Interim Financial Statements
For the Quarter Ended 31 December 2024
(Un-Audited)

Pak Agro Packaging Limited

COMPANY INFORMATION

Board of Directors:	**Mrs Kaisra Jabeen Butt** *Chairperson of the Board / Non-executive Director*
	Dr Safdar Ali Butt *Chief Executive / Director*
	Dr. Tariq Javed *Chief Financial Officer / Director*
	Dr. Mubarak Hussain Haider *Independent Director*
	Mohammad Javed *Independent Director*
	Mr Iftkhar Mahmood Independent Director
	Mr Nazir Ahmed Shaheen Independent Director
External Auditor	**Masoom Akhtar & Co.** *Chartered Accountants* 6th Floor, ISE Tower, Blue Area, Islamabad Phone: 051-2894652 Fax: 051-2894651
Share Registrar	**CDC Share Registrar Services Limited,** CDC House, 99-B, Block 'B', SMCHS Main Shahra-e-Faisal, Karachi-74400 Phone: +92 21 111 111 500; Fax: +92 21 34326053 Website: www.cddcsrsl.com
Legal Advisor	**Mr Abid Hussain Mirza** Islamabad
Registered Office & Factory	Plot # 22-23 Phase – IV Hattar Industrial Estate, Hattar KPK. Phone: +92 995 352547
Corporate Head Office	Third Floor, Green Trust Tower Jinnah Avenue, Blue Area, Islamabad. Phone: +92 51 8311645
Contact us:	Phone: +92 51 8311645 www.pakagro.com info@pakagro.com

DIRECTORS' REPORT

Your directors are pleased to present their report on the six months of the current financial year that ended on 31 Dec 2024.

Market Outlook

Our main market, namely the agricultural sector of the country, has still not fully recovered from the impact of recent ravaging floods and a prolonged winter. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. At the same time, the drop in the value of Pak rupee has considerably increased the cost of imported raw materials, forcing us to increase product sales prices which in turn make things difficult for farmers. While we hope that the situation will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. October to Dec is generally an off-season quarter for your Company where its sales are generally lowest in any of the quarters in a financial year. Jan to June are historically better months in terms of turnover. While sales in the quarter ended 31 Dec 24 were much better than any such quarter in previous years, primarily due to increase in our production capacity, we remain hopeful that our sales will continue to grow in the coming quarters. One important improvement in the situation is relative improvement in forex availability and some semblance of stability in rupee's value. These factors have been helpful to us in improving our production volumes and sales.

Operating Results

We recorded total sales of Rs 462.4 m and a gross profit of Rs 59.0 m. Our costs continue to rise due to two main factors: exchange rate losses and higher energy costs. Despite our inability to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector, we were able to improve our gross profit margin to 12.8% of sales compared to previous year's margin of 12.0%.

Due to a challenging business environment, the company succeeded in posting only a 7.5% increase in sales in the half year ended 31 Dec 2024 compared to the same period in 2023. However, due to factors mentioned earlier, the gross profit for the half year under review rose by only 14.5%. Increase in sales volume is attributable to higher production which unfortunately also led to keeping the sales prices in check in order to maintain the sales volumes. This explains a lower gross profit margin as mentioned earlier.

The operating profit was 15% higher than comparable half year of 2023, principally due to stronger controls, in relative terms, over administrative and financial overheads. Profit after tax at Rs 21.91 million was 18.7% higher than similar period last year. Similarly, EPS at Rs. 1.10 was higher by 19.5% over similar period last year. These are encouraging signs and we hope that by the end of current financial year, the situation will improve even further.

Outlook
The Board believes that the economy is heading towards stabilization. We hope that in the remaining quarters of the year under review we will be able to sustain the pace of increase in sales volumes and hopefully also improve the gross profit margin.

Your company's management is dedicated to mitigating the adverse economic effects, adding lasting value and bolstering relationships within the current value chain while ensuring cost efficiency.

Acknowledgement
We wish to thank all our employees and business associates for their cooperation during the half year ended 31 Dec 2024.

Chief Financial Officer
Director

Chief Executive
Director

Pak Agro Packaging Limited
Statement of Financial Position as at December 31, 2024

Equity and liabilities	Note	December 2024 (Rupees)	June 2024 (Rupees)
Share capital and reserves			
Share capital	6	200,000,000	200,000,000
Reserves	7	107,283,257	107,283,257
Revenue reserves			
Unappropriated profit		125,982,656	104,077,080
		433,265,913	411,360,337
Non-current liabilities			
Obligation against assets subject to finance lease	8	38,180,257	46,112,074
Deferred taxation	9	53,741,807	53,741,807
Employees' gratuity fund	10	980,403	3,254,940
		92,902,467	103,108,820
Current liabilities			
Short term bank borrowings	11	96,679,620	125,763,250
Current maturity of long term liabilities	12	12,822,086	11,343,286
Advances from Customers		5,480,014	-
Accrued and other liabilities	13	28,442,742	33,401,533
		143,424,462	170,508,069
Contingencies and commitments	14	-	-
Total equity & liabilities		669,592,841	684,977,227
Property and assets			
Non-current assets			
Property, plant and equipment	15	461,352,235	457,612,101
Long term deposits	16	20,817,909	20,789,309
Current assets			
Stock in trade	17	126,831,421	169,950,140
Advances, deposits and other receivables	18	22,224,572	9,981,312
Prepayments	19	-	4,037,628
Taxation - net	20	2,015,990	4,068,889
Cash and bank balances	21	36,320,714	18,537,848
		187,422,697	206,575,817
Total assets		669,592,841	684,977,227

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive**

Pak Agro Packaging Limited
Statement of Profit or Loss
For the period ended December 31, 2024

	Note	06 Month Ended 31st December 2024 (Rupees)	06 Month Ended 31st December 2023 (Rupees)	03 Month Ended 31st December 2024 (Rupees)	03 Month Ended 31st December 2023 (Rupees)
Sales	22	462,368,646	430,147,320	240,805,661	214,608,153
Cost of sales	23	403,327,988	378,571,445	211,513,462	198,505,347
Gross profit		59,040,658	51,575,875	29,292,199	16,102,806
Operating expenses					
Administrative	24	15,129,055	13,591,805	7,841,571	6,727,176
Selling and distribution	25	336,230	99,610	267,330	72,010
		15,465,285	13,691,415	8,108,901	6,799,186
Profit from operations		43,575,373	37,884,460	21,183,298	9,303,620
Financial expenses	26	9,715,749	9,275,546	3,531,499	4,008,247
Other charges	27	3,006,701	2,614,028	1,461,648	1,055,950
		12,722,450	11,889,574	4,993,147	5,064,197
		30,852,923	25,994,886	16,190,151	4,239,423
Profit for the year before taxation		30,852,923	25,994,886	16,190,151	4,239,423
Taxation	28	8,947,348	7,538,517	4,695,144	2,150,038
Profit for the year		21,905,575	18,456,369	11,495,007	2,089,385
Basic and diluted earnings per share (PKR)		1.10	0.92	0.58	0.40

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended December 31, 2024

	06 Month Ended		03 Month Ended	
	December 2024 (Rupees)	December 2023 (Rupees)	December 2024 (Rupees)	December 2023 (Rupees)
Profit for the year after taxation	21,905,575	18,456,369	11,495,007	2,089,385
Other comprehensive income				
Items that will nor classified to profit or loss				
Remeasurement (loss)/gain on staff retirement benefit plan	-	-	-	-
Total comprehensive income for the year	21,905,575	18,456,369	11,495,007	2,089,385

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive**

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended December 31, 2024

	Note	06 Month Ended December 2024 (Rupees)	06 Month Ended December 2023 (Rupees)
Cash flow from operating activities			
Profit for the year before taxation		30,852,923	25,994,886
Adjustments for:			
Depreciation	(15.1)	31,333,044	12,747,288
Gain on disposal of assets		-	-
		31,333,044	12,747,288
Operating profit before working capital changes		62,185,967	38,742,174
Increase (decrease) in:			
Stock in trade	(17)	43,118,719	5,652,211
Trade debtors		-	50,111,876
Advances, deposits and other receivables	(18)	(12,243,260)	(24,331,344)
Pre-payments	(19)	4,037,628	2,750,973
		34,913,087	34,183,716
		97,099,055	72,925,890
Increase (decrease) in:			
Current liabilities		(4,958,791)	20,266,308
Cash flow from operating activities		92,140,263	93,192,198
Income Tax Paid		(6,924,449)	(7,303,509)
Net cash flow from operating activities		85,215,815	85,888,689
Cash flow from investing activities			
Fixed capital expenditures	(15)	(27,651,978)	(96,163,685)
Capital work in progress	(15.4)	(7,421,200)	12,140,398
Long term deposits	(16)	(28,600)	3,069,400
Short term investment		-	-
Deposit against vehicles		-	-
Net cash flow from investing activities		(35,101,778)	(80,953,887)
Cash flow from financing activities			
Asset subject to finance lease	(8)	(6,453,017)	(9,928,168)
Short term bank borrowings	(11)	(29,083,630)	19,466,761
Advanvces from customer		5,480,014	-
Employees' gratuity fund	(10)	(2,274,537)	(2,402,681)
Net cash flow from financing activities		(32,331,170)	7,135,912
Net increase/(decrease) in cash and cash equivalents		17,782,866	12,070,714
Cash and cash equivalent in the beginning of the year		18,537,847	20,692,767
Cash and cash equivalent at the end of the year	(21)	36,320,714	32,763,481

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive**

Pak Agro Packaging Limited
Statement of Changes in Equity
For the period ended December 31, 2024

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2023	200,000,000	107,283,257	65,147,370	372,430,627
Total comprehensive income for the year	-	-	38,929,710	38,929,710
Balance as at June 30, 2024	200,000,000	107,283,257	104,077,080	411,360,337
Total comprehensive income for the year	-	-	21,905,575	21,905,575
Balance as at December 31, 2024	200,000.000	107,283,257	125,982,656	433,265,913

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period ended December 31, 2024

1. Company and its operations

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2022 and is listed at gem board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

Geographical location and addresses of major business units including mills /plant of the company are as under:

Hattar	**Purpose**
Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	Registered office and Production Plant
Islamabad	
Office No 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Islamabad	Head office

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued the Companies Act, 2017 have been followed.

2.2) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.3) Significant accounting estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on and ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4) Property, plant and equipment

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge.

2.5) Impairment

The Company reviews the value of its assets for possible impairment on an annual basis. Any change in estimate in future years, might effect the carrying amount of the respective asset with the corresponding effect on impairment.

2.6) Standards, interpretations and amendments to the approved accounting standards

- 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 July 1, 2023. However, these do not have any significant impact on the Company's financial statements.
- Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

- The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

- Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service concession arrangements
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

3 **Significant accounting policies**

The principle accounting policies which have been adopted in the preparation of these accounts are as follows

3.1) **Accounting convention**

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values

3.2) **Property, plant and equipment**

- **Recognition and measurement**: Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are stated at cost less any accumulated impairment losses

  If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and its carrying amount and is recognized in profit or loss

- **Subsequent expenditure**: Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company

- **Depreciation**: Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the reducing balance method, except leasehold land, buildings and plant and machinery which are depreciated on a straight-line basis. Depreciation is recognized in the statement of profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Rates of depreciation estimated useful lives are mentioned in note 17.1.1. Depreciation is charged on prorate basis from the month in which an asset become available for used, while no depreciation is charged for the month in which the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

- **Capital work-in-progress**:

  Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to relevant classes of property, plant and equipment as and when these are available for use

- **Leases**:

  The Company assesses whether a contract is, or contains, a lease, at inception of the contract. The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, which are presented in rent, rates and taxes

3.3) **Staff retirement benefits**

The company operates a non-contributory, approved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of one year service. The liability is calculated with reference to the last salary drawn and the length of service of the employee.

The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. The latest actuarial valuation of the plan was carried out as at 30 June 2024. The Company's net liability in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognized immediately in other comprehensive income (OCI). The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. The actuarial assumptions used in the valuation of gratuity plan are disclosed in note 36.8

3.4) Impairment

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss account.

3.5) Stock and spares

These are valued at moving average cost except for the items in transit which are valued at invoice price and related expenses incurred up to the balance sheet date.

3.6) Stock in trade

These have been valued as under:

Raw material	- At first in first out.
Work in process	- At weighted average cost.
Finished goods	- At lower of cost, calculated on first in first out (FIFO) basis and net realizable value.
Packing material	- At first in first out.

3.7) Bad debts

These are stated at book value. Debts considered bad are provided for or written off and no general provision for the bad and doubtful debt is maintained.

3.8) Taxation

3.8.1) Current tax

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits.

3.8.2) Deferred tax

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.9) Revenue recognition

Revenue from sale is recognized on dispatch of goods to customers, while processing fee on issuance of invoice to customers.

4. **Dividend and appropriation to reserves**

Dividend and other appropriation to reserves are recognized in the period in which they are approved.

5. **Financial instruments**

Financial assets

Classification: The Company classifies its financial assets in the following measurement categories:

- Amortized cost
- Fair value through profit or loss (FVTPL), and
- Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition: Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement: At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company can classify its debt instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include deposits, trade debts, advances, other receivables and cash and bank balances.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversals, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

Equity instruments: All equity instruments at fair value are subsequently measured at FVTPL except where the Company's management has irrevocably elected to present fair value gains and losses on equity investments in OCI. In such case, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of financial liabilities at amortized cost also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

FVTPL: Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at FVTPL. The Company has not designated any financial liability upon recognition as being at FVTPL.

Financial liabilities at amortized cost: After initial recognition, financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

Off setting
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial asset
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
For debt instruments at amortized cost (other than trade debts) and FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash owes.

Impairment of non-financial assets
Non-financial assets that have an indefinite useful life are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstences indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows i.e. Cash Generating Unit (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in profit or loss for the year.

6. Share capital	December 2024 (Rupees)	June 2024 (Rupees)
Authorized capital		
40,000,000 ordinary shares of Rs. 10/- each	400,000,000	400,000,000
Issued, subscribed and paid-up capital		
Shares issued for cash		
17,350,000 ordinary shares of Rs. 10/- each in cash	173,500,000	173,500,000
Issued as fully paid bonus shares		
2,650,000 ordinary shares of Rs 10/- each	26,500,000	26,500,000
	200,000,000	200,000,000

7. **Reserves**

This represents the Premium on issuance of shares and can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

8. **Obligation under finance lease**

Value of assets	46,112,074	30,793,518
Add: Addition during the year	-	32,591,524
	46,112,074	63,385,042
Less: Payments made upto the year	1,182,151	5,929,683
Present value of minimum lease payment	44,929,923	57,455,360
Less: Current maturity	6,749,666	11,343,286
	38,180,257	46,112,074

The amount of future payments and the periods in which they become due are as follows:

June 30, 2025	7,451,685	19,134,011
June 30, 2026	18,196,646	19,039,757
June 30, 2027	33,317,963	33,317,963
	58,966,294	71,491,731
Less: Lease financial charges allocable for future periods	14,036,372	14,036,372
	44,929,922	57,455,359
Less: Current maturity of finance lease	6,749,666	11,343,286
	38,180,257	46,112,074

The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Liabilities are partly secured against deposit of 35% of the asset value included in long term security deposits (Note 17). Title to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

The finance lease facilities for the Yarn Making Machine, Fishing Net Machine and Vegetable Bag Wrap Knitting Machine, provided by M/s OLP Financial Services Pakistan Limited, are fully secured through a first exclusive charge registered with the Securities and Exchange Commission of Pakistan (SECP).

		December 2024 (Rupees)	June 2024 (Rupees)
9 Deferred taxation			
The balance of deferred tax is in respect of following temporary differences			
Accelerated depreciation on property plant and equipment		53,741,807	53,741,807
		53,741,807	53,741,807
10. Employees' gratuity fund			
Balance at beginning of the year		3,254,940	2,735,478
Add: Provision for the year		1,381,325	7,893,286
		4,636,265	10,628,764
Less: Paid to outgoing members		(3,655,862)	(7,373,824)
		980,403	3,254,940
11. Short term bank borrowings			
Running finance	(11.1)	79,999,390	75,844,040
Finance against Trust Receipts (FATR) Facility:	(11.2)	16,680,230	49,919,210
		96,679,620	125,763,250

11.1) Running finance

The Bank of Khyber has renewed the running finance facility limit upto Rs.80 million on January 01, 2024 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

- Rebated: Three months KIBOR plus 300 bps p.a. if markup is paid within 15 days from due date;
- Un-rebated: Three months KIBOR plus 500 bps p.a. if markup is paid after 15 days from due date.

The Letter of Credit- DA(Usance LC) - Import facility of 50 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

- 1st Exclusive Hypothecation charge of Rs.107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;
- Against LC's, cash margin of 20% or as prescribed by SBP whichever is higher (profit free) and accepted bills of exchange duly signed/stamped by borrower;

Common Securities against all credit facilities:

- Token registered mortgaged for Rs. 150,000/= & remaining equitable mortgage to cover DP Note amount over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No.22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- 1st PP charge of Rs. 194 million by way of Memorandum of Deposit of Title (MODTD) & letter of hypothecation over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- Personal guarantees of all directors and owners of the properties (except for independent directors) company.

These facilities are valid up to December 31, 2024.

11.2) Finance against Trust Receipts (FATR) Facility:

The Bank of Bank of Punjab has renewed the Finance against Trust Receipts (FATR) Facility upto Rs. 50 million on November 06, 2023 to retire the SLCs and bank contracts at sight established for import of raw material through BOP counters only at mark up rate to be recovered on quarterly basis as follows:

- Base rate + 300 bps p.a. for 90 days;
- After 90 days as per BOP's Schedule of charges.

The Letter of Credit- DA(Usance LC) - Import facility of 50 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

- Trust receipts for each draw down;
- Pari Passu Charge over present and future fixed assets of the company for Rs. 67.000M with 25% margin along with constructive MODTD coupled with letter of holding from BOK.
- 1st Exclusive Hypothecation charge of Rs.107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;

Combined Collateral as mention below:

- Ist Pari Passu charge of 266.67M including 25% Margin over hypothecation of present and future current assets of the company. Enhancement will be allowed on registration of fresh ranking charge of 66.67M with 545 days deferral to upgrade ranking charge to Pari Passu level.
- Personal guarantees of sponsor directors i.e., Dr. Safdar Ali Butt and Ms. Kaisra Jabeen Butt having combined shareholding of 41.99% along with PNWS.

These facilities are valid up to September 30, 2025.

		December 2024 (Rupees)	June 2024 (Rupees)
12. Current maturity of long term liabilities			
This represents current maturity of followings			
- Finance lease	(8)	12,822,086	11,343,286
		12,822,086	11,343,286

	December 2024 (Rupees)	June 2024 (Rupees)
13. Accrued and other liabilities		
Workers' profit participation fund	16,389,488	14,210,719
Salaries payable	10,696,503	7,864,582
Workers' welfare fund	827,932	2,068,131
Postal life insurance	268,822	110,905
WHT payable	259,997	-
Mark up payable	-	4,835,887
Sales tax payable	-	1,751,630
Audit fee	-	840,000
Other liabilities	-	1,617,628
Lease finance payable	-	102,051
	28,442,742	33,401,533

14. Contingencies and commitments

a) Contingencies

Currently there are no contingencies against the company in foreseeable future.

b) Commitments

There are no commitments made by the company.

		December 2024 (Rupees)	June 2024 (Rupees)
15. Property, plant and equipment			
Operating fixed assets			
- Owned assets	(15.1)	399,792,412	399,210,772
- Right of use assets (ROU)	(15.2)	54,138,623	58,401,329
Capital work in progress	(15.4)	7,421,200	-
		461,352,235	457,612,101

15.1) Owned assets

Description	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Furniture and fixtures	Office equipment	Electrical equipment	Computers	Total
As at July 01, 2023									
Cost	57,845,245	27,745,363	284,647,772	5,400,137	1,158,264	1,675,522	1,136,996	635,920	380,256,813
Accumulated depreciation	(17,851,085)	(10,881,119)	(192,796,178)	(4,150,853)	(717,268)	(804,996)	(1,004,005)	(381,934)	(228,600,037)
Net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
Annual rate of depreciation (%)	5	15	15	15	15	15	15	20	
Year ended June 30, 2024									
Opening net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
Additions	20,043,550	-	244,688,877	18,500	18,000	187,450	-	53,300	265,009,677
Disposals adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment Dr (Cr)	-	-	12,072,643	-	-	-	-	-	12,072,643
Depreciation	-	-	(2,965,343)	-	-	-	-	-	(2,965,343)
	-	-	9,107,300	-	-	-	-	-	9,107,300
Depreciation charge	(2,303,672)	(2,529,637)	(21,193,533)	(189,011)	(67,724)	(168,753)	(19,798)	(90,853)	(26,562,981)
Closing net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
As at July 01, 2024									
Cost	77,888,795	27,745,363	541,409,292	5,428,637	1,176,264	1,862,972	1,138,590	689,220	657,339,133
Accumulated depreciation	(20,154,757)	(13,410,756)	(216,955,054)	(4,349,864)	(784,992)	(973,749)	(1,026,403)	(472,787)	(258,128,361)
Net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Period ended December 31, 2024									
Opening net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
Additions	1,437,676	-	25,217,302	654,000	-	143,000	-	200,000	27,651,978
Disposals adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment dr (Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	(1,443,351)	(1,075,096)	(24,334,068)	(80,908)	(29,345)	(66,697)	(8,414)	(32,465)	(27,070,339)
Closing net book value	57,728,363	13,259,511	325,337,473	1,651,865	361,926	965,532	103,773	383,968	399,792,412
As at July 01, 2024									
Cost	79,326,471	27,745,363	566,626,594	6,082,637	1,176,264	2,005,972	1,138,590	889,220	684,991,112
Accumulated depreciation	(21,598,108)	(14,485,852)	(241,289,122)	(4,430,772)	(814,338)	(1,040,440)	(1,034,817)	(505,252)	(285,198,700)
Net book value	57,728,363	13,259,511	325,337,473	1,651,865	361,926	965,532	103,773	383,968	399,792,412
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	

15.2) Right of use assets (ROU)

Particulars	Rupees							
	Dec-24				Jun-24			
	Land	Motor Vehicle	Machinery	Total	Land	Motor Vehicle	Machinery	Total
Cost	1,565,250	2,950,000	67,493,962	72,009,212	1,565,250	2,950,000	50,491,815	55,007,065
Accumulated depreciation	-	(599,219)	(13,008,634)	(13,607,853)	-	(184,376)	(8,728,219)	(8,912,594)
Net book value as on July 01,	1,565,250	2,350,781	54,485,298	58,401,329	1,565,250	2,765,624	41,763,596	46,094,471
Additions	-	-	-	-	-	-	29,074,780	29,074,780
Disposals/adjustments								
Cost	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-		-	-		-	(12,072,643)	(12,072,643)
Depreciation	-		-	-		-	2,965,343	2,965,343
	-	-	-	-	-	-	(9,107,300)	(9,107,300)
Depreciation charge	-	(176,309)	(4,086,397)	(4,262,706)	-	(414,844)	(7,245,778)	(7,660,622)
Net book value as at September 30,	1,565,250	2,174,472	50,398,901	54,138,623	1,565,250	2,350,780	54,485,298	58,401,329
Annual Rate of Depreciation (%)	-	15%	15%		-	15%	15%	

15.3) The depreciation relating to owned assets and right of use assets for the year has been allocated as follows:

		December 2024	June 2024
Cost of sales	(24.4)	31,156,736	33,808,759
Administrative expenses	(25)	176,309	414,844
		31,333,044	34,223,603

15.4) Capital work in progress

Plant and machinery		
Balance as at July 01, 2022	-	38,419,172
Additions during the year	-	12,140,398
Transfers during the year	-	(38,419,172)
Balance as at June 30, 2023	-	12,140,398
Balance as at July 01, 2024	-	12,140,398
Additions during the year	7,421,200	11,791,238
Transfers during the year	-	(23,931,636)
Balance as at December 31, 2024	7,421,200	-

16. Long term deposits

Security deposits against			
Leased assets		18,982,143	18,982,143
Utilities		1,181,436	1,152,836
Office building		654,330	654,330
		20,817,909	20,789,309

17. Stock in trade

		December 2024 (Rupees)	June 2024 (Rupees)
Raw material	(17.1)	30,985,470	81,848,340
Finished goods		86,393,300	62,014,500
Work-in-process		9,452,651	9,643,215
Stock in transit		-	16,444,085
		126,831,421	169,950,140

17.1) Raw material

Raw material		11,670,400	73,132,720
Colors		17,321,470	8,205,390
Chemical		1,993,600	510,230
		30,985,470	81,848,340

18. Advances and deposits

Advances to:	(18.1)		
Against salaries		1,869,500	723,500
Against supplies		140,408	1,667,408
Against services		60,493	75,333
		2,070,401	2,466,241
Deposits:			
Margin deposit on letters of credit		12,416,638	6,236,482
Others		1,000,000	1,000,000
		13,416,638	7,236,482
Other receivables			
Sales tax refundable		6,737,533	278,589
		6,737,533	278,589
		22,224,572	9,981,312

18.1) These are unsecured and considered good by the management.

19. Prepayments

Insurance		-	2,981,976
Office rent		-	1,055,652
		-	4,037,628

20. Taxation - net

Tax deducted at source		10,993,338	17,770,132
Provision for taxation		(8,947,348)	(13,701,243)
		2,045,990	4,068,889

21. Cash and bank balances

Cash in hand		700,000	700,000
Cash at bank - current account		35,620,714	17,837,848
		36,320,714	18,537,848

22. Sales-net

Gross sales		538,185,437	984,087,526
Sales tax		(75,816,791)	(150,286,252)
		462,368,646	833,801,274

23. Cost of sales

	Note	December 2024 (Rupees)	June 2024 (Rupees)
Raw material consumed	(23.1)	229,412,737	336,923,248
Colors consumed	(23.2)	11,424,417	28,135,446
Chemical consumed	(23.3)	14,539,029	28,693,931
Packing material consumed		8,604,697	12,376,460
Production overhead	(23.4)	163,535,343	266,843,655
		427,516,224	672,972,740
Work in process			
- Balance as on July, 01		9,643,215	9,845,234
- Balance as at December, 31		(9,452,651)	(9,643,215)
		190,564	202,019
Cost of goods manufactured		427,706,788	673,174,759
Finished stocks			
- Balance as on July, 01		62,014,500	88,536,190
- Balance as at December, 31		(86,393,300)	(62,014,500)
		(24,378,800)	26,521,690
		403,327,988	699,696,449

23.1) Raw material consumed

Stock as on July, 01	73,132,720	73,716,500
Add: Raw material imported	167,950,417	336,339,468
	241,083,137	410,055,968
Stock as at December, 31	(11,670,400)	(73,132,720)
	229,412,737	336,923,248

23.2) Colors consumed

Stock as on July, 01	8,205,390	11,645,919
Color purchased	20,540,497	24,694,917
	28,745,887	36,340,836
Stock as at December, 31	(17,321,470)	(8,205,390)
	11,424,417	28,135,446

23.3) Chemical consumed

Stock as on July, 01	510,230	2,592,020
Add: Purchases	16,022,399	26,612,141
	16,532,629	29,204,161
Stock as at December, 31	(1,993,600)	(510,230)
	14,539,029	28,693,931

		December 2024 (Rupees)	June 2024 (Rupees)
23.4) Production overhead			
Salaries and benefits	(23.4.1)	61,480,374	110,910,762
Fuel and power		47,914,851	105,568,021
Repair and maintenance		14,711,970	5,187,607
Insurance		3,073,633	2,955,422
Sui gas		1,540,261	3,924,884
Vehicle running and maintenance		1,385,714	742,427
Lubricants		1,184,800	1,495,750
Entertainment		336,122	623,363
Miscellaneous		201,060	405,108
Security charges		180,000	48,116
Printing and stationary		124,080	268,845
Telephone and internet		108,576	204,611
Travelling and conveyance		88,846	306,825
Postage and courier		20,831	53,672
Rent, rates and taxes		20,000	325,082
Newspaper and periodicals		7,490	14,400
Depreciation	(15.3)	31,156,736	33,808,760
		163,535,343	266,843,655

	December 2024	June 2024
23.4.1) Salaries and benefits		
Salaries to staff	58,583,762	84,087,043
Gratuity	1,243,193	6,802,941
E.O.B.I	756,970	1,300,640
Social security	703,439	1,510,140
Financial assistance	180,000	330,000
Medical	13,010	32,385
Overtime	-	13,159,172
Bonus	-	3,286,545
Leave encashment	-	401,896
	61,480,374	110,910,762

		December 2024	June 2024
24. Administrative expenses			
Director's remuneration	(24.1)	6,401,207	10,920,151
Salaries and benefits	(24.2)	2,348,633	4,662,931
Rent, rates and taxes		3,430,870	4,558,501
Entertainment		749,698	522,068
Fees and subscriptions		630,136	699,430
Miscellaneous		433,561	76,830
Utilities		282,015	486,469
Telephone, mobile and internet		228,058	481,818
Printing and stationary		192,262	433,940
Travelling and conveyance		167,419	226,587
Postage and courier		80,733	156,108
News papers and periodicals		6,655	18,340
Repair and maintenance		1,500	253,815
Auditor's remuneration		-	840,000
Legal and professional		-	204,500
Depreciation	(15.3)	176,309	414,844
		15,129,055	24,956,332

		December 2024 (Rupees)	June 2024 (Rupees)
24.1) Director's remuneration			
Remuneration		5,250,000	9,650,000
Medical		926,207	261,939
Director's meeting		225,000	625,000
Bonus		-	345,417
Insurance		-	37,795
		6,401,207	10,920,151
24.2) Salaries and benefits			
Salaries to staff		2,210,500	3,750,257
Gratuity		138,133	755,882
Bonus		-	156,792
		2,348,633	4,662,931
25. Selling and distribution expenses			
Carriage outward		336,230	299,470
		336,230	299,470
26. Financial expenses			
Mark-up		4,462,022	12,558,524
Lease financial charges		4,601,428	7,171,294
Bank charges		55,697	252,813
Share Registrar Services		596,603	760,264
		9,715,749	20,742,896
27. Other charges			
Workers' profit participation fund		2,178,769	5,442,451
Workers' welfare fund		827,932	2,068,131
		3,006,701	7,510,582
28. Taxation			
Current year tax charged			
- for the year	(28.1)	8,947,348	13,701,243
- for prior year		-	(1,826,010)
		8,947,348	11,875,233
Deferred tax		-	29,456,139
Tax expense for the year		8,947,348	41,331,372
28.1) Reconciliation of tax charge for the year			
Accounting profit - before taxation		-	82,663,677
Inadmissible expenditure for tax purposes		-	33,734,275
Admissible expenditure for tax purposes		-	(119,822,694)
		-	(3,424,742)
Tax charge at applicable tax rate of 29% (2023: 29%)		-	-
Tax charge on Accounting profit/tax chargeable u/s 113(C) @ 17%		-	13,701,243
Tax effect of difference of minimum tax chargea :le		-	-
		-	13,701,243

29 Remuneration of Chief Executive, Directors and Executives

Description	December 2024 Chief Executive	December 2024 Director	December 2024 Executive	June 2024 Chief Executive	June 2024 Director	June 2024 Executive
Managerial remuneration	3,900,000	1,650,000	3,157,500	6,500,000	3,150,000	5,251,818
Bonus	-	-	-	220,417	125,000	242,500
	3,900,000	1,650,000	3,157,500	6,720,417	3,275,000	5,494,318
Number of persons	1	1	3	1	1	3

In addition to remuneration, the chief executive, directors and executives were provided with use of the Company's cars and residential telephone and internet facilities. The Company also provides medical facilities to its chief Executive, directors and staff.

The aggregate amount charged in these financial statements in respect of fee to 1 non-executive director and 4 Independent Directors is Rs. 225,000/= (June 2024: 1 non-executive director and 4 Independent Directors was Rs. 625,000/=)

	December 2024 (Rupees)	June 2024 (Rupees)
30. Earnings per share - Basic and Diluted		
Profit after tax	21,905,575	18,456,369
Weighted average number of ordinary shares at the end of the year (Numbers)	20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)	1.10	0.92

31. Note supporting the statement of cash flows

Dec-24	July 01, 2024	Cash inflows / (outflow)	Non-cash changes	31-Dec-24
Lease liabilities	57,455,360	-	-	57,455,360
Running finance	125,763,250	96,679,620	-	222,442,870

Jun-24	July 01, 2023	Cash inflows / (outflow)	Non-cash changes	30-Jun-24
Lease liabilities	39,113,561	(32,591,524)	-	6,522,037
Running finance	60,531,204	125,763,250	-	186,294,454

32. Related party transaction

The related party comprises of subsidiary, associated companies, director of the company and key management personals, details of transactions with related perties other than those which have been specifically disclosed elsewhere in these financial statements. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. Details of transactions with related parties, except for remuneration to key management personnel as discussed in note 31, are as follows:

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled prices method except in circumstances where it is in the interest of the group to do so with the prior approval of the Board of Directors.

- Following are the associated companies/undertakings and related parties with whom the Company had entered into transactions during the year:

Related party	Basis of relationship	Number of shares held in the company	Aggregate %age shareholding in the Company
Employees' Gratuity Fund	Employees' Gratuity Fund	-	0.00%

33. Financial instruments and related disclosures

33.1) Financial assets and liabilities

	December 2024			June 2024		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	126,831,421	126,831,421	-	169,950,140	169,950,140
Advances, deposits and other receivables	22,224,572	-	22,224,572	9,981,312	-	9,981,312
Cash and bank balances	36,320,714	-	36,320,714	18,537,848	-	18,537,848
Maturity after more then one year						
Long term deposits	20,817,909	-	20,817,909	20,789,309	-	20,789,309
	79,363,195	126,831,421	206,194,616	49,308,469	169,950,140	219,258,609
Financial liabilities						
Maturity up to one year						
Short term bank borrowings	96,679,620	-	96,679,620	125,763,250	-	125,763,250
Current maturity of long term liabilities	12,822,086	-	12,822,086	11,343,286	-	11,343,286
Accrued and other liabilities	28,442,742	-	28,442,742	33,401,533	-	33,401,533
Maturity after more then one year						
Obligation against assets subject to finance lease	38,180,257	-	38,180,257	46,112,074	-	46,112,074
	176,124,704	-	176,124,704	216,620,143	-	216,620,143

33.2) Financial Risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

As of December 31, 2024, trade debts of Rs. Nil/= (June 2024: Rs. Nil/=) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	December 2024 (Rupees)	June 2024 (Rupees)
Up to 3 months	-	-
	-	-

b) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities

The Company manages liquidity risk by maintaining sufficient cash/financial assets. As of close of the financial year, the Company had financial assets of Rs. 86,784,395/- (June 2024: Rs. 49,308,469/-)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date. The amounts disclosed in the table are undiscounted cash flows which have been inflated using appropriate inflation rate, where applicable.

At June 30, 2024	Less than 1 year	Between 1 to 5 years	Over 5 years
Maturity up to one year			
Running finance	125,763,250	-	-
Current maturity of long term liabilities	11,343,286	-	-
Accrued and other liabilities	33,401,533	-	-
Maturity after more then one year			
Obligation against assets subject to finance lease	-	46,112,074	-
At December 31, 2024			
Running finance	96,679,620	-	-
Current maturity of long term liabilities	12,822,086	-	-
Accrued and other liabilities	28,412,742	-	-
Maturity after more then one year			
Obligation against assets subject to finance lease	-	38,180,257	-

c) **Market risk**

i) **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. In case of the Company this risk mainly relates to outstanding import payments. The company is in the process of obtaining exchange risk coverage on these liabilities. Company is not exposed to currency risk.

ii) **Interest mark-up rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

iii) **Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market price.

d) **Capital risk management**

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has always been low and the Company has mostly financed its projects and business expansions through equity financing. Further, the Company is not subject to externally imposed capital requirements.

e) **Fair value of financial assets and liabilities**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

34. Staff retirement benefits

The details of actuarial valuation of defined benefit funded plans carried out as at year end are as follows:

		December 2024 (Rupees)	June 2024 (Rupees)
34.1)	The amounts recognized in the statement of financial position are as follows		
	Present value of defined benefit obligations	-	3,254,940
	Fair value of plan assets	-	-
	Payables	-	-
		-	3,254,940
34.2)	Changes in the present value of defined benefit obligation are as follows:		
	Opening defined benefit obligation	3,254,940	2,735,478
	Service cost		
	Current service cost	1,381,325	1,095,026
	Past service cost	-	6,032,959
	Interest expense	-	430,838
	Cash flows		
	Benefit payments from Plan	-	-
	Benefit payments from employer	(3,655,862)	(7,373,824)
	Payables	-	-
	Re-measurements		
	Effect of changes in Demographic assumptions	-	-
	Effect of changes in Financial assumptions	-	-
	Effect of Experience adjustments	-	334,463
	Closing defined benefit obligation	980,403	3,254,940
34.3)	Components of defined benefit cost are as follows:		
	Service Cost		
	Current Service Cost	-	1,095,026
	Reimbursement Service Cost	-	-
	Past Service Cost	-	6,032,959
	(Gain) / loss on settlements	-	-
	Net Interest Cost		
	Interest Expense on Defined Benefit Obligation	-	430,838
	Interest (income) on Plan Assets	-	-
	Re-measurement of Other Long Term Benefits	-	-
	Defined benefit cost included in P&L	-	7,558,823
	Re-measurement (recognized in other comprehensive income)		
	Effect of changes in Demographic assumptions	-	-
	Effect of changes in Financial assumptions	-	-
	Effect of Experience adjustments	-	334,463
	(Return) on Plan Assets (excluding interest income)	-	-

Total re-measurements included in OCI	-	334,463
Total Defined Benefit Cost recognized in P&L and OCI	-	7,893,286

34.4)

Net Defined Benefit Liability (Asset) reconciliation	PY ending December 31, 2024	FY ending June 30, 2024
Net Defined Benefit Liability (Asset) at end of previous year	3,254,940	2,735,478
Defined Benefit Cost included in P&L	1,381,325	7,558,823
Total Re-measurements included in OCI	-	334,463
Employer Direct Benefit payments	(3,655,862)	(7,373,824)
Net Defined Benefit Liability (Asset) as of end of year	980,403	3,254,940

34.5)

Assumptions used to determine Defined Benefit Obligation	PY ending December 31, 2024	FY ending June 30, 2024
Discount Rate	14.00%	15.75%
Rate of Salary increase (Long Term)	13.00%	14.75%

34.6)

Assumptions used to determine Defined Benefit Cost	PY ending December 31, 2024	FY ending June 30, 2024
Discount rate	15.75%	13.25%
Rate of salary increase (Long term)	14.75%	12.25%

34.7)

Expected defined benefit cost recognized in P&L	PY ending December 31, 2024	FY ending June 30, 2024
Service cost		
Current service cost	-	1,095,026
Past service cost	-	-
(Gain) / loss on settlements	-	-
Net interest cost	-	-
Interest expense on defined benefit obligation	-	430,838
Interest (income) on plan assets	-	-
Total defined benefit cost recognized in P&L as at 30.06.2024	-	1,525,864

34.8) Principal actuarial assumptions

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	14.00%	15.75%
Expected rate of salary increase	13.00%	14.75%

34.9) The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the liability in respect of the Benefits payable under the Plan.

34.10) **Sensitivity analysis**

	FY ending June 30, 2024	Percentage Change in DBO
Defined Benefit Obligation (DBO)	3,254,940	-
1% Increase in Discount rate	2,917,136	-10.38%
1% Decrease in Discount rate	3,677,361	12.98%
1% Increase in Salary Increase rate	3,684,687	13.20%
1% Decrease in Salary Increase rate	2,904,068	-10.78%

35. Number of employees

	December 2024	June 2024
Number of employees as on June 30,		
Factory	204	222
Other	7	6
	211	**228**
Average number of employees during the year		
Factory	187	204
Other	7	6
	194	**210**

36. Production capacity

Plant has a maximum production capacity of 1,600,000 kgs (June 2024: 1,600,000 kgs). Actual production during the period was 607,665/- Kgs (June 2024: 1,503,091 Kgs).

Company is not utilizing its maximum production capacity considering competitive market environment and demand potential of its product. Therefore, production is carried out keeping in eye of demand.

37. General

In fixed asset schedule (note 15.1) of current year motor cycle and tools and equipment are merged under the head motor vehicles and plant & machinery respectively, to enhance presentation by consolidating similar types of assets.

38. Date of authorization for issue

These financial statements have been authorized for issue on 06-02-25 by the board of directors of the company.

Chief Financial Officer

Chief Executive