- Savings and deposit accounts	7.1	45,042	107,975
Cash in hand		1,230	1,093
Demand drafts in hand		290,856	832,572
		<b>845,932</b>	<b>1,723,449</b>

7.1 These carry mark-up ranging from 11.01% to 20.05% per annum (2023: 7% to 20.05% per annum).

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>8. TRADE AND OTHER PAYABLES</b>			
Creditors	8.1	257,608	142,605
Bills payable to foreign suppliers		275,735	141,424
Freight Payable to Al Futtaim Logistics			
- associated company		163,955	165,936
Accrued liabilities		2,811,167	2,366,673
Accrued mark up		91,828	8,291
Deposits		115,053	77,180
Taxes deducted at source		65,494	48,519
Workers' Welfare Fund		168,337	106,231
Workers' Profit Participation Fund		164,462	11,864
Royalty payable to CNH Industrial N.V.			
- associated company		684,641	609,811
Provision for warranty services		33,407	25,722
Others		206,482	108,314
		<b>5,038,169</b>	<b>3,812,570</b>

8.1 This include amount payable to a related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 1.55 million (December 31, 2023: Rs. 1.55 million) against purchases made in 2021.

## 9. UNPAID DIVIDEND

This represents unpaid dividend for the year ended December 31, 2021, awaiting approval from the State Bank of Pakistan.

## 10. SHORT TERM FINANCING - under mark up / profit arrangement

10.1 The facility for running musharkah available from banks amounted to Rs. 3,500 million (December 31, 2023: Rs. 3,500 million) out of which the amount unavailed at the year end was Rs. 1,814.95 million (December 31, 2023: Rs. 1,851.35 million). Rates of profit ranges from one month KIBOR plus 0.4% (December 31, 2023: one month KIBOR plus 0.4%) to three months KIBOR plus 0.25% (December 31, 2023: three month KIBOR plus 0.25%) per annum.

- 10.2** The facility for running finance available from banks amounted to Rs. 2,000 million (December 31, 2023: Rs. 2,000 million) out of which the amount unavailed at the year end was Rs. 1,993.06 million (December 31, 2023: Rs. 2,000 million). Rates of mark-up ranges from one month KIBOR plus 0.25% (December 31, 2023: one months KIBOR plus 0.25%) to three months KIBOR plus 1% (December 31, 2023: three months KIBOR plus 1%) per annum. Running finance facility payable on demand amounted to Rs. 6.94 million (December 31, 2023: Nil).
- 10.3** The above arrangements are secured by way of hypothecation of selected plant and machinery and pari-passu charge against hypothecation of Company's present and future current assets amounting to Rs. 9,336 million (December 31, 2023: Rs. 9,336 million).

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There has been no significant change during the period in the contingencies reported in the annual audited financial statements for the year ended December 31, 2023.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)		
<b>11.2 Commitments</b>		
Capital expenditure	131,143	460,910
Outstanding letter of credits	1,632,238	3,232,682
Outstanding letter of guarantees	186,454	181,500

The facilities for opening of letters of credit and for guarantees as at June 30, 2024 amounts to Rs. 4,350 million (December 31, 2023: Rs. 4,350 million) out of which the amount unutilized was Rs. 2,531.31 million (December 31, 2023: Rs. 935.82 million).

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
(Rupees in thousand)		
<b>12. REVENUE FROM CONTRACT WITH CUSTOMERS</b>		
Tractors	18,073,400	14,846,693
Trading goods and others	146,218	163,545
	18,219,618	15,010,238
Less: Commission and discounts	(656,772)	(234,129)
Sales tax	(22,326)	(24,727)
	17,540,520	14,751,382
<b>13. COST OF SALES</b>		
Cost of goods manufactured	14,473,499	10,585,440
Opening stock of finished goods	945,811	2,395,491
Closing stock of finished goods	(1,934,305)	(816,024)
Cost of manufactured goods sold	13,485,005	12,164,907
Cost of trading goods and others sold	115,938	94,772
	13,600,943	12,259,679

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-Audited)

## 14. ADMINISTRATIVE EXPENSES

This includes transformation and consultancy charges amounting to Rs. 20.61 million (2023: Rs. 53.86 million) in respect of quality and standards upgradation activity in the Company.

	Note	(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
(Rupees in thousand)			
<b>15. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Return on savings and deposit accounts		44,272	287,361
<b>Income from assets other than financial assets:</b>			
Profit on disposal of fixed assets		9,412	11,857
Sale of scrap materials		40,077	27,434
Liabilities no longer payable written back		130,639	-
Others		-	236
		224,400	326,888
<b>16. LEVY</b>			
Final tax u/s 154		2,226	657
<b>17. INCOME TAX EXPENSE</b>			
Current		856,622	504,838
Deferred		(51,022)	(48,402)
Super Tax	17.1	296,155	404,185
		1,101,755	860,621

**17.1** As per Finance Act, 2023, companies operating in certain sectors, including automobile, having income above Rs. 500 million are liable to pay super tax at 10% for tax year 2023 and onwards.

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
(Rupees in thousand)		
<b>18. EARNINGS PER SHARE</b>		
Profit after taxation attributable to ordinary shareholders	1,733,247	802,326
Weighted average number of shares in issue during the period	57,964	57,964
Basic and diluted earnings per share - Rupees	29.90	13.84

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2024 and 2023.

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		(Rupees in thousand)	
<b>19. CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before income tax and levy</b>		2,837,228	1,663,604
Add / (less): Adjustments for non-cash charges and other items			
Depreciation and amortisation		123,373	86,275
Gain on disposal of property, plant and equipment		(9,412)	(11,857)
Return on bank deposits		(44,272)	(287,361)
Interest on lease liability		4,376	5,148
Mark up on running finance		138,980	64,310
Provision for slow moving and obsolete inventories		21,318	45,457
Provision for gratuity		18,658	15,127
Liabilities no longer payable written back		(130,639)	-
		2,959,610	1,580,703
<b>Effect on cash flow due to working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Inventories		(1,712,504)	1,221,028
Trade receivables		(2,568,751)	160,500
Loans and advances		(75,515)	(296,932)
Trade deposits and short-term prepayments		285,911	(122,720)
Other receivables		(21,170)	-
Refunds due from Government		(8,911)	(4,350)
		(4,100,940)	957,526
<b>Increase in current liabilities</b>			
Trade and other payables		1,272,701	2,046,329
Customers' and dealers' advances		549,960	654,273
		(2,278,279)	3,658,128
Cash generated from operations		681,331	5,238,831
	Note	(Un-audited) June 30, 2024	(Audited) June 30, 2023
		(Rupees in thousand)	
<b>20. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		845,932	1,375,781
Short term running finance	10.2	(6,943)	-
		838,989	1,375,781

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-Audited)

## 21. TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Company and the related parties during the period are as follows:

Relationship	Nature of transactions	(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
(Rupees in thousand)			
<b>i. Associate Company</b>			
CNH Industrial N.V. (formerly CNH Global N.V)	Royalty charge	145,950	109,634
	Royalty paid	71,120	-
<b>ii. Other related parties</b>			
Al-Ghazi Tractors Limited Staff Provident Fund	Contribution paid	38,595	13,946
Al-Ghazi Tractors Limited Employees' Gratuity Fund	Contribution paid	64,189	2,081
Key management personnel*	Salaries and other employee benefits	87,340	64,814
	Retirement benefits	8,923	18,356

\* Key management personnel includes CEO, CFO and all Head of the Departments.

## 22. SUBSEQUENT EVENT

The Board of Directors in its meeting held on August 26, 2024 declared an interim cash dividend of Rs. Nil per share (2023: Rs. Nil per share) amounting to Rs. Nil (2023: Rs. Nil).

## 23. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison and better presentation the effect of which is immaterial to the financial statements.

## 24. DATE OF AUTHORISATION FOR ISSUE

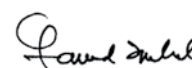
These condensed interim financial statements were authorised for issue on August 26, 2024 by the Board of Directors.



Director



Chief Executive Officer



Chief Financial Officer



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



Al-Futtaim



NEWHOLLAND

## Al-Ghazi Tractors Limited

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Off. Korangi Road, Karachi, Pakistan.