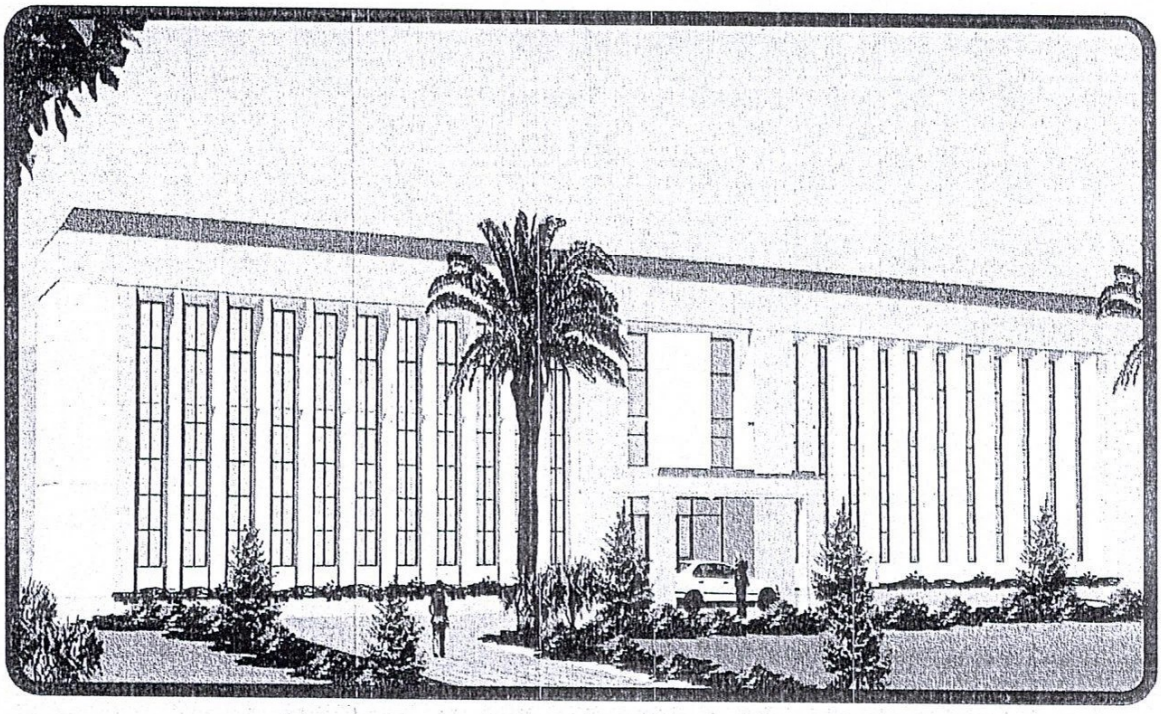
LAHORE GARMENT CITY COMPANY

MINISTRY OF COMMERCE
(TEXTILE WING)
GOVERNMENT OF PAKISTAN



21st ANNUAL REPORT FOR THE YEAR ENDED 30th JUNE 2025

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No.: LGCC/BOD/4946
Dated: 8th October, 2025

1	Dr. Muhammad Mushtaq Ahmad Mangat	Director/CEO
2.	Mr. Naseer Ahmad Butt	Director
3.	Mr. Adeeb Iqbal Sheikh	Director
4.	The Secretary	Ministry of Commerce, Govt. of Pakistan / Ex-officio Director
5.	Mr. Mudassar Raza Siddiqui	DG (Textile) Ministry of Commerce, Govt of Pakistan / Ex-officio Director
6.	Collector Customs	Ex-Officio Director
7.	The Secretary	Ind. Deptt Punjab / Ex-officio Director
8.	CEO SMEDA, Lahore	Ex-officio Director

SUBJECT: **21st ANNUAL GENERAL MEETING OF LAHORE GARMENT CITY COMPANY**

The Annual General Meeting of Lahore Garment City Company is to be scheduled on 28th October, 2025 at 11:00 A.M in the office of the Company Located at Plot No.143-146 & 151-155, Sundar Industrial Estates, Raiwind Road, Lahore to consider the following agenda items:

Agenda

1. To consider the Annual Audited Accounts along with Auditor Report of the Company for the year ended 30th June, 2025.
2. Any other item may be discussed with the permission of the chair.

Kindly make it convenient to attend the above meeting.

Sd/-
Secretary
LGCC

COMPANY INFORMATION

1.	Registered office	=	Plot No. 143-146, 151-155, Sundar Industrial Estate (SIE) Raiwind, Lahore Tel. No.042-35297391-4 Fax No.042-35297395 Email: info@lgcc.org.pk	
2.	Project Location	=	Plot No. 143-146, 151-155, Sundar Industrial Estate (SIE) Raiwind, Lahore	
3.	Board of Directors	=	Mr. Sheikh Zafar Mahmood	Director/ Chairman
			Dr. Muhammad Mushtaq Ahmad Mangat	Director/ CEO
			Mr. Naseer Ahmad Butt	Director
			Mr. Adeeb Iqbal Sheikh	Director
			The Secretary Ministry of Commerce Government of Pakistan	Ex- Officio Director
			Mr. Mudassar Raza Siddiqi Director General (Textile) Ministry of Commerce Government of Pakistan	(Rep. of Ministry of Commerce)
			Secretary Industries Government of the Punjab	Ex- Officio Director
			Collector Customs, Lahore	"
			CEO, SMEDA.	"
4.	Company Secretary	=	S.M. Raza Bukhari	
5.	Account Officer	=	Aqueel Ahmad	
6.	Auditors	=	Rahman Sarfaraz Rahim Iqbal Rafiq & Co Chartered Accountant	

DIRECTORS REPORT TO THE MEMBERS

The Directors of the LGCC take pleasure in presenting the 21st Annual Report of the Company together with the audited accounts for the year ended 30th June, 2025.

FINANCIAL RESULTS	30th JUNE, 2025 (Rs.)	30th JUNE, 2024 (Rs.)
Income	151,727,503	219,438,726
Expenditure	(76,460,626)	(66,131,930)
Depreciation	(24,172,209)	(33,985,397)
Financial Cost (Bank Charges)	(13,456)	(8,352)
(Markup of Loan FY 2024-25)		(52,140,000)
Surplus/Deficit for the Year	51,081,212	67,173,047

REVIEW OF OPERATING RESULT:

During the year under review, the company has surplus balance of Rs. 51,081,212/- for the year ended 30th June 2025. It is due to the fact that the Blocks A, B, C & Admin/Auditorium Buildings have been leased out.

AUDITORS:

The Auditor, M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co, Chartered Accountants, Lahore has conducted the final audit of accounts of the Company for the year ended 30th June 2025.

ACKNOWLEDGEMENT:

The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and hope this spirit of devotion and dedication will continue in future.

FINANCIAL STATUS:

The detail of funds is as under:

Approved Cost (Original PC-I)	Rs. 497.64 Million
Approved Cost (Revised PC-I)	Rs. 586.88 Million
Total Amount Released so far	**Rs. 572.64 Million**
Amount not released so far	Rs. 14.24 Million
Total Principal Amount of Loan Re-Payment to Ministry of Finance on Dated: 29-05-2024.	**Rs. 572.64 Million**
Payment of Accrued Markup on Loan (1st installment) to Ministry of Finance on Dated: 26-05-2025.	**Rs. 965.957 Million**

PHYSICAL PROGRESS:

Blocks A, B, C & Admin/Auditorium Buildings of Phase-I have been leased out to M/s. Style Textile at the monthly rate of Rs. 29.50/- per sqft with annual escalation of 10% PA.

FUTURE PROSPECTS:

Board of Directors of Lahore Garment City Company in its meeting held on 23rd December 2024, it was resolved to sign the Advisory Services Agreement between LGCC and P3A on 23rd January, 2025 for construction of Phase-II & III industrial buildings to enhance the Export, employment generation, and economic growth of the country and double the revenue Generation of the company. Hiring of TAs through advertisement is in Process.

Chief Executive Officer

DIRECTOR

Rahman Sarfaraz House
54-P, Gulberg-II,
Lahore-54660, Pakistan.
Ph: +92-42-35875965-67
E-mail: rsrir.po.lhr@gmail.com
rsrirlhr@gmail.com
Other Offices: Islamabad - Karachi

INDEPENDENT AUDITORS' REPORT

To the members of Lahore Garment City Company

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Lahore Garment City Company** (the Company), which comprise the statement of financial position as at **30 June 2025**, the statement of income and expenditure and other comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2025** and of the surplus and other comprehensive loss, the changes in funds and its cash flows for the year then ended.

Basis for Qualified Opinion

The Company has not carried out valuation of the investment property as at **30 June 2025** and has not disclosed fair values in accordance with the requirements of IAS 40 - Investment Property; this constitutes a departure from "International Financial Reporting Standards".

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We

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believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Except for the effect of matters described in Basis for Qualified Opinion section of our report:

   i. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

   ii. the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 and are in agreement with the books of account and returns;

b) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

c) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Adnan Rasheed.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore: 08 OCT 2025
UDIN: AR202510701jegzuDBIG

LAHORE GARMENT CITY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	2024
		(Rupees)	
PROPERTIES AND ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	10,971,869	8,686,524
Investment property	6	672,618,967	704,050,367
Intangible assets	7	21,267	27,067
Long term deposits	8	4,141,000	4,141,000
		687,753,103	716,904,958
CURRENT ASSETS			
Advances, prepayments and other receivables	9	9,733,476	11,874,576
Short term investments	10	78,000,000	180,000,000
Cash and bank balances	11	224,426,888	68,722,919
		312,160,364	260,597,495
		999,913,467	977,502,453
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Specific fund		123,000,000	123,000,000
Accumulated deficit		(171,738,615)	(221,628,620)
		(48,738,615)	(98,628,620)
NON-CURRENT LIABILITIES			
Accrued markup		772,765,000	869,361,000
Security deposits	12	57,545,225	-
Employee benefits obligations	13	39,936,491	31,555,469
		870,246,716	900,916,469
CURRENT LIABILITIES			
Accrued and other payables	14	1,071,915	27,794,851
Current portion of accrued markup		96,596,000	96,596,000
Contract liabilities	15	80,737,451	50,823,753
		178,405,366	175,214,604
CONTINGENCIES AND COMMITMENTS	16		
		999,913,467	977,502,453

The annexed notes 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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LAHORE GARMENT CITY COMPANY
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		(Rupees)	
INCOME			
Income from letting out of buildings	17	108,178,535	87,860,590
Other income	18	43,548,968	131,578,136
		151,727,503	219,438,726
EXPENSES			
Operating expenses	19	(76,460,626)	(77,097,155)
Administrative expenses	20	(24,172,209)	(23,020,172)
Operating surplus		51,094,668	119,321,399
Finance cost	21	(13,456)	(52,148,352)
Surplus before taxation		51,081,212	67,173,047
Taxation	22	-	-
Surplus for the year		51,081,212	67,173,047
OTHER COMPREHENSIVE INCOME:			
Items that may be subsequently reclassified to income and expenditure:		-	-
Items that will not be subsequently reclassified to income and expenditure:		-	-
Remeasurement loss on employee benefits obligations	13.4	(1,191,207)	(1,570,436)
Other comprehensive loss for the year		(1,191,207)	(1,570,436)
Total comprehensive surplus for the year		49,890,005	65,602,611

The annexed notes 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Stamped for Identification RSRIR CAs

LAHORE GARMENT CITY COMPANY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2025

	Specific fund: Export development fund	Accumulated deficit	Total
	(Rupees)		
Balance as at 01 July 2023	123,000,000	(287,231,231)	(164,231,231)
Total comprehensive surplus for the year			
Surplus for the year	-	67,173,047	67,173,047
Other comprehensive loss	-	(1,570,436)	(1,570,436)
	-	65,602,611	65,602,611
Balance as at 30 June 2024	123,000,000	(221,628,620)	(98,628,620)
Total comprehensive surplus for the year			
Surplus for the year	-	**51,081,212**	**51,081,212**
Other comprehensive loss	-	**(1,191,207)**	**(1,191,207)**
	-	**49,890,005**	**49,890,005**
Balance as at 30 June 2025	**123,000,000**	**(171,738,615)**	**(48,738,615)**

The annexed notes 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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LAHORE GARMENT CITY COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		51,081,212	67,173,047
Adjustments for non-cash and other items:			
Depreciation on property and equipment	5.1	997,407	899,713
Depreciation on investment properties	6	31,431,400	33,085,684
Amortisation of intangible assets	7	5,800	5,800
Expense recognised for employee defined benefit obligations	13.3	7,189,815	16,458,527
Finance cost	21	13,456	52,148,352
		39,637,878	102,598,076
		90,719,090	169,771,123
Changes in working capital			
Decrease/ (increase) in current assets:			
Advances, prepayments and other receivables		2,141,100	16,130,587
Increase/ (decrease) in current liabilities:			
Accrued and other payables		(26,722,936)	25,792,880
Contract liabilities		29,913,698	2,152,024
		3,190,762	27,944,904
Cash generated from operations		96,050,952	213,846,614
Security deposits		57,545,225	(24,790,025)
Finance cost paid		(96,609,456)	(8,352)
Net cash generated from operating activities		56,986,721	189,048,237
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(2,814,752)	(622,480)
Capital work-in-progress		(468,000)	-
Long term deposits		-	(15,000)
Short term investments - net		102,000,000	431,281,379
Net cash generated from investing activities		98,717,248	430,643,899
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings repaid		-	(572,640,000)
Net cash used in financing activities		-	(572,640,000)
Net increase in cash and cash equivalents		155,703,969	47,052,136
Cash and cash equivalents at beginning of the year		68,722,919	21,670,783
Cash and cash equivalents at the end of the year	11	224,426,888	68,722,919

The annexed notes 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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1 STATUS AND NATURE OF THE BUSINESS

1.1 Lahore Garment City Company (the Company) was incorporated as NPO under section 42 of the repealed Companies Ordinance 1984 (now the Companies Act, 2017), as a Company limited by guarantee without the addition of word "Limited" to its name on 16 September 2004. The registered office of the Company is situated at plot no. 143-146 and 151-155 Sundar Industrial Estate, Raiwind Road, Lahore. The principal objective of the Company is to promote the industrial and development estates in Lahore for garments, made ups and accessories.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB).
- Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) 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 and the State-Owned Enterprises (Governance and Operations) Act, 2023.

Where provisions of and directives issued under the Companies Act, 2017 and the State-Owned Enterprises (Governance and Operations) Act, 2023 differ from the IFRSs or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 and the State-Owned Enterprises (Governance and Operations) Act, 2023 have been followed.

2.2 Accounting convention

The financial statements have been prepared under the "Historical Cost Convention" except for recognition of staff retirement benefits which is based on actuarial values and financial instruments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.3 Presentation

The financial statements are presented in Pak Rupee, which is also the Company's functional. Figures are rounded off to the nearest rupee. The corresponding figures are rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements.

2.4 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, 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 the judgments about the carrying values 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 an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

2.4.1 Useful life and residual values of depriciable and intangible assets

The Company reviews the useful life and residual value of depriciable and intangible assets on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of the depriciable or intangible asset, with corresponding effects on the depreciation/ amortization charge and impairment, if any.

2.4.2 Recoverable amount of non-financial assets and impairment

The management of the Company reviews carrying amounts of its non-financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Staff retirement benefits

The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.



The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.4 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non occurrence of the uncertain future events.

3 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

a) Standards and interpretations that became effective but not relevant to the Company

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, 2024. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 4 to these financial statements.

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations became effective for the annual periods beginning on or after the mentioned dates but are either not relevant or do not have any material effect on the Financial Statements of the Company other than increased disclosures in certain cases:

- IFRS 7 - Amendments Regarding the Classification and Measurement of Financial Instruments - (applicable on Annual periods beginning on or after 1 January 2026).
- IFRS 9 - Amendments Regarding the Classification and Measurement of Financial Instruments - (applicable on Annual periods beginning on or after 1 January 2026).
- IAS 21 - The Effects of Changes in Foreign Exchange Rates - (initial application on Annual periods beginning on or after 1 January 2025).
- IFRS 17 - Insurance Contracts - (initial application on Annual periods beginning on or after 1 January 2026).
- Annual improvements to IFRS 7, IFRS 9, IFRS 10 (Consolidated Financial Statements) and IAS 7 (Statement of Cashflows) initial application on Annual periods beginning on or after 1 January 2026).

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan as at 30 June 2025:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRIC 12 – Service Concession Arrangement
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Taxation

The Company is approved as NPO u/s 2(36) of the Income Tax Ordinance, 2001. The Company is formed as a non profit organization, therefore its prescribed receipts are not liable to tax under the provisions of the Section 100C of the Income Tax Ordinance, 2001 provided conditions stated therein are complied with.

4.2 Property and equipment

Operating tangible assets and depreciation

Operating tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss, if any except for freehold land which is stated at cost less accumulated impairment loss, if any.

Depreciation is charged applying reducing balance method over the estimated useful life of the assets at the rates specified in note 5.1.

Depreciation is charged on additions during the year from the month in which operating tangible asset becomes available for use while no depreciation is charged from the month of derecognition/ disposal.

The useful life and depreciation methods are reviewed to ensure that the method and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of operating tangible assets. Appropriate adjustments are made if the impact of depreciation is significant.

Normal repairs and maintenance are charged to the statement of income and expenditure as and when incurred whereas major renewals and improvements are capitalized.

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An item of operating tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset is represented by the difference between the sale proceeds and the book value of the asset and is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and represents expenditure incurred during the construction and installation of property and equipment. Costs may also include borrowing costs as stated in accounting policy for borrowing costs (4.10). Transfers are made to relevant operating tangible assets category as and when assets are available for use.

4.3 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment loss, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to the statement of income and expenditure on a straight line basis over the estimated useful lives of intangible assets at the rates specified in note 7 unless such lives are indefinite. Amortization on additions to intangible assets is charged from month in which an item becomes available for use while no amortization is charged from the month of derecognition/ disposal.

4.4 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost less accumulated impairment loss, if any.

Depreciation is charged applying reducing balance method over the estimated useful life of the assets at the rates specified in note 6.

Depreciation is charged on additions during the year from the month in which investment property becomes available for use while no depreciation is charged from the month of derecognition/ disposal.

The useful life and depreciation methods are reviewed to ensure that the method and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of investment property. Appropriate adjustments are made if the impact of depreciation is significant.

Normal repairs and maintenance are charged to the statement of income and expenditure as and when incurred whereas major renewals and improvements are capitalized.

Gains and losses on disposal of investment property are taken to the statement of income and expenditure.

4.5 Accounting for right-of-use (ROU) assets and leases

ROU asset

The Company recognizes a ROU asset and related lease liability at the lease commencement date. The ROU asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The ROU asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the ROU asset or the end of the lease term. The estimated useful life of ROU asset is determined on the same basis as those operating tangible assets. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Company applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and ROU asset recognized.

The Company as a lessor

As a lessor the Company classifies its leases as either operating or finance leases. The Company assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Company has not currently entered into any lease that is classified as finance lease. Rental income is accounted for on a straight line basis over the lease term and is included in revenue due to its operating nature.

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Short term leases

The Company has elected not to recognize the ROU asset and lease liability for short term leases of properties that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense.

4.6 Advances, prepayments and other receivables

These are initially recorded at cost which is fair value and any impairment would be charged on the basis of expected credit loss.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

4.8 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all permanent employees of the Company who have completed minimum qualifying period. Provisions are made annually to cover the obligation and charged to the statement of income and expenditure, based on actuarial valuation by using the projected unit credit method. Actuarial gains and losses are recognized immediately in other comprehensive income and past service cost is recognized immediately to the statement of income and expenditure. Interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/ asset is also directly charged to the statement of income and expenditure.

4.9 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period in which these are incurred.

4.11 Accrued and other payable

Liability for trade and other amounts payable are carried at cost which is the fair value of consideration to be paid in future for goods and services.

4.12 Contingencies

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.13 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date, except those covered under forward exchange contracts which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates of exchange prevailing at the date of transaction except those covered under forward contracts, which are translated at contracted rates. All exchange differences are included in the statement of income and expenditure.

4.14 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

i) Rental income from assets classified as operating lease is recognized on accrual basis.
ii) Rental income from investment property is recognized as revenue on systematic basis over the term of lease.
iii) Return on bank deposits and short term investment is accrued on timely basis by reference to the principal outstanding and the applicable rate of return using the effective interest method.
iv) Other fees are recognized on as and when received.

4.15 Contract liabilities

Contract liabilities are the obligation of the Company against advance payments/ rentals received from lessees. Contract liability is recognised as and when rentals are received in advance from the lessees and are subsequently recognised as rental income (that portion which relates to the period).

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4.16 Financial instruments

Recognition and measurement

Financial assets and liabilities are recognized, when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are long term investments, short term investments, trade and other receivables, advances adjustable in cash and cash and bank balances. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the Company has transferred substantially all the risks and rewards of ownership or the Company loses control of the contractual rights that comprise the financial assets or a portion of financial assets.

The Company has classified its financial assets based on the requirements as set out in IFRS-9 'Financial Instruments'. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through income and expenditure. The classification of financial assets are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

4.16.1 Financial assets

(a) Financial asset at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(b) Financial asset at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(c) Financial asset at fair value through income and expenditure

A financial asset shall be measured at fair value through income and expenditure unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through income and expenditure to present subsequent changes in fair value in other comprehensive income.

Recognition and measurement

Financial assets at initial recognition are measured at its fair value of the consideration given. Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through income and expenditure with changes in fair value recognized in income and expenditure.

The Company follows trade date accounting for purchase and sale of investments.

4.16.2 Financial liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all financial liabilities shall be measured at fair value minus transaction cost that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are long term borrowings, accrued and other payables and accrued markup.

Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to the statement of income and expenditure in the year in which it arises.

Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

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4.16.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of income and expenditure.

4.16.4 Impairment

Financial assets

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Loss allowance for ECL on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Non-financial assets

The Company assesses at each statement of financial position date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the statement of income and expenditure. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount of the asset had there been no impairment loss. A reversal of the impairment loss is recognized in the statement of income and expenditure.

4.17 Impairment of other assets

The carrying amounts of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment losses are recognized in the statement of income and expenditure.

4.18 Related party transactions

Transactions with related parties are carried out at an arm's length and priced at comparable uncontrolled market price.

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5 PROPERTY AND EQUIPMENT

	Note	2025	2024
Operating tangible assets - owned	5.1	10,503,869	8,686,524
Capital work-in-progress - at cost	5.2	468,000	-
		10,971,869	8,686,524

5.1 Operating tangible assets - owned

	Freehold land	Building on freehold land	Furniture and fittings	Vehicles	Office equipment	Air conditioners	Computers	Total
	(Rupees)							
Year ended 30 June 2024								
Opening net book value	123,978	6,270,254	126,693	1,729,995	450,570	171,464	90,803	8,963,757
Additions	-	-	21,000	-	264,680	-	336,800	622,480
Depreciation charge for the year		(313,513)	(20,842)	(345,999)	(98,637)	(25,720)	(95,002)	(899,713)
Closing net book value	123,978	5,956,741	126,851	1,383,996	616,613	145,744	332,601	8,686,524
As at 30 June 2024								
Cost	123,978	8,821,457	1,465,322	6,655,396	1,821,424	588,221	1,921,640	21,397,438
Accumulated depreciation	-	(2,864,716)	(1,338,471)	(5,271,400)	(1,204,811)	(442,477)	(1,589,039)	(12,710,914)
Closing net book value	123,978	5,956,741	126,851	1,383,996	616,613	145,744	332,601	8,686,524
Year ended 30 June 2025								
Opening net book value	123,978	5,956,741	126,851	1,383,996	616,613	145,744	332,601	8,686,524
Additions	-	-	685,660	-	995,678	-	276,681	1,958,019
Transfers from CWIP	-	433,863	422,870	-	-	-	-	856,733
Depreciation charge for the year	-	(299,546)	(70,078)	(276,799)	(187,680)	(21,862)	(141,442)	(997,407)
Closing net book value	123,978	6,091,058	1,165,303	1,107,197	1,424,611	123,882	467,840	10,503,869
As at 30 June 2025								
Cost	123,978	9,255,320	2,573,852	6,655,396	2,817,102	588,221	2,198,321	24,212,190
Accumulated depreciation	-	(3,164,262)	(1,408,549)	(5,548,199)	(1,392,491)	(464,339)	(1,730,481)	(13,708,321)
Closing net book value	123,978	6,091,058	1,165,303	1,107,197	1,424,611	123,882	467,840	10,503,869
Rate of depreciation	-	5%	15%	20%	15%	15%	30%	

5.1.1 Particulars of immoveable property (freehold land and building) in the name of the Company are as follows:

Location	Usage of immoveable property	Total Area (Sq Ft)
Sundar Industrial Estate, Raiwind Road, Lahore, Pakistan	Registered office	1,295.32

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5.2 **Capital work in progress - at cost**

Particulars	Building on freehold land	Furniture and fittings	Solar panels and equipment	Total
	----------	---------- Rupees ----------	----------	
Balance as at 01 July 2023	-	-	-	-
Capital expenditure incurred during the year	-	-	-	-
Transferred to operating tangible assets	-	-	-	-
Balance as at 30 June 2024	-	-	-	-
Capital expenditure incurred during the year	433,863	422,870	468,000	1,324,733
Transferred to operating tangible assets	(433,863)	(422,870)	-	(856,733)
Balance as at 30 June 2025	-	-	468,000	468,000

6 **INVESTMENT PROPERTY**

	Freehold land	Building on freehold land	Total
	----------	(Rupees) ----------	
Year ended 30 June 2024			
Opening net book value	75,422,372	661,713,679	737,136,051
Depreciation charge for the year	-	(33,085,684)	(33,085,684)
Closing net book value	75,422,372	628,627,995	704,050,367
As at 30 June 2024			
Cost	75,422,372	1,034,734,163	1,110,156,535
Accumulated depreciation	-	(406,106,168)	(406,106,168)
Closing net book value	75,422,372	628,627,995	704,050,367
Year ended 30 June 2025			
Opening net book value	75,422,372	628,627,995	704,050,367
Depreciation charge for the year	-	(31,431,400)	(31,431,400)
Closing net book value	75,422,372	597,196,595	672,618,967
As at 30 June 2025			
Cost	75,422,372	1,034,734,163	1,110,156,535
Accumulated depreciation	-	(437,537,568)	(437,537,568)
Closing net book value	75,422,372	597,196,595	672,618,967
Rate of depreciation per annum	-	5%	

6.1 This represents freehold land and buildings situated in Lahore Garment City Company project area in the Sundar Industrial Estate, Raiwind Road, Lahore, Pakistan having an area of 19.29 Acres. This property is owned by the Company and is held for capital appreciation and earning rental income. The Company is registered as NPO under Section 42 of Companies act established with the objective to produce specialized garments for export and provide an opportunity to small and medium entrepreneurs to develop value-added clothing and accessories. As an NPO, it is not inclined towards the market competition or higher profit goals, and it is not affected by information asymmetries between market and book value. So cost model is applied under IAS 40.

6.2 The fair valuation of the investment properties has not been carried out as at reporting date.

	2025	2024
	(Rupees)	
6.3 Amounts recognised in the statement of income and expenditure for investment properties		
Rental income from operating leases	108,178,535	87,860,590
Direct operating expenses on investment property	33,231,648	34,844,358

6.4 **Leasing arrangements**

The investment properties are leased to tenants under operating leases with rentals payable annually. There are no variable lease payments that depends on index or rate. To reduce credit risk, the Company has obtained security deposits from the tenants. Minimum lease payment receivable on leases of investment properties are as follows:

	2025	2024
	(Rupees)	
Within one year	120,384,872	50,823,753
Between 1 and 2 years	132,423,799	-
Between 2 and 3 years	145,666,179	-

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		Note	2025	2024
			(Rupees)	
7	**INTANGIBLE ASSET**			
	Accounting software			
	As at beginning of the year		21,267	27,067
	Cost		58,000	58,000
	Accumulated amortisation		(30,933)	(25,133)
	Closing net book value		27,067	32,867
	Reconciliation of net book value			
	Opening balance		27,067	32,867
	Amortisation for the year	20	(5,800)	(5,800)
	Closing balance		21,267	27,067
	As at end of the year			
	Cost		58,000	58,000
	Accumulated amortisation		(36,733)	(30,933)
	Closing net book value		21,267	27,067
	Rate of amortization per annum		10%	10%

The Company charges amortization on intangible asset at 10% per annum on a straight line basis.

8	**LONG TERM DEPOSITS**			
	Security deposits	8.1	4,141,000	4,141,000

8.1 The amount represents security deposit amounting to Rs. 4,021,000 (2024: Rs. 4,021,000) provided to Sunder Industrial Estate (SIE) against utility connections in 2011 and security deposit, amounting to Rs. 120,000 (2024: Rs. 120,000) provided to PSO against Fleet Card for Suzuki APV.

9	**ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to employees		2,776,300	3,141,300
	Other receivables		89,058	3,193,642
	Advance income tax		4,968,025	4,967,523
	Prepayments		327,271	108,550
	Accrued profit		1,572,822	463,561
			9,733,476	11,874,576
10	**SHORT TERM INVESTMENTS**			
	At amortised cost			
	Term deposit receipts (TDRs)	10.1	78,000,000	180,000,000

10.1 These carry profit rate of 11.50% (2024: 17.05% to 21.91%) per annum.

11	**CASH AND BANK BALANCES**			
	Cash in hand		50,425	50,285
	Cash at bank:			
	- Current accounts		35,220	35,220
	- Saving accounts	11.1	224,341,243	68,637,414
			224,376,463	68,672,634
			224,426,888	68,722,919

11.1 These carry profit rates ranging from 6.55% to 11.50% (2024: 14.14% to 18.50%) per annum.

12	**SECURITY DEPOSITS**			

This represents interest free security deposits received from tenant against letting out of the buildings by the Company under tenancy agreements.

	Security deposits against rented premises	12.1	29,845,700	19,781,379
	Security deposit against utility connections	12.2	27,699,525	6,500,000
			57,545,225	26,281,379
	Current portion of security deposit	14	-	(26,281,379)
			57,545,225	-

12.1 This amount represents security deposits paid by the lessee equal to 3 months rent.

12.2 This amount represents security paid by the lessee as security deposit against 'B-2' and 'B-3' electrical connections.

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		Note	2025	2024
			(Rupees)	
13	**EMPLOYEE BENEFITS OBLIGATIONS**			
	Gratuity payable	13.2	39,936,491	31,555,469

13.1 The Company operates an unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2025, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in the statement of financial position represents the present value of the defined benefit obligation as on 30 June 2025 according to the amended IAS-19 "Employee Benefits".

13.2 Movement in net defined benefit obligation recognized:

Opening balance		31,555,469	13,526,506
Charge to the statement of income and expenditure	13.3	7,189,815	16,458,527
Charge to other comprehensive income	13.4	1,191,207	1,570,436
Benefits paid during the year		-	-
Closing balance		39,936,491	31,555,469

Reconciliation of present value of defined benefit obligation is as follows:

Opening balance of present value of defined benefit obligation	31,555,469	13,526,506
Service cost for the year	2,535,383	1,177,166
Past service cost	-	13,083,304
Interest cost for the year	4,654,432	2,198,057
Benefits paid during the year	-	-
Acturial (gains) / losses from changes in financial assumptions	(203,892)	(84,387)
Actuarial losses / (gains) due to experience adjustments	1,395,099	1,654,823
Closing balance of pesent value of defined benefit obligation	39,936,491	31,555,469

13.3 Amount charged to the statement of income and expenditure for the year:

Service cost for the year	2,535,383	1,177,166
Past service cost	-	13,083,304
Interest cost for the year	4,654,432	2,198,057
	7,189,815	16,458,527

13.4 Amounts recognized in the other comprehensive income are:

Remeasurements of net defined benefit obligation:		
Acturial (gains) / losses from changes in financial assumptions	(203,892)	(84,387)
Actuarial losses / (gains) due to experience adjustments	1,395,099	1,654,823
	1,191,207	1,570,436

13.5 Allocation of expense charged to the statement of income and expenditure:

Operating expenses			
Administrative expenses	19.1	5,032,871	11,520,969
	20.1	2,156,944	4,937,558
		7,189,815	16,458,527

13.6 Risks on account of defined benefit plan:

The Company faces the following risks on account of defined benefit plan:

Interest rate risk - The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary risk - The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the the salary of the plan participants will increase the liability and vice versa.

Withdrawal rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate/ attrition rate of the plan participants. As such, an increase in the withdrawal rate may increase/ decrease the liabilty and vice versa depending upon the age-service distribution of the existing employees.

Mortality rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/ decrease the liability and vice versa depending upon the age-service distribution of the exiting employees.

13.7 Expected future contribution:

Expected future contribution for the year ending 30 June 2026 is Rs. 7,516,649/-.

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13.8 **Year end sensitivity analysis on defined benefit obligation:**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

	2025	
	Defined benefit obligation	
	Effect 100 bps	
	Increase	Decrease
	(Rupees)	
Discount rate by 100 bps	36,547,429	43,787,889
Salary increase by 100 bps	43,826,324	36,455,028

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

	Note	2025	2024
13.9 **The principal assumptions used for the purposes of actuarial valuations were as follows:**			
Discount rate used for interest cost		14.75%	16.25%
Discount rate used for year end obligation		11.75%	14.75%
Expected rate of increase in salary		13.75%	13.75%
Expected retirement age		60 years	60 years
Average duration of defined benefit obligation		9 years	9 years
Mortality rates used		SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates		Age based	Age based
13.10 **Maturity profile of the undiscounted defined benefit obligation:**		(Rupees)	
1 - 5 years		9,887,191	9,324,996
6 - above years		322,266,867	486,219,274

	Note	2025	2024
14 **ACCRUED AND OTHER PAYABLES**		(Rupees)	
Current portion of security deposits	12	-	26,281,379
Accrued liabilities		1,071,915	1,336,978
Bid money payable		-	176,494
		1,071,915	27,794,851
15 **CONTRACT LIABILITIES**			
Advance rentals	15.1	80,737,451	50,823,753

15.1 This represents contract liability for rents received from tenant under lease arrangements on letting out of buildings.

15.2 The amount will be recognized as revenue in the next eight months.

16 **CONTINGENCIES AND COMMITMENTS**

16.1 **Contingencies**

16.1.1 The Company has received a show cause notice from Punjab Revenue Authority (PRA) vide letter dated April 18, 2018 in which being a company it was required to withhold and deposit the sales tax on services, under the Punjab Sales Tax on Services Act, 2012 read with Punjab Sales Tax on Services (Withholding) Rules 2015.

The show cause notice states that the Company has received taxable services and assessed sales tax amounting to Rs. 24.261 million in respect of financial year ended June 30, 2016 and June 30, 2017.

The writ petition was filed in the Lahore High Court against the show cause notice issued by the PRA but the writ was dismissed by the court vide order dated May 15, 2018. The Company has preferred an intra court appeal dated July 19, 2019 and its legal council is of the view that its impact could not be ascertained as at June 30, 2025.

16.2 **Commitments**

There are no commitments to report as at the reporting date (2024: Rs. Nil/-).

17 **INCOME FROM LETTING OUT OF BUILDINGS**		
Income from letting out of premises	108,178,535	87,860,590

Contract liabilities (Advance rentals) at the beginning of the year amounting to Rs. 50,823,753/- (2024: Rs. 48,671,729/-) have been recognized during the year as income.

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		Note	2025	2024
			(Rupees)	
18	**OTHER INCOME**			
	Income from financial assets:			
	Return on short term investments		34,933,439	107,056,091
	Return on bank deposits		8,615,529	24,510,045
	Income from non-financial assets:			
	Miscellaneous income		-	12,000
			43,548,968	131,578,136
19	**OPERATING EXPENSES**			
	Staff salaries and benefits	19.1	33,263,631	34,502,042
	Depreciation on investment property	6	31,431,400	33,085,684
	Supervision and maintenance of buildings		6,192,704	5,406,540
	Repair and maintenance		3,772,643	2,344,215
	Operation and maintenance charges of investment property		1,800,248	1,758,674
			76,460,626	77,097,155

19.1 This includes gratuity expense amounting to Rs. 5,032,871 (2024: Rs. 11,520,969), refer note 13.5.

20	**ADMINISTRATIVE EXPENSES**			
	Staff salaries and benefits	20.1	14,940,674	15,415,316
	Legal and professional		1,398,788	1,011,874
	Petrol, lubricants and maintenance		1,819,405	1,728,342
	Depreciation on property and equipment	5.1	997,407	899,713
	Utilities		1,067,848	1,195,413
	Travelling and conveyance		531,331	455,917
	Miscellaneous		367,652	578,956
	Printing and stationery		514,135	347,680
	Entertainment		516,997	417,669
	Insurance		415,251	215,722
	Postage		484,826	238,800
	Rent, rates and taxes		270,389	261,730
	Auditors' remuneration	20.2	298,200	183,750
	Advertisement		526,361	50,000
	Newspapers and periodicals		17,145	13,490
	Amortisation on intangible asset	7	5,800	5,800
			24,172,209	23,020,172

20.1 This includes gratuity expense amounting to Rs. 2,156,944 (2024: Rs. 4,937,558), refer note 13.5.

20.2 **Auditors' remuneration**

Audit Fee	202,650	183,750
Review report on statement of compliance	95,550	-
	298,200	183,750

21	**FINANCE COST**		
	Markup on long term borrowing	-	52,140,000
	Bank charges	13,456	8,352
		13,456	52,148,352

22 **TAXATION**

22.1 The Company has availed tax credit under Section 100C being a Non Profit Organization (the "NPO") which equals to 100 percent of its tax liability, so disclosure regarding management assessment of sufficiency of tax provision made in financial statements and along with comparison of tax provision is not relevant to the Company.

22.2 As the Company's income falls under Section 100C of the Income Tax Ordinance, 2001 for tax credit, therefore deferred taxation is not relevant to the Company.

22.3 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not provided in view of the matter stated in note 22.1.

23 **TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of Government of Punjab (GoP), City District Government Lahore (CDGL), entities owned and controlled by the GoP/ CDGL, and directors and key management personnel. The transactions with related parties are carried out at commercial terms/ conditions and remuneration to executives is on employment terms.

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The Company availed exemption available under the applicable financial reporting framework and therefore did not provide detailed disclosures of its transactions with GoP and related entities in these financial statements except for transactions which the Company deemed significant.

The transactions described below are collectively, but not individually, significant to these financial statements and therefore are disclosed below:

a) The Company has banking relationship with Bank of Punjab owned and controlled by GoP.

b) All transactions with chief executive officer, directors and executives have been disclosed in the note 24 to these financial statements.

24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

24.1 No remuneration has been paid to the chief executive officer and directors of the Company. Remuneration and benefits paid to the executives of the Company are as follows:

	2025			2024		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	(Rupees)					
Basic salary	-	-	17,911,008	-	-	13,502,429
Other allowances	-	-	3,370,495	-	-	1,613,659
Provision for gratuity	-	-	2,156,944	-	-	4,937,558
	-	-	23,438,447	-	-	20,053,646
Total number	1	8	3	1	8	3

24.2 The Company has also provided Company maintained car to company secretary.

25 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

25.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from security deposits, other receivables, investments and bank balances. Out of the total financial assets of Rs. 311,006,068/- (2024: Rs. 259,662,422/-), the financial assets which are subject to credit risk amounted to Rs. 310,955,643/- (2024: Rs. 259,612,137/-)

25.1.1 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2025	2024
Financial assets		(Rupees)	
Long term deposits	8	4,141,000	4,141,000
Advances, prepayments and other receivables	9	4,438,180	6,798,503
Short term investments	10	78,000,000	180,000,000
Bank balances	11	224,376,463	68,672,634
		310,955,643	259,612,137

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25.1.2 **Credit quality of major financial assets**

The credit quality of the Company's major banks is assessed with reference to external credit ratings which are as follows:

Banks	Rating Agency	Short / Long term	2025	2024
			(Rupees)	
JS Bank Limited	PACRA	A-1+/ AA	101,059	407,958
National Bank of Pakistan	PACRA	A-1+/ AAA	19,506	16,751
Bank Islami Pakistan Limited	PACRA	A-1/ AA-	35,628	137,915
Bank Al-Habib Limited	PACRA	A-1+/ AAA	34,820	34,820
The Bank of Punjab	PACRA	A-1+/AA+	224,185,450	68,075,190
			224,376,463	68,672,634

Short term investment	Note	2025	2024
		(Rupees)	

Term deposit receipts are from the following banks:

Banks				
The Bank of Punjab	PACRA	A-1+/AA+	78,000,000	180,000,000

25.2 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

	2025				
	Carrying amount	Contractual cash flows	Within one year	One to five years	More than five years
	(Rupees)				
Accrued markup	869,361,000	869,361,000	96,596,000	386,384,000	482,977,000
Accrued and other payables	1,071,915	1,071,915	1,071,915	-	-
	870,432,915	870,432,915	97,667,915	386,384,000	482,977,000

	2024				
	Carrying amount	Contractual cash flows	Within one year	One to five years	More than five years
	(Rupees)				
Accrued markup	965,957,000	965,957,000	96,596,000	386,384,000	482,977,000
Accrued and other payables	27,794,851	27,794,851	27,794,851	-	-
	993,751,851	993,751,851	124,390,851	386,384,000	482,977,000

25.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

25.3.1 **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the change in foreign exchange risk. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which receivables and purchases are denominated and the respective functional currency of the Company i.e. Pakistan Rupee. The Company is not exposed to any foreign currency risk at year end.

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25.3.2 **Interest rate risk**

Interest rate risk is 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's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in TDRs / saving accounts at floating interest rates. The effective interest / markup rates for interest / markup bearing financial instruments are mentioned in relevant notes to these financial statements. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	2025	2024	2025	2024
	Effective rate per annum		Carrying amount in Rupees	
Financial assets				
Fixed rate instruments				
Short term investments	11.50%	17.05% to 21.91%	78,000,000	180,000,000
Variable rate instruments				
Cash at bank - saving accounts	6.55% to 11.50%	14.14% to 18.50%	224,341,243	68,637,414

Interest rate sensitivity of fixed rate instruments

The Company does not account for any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at reporting date would not materially affect the statement of income and expenditure of the Company in respect of these financial instruments.

Interest rate sensitivity of variable rate instruments

If the interest rates at the reporting date had been higher by 100 basis points with all other variables being constant, the surplus before tax would have been approximately higher by Rs. 2,243,412 (2024: Rs. 686,374).

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year.

25.3.3 **Other price risk**

Other price risk is the risk that the fair values 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 financial instruments trading in market.

Exposure to price risk

The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

25.4 **Fair value of financial instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The book value of all financial instruments reported in the financial statements approximates their fair value unless otherwise stated.

25.5 **Financial instruments by category**

	Note	2025	2024
		(Rupees)	
Financial assets at amortised cost			
Long term deposits	8	4,141,000	4,141,000
Advances, prepayments and other receivables	9	4,438,180	6,798,503
Short term investments	10	78,000,000	180,000,000
Cash and bank balances	11	224,426,888	68,722,919
		311,006,068	259,662,422

	Note	2025	2024
		(Rupees)	
Financial liabilities at amortised cost			
Accrued markup		869,361,000	965,957,000
Security deposits	12	57,545,225	-
Accrued and other payable	14	1,071,915	27,794,851
		927,978,140	993,751,851

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25.6 **Reconciliation to the line items presented in the statement of financial position**

The reconciliation to the line items presented in the statement of financial position is as follows:

	2025		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	----------Rupees----------		
Assets			
Property and equipment	-	10,971,869	10,971,869
Investment property	-	672,618,967	672,618,967
Intangible assets	-	21,267	21,267
Long term deposits	4,141,000	-	4,141,000
Advances, prepayments and other receivables	4,438,180	5,295,296	9,733,476
Short term investments	78,000,000	-	78,000,000
Cash and bank balances	224,426,888	-	224,426,888
	311,006,068	688,907,399	999,913,467

	2025		
	Financial liabilities	Non-financial liabilities	Fund and liabilities as per statement of financial position
	----------Rupees----------		
Fund and liabilities			
Specific fund	-	123,000,000	123,000,000
Accumulated deficit	-	(171,738,615)	(171,738,615)
Accrued markup	869,361,000	-	869,361,000
Security deposits	57,545,225	-	57,545,225
Employee benefits obligations	-	39,936,491	39,936,491
Accrued and other payables	1,071,915	-	1,071,915
Contract liabilities	-	80,737,451	80,737,451
	927,978,140	71,935,327	999,913,467

	2024		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	----------Rupees----------		
Assets			
Property and equipment	-	8,686,524	8,686,524
Investment property	-	704,050,367	704,050,367
Intangible assets	-	27,067	27,067
Long term deposits	4,141,000	-	4,141,000
Advances, prepayments and other receivables	6,798,503	5,076,073	11,874,576
Short term investments	180,000,000	-	180,000,000
Cash and bank balances	68,722,919	-	68,722,919
	259,662,422	717,840,031	977,502,453

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	2024		
	Financial liabilities	Non-financial liabilities	Fund and liabilities as per statement of financial position
	----------Rupees----------		
Fund and liabilities			
Specific fund	-	123,000,000	123,000,000
Accumulated deficit	-	(221,628,620)	(221,628,620)
Accrued markup	965,957,000	-	965,957,000
Employee benefits obligations	-	31,555,469	31,555,469
Accrued and other payables	27,794,851	-	27,794,851
Contract liabilities	-	50,823,753	50,823,753
	993,751,851	(16,249,398)	977,502,453

25.7 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

26 FUND RISK MANAGEMENT

The Company's objective when managing funds is to safeguard the Company's ability to continue as a going concern so that it can continue to provide benefits to the stakeholders and to maintain strong fund base to support the sustained development of its business. The Company is not exposed to any externally imposed fund requirements whether restricted or unrestricted.

27 NUMBER OF EMPLOYEES

	2025	2024
	Number	Number
Number of employees at the end of year	15	15
Average number of employees during the year	15	15

28 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There were no significant subsequent events that requires disclosure in these financial statements.

29 DATE OF AUTHORIZATION

These financial statements are approved by the Company's Board of Directors and authorised for issue in their meeting held on 08 09 2025

CHIEF EXECUTIVE OFFICER

DIRECTOR

Signature for Identification RSRIR CAs

LIST OF MEMBERS

Sr. No.	Directors	Address
1.	Mr. Sheikh Zafar Mahmood	House # 59/3, Mohalah Banaras Road, Extension Lahore Cantt
2.	Dr. Muhammad Mushtaq Ahmad Mangat	House # 296-B, Revenue Employees Housing Society, Lahore
3.	Mr. Naseer Ahmad Butt	482-Y, Phase-III, DHA, Lahore
4.	Mr. Adeeb Iqbal Sheikh	House # 72/C-III, Model Town, Lahore
5.	The Secretary	Ministry of Commerce (Textile Wing) Government of Pakistan, 5th Floor, Kohsar Block, Pak Secretariat, Islamabad
6.	The Secretary	Ministry of Commerce Government of Pakistan, Block-A, Pak Secretariat, Islamabad
7.	The Secretary	Industries, Commerce & Investment Department, Government of Punjab, Lahore
8.	Collector Customs	Nabha Road, Lahore
9.	CEO, SMEDA	3rd Floor, Building No.3, Aiwan-e-Iqbal, Egerton Road, Lahore