AGHA STEEL INDUSTRIES Ltd.

Quarterly Report December, 2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS	
Mrs. Shazia Agha	Chairperson, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Asif Ahmad	Non-Executive Director
Mr. Muhammad Shahid	Non-Executive Director
Mr. Muhammad Asif	Independent Director
Mr. Saeed Mirza	Independent Director

AUDIT COMMITTEE	
Mr. Saeed Mirza	Chairman
Mr. Asif Ahmad	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & RUMENERATION COMMITTEE	
Mrs. Shazia Agha	Chairperson
Mr. Muhammad Shahid	Member
Mr. Raza Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Hammad Khan

EXTERNAL AUDITORS

Reanda Haroon Zakaria Rizwan Salman & Company Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi, Pakistan

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, Main Shahrah-e-Faisal, Karachi, Pakistan

LEGAL ADVISOR

M/s Arif Law Partners
Suite No,A-1, HouseNo.10, Karsaz Town Houses, F1-12, Block-5, Boat Basin, Clifton, Karachi

BANKERS

- Bank Al Habib Limited
- Askari Bank Limited
- Habib Bank Limited
- Bank Al Falah Limited
- Meezan Bank Limited
- Bank Islami Pakistan Limited
- United Bank Limited
- JS Bank Limited
- Samba Bank Limited
- Soneri Bank Limited
- Faysal Bank Limited
- Habib Metro Bank Limited
- MCB Islamic Bank Limited
- MCB Bank Limited
- Dubai Islamic Bank Limited
- The Bank of Khyber
- National Bank of Pakistan
- Allied Islamic Bank Limited
- Bank of Punjab

REGSITERED OFFICE

Plot No. N.W.I.Z/1/P-133, (SP-6), D-2, Port Qasim Authority, Karachi, Pakistan
PTCL# 021-34156219-21

CORPORATE OFFICE

Office 801 & 804, 8th Floor, Emerald Tower, G-19
II Talwar, Block 5, Clifton, Karachi, Pakistan
UAN # 021-111-111-2442
Corporate@aghasteel.com

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

For the Half Year Ended December 31, 2025

The Board of Directors of Agha Steel Industries Limited is pleased to present the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2025.

Economic Overview and Industry Outlook

During the period under review, Pakistan's economy continued to face structural challenges despite relative macroeconomic stabilization. Inflationary pressures showed signs of moderation; however, overall industrial activity remained constrained due to high financing costs, tight liquidity conditions, and subdued private sector investment.

The steel sector remained under significant pressure during the period. Demand from the construction and infrastructure segments remained weak, while elevated energy tariffs, high borrowing costs, and pricing competition adversely impacted margins across the industry. Volatility in international scrap prices and currency fluctuations further added to cost pressures.

Although gradual monetary easing and anticipated infrastructure activity may provide some support going forward, the operating environment during the period remained challenging.

Financial Performance

The financial performance of the Company for the half year ended December 31, 2025, as compared to the corresponding period last year, is summarized below:

Particulars	**December 31, 2025 (Unaudited)**	**December 31, 2024 (Unaudited)**
Net Turnover	Rs. 5,141 million	Rs. 5,363 million
Gross (Loss)	Rs. (693) million	Rs. (789) million
(Loss) Before Taxation	Rs. (2,838) million	Rs. (4,622) million
(Loss) After Taxation	Rs. (1,804) million	Rs. (3,842) million

During the period under review, the Company recorded net turnover of Rs. 5,141 million compared to Rs. 5,363 million in the corresponding period last year. The decline in revenue reflects subdued demand in the construction sector and continued pricing pressures within the steel industry.

The Company reported a gross loss of Rs. 693 million as against a gross loss of Rs. 789 million in the same period last year. Margins remained under pressure; however, cost containment measures and operational adjustments partially mitigated the adverse impact of market conditions.

Loss before taxation stood at Rs. 2,838 million compared to Rs. 4,622 million in the corresponding period. Loss after taxation amounted to Rs. 1,804 million as compared to Rs. 3,842 million in the same period last year.

Despite the reduction in losses compared to the prior period, the Company continues to face significant challenges arising from weak demand, high finance costs, and overall economic pressures.

Operational Review

During the period, management continued to focus on:

- Rationalization of operating costs
- Optimization of production planning
- Improved working capital management
- Active engagement with financial institutions

Operational discipline remained a key priority to sustain business continuity under challenging market conditions.

Liquidity and Financial Management

The Company continues to engage with its lenders for restructuring and realignment of its financial obligations in line with projected cash flows. Management remains focused on liquidity management, financial restructuring initiatives, and strengthening the balance sheet to ensure long-term sustainability.

Future Outlook

The steel sector outlook remains dependent on recovery in construction activity, infrastructure spending, monetary easing, and overall economic stabilization. While short-term pressures may persist, the Company remains committed to operational efficiency, prudent financial management, and strategic positioning to capitalize on improving market conditions when they materialize.

Acknowledgment

The Board acknowledges the continued support of its shareholders, customers, suppliers, financial institutions, and regulatory authorities. The Directors also place on record their appreciation for the dedication and efforts of the Company’s management and employees during a challenging period.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Hussain Iqbal Agha	**Raza Iqbal Agha**
Chief Executive Officer	**Director**

Karachi: **February 26, 2026**

AGHA STEEL INDUSTRIES LIMITED

Condensed Interim Financial Statements
For the half year ended December 31, 2025

REANDA

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AGHA STEEL INDUSTRIES LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Agha Steel Industries Limited** (the Company) as at December 31, 2025 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 7.1 to the accompanying condensed interim financial statements, the Company's trade receivables from contracts with customers amount to Rs. 3,347.601 million, against which a provision for expected credit losses of Rs. 1,354.760 million has been recognized as a general provision based on a provision matrix. Further, trade debts amounting to Rs. 1,034.567 million were written off as uncollectible during the year ended June 30, 2025 the impact of these write-offs is included in the accumulated losses as at the reporting period. The Company has not provided sufficient appropriate audit evidence to support the basis, criteria, and reasonableness of these write-offs and general provisioning. Accordingly, we were unable to determine the adequacy of the provision for expected credit losses.

As a result, we are unable to determine whether any adjustment to the carrying amounts of trade debts and related provision may be necessary.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as at December 31, 2025, and of its financial performance and cash flows for the six-month period then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Other offices at:
Lahore and Islamabad

REANDA

Emphasis of Matters

a) We draw attention to note 2 to the accompanying condensed interim financial statements, which indicates that the Company has experienced financial constraints due to low business volumes during the period and has incurred gross loss of Rs. 693.316 million, loss before levy and taxes amounting to Rs. 2,772.940 million and loss after taxation amounting to Rs. 1,804.348 million. The Company's current liabilities exceeded its current assets by Rs. 22,458.600 million. Additionally, all the banking liabilities are payable on-demand at period end comprising of short-term borrowings amounting to Rs. 15,377.633 million, long-term borrowings amounting to Rs. 7,934.597 million and accrued markup amounting to Rs. 8,676.515 million due to breach of covenants.

These events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business, and also discusses the reasons for preparing the interim financial statements on going concern basis including the expectation of future profitability based on forecasted financial projections. These plans are subject to inherent uncertainty as future events are always subject to change.

b) We draw attention to note 9.1 to the accompanying condensed interim financial statements, which describes the effects of non-payment of bank borrowings on time and breach of other covenants stipulated with the respective loan agreements.

c) We draw attention to note 14 to the accompanying condensed interim financial statements, which describes the contingent liabilities and asset arising from ongoing litigations. The outcome of these matters cannot be determined with certainty at this time, and no adjustments have been made to the condensed interim financial statements in respect of these contingencies.

Our conclusion is not modified in respect of these matters.

Other Matter

Pursuant to the requirement of section 237(1)(b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts, are subject to a limited scope review by the statutory auditors of the company. Accordingly, the figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2025, have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's review report is **Farhan Ahmed Memon**.

Reanda Haroon Zakaria Aamir Salman Rizwan & Co.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi
Dated: 26-Feb-2026

UDIN: RR202510147rPxHCL2Ya

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	*(Unaudited)* December 31 2025	*(Audited)* June 30 2025
ASSETS		---- Rupees in '000'----	
Non-Current Assets			
Property, plant and equipment	6	**44,602,306**	45,255,437
Intangible asset		**26,690**	29,830
Long term deposits and receivable		**20,097**	21,919
		44,649,093	45,307,186
Current Assets			
Stores, spare parts and loose tools		**2,025,944**	2,079,185
Stock-in-trade		**2,901,055**	2,936,853
Trade and other receivables	7	**2,610,776**	2,886,634
Loans and advances		**1,769,291**	1,970,377
Deposits		**9,165**	17,524
Tax refunds due from Government		**505,050**	461,431
Cash and bank balances		**10,269**	48,462
		9,831,550	10,400,466
Total Assets		**54,480,643**	55,707,652
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital		**10,250,000**	10,250,000
Share Capital			
Issued, subscribed and paid up capital		**6,048,791**	6,048,791
Advance against ordinary shares	8	**1,165,020**	-
		7,213,811	6,048,791
Capital Reserve			
Share premium		**2,126,687**	2,126,687
Surplus on revaluation of fixed assets - net		**15,682,628**	15,980,622
		17,809,315	18,107,309
Revenue Reserve			
Accumulated losses		**(4,735,632)**	(3,229,278)
Total Shareholders' Equity		**20,287,494**	20,926,822
Non-Current Liabilities			
Advance against preference shares	8	**-**	750,000
Loans from directors	8	**-**	415,020
Lease liabilities		**17,295**	31,202
Long term borrowings	9	**-**	-
Deferred tax liability	10	**1,885,704**	2,915,144
		1,902,999	4,111,366
Current Liabilities			
Long term borrowings - on demand	9	**7,934,597**	7,940,282
Trade and other payables	11	**291,413**	264,796
Short term borrowings - on demand	12	**15,377,633**	15,378,483
Accrued markup - on demand	13	**8,676,515**	7,073,336
Current portion of lease liabilities		**9,992**	12,567
		32,290,150	30,669,464
Contingencies and Commitments	14		
Total Equity And Liabilities		**54,480,643**	55,707,652

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive	*Chief Financial Officer*	*Director*

H - 1 - A

R - 11 - A

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

	Note	*Half year ended December 31,*		*Quarter Ended December 31,*	
		2025	*2024*	*2025*	*2024*
		(Rupees in '000')			
Turnover - net		**5,141,141**	5,363,522	**2,978,956**	2,518,333
Cost of sales		**(5,834,457)**	(6,152,819)	**(3,341,016)**	(3,083,976)
Gross loss		**(693,316)**	(789,297)	**(362,060)**	(565,643)
Administrative expenses		**(209,489)**	(319,283)	**(118,500)**	(131,086)
Selling and distribution costs		**(197,606)**	(183,597)	**(109,282)**	(99,458)
Finance costs		**(1,624,399)**	(2,484,983)	**(893,580)**	(1,345,316)
		(2,031,494)	(2,987,863)	**(1,121,362)**	(1,575,860)
Operating loss		**(2,724,810)**	(3,777,160)	**(1,483,422)**	(2,141,503)
Other expenses		**(88,591)**	(1,020,212)	**(59,503)**	(730,541)
Other income		**40,461**	241,868	**22,495**	199,511
Loss before levy and taxation		**(2,772,940)**	(4,555,504)	**(1,520,430)**	(2,672,533)
Levy		**(65,470)**	(67,044)	**(37,721)**	(31,479)
Loss before taxation		**(2,838,410)**	(4,622,548)	**(1,558,151)**	(2,704,012)
Taxation - net		**1,034,062**	780,822	**922,435**	677,136
Loss after taxation		**(1,804,348)**	(3,841,726)	**(635,716)**	(2,026,876)
Other comprehensive loss for the period		**-**	-	**-**	(158,946)
Surplus on revaluation of fixed assets		**-**	-	**-**	-
Deferred tax		**-**	-	**-**	-
		-	-	**-**	-
Total comprehensive loss for the period		**(1,804,348)**	(3,841,726)	**(635,716)**	(2,185,822)
Loss per share					
Basic - Rupees	15	**(2.98)**	(6.35)	**(1.05)**	(3.35)
Diluted - Rupees	15	**(2.50)**	(6.35)	**(0.88)**	(3.35)

The annexed notes from 1 to 19 form an integral part of these financial statements.

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

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

Particulars	Issued, subscribed and paid up capital	Advance against ordinary shares - (note 08)	Reserves - Capital - * Share Premium	Reserves - Capital - *** Surplus on revaluation of fixed assets	Reserves - Revenue - ** Accumulated (loss) / profit	Total reserves	Total shareholders' equity
	---------------------- Rupees in '000' ----------------------						
Balance as at June 30, 2024 -*Audited*	6,048,791	-	2,126,687	16,656,355	3,306,407	22,089,449	28,138,240
Total comprehensive loss for the year							
Loss after taxation	-	-	-	-	(3,841,726)	(3,841,726)	(3,841,726)
Other comprehensive income - net	-	-	-	-	-	-	-
	-	-	-	-	(3,841,726)	(3,841,726)	(3,841,726)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	(313,393)	313,393	-	-
Balance as at December 31, 2024 - Un*audited*	**6,048,791**	**-**	**2,126,687**	**16,342,962**	**(221,926)**	**18,247,723**	**24,296,514**
Balance as at June 30, 2025- Audited	**6,048,791**	**-**	**2,126,687**	**15,980,622**	**(3,229,278)**	**14,878,031**	**20,926,822**
Transaction with owners							
Advance against ordinary shares	-	**1,165,020**	-	-	-	-	**1,165,020**
Total comprehensive loss for the year							
Loss after taxation	-	-	-	-	**(1,804,348)**	**(1,804,348)**	**(1,804,348)**
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	**(1,804,348)**	**(1,804,348)**	**(1,804,348)**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	**(297,994)**	**297,994**	-	-
Balance as at December 31, 2025- *Un-Audited*	**6,048,791**	**1,165,020**	**2,126,687**	**15,682,628**	**(4,735,632)**	**13,073,683**	**20,287,494**

* Share premium is held for utilization for purposes as stated in Section 81 of the Companies Act, 2017.

** Accumulated profit can be utilized for meeting contingencies and distribution of profits by way of dividends when it available for distribution.

*** Surplus on revaluation of fixed assets is a capital reserve, and is not available for distribution to the share holders in accordance with section 241 of the Companies Act, 2017.

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

	Note	December 31, 2025	2024
		---- Rupees in '000'----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levy and taxation		**(2,772,940)**	(4,555,504)
Adjustments for:			
Depreciation	6.1	**722,949**	699,396
Amortization		**3,140**	3,140
Impairment loss on trade receivables - net	7.1	**88,591**	1,020,212
Finance cost		**1,621,950**	2,478,428
Finance lease markup		**2,449**	6,555
Gain on disposal of fixed assets - net		**(3,861)**	(1,808)
Cash used in operations before working capital changes		**(337,722)**	(349,581)
Changes in working capital			
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		**53,241**	177,126
Stock-in-trade		**35,798**	123,455
Trade and other receivables	7	**187,267**	(363,512)
Loans and advances		**201,086**	320,404
Deposits		**8,359**	9,143
		485,751	266,616
Increase in current liabilities			
Trade and other payables		**34,797**	347,793
Net cash generated from operations		**182,826**	264,828
Taxes paid - net		**(104,467)**	(201,638)
Workers welfare fund paid		**-**	(18,759)
Workers profit participation fund paid		**(8,180)**	(3,000)
Financial charges paid		**(21,220)**	(211,272)
Net cash generated from / (used) in operations		**48,959**	(169,841)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable paid - net		**1,822**	358,789
Additions in capital work in progress - net		**-**	(59,310)
Proceeds from disposal of property, plant and equipment		**13,085**	1,918
Additions in property, plant and equipment	6.1	**(79,042)**	(546,084)
Net cash used in investing activities		**(64,135)**	(244,687)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings - net	9	**(5,685)**	(42,111)
Loans from directors		**-**	415,020
Lease rentals paid		**(16,482)**	(33,880)
Short-term borrowings paid - net		**(850)**	(100,344)
Net cash (used) in / generated from financing activities		**(23,017)**	238,685
Net decrease in cash and cash equivalents (A+B+C)		**(38,193)**	(175,843)
Cash and cash equivalents at the beginning of the year		**48,462**	239,134
Cash and cash equivalents at the end of the year		**10,269**	63,291

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive *Chief Financial Officer* *Director*

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates. The company is listed on Pakistan Stock Exchange Limited on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plants are situated at plot no. N.W.I.Z. /1/ P-133, (SP-6 & 6A), D-2, Port Qasim Authority, Karachi.

1.2 The company has been listed on Pakistan Stock Exchange Limited (PSX) on November 02, 2020 by offering 120,000,000 ordinary shares of Rs. 10 each to the general public at the strike price of Rs. 32 per share including premium of Rs.22 per share which resulted in IPO proceeds of Rs. 3,840 million.

2 GOING CONCERN ASSUMPTION

During the period, the company incurred gross loss of Rs. 693.32 (2024: 789.3) million, loss before levy and taxes amounting to Rs. 2772.94 (2024: 4,555.5) million and loss after taxation amounting to Rs. 1804.35 million. Further, the company's current liabilites exxceed its current asset by Rs. 22,458.6 million. Additionally, all the banking liabilities are payable on demand at year end comprising of short term borrowing amounting to Rs. 15,377.63 million, long term borrowing amounting to Rs. 7,934.6 million and accrued markup amounting to Rs. 8,676.52 million due to breach of covenants.

The company has also breached certain financial covenants related to its borrowing arrangements with various banks. As a result, loan installments due since November 29, 2023, under both short-term and long-term borrowings have not been paid [see notes 18, 25, and 26]. These breaches remain unresolved and have not been waived as of the reporting date. The company faced financial difficulties due to low business volumes, leading to a substantial revenue shortfall. Moreover, the company's production was severely disrupted by a fire at its manufacturing facilities on December 29, 2023. This incident temporarily halted production, further exacerbating the already declining revenue. Additionally, the insurance claim settlement was lower than the original amount requested. Furthermore, Company has also been unable to recover a significant portion of its trade receivables within the agreed credit terms, resulting in increased credit losses and further strain on the Company's working capital position.

The above facts and circumstances along with the risk and uncertainties, represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management has reasonable expectations that the Company will have adequate resources to continue its business for the foreseeable future.

Accordingly, the management has taken the following steps to improve the financial conditions and sustainability of the future operations of the Company:

- The Company is actively negotiating with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans over ten years, including a three-year grace period and the management expects that the Master Restructuring Agreement (MRA) will be finalized by June 30, 2026.

- As of the reporting date, the Company has insurance claim receivable of Rs. 340.334 million on account of damaged assets due to fire incident duly accepted by the insurance company. Its recovery is dependant subject to finalization of MRA with the banking companies. These funds will be utilized for completion of Mi. Da. Rolling Mill.

- The management believes that the overall business volumes for the year ended June 30, 2026 will observe growth in the next year and expects to generate sufficient additional cashflows from operating activities to finance the remaining expenditure required for completion of Mi. Da. Rolling Mill.

- Subsequent to the fire incident, the Company has fully restored its production activities with the injection of Rs. 415.020 million from the sponsoring directors.

- The Company is making every effort for recovery of outstanding trade receivables, however, the management is confident that, in case of non recovery of these long outstanding balances, the Company will continue its operating activities for the foreseeable future without any disruption.

- The successful installation of Mi. Da Rolling Mill will increase the market share and the production yield of the Company. The enhanced revenue will enable the Company to meet its financial debt obligation as per the MRA.

- The management has prepared ten-year financial projections of the Company based on the current information available to estimate the future business cashflows. These financial projections are based on various financial and business assumptions such as expected business volumes, restructured repayments of bank loan, foreign exchange and interest rates, and inflation factor. Such financial projections envisages that the Company would be able to generate sufficient cashflows through its operations and will meet its financial obligations particularly the amounts due to its lenders in terms of its contractual obligations.

- The Company recognizes that the above financial plan is subject to inherent risks and uncertainties including the ability of the Company to achieve the results set out in financial projections for the years 2026 - 2035. In this respect, particular challenges include (but not limited to), stability in the economic factors such as foreign exchange and interest rates and overall economic conditions of the country which may impact the Company's ability to maintain and improve the sales volumes, retention of its customer base and repayments of loan installments as per the potential revised schedule under the Master Restructuring Agreement and payments to its creditors.

Accordingly, these condensed interim financial statements have been prepared on going concern basis.

3 *BASIS OF PREPARATION*

3.1 *Basis of measurement*

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

3.2 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2025 and December 31, 2024 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed the cumulative figures for the half year ended December 31, 2025 and December 31, 2024.

3.3 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2025. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of companies Act, 2017.

3.4 These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2025.

4.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

Other than certain amendments updating a reference to the Conceptual Framework and annual improvements made to a number of standards, which have not been enumerated here for brevity, there were no other amendments made which are effective during the current period.

4.3 Amendments to standards and IFRS interpretations that are not yet effective

The following standards, amendments to standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments.	January 1, 2026
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 17 - Insurance Contracts	January 1, 2026
IFRS 18 Presentation and Disclosures in Financial Statements (first time applicability)	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures (first time applicability)	January 1, 2027
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (applicable to listed companies and unlisted Public Interest Companies) (first time applicability)	July 1, 2026

	Effective from accounting period beginning on or after
IFRS S2 Climate-related Disclosures (applicable to listed companies and unlisted Public Interest Companies) (first time applicability)	July 1, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates': Amendments regarding translations to a hyperinflationary presentation currency	January 1, 2027

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards

5 *ACCOUNTING JUDGEMENTS AND ESTIMATES*

The preparation of these condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the company as at and for the year ended June 30, 2025.

		(Unaudited) December 31 2025	(Audited) June 30 2025
6 PROPERTY, PLANT AND EQUIPMENT	*Note*	---- Rupees in '000'----	
Operating fixed assets	6.1	**30,835,284**	31,488,415
Capital work in progress (CWIP)		**13,767,022**	13,767,022
		44,602,306	45,255,437

6.1 Operating fixed assets

Opening book value		**31,488,415**	31,921,242
Additions during the period / year	6.1.1	**79,042**	998,449
Disposals during the period / year		**(9,224)**	(6,742)
Depreciation charge for the period / year		**(722,949)**	(1,424,534)
	6.1.2	**30,835,284**	31,488,415

6.1.1 Additions during the period / year

Plant and machinery	**48,569**	284,033
Computers	-	59
Major stores & spares	**30,473**	714,357
	79,042	998,449

6.1.2 The owned vehicles having a written down value of Rs. 26.541 million are not registered in the name of the Company and is registered in the name of banking companies. The transfer process is currently in progress.

		(Unaudited) December 31 2025	(Audited) June 30 2025
7 TRADE AND OTHER RECEIVABLES	*Note*	---- Rupees in '000'----	
- Considered good			
Trade receivables from contracts with customers		**3,347,601**	3,335,534
Allowance for expected credit losses	7.1	**(1,354,760)**	(1,266,169)
		1,992,841	2,069,365
- from associated undertakings			
- markup	7.2	-	40,040
- current maturity of long term receivable	7.2	-	159,294
- sales tax	7.3	**277,601**	277,601
		277,601	476,935
- from others			
- insurance claim receivable	2	**340,334**	340,334
		2,610,776	2,886,634

7.1 Allowance for expected credit losses

Opening	**1,266,169**	1,245,142
Impairment losses recognized during the period - net	**88,591**	1,055,594
Write off	-	(1,034,567)
Closing	**1,354,760**	1,266,169

7.2 These have been fully recovered during the period.

7.3 The details and status are same as disclosed in note 10.3 to the financial statements for the year ended June 30, 2025.

		(Unaudited)	(Audited)
		December 31	June 30
		2025	2025
8 ADVANCE AGAINST ORDINARY SHARES	***Note***	***---- Rupees in '000'----***	
Advance against ordinary shares	8.1	**1,165,020**	-

8.1 The Company obtained shareholders' approval by special resolution at its 12th Annual General Meeting for the conversion of advances received against the issuance of preference shares and loans from directors, amounting to Rs. 750 million and Rs. 415.020 million, respectively, into the issuance and allotment of ordinary shares of Rs. 10 each at face value. Such allotment shall be made otherwise than by way of rights issue and against cash consideration, in accordance with applicable laws.

		(Unaudited)	(Audited)
		December 31	June 30
		2025	2025
9 LONG TERM BORROWINGS	***Note***	***---- Rupees in '000'----***	
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited - TF		**150,000**	150,000
United Bank Limited - NIDF		**29,188**	29,188
JS Bank Limited - TERF		**480,082**	480,082
JS Bank Limited - STFF		**2,500,000**	2,500,000
Askari Bank Limited - STFF		**1,265,625**	1,265,625
		4,424,895	4,424,895
- Shariah compliant			
Meezan Bank Limited - IFRE		**109,702**	115,388
Sukuk- II		**3,400,000**	3,399,999
		3,509,702	3,515,387
	9.1 & 9.2	**7,934,597**	7,940,282
Less: Current portion shown under current liabilitie		**(7,934,597)**	(7,940,282)
		-	-

9.1 The Company due to financial constraints as fully disclosed in note 2 to these financial statements could not make repayments of bank borrowings on due dates and also breached both financial and non financial covenants stipulated with the underlying loan agreements. The Company actively started negotiations with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans ten years, including a three-year grace period starting in June 2026. Till the reporting date, the Master Restructuring Agreement (MRA) had not been finalized or signed; therefore, its impact has not been reflected in these financial statements. Since, the Company at period end did not have an unconditional right to defer its settlement for at least twelve months, accordingly, non current portion of long term borrowings is classified as current liabilities under current portion of non current liabilities.

9.2 There are no major changes in terms and conditions as disclosed in note 18 to the annual audited financial statements of the Company for the year ended June 30, 2025.

	(Unaudited)	(Audited)
	December 31	June 30
	2025	2025
10 DEFERRED TAX LIABILITY	***---- Rupees in '000'----***	
Deferred taxation - net	**1,885,704**	2,915,144

		(Unaudited) December 31 2025	(Audited) June 30 2025
10.1 Deferred taxation - net			
Credit/ (debit) balances arising in respect of timing differences relating to:	***Note***	***---- Rupees in '000'----***	
Taxable temporary difference			
Accelerated depreciation for tax purposes		**2,319,903**	2,480,268
Revaluation Surplus		**5,277,669**	5,399,385
		7,597,572	7,879,653
Deductible temporary differences			
Alternate corporate tax - TY 2020		**-**	-
Normal business losses - TY(s) 2024 - 2026		**(4,377,889)**	(3,814,793)
Unabsorbed tax depreciation - TY(s) 2024 - 2026		**(559,103)**	(461,222)
Minimum tax credits - TY(s) 2024 - 2026		**(374,082)**	(308,612)
Liabilities against assets subject to lease		**(7,914)**	(12,693)
Expected credit loss		**(392,880)**	(367,189)
		(5,711,868)	(4,964,509)
Deferred taxation - net		**1,885,704**	2,915,144

11 TRADE AND OTHER PAYABLES

11.1 This balance includes a book overdraft amounting to Rs. 9.731 million (June 30, 2025: Rs. Nil), which arise due to unpresented cheques as at the reporting date. These cheques were subsequently presented and cleared after the period end.

		(Unaudited) December 31 2025	(Audited) June 30 2025
12 SHORT TERM BORROWINGS - ON DEMAND	***Note***	***---- Rupees in '000'----***	
Running Finance - secured			
Conventional banks		**5,945,849**	5,946,519
Islamic banks		**200,000**	200,000
		6,145,849	6,146,519
Finance against Trust Receipt (FATR) - secured			
Conventional banks		**7,351,266**	7,351,266
Islamic banks		**1,880,518**	1,880,698
		9,231,784	9,231,964
	9.1 & 12.1	**15,377,633**	15,378,483

12.1 There are no major changes in terms and conditions of short term borrowings as disclosed in note 25 to the annual audited financial statements of the Company for the period ended June 30, 2025.

		(Unaudited) December 31 2025	(Audited) June 30 2025
	Note	***---- Rupees in '000'----***	
13 ACCRUED MARKUP - ON DEMAND	13.1	**8,676,515**	7,073,336

13.1 Includes markup payable on demand on long term borrowings amounting to Rs. 2,766.625 million and short term borrowings amounting to Rs. 5,865.778 million for reasons explained in note 18.1 to the financial statements for the year ended June 30, 2025.

14 *CONTINGENCIES AND COMMITMENTS*

Contingencies

14.1 There have been no significant changes in the status and nature of contingencies of the Company since those disclosed in the audited annual financial statements for the year ended June 30, 2025, except for the cases mentioned below.

14.2 Durig the period, Bank of Khyber has filed Suit No. B-41 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 29 September 2025 for recovery of Rs. 196.66 million, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 07 November 2025 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank in the subject suit and has contended that the bank without having any lawful justification recovered huge amount from the company and has been illegally adjusted the same towards alleged mark-up beyond its legal entitlement and even charged mark-up over mark-up after the expiry of contractual periods.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

14.3 During the period, Samba Bank Limited has filed Suit No. B-59 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 22 December 2025 for recovery of Rs. 1,575.56 million, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 29 January 2026 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank in the subject suit and has contended that the bank without having any lawful justification recovered huge amount from the company and has been illegally adjusted the same towards alleged mark-up beyond its legal entitlement and even charged mark-up over mark-up after the expiry of contractual periods.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

14.4 Subsequent to the period, Askari Bank Limited has filed Suit No. B-03 of 2026 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 03 Feburary 2026 for recovery of Rs. 3,445.7 millions, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

Pursuant to the published notice, the defendants have been directed to seek leave to defend within the prescribed statutory period, failing which the allegations contained in the plaint may be deemed admitted and a decree may be passed accordingly. The matter has been fixed for hearing on 27 February 2026.

	(Unaudited)	*(Audited)*
	December 31 2025	*June 30 2025*
Commitments	***---- Rupees in '000'----***	
Outstanding against letter of guarantees	**290,060**	290,060
Outstanding against letter of guarantees - oneoff	**22,860**	22,860
Outstanding against debt restructring - consultant	**134,550**	162,150
	447,470	475,070

	Half year ended December 31,		Quarter ended December 31,	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	(Rupees in '000')			

15 LOSS PER SHARE

Basic				
Loss after tax	**(1,804,348)**	(3,841,726)	**(635,716)**	(2,026,876)
Weighted average number of ordinary shares	**604,879,058**	604,879,058	**604,879,058**	604,879,058
Loss per share - (In Rupees)	**(2.98)**	(6.35)	**(1.05)**	(3.35)
Diluted				
Loss after tax	**(1,804,348)**	(3,841,726)	**(635,716)**	(2,026,876)
Weighted average number of outstanding ordinary shares	**721,381,058**	604,879,058	**721,381,058**	604,879,058
Diluted loss per share - (In Rupees)	**(2.50)**	(6.35)	**(0.88)**	(3.35)

16 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In the financial year ended June 30, 2021, the Company issued its shares to general public through IPO to finance the project of expansion of its capacity by installing Mi. Da. Mill Rolling Plant from IPO proceeds as disclosed in note 1.2 to the these condensed interim financial statements.

	December 31, 2025	June 30, 2024
	---- Rupees in '000'----	
Proceeds from IPO	**3,840,000**	3,840,000
IPO related expenses	**(225,275)**	(225,275)
Civil works	**(1,073,825)**	(1,073,825)
Electrical	**(452,023)**	(452,023)
Mechanical	**(665,277)**	(665,277)
Duties and other taxes	**(535,410)**	(535,410)
LC Discounting charges	**(193,861)**	(193,861)
Air Separation Unit	**(694,329)**	(694,329)
Unutilized balance	**-**	-

16.1 IPO proceeds has been fully utilized.

	Half year ended December 31, 2025	Half year ended December 31, 2024	Quarter ended December 31, 2025	Quarter ended December 31, 2024
	(Unaudited)		(Unaudited)	
	----------- (Rupees in '000') -----------			
17 TRANSACTIONS WITH RELATED PARTIES				
Associated Undertaking				
Denim International (Private) Limited				
Sales	**9,051**	-	-	-
Receipt against sales	**9,051**	-	-	-
Nitro Chemical And Gases (Private) Limited				
Sales during the year	**86,744**	133,564	**37,110**	66,236
Receipts during the year	**86,744**	133,564	**37,110**	66,236
Agha Steel Industries				
Markup income received	**44,761**	93,369	**44,761**	-
Markup income accrued	**4,721**	30,147	**2,360**	8,956
Long term receivables recovered	**159,294**	213,432	**159,294**	120,346
Agha Welfare Trust				
Donations paid	**24,780**	30,795	**13,780**	15,760
Staff retirement benefit fund				
Agha steel staff provident fund				
Contribution paid	**14,389**	16,061	**7,195**	7,936
Key management personnel				
Directors				
Loan received from directors	-	415,020	-	115,010
Markup accrued during the period	-	26,234	-	14,935
Remuneration and other benefits	**13,800**	13,800	**6,900**	6,900
Board and other meeting fee	**1,500**	900	**750**	450
Number of directors	**6**	6	**6**	6

18 GENERAL

18.1 Figures have been rounded-off to the nearest thousand rupee, unless otherwise stated.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 2 6 FEB 2026 by the Board of Directors of the Company.

Chief Executive	*Chief Financial Officer*	*Director*