

Half Yearly Report
For the period ended June 30, 2025 (Un-Audited)



Al-Ghazi Tractors Limited

Empowering Farmers
with Reliable Performance



ABOUT THIS COVER



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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COMPANY INFORMATION

Board of Directors

Mr. Robert Ian McAllister
Chairman, Non-Executive Director

Mr. Dmitrii Bogatyrev
Non-Executive Director

Mr. Paul Terence Wagstaff
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

Ms. Samiha Zahid
Independent Director

Chief Executive Officer

Mr. Sakib Eltaff

Audit Committee

Mr. Malik Mirza
Chairman, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Paul Terence Wagstaff
Member, Non-Executive Director

Human Resource & Remuneration Committee

Ms. Samiha Zahid
Chairperson, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Paul Terence Wagstaff
Member, Non-Executive Director

Mr. Sakib Eltaff
Member, CEO

Technical Committee

Mr. Shahid Shahbaz Toor
Chairman, Independent Director

Mr. Robert Ian McAllister
Member, Non-Executive Director

Mr. Matthieu Séjourné
Member, Non-Executive Director

Mr. Vincent De Lassagne
Member, Non-Executive Director

Mr. Paul Terence Wagstaff
Member, Non-Executive Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Dmitrii Bogatyrev
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
Engagement Partner: Mr. Shahzaib Siddiqui

Share Registrar

FAMCO Shares 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, 16th East Street, DHA Phase I,
off Korangi Road, Karachi.
Tel: (92 21) 35318901-5
Fax: (92 21) 35660882
Email: agtl.shareholders@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, 2025.

Economic Environment

During the period under review, key macroeconomic indicators signaled a degree of stabilization—most notably through a sharp decline in year-on-year inflation and a reduction in the policy rate to 11%. However, these improvements did not translate into an immediate recovery in rural purchasing power.

The agriculture sector's underperformance was a significant factor undermining rural purchasing power, with growth decelerating sharply to 0.56% in FY2025 from 6.25% in the preceding year. This slowdown was driven primarily by a 13.49% contraction in major crops, following robust growth of 17.09% in the previous year. Although other crops expanded by 4.78% and the livestock sector—accounting for a substantial share of agricultural output—grew by 4.72%, these gains were insufficient to offset the overall decline. As a result, farm incomes remained under pressure and farmer liquidity was constrained, reflecting the lingering effects of elevated input costs and weaker crop returns earlier in the fiscal year. Additionally, farmers—still reeling from the previous year's wheat crisis—faced further challenges with the discontinuation of the Punjab Government's wheat procurement program. This has further tightened rural liquidity and adversely affected purchasing power within the Company's core customer base.

Subsequent to the Government of Punjab's announcement of the Green Tractor Scheme (GTS) Phase II, the tractor industry witnessed a contraction in sales volumes, as a substantial number of farmers deferred purchase decisions in anticipation of acquiring tractors at subsidized rates under the scheme. Nevertheless, in view of Phase II's scale—double that of Phase I—the Company anticipates a material

increase in the market and sales in the forthcoming months.

Financial Review

The Company recorded a significant decline in sales and revenue compared to the same period last year, primarily due to subdued demand in the tractor industry. During the period under review, the Company produced 3,377 tractors and sold 3,322 units, compared to 6,990 tractors produced and 6,979 units sold in the corresponding period of the previous year.

Operating revenue for the half-year ended June 30, 2025, stood at Rs. 7,726 million, down from Rs. 17,540 million in the same period last year. The cost of sales amounted to Rs. 6,374 million, compared to Rs. 13,600 million in the corresponding period of 2024. Consequently, gross profit for the current half-year declined to Rs. 1,351 million from Rs. 3,939 million in the same period last year.

Distribution expenses for the period amounted to Rs. 269 million, while administrative expenses stood at Rs. 958 million, compared to Rs. 197 million and Rs. 734 million, respectively, in the corresponding period of the previous year. The increase in distribution expenses was primarily driven by higher transportation costs related to the Punjab Government's Wheat Tractors Scheme, while the increase in administrative expenses was mainly attributed to the depreciation cost of SAP S/4 HANA, which was not incurred in the corresponding period last year.

As a result, the Company recorded a net loss after tax of Rs. 75 million for the period under review, compared to a profit after tax of Rs. 1,733 million in the same period last year. Loss per share for the half-year ended June 30, 2025, was Rs. 1.30, as compared to the earnings per share of Rs. 29.90 in the corresponding period of the previous 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 Company remains cautiously optimistic about a gradual recovery in industry demand, supported by macroeconomic stability, easing inflation, lower interest rates, and the upcoming Punjab Government's Green Tractor Scheme Phase II. To offset subdued domestic demand, the Company is also expanding its sales through banking channels and exports. However, risks persist from potential seasonal flooding in critical regions for the Company's sales, which could disrupt agriculture and supply chains. The Company remains well-positioned, prioritizing operational efficiency, market responsiveness, and stakeholder collaboration to navigate the evolving business landscape.

Change in Board of Directors

During the period under review, the Board appointed Mr. Paul Terence Wagstaff as Director to fill a casual vacancy for the remainder term of the Board, in place of Mr. Malik Ehtisham Ikram.

Acknowledgement

The Board extends its sincere appreciation to all stakeholders for their ongoing trust and support especially to our valued customers, vendors, and suppliers, whose continued cooperation remains vital to the Company's operations. The Board also acknowledges the dedicated efforts of the entire team, whose professionalism, resilience, and hard work have enabled the Company to navigate a challenging business environment with focus and determination.

On behalf of the Board of Directors

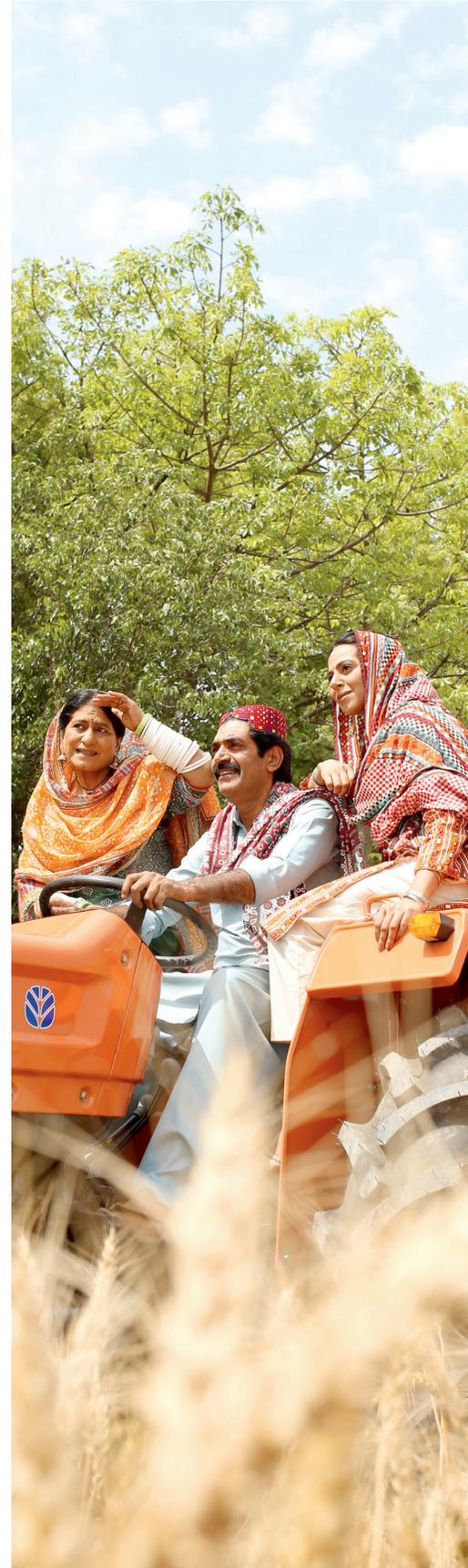


Robert Ian McAllister
Chairman of the Board



Sakib Eltaff
Chief Executive Officer

August 22, 2025





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, 2025 and the related condensed interim statement of profit or loss, condensed interim statement of 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.

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.

Other matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the company. Accordingly, the figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended June 30, 2025 and June 30, 2024 have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: August 27, 2025**UDIN: RR2025100590VFzIEvpJ**

*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, 2025

	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,847,821	1,838,546
Intangible assets		392,966	451,160
Deferred tax asset	6	241,143	79,051
Long-term loans		2,171	2,355
Long-term deposits		15,107	13,864
		2,499,208	2,384,976
CURRENT ASSETS			
Inventories		5,639,441	5,764,333
Trade receivables		3,805,331	5,052,051
Loans and advances		953,653	984,688
Trade deposits and short-term prepayments	7	80,654	107,456
Interest accrued		90	344
Other receivables		91,745	49,327
Taxation - payments less provision		274,733	-
Refunds due from Government - sales tax net		5,332,619	5,041,760
Cash and bank balances	8	389,623	976,090
		16,567,889	17,976,049
TOTAL ASSETS		19,067,097	20,361,025
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Unappropriated profit		8,831,939	8,907,092
		9,121,760	9,196,913
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		132,536	102,052
Lease liability		22,442	31,476
Employee benefit obligations		92,464	58,763
		247,442	192,291
CURRENT LIABILITIES			
Trade and other payables	9	3,437,481	5,352,948
Customers' advances		48,841	490,732
Taxation - provision less payments		-	206,131
Unclaimed dividend		58,751	60,918
Unpaid dividend	10	2,416,858	2,416,858
Current portion of lease liability		17,303	14,943
Short-term financing	11	3,718,661	2,429,291
		9,697,895	10,971,821
TOTAL LIABILITIES		9,945,337	11,164,112
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		19,067,097	20,361,025

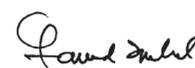
The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Director



Chief Executive Officer



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

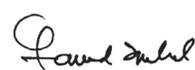
For the quarter and half year ended June 30, 2025 (Un-Audited)

	Note	Quarter ended		Half year ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(Rupees in thousand)					
Revenue from contracts with customers	13	4,090,723	8,043,836	7,726,688	17,540,520
Cost of sales	14	(3,519,237)	(6,214,475)	(6,374,695)	(13,600,943)
Gross profit		571,486	1,829,361	1,351,993	3,939,577
Distribution expenses		(135,633)	(16,259)	(269,544)	(197,484)
Administrative expenses		(436,750)	(339,698)	(958,475)	(734,828)
Charge for expected credit loss		-	-	(160,823)	-
Operating (loss) / profit		(897)	1,473,404	(36,849)	3,007,265
Other income	15	43,545	192,342	79,728	224,400
Other expenses		(11,248)	(110,561)	(17,586)	(236,021)
Finance costs		(110,399)	(108,285)	(162,515)	(158,416)
(Loss) / profit before income tax and levy		(78,999)	1,446,900	(137,222)	2,837,228
Levy - final tax	16	-	(1,836)	-	(2,226)
(Loss) / profit before income tax		(78,999)	1,445,064	(137,222)	2,835,002
Taxation	17	106,088	(565,133)	62,069	(1,101,755)
(Loss) / profit after taxation		27,089	879,931	(75,153)	1,733,247
Basic and diluted (loss) / earnings per share - Rupees	18	0.47	15.18	(1.30)	29.90

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Director


Chief Executive Officer


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

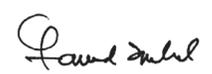
For the quarter and half year ended June 30, 2025 (Un-Audited)

	Quarter ended		Half year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(Rupees in thousand)				
(Loss) / profit after taxation	27,089	879,931	(75,153)	1,733,247
Other comprehensive income:				
Items that will not be subsequently reclassified in profit or loss	-	-	-	-
Total comprehensive (loss) / income for the period	27,089	879,931	(75,153)	1,733,247

The annexed notes 1 to 23 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, 2025 (Un-Audited)

	Share capital	Revenue reserves		Total
		General reserve	Unappropriated profit	
(Rupees in thousand)				
Balance as at January 1, 2025	289,821	-	8,907,092	9,196,913
Loss after tax for the half year ended June 30, 2025	-	-	(75,153)	(75,153)
Other comprehensive income for the half year ended June 30, 2025	-	-	-	-
	-	-	(75,153)	(75,153)
Balance as at June 30, 2025	289,821	-	8,831,939	9,121,760
Balance as at January 1, 2024	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
Balance as at June 30, 2024	289,821	-	7,223,651	7,513,472

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Director


Chief Executive Officer


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

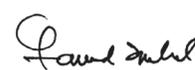
For the Half Year ended June 30, 2025 (Un-Audited)

	Note	Six months period ended	
		June 30, 2025	June 30, 2024
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	19	(892,366)	681,331
Income tax and levy paid		(580,887)	(1,043,498)
Finance cost paid		(218,925)	(55,443)
Increase in long-term deposits		(1,243)	(404)
Increase / (decrease) in deferred staff benefits - compensated absences		30,484	(4,947)
Employee benefit obligations paid		-	(64,054)
Decrease / (increase) in long-term loans		184	(2,236)
Net cash outflow from operating activities		(1,662,753)	(489,251)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(184,139)	(227,633)
Additions to intangible assets		(44,227)	(247,203)
Proceeds from disposal of property, plant and equipment		18,054	9,412
Return on bank deposits received		9,521	45,730
Net cash outflow from investing activities		(200,791)	(419,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,167)	(2,702)
Short term borrowings obtained		1,064,614	36,398
Lease rentals paid		(10,126)	(9,211)
Net cash inflow from financing activities		1,052,321	24,485
		851,530	(395,209)
Net decrease in cash and cash equivalents		(811,223)	(884,460)
Cash and cash equivalents at beginning of the period		976,090	1,723,449
Cash and cash equivalents at end of the period	20	164,867	838,989

The annexed notes 1 to 23 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 INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

1.1 Al-Ghazi Tractors Limited (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, Sukkur

1.3 There has been no change in the status of case pertaining to CCP as disclosed in the annual audited financial statements in note 1.3.

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, 2024.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (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, 2025. 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, 2026. 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. MATERIAL 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, 2024.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2024.

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, 2024.

	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
(Rupees in thousand)			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,635,747	1,733,297
Capital work-in-progress	5.2	212,074	105,249
		1,847,821	1,838,546

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

5.1 Additions to and disposals from property, plant and equipment during the period are as follows:

	Additions (at cost)		Disposals / Transfers (at net book value)	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(Rupees in thousand)			
Building	-	2,306	-	-
Plant and machinery	12,865	14,627	-	-
Furnitures and fixtures	8,587	12,272	-	-
Office equipment	1,110	-	-	-
Computer hardware	40,878	42,119	-	-
Vehicles	19,731	39,162	5,145	-
Factory equipments and tools	9,203	842	-	-
	92,374	111,328	5,145	-

* Includes assets disposed off having Nil net book value

5.2 Additions to capital work in progress and intangibles are Rs. 106.83 million (December 31, 2024: Rs. 888.56 million) and Rs. 0.51 million (December 31, 2024: Rs. 9.18 million) respectively.

6. DEFERRED TAX ASSET

6.1 Deferred tax asset comprises (deductible) / taxable temporary differences in respect of the following:

	2025			2024		
	Balance as at January 01	Recognized in profit or loss (Note 17)	Balance as at June 30	Balance as at January 01	Recognized in profit or loss (Note 17)	Balance as at December 31
	Rupees in thousand					
(Taxable) / deductible temporary differences						
- accelerated tax depreciation allowances	(185,750)	18,056	(167,694)	(162,930)	(22,820)	(185,750)
- deferred staff benefits						
- compensated absences	39,800	11,890	51,690	40,232	(432)	39,800
- provision for slow moving inventories	56,153	2,184	58,337	98,389	(42,236)	56,153
- provision for doubtful receivables	53,830	62,722	116,551	4,592	49,238	53,830
- provision for sales tax	24,950	-	24,950	24,950	-	24,950
- provision others	1,965	-	1,965	40,586	(38,621)	1,965
- provision for warranty	18,268	8,186	26,454	10,032	8,236	18,268
- provision for special excise duty	51,732	-	51,732	51,732	-	51,732
- lease liabilities	18,103	-	18,103	22,389	(4,286)	18,103
- carry forward minimum tax	-	59,055	59,055	-	-	-
	79,051	162,092	241,143	129,972	(50,921)	79,051

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

- 6.2 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. 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. Accordingly, deferred tax assets and liabilities have been recognized using the expected applicable rate of 39%. The Company has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the Company.

Based on the assessment, management has recognized deferred tax asset on minimum tax amounting to Rs. 59.05 million (2024: Nil). Deferred tax on minimum tax will lapse after 2 years of occurrence. The amount of this benefit is determined, based on the financial projections of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
(Rupees in thousand)			
7. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Prepayments		61,257	105,775
Other deposits		19,397	1,681
		80,654	107,456
8. CASH AND BANK BALANCES			
With banks in			
Conventional			
- Current accounts		232,440	190,845
- Savings and deposit accounts	8.1	78,385	531,655
Islamic			
- Current accounts		42,738	44,906
- Savings and deposit accounts	8.1	3,377	23,339
Cash in hand		411	1,526
Demand drafts in hand		32,272	183,819
		389,623	976,090

- 8.1 These carry mark-up ranging from 7.00% to 11.50% per annum (2024: 11.01% to 20.05% per annum).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
(Rupees in thousand)			
9. TRADE AND OTHER PAYABLES			
Creditors	9.1	152,875	815,987
Bills payable to foreign suppliers		35,861	25,612
Freight Payable to Al Futtaim Logistics - associated company		167,150	164,697
Accrued liabilities		1,944,225	3,027,528
Accrued mark up		100,427	161,838
Deposits		76,378	81,874
Taxes deducted at source		54,177	30,186
Workers' Welfare Fund		122,923	119,927
Workers' Profit Participation Fund		16,865	15,790
Royalty payable to CNH Industrial N.V. - associated company"		661,879	833,503
Provision for warranty services		67,831	46,842
Others		36,890	29,164
		3,437,481	5,352,948

9.1 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, 2024: Rs. 1.55 million) against purchases made in 2021.

10. UNPAID DIVIDEND

This represents dividend payable to Al-Futtaim Industries Company LLC (Parent Company) and CNH Industrial N.V. (formerly CNH Global N.V.). The Company has submitted duly certified application for remittance to authorized dealer for onward approval of regulator which is still awaited.

	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
(Rupees in thousand)			
11. SHORT TERM FINANCING - under mark up / profit arrangement			
Running musharakah	11.1 & 11.3	3,493,905	2,429,291
Running finance	11.2 & 11.3	224,756	-
		3,718,661	2,429,291

11.1 The facilities for running musharakah available from banks amounted to Rs. 3,500 million (December 31, 2024: Rs. 3,500 million) out of which the amount unavailed at the period end was Rs. 6.09 million (December 31, 2024: Rs. 1,070.71 million). Rates of profit ranges from one month KIBOR plus 0.25% (December 31, 2024: one month KIBOR plus 0.4%) to three months KIBOR plus 0.4% (December 31, 2024: three month KIBOR plus 0.25%) per annum. These are repayable between July 31 and August 31, 2025.

11.2 The facilities for running finance available from banks amounted to Rs. 2,000 million (December 31, 2024: Rs. 2,000 million) out of which the amount unavailed at the period end was Rs. 1,709.70 million (December 31, 2024: Rs. 2,000 million). Rates of mark-up ranges from one month KIBOR plus 0.25% (December 31, 2024: one months KIBOR plus 0.25%) to three months KIBOR plus 1% (December 31, 2024: three months KIBOR plus 1%) per annum. These are repayable between October 31 and November 30, 2025. Running finance facility payable on demand amounted to Rs. 224.76 million (December 31, 2024: Nil).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

11.3 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, 2024: Rs. 9,336 million).

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingency

The Competition Commission of Pakistan (CCP) has passed an Order dated January 09, 2025 against the Company, imposing a penalty of Rs. 40 million allegedly for disseminating false and misleading information to the consumers related to the characteristics of their products and misleading comparison of goods in the process of advertising under section 10 (1) and (2) of the Competition Act, 2010 which restricts false advertising and deceptive marketing practices. In addition to the penalty mentioned above, the Company is also liable to pay Rs. 100,000 per day if the amount of penalty is not deposited by the Company within 30 days of the said Order.

The Company has appealed against the Order before the Competition Appellate Tribunal, which, after hearing preliminary arguments, has suspended the order on June 24, 2025 subject to furnishing of guarantee amounting to Rs. 10 million. 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.

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	(Rupees in thousand)	
12.2 Commitments		
Capital expenditure	495,524	521,230
Outstanding letter of credits	582,643	3,232,682
Outstanding letter of guarantees	69,547	181,500

The facilities for opening of letters of credit and for guarantees as at June 30, 2025 amounts to Rs. 5,550 million (December 31, 2024: Rs. 5,550 million) out of which the amount unutilized was Rs. 4,527.51 million (December 31, 2024: Rs. 935.82 million).

		(Un-audited) Half year ended	
	Note	June 30, 2025	June 30, 2024
		(Rupees in thousand)	
13. REVENUE FROM CONTRACT WITH CUSTOMERS			
Tractors		8,916,674	18,073,400
Trading goods and others		174,584	146,218
		9,091,258	18,219,618
Less: Commission and discounts		(274,911)	(656,772)
Sales tax	13.1	(1,089,659)	(22,326)
		7,726,688	17,540,520

13.1 As per the Finance Act, 2024, the sale of tractors became a taxable supply at 10% and subsequently through SRO 1643 (1) of October 2024 the rate was increased to 14%.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

	(Un-audited) Half year ended	
	June 30, 2025	June 30, 2024
	(Rupees in thousand)	
14. COST OF SALES		
Cost of goods manufactured	6,331,032	14,473,499
Opening stock of finished goods	535,641	945,811
Closing stock of finished goods	(642,100)	(1,934,305)
Cost of manufactured goods sold	6,224,573	13,485,005
Cost of trading goods and others sold	150,122	115,938
	6,374,695	13,600,943
15. OTHER INCOME		
Income from financial assets:		
Return on savings and deposit accounts	9,267	44,272
Income from assets other than financial assets:		
Profit on disposal of property, plant and equipment	12,909	9,412
Sale of scrap materials	36,352	40,077
Liabilities no longer payable written back	-	130,639
Surcharge on delayed payments	21,200	-
	79,728	224,400
16. LEVY		
Final tax u/s 154	-	2,226
17. TAXATION		
Current	100,023	856,622
Deferred	(162,092)	(51,022)
Super Tax	-	296,155
	(62,069)	1,101,755
18. EARNINGS PER SHARE		
(Loss) / profit after taxation attributable to ordinary shareholders	(75,153)	1,733,247
Weighted average number of shares in issue during the period	57,964	57,964
Basic and diluted (loss) / earnings per share - Rupees	(1.30)	29.90

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2025 and 2024.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

	(Un-audited) Half year ended	
	June 30, 2025	June 30, 2024
	(Rupees in thousand)	
19. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before income tax and levy	(137,222)	2,837,228
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	272,140	123,373
Gain on disposal of property, plant and equipment	(12,909)	(9,412)
Return on bank deposits	(9,267)	(44,272)
Interest on lease liability	3,452	4,376
Mark up on running finance	157,514	138,980
Provision for slow moving and obsolete inventories	6,251	21,318
Provision for gratuity	33,701	18,658
Provision against doubtful receivables	160,823	-
Liabilities no longer payable written back	-	(130,639)
	474,483	2,959,610
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Inventories	118,641	(1,712,504)
Trade receivables	1,085,897	(2,568,751)
Loans and advances	31,035	(75,515)
Trade deposits and short-term prepayments	26,802	285,911
Other receivables	(42,418)	(21,170)
Refunds due from Government	(290,859)	(8,911)
	929,098	(4,100,940)
(Decrease) / increase in current liabilities		
Trade and other payables	(1,854,056)	1,272,701
Customers' advances	(441,891)	549,960
	(1,366,849)	(2,278,279)
Cash (used in) / generated from operations	(892,366)	681,331

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year ended June 30, 2025 (Un-Audited)

	Note	(Un-audited) June 30, 2025	(Un-audited) June 30, 2024
(Rupees in thousand)			
20. CASH AND CASH EQUIVALENTS			
Cash and bank balances		389,623	845,932
Short term running finance	11.2	(224,756)	(6,943)
		164,867	838,989

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, 2025	June 30, 2024
(Rupees in thousand)			
i. Associate Company			
CNH Industrial N.V. (formerly CNH Global N.V)	Royalty charge Royalty paid	63,954 209,843	145,950 71,120
ii. Other related parties			
Al-Ghazi Tractors Limited Staff Provident Fund	Contribution paid	43,997	38,595
Al-Ghazi Tractors Limited Employees' Gratuity Fund	Contribution paid	-	64,189
Key management personnel *	Salaries and other employee benefits	91,707	87,340
	Retirement benefits	9,369	8,923

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

22. 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.

23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 22, 2025 by the Board of Directors.


Director


Chief Executive Officer


Chief Financial Officer



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