



**AL-GHAZI
TRACTORS
LTD**



ENVISIONING A TURNAROUND

Half Year Ended, June 30, 2023
(Un-audited)

An aerial photograph of a vast, lush green agricultural field. A red tractor is visible on the left side, moving across the field and spraying a fine mist of liquid. The rows of crops are densely packed and stretch far into the distance, creating a strong sense of perspective. The lighting is bright, highlighting the vibrant green of the plants.

ENVISIONING A TURNAROUND

We all know the world is changing around us constantly. From environment to finance, the way we live to the way we work, societies are evolving at a breakneck speed.

Businesses are no exception, and Al-Ghazi Tractors Limited is also in transition. We too, are evolving, with our team of experts, finding our true north with principles of quality and reliability.

Al-Ghazi Tractors Limited has managed to make a name for itself with hard work, reliability and delivering on the promises we make.

In this report, we dive deeper into the company's financial performance and how we sowed the seeds for lasting policies. We present to you Half Yearly Report 2023.

CONTENTS



COMPANY INFORMATION	02
DIRECTOR'S REVIEW	04
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AL-GHAZI TRACTORS LIMITED	06
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	07
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS	08
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	09
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	10
CONDENSED INTERIM STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	12

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 Sejourné
Non-Executive Director

Mr. Vincent Delassagne
Non-Executive Director

Ms. Farah Quresh
Independent Director

Mr. Shahid Shahbaz Toor
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Javed Iqbal

AUDIT COMMITTEE

Ms. Farah Qureshi
Chairperson, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farah Qureshi
Chairperson, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

TECHNICAL COMMITTEE

Mr. Shahid Shahbaz Toor
Chairman, Independent Director

Mr. Robert Ian McAllister
Member, Non-Executive Director

Mr. Matthieu Sejourné
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

Mr. Marco Votta
Member, Non-Executive Director

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

SHARE REGISTRAR

FAMCO Associates (Private) 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
16th 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

9th Floor, Askari Corporate Tower
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' REVIEW

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, 2023.

Economic Environment

Pakistan currently stands at a challenging economic juncture, the implications of which are manifesting across sectors including automobile. The country faces large external deficits, rising inflation, and erosion of reserve buffers. The situation has persisted for almost a year, however, more recently the country has shown resolute dedication in the form of an economic stabilization program. The recent development of the approval of a 9-month Standby Agreement of USD 3 billion with the IMF will come as a much-anticipated breather for the economy of Pakistan. While the next three quarters will remain a challenge, greater fiscal discipline, a market-determined exchange rate to absorb external pressures, and further progress on reform related to the business climate can turn the tide, slowly but steadily, for Pakistan. The new Standby Agreement with IMF, along with consistent progress of the reform agenda, is expected to bring some semblance of macroeconomic stability in the country over the next few months.

The imminent threat of a flood-like situation, akin to last year, may further impede the ability of the country to undertake swift reforms. The same has dire consequences for the agriculture industry, posing immediate inferences for the Company.

Financial Review

During the period under review, the tractor industry has observed a 40% market contraction due to restrictions on imported parts and adverse economic conditions. The Company produced 5,965 tractors and achieved the sale of 7,108 tractors as compared to the corresponding period of last year where 14,552 units were produced and 14,717 units were sold.

The Company earned an operating revenue of Rs. 14,751 million during the half-year ended June 30, 2023 as compared to Rs. 19,899 million earned during the same period of last year. The cost of sales was recorded at Rs. 12,419 million as against Rs. 15,740 million of corresponding period in last year. As a result, gross profit for the current half-year has come down to Rs. 2,331 million from Rs. 4,160 million during the half-year ended June 30, 2022.

The distribution and administrative expenses for the half-year under review respectively amounted to Rs. 178 million and Rs. 419 million, as compared to Rs. 237 million and Rs. 226 million recorded during the same period of last year.

The profit after Tax for the period under review is Rs. 802 million as compared to Rs. 1,931 million of the corresponding period of last year. The earnings per share for the half-year ended 30 June 2023 is Rs. 13.84 which was Rs. 33.31 for the same period of 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

Despite the myriad challenges, the company steadfastly remains committed to safeguarding the interests of its esteemed shareholders, customers, and other stakeholders. With unwavering determination, the company is focused on attaining its objectives through persistent and robust sales-boosting strategies. The ongoing transformation program will yield long-term results for the company through product quality improvements and operational efficiencies, improvement in customer experience and sales channels, strengthening of core supply chain operations and revamping of manufacturing operations of the company. Through these concerted efforts, the company aims to navigate the prevailing economic turbulence and emerge as a stronger and more agile entity than ever before.

Change in Board of Directors

Subsequent to the issue of the Company's first quarter report for the period ended March 31, 2023, Mr. Dmitrii Bogatyrev was appointed as AI Futtaim nominee director to fill the casual vacancy that occurred due to the resignation of Mr. Ramesh Narasimhan.

Acknowledgment

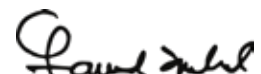
The Board expresses its profound gratitude to all stakeholders, with special acknowledgment to our esteemed customers, dealers, vendors, and suppliers, for their resolute commitment and support to the Company.

The Board extends its sincere appreciation to management team of the Company for their exceptional contributions, dedication, diligence, and unwavering commitment which have played a pivotal role in upholding the Company's standards of excellence and resilience.

On behalf of the Board of Directors,



ROBERT MCALLISTER
Chairman of the Board



JAVED IQBAL
Acting CEO

August 15, 2023

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, 2023 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, 2023, and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

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 21, 2023

UDIN: RR202310073wvq41SN5F

*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

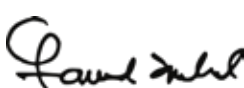
AS AT JUNE 30, 2023

	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	1,539,181	1,331,267
Deferred tax asset		150,223	101,819
Long-term loans		1,714	2,666
Long-term deposits and prepayments		17,270	17,807
		1,708,388	1,453,559
CURRENT ASSETS			
Inventories		3,997,089	5,263,574
Trade receivables		1,320	161,820
Loans and advances		388,037	91,105
Trade deposits and short-term prepayments	6	495,623	372,903
Interest accrued		5,371	1,550
Other receivables		4,833	4,833
Refunds due from Government		4,207,745	4,203,395
Cash and bank balances	7	1,375,781	727,990
		10,475,799	10,827,170
TOTAL ASSETS		12,184,187	12,280,729
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Unappropriated profit		3,644,590	2,842,264
		3,934,411	3,132,085
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		78,020	73,605
Employee benefit obligations		41,897	26,770
Lease liability		52,804	57,723
		172,721	158,098
CURRENT LIABILITIES			
Trade and other payables	8	4,576,953	2,651,918
Customers' and dealers' advances		765,430	111,157
Taxation - provision less payments		237,025	18,435
Unclaimed dividend		68,846	75,351
Unpaid dividend	9	2,416,858	2,416,858
Current portion of Lease liability		11,943	7,455
Short-term financing	10	-	3,709,372
		8,077,055	8,990,546
TOTAL LIABILITIES		8,249,776	9,148,644
COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		12,184,187	12,280,729

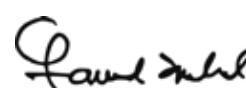
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

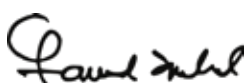
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Rupees in thousand)					
Revenue from contracts with customers	12	10,577,842	11,246,416	14,751,382	19,899,469
Cost of sales	13	(8,878,368)	(8,999,186)	(12,419,871)	(15,739,596)
Gross profit		1,699,474	2,247,230	2,331,511	4,159,873
Distribution costs		(93,053)	(151,225)	(178,471)	(237,236)
Administrative expenses	14	(210,500)	(116,499)	(419,317)	(226,035)
		1,395,921	1,979,506	1,733,723	3,696,602
Other income	15	209,540	18,117	326,888	60,433
Other operating expenses		(129,531)	(137,532)	(172,335)	(263,525)
		1,475,930	1,860,091	1,888,276	3,493,510
Finance costs		(156,802)	(17,468)	(224,672)	(18,372)
Profit before income tax		1,319,128	1,842,623	1,663,604	3,475,138
Income tax expense	16	(746,507)	(1,070,851)	(861,278)	(1,544,480)
Profit after income tax		572,621	771,772	802,326	1,930,658
Basic and diluted earnings per share - Rupees	17	9.88	13.31	13.84	33.31

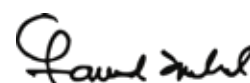
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

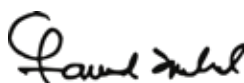
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

	Quarter ended		Half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
Profit after taxation	572,621	771,772	802,326	1,930,658
Other comprehensive income				
Items that will not be subsequently reclassified in profit or loss	-	-	-	-
Total comprehensive income for the period	572,621	771,772	802,326	1,930,658

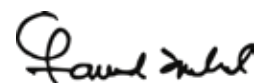
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

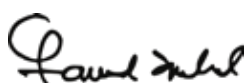
FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

	Revenue reserves			Total
	Share capital	General reserve	Unappropriated profit	
	(Rupees in thousand)			
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
Balance as at January 1, 2022	289,821	-	3,683,446	3,973,267
Profit after tax for the half year ended June 30, 2022	-	-	1,930,658	1,930,658
Other comprehensive income for the half year ended June 30, 2022	-	-	-	-
	-	-	1,930,658	1,930,658
Final dividend @ Rs. 51.03 per share for the year ended December 31, 2021	-	-	(2,957,855)	(2,957,855)
Balance as at June 30, 2022	289,821	-	2,656,249	2,946,070

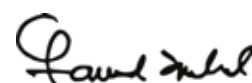
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

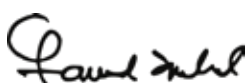
FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

Note	June 30, 2023	June 30, 2022
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	18 5,223,704	1,420,676
Income tax paid	(691,092)	(919,022)
Finance cost paid	(185,604)	(690)
Decrease / (increase) in long-term deposits	537	(3,376)
Increase in deferred staff benefits - compensated absences	4,415	8,941
Increase / (decrease) in employee benefit obligations / prepayments	15,127	(12,603)
Net cash generated from operating activities	4,367,087	493,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(295,518)	(102,447)
Proceeds from disposal of fixed assets	13,186	108
Decrease in long-term loans	952	689
Interest received	283,540	29,058
Net cash used in investing activities	2,160	(72,592)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(6,505)	(532,612)
Short term borrowing paid	(3,709,372)	-
Lease rentals paid	(5,579)	-
Net cash used in financing activities	(3,721,456)	(532,612)
	(3,719,296)	(605,204)
Net increase / (decrease) in cash and cash equivalents	647,791	(111,278)
Cash and cash equivalents at beginning of the period	727,990	1,998,122
Cash and cash equivalents at end of the period	1,375,781	1,886,844

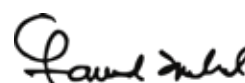
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Director



Acting Chief Executive



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

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 registered office of the Company is situated at 'Tractor House, Plot No. 102-B, 16th East Street, Off Korangi Road, 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.

The Company is a subsidiary of Al-Futtaim Industries Company LLC, U.A.E.

These condensed interim financial statements are presented in Pak Rupee which is the Company's functional and presentation currency.

- 1.1 In the year 2021, the Competition Commission of Pakistan (CCP) initiated proceedings against the Company under relevant provisions of the Competition Act, 2010. CCP 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; 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, 2022.

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, 2023. 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 July 1, 2023. 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

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, 2022.

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, 2022.

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, 2022.

5. FIXED ASSETS

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
Building	616	20,249	-	-
Plant and machinery	1,065	7,324	-	-
Furnitures and fixtures	18,326	11,443	-	-
Office equipment	2,048	-	-	-
Computer hardware	22,538	26,317	16	108
Vehicles	46,145	19,928	1,313*	-
Factory equipments and tools	606	26,446	-	-
	91,344	111,707	1,329	108

* Includes assets disposed off having Nil net book value

5.2 Additions to capital work in progress and intangibles are Rs 181.50 million (June 30, 2022: Rs 35.428 million) and Rs 22.65 million (June 30, 2022: Rs 0.126 million) respectively.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

	Note	June 30, 2023	December 31, 2022
(Rupees in thousand)			
6. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
LC margin against imports	6.1	463,230	364,784
Prepayments		27,589	7,606
Other deposits		4,804	513
		495,623	372,903

6.1 This includes Rs. 395.88 million (2022: Rs. 360.81 million) being 100% cash margin on import of specified items kept with commercial banks in accordance with the requirements of Circular No. 02 of 2017 of Banking Policy & Regulations Department, State Bank of Pakistan.

	Note	June 30, 2023	December 31, 2022
(Rupees in thousand)			
7. CASH AND BANK BALANCES			
Cash with banks on			
- Current accounts		120,842	66,275
- Savings and deposit accounts	7.1	1,062,866	427,067
Cash in hand		1,476	890
Demand drafts in hand		190,597	233,758
		1,375,781	727,990

7.1 These carry mark-up ranging from 7% to 20.05% per annum (2022: 7% to 14.5% per annum).

	Note	June 30, 2023	December 31, 2022
(Rupees in thousand)			
8. TRADE AND OTHER PAYABLES			
Creditors	8.1	352,358	897,243
Bills payable to foreign suppliers		926,882	-
Accrued liabilities		2,011,381	964,433
Accrued markup		-	121,294
Deposits		76,180	76,180
Taxes deducted at source		39,953	18,854
Workers' Welfare Fund		121,932	84,579
Payable to employees' provident fund		-	25,476
Royalty payable to CNH Industrial N.V. - associated company		444,257	317,795
Provision for warranty services		25,051	27,091
Workers' Profit Participation Fund		89,524	-
Others		489,435	118,973
		4,576,953	2,651,918

8.1 These include payable to CNH Industrial N.V. (formerly CNH Global N.V.) amounting to Rs. 1.64 million (2022: Rs. 1.64 million) against purchases made.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

9. UNPAID DIVIDEND

This represents unpaid dividend for the year ended December 31, 2022, 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. 4 billion (2022: Rs 3.5 billion) out of which the amount unavailed at the year end was Rs. 4 billion (2022: Rs 715.03 million). Rates of profit ranges from one month KIBOR plus 0.4% (2022: one month KIBOR plus 0.4%) to three months KIBOR plus 0.25% (2022: three month KIBOR plus 0.25%) per annum.
- 10.2 The facility for running finance available from banks amounted to Rs.1.5 billion (2022: Rs 1.5 billion) out of which the amount unavailed at the year end was Rs. 1.5 billion (2022: Rs. 576.6 million). Rates of mark-up ranges from one month KIBOR plus 0.5% (2022: one month KIBOR plus 0.5%) to three months KIBOR plus 1% (2022: three months KIBOR plus 1%) per annum.
- 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.

11. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2023 amounted to Rs. 44.07 million (December 31, 2022: Rs. 53.69 million).

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Tractors
Trading goods and others

Less: Commission and discounts
Sales tax

Note	Half year ended	
	June 30, 2023	June 30, 2022
	(Rupees in thousand)	
	14,846,693	21,165,476
	163,545	118,407
	15,010,238	21,283,883
	(234,129)	(343,919)
	(24,727)	(1,040,495)
	14,751,382	19,899,469

- 12.1 As per Finance Act 2022, tractors were made exempt from the levy of sales tax, hence sales tax was not charged on tractors in the current period.

13. COST OF SALES

Cost of goods manufactured
Opening stock of finished goods
Closing stock of finished goods
Cost of manufactured goods sold
Cost of trading goods and others sold

Note	Half year ended	
	June 30, 2023	June 30, 2022
	(Rupees in thousand)	
	10,745,632	15,518,205
	2,395,491	318,163
	(816,024)	(184,682)
	12,325,099	15,651,686
	94,772	87,910
	12,419,871	15,739,596

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

14. ADMINISTRATIVE EXPENSES

This includes transformation and consultancy charges amounting to Rs. 53.68 million (2022: Nil) in respect of quality and standards upgradation activity executed during the period.

Half year ended	
June 30, 2023	June 30, 2022
(Rupees in thousand)	

15. OTHER INCOME

Income from financial assets:

Return on savings and deposit accounts	287,361	28,509
----------------------------------------	---------	--------

Income from assets other than financial assets:

Profit on disposal of fixed assets	11,857	-
------------------------------------	--------	---

Sale of scrap materials	27,434	30,770
-------------------------	--------	--------

Others	236	1,154
--------	-----	-------

326,888	60,433
----------------	---------------

16. INCOME TAX EXPENSE

Current	505,495	1,014,032
---------	---------	-----------

Deferred	(48,402)	(19,291)
----------	----------	----------

Super Tax	404,184	549,739
-----------	---------	---------

15.1

861,278	1,544,480
----------------	------------------

16.1 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. This also includes Rs. 229.88 million on account of super tax for the year ended December 31, 2022.

Half year ended	
June 30, 2023	June 30, 2022
(Rupees in thousand)	

17. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	802,326	1,930,658
-------------------------------------------------------------	---------	-----------

Weighted average number of shares in issue during the period	57,964	57,964
--------------------------------------------------------------	--------	--------

Basic and diluted earnings per share - Rupees	13.84	33.31
-----------------------------------------------	-------	-------

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2023 and 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

	Half year ended	
	June 30, 2023	June 30, 2022
	(Rupees in thousand)	
18. CASH GENERATED FROM		
Profit before taxation	1,663,604	3,475,138
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	86,275	51,827
Gain on disposal of fixed assets	(11,857)	-
Profit on savings and deposit accounts	(287,361)	(28,509)
Interest on lease liability	5,148	-
Mark up on running finance	64,310	15,977
	1,520,119	3,514,433
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	1,266,485	464,160
Trade receivables	160,500	(66,317)
Loans and advances	(296,932)	(20,655)
Trade deposits and short-term prepayments	(122,720)	(677,062)
Other receivables	-	3,450
Refunds due from Government	(4,350)	(1,021,189)
	1,002,983	(1,317,613)
Increase / (decrease) in current liabilities		
Trade and other payables	2,046,329	1,379,903
Customers' and dealers' advances	654,273	(2,156,047)
	3,703,585	(2,093,757)
Cash generated from operations	5,223,704	1,420,676

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2023 (UNAUDITED)

19. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	Half year ended	
		June 30, 2023	June 30, 2022
(Rupees in thousand)			
1. Associate Company			
CNH Industrial N.V. (formerly CNH Global N.V)	Royalty charge	109,634	148,288
Al Futtaim Logistics	Services received	-	155,048
2. Other related parties			
Al-Ghazi Tractors Limited Staff Provident Fund	Contribution paid	13,946	7,480
Al-Ghazi Tractors Limited Employees' Gratuity Fund	Contribution paid	2,081	9,800
Key management personnel *	Salaries and other employee benefits	64,814	47,542
	Retirement benefits	18,356	5,270

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

20. SUBSEQUENT EVENT

The Board of Directors in its meeting held on August 15, 2023 declared an interim cash dividend of Rs. Nil per share (2022: Rs. Nil per share) amounting to Rs. Nil (2022: Rs. Nil). These condensed interim financial statements do not recognise the proposed interim dividend which will be recognized in the financial statements for the year ending December 31, 2023.

21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 15, 2023 by the Board of Directors.



Director



Acting Chief Executive



Chief Financial Officer

REGISTERED HEAD OFFICE
Tractor House, 102-B, 16th 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



AL-GHAZI TRACTORS LTD