Interim Financial Statements
For the Quarter Ended 30 September 2025
(Un-Audited)

Pak Agro Packaging Limited

DIRECTORS REPORT

Your directors are pleased to present their report on the first quarter of the current financial year that ended on 30 Sept 2025.

Market Outlook

After a relative stability in the agricultural sector of the country witnessed over the last two quarters, disturbances caused by recent floods have had a negative impact on our overall sales. The agriculture sector has still not fully recovered and needs continued governmental support to regain economic viability. We recorded only a 3.6% increase in sales revenue over the similar quarter of last financial year. Bulk of this increase in sales has come from sales of fishing nets, a segment not considered part of agriculture. As a result, the profitability of the company remained below our targets.

The growth in demand for our products is affected by two main factors: economic difficulties being faced by farmers and mushroom growth of smaller companies in our sector that are offering poor standard products, made of poor quality recycled raw material, and dumping them in the market for non-discriminating customers. However, some stability in the value of Pak rupee has led to stable prices for imported raw materials, making things slightly bearable. While we hope that the market will improve in the next three quarters, helping us meet the annual targets comfortably, it would be unwise to assume any major positive change in the economic landscape of the country. July to Sept period generally has low sales volumes due to start of the off-season for farming industry. Our sales revenue for the quarter at Rs 229.47 million was 3.6% higher than in corresponding quarter last year. We are hopeful that our sales will pick up further in the next three quarters of the current financial year, to enable us cross the one billion rupees annual revenue mark to give a degree of respectability to our annual results.

Operating Results

We recorded total sales of Rs 229.47 million and a gross profit of Rs 25.16 million in the three months ended 30 Sept 2025. International prices of our raw materials, namely HDPE and colors continued to marginally rise in dollar terms. Hence despite relative stability in exchange rate factor, our rupee cost of imported inputs remained high. We were unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin in the quarter under review, at 10.96% of sales, was therefore significantly below the 13.4% margin recorded in comparable quarter of the previous year.

Our fish net manufacturing plant is now contributing significantly to our sales volumes. With sales to agriculture sector considerably reduced, we were able to sustain the total sales revenue due to fish nets. We hope that as the demands for our products used by farmers rises in coming months for seasonal and economical reasons, our sales target for the year will be met.

During the quarter, certain ancillary machines were added to our main plant, to replace certain irreparable older equipment, strengthening our back process for green shades and fish nets manufacturing. This has led us to balancing our plant and it will serve your company well in coming quarters.

Due to uncertainties in the forex situation and resultant difficulties in opening letters of credit for import of raw materials, your company has built up adequate stocks to ensure continued production. This had caused significant increase in the stock levels but the management has succeeded in restraining the level of current borrowings, leading to lower financial expenses in the quarter under report. By end of the quarter ending 30 Sept 2025, we were able to record an increase of 13.1% in total current assets. This will enable us to conduct our operations in a more satisfactory manner in coming quarters.

We recorded a profit before tax of Rs 12.25 million and profit after tax of Rs 8.70 million for the quarter under review, marginally below the Rs 14.6 million (PBT) and Rs 10.4 million (PAT) translating to 43 paisa EPS for the quarter which was marginally below the 52 paisa EPS recorded in the comparable period of last financial year. We are confident that the annual EPS for the year will meet our budgeted target.

IPO Funds Proceeds

As reported in previous quarter, all of our IPO funds had been expended by the end of Sept 2022.

We wish to thank all our employees and business associates for the cooperation during the nine months ended 30 Sept 2025.

Mrs Kaisra J Butt
Chairman

Pak Agro Packaging Limited
Statement of Financial Position as at September 30, 2025

		03 Month Ended		
		September 2025	September 2024	June 2025
Equity and liabilities	**Note**	**(Rupees)**	**(Rupees)**	**(Rupees)**
Share capital and reserves				
Share capital	6	200,000,000	200,000,000	200,000,000
Reserves	7	107,283,257	107,283,257	107,283,257
Revenue reserves				
Unappropriated profit		145,306,088	114,487,648	136,654,174
		452,589,345	421,770,905	443,937,431
Non-current liabilities				
Obligation against assets subject to finance lease	8	51,694,843	45,773,034	57,733,014
Deferred taxation	9	60,428,941	53,741,807	60,428,941
Payable against vehicle		1,604,860	-	1,604,860
Employees' gratuity fund	10	4,213,846	919,238	4,213,846
		117,942,490	100,434,079	123,980,661
Current liabilities				
Short term bank borrowings	11	74,472,019	109,623,104	79,011,004
Current maturity of long term liabilities	12	25,328,757	8,438,128	25,785,390
Taxation - Net	20	6,047,145	-	2,513,823
Advance from customers		70,148,692	-	-
Accrued and other liabilities	13	27,583,342	35,821,905	24,685,085
		203,579,955	153,883,137	131,995,302
Contingencies and commitments	14	-	-	-
Total equity & liabilities		**774,111,790**	**676,088,121**	**699,913,394**
Property and assets				
Non-current assets				
Property, plant and equipment	15	464,086,650	444,458,426	468,966,112
Long term deposits	16	33,031,435	20,789,309	33,031,435
Current assets				
Stock in trade	17	197,125,171	167,412,690	120,360,765
Advances, deposits and other receivables	18	13,598,667	33,786,504	19,256,678
Prepayments	19	8,629,239	4,037,628	4,026,863
Refund from Government		35,716,557	-	33,933,631
Advance tax		3,048,600	2,428,824	-
Cash and bank balances	21	18,875,471	3,174,740	20,337,910
		276,993,704	210,840,386	197,915,847
Total assets		**774,111,790**	**676,088,121**	**699,913,394**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer | **Director** | **Chief Executive**

Pak Agro Packaging Limited
Statement of Profit or Loss
For the period ended September 30, 2025

	Note	03 Month Ended September 2025 (Rupees)	03 Month Ended September 2024 (Rupees)	June 2025 (Rupees)
Sales	22	229,473,105	221,562,985	858,693,123
Cost of sales	23	204,316,563	191,814,526	739,137,239
Gross profit		25,156,542	29,748,459	119,555,884
Operating expenses				
Administrative	24	7,449,861	7,287,484	26,050,372
Selling and distribution	25	195,100	68,900	388,430
		7,644,961	7,356,384	26,438,802
Profit from operations		17,511,581	22,392,075	93,117,082
Financial expenses	26	4,051,013	6,184,250	25,370,546
Other charges	27	1,208,299	1,545,053	6,953,855
		5,259,313	7,729,303	32,324,401
		12,252,269	14,662,772	60,792,681
Profit for the year before taxation		12,252,269	14,662,772	60,792,681
Taxation	28	3,553,158	4,252,204	28,858,072
Profit for the year		**8,699,111**	**10,410,568**	**31,934,609**
Basic and diluted earnings per share (PKR)		**0.43**	**0.52**	**1.60**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Director** **Chief Executive**

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended September 30, 2025

	03 Month Ended		
	September 2025 (Rupees)	September 2024 (Rupees)	June 2025 (Rupees)
Profit for the year after taxation	8,699,111	10,410,568	31,934,609
Other comprehensive income			
Items that will nor classified to profit or loss			
Remeasurement (loss)/gain on staff retirement benefit plan	-	-	642,484
Total comprehensive income for the year	**8,699,111**	**10,410,568**	**32,577,093**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer	**Director**	**Chief Executive**

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended September 30, 2025

	Note	03 Month Ended September 2025 (Rupees)	September 2024 (Rupees)	June 2025 (Rupees)
Cash flow from operating activities				
Profit for the year before taxation		12,252,269	14,662,771	60,792,681
Adjustments for:				
Depreciation	(15.3)	6,725,461	15,764,425	65,258,375
Gain on disposal of assets		-		-
		6,725,461	15,764,425	65,258,375
Operating profit before working capital changes		**18,977,729**	**30,427,196**	**126,051,056**
Increase/(decrease) in:				
Stock in trade	(17)	(76,764,406)	2,537,450	49,589,375
Advance Tax		(3,095,797)	-	-
Advances, deposits and other receivables	(18)	5,658,011	(23,805,192)	(9,629,288)
Refund due from the government		(1,782,926)	-	(35,406,672)
Pre-payments	(19)	(4,602,376)	-	86,097
		(80,587,494)	(21,267,742)	4,639,512
		(61,609,764)	9,159,455	130,690,568
Increase /(decrease) in:				
Current liabilities		2,898,257	2,420,372	(6,964,818)
Cash flow from operating activities		**(58,711,507)**	**11,579,827**	**123,725,750**
Income Tax Paid		(19,836)	(2,612,139)	(15,588,225)
Net cash flow from operating activities		**(58,731,343)**	**8,967,688**	**108,137,525**
Cash flow from investing activities				
Fixed capital expenditures	(15.1), (15.2)	(1,846,000)	(2,610,750)	(76,612,386)
Capital work in progress	(15.4)	-		-
Long term deposits	(16)	-		(12,242,126)
Short term investment		-		-
Deposit against vehicles		-		-
Net cash flow from investing activities		**(1,846,000)**	**(2,610,750)**	**(88,854,512)**
Cash flow from financing activities				
Asset subject to finance lease	(8)	(6,494,804)	(3,244,198)	26,063,045
Short term bank borrowings	(11)	(4,538,985)	(16,140,146)	(46,752,246)
Long term payable against vehicle		-		1,604,860
Advanvces from customer		70,148,692		-
Employees' gratuity fund	(10)	-	(2,335,702)	1,601,390
Net cash flow from financing activities		**59,114,903**	**(21,720,046)**	**(17,482,951)**
Net increase/(decrease) in cash and cash equivalents		**(1,462,440)**	**(15,363,108)**	**1,800,062**
Cash and cash equivalent in the beginning of the year		20,337,910	18537847	18,537,848
Cash and cash equivalent at the end of the year	(21)	**18,875,470**	**3,174,740**	**20,337,910**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Director** **Chief Executive**

Pak Agro Packaging Limited
Statement of Changes in Equity
For the period ended September 30, 2025

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2024	**200,000,000**	**107,283,257**	**104,077,081**	**411,360,338**
Total comprehensive income for the year	-	-	32,577,093	**32,577,093**
Balance as at June 30, 2025	**200,000,000**	**107,283,257**	**136,654,174**	**443,937,431**
Total comprehensive income for the year	-	-	48,406,080	**48,406,080**
Balance as at September 30, 2025	**200,000,000**	**107,283,257**	**185,060,254**	**492,343,511**

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

Chief Financial Officer | **Director** | **Chief Executive**

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period ended September 30, 2025

1. Company and its operations

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

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

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

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017: and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued the Companies Act, 2017 have been followed.

2.2) Functional and presentation currency

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

2.3) Significant accounting estimates

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

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

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

2.4) Property, plant and equipment

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

2.5) Impairment

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

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

- There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements.
- Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

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

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

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

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

3. Significant accounting policies

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

3.1) Accounting convention

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

3.2) Property, plant and equipment

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

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

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

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

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

  Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to relevant classes of property, plant and equipment as and when these are available for use.
- **Leases:**
  The Company assesses whether a contract is, or contains, a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, which are presented in rent, rates and taxes.

3.3) **Staff retirement benefits**

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

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

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

3.4) **Impairment**

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

3.5) **Stock and spares**

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

3.6) **Stock in trade**

These have been valued as under:

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

3.7) **Bad debts**

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

3.8) **Taxation**

3.8.1) **Current tax**

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

3.8.2) **Deferred tax**

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

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

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

3.9) Revenue recognition

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

4. Dividend and appropriation to reserves

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

5. Financial instruments

Financial assets

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

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

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

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

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

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

- Amortized cost: Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include deposits, trade debts, advances, other receivables and cash and bank balances.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversals, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

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

Financial liabilities

Financial liabilities are classified in the following categories:

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

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

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

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

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

Off setting

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

Impairment of financial asset

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at amortized cost (other than trade debts) and FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

Impairment of non-financial assets

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

	September 2025 (Rupees)	June 2025 (Rupees)
6. Share capital		
Authorized capital		
40,000,000 ordinary shares of Rs. 10/- each	**400,000,000**	**400,000,000**
Issued, subscribed and paid-up capital		
Shares issued for cash		
17,350,000 ordinary shares of Rs. 10/- each in cash	173,500,000	173,500,000
Issued as fully paid bonus shares		
2,650,000 ordinary shares of Rs.10/- each	26,500,000	26,500,000
	200,000,000	**200,000,000**

7. Reserves

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

8. Obligation under finance lease

	September 2025 (Rupees)	June 2025 (Rupees)
Value of assets	57,733,014	46,112,073
Add: Addition during the period	25,785,390	38,081,604
	83,518,404	84,193,677
Less: Payments made during the period	6,494,804	4,526,937
Present value of minimum lease payment	77,023,600	79,666,740
Less: Current maturity	25,328,757	21,933,726
	51,694,843	**57,733,014**

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

	September 2025 (Rupees)	June 2025 (Rupees)
June 30, 2026	-	30,184,372
June 30, 2027	-	44,494,583
June 30, 2028	-	16,062,157
	-	90,741,112
Less: Lease financial charges allocable for future periods	-	11,074,372
	77,023,600	79,666,740
Less: Current maturity of finance lease	25,328,757	21,933,726
	51,694,843	**57,733,014**

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

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

9 Deferred taxation

The balance of deferred tax is in respect of following temporary differences:

	September 2025 (Rupees)	June 2025 (Rupees)
Accelerated depreciation on property plant and equipment	-	60,428,941
	-	**60,428,941**

10. Employees' gratuity fund

	September 2025 (Rupees)	June 2025 (Rupees)
Balance at beginning of the year	4,213,846	3,254,940
Add: Provision for the year	3,459,868	7,045,988
	7,673,714	10,300,928
Less: Paid to outgoing members	(4,219,006)	(6,087,082)
	3,454,708	**4,213,846**

11. Short term bank borrowings

		September 2025 (Rupees)	June 2025 (Rupees)
Running finance	(11.1)	74,472,019	79,011,004
Finance against Trust Receipts (FATR) Facility:	(11.2)	-	-
		74,472,019	**79,011,004**

11.1) Running finance

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

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

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

These facilities are secured by way of:

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

Common Securities against all credit facilities:

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

These facilities are valid up to December 31, 2025.

		-	-
12. Current maturity of long term liabilities		-	-
This represents current maturity of followings			
- Finance lease	(8)	25,328,757	21,933,726
			3,851,664
		25,328,757	**25,785,390**

13. Accrued and other liabilities		
Workers' profit participation fund	5,527,833	4,655,854
Salaries payable	14,952,724	10,566,226
Workers' welfare fund	2,629,353	2,298,001
Postal life insurance	65,284	
WHT payable	1,012,709	374,761
Mark up payable	2,448,869	3,913,743
Sales tax payable	-	
EOBI & Social Security	-	291,300
Audit fee	924,000	924,000
Other liabilities	22,570	1,392,300
Utilities bill payable	-	268,900
	27,583,342	**24,685,085**

14. Contingencies and commitments

a) Contingencies

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

b) Commitments

There are no commitments made by the company.

15. Property, plant and equipment

Operating fixed assets			
- Owned assets	(15.1)	378,405,754	382,169,873
- Right of use assets (ROU)	(15.2)	85,680,897	86,796,237
		-	-
		464,086,650	**468,966,110**

15.1) Owned assets

Operating fixed assets

Description	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Furniture and fixtures	Office equipment	Electrical equipment	Computers	Total
As at July 01, 2024									
Cost	77,888,795	27,745,363	541,409,292	5,428,637	1,176,264	1,862,972	1,138,590	689,220	657,339,133
Accumulated depreciation	(20,154,757)	(13,410,756)	(216,955,054)	(4,349,864)	(784,993)	(973,748)	(1,026,403)	(472,787)	(258,128,362)
Net book value	**57,734,038**	**14,334,607**	**324,454,238**	**1,078,773**	**391,271**	**889,224**	**112,187**	**216,433**	**399,210,771**
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Year ended June 30, 2025									
Opening net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,271	889,224	112,187	216,433	399,210,771
Additions	833,745	11,976,996	18,818,249	5,717,176	-	-	730,000	200,000	38,276,166
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	(2,908,753)	(2,299,904)	(49,466,146)	(244,490)	(58,691)	(133,384)	(105,766)	(99,930)	(55,317,064)
Closing net book value	**55,659,030**	**24,011,699**	**293,806,341**	**6,551,459**	**332,580**	**755,840**	**736,421**	**316,503**	**382,169,873**
As at July 01, 2025									
Cost	78,722,540	39,722,359	560,227,541	11,145,813	1,176,264	1,862,972	1,868,590	889,220	695,615,299
Accumulated depreciation	(23,063,510)	(15,710,660)	(266,421,200)	(4,594,354)	(843,684)	(1,107,132)	(1,132,169)	(572,717)	(313,445,426)
Net book value	**55,659,030**	**24,011,699**	**293,806,341**	**6,551,459**	**332,580**	**755,840**	**736,421**	**316,503**	**382,169,873**
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Period ended September 30, 2025									
Opening net book value	55,659,030	24,011,699	293,806,341	6,551,459	332,580	755,840	736,421	316,503	382,169,873
Additions			1,846,000						1,846,000
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	(695,738)	(900,439)	(3,687,963)	(245,680)	(12,472)	(28,344)	(27,616)	(11,869)	(5,610,119)
Closing net book value	**54,963,292**	**23,111,260**	**291,964,378**	**6,305,779**	**320,108**	**727,496**	**708,805**	**304,634**	**378,405,754**
As at October 01, 2025									
Cost	78,722,540	39,722,359	562,073,541	11,145,813	1,176,264	1,862,972	1,868,590	889,220	697,461,299
Accumulated depreciation	(23,759,248)	(16,611,099)	(270,109,163)	(4,840,034)	(856,156)	(1,135,476)	(1,159,785)	(584,586)	(319,055,545)
Net book value	**54,963,292**	**23,111,260**	**291,964,378**	**6,305,779**	**320,108**	**727,496**	**708,805**	**304,634**	**378,405,754**
Annual rate of depreciation (%)	5	15	5	15	15	15	15	30	

8

15.2) Right of use assets (ROU)

Particulars	Rupees									
	Sep-25					Jun-25				
	Land	Motor Vehicle	Electric Equipment - Solar	Machinery	Total	Land	Motor Vehicle	Electrical Installation	Machinery	Total
Cost	1,565,250	2,950,000	23,555,401	82,274,771	110,345,422	1,565,250	2,950,000	-	67,493,952	72,009,202
Accumulated depreciation	-	(951,836)	(306,098)	(22,291,250)	(23,549,184)	-	(599,219)	-	(13,008,654)	(13,607,873)
Net book value as on July 01,	**1,565,250**	**1,998,164**	**23,249,303**	**59,983,521**	**86,796,238**	**1,565,250**	**2,350,780**	-	**54,485,298**	58,401,328
Additions	-	-	-	-	-	-	-	23,555,401	14,780,819	38,336,220
Disposals/adjustments										-
Cost	-	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-		-	-	-		-	-	-	-
Depreciation	-		-	-	-		-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(74,931)	(290,616)	(749,794)	(1,115,341)	-	(352,617)	(306,098)	(9,282,596)	(9,941,311)
Net book value as at September 30,	**1,565,250**	**1,923,233**	**22,958,687**	**59,233,727**	**85,680,897**	**1,565,250**	**1,998,163**	**23,249,303**	**59,983,521**	86,796,237
Annual Rate of Depreciation (%)	-	15%	5%	5%		-	15%	15%	15%	

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

	Note	#REF!	#REF!
		-	-
		-	-
Cost of sales	(23.4)	6,650,530	64,247,043
Administrative expenses	(24)	74,931	352,617
		6,725,461	**64,599,660**

16. Long term deposits

Security deposits against:		
Leased assets	30,406,624	30,406,624
Utilities	1,181,436	1,181,436
Office building	1,443,375	1,443,375
	33,031,435	**33,031,435**

17. Stock in trade

Raw material	(17.1)	72,748,580	20,676,480
Finished goods		103,476,750	70,522,500
Work-in-process		9,698,808	9,161,054
Stock in transit		11,201,033	20,000,731
		197,125,171	**120,360,765**

17.1) Raw material

Raw material	62,345,850	10,434,800
Colors	9,072,730	7,682,080
Chemical	1,330,000	2,559,600
	72,748,580	**20,676,480**

18. Advances and deposits

Advances to:	(18.1)		
Against salaries		2,347,300	2,664,000
Against supplies		4,287,933	70,000
Against services		74,986	-
		6,710,219	2,734,000
Deposits:			
Margin deposit on letters of credit		6,888,448	15,522,678
Others		-	1,000,000
		6,888,448	16,522,678
		13,598,667	19,256,678

Other receivables			
Sales tax refundable		35,716,557	35,695,775
			(1,762,144)
		35,716,557	33,933,631
		35,716,557	**33,933,631**
18.1) These are unsecured and considered good by the management.			
19. Prepayments			
Insurance		3,819,751	3,478,297
CDC Fee		123,625	-
Lease payment		473,580	473,580
Tax deducted at source		4,212,283	
Service			74,986
		8,629,239	**4,026,863**
20. Taxation - net			
Tax deducted at source			18,900,032
Taxation - Net		2,493,987	-
Provision for taxation		3,553,158	(21,413,855)
		6,047,145	**(2,513,823)**
21. Cash and bank balances			
Cash in hand		700,000	700,000
Cash at bank - current account		18,175,471	19,637,910
		18,875,471	**20,337,910**
22. Sales-net			
Gross sales		270,778,264	1,013,257,885
Sales tax		41,305,159	(154,564,762)
		229,473,105	**858,693,123**
23. Cost of sales			
Raw material consumed	(23.1)	145,551,455	359,921,064
Colors consumed	(23.2)	915,676	30,528,095
Chemical consumed	(23.3)	5,894,140	26,344,914
Packing material consumed		5,425,482	16,060,940
Production overhead	(23.4)	80,021,814	314,308,065
		237,808,567	747,163,078
Work in process			
- Balance as on July, 01		9,161,054	9,643,215
- Balance as at March, 31		(9,698,808)	(9,161,054)
		(537,754)	482,161
Cost of goods manufactured		237,270,813	747,645,239
Finished stocks			
- Balance as on July, 01		70,522,500	62,014,500
- Balance as at March, 31		(103,476,750)	(70,522,500)
		(32,954,250)	(8,508,000)
		204,316,563	**739,137,239**
23.1) Raw material consumed			
Stock as on July, 01		10,434,800	73,132,720
Add: Raw material imported		197,462,505	297,223,144
		207,897,305	370,355,864
Stock as at March, 31		(62,345,850)	(10,434,800)
		145,551,455	**359,921,064**

23.2) Colors consumed			
Stock as on July, 01		7,682,080	8,205,390
Color purchased		2,306,326	30,004,785
		9,988,406	38,210,175
Stock as at March, 31		(9,072,730)	(7,682,080)
		915,676	**30,528,095**
23.3) Chemical consumed			
Stock as on July, 01		2,559,600	510,230
Add: Purchases		4,664,540	28,394,284
		7,224,140	28,904,514
Stock as at March, 31		(1,330,000)	(2,559,600)
		5,894,140	**26,344,914**
23.4) Production overhead			
Salaries and benefits	(23.4.1)	44,172,524	142,978,021
Fuel and power		19,614,062	88,261,973
Repair and maintenance		6,030,753	5,351,955
Insurance		-	3,944,731
Sui gas		652,950	3,705,360
Vehicle running and maintenance		1,680,888	2,149,610
Lubricants		514,710	945,864
Entertainment		63,710	760,807
Miscellaneous		490,589	524,165
Security charges		16,499	303,210
Printing and stationary		52,430	200,853
Telephone and internet		46,499	200,000
Travelling and conveyance		1,100	188,558
Postage and courier		10,490	135,468
Rent, rates and taxes		20,300	29,917
Newspaper and periodicals		3,780	13,820
Depreciation	(15.3)	6,650,530	64,613,753
		80,021,814	**314,308,065**
23.4.1) Salaries and benefits			
Salaries to staff		38,911,627	128,663,093
Gratuity		3,097,500	6,919,625
E.O.B.I		396,790	3,719,873
Social security		423,360	1,704,000
Financial assistance		105,000	1,502,200
Medical		27,710	343,000
Overtime		1,210,537	75,900
Bonus		-	50,330
Leave encashment		-	-
		44,172,524	**142,978,021**
24. Administrative expenses			
Director's remuneration	(24.1)	2,292,879	11,069,375
Salaries and benefits	(24.2)	1,465,128	5,099,384
Rent, rates and taxes		1,443,375	5,075,733
Entertainment		651,507	505,063
Fees and subscriptions		86,650	793,779
Miscellaneous		146,131	59,500
Utilities		170,208	482,261
Telephone, mobile and internet		101,370	496,056
Printing and stationary		150,310	270,416
Travelling and conveyance		175,130	275,818
Postage and courier		40,738	130,750
News papers and periodicals		3,465	13,345
Repair and maintenance		17,450	51,680
Auditor's remuneration		-	924,000
Out of Pocket		285,000	
Equipment Expenses		589	
Income tax expenses		345,000	
Legal and professional		-	158,590
Depreciation	(15.3)	74,931	644,622
		7,449,861	**26,050,372**

24.1)	**Director's remuneration**		
	Remuneration	1,915,833	10,500,000
	Medical	377,046	425,000
	Director's meeting	-	117,232
	Bonus	-	27,143
	Insurance	-	-
		2,292,879	**11,069,375**
24.2)	**Salaries and benefits**		
	Salaries to staff	1,465,128	4,330,537
	Gratuity	-	768,847
	Bonus	-	-
		1,465,128	**5,099,384**

25.	**Selling and distribution expenses**		
	Carriage outward	195,100	388,430
		195,100	**388,430**
26.	**Financial expenses**		
	Mark-up	2,448,869	13,407,955
	Lease financial charges	1,593,995	11,058,754
	Bank charges	8,150	750,610
	Share Registrar Services	-	153,227
		4,051,013	**25,370,546**
27.	**Other charges**		
	Workers' profit participation fund	875,579	4,655,854
	Workers' welfare fund	332,720	2,298,001
		1,208,299	**6,953,855**

28.	**Taxation**			
	Current year tax charged			
	- for the year	(28.1)	3,553,158	21,413,855
	- for prior year		-	757,083
			3,553,158	22,170,938
	Deferred tax		-	6,687,134
	Tax expense for the year		**3,553,158**	**28,858,072**
			-	**21,413,855**

29 Remuneration of Chief Executive, Directors and Executives

Description	September 2025			June 2025		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	1,800,000	825,000	1,578,750	7,200,000	3,300,000	4,024,310
Bonus	-	-	-	-	-	-
	1,800,000	**825,000**	**1,578,750**	**7,200,000**	**3,300,000**	**4,024,310**
Number of persons	1	1	3	1	1	3

The Company also provide company maintained car, accommodation and free telephone, both for company and for personal use.

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

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

	September 2025	June 2025
30. Earnings per share - Basic and Diluted	**(Rupees)**	**(Rupees)**
Profit after tax	**8,699,111**	**31,934,609**
Weighted average number of ordinary shares at the end of the year (Numbers)	**20,000,000**	**20,000,000**
Basic and diluted earnings per share (Rupee)	**0.43**	**1.60**

31. Related party transaction

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

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

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

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

32. Number of employees

	September 2025	June 2025
Number of employees as on September 30,		
Factory	214	280
Other	6	6
	220	**286**
Average number of employees during the year		
Factory	245	271
Other	6	6
	251	**277**

33. Production capacity

Plant has a maximum production capacity of 1,600,000 kgs (June 2024: 1,600,000 kgs). Actual production during the period was 324,028/- Kgs (June 2024: 1,503,091 Kgs).

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

34. General

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

35. Date of authorization for issue

These financial statements have been authorized for issue on __________________ by the board of directors of the company.

Chief Financial Officer **Director** **Chief Executive**