

Interim Financial Statements
For the Quarter Ended 31 March 2026
(Un-Audited)



Pak Agro Packaging Limited

DIRECTORS REPORT

Your directors are pleased to present their report on the nine months of the current financial year that ended on 31 March 2026.

Market Outlook

Our main market, namely the agricultural sector of the country, has somewhat stabilized after recent disturbances in country's economic conditions. The agricultural sector has however still not fully recovered and needs continued governmental attention to regain economic viability. While we recorded only a nominal 1.55% decline in sales revenue over the similar period of last financial year, the gross profit of the company at Rs 76.9 million was 17.5% below the same period. This is clearly the function of market conditions which prevented increase in sales price consistent with the increase in direct costs.

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 near future, it would be unwise to assume any major positive change in the economic landscape of the country. January to March follows the off-season quarter for your Company where its sales begin to pick up after recording lowest quarterly revenue in the previous quarter. Our sales revenue for the quarter at Rs 332.58 million was 19.1% higher than in corresponding quarter last year. This was the highest sales in any quarter of our history. We are hopeful that our sales will pick up further in the last quarter of the current financial year, to enable us cross the one billion rupees mark to give a degree of respectability to our annual results.

Operating Results

We recorded total sales of Rs 725.12 million and a gross profit of Rs 76.99 million in the nine months ended 31 March 2026. International prices of our raw materials, namely HDPE and colors continued to 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 10.6%% of sales, was below the margin recorded in comparable quarter of the previous year, 12.9%.

During the quarter, certain back processes machines were rationalised, 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.

We recorded a profit before tax of Rs 46.3 million and profit after tax of Rs 34.66 million for the nine months under review, translating to a minor reduction of 1.9% over comparable period of last financial year.


Dr Safdar A. Butt
Chief Executive


Dr Tariq Javed
Director

Pak Agro Packaging Limited
Statement of Financial Position as at March 31, 2026

		09 Month Ended		
		March 2026 (Rupees)	March 2025 (Rupees)	June 2025 (Rupees)
Equity and liabilities				
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		168,113,294	139,409,395	136,654,174
		<u>475,396,551</u>	<u>446,692,652</u>	<u>443,937,431</u>
Non-current liabilities				
Obligation against assets subject to finance lease	8	57,733,014	60,377,446	57,733,014
Term Finance		77,683,262	-	-
Deferred taxation	9	54,346,263	53,741,807	60,428,941
Payable against vehicle		-	-	1,604,860
Employees' gratuity fund	10	4,213,846	2,495,802	4,213,846
		<u>193,976,385</u>	<u>116,615,055</u>	<u>123,980,661</u>
Current liabilities				
Short term borrowings	11	102,124,080	79,996,004	79,011,004
Current maturity of long term liabilities	12	9,682,375	28,039,723	25,785,390
Accrued and other liabilities	13	16,938,214	33,216,508	24,685,085
Taxation - Net	21	2,490,313	16,139	2,513,823
		<u>131,234,982</u>	<u>141,268,374</u>	<u>131,995,302</u>
Contingencies and commitments				
Total equity & liabilities	14	<u>800,607,919</u>	<u>704,576,081</u>	<u>699,913,394</u>
Property and assets				
Non-current assets				
Property, plant and equipment	15	427,471,503	480,979,685	468,966,112
Long term deposits	16	33,031,435	32,242,390	33,031,435
Current assets				
Stock in trade	17	233,307,868	141,725,628	120,360,765
Advances, deposits and other receivables	18	80,520,196	27,411,999	19,256,678
Refund due from government	19	14,604,848	-	33,933,631
Prepayments	20	2,033,466	3,114,013	4,026,863
Cash and bank balances	22	9,638,602	19,102,365	20,337,910
		<u>340,104,981</u>	<u>191,354,006</u>	<u>197,915,847</u>
Total assets		<u>800,607,919</u>	<u>704,576,081</u>	<u>699,913,394</u>

The annexed notes 1 to 34 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 March 31, 2026

		09 Month Ended		
	Note	March 2026 (Rupees)	March 2025 (Rupees)	June 2025 (Rupees)
Sales	23	725,127,907	736,531,641	858,693,123
Cost of sales	24	648,130,017	643,171,480	739,137,239
Gross profit		<u>76,997,890</u>	<u>93,360,161</u>	<u>119,555,884</u>
Operating expenses				
Administrative	25	17,243,404	22,003,328	26,050,372
Selling and distribution	26	630,627	441,830	388,430
		<u>17,874,031</u>	<u>22,445,158</u>	<u>26,438,802</u>
Profit from operations		<u>59,123,859</u>	<u>70,915,003</u>	<u>93,117,082</u>
Financial expenses	27	15,750,678	16,258,044	25,370,546
Other charges	28	4,437,027	4,893,135	6,953,855
		<u>20,187,705</u>	<u>21,151,180</u>	<u>32,324,401</u>
		38,936,154	49,763,823	60,792,681
Other income		7,429,883	-	-
Profit for the year before taxation		<u>46,366,037</u>	<u>49,763,823</u>	<u>60,792,681</u>
Taxation	29	11,705,167	14,431,509	28,858,072
Profit for the year		<u><u>34,660,870</u></u>	<u><u>35,332,314</u></u>	<u><u>31,934,609</u></u>
Basic and diluted earnings per share (PKR)		<u>1.73</u>	<u>1.77</u>	<u>1.60</u>

The annexed notes 1 to 34 form an integral part of these financial statements.


Chief Financial Officer


Director


Chief Executive

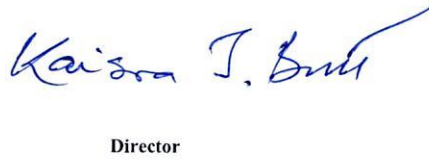
Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended March 31, 2026

	09 Month Ended		
	March 2026 (Rupees)	March 2025 (Rupees)	June 2025 (Rupees)
Profit for the year after taxation	34,660,870	35,332,314	31,934,609
Other comprehensive income			
Items that will not classified to profit or loss			
Remeasurement (loss)/gain on staff retirement benefit plan	-	-	642,484
Total comprehensive income for the year	34,660,870	35,332,314	32,577,093

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Director



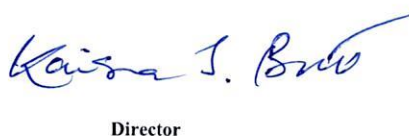
Chief Executive

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended March 31, 2026

		09 Month Ended		
		March 2026 (Rupees)	March 2025 (Rupees)	June 2025 (Rupees)
Cash flow from operating activities	Note			
Profit for the year before taxation		46,366,037	49,763,823	60,792,681
Adjustments for:				
Depreciation	(15.3)	48,820,183	46,999,567	65,258,375
Gain on disposal of assets		(7,429,883)	-	-
		41,390,300	46,999,567	65,258,375
Operating profit before working capital changes		87,756,337	96,763,390	126,051,056
Increase/(decrease) in:				
Stock in trade	(17)	(112,947,103)	28,224,512	49,589,375
Advances, deposits and other receivables	(18)	(61,263,518)	(17,430,687)	(9,629,288)
Refund due from the government	(19)	19,328,783	-	(35,406,672)
Pre-payments	(20)	1,993,397	923,615	86,097
		(152,888,442)	11,717,440	4,639,512
		(65,132,105)	108,480,830	130,690,568
Increase /(decrease) in:				
Accrued and other liabilities		(7,746,871)	(185,025)	(6,964,818)
		-	-	-
Cash flow from operating activities		(72,878,976)	108,295,805	123,725,750
Income Tax Paid		(17,811,355)	(10,346,481)	(15,588,225)
Net cash flow from operating activities		(90,690,330)	97,949,324	108,137,525
Cash flow from investing activities				
Fixed capital expenditures	(15.1), (15.2)	(9,895,691)	(53,249,928)	(76,612,386)
Capital work in progress		-	(17,117,223)	-
Long term deposits		-	(11,453,081)	(12,242,126)
Sale proceeds of fixed assets		10,000,000	-	-
Net cash flow from investing activities		104,309	(81,820,232)	(88,854,512)
Cash flow from financing activities				
Asset subject to finance lease		(16,103,015)	30,961,809	26,063,045
Short term bank borrowings	(11)	23,113,076	(45,767,246)	(46,752,246)
Long term payable against vehicle		(1,604,860)	-	1,604,860
Term Finance		77,683,262	-	-
Employees' gratuity fund	(10)	-	(759,138)	1,601,390
Dividend paid		(3,201,750)	-	-
Net cash flow from financing activities		79,886,713	(15,564,575)	(17,482,951)
Net increase/(decrease) in cash and cash equivalents		(10,699,308)	564,517	1,800,062
Cash and cash equivalent in the beginning of the year		20,337,910	18,537,847	18,537,848
Cash and cash equivalent at the end of the year	(22)	9,638,602	19,102,365	20,337,910

The annexed notes 1 to 34 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 March 31, 2026

	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	-	-	34,660,870	34,660,870
Less: Dividend declared/paid	-	-	(3,201,750)	(3,201,750)
Balance as at March 31, 2026	200,000,000	107,283,257	168,113,294	475,396,551

The annexed notes 1 to 34 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 March 31, 2026

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 Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	Purpose 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 an 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, 2024. 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 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	July 1, 2025
IFRS S2	Climate-related Disclosures	July 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
	Annual improvements to IFRS 7, IFRS 9, IFRS 10 (Consolidated Financial Statements) and IAS 7 (Statement of Cash Flows)	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, leasehold 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 prorata 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, charged to profit or loss as an expense.

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. Benefits are paid as and when they fall due.

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 2025. 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. Past service costs are recognized immediately in profit or loss.

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.

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 statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of 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

Stores and spares are valued at moving average cost. They are stated at the lower of cost and net realizable value, with provision made for slow moving and obsolete items. Items in transit are valued at invoice price together with 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.

Net realizable value signifies estimated selling price less estimated cost of completion and estimated cost to sell. The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence.

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. It also includes any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured on the basis of tax laws enacted or substantially enacted at the reporting date.

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 or substantively 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 possible tax obligations.

3.9) Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring control of promised goods or service to the customer. The control is transferred at the time of dispatch/delivery of goods, depending on the terms of sale. Revenue is measured at transaction price, excluding discounts, rebates and government levies. The credit term does not include any financing component.

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.

5.1) 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 flows.

5.2) 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.

	March 2026 (Rupees)	June 2025 (Rupees)
6. <u>Share capital</u>		
Authorized capital		
40,000,000 ordinary shares of Rs. 10/- each	<u>400,000,000</u>	<u>400,000,000</u>
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	<u>26,500,000</u>	<u>26,500,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
7. <u>Reserves</u>		
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. <u>Obligation under finance lease</u>		
Value of assets	57,733,014	46,112,073
Add: Addition during the period	-	38,081,604
	<u>57,733,014</u>	<u>84,193,677</u>
Less: Payments made during the period	-	4,526,937
Present value of minimum lease payment	<u>57,733,014</u>	<u>79,666,740</u>
Less: Current maturity	-	21,933,726
	<u>57,733,014</u>	<u>57,733,014</u>
The amount of future payments and the periods in which they become due are as follows:		
June 30, 2026	-	30,184,372
June 30, 2027	44,494,583	44,494,583
June 30, 2028	16,062,157	16,062,157
	<u>60,556,740</u>	<u>90,741,112</u>
Less: Lease financial charges allocable for future periods	2,823,726	11,074,372
	<u>57,733,014</u>	<u>79,666,740</u>
Less: Current maturity of finance lease	-	21,933,726
	<u>57,733,014</u>	<u>57,733,014</u>
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 Yam 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. <u>Deferred taxation</u>		
The balance of deferred tax is in respect of following temporary differences:		
Accelerated depreciation on property plant and equipment	54,346,263	60,428,941
	<u>54,346,263</u>	<u>60,428,941</u>
10. <u>Employees' gratuity fund</u>		
Balance at beginning of the year	4,213,846	3,254,940
Add: Provision for the year	-	7,045,988
	<u>4,213,846</u>	<u>10,300,928</u>
Less: Paid to outgoing members	-	(6,087,082)
	<u>4,213,846</u>	<u>4,213,846</u>
11. <u>Short term bank borrowings</u>		
Running finance	(11.1)	79,011,004
	-	<u>79,011,004</u>

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.

		March 2026	June 2025
12. Current maturity of long term liabilities		-	-
This represents current maturity of followings			
- Finance lease	(8)	5,358,294	21,933,726
- Against vehicle		2,888,748	3,851,664
- Term Finance		1,435,333	-
		<u>9,682,375</u>	<u>25,785,390</u>
13. Accrued and other liabilities			
Workers' profit participation fund		7,612,047	4,655,854
Salaries payable		7,029,726	10,566,226
Workers' welfare fund		1,480,834	2,298,001
Income tax withheld payable		720,472	374,761
Mark up payable		-	3,913,743
EOBI & Social Security		74,820	291,300
Audit fee		-	924,000
Other liabilities		20,315	1,392,300
Utilities bill payable		-	268,900
		<u>16,938,214</u>	<u>24,685,085</u>

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)	350,272,508	382,169,874
- Right of use assets (ROU)	(15.2)	77,198,995	86,796,238
		<u>427,471,503</u>	<u>468,966,112</u>

15.1) Owned assets

Description	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Furniture and fixtures	Office equipment	Electrical equipment	Computers	Total
As at July 01, 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)	(258,128,361)
Net book value	<u>57,734,038</u>	<u>14,334,607</u>	<u>324,454,238</u>	<u>1,078,773</u>	<u>391,271</u>	<u>889,224</u>	<u>112,187</u>	<u>216,433</u>	<u>399,210,772</u>
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	399,210,772
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)	(133,394)	(105,766)	(99,930)	(55,317,064)
Closing net book value	<u>55,659,030</u>	<u>24,011,699</u>	<u>293,806,341</u>	<u>6,551,459</u>	<u>332,580</u>	<u>755,840</u>	<u>736,421</u>	<u>316,503</u>	<u>382,169,874</u>
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	(23,065,510)	(15,710,660)	(266,421,200)	(4,594,354)	(843,684)	(1,107,132)	(1,132,169)	(572,717)	(313,445,425)
Net book value	<u>55,659,030</u>	<u>24,011,699</u>	<u>293,806,341</u>	<u>6,551,459</u>	<u>332,580</u>	<u>755,840</u>	<u>736,421</u>	<u>316,503</u>	<u>382,169,874</u>
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Period ended March 31, 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	382,169,874
Additions	672,335	3,250,000	2,987,476	2,985,880	-	-	-	-	9,895,691
Disposals adjustment									
Cost	-	(9,128,234)	-	-	-	-	-	-	(9,128,234)
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	6,558,117	-	-	-	-	-	-	6,558,117
Depreciation charge	(2,089,932)	(2,785,050)	(33,238,867)	(832,331)	(37,449)	(85,110)	(82,923)	(71,278)	(39,222,940)
Closing net book value	<u>54,241,433</u>	<u>21,906,532</u>	<u>263,554,950</u>	<u>8,705,008</u>	<u>295,131</u>	<u>670,731</u>	<u>653,498</u>	<u>245,225</u>	<u>350,272,508</u>
As at March 31, 2025									
Cost	79,394,875	33,844,125	563,215,017	14,131,693	1,176,264	1,862,972	1,868,590	889,220	696,382,756
Accumulated depreciation	(25,153,442)	(11,937,593)	(299,660,067)	(5,425,685)	(881,133)	(1,192,241)	(1,215,092)	(643,995)	(346,110,248)
Net book value	<u>54,241,433</u>	<u>21,906,532</u>	<u>263,554,950</u>	<u>8,705,008</u>	<u>295,131</u>	<u>670,731</u>	<u>653,498</u>	<u>245,225</u>	<u>350,272,508</u>
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	

15.2) **Right of use assets (ROU)**

Particulars	Rupees									
	Mar-26					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	-	67,403,952	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	2,350,781	-	54,485,298	58,401,329
Additions	-	-	-	-	-	-	-	23,555,401	14,780,819	38,336,220
Disposals/adjustments	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-
Adjustment De/(Cr)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(224,999)	(2,617,935)	(6,754,309)	(9,597,243)	-	(352,617)	(306,098)	(9,282,596)	(9,941,311)
Net book value as at March 31.	1,565,250	1,773,165	20,631,368	53,229,212	77,198,995	1,565,250	1,998,164	23,249,303	59,983,521	86,796,238
Annual Rate of Depreciation (%)	-	15%	15%	15%	-	-	15%	15%	15%	-

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

		March 2026	June 2025
Cost of sales	(24.4)	48,401,347	64,613,753
Administrative expenses	(25)	418,836	644,622
		48,820,183	65,258,375
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)	143,827,060	20,676,480
Finished goods		79,782,000	70,522,500
Work-in-process		9,698,808	9,161,054
Stock in transit		-	20,000,731
		233,307,868	120,360,765
17.1) Raw material			
Raw material		123,380,750	10,434,800
Colors		18,431,910	7,682,080
Chemical		2,014,400	2,559,600
		143,827,060	20,676,480
18. Advances and deposits			
Advances to:			
Employees against salaries	(18.1)	3,653,090	2,664,000
Parties against supplies		9,498,000	70,000
		13,151,090	2,734,000
Deposits:			
Margin deposit on letters of credit		66,369,106	15,522,678
Others		1,000,000	1,000,000
		67,369,106	16,522,678
		80,520,196	19,256,678

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

19. Refund due from /(to) government			
Sales tax refundable		14,604,848	35,695,775
Sale tax payable		-	(1,762,144)
		14,604,848	33,933,631
20. Prepayments			
Insurance		1,484,900	3,478,297
Lease Instalments		473,580	473,580
Service		74,986	74,986
		2,033,466	4,026,863
21. Taxation - net			
Tax deducted at source		10,955,838	18,900,032
Provision for taxation		(13,446,151)	(21,413,855)
		(2,490,313)	(2,513,823)
22. Cash and bank balances			
Cash in hand		700,000	700,000
Cash at bank - current account		8,938,602	19,637,910
		9,638,602	20,337,910
23. Sales-net			
Gross sales		855,650,931	1,013,257,885
Sales tax		130,523,023	(154,564,762)
		725,127,907	858,693,123
24. Cost of sales			
Raw material consumed	(24.1)	382,066,734	359,921,064
Colors consumed	(24.2)	(6,766,310)	30,528,095
Chemical consumed	(24.3)	16,773,463	26,344,914
Packing material consumed		17,990,880	16,060,940
Production overhead	(24.4)	247,862,504	314,308,065
		657,927,271	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		657,389,517	747,645,239
Finished stocks			
- Balance as on July, 01		70,522,500	62,014,500
- Balance as at March, 31		(79,782,000)	(70,522,500)
		(9,259,500)	(8,508,000)
		648,130,017	739,137,239
24.1) Raw material consumed			
Stock as on July, 01		10,434,800	73,132,720
Add: Raw material imported		495,012,684	297,223,144
		505,447,484	370,355,864
Stock as at March, 31		(123,380,750)	(10,434,800)
		382,066,734	359,921,064
24.2) Colors consumed			
Stock as on July, 01		7,682,080	8,205,390
Color purchased		3,983,520	30,004,785
		11,665,600	38,210,175
Stock as at March, 31		(18,431,910)	(7,682,080)
		(6,766,310)	30,528,095
24.3) Chemical consumed			
Stock as on July, 01		2,559,600	510,230
Add: Purchases		16,228,263	28,394,284
		18,787,863	28,904,514
Stock as at March, 31		(2,014,400)	(2,559,600)
		16,773,463	26,344,914

24.4) Production overhead			
Salaries and benefits	(24.4.1)	122,719,913	142,978,021
Fuel and power		61,627,015	88,261,973
Repair and maintenance		4,173,970	5,351,955
Sui gas		3,112,272	3,944,731
Fee and Subscription		485,000	-
Insurance		3,579,566	3,705,360
Lubricants		1,735,557	2,149,610
Vehicle running and maintenance		828,603	945,864
Entertainment		170,710	760,807
Miscellaneous		423,403	524,165
Printing and stationary		117,740	303,210
Security charges		41,421	200,853
Rent, rates and taxes		126,308	200,000
Telephone and internet		191,814	188,558
Travelling and conveyance		65,950	135,468
Postage and courier		48,835	29,917
Newspaper and periodicals		13,080	13,820
Depreciation	(15.3)	48,401,347	64,613,753
		247,862,504	314,308,065
24.4.1) Salaries and benefits			
Salaries to staff		109,006,686	128,663,093
Gratuity		7,637,574	6,919,625
Overtime		2,877,569	3,719,873
Social security		1,604,160	1,704,000
E.O.B.I		1,271,600	1,502,200
Financial assistance		285,000	343,000
Bonus		-	75,900
Medical		37,324	50,330
		122,719,913	142,978,021
25. Administrative expenses			
Director's remuneration	(25.1)	6,535,542	11,069,375
Salaries and benefits	(25.2)	3,459,628	5,099,384
Rent, rates and taxes		3,817,838	5,075,733
Entertainment		389,802	505,063
Fees and subscriptions		323,263	793,779
Miscellaneous		85,085	59,500
Utilities		301,651	482,261
Telephone, mobile and internet		324,683	496,056
Printing and stationary		199,410	270,416
Travelling and conveyance		273,290	275,818
Postage and courier		194,281	130,750
News papers and periodicals		174,325	13,345
Repair and maintenance		35,931	51,680
Auditor's remuneration		-	924,000
Equipment Expenses		29,589	
Legal and professional		680,250	158,590
Depreciation	(15.3)	418,836	644,622
		17,243,404	26,050,372
25.1) Director's remuneration			
Remuneration		6,290,833	10,500,000
Director's meeting		125,000	425,000
Medical		77,709	117,232
Insurance		42,000	27,143
		6,535,542	11,069,375
25.2) Salaries and benefits			
Salaries to staff		3,459,628	4,330,537
Gratuity		-	768,847
		3,459,628	5,099,384
26. Selling and distribution expenses			
Carriage outward		630,627	388,430
		630,627	388,430
27. Financial expenses			
Mark-up		8,103,666	13,407,955
Lease financial charges		5,305,391	11,058,754
Share Registrar Services		222,125	750,610
Bank charges		2,119,497	153,227
		15,750,678	25,370,546
28. Other charges			
Workers' profit participation fund		2,956,193	4,655,854
Workers' welfare fund		1,480,834	2,298,001
		4,437,027	6,953,855

29. **Taxation**

Current year tax charged

- for the year

- for prior year

13,446,151	21,413,855
4,341,694	757,083
17,787,845	22,170,938
(6,082,678)	6,687,134
11,705,167	28,858,072

Deferred tax expense/(income)

Tax expense for the year

March
2026

June
2025

30. **Earnings per share - Basic and Diluted**

Profit after tax

Weighted average number of ordinary shares at the end of the year (Numbers)

Basic and diluted earnings per share (Rupee)

34,660,870	31,934,609
20,000,000	20,000,000
1.73	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. **Production capacity**

Plant has a maximum production capacity of 1,600,000 kgs (June 2025: 1,600,000 kgs). Actual production during the period was 224,028/- Kgs (June 2025: 324,028 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.

33. **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.

34. **Date of authorization for issue**

These financial statements have been authorized for issue on 27/4/2026 by the board of directors of the company.


Chief Financial Officer


Director


Chief Executive