

**TRADING CORPORATION OF PAKISTAN
(PRIVATE) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Merewether Road,
Karachi - Pakistan

T : +92 (021) 35644872-7
F : +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2025**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies 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 and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraphs (a) and (b) below, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 June 30, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) As disclosed in note 15.1 to the financial statements, other receivables include Rs. 17,888.93 million (including accrued mark-up and other charges of Rs. 15,509.38 million) till June 30, 2025 from sugar mills on account of sugar not supplied by them under the contractual terms. The Company had initiated legal action. In the absence of management objective evaluation of probable outcome of the said legal action, we are unable to satisfy ourselves as to the recoverability of receivables from sugar mills under the head prepayments and other receivables.

blm

- b) As stated in note no 25.1.1 and 25.1.4 to 25.1.14, the Company has pending litigations and open tax assessments. We were unable to obtain sufficient appropriate audit evidence regarding the completeness of these and any other legal contingencies and their recognition / disclosure. The ultimate outcome cannot presently be determined, and no provision has been made.

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

Emphasis of matter

We draw attention to Notes 12.3 and 12.4 to the financial statements, which describe long-outstanding receivables due from provincial government departments and other public sector institutions. These balances are supported by the Federal Government's acknowledgment and commitment to the settlement. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report.

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. For the matters described in the *Basis for Qualified Opinion* section of our report, we conclude that the other information is also materially misstated with respect to those matters.

batwing

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 Companies Act, 2017 (XIX of 2017), the State Owned Enterprises (Government 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.

Auditor's 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 auditor's 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.

Intsig

- 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 auditor's 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 auditor's 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, except for the possible effects of the matters referred in paragraphs (a) and (b) in the Basis for Qualified Opinion section of our report:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 SOE Act, 2023 are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

being

The engagement partner on the audit resulting in this independent auditor's report is ***Muhammad Aqeel Ashraf Tabani.***

Signature

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants

Karachi

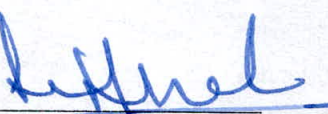
Date:

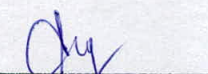
UDIN:

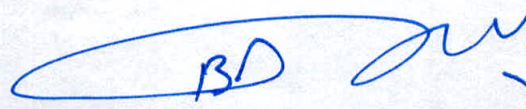
TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

		2025	2024
	Note	Rupees in 000	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	87,121,670	46,454,849
Intangible asset	6	855	1,558
Long-term investments	7	16,703,189	10,709,509
Long-term loans	8	55,046	62,788
Long-term deposits		16,449	16,449
		103,897,209	57,245,153
CURRENT ASSETS			
Current maturity of long-term investments	7	-	-
Stores	9	-	-
Stock-in-trade held on behalf of Government of Pakistan	10	-	-
Due from Government of Pakistan	11	237,669,726	208,053,896
Receivable from recipient agencies	12	58,127,415	56,891,348
Loans and advances	13	25,779	25,149
Accrued interest	14	997,311	70,671
Prepayments and other receivables	15	22,446,909	20,728,713
Sales tax refundable	16	7,362,653	7,324,493
Short-term investments	17	11,743,142	16,818,972
Cash and bank balances	18	1,607,870	2,158,076
		339,980,805	312,071,318
TOTAL ASSETS		443,878,014	369,316,471
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	19	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	19	1,000,000	1,000,000
Surplus on revaluation on property and equipment		86,361,842	45,739,625
Reserves		24,374,443	23,100,410
		111,736,285	69,840,035
NON-CURRENT LIABILITIES			
Long-term loan	20	16,649	16,649
Loan for FMCL sprinkler system	21	14,934	22,401
Deferred liabilities - staff compensated absences	22	166,016	153,272
		197,599	192,322
CURRENT LIABILITIES			
Trade and other payables	23	1,785,601	1,394,866
Commodity finance under markup arrangements	24	319,561,605	281,225,025
Current portion of loan for FMCL sprinkler system	21	7,467	7,467
Interest accrued		9,807,995	15,524,584
Taxation - net		781,462	1,132,172
		331,944,130	299,284,114
TOTAL EQUITY AND LIABILITIES		443,878,014	369,316,471
CONTINGENCIES			
	25		

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer

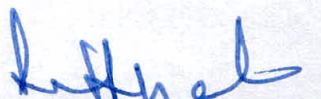

Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ----- Rupees in 000 -----	2024 -----
Service charges / commission income	26	8,705	481,352
Administrative expenses	28	(2,509,804)	(1,449,717)
Operating loss		(2,501,099)	(968,365)
Finance cost		(2,517)	(3,761)
Other income	29	4,888,820	5,384,520
Profit before levy (final and minimum tax) and income tax		2,385,204	4,412,394
Minimum tax	30.2	(1,045)	(57,762)
Profit before income tax		2,384,159	4,354,632
Income tax			
- For the year	30.3	(949,030)	(1,559,992)
- Prior year		(87,621)	(193,446)
		(1,036,651)	(1,753,438)
Profit after taxation		1,347,508	2,601,194
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of property and equipment		40,729,014	45,739,625
Remeasurement loss on staff compensated absences		19,728	(6,279)
Remeasurement gain on defined benefit plan - gratuity		-	14,291
Total comprehensive income for the year		42,096,250	48,348,831

The annexed notes from 1 to 40 form an integral part of these financial statements.

blmif


Chief Executive Officer


Chief Financial Officer


Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Issued, subscribed and paid-up share capital	Reserves					Total reserves excluding surplus	Surplus on revaluation on PPE-net of tax	Total Equity
		General reserve	Building reserve	Reserve for contingencies	Revenue reserves	Unappropriated profit			
Rupees in 000									
Balance as at July 01, 2023	1,000,000	7,500,000	1,680,000	100,000	239,000	10,982,204	20,501,204	-	21,501,204
Profit for the year	-	-	-	-	-	2,601,194	2,601,194	-	2,601,194
Other comprehensive income for the year	-	-	-	-	-	8,012	8,012	45,739,625	45,747,637
Total comprehensive income for the year	-	-	-	-	-	2,609,206	2,609,206	45,739,625	48,348,831
Transaction with the owners:									
Final dividend for the year ended June 30, 2023	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balance as at June 30, 2024	1,000,000	7,500,000	1,680,000	100,000	239,000	13,581,410	23,100,410	45,739,625	69,840,035
Profit for the year	-	-	-	-	-	1,347,508	1,347,508	-	1,347,508
Other comprehensive income for the year	-	-	-	-	-	19,728	19,728	40,729,014	40,748,742
Total comprehensive income for the year	-	-	-	-	-	1,367,236	1,367,236	40,729,014	42,096,250
Transfer from surplus on revaluation of property and equipment of incremental depreciation	-	-	-	-	-	106,797	106,797	(106,797)	-
Transaction with the owners:									
Final dividend for the year ended June 30, 2024	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at June 30, 2025	1,000,000	7,500,000	1,680,000	100,000	239,000	14,855,443	24,374,443	86,361,842	111,736,285

The annexed notes from 1 to 40 form an integral part of these financial statements.

Handwritten signature

Handwritten signature

Chief Executive Officer

Handwritten signature

Chief Financial Officer

Handwritten signature

Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
Note	Rupees in 000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before levy (final and minimum tax) and income tax	2,385,204	4,412,394
Adjustments of non cash and other items		
Depreciation on property and equipment	160,004	37,633
Amortization on intangible asset	703	703
Gain on disposal of property and equipment	(1,629)	(2,918)
Impairment of property and equipment	23,768	-
Interest on investments	(263,290)	(318,818)
Subsidy to be reimbursed - net	(34,615,830)	(62,641,544)
Provision for compensated absences	131,746	90,929
	(34,564,528)	(62,834,015)
Decrease / (increase) in current assets		
Stock-in-trade held on behalf of Government of Pakistan	-	6,097
Receivable from recipient agencies	(1,236,067)	24,651,458
Loans and advances	(630)	(3,573)
Prepayments and other receivables	(1,763,019)	(2,937,715)
Sales tax refundable	(38,160)	(34,166)
	(3,037,876)	21,682,101
(Decrease) / increase in current liabilities		
Trade and other payables	(12,681)	(37,952)
Interest accrued	(5,716,589)	680,670
	(5,729,270)	642,718
Cash used in operations	(40,946,470)	(36,096,801)
Income tax paid	(1,388,405)	(2,258,156)
Staff retirement gratuity - net	448,239	(138,576)
Compensated absences paid	(99,274)	(76,558)
	(1,039,440)	(2,473,290)
Net cash used in operating activities	(41,985,910)	(38,570,091)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(122,071)	(270,132)
Sale proceeds from disposal of property and equipment	2,120	3,687
Net proceeds (investment in) / from market treasury bills	5,075,830	(3,814,639)
Net change in investment in Pakistan investment bonds	(5,993,680)	(270,095)
Interest received on investments	(663,350)	252,853
Long term deposits	-	(846)
Long-term loans received	7,742	(7,467)
Long-term loans recovered - net	(7,467)	3,859
Net cash used in investing activities	(1,700,876)	(4,102,780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subsidy received / adjusted during the year	5,000,000	13,818,008
Dividend paid	(200,000)	(10,000)
Net cash generated from financing activities	4,800,000	13,808,008
Net decrease in cash and cash equivalents	(38,886,786)	(28,864,863)
Cash and cash equivalents at beginning of the year	(279,066,949)	(250,202,086)
Cash and cash equivalents at end of the year	(317,953,735)	(279,066,949)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Trading Corporation of Pakistan (Private) Limited (the Company) was incorporated in Pakistan on July 28, 1967 as a private limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). It is wholly owned by the Federal Government and operates under the administrative control of the Ministry of Commerce (MoC), Government of Pakistan (GoP). The registered office of the Company is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to cater strategic imports and exports as per directives of Government of Pakistan. The Company acts as an agent in those transactions and is entitled to service charges / commission on services rendered and does not carry any risks and rewards related to those transactions as such and therefore, the supplies and cost of supplies relating to those transactions are not presented in the statement of profit or loss of the Company.
- 1.2** Cotton Exchange Corporation of Pakistan (Private) Limited (CEC) and Rice Export Corporation of Pakistan (Private) Limited (RECP) were merged with and into the Company in 2001 under an order of Sindh High Court dated January 19, 2001. Further, Cotton Trading Corporation of Pakistan (Private) Limited (CTC) was merged with and into the Company in 2008 by another order of the Sindh High Court. As a result of these orders, the assets and liabilities of these defunct companies were transferred to the Company without any subsidiary records.

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 (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provision and directives issued under State Owned Enterprises Act, 2023.

Where the provisions of and directives issued under the State Owned Enterprises Act, 2023 and Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 and State owned Enterprises Act, 2023 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

btw

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent year are as follows:

	Note
- Residual values and useful lives of property and equipment	5.1
- Valuation of stores and stock in trade	4.5 & 4.6
- Provision for receivable from recipient agencies	4.7
- Provision for impairment of other receivables	4.8
- Provisions	4.13
- Provision for compensated absence	4.14
- Taxation and levy	4.16

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

3.1 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 01, 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.

3.2 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 21 The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7 Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 9 Financial Instruments: Classification and Measurement (Amendments)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2026
Annual improvements to IFRS 7, IFRS 9 and IAS 7 (Statement of Cash Flows)	January 01, 2026

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

3.4 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 by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025;

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

btm

4. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property and equipment

Initial Recognition

An item of property and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are initially capitalized at cost as operating fixed asset and depreciated over its useful life. While assets under construction are capitalized to CWIP.

Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

Measurement subsequent to initial recognition

Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Leasehold Land
- Building on Leasehold Land
- Godown on Leasehold Land

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss, however, decrease is recorded in statement of comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit / loss.

bmw

Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation is charged to the statement of profit or loss and claimed under trading and other expenses to be reimbursed by GoP, as the case may be, using reducing balance method at the rates given in note 5.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each statement of financial position date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the statement of profit or loss.

4.2 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.3 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, 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 measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Amir

4.4 Intangible asset

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The amortization rate of the intangible assets are stated in note 6 to these financial statements. Full month's amortization is charged in the month of addition when the asset is available for use, whereas, amortization on disposals is charged upto the month in which the disposal takes place.

4.5 Stores

These are valued at weighted average cost less impairment losses, if any, except for stores in transit which are valued at cost (invoice value) plus other charges accumulated up to the reporting date. Cost comprises of invoice value and other direct costs but excludes borrowing costs. Provision is made for slow moving / obsolete items, where necessary and is recognised in the statement of profit or loss. Provision for slow moving / obsolete stores relating to transactions carried out on behalf of the GoP is claimed under trading and other related expenses to be reimbursed by GoP.

4.6 Stock-in-trade held on behalf of Government of Pakistan (GoP)

Stock-in-trade except for stock of urea is valued at the lower of weighted average cost and net realizable value. Urea is valued at weighted average cost less impairment, if any, as it is sold at subsidized rates under the directives of the GoP. Cost comprises of invoice value, charges like excise, custom duties and other similar levies and other direct costs.

Provision made for obsolete / slow moving stocks, where necessary, is included in the trading and other expenses to be reimbursed by the GoP.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

4.7 Receivable from recipient agencies

Receivable From Recipient Agencies on supply of commodities (sugar, wheat, urea, rice, cotton etc) are stated initially at fair value along with markup. Receivable From Recipient Agencies are written off, when considered irrecoverable. In case of default by the counter parties in transactions executed on behalf of the GoP, the same is recoverable / claimed from GoP under trading and other expenses to be reimbursed by the GoP.

4.8 Other receivables

Receivable from other parties are stated initially at fair value and subsequently measured at amortised cost. An allowance for expected credit loss is recognized in accordance with IFRS - 9. Other receivable are written off, when considered irrecoverable.

4.9 Financial Assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial Measurement

The company classifies its financial assets into following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

btm

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. Equity Instruments as FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.

iii. Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

De-recognition

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 risks and rewards of ownership.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model to measure impairment of financial assets in accordance with IFRS 9 Financial Instruments. This policy is applicable to financial assets measured at amortized cost and those measured at fair value through other comprehensive income (FVOCI). At initial recognition, and for financial assets where there has been no significant increase in credit risk since origination (Stage 1), the Company recognizes a 12-month expected credit loss. The 12-month ECL represents the portion of lifetime expected losses that result from default events that are possible within the 12 months following the reporting date.

Expected credit losses are measured as a probability-weighted estimate of credit losses, incorporating the probability of default (PD), the exposure at default (EAD), and the loss given default (LGD), which represents the proportion of loss expected after considering collateral and other recoveries. The Company assesses credit risk at each reporting date to determine whether there has been a significant increase in credit risk since initial recognition. If such an increase is identified, the Company recognizes lifetime ECL, and if a financial asset becomes credit impaired, lifetime ECL continues to be recognized with interest income calculated on the net carrying amount.

A financial asset is written off when there is no reasonable expectation of recovery, either in full or in part. Any subsequent recoveries of amounts previously written off are recognized in profit or loss.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

blm

4.10 Financial Liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

4.11 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents include bank balances and commodity finance under markup arrangements.

4.12 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost to be paid in future for goods and services received, whether or not billed to the Company.

4.13 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

4.14 Employees' retirement benefits

Employees' gratuity fund - defined benefit plan

The Company operates a gratuity fund for all of its permanent employees who have completed minimum qualified period of service. Contributions in respect thereof are made in accordance with the terms of the scheme. The amount of the gratuity paid to the employees is determined by the amount of contributions made by the Company to the gratuity fund together with the investment returns arising from the fund. The company operates a defined contribution plan for its eligible employees. Under this plan, the company makes fixed contributions to a separate fund.

Employees' provident fund - defined contribution plan

The Company operates a recognised provident fund for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increase their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of borrowings using the effective interest rate method. Finance cost on borrowings made for executing transactions on behalf of government are included in the cost to be reimbursed by the government.

Amir

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the statement of financial position date. Exchange gains and losses arising in respect of borrowings in foreign currency, if any, are added in the carrying amount of the borrowing.

4.16 Taxation and levy

4.16.1 Levy - final and minimum tax

Computation of minimum tax chargeable under various sections of ITO 2001, provisions of such sections require its comparison with amount of tax attributable to income streams taxable at general rate of taxation, such minimum taxes are not fully outside the scope of IAS-12 and a certain portion of them falls in scope of IAS - 12. Based on this, the minimum taxes under ITO 2001 are hybrid taxes which comprise of a component within the scope of IAS - 12 and a component within the scope of IFRIC - 21 / IAS - 37.

As regards final taxes, its computation is based on revenue or other bases other than taxable income, therefore, final taxes fall under levy within the scope of IFRIC – 21 / IAS – 37, hence treated and classified accordingly, as per the requirements of / and guidelines issued by ICAP.

In identifying and classifying each component of minimum tax being hybrid in nature, company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS – 12 “Income taxes” and recognize it as current income tax expense. Any excess over the amount designed as income tax, is recognized as a levy falling under the scope of IFRIC – 21 / IAS – 37.

4.16.2 Taxation

Income tax expense comprises current, prior and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Prior tax

The charge for prior tax includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the statement of financial position method, on all temporary differences arising at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

h/ming

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.17 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupees at the rates of exchange ruling at the statement of financial position date. Exchange gains and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the statement of financial position date rates are included in the statement of profit or loss. Exchange gains / losses on transactions carried out on behalf of GoP are included in the cost related to such transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.18 Revenue

Revenue is measured at the fair value of consideration received or receivable and is recognised in the statement of profit or loss.

As the Company acts as an agent on behalf of the GoP, it earns commission income on the supplied value of commodities except for Urea on which commission is recorded on import value (C&F), Rice on which commission is recorded on its purchase cost (C&F) unless specifically mentioned in a directive of GoP. The rate of commission depends upon the directive of GoP. Commission income is recorded on accrual basis when the transaction has been executed.

- Profits on bank and term deposits is accounted for on time proportion basis using effective interest method.
- Rental income is recorded on accrual basis.
- Income in respect of services provided are recognized when services have been rendered.
- Supplies made on behalf of the GoP are credited to "due from GoP" through trading surplus / deficit to be reimbursed by GoP.

4.19 Subsidies from the GoP

Subsidies from the Government are calculated separately for each consignment, which represent the difference between the supply price to recipient agencies like NFML and the cost incurred on transactions executed on behalf of GoP by TCP. All direct and indirect income and expenses related to these transactions are borne by GoP and claimed (on net basis) under trading and other expenses to be reimbursed by GoP.

4.20 Expenses

Expenses incurred in relation to import and trading on behalf of GoP is charged to trading and other expenses to be reimbursed by GoP whereas, payroll and other costs are charged in administrative expenses in the statement of profit

blm

or loss.

4.21 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit including transfer to reserves are reflected in the statement of changes in equity in the period in which such appropriations are approved by the shareholders of the Company.

blue

5. PROPERTY AND EQUIPMENT

Operating fixed assets

Advances against purchase of land

Provision against advances

Capital work in progress

5.1 Operating fixed assets

Note	2025	2024
	Rupees in 000	
5.1	87,119,955	46,454,165
	81,428	81,428
	(81,428)	(81,428)
5.2	-	-
5.3	1,715	684
	87,121,670	46,454,849

Net carrying value basis

Year ended June 30, 2024

Opening net book value

Addition (at cost)

Transfer from CWIP

Revaluation surplus

Disposal

Cost

Accumulated depreciation

Depreciation charged

Closing net book value

Gross carrying value basis

As at June 30, 2024

Cost / revalued amount

Accumulated depreciation

Net book value

Net carrying value basis

Year ended June 30, 2025

Opening net book value

Addition (at cost)

Revaluation surplus / (loss)

Disposal

Cost

Accumulated depreciation

Depreciation charged

Closing net book value

Gross carrying value basis

As at June 30, 2025

Cost / revalued amount

Accumulated depreciation

Net book value

Depreciation (% per annum)

	Leasehold Land	Building on leasehold land	Godowns on leasehold land	Structural Improvements	Godown Equipments	Office Equipments	Furniture, Fixtures and Fittings	Computer Equipment	Laboratory Handling Equipments	Electric Sub Stations / Solar System	Workshop Complex	Vehicles	Total
	Rupees in 000												
Opening net book value	47,526	60,933	315,410	2,270	2,933	5,870	4,419	13,115	8	-	-	31,009	483,494
Addition (at cost)	-	17,903	200,617	-	14,552	10,180	1,212	6,760	-	-	-	4,699	255,923
Transfer from CWIP	-	4,410	-	9,115	-	-	-	-	-	-	-	-	13,525
Revaluation surplus	43,564,219	1,214,063	961,343	-	-	-	-	-	-	-	-	-	45,739,625
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	(267)	-	-	-	(4,143)	(4,410)
Accumulated depreciation	-	-	-	-	-	-	-	92	-	-	-	3,549	3,641
Depreciation charged	-	(3,495)	(19,114)	(2,290)	(715)	(1,854)	(497)	(175)	-	-	-	(594)	(769)
Closing net book value	43,611,745	1,293,814	1,458,256	9,095	16,770	14,196	5,134	16,341	7	-	-	28,806	46,454,165
Cost / revalued amount	43,611,745	1,447,444	1,964,345	62,653	71,969	59,559	20,058	41,085	3,151	11,559	5,353	70,451	47,369,373
Accumulated depreciation	-	(153,630)	(506,089)	(53,558)	(55,199)	(45,363)	(14,924)	(24,744)	(3,144)	(11,559)	(5,353)	(41,645)	(915,208)
Net book value	43,611,745	1,293,814	1,458,256	9,095	16,770	14,196	5,134	16,341	7	-	-	28,806	46,454,165
Opening net book value	43,611,745	1,293,814	1,458,256	9,095	16,770	14,196	5,134	16,341	7	-	-	28,806	46,454,165
Addition (at cost)	-	9,804	56,172	-	-	21,547	1,047	17,206	-	4,830	-	10,434	121,040
Revaluation surplus / (loss)	40,719,505	9,509	(23,768)	-	-	-	-	-	-	-	-	-	40,705,246
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	(819)	-	-	-	(1,742)	(2,561)
Accumulated depreciation	-	-	-	-	-	-	-	367	-	-	-	1,703	2,070
Depreciation charged	-	(68,895)	(68,203)	(1,843)	(1,677)	(5,365)	(576)	(452)	-	-	-	(39)	(491)
Closing net book value	84,331,250	1,244,232	1,422,457	7,252	15,093	30,378	5,605	28,041	6	4,292	-	31,349	87,119,955
Cost / revalued amount	84,331,250	1,466,757	1,996,749	62,653	71,969	81,106	21,105	57,472	3,151	16,389	5,353	79,143	88,193,097
Accumulated depreciation	-	(222,525)	(574,292)	(55,401)	(56,876)	(50,728)	(15,500)	(29,431)	(3,145)	(12,097)	(5,353)	(47,794)	(1,073,142)
Net book value	84,331,250	1,244,232	1,422,457	7,252	15,093	30,378	5,605	28,041	6	4,292	-	31,349	87,119,955
Depreciation (% per annum)	-	5	5	5 - 25	10 - 25	10 - 20	10	20	15	33	5	20	

bluig

6. INTANGIBLE ASSET

Net carrying value basis

Opening net book value

Addition (at cost)

Amortization charged

Closing net book value as at June 30,

Gross carrying value basis

Cost

Accumulated amortization

Net book value as at June 30,

Amortization (% per annum)

2025	2024
----- Rupees in 000-----	
Computer Software	
1,558	2,261
-	-
(703)	(703)
855	1,558
7,031	7,031
(6,176)	(5,473)
855	1,558
10%	10%

6.1 Amortization charge for the year has been allocated to administrative expenses.

7. LONG-TERM INVESTMENTS

Note	2025	2024
----- Rupees in 000-----		
<i>Financial assets measured at amortised cost</i>		
Pakistan Investment Bonds (PIBs)	16,637,362	10,643,682
Current maturity	-	-
	16,637,362	10,643,682
<i>Financial assets measured at cost - unquoted</i>		
FTC Management Company (Private) Limited	1,000	1,000
Lahore Development Authority (LDA)	64,827	64,827
	16,703,189	10,709,509

7.1 As of June 30, 2025, the company held Pakistan Investment Bonds (PIBs) with the following details:

Sr. No.	Description	Date of Investment	Amortised (PKR) (million)	Face Value (PKR) (million)	Coupon Rate (%)	Date of Maturity
1	PIBs (NBP FTC Br.)	28-Dec-18	4,792.314	5,111.600	8.75%	12-Jul-28
2	PIBs (NBP FTC Br.)	28-Mar-19	6,157.103	6,562.500	8.75%	12-Jul-28
3	PIBs (With NBP) (NCB)	19-Dec-24	437.951	500.000	12.4656%	20-Sep-26
4	PIBs (With NBP) (CB)	19-Dec-24	879.538	1,000.000	12.0500%	20-Sep-26
5	PIBs (With NBP) (CB)	19-Dec-24	879.099	1,000.000	12.1000%	20-Sep-26
6	PIBs (With NBP) (CB)	19-Dec-24	439.330	500.000	12.1500%	20-Sep-26
7	PIBs (With NBP) (NCB)	16-Jan-25	420.280	500.000	11.9138%	16-Jan-27
8	PIBs (With NBP) (NCB)	13-Feb-25	423.995	500.000	11.6888%	16-Jan-27
9	PIBs (With NBP) (SM)	18-Feb-25	847.692	1,000.000	11.7900%	16-Jan-27
10	PIBs (With NBP) (SM)	18-Feb-25	508.615	600.000	11.7900%	16-Jan-27
11	PIBs (With NBP) (SM)	7-Mar-25	851.445	1,000.000	11.7050%	16-Jan-27

As of June 30, 2024, the company held Pakistan Investment Bonds (PIBs) with the following details:

Sr. No.	Description	Date of Investment	Amortised (PKR) (million)	Face Value (PKR) (million)	Coupon Rate (%)	Date of Maturity
1	PIBs (NBP FTC Br.)	28-Dec-18	4,657.986	5,111.600	8.75%	12-Jul-28
2	PIBs (NBP FTC Br.)	28-Mar-19	5,985.695	6,562.500	8.75%	12-Jul-28

ksm

- 7.2 Represents investment in 100,000 shares of FTC Management Company (Private) Limited (FMCL), a company formed to oversee the operations, maintenance and up-keep of the Finance and Trade Centre, Karachi. Out of total 100,000 shares, 49,999 shares are held in the name of CEC (Defunct) and 02 shares are held in the name of ex-employees of CEC (Defunct).
- 7.3 Represents investment towards equity participation of 10.65% to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled 10.65% of the annual profit earned by the LDA Plaza. Based on the valuation carried out in 2025 by an independent valuer, "Joseph Lobo (Private) Limited", the fair value worked out to be Rs. 452.114 million for the Company's share of 10.65%.

8.	LONG-TERM LOANS	Note	2025	2024
			----- Rupees in 000-----	
	Loans - secured and considered good			
	Employees	8.1	71,457	78,729
	Less: Current portion	13	(16,411)	(15,941)
			<u>55,046</u>	<u>62,788</u>

- 8.1 Loan to employees are given for the purchase of motor cars, purchase / construction of residential houses and for meeting various personal needs of employees in accordance with the policy of the Company. Loans were given for purchase / construction / renovation of residential houses to the staff of the Company other than officers are interest free while other loans carry interest ranging from 2% to 6% and are re-payable in 3 to 15 years. These loans are secured against provident fund / gratuity entitlement of employees and mortgage of properties. These loans have been carried at cost as the effect of carrying these loans at amortised cost would not be material in the overall content of these financial statements. The maturity profile of loans is as under:

	2025	2024
	----- Rupees in 000-----	
Less than 1 year	16,411	15,941
1-3 year	41,219	40,641
More than 3 years	13,827	22,147
	<u>71,457</u>	<u>78,729</u>

9. STORES	Note	2025	2024
		----- Rupees in 000-----	
Gunny bags		13,979	21,836
Less: Provision for obsolete stores	9.1	(13,979)	(21,836)
		<u>-</u>	<u>-</u>

9.1 Movement of provision for obsolete stores is as follows:

Balance at beginning		21,836	21,836
Written-off during the year	9.1.1	(7,857)	-
Balance at end of the year		<u>13,979</u>	<u>21,836</u>

- 9.1.1 The Board of Directors, in its 407th meeting held on May 16, 2025, resolved to write off all provisions that had been recognized in prior years and are not subject to any litigation.

khuram

10. STOCK-IN-TRADE HELD ON BEHALF OF GOVERNMENT OF PAKISTAN	Note	2025 ----- Rupees in 000-----	2024
Sugar		-	35,381
Rice		2,873,856	2,925,801
Wheat		296,588	296,588
Urea		-	-
Black matpe		-	1,066
		3,170,444	3,258,836
Provision for impairment	10.1	(3,170,444)	(3,258,836)
		-	-

10.1 Movement of provision of expired / obsolete stock is as follows:

Balance at beginning		3,258,836	3,258,836
Written-off during the year	10.1.1	(88,392)	-
Balance at end of the year		3,170,444	3,258,836

10.1.1 The Board of Directors, in its 407th meeting held on May 16, 2025, resolved to write off all provisions that had been recognized in prior years and are not subject to any litigation.

11. DUE FROM GOVERNMENT OF PAKISTAN	Note	2025 ----- Rupees in 000-----	2024
Secured - considered good			
Subsidy receivable	11.1	237,669,726	208,053,896
Movement of subsidy receivable during the period is as follows:			
Balance at beginning		208,053,896	159,230,360
Subsidy to be reimbursed	27	34,615,830	54,854,672
Subsidy adjusted during the period	11.2	(5,000,000)	(6,031,136)
Balance at end of the year	12.4	237,669,726	208,053,896

11.1 This balance is net of Rs. 22,163.90 million (2024: Rs. 22,163.90 million) payable to GoP in respect of proceeds (net of incidental expenses) from sale of Urea imported from Saudi Arabia Basic Industries Corporation (SABIC).

11.2 This includes subsidy received from Federal Government of Pakistan amounting to Rs. 5 billion (2024: 6 billion) and recovery made against damage and shortage of sugar bags and earnest money Rs. Nil (2024: Rs. 31 million).

12. RECEIVABLE FROM RECIPIENT AGENCIES	Note	2025 ----- Rupees in 000-----	2024
Unsecured			
Considered good		58,127,415	56,891,348
Considered doubtful		-	25,252
		58,127,415	56,916,600
Less: Allowance for expected credit loss	12.1	-	(25,252)
	12.3	58,127,415	56,891,348

btmif

		2025	2024
		----- Rupees in 000-----	
12.1	Movement of allowance for expected credit loss is as follows:		
	Balance at beginning	25,252	25,252
	Written-off during the year	12.1.1 (25,252)	-
	Balance at end of the year	-	25,252

12.1.1 The Board of Directors, in its 407th meeting held on May 16, 2025, resolved to write off all provisions that had been recognized in prior years and are not subject to any litigation.

12.2 As at June 30, 2025, receivables from different government institutions aggregating Rs. 58,152.667 million (June 30, 2024: Rs. 56,891.348 million) were past due but not considered impaired by the management of the Company. The ageing of trade debts is as follows:

	2025	2024
	----- Rupees in 000-----	
Within 1 Year	1,236,066	4,101,728
1-3 Year	12,870,182	8,768,454
More than 3 years	44,021,167	44,046,419
	58,127,415	56,916,601

12.3 Ageing analysis of the gross amount is as follows:

	Within 1 Year	1-3 year	More than 3 years	2025	2024
	----- Rupees in 000 -----				
Utility Stores Corporation of Pakistan	350,594	2,618,238	24,340,205	27,309,037	26,980,213
National Fertilizer Marketing Limited	-	682,430	11,454,299	12,136,729	12,136,729
Sindh Food Department	-	-	1,096,616	1,096,616	1,096,616
Punjab Food Department	118,811	3,986,202	1,617,362	5,722,375	5,603,564
Baluchistan Food Department	-	-	1,814,715	1,814,715	1,814,715
Khyber Pakhtoon Khwa Food Department	-	-	1,950,040	1,950,040	1,950,040
PASSCO	766,661	5,583,312	-	6,349,973	5,583,312
AJK Food Department	-	-	231,422	231,422	231,422
Government of Gilgit Baltistan	-	-	1,252,029	1,252,029	1,252,029
Directorate General Procurement					
Army	-	-	185,404	185,404	185,404
Pakistan Navy	-	-	79,075	79,075	79,075
TCP employees	-	-	-	-	64
Others	-	-	-	-	3,418
	1,236,066	12,870,182	44,021,167	58,127,415	56,916,601

The management is actively pursuing for the recovery of these outstanding amounts and is confident that significant amount out of these overdue receivables will be recovered and remaining amount, if any, will be reimbursed by the GoP.

Signature

12.4 During the year a letter dated 24 June 2025 was received from the Ministry of Finance, wherein the Finance Division acknowledged TCP's growing receivables including the impact of accrued markup. An allocation of Rs. 30 billion was made in the FY 2025–26 budget estimate to partially settle these dues. The Finance Division has reaffirmed its commitment to addressing the matter in phased manner within available fiscal space and budgetary priorities. Furthermore, this letter was issued in reference to the minutes of the Public Accounts Committee meeting held on 12 March 2025, during which the issue of abnormal increase in markup was raised. In the meeting the Finance Ministry's representative affirmed that the Finance Division is prepared to settle all outstanding amounts at the federal level.

13. LOANS AND ADVANCES	Note	2025 ----- Rupees in 000-----	2024 ----- Rupees in 000-----
Short-term loan - secured			
Due from employees	13.1	3,629	2,691
Current portion of long term loans	8	16,411	15,941
Advances - unsecured			
Considered good			
Employees		2,097	1,937
Sundry advances		3,642	4,580
		5,739	6,517
Considered doubtful			
Suppliers		-	9,625
Contractors		-	560
Employees		-	364
Export agents		-	41
Others		-	1,373
		-	11,963
		25,779	37,112
Less: Allowance for expected credit loss	13.2	-	(11,963)
		25,779	25,149

13.1 These represent interest free loans given to the employees in accordance with the terms of their employment and are secured against gratuity and provident fund balances of respective employees.

13.2 Movement of allowance for expected credit loss is as follows:	Note	2025 ----- Rupees in 000-----	2024 ----- Rupees in 000-----
Balance at beginning		11,963	11,963
Written-off during the year	13.2.1	(11,963)	-
Balance at end of the year		-	11,963

13.2.1 The Board of Directors, in its 407th meeting held on May 16, 2025, resolved to write off all provisions that had been recognized in prior years and are not subject to any litigation.

14. ACCRUED INTEREST		2025 ----- Rupees in 000-----	2024 ----- Rupees in 000-----
Accrued profit on saving accounts		34,465	70,671
Accrued profit on MTBs		962,846	-
		997,311	70,671

Amir

15. PREPAYMENTS AND OTHER RECEIVABLES	Note	2025	2024
		----- Rupees in 000-----	
Prepaid expenses		11,557	9,550
Other receivables			
<i>Considered good</i>			
Sales tax receivable	25.1.2	2,462,211	2,462,211
Income tax	25.1.11 & 25.1.12	1,776,856	1,776,856
Receivable from sugar mills	15.1	17,888,934	16,032,991
Receivable from a bank	15.2	3,850	3,850
Rent receivable	15.3	359,127	379,039
Staff retirement gratuity fund	15.4	-	44,823
Others		13,031	19,393
		22,504,009	20,719,163
<i>Considered doubtful</i>			
Receivable from export agents		437,700	437,700
Income tax		-	379
Insurance claim receivable		120,245	120,245
Due from privatization commission		-	110,386
Refundable from import authorities		-	9,364
T.C.P sports club		-	199
Refundable against various receivables		-	20,706
Due from custodian and others		-	10,870
Receivable from handling agents		-	8,435
Demurrage charges		-	2,100
Receivable on account of rice procured		-	2,899
Export Processing Zone and others		-	17
Others		-	1,929
		557,945	725,229
Less: Allowance for expected credit loss	15.5	(626,602)	(725,229)
		<u>22,446,909</u>	<u>20,728,713</u>

15.1 Represents outstanding receivables of Rs. 2,379.55 million (2024: Rs. 2,379.55 million) and accrued mark-up and other charges of Rs. 15,509.38 million (2024: Rs. 13,653.44 million) by the Company from M/s. Abdullah Sugar Mill, M/s. Abdullah Sugar Mill (Ex-Yousuf), M/s. Haseeb Waqas Sugar Mill, M/s. Seri Sugar Mill, M/s. Tandliawala Sugar Mill, M/s. TMK Sugar Mill, M/s. Abdullah Shah Ghazi Sugar Mills, M/s. Haq Bahoo Sugar Mills and M/s. Mecca Sugar Mills for purchase of sugar. The outstanding balance of Rs. 2,374.55 million represent portion of amount paid. However, the sugar mills defaulted in delivery of the contracted quantity of sugar. Consequently, the Company initiated legal action for the recovery of the said amounts and is actively pursuing the case. The management is confident that outstanding amount will be fully recovered and hence, no provision is required to be made in these financial statements.

15.2 The management had identified the embezzlement of Rs. 22.56 million in prior years against which the Company had recognized receivable from Allied Bank Limited in the year 2015. Accordingly, the bank has accepted its liability and ensured to make good the loss incurred due to the embezzlement. Furthermore, a recovery of Rs. 18.712 million has been made by the bank during the financial year 2022-23.

15.3 This represents rent receivable from different tenants to whom godowns have been given on rent.

btm

15.4 Receivable under staff retirement gratuity fund

The Company operates an approved gratuity fund for its employees who have completed the employment period of 1 year. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are nil (2024: 361).

	2025	2024
	----- Rupees in 000-----	
(Surplus) / balance payment of staff retirement gratuity fund	-	(320,191)
Markup on staff retirement gratuity excluded from fund	-	275,368
	<u>-</u>	<u>(44,823)</u>

15.4.1 Movement in liability recognized in statement of financial position

Present value of defined benefit obligations	-	(618,528)
Fair value of plan assets	-	938,719
Payables	-	(275,368)
Statement of financial position asset	<u>-</u>	<u>44,823</u>

15.4.2 Movement in liability recognized in statement of financial position

Net asset /(liability) as at July 01,	-	153,197
Expense recognized in statement of profit or loss	-	(5,297)
Contribution made during the year	-	158,000
Remeasurement gain/(loss) recognized in SOCI	-	14,291
Permanent exclusion of markup payable	-	(275,368)
Net Asset as at June 30,	<u>-</u>	<u>44,823</u>

15.4.3 Movement in present value of the defined benefit obligation

Present value of defined obligation as at January 01,	-	588,937
Current service cost	-	41,868
Interest cost	-	84,912
Effect of experience adjustment	-	2,435
benefits paid	-	(99,624)
	<u>-</u>	<u>618,528</u>

15.4.4 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	-	742,134
Expected return on plan assets	-	16,726
Interest income on plan assets	-	121,483
Contributions made by the company	-	158,000
Benefits paid during the year	-	(99,624)
Fair value of plan assets at the end of the year	<u>-</u>	<u>938,719</u>

15.4.5 Expense recognized in statement of profit or loss

Current service cost	-	41,868
Interest cost	-	84,912
Interest income on plan assets	-	(121,483)
	<u>-</u>	<u>5,297</u>

btw

- 15.4.6 The Board in its 375th meeting held on 29-07-2022 unanimously decided that the amount of gratuity and the interest accrued before 29-07-2022 should be paid to employees retired before 29-07-2022 and the employees retiring after 29-07-2022 onward should get only principal amount and not the interest. Pursuant to this decision, the Company became subject to a Defined Benefit Plan, and the results of the actuarial valuation have accordingly been recognized in the financial year 2024.

Subsequently, the Board in its 406th meeting held on 19-05-2025, resolved that in supercession of the earlier decision of the BOD of TCP made at its 375th meeting held on July 29, 2022, continuation of the disbursement of profit to member in accordance with the Trust Deed as already made on February 23, 2011 and approved by the relevant authority of Income tax, in accordance with the Legal opinion be and hereby allowed/restored. Pursuant to this decision, the Company became subject to a Defined Contribution Plan, and the results of the actuarial valuation have not been considered in current financial year.

15.5 Movement in allowance for expected credit loss is as follows:	Note	2025 ----- Rupees in 000-----	2024
Balance at beginning of the year		725,229	725,229
Written-off during the year	15.5.1	(167,284)	-
Charged during the year		68,657	-
Balance at end of the year		<u>626,602</u>	<u>725,229</u>

- 15.5.1 The Board of Directors, in its 407th meeting held on May 16, 2025, resolved to write off all provisions that had been recognized in prior years and are not subject to any litigation.

16. SALES TAX REFUNDABLE

Represents sales tax paid / adjusted on import / purchase and sale of urea and sugar. These commodities are procured at the instructions of the GoP.

17. SHORT-TERM INVESTMENTS	Note	2025 ----- Rupees in 000-----	2024
<i>Financial assets measured at amortised cost</i>			
Term deposit receipts (TDRs) - In local currency	17.1	87,500	87,500
Market treasury bill - In local currency	17.2	11,743,142	16,818,972
Provision against term deposit receipts		(87,500)	(87,500)
		<u>11,743,142</u>	<u>16,818,972</u>

- 17.1 It includes term deposit receipts of Trust Investment Bank Limited (TIBL) amounting to Rs. 87.50 million invested in 2008. Due to default by TIBL on repayment of principal amount, full provision has been made against this amount on prudence basis and no accrual of markup is made. The Company has filed suit in the Sindh High Court for recovery of principal and mark-up which is pending adjudication.

Handwritten signature

17.2 As of June 30, 2025, the company held Market Treasury Bills (MTBs) with the following details:

Sr. No.	Securities	Investment Date	Investment Amount (Rs. In Million)	Face value of MTBs (Rs. In Million)	Profit Rate (Per Annum)	Maturity Date
1	MTB	5-Sep-24	428.150	500.000	16.83%	4-Sep-25
2	MTB	5-Sep-24	856.502	1,000.000	18.60%	4-Sep-25
3	MTB	3-Oct-24	440.682	500.000	13.50%	2-Oct-25
4	MTB	3-Oct-24	4,847.392	5,500.000	13.50%	2-Oct-25
5	MTB	17-Oct-24	440.127	500.000	13.64%	16-Oct-25
6	MTB	17-Oct-24	1,587.816	1,800.000	13.40%	16-Oct-25
8	MTB	6-Feb-25	448.919	500.000	11.38%	6-Feb-26
9	MTB	6-Mar-25	448.349	500.000	11.55%	5-Mar-26
7	MTB	29-May-25	487.508	500.000	11.13%	21-Aug-25
10	MTB	29-May-25	473.749	500.000	11.11%	27-Nov-25
11	MTB	12-Jun-25	331.876	350.000	10.95%	11-Dec-25
12	MTB	12-Jun-25	315.622	350.000	10.92%	11-Jun-26
13	MTB	26-Jun-25	148.745	150.000	11.00%	24-Jul-25
14	MTB	26-Jun-25	487.707	500.000	10.95%	18-Sep-25

As of June 30, 2024, the company held Market Treasury Bills (MTBs) with the following details:

Sr. No.	Securities	Investment Date	Investment Amount (Rs. In Million)	Face value of MTBs (Rs. In Million)	Profit Rate (Per Annum)	Maturity Date
1	MTB	13-Jul-23	4,380.693	4,403.100	22.80%	11-Jul-24
2	MTB	14-Dec-23	2,106.724	2,286.895	21.25%	12-Dec-24
3	MTB	28-Dec-23	1,864.524	2,037.755	21.10%	26-Dec-24
4	MTB	7-Feb-24	392.295	400.000	20.40%	8-Aug-24
5	MTB	7-Feb-24	359.826	400.000	20.00%	6-Feb-25
6	MTB	13-Jun-24	482.725	500.000	19.99%	5-Sep-24
8	MTB	13-Jun-24	459.276	500.000	19.93%	12-Dec-24
9	MTB	13-Jun-24	424.797	500.000	18.85%	12-Jun-25
7	MTB	13-Jun-24	434.405	450.000	20.05%	5-Sep-24
10	MTB	13-Jun-24	434.368	450.000	20.10%	5-Sep-24
11	MTB	27-Jun-24	479.032	500.000	20.01%	19-Sep-24
12	MTB	27-Jun-24	455.771	500.000	19.94%	26-Dec-24
13	MTB	27-Jun-24	423.012	500.000	18.49%	26-Jun-25
14	MTB	27-Jun-24	4,121.525	4,300.000	19.80%	19-Sep-24

18. CASH AND BANK BALANCES

Note 2025 2024
----- Rupees in 000-----

Cash at bank

Local currency

In current accounts

In saving accounts

18.1

35,164

42,015

564,312

1,131,350

599,476

1,173,365

Foreign currency

In current accounts

In saving accounts

18.2 & 18.3

77

77

1,008,317

984,634

1,008,394

984,711

1,607,870

2,158,076

kmif

- 18.1** These carry mark-up at rates ranging from 10.92% to 20.00% (2024: 18.00% to 20.50%) per annum. This includes balance of Rs. 3.500 million (2024: Rs. 3.500 million) with National Bank of Pakistan against continuing Bank Guarantee for PSO fleet and corporate cards for TCP official vehicles and motor bikes.
- 18.2** These carry mark-up rate of 0.3% (2024: 0.3%) per annum.
- 18.3** This includes balance of US\$ 1.26 million (2024: US\$ 1.26 million) equivalent to Rs. 357.25 million (2024: Rs. 350.047 million) with Sindh Bank Limited, marked as lien against bank guarantee given to the High Court of Sindh in connection with a pending litigation as stated in note 25.1.8 to these financial statements.

19. SHARE CAPITAL	Note	2025	2024
		----- Rupees in 000-----	
Authorised share capital			
		Number of shares	
		2025	2024
		100,000,000	100,000,000
		Ordinary shares of Rs. 10 each	
		1,000,000	1,000,000
Issued, subscribed and paid-up share capital			
This comprises of fully paid-up ordinary shares of Rs. 10 each as follows:			
		Number of shares	
		2025	2024
		59,330,500	59,330,500
		40,669,500	40,669,500
		Issued for cash	
		Issued as bonus shares	
		1,000,000	1,000,000
		1,000,000	1,000,000
	19.1 & 19.2	1,000,000	1,000,000

- 19.1** The Company has one class of ordinary shares which carries no right to fixed income. The Company has no reserved shares for issuance under option and sales contracts. The shareholder is entitled to receive dividend as declared from time to time at the meetings of the Company and are entitled to one vote per share.
- 19.2** As at June 30, 2025, the Ministry of Commerce held 99,999,998 (2024: 99,999,998) shares of the Company. The remaining two shares are in the name of Chairman and Finance Director of the Company in the capacity of ex-officio.

20. LONG-TERM LOAN

A Cotton Development Project, aimed to improve the quality of cotton in Pakistan and to get better price in the international market, was started in collaboration with the Asian Development Bank (ADB) and for this purpose a loan agreement dated February 27, 1987 was signed. An amount of Rs. 16.65 million was drawn under the loan agreement for the said purpose by defunct CEC.

The principal amount is repayable to the GoP in Pakistani Rupees along with interest at the rate of 1% per annum. However, as of the statement of financial position date, the Company has not recorded any interest in this regard.

bmif

21. LOAN FOR FMCL SPRINKLER SYSTEM	Note	2025	2024
		----- Rupees in 000-----	
TCP's share in the cost / principal against water sprinklers system project by FTC	21.1	29,868	37,335
Less: Principal paid during the year		(7,467)	(7,467)
Financial Liability Loan		22,401	29,868
Less: Current Liability portion for year		(7,467)	(7,467)
Financial Liability Loan - Closing balance		14,934	22,401

21.1 This loan represent principal amount Rs. 44.802 million which is repayable in 24 quarterly installemnts the rate i.e. 3 months KIBOR + 1.5% .Further finance cost is being charged to the statement of profit or loss.

22. DEFERRED LIABILITIES - STAFF COMPENSATED ABSENCES

The Company provides encashment of leaves to its employees, as mentioned in note 4.14. The provision for staff compensated absences was carried out as at June 30, 2025.

	Note	2025	2024
		----- Rupees in 000-----	
Present value of defined benefit obligations	22.1	166,016	153,272
22.1 Movement in liability recognised in Statement of Financial Position			
Opening balance		153,272	132,622
Charge for the year	22.2	131,746	90,929
Payments made during the year	22.3	(99,274)	(76,558)
Remeasurement (gain) / loss	22.3	(19,728)	6,279
Closing Balance		166,016	153,272
22.2 Amounts recognised in the statement of profit or loss			
Current service cost		117,237	76,070
Interest cost		14,509	14,859
		131,746	90,929
22.3 Changes in present value of defined benefit obligation			
Opening balance		153,272	132,622
Current service cost		117,237	76,070
Interest cost		14,509	14,859
Benefits paid		(99,274)	(76,558)
Remeasurement loss		(19,728)	6,279
Closing balance		166,016	153,272

blm17

23. TRADE AND OTHER PAYABLES	Note	2025	2024
		----- Rupees in 000-----	
Trade creditors and bills payable - local		76,728	76,944
Trade creditors - foreign		-	-
Payable to Ministry of Finance under JICS	23.1	387,508	387,508
Payable to GoP related to gift of rice	23.2	1,952	1,952
Deposits			
Security deposit		567,384	584,194
Retention money		46,156	46,156
		613,540	630,350
Accrued liabilities			
Payable under staff retirement gratuity fund	23.4	403,416	-
Accrued expenses		71,207	59,048
		474,623	59,048
Taxes			
Excise duty		5,450	5,450
Withholding tax		86,868	76,318
		92,318	81,768
Advances			
Advances		87,360	95,105
Rent received in advance		-	7,209
Advance from GoP for payment to growers		17,533	17,533
		104,893	119,847
Other payables			
Karachi Dock Labor Board (KDLB) cess payable		258	258
Others	23.3	33,781	37,191
		34,039	37,449
		1,785,601	1,394,866

23.1 On October 03, 2012, a Memorandum Of Understanding (MoU) was signed between the Company, Ministry of Finance (MoF), Ministry of Industries (MoI) and Japan International Cooperating System (JICS) according to which JICS will provide urea to the Company under Japan's Non-Project Grant Aid Program (the Program). The MoU states that the Company is required to deposit proceeds from supply of urea into GoP bank account maintained with National Bank of Pakistan after deducting incidental charges i.e. duties, port clearing charges, survey charges, stevedoring etc. The movement of amount payable to GoP on account of supply proceeds of urea received from JICS is as follows:

	2025	2024
	----- Rupees in 000-----	
Payable to GoP at beginning of the year	387,508	387,508
Less: Payments made to GoP during the year	-	-
Payable to GoP at end of the year	387,508	387,508

23.2 In order to establish the diplomatic relationship between Pakistan and other countries, the Prime Minister of GoP has directed to present a gift of rice to Niger, Cuba, China and Sri Lanka. To comply with said directive, the Company was instructed to procure and transport the said gift for which an advance was paid to Company, as follows:

Handwritten signature/initials

Movement in advance from GoP related to gift of rice to various countries is as follows:

	2025				
	Niger	Cuba	China	Sri Lanka	Total
	----- Rupees in 000 -----				
Opening balance	1,952	-	-	-	1,952
Advance fund received during the year	-	-	-	-	-
Fund utilized during the year	-	-	-	-	-
Fund payable to GoP	1,952	-	-	-	1,952
Fund refunded to GoP	-	-	-	-	-
Balance repayable	<u>1,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,952</u>
June 30, 2024	<u>1,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,952</u>

23.3 Included herein Rs. 12.24 million (2024: Rs. 12.24 million) is rent payable to LDA Plaza.

23.4 The Board in its 375th meeting held on 29-07-2022 unanimously decided that the amount of gratuity and the interest accrued before 29-07-2022 should be paid to employees retired before 29-07-2022 and the employees retiring after 29-07-2022 onward should get only principal amount and not the interest. Pursuant to this decision, the Company became subject to a Defined Benefit Plan, and the results of the actuarial valuation have accordingly been recognized in the financial year 2024.

Subsequently, the Board in its 406th meeting held on 19-05-2025, resolved that in supercession of the earlier decision of the BOD of TCP made at its 375th meeting held on July 29, 2022, continuation of the disbursement of profit to member in accordance with the Trust Deed as already made on February 23, 2011 and approved by the relevant authority of Income tax, in accordance with the Legal opinion be and hereby allowed/restored. Pursuant to this decision, the Company became subject to a Defined Contribution Plan, and the results of the actuarial valuation have not been considered in current financial year.

24. COMMODITY FINANCE UNDER MARKUP ARRANGEMENTS	Note	2025	2024
		----- Rupees in 000 -----	----- Rupees in 000 -----
Secured			
National Bank of Pakistan		163	-
Allied Bank Limited		69,875,907	-
Habib Bank Limited		5,000,053	53
United Bank Limited		2,440	5,188
Askari Bank Limited		-	124,999,370
Meezan Bank Limited		-	74,962,668
Faysal Bank Limited		89,999,959	29,999,913
Bank Al Falah Limited		29,988,179	-
Askari Bank Islami		-	40,000,000
Habib Metropolitan Bank		19,700,000	7,492,749
Bank of Khyber		25,000,000	-
Bank of Punjab Islamic		-	3,765,084
Habib Bank Limited - Islamic		29,994,933	-
NBP islamic		19,999,971	-
Sindh bank Islamic		5,000,000	-
Sindh bank		25,000,000	-
	24.1	<u>319,561,605</u>	<u>281,225,025</u>

bnig

- 24.1 The Company has commodity finance facilities aggregating to Rs. 358,800 million (2024: Rs. 340,200 million) for its commodity operations under the GoP directives. The said arrangements are for a period of three months and are renewable and carries mark-up at the rate of 3 months KIBOR minus 0.08% to 3 months KIBOR plus 0.14% (2024: 3 months KIBOR minus 0.06% to 3 months KIBOR plus 1.21%) per annum. These arrangements are secured against hypothecation of stock-in-trade and by continuing guarantee from the GoP.

25. CONTINGENCIES

25.1 Contingencies

Contingencies

The following contingencies / contingent liabilities exist as at June 30, 2025:

The following cases arose out of operations carried out on behalf of Government of Pakistan (GoP), and if these contingent liabilities will become actual / specific liabilities, the same will be recoverable from the GoP.

- 25.1.1 The income tax department finalised assessments for the assessment years 1991 to 2003 by treating subsidies received from the Federal Government as taxable income and has levied taxes amounting to Rs. 2,353.03 million. The Company filed appeals at Appellate Tribunal Inland Revenue (ATIR) for the assessment years 1991 to 2003 except for the assessment year 1994-95, for which a writ has been filed before the High Court of Sindh (SHC) against the order of the taxation authorities.

The Federal Cabinet in its meeting held on April 04, 1998, directed that all unresolved disputes with the Federal Board of Revenue (FBR) against which cases have been filed by the government controlled organization in the appellate forum should be resolved and settled through inter-ministerial consultation and therefore all cases against FBR should be withdrawn and forwarded to the Ministry of Law, Justice and Human Right (the Ministry). In pursuance of the said cabinet directive, the Company withdrew all the appeals filed against FBR and the matter was referred to the Ministry for final decision. The Ministry vide its letter dated May 21, 1998 decided that subsidy income received from the Government of Pakistan (GoP) is exempt from tax. The Ministry further directed FBR to issue necessary orders / SRO regarding non-taxing of subsidy and advised the FBR to waive all tax liabilities of the Company arising out of the inclusion of the said amount. The FBR, in spite of order of the Ministry, has referred the case to Attorney General of Pakistan which is pending.

In 2006, subsidy received from the GoP became exempt from tax. FBR claimed that subsidies received by the Company from GoP before tax year 2006 continue to be taxable i.e. tax on subsidy claimed by FBR from assessment years 1991-92, 1994-95, 1996-97, 1997-98, 1998-99, 1999-2000, 2001-02 & 2002-03 and tax years 2003, 2004, 2005 and 2006 should remain claimable. However, the Company obtained a stay order from SHC through its order dated July 3, 2009 against the above alleged disputed Income Tax demands for the said assessment and tax years.

Further, the Income Tax Appellate Tribunal vide its order dated November 19, 2009 passed a judgment in favor of the Company for the tax years 2004, 2005 and 2006 that the subsidy received by the Company from the Federal Government is not taxable.

In the year 2017, Additional Commissioner Inland Revenue (ACIR) has issued an Order dated April 29, 2017, in favour of the Company for the tax year 2003 that the subsidy received by the Company from Federal Government is not taxable. Accordingly, the Company recorded a refund of Rs. 610.04 million by adjusting its tax liability.

btm

- 25.1.2 In April 2015, an Assessment Order was issued by the Deputy Commissioner Inland Revenue (DCIR) in which a demand of Rs. 1,945.43 million along with penalty of Rs 97.27 million have been raised on account of excess input tax alleged to be claimed by the Company in its sales tax returns for the period from April 2012 to December 2012. Further a demand of Rs. 399.54 million along with the penalty of Rs. 19.98 million have also been raised in the same Order on account of non-payment of output tax on sale / supply of sugar to Utility Stores Corporation of Pakistan from January 2013 to June 2013. The Company has paid the said demand under protest and filed an appeal before the Commissioner Inland Revenue and subsequently before ATIR wherein the case has been remand back. Following the order of ATIR, a fresh proceeding was initiated through hearing notice dated February 20, 2023. In response to this notice, the Company submitted relevant details and explanations through letters dated April 05, 2023 and May 25, 2023. After having the submitted information received, the tax department instead of re-verifying the details as per the directives of ATIR in its judgment, passed order wherein the officer not only confirmed the afore-said total tax demand of Rs. 2.4 billion but also imposed default surcharge amounting to Rs. 851,128,977. The Company being aggrieved, filed application to the FBR for constitution of ADRC following the recent changes in appeal procedure. Recently on August 21, 2024 FBR has notified that ADRC has been constituted. To our knowledge, till yet no hearing notice for dispute resolution has been received by the Company.
- 25.1.3 The Deputy Commissioner Inland Revenue (DCIR) passed an order vide Assessment order No. 01/2017 dated December 28, 2017 creating tax demand of Rs. 40,601,053 along with penalty and default surcharge. The Company, being aggrieved of afore-mentioned order filed appeal before the Commissioner Inland Revenue (Appeals-II), (hereinafter called 'the CIRA').

After careful examination of the matter, the learned CIRA has deleted tax demand of Rs. 27,009,788 out of total tax demand vide Order No. 23 dated February 12, 2018. The residual tax demand of Rs. 13,591,265, has also been remanded back to the department by the learned CIRA with the specific direction for re-examination however, re-examination proceedings are still pending on the department end.

The DCIR, also passed two different orders vide No. 05 & 06 dated June 30, 2018 on a similar issue of claiming excess input tax by the Company. The DCIR vide afore-mentioned orders, created tax demand of Rs. 1,013,902,072 and Rs. 387,819,929 respectively, alongwith total penalty of Rs. 49,808,058, recovery notices was also issued by the DCIR. The former demand relates to claim of presumed sales tax withholding by the Company's purchasers which withholding has not been made because of non or late payments by the purchasers. The other demand relates to inadvertently claiming income tax input of one import GD which had earlier been claimed manually in the sales tax return filed for the tax period August 2012.

The Company accordingly filed appeals against such tax demand before the learned CIRA taking grounds that, though the presumed sales tax withholding and input tax respectively of Rs. 1,013,902,072 and 387,819,929 were claimed based on bona-fide error or on a valid presumption however there was no revenue loss to the Government owing to the fact that the Company had all along refundable position and even the aforesaid credit of sales tax was excluded from the return, no payment would become due by the Company and hence, no revenue loss to the Government is involved in this specific case.

The learned CIRA, after considering the afore-mentioned grounds, ordered to delete tax demands under reference vide Order No. 48 & 49 dated August 28, 2018 with the specific directions that such excess claimed input tax be reduced from the carry forward balances or refund claim available to the Company. Accordingly, the Commissioner vide letter No. C.No. COIR/ZONE-V/LTU/2019/538 dated January 30, 2019 has allowed the company to adjust such amount from its excess carry forward balance. Now, the matter has been concluded as above.

However, the department has filed a Miscellaneous Application for rectification / reconsideration of the decisions given in the garb of section 57 of the Sales Tax Act, 1990 (the 'Act'). This is done by taking a plea that the Company has not applied for any refund nor has the Company determined refunds available for such adjustment and that the claim of huge carried forward input has not yet been verified.

khuram

The aforementioned application has been heard by the learned CIRA, wherein it was apprised that, the Company has claimed huge refund amounting to Rs.5,290,487,959 with the sales tax return for the tax period of June 2020. Furthermore, it was also contended that the plea taken about the verifiability of input tax is also based on facts as the LTU authorities through an Order 01/2017 dated December 28, 2017 has already verified input tax of Rs. 1,233,404,696 out of total confronted amount of Rs. 1,246,995,961. Therefore, the department has clearly erred in not considering the fact that the Company has filed refund claimed with the sales tax return for the tax period of June 2019 as well as not considering such verified input tax refund and hence the CIRA earlier direction are well within the frame of law.

- 25.1.4 As at June 30, 2024, several cases/litigations aggregating to Rs. 3,398.25 million were outstanding against the Company. The Company has filed appeals/counter claims against these cases which are pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that these cases will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statement.
- 25.1.5 The Divisional Bench of SHC passed an order, in a case relating to claim of damages by one of the supplier on account of forfeiture of performance guarantee by the Company, in which SHC directed the Company to pay the performance guarantee forfeited amounting to AED 1.24 million (2024: AED 1.24 million) equivalent to Rs. 95.74 million (2024: Rs. 93.97 million) to the supplier within 30 days of the decision while the claim for damages by the supplier amounting US\$ 3.46 million (2024: US\$ 3.46 million) equivalent to Rs. 981.03 million (2024: Rs. 962.39 million) was set aside by the SHC. In response to this order, both the parties being aggrieved of the decision, filed appeals in Supreme Court of Pakistan which is pending for adjudication.
- 25.1.6 A decision was given by Single Bench of SHC during the year 2014 in favour of supplier claiming damages and refund of bid bond aggregating to US\$ 2.06 million (2024: US\$ 2.06 million) equivalent to Rs. 584.08 million (2024: Rs. 572.98 million). Being aggrieved of the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.
- 25.1.7 A foreign award amounting to US\$ 3.88 million (2024: US\$ 3.88 million) equivalent to Rs. 1,100.11 million (2024: Rs. 1,079.21 million) has been given by Liverpool Cotton Association (LCA) against Cotton Export Corporation of Pakistan (Private) Limited (CEC now merged with and into the Company) along with interest from the date of award till payment. As at June 30, 2025 the interest payable is US\$ 7.21 million (2024: US\$ 7.21 million) equivalent to Rs. 2,044.28 million (2024: Rs. 2,005.44 million). For making the award a rule of the Court, the buyer filed a suit against CEC in 1999 and succeeded in getting a decision in 2004 from Single Bench of High Court of Sindh. Being aggrieved by the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.
- 25.1.8 An award amounting to US\$ 1.26 million (2024: US\$ 1.26 million) equivalent to Rs. 357.25 million (2024: Rs. 350.047 million) has been given by the arbitrators unanimously against Rice Export Corporation of Pakistan (Private) Limited (RECP now merged with and into the Company). For making the award a rule of the Court, the buyer filed a suit in the SHC against RECP in 1999 and a decision in 2003 was made in favor of buyer by Single Bench of SHC. The matter is at present subjudice and pending with Divisional Bench in the SHC. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.
- 25.1.9 The recovery of export duty on export of Basmati rice had been held in abeyance effective July 01, 1981 and these financial statements have been drawn up on the assumption that the liability has not been accrued on exports made thereafter. The Company has also given letters of undertaking aggregating to Rs. 1,328.20 million (2024: Rs. 1,328.20 million) to the Collector of Customs against the said export duty on basmati rice.

btw

- 25.1.10 Guarantees issued by commercial banks against 100% cash margin on behalf of the Company amounted to Rs. 9.36 million (2024: Rs. 9.36 million) to Chief Controller of Imports and Exports (now the matter is being dealt by the Export Promotion Bureau) in lieu of payment of import license fee for the temporary importation of empty jute bags.

Cases if decided against the Company, the ultimate liability would fall on the Company

- 25.1.11 The tax returns for the years 2008 to 2013 were amended by the taxation authorities through ex-parte orders under Section 122(5A) of the Income Tax Ordinance, 2001, whereby expenses apportioned/allocated against profit on investments and set-off of prior year refunds against tax liabilities were disallowed. Consequently, a tax demand of Rs. 1,955.50 million was raised. The Company paid the said demand under protest and filed appeals before the Commissioner Inland Revenue (Appeals), who decided the matter against the Company. Subsequently, appeals were filed before the Appellate Tribunal Inland Revenue (ATIR).

As a matter of prudence, the Company recognized a tax provision of Rs. 378.74 million in its financial statements for the year ended June 30, 2014. For Tax Year 2008, the ATIR annulled the amendment order, declaring it time-barred. However, for Tax Years 2009 to 2013, the appeals were decided against the Corporation.

Accordingly, the Company has filed an appeal before the High Court of Sindh, where the matter is currently pending adjudication. Based on the advice of legal and tax consultants, the management remains confident that it has strong grounds to defend the case and expects a favorable outcome. Therefore, no additional provision is considered necessary in these financial statements.

- 25.1.12 In year 2016, the return for the tax year 2014 were also amended by taxation authorities through ex-parte order under Section 122 (5A) of the Income tax Ordinance, 2001 by disallowing expenses apportioned / allocated against profit on investments. The tax demand of Rs. 405.54 million was raised and, accordingly, the Company has paid Rs. 200 million and obtained stay order for Rs. 205.54 million. The said payment was made under protest and the Company filed appeals against the said order before Commissioner Inland Revenue (Appeals), which has decided these appeals against the Company, which in turn filed an appeal in the Appellant Tribunal Inland Revenue (ATIR). During the year 2018 the Company has paid the remaining amount of Rs. 205.54 million. Further, the ATIR has issued an Order dated Feb 28, 2019, concluded to remand back the underlying case(s), which are pending for adjudication. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favour of the Company. Hence, no provision is made in respect of these demands in these financial statements.

- 25.1.13 In the year 2017, Additional Commissioner (ACIR) raised net demand of Rs. 40.20 million under section 137(2) of the Income Tax Ordinance, 2001 by disallowing tax credits against withholding tax claimed by the Company in the tax years from 2008 to 2013. For tax years 2011 to 2013, no prejudicial order has been passed, while for tax years 2008 to 2010 liability has been created. The matter is pending in different appeal forums year wise.

- 25.1.14 For the tax year 2015, the income tax affairs of the Company were selected for audit by the Federal Board of Revenue (FBR), and thereby the concerned Commissioner has sought information / explanation pertaining to the taxation of other income / allocation of expenses, and difference in interest income and tax credit. In this regard, the Company furnished the requisite information / documents with the concerned Commissioner. Subsequently, the ACIR passed an order under Section 122(1) / 122(5) of the Ordinance, wherein the demand of Rs. 163.90 million was determined as payable. In this regard, the Company filed an appeal before CIRA in January 2017, which was decided in April 2018 through an order in which the Commissioner had maintained the action of the assessing officer to disallow common expenses against profit on debt / other income dislodging the contention that the same to be treated as business income. Subsequently, against the aforementioned order, the Company filed further appeal before ATIR in July 2018, which is still pending adjudication. However, the Company has opted to pay off the demand of Rs. 163.89 million.

btw

26. SERVICE CHARGES / COMMISSION INCOME	Note	2025	2024
		----- Rupees in 000-----	
Rice Export to Bangladesh	26.1	8,705	-
Local supply of Urea	26.2	-	481,352
		<u>8,705</u>	<u>-</u>

26.1 Under Government to Government contract signed between Directorate General of Food, Ministry of Food, Government of the People's Republic of Bangladesh and Trading Corporation of Pakistan (Pvt.) Limited, Government of the Islamic Republic of Pakistan for supply of 50,000 (+ 5%) MT white Rice. In pursuance of this agreement TCP has successfully exported 52,500 MT to Government of Bangladesh and earned a commission / service charges @ 0.6 cents PMT.

26.2 Commission at the rate of 2% C&F value has been charged.

27. TRADING DEFICIT TO BE REIMBURSED BY THE GOVERNMENT	Note	2025	2024
		----- Rupees in 000-----	
Local supply on behalf of GoP	27.1	-	26,575,499
Cost and expenses incurred on behalf of GoP	27.2	(34,615,830)	(81,430,171)
Subsidy for the year to be reimbursed by the GoP	11	<u>(34,615,830)</u>	<u>(54,854,672)</u>

27.1 Local supply on behalf of GoP

Urea	-	26,575,499
------	---	------------

Total supply on behalf of the GoP	<u>-</u>	<u>26,575,499</u>
--	-----------------	--------------------------

27.2 Cost and expenses incurred on behalf of GoP

Opening stock		3,258,836	3,264,933
Less: Stock Written-off during the year		(88,392)	-
Trading and related expenses to be reimbursed by GoP	27.2.1	34,615,830	81,424,074
		37,786,274	84,689,007

Less: Closing stock		(3,170,444)	(3,258,836)
---------------------	--	-------------	-------------

Total cost of supply		<u>34,615,830</u>	<u>81,430,171</u>
-----------------------------	--	--------------------------	--------------------------

27.2.1 Trading and related expenses to be reimbursed by GoP

Mark-up / interest on commodity finance	27.2.1.1	34,554,398	54,911,278
Custom duties, wharfage and other port charges	27.2.1.2	-	1,786,621
Lab testing charges		-	25,129
Cost of supply - Urea	27.2.1.3	-	23,984,413
Stevedoring and handling charges		11,670	226,426
Insurance		-	6,201
Letters of credit charges		-	2,647
Services charges / commission		-	481,352
Others	27.2.1.4	49,762	7

	<u>34,615,830</u>	<u>81,424,074</u>
--	--------------------------	--------------------------

btm

27.2.1.1 Mark-up on financing facilities obtained from banks for procurement of commodities on behalf of GoP has been included in trading and related expenses to be reimbursed by the GoP.

27.2.1.2 This includes taxes paid on import and local purchase of commodities under the provisions of the Income Tax Ordinance, 2001 due to the fact that it has been paid on behalf of the GoP.

27.2.1.3 Represents the cost of Urea imported during the year amounting to Rs. nil (2024: Rs. 23.984 billion) and supplied to National Fertilizers Marketing Limited (NFML).

27.2.1.4 In the year 2009-10 Bank Guarantee for Rs. 49.762 million of M/s. Sadan General Trading was encashed by TCP and charged its impact in the head of Due from Government.

In current period, payment of the decreed amount of Rs. 124.284 million was effected in favour of M/s. Sadan General Trading pursuant to the directives of the Execution Court. Accordingly, the reversal impact of Rs. 49.762 million has been duly accounted for under the head 'Due from Government' and balance amount of Rs.74.522 million is charged under the head 'administrative expenses'.

28. ADMINISTRATIVE EXPENSES	Note	2025	2024
		----- Rupees in 000-----	
Salaries, allowances and other benefits	28.1	1,854,075	1,155,316
Repairs and maintenance		75,130	45,646
Computer and software maintenance		6,693	3,141
Vehicles running		25,516	22,947
Travelling and conveyance		45,879	23,452
Legal and professional		38,093	22,073
Utilities		16,924	11,477
Security service charges		57,107	22,677
Advertising and publicity		5,828	6,064
Fees and subscriptions		7,633	10,781
Entertainment		2,047	1,432
Depreciation on operating fixed assets	5.1	160,004	37,633
Amortization	6	703	703
Rent, rates and taxes		12,546	10,688
Auditors' remuneration	28.2	3,382	3,075
Indirect expenses - godowns		3,475	2,997
Communication		6,248	6,586
Printing and stationery		1,989	2,215
Insurance		12,451	7,702
Bank charges		1,164	2,171
Exchange loss		-	36,772
Impairment of property and equipment		23,768	-
Allowance for ECL		68,657	-
Others	28.3	80,492	14,169
		2,509,804	1,449,717

28.1 This include provident fund of Rs. 21.549 million (2024: Rs. 36.524 million) and staff compensated expenses of Rs. 131.746 million (2024: Rs. 90.929 million).

btuig

	2025	2024
	----- Rupees in 000-----	
28.2 Auditors' remuneration		
Annual audit	2,489	2,263
Others	586	532
Out of pocket expenses	307	280
	<u>3,382</u>	<u>3,075</u>

28.3 This includes Rs. 74.522 million as the balance payment of the decreed amount of Rs. 124.284 million, made in favour of M/s. Sadan General Trading pursuant to the directives of the Hon'ble Court in Execution Application No. 32 of 2025 (titled Sadan General Trading LLC vs. TCP). Out of the total decreed amount, Rs. 49.762 million has been duly accounted for under the head 'Due from Government as disclosed in note 27.2.1.4.

	2025	2024
	----- Rupees in 000-----	
29. OTHER INCOME		
Income from financial assets		
Return on:		
- Saving accounts	263,290	318,818
- Pakistan investment bonds	1,651,289	1,291,578
- Market treasury bills	2,259,320	3,207,911
Income from non financial assets		
Rental income from godowns given on rent	654,149	499,359
Rice inspection fee	37,254	57,902
Gain on disposal of fixed assets	1,629	2,918
Sales of tender and purchase order forms	54	157
Exchange gain	19,136	-
Others	2,699	5,877
	<u>4,888,820</u>	<u>5,384,520</u>

30. TAXATION AND LEVY

30.1 The income tax returns of the Company have been filed up to tax year 2024 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

30.2 This represents portion of minimum tax paid under section 233 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

30.3 This represents current tax as specified under IAS-12 guidance issued by ICAP, after classifying portion of minimum tax as levy.

	2025	2024
	----- Rupees in 000-----	
30.4 Relationship between tax expense and accounting profit		
Accounting profit before taxation	<u>2,385,204</u>	<u>4,412,394</u>
Tax at the applicable tax rate of 29% (2024: 29%)	691,709	1,279,594
Effect of income subject to minimum tax	1,045	57,762
Effect of non-deductible tax expenses	105,482	38,771
Effect of tax allowable expenses	(52,645)	(153,578)
Effect of deduction allowed for rentals	(38,079)	(28,808)
Super tax	242,563	424,013
Adjustment relating to prior years	87,621	193,446
	<u>1,037,696</u>	<u>1,811,200</u>

Handwritten signature

30.5 As more fully explained in note 25.1 to these financial statements, income tax assessment of the Company are opened on various matters.

31. CASH AND CASH EQUIVALENTS	Note	2025	2024
		----- Rupees in 000-----	
Cash and bank balances	18	1,607,870	2,158,076
Commodity finance under markup arrangements	24	(319,561,605)	(281,225,025)
		<u>(317,953,735)</u>	<u>(279,066,949)</u>

32. RELATED PARTY TRANSACTIONS

Related parties comprise of state controlled entities, retirement benefit funds, companies with common directorship, GoP and key management personnel.

The GoP owns 99.99% shares and is entitled to appoint board of directors for the management of affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities except for transactions stated below which the Company considers are significant:

Name of related parties	Nature of transaction	2025	2024
		----- Rupees in 000-----	
State controlled entities			
Government of Pakistan	Subsidy received / adjusted	5,000,000	6,031,136
	Commission	8,705	481,352
	Dividend paid	200,000	10,000
Utility Stores Corporation of Pakistan	Markup charged	350,594	1,281,470
	Cash received	-	4,031,250
National Fertilizer Marketing Limited	Supply	-	26,554,270
	Markup charged	-	793,390
	Cash received	-	27,376,903
Food Department of Punjab	Mark-up	118,811	174,545
Food Department of Sindh	Cash received	-	1,788,000
Pakistan Agriculture Storage and Services Corporation	Markup	766,661	2,645,713
	Cash received	-	22,789,361
Pakistan Investment Bonds	Interest earned on PIB's	1,651,289	1,291,578
Key management personnel	Remuneration	12,334	12,162
Retirement benefit funds			
Gratuity fund	Expense	519,905	-
Provident fund	Expense	21,549	36,524

Signature

The status of outstanding receivables and payables from / to related parties as at June 30, 2025 are included in respective notes to these financial statements.

Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Other transactions with the related parties are carried out as per agreed terms.

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

- (i) The Company collects income tax, sales tax and federal excise duty in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue, Sindh Board of Revenue and Customs authorities.
- (ii) The Company has investment of Rs. 64.83 million (2024: Rs. 64.83 million) towards equity participation (10.65%) to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled to receive 10.65% of the annual profit earned by the LDA Plaza.
- (iv) The Company incurs handling charges in respect of urea import at Kemari and other ports which are paid to Karachi Port Trust, Port Qasim Authority and Gwadar International Terminals Limited.
- (iii) The Company has obtained insurance cover for its godowns, marine cargo and motor vehicles from National Insurance Company Limited (NICL) and staff insurance from State Life Insurance Corporation Limited.
- (iv) The Company obtains utility services from K-Electric, Lahore Electric Supply Company Limited and Islamabad Electric Supply Company Limited.

33. FINANCIAL INSTRUMENTS BY CATEGORY

	2025	2024
	----- Rupees in 000-----	
Financial assets - gross		
<i>Financial assets measured at amortised cost</i>		
Long-term investments	16,637,362	10,643,682
Short-term investments	11,743,142	16,818,972
Long-term loans	55,046	62,788
Long-term deposits	16,449	16,449
Due from Government of Pakistan	237,669,726	208,053,896
Receivable from recipient agencies	58,127,415	56,916,600
Loans and advances	25,779	37,112
Accrued interest	997,311	70,671
Other receivables	23,073,511	21,453,942
Cash and bank balances	1,607,870	2,158,076
<i>Financial assets measured at cost</i>		
Long-term investments	65,827	65,827
	350,019,438	316,298,015
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Long-term loan	16,649	16,649
Trade and other payables	1,785,601	1,394,866
Commodity finance under markup arrangements	319,561,605	281,225,025
Interest accrued	9,807,995	15,524,584
Loan for FMCL sprinkler system	22,401	29,868
	331,194,251	298,190,992

bluig

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial risk factors

The activities of the Company 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 programme focuses on having cost effective funding as well as to manage financial risk to an acceptable level. The Board of Directors follow overall risk management approach within the Company under the policies issued by GoP. However, the following risks do not arise when the Company carries out transactions on behalf of the GoP in which case credit and other risks are borne by the Government of Pakistan.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports commodity products and carries trade payable denominated in foreign currencies. However, the Company is not exposed to currency risk in this respect because these payables relate to commodity import on behalf of GoP who bears the risks related to these transactions.

The Company has foreign currency deposits amounting to US\$ 3.5 million (2024: US\$ 3.5 million) equivalent to Rs. 1,008.317 million (2024: Rs. 983.142 million) with various banks. At June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs. 50.416 million (2024: Rs. 49.157 million).

(ii) 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 has no interest rate exposure as the Company has saving accounts and investment in TDRs / PIBs are on fixed rate and commodity financing facilities and short term loans are obtained under the GoP directives, for which the Company does not have any interest rate risk exposure being reimbursable by the GoP.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 traded in the market. The Company has no such investments as of the balance sheet date and therefore is not subject to any significant price risk.



(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from loans, deposits, interest accrued with / from banks and financial institutions, advances and other receivables. The Company does not have credit risk on receivables relating to transactions executed on behalf of GoP. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating.

(c) **Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date and represents the undiscounted cash flows:

	2025			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- Rupees in 000 -----			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,785,601	-	-
Commodity finance under markup arrangements	-	319,561,605	-	-
Interest accrued	-	-	9,807,995	-
	-	321,347,206	9,807,995	16,649

	2024			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- Rupees in 000 -----			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,394,866	-	-
Commodity finance under markup arrangements	-	281,225,025	-	-
Interest accrued	-	-	15,524,584	-
	-	282,619,891	15,524,584	16,649

btm9

The commodity finance is backed by the guarantee of Government of Pakistan (GoP) therefore, the risk lies on the GoP. Trade and other payables mainly include payable on account of transactions incurred by the Company on behalf of GoP and therefore the Company is not exposed to liquidity risks for such transactions. Besides these, the Company has adequate resources in the form of bank balances and short term investments to repay its operational liabilities and therefore, is not subject to significant liquidity risk as at June 30, 2025.

34.2 Fair values of financial assets and financial liabilities

- (a) 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 carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in shares of FTC Management Company Limited and investment in LDA Plaza, which are carried at cost.

- (b) Fair value estimation

The Company classifies the financial assets measured in the balance sheet at fair value in accordance with the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has no items to report in this level.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2025, the Company does not have any financial instrument which has been carried at fair market value.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to carry out functions entrusted to it by GoP. The Company is 100% owned by the Government of Pakistan and is not subject to any externally imposed capital requirements. As of balance sheet date, the Company has gearing effect to the extent of commodity finance and short-term loans facilities, which are obtained for GoP directed operations and guaranteed by GoP.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount for the year in respect of remuneration and benefits to the Chairman, directors and executives are as follows:

		2025		
		Chief Executive	Board of Directors	Executives
Note		----- Rupees in 000 -----		
Managerial remuneration		2,781	-	50,697
Housing and utilities		2,713	-	47,863
Other allowances and benefits		4,295	-	36,789
Disparity allowance		1,800	-	6,443
Retirement benefits		745	-	3,112
	36.1	12,334	-	144,904
Number of persons		1	9	38

btm

Managerial remuneration
Housing and utilities
Other allowances and benefits
Disparity allowance
Retirement benefits

2024		
Chief Executive	Board of Directors	Executives
----- Rupees in 000 -----		
2,677	-	39,207
2,621	-	37,270
3,947	-	29,767
1,800	-	7,862
1,117	-	5,570
12,162	-	119,676
1	9	26

Number of persons

36.1 In addition to above, the Chief Executive and Executives are also entitled for leave encashment as per Company policy. Further, the Chief Executive and Directors are also eligible for meeting fee.

37. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2025 and 2024 respectively are as follows:

	2025	2024
Average number of employees during the year	<u>375</u>	<u>387</u>
Number of employees as at year end	<u>370</u>	<u>382</u>

38. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Dividend has been proposed by the Board of Directors in its meeting held on OCTOBER 06, 2025 for the year ended June 30, 2025 at the rate Rs. 2/- per share.

39. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

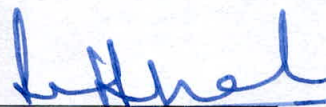
These financial statements were authorized for issue on OCTOBER 06, 2025 by the Board of Directors of the Company.

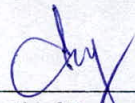
40. GENERAL

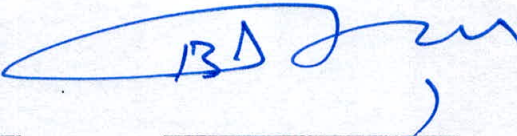
40.1 The figures in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

40.2 Corresponding figures have been reclassified, wherever necessary, for the purpose of better presentation.

Wing


Chief Executive Officer


Chief Financial Officer


Director