

SUSTAINING PROGRESS, SHAPING THE FUTURE



 **Sapphire**

Sapphire Fibres Limited
Annual Report **2026**



Sapphire

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Yousuf Abdullah
(Non-Executive Director)

Chief Executive

Mr. Shahid Abdullah
(Executive Director)

Non-Executive Director

Mr. Muhammad Abdullah
Mr. Nadeem Abdullah
Mr. Amer Abdullah

Executive Director

Mr. Shayan Abdullah
Mr. Jawwad Faisal

Independent Director

Mr. Tajammal Hussain Bokharee
Mr. Muhammad Naeem Khan
Ms. Mariam Chughtai

AUDIT COMMITTEE

Mr. Muhammad Naeem Khan	Chairman
Mr. Amer Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Naeem Khan	Chairman
Mr. Shahid Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

RISK MANAGEMENT COMMITTEE

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Member
Mr. Jawwad Faisal	Member

CHIEF FINANCIAL OFFICER

Mr. Jawwad Faisal

SECRETARY

Mr. Rameez Ghausi

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

AUDITORS

Shinewing Hameed Chaudhri & Company
Chartered Accountants

TAX CONSULTANTS

Yousuf Adil, Chartered Accountants

LEGAL ADVISOR

Hassan & Hassan Advocates

SHARE REGISTRAR

THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi - 75500.

REGISTERED OFFICE

20th Floor, Ocean Tower, Plot No. G-3, Khayaban-e-Iqbal,
Block-9, Clifton, Karachi, Pakistan.

CORPORATE OFFICE

1st Floor, Tricon Corporate Centre,
73-E Main Jail Road, Gulberg II, Lahore.

MILLS

Spinning Units

7 KM, Sheikhupura Faisalabad Road,
Kharianwala District Sheikhupura.

26 KM, Sheikhupura Faisalabad Road,
Ferozewattuan District Sheikhupura.

7 KM, Warburton Road, Ferozewattuan, District Sheikhupura

Fabric Knitting Unit

7 KM, Warburton Road, Ferozewattuan, District Sheikhupura

Fabric Dyeing and Denim Units

3.5 Km, Raiwind Manga Road, Raiwind.

Denim Apparel

18 KM, Pajian Raiwind Road, Lahore.

DIRECTORS' PROFILE

YOUSUF ABDULLAH

Chairman

Mr. Yousuf Abdullah is Master in Business Administration UK. He is Chief Executive Officer of SFL Limited and also on the Board of other group business. He became Director in various companies of Sapphire Group in 1995. He has attained very good experience of Textile, Dyeing, Knitting and Finishing. He has actively participated in planning for new projects and served in an excellent manner for its implementation and expansion. He introduces new lines in Textile business. Having good experience in sale promotion, he added goodwill for sapphire product in local as well as in international markets. Presently he is working for expanding in value addition textile chains / Lines. In addition to good knowledge and experience of production sale and procurement, he is good administrator and handled the administration of the group very successfully.

SHAHID ABDULLAH

Chief Executive Officer

Mr. Shahid Abdullah has been associated with sapphire group since 1980. Being a director of various companies of Sapphire Group, responsibilities bestowed upon him enabled him to accept challenges and take decision in critical scenarios. He has to plan and forecast for both long and short-term positions. He has actively participated in planning for the new projects and served in an excellent manner for expansion and development. He introduced new lines in textile business in Group like Knitting; cone Dyeing, Fabric Dyeing and finishing lines. He has attained very good experience of Textile Spinning, weaving, Knitting, Dyeing, Finishing and Power Generation. Recently Sapphire Electric Company Limited, a combined cycle, dual fuel power project, has started its commercial operations with a capacity of 225 MW. He is the Chief Executive of the Company. He has experience and is competent in business dealings, especially for procurement of plant and machinery, raw material and other Assets. He has experience in sale promotion and has successfully created goodwill for Sapphire products in local as well as in Export Markets. In addition to good knowledge and experience of production Sales and procurement, he is a good administrator and handled the administration of the group very successfully. He holds bachelor's degree in commerce from Karachi.

MOHAMMAD ABDULLAH

Non- Executive Director

Mohammad Abdullah, a leading and experienced industrialist of Pakistan is the chairman and founder of Sapphire Group of Companies. He has significant experience of working in different business environments and possesses wide experience of business establishment. At present group has stakes in Textile, Power, Dairy and Retail and is a prominent private sector employer. Mohammad Abdullah is an active philanthropist and has served on Board of various philanthropic organizations. He has twice been bestowed with Pakistan's top civilian award, Sitara-e-Imtiaz in recognition of his contribution towards business.

NADEEM ABDULLAH

Non- Executive Director

Mr. Nadeem Abdullah graduated as commerce graduate from MC Gill University Canada. He is currently the Chief Executive officer of Sapphire Textile Mills Limited and director in other group companies. He also has been director and member of Young President Organization, The Indus Entrepreneur, AISEC, India Pakistan Chief Executive Business Forum, Karachi Cotton Association, Pakistan Business Council and Standard Chartered Pakistan. He has led the business growth of the organization, introduced new product lines and let the development of more value added products. He was involved hands-on with the development of the Group's textile operations, which has provided him with an in-depth understanding of the business. He has spearheaded the diversification of the group in non- textile business Mr. Nadeem has developed expertise in multiple disciplines including sales and marketing, supply chain management, product development and management etc.

AMER ABDULLAH

Non- Executive Director

Mr. Amer Abdullah is Master in Business Administration from USA. He joined the Group in younger age and was appointed as Director in 1990 in various group companies. He has undertaken various expansion projects of Textile sector and has diversified towards Dairies. Being a Director of Sapphire Group, responsibilities bestowed upon him, enabled him to accept challenges and take decision in critical scenarios. The Textile has quite complex dimension due to seasonal exposure and hence it requires to be out maneuvered by efficient planning. He is experienced and is competent in business dealings especially for procurement of plant and machinery, raw material and other assets. He has rich experience in sales promotion and has successfully added goodwill for sapphire products in Domestic as well as in Export Markets.

SHAYAN ABDULLAH

Executive Director

Mr. Shayan Abdullah has done Bachelor of Science in Business Management with concentration in Economics and Finance from USA. Additionally, he has undertaken various professional courses from universities such as London School of Economics and Lahore University of Management Sciences. Before getting appointed as a director with Sapphire Fibres Limited, Mr. Shayan has worked at Executive levels with other Group Companies. He oversees raw material procurement, accounts and marketing for spinning divisions of Sapphire Fibres Limited, Amer Cotton Mills Limited and Reliance Cotton Spinning Mills Limited.

JAWWAD FAISAL

Executive Director

Mr. Jawwad Faisal is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP) and has over 25 years of diverse professional experience in corporate strategy, finance, technology, business operations, and corporate governance.

Throughout his career, he has held senior leadership positions overseeing finance, strategy, operations, supply chain management, taxation, and governance. His expertise includes strategic planning, business transformation, mergers and acquisitions, investment evaluation, and driving sustainable growth initiatives.

Mr. Jawwad has participated in management development programmes at leading international business schools, including Harvard Business School, Boston, USA. He has been associated with Sapphire Fibres Limited since 2016 and currently serves as the Group Chief Strategy & Finance Officer, providing strategic and financial leadership across various companies within the Group.

TAJAMMAL HUSSAIN BOKHAREE

Independent Director

Mr. Tajammal Husain Bokharee is graduate from the University of Punjab. He is fellow of the institute of Bankers, Pakistan and associate of the Chartered Institute of Bankers, London. He has Vast Experience of Banking Sector. He served as Director of various companies and bank.

MUHAMMAD NAEEM KHAN

Independent Director

Mr. M. Naeem Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of both The Institute of Chartered Accountants of Pakistan and The Institute of Chartered Accountants in England & Wales. He has exposure in oil marketing where he extensively developed the retail chain and nurtured commercial customers besides looking after the treasury and accounting functions. He has also worked with the food industry where he was instrumental in developing new economically viable product lines. He has been an investment banker with extensive exposure to the capital markets. Currently he is serving on the Boards of Raaziq Group, which is engaged in logistics besides public transportation. He has served on the Boards of Atlas Group. Presently, he is a member of the Board of Service Industries Ltd and the Chairman of its Audit Committee. Mr. Khan qualifies as independent director under the guidelines of Securities & Exchange Commission of Pakistan (SECP) and the Code of Corporate Governance.

MARIAM CHUGHTAI

Independent Director

Dr. Mariam Chughtai is Assistant Professor and founding Associate Dean at the LUMS School of Education. She is also the Director of Pakistan Programs for the Mittal South Asia Institute at Harvard University. She has a Doctorate in Education (Ed.D.) from Harvard University specializing in Education Policy, Leadership and Instructional Practice. She has two Masters degrees from Harvard University, in International Education Policy and Education Policy and Management, and a Bachelors in Political Science from Rice University. As a teaching fellow, Dr. Chughtai taught several courses at the Harvard Graduate School of Education, along with Negotiations at Harvard Law School and Leadership at Harvard Kennedy School. She is now based in Pakistan and working on her forthcoming book on the politics of making and breaking identity through education.





VISION

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality. Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business, our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognized as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.



MISSION

Our mission is to be recognized as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers. Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates. We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of the shareholders of Sapphire Fibres Limited (The "Company") will be held on Wednesday, October 28, 2026 at Theatre Hall "A", IBA City Campus (Institute of Business Administration), Garden Kiyani Shaheed Road, Karachi at 03:00 p.m. to transact the following business:

1. To confirm the minutes of last general meeting held on July 20, 2026.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2026 together with the Chairman's Review, Directors' and Auditors' Report thereon.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements have been uploaded on the website of the Company which can be downloaded from the following weblink and QR enabled code:

<http://www.sapphire.com.pk/sfi/annualreports.htm>



3. To approve final dividend for the year ended June 30, 2026.
4. To appoint auditors for the year ending 30th June 2027 and fix their remuneration. The present auditors, M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

5. To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017:

(i) "RESOLVED THAT the related party transactions conducted during the year as disclosed in the note 38 of the unconsolidated financial statements for the year ended June 30, 2026 be and are hereby ratified, approved and confirmed."

(ii) "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case-to-case basis during the financial year ending June 30, 2027.

"FURTHER RESOLVED that transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/ approval."

ANY OTHER BUSINESS

6. To transact any other business with the permission of the Chair.

(Attached to this notice is a statement of material facts covering the above- mentioned special business, as required under section 134(3) of the Companies Act, 2017).

By Order of the Board

Karachi
September 24, 2026

Rameez Ghausi
Company Secretary

NOTE:

- 1) Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 22nd October 2026 to 28th October 2026 (both days inclusive). Transfers received in order, by the M/s. THK Associates (Private) Limited Company Registrar, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, up to 21st October 2026 will be considered in time to entitle the transferees to attend and vote at the meeting.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

An instrument of proxy applicable for the meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website: www.sapphire.com.pk/sfl.

- 3) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

a) For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

b) For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person

whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

- ii) The proxy form shall be witnessed by two persons whose Names, Addresses and CNIC Number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
- 4) Any change of address of members should be immediately notified to the company's share registrar M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi.

- 5) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

Special arrangements for participating in the AGM through electronic means will be as under:

- a. AGM will be held through Zoom application – a video link facility.
- b. Members interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for SFL AGM" at the earliest but not later than 48 hours before AGM on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

Members are advised to mention their Name, Folio/ CDC Account Number, CNIC Number, valid Email Address and Cell Number.

Upon receipt of the above information from the interested members, the Company will send the login credentials at their e-mail address. On the date of AGM, members will be able to login and participate in the AGM proceedings through their smartphone/ computer devices. The login facility shall be opened

thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification/ verification process.

- 6) The members are requested to submit a copy of their Computerized National Identity Card (CNIC)/ NTN, if not already provided and immediately notify changes if any, in their addresses to our Share Registrar M/s. THK Associates (Private) Limited.
- 7) Pursuant to Companies (Postal Ballot) Regulations 2018, in case of special business, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] is hereby given below:

E-voting Procedure:

- (a) Details of the E-voting facility will be shared through an E-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 21 October 2026.
- (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of THK Associates (Private) Limited (being the e-voting service provider).
- (c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from 24 October 2026, 09:00 a.m. and shall close on 27 October 2026 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

Procedure for voting through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 27, 2026. The signature on the ballot paper shall match with the signature on CNIC.

Note: Under the provision of SRO 451 (I)/ 2025 issued by SECP to be read in conjunction with section 134 of the Companies Act, 2017, for all business classified as "Special Business", the voting by the members of the listed company shall only be through postal ballot and therefore there shall be no voting by show of hands by members of the listed company who attend the general meeting physically.

Further, the members who did not cast their vote through electronic voting facility or by post prior to the date of the general meeting, shall be allowed to cast his/ her vote on the day of the meeting by way of ballot paper only.

- 8) Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.
- Accordingly, a member having physical shares are encouraged to open a CDC sub-account with a Broker or Investor Account directly with CDC to place their physical certificates into scrip less form.
- 9) An updated list of unclaimed dividends/shares of the Company is available on the Company's website www.sapphire.com.pk/sfl. These are unclaimed dividends/ shares which have remained unclaimed or unpaid for three years from the date these have become due and payable.
- 10) Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company M/s. THK Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's Broker/Participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

- 11) (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
1. Persons appearing in Active Tax Payers List (ATL) 15%
 2. Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to THK Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

- (iv) Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of Zakat. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on non-judicial stamp paper to the Shares Registrar before the date of book closure.
- (v) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@sapphiretextiles.com.pk and/or THK Associates (Private) Limited at phone: (021) 35310191- 6 & email address: it@thk.com.pk
- (vi) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or THK Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

- 12) The Securities and Exchange Commission of Pakistan has allowed the listed companies through SRO 389(I)/2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. However, any shareholder may request the company secretary in writing to provide a printed copy of the annual report at their registered address free of cost, within seven (07) days of receipt of such request. The shareholders who want to avail this facility may submit request form to the Company's Share Registrar.

The Annual Report of the company for the year ended June 30, 2026 is also available on the company's website www.sapphire.com.pk/sfl.

- 13) The Company shall provide video conference facility to its members for attending the General Meeting at places other than the town in which general meeting is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 07 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability.

In this regard, please fill the following form and submit to registered address of the Company 07 days before holding of the General Meeting:

"I/We, _____ of _____ being a member of Sapphire Fibres Ltd, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member

- 14) The SECP, through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

STATUS OF INVESTMENT UNDER CLAUSE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up - to USD 15 Million (United States Dollars Fifteen Million);	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required

MATERIAL CHANGES IN FINANCIAL STATEMENTS OF ASSOCIATED COMPANY

Triconboston Consulting Corporation (Private) Limited

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating (3) three projects (Project A, Project B and Project C) having capacity of 49.735 MW each in Jhimpir, Sindh. The Company has achieved Commercial Operations Date ('COD') on August 16, 2018, September 14, 2018 and September 11, 2018 by Project A, Project B and Project C respectively. The projects are operating following best industry practice and is yielding satisfactory results.

Financial Results	Financial Year Ended 30-Jun-26 Rupees	Financial Year Ended June 30, 2025 Rupees	Financial Year Ended June 30, 2024 Rupees	Financial Year Ended June 30, 2017 Rupees
Net Sales	17,021,939,993	15,489,962,130	20,936,160,649	–
Gross Profit /(Loss)	11,591,532,646	9,804,399,130	15,280,063,609	(93,798,217)
Profit / (Loss) Before Tax	9,496,044,308	7,094,569,999	11,771,025,852	(94,039,713)
Profit /(Loss) After Tax	9,300,736,807	6,809,977,348	11,455,972,112	(95,055,582)

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Agenda number 5(i) of the notice — Ratification and approval of the related party transactions

The Company carries out transactions with its associates and related parties in accordance with its policies, applicable laws, regulations and with approval of board of directors of the company. However, during the year since majority of the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to absence of requisite quorum for approval in Board of Directors meeting, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 38 to the unconsolidated financial statements for the year ended June 30, 2026.

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business and periodically reviewed by the Board Audit Committee. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable) and sharing of common expenses.

The nature of relationship with these related parties has also been indicated in note 38 to the unconsolidated financial statements for the year ended June 30, 2026.

2. Agenda number 5(ii) of the notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2027.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2027 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary/associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2027 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions are explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

REVIEW REPORT BY THE CHAIRMAN

For the year ended June 30, 2026

GOVERNANCE

The governance framework established by Sapphire Fibres Limited is pivotal for ensuring corporate success and fostering confidence among stakeholders. Our governance structure has been meticulously crafted to align with the legal and regulatory requirements, thereby addressing the informational needs of our stakeholders effectively. This framework is anchored in the laws of Pakistan, particularly the Companies Act of 2017 and the Code of Corporate Governance, alongside other statutory and regulatory obligations pertinent to entities listed on the Pakistan Stock Exchange. To uphold compliance with these laws, the company has assembled a proficient and dedicated team, implementing a comprehensive code of conduct, a whistleblowing policy, and a code of business ethics, among other essential measures.

The Board's annual self-evaluation for the fiscal year 2025-2026 reflected satisfactory results. This assessment is derived from a thorough evaluation of key elements such as the organization's vision, mission, and values; involvement in strategic planning; policy formulation; oversight of business operations; management of financial resources; equitable treatment of employees; and the overall efficiency in executing the Board's responsibilities.

ECONOMIC FRONT

Pakistan's economy exhibited encouraging signs of macroeconomic stabilization during the year, supported by moderating inflation, relative exchange rate stability and improved investor confidence. These developments, alongside continued fiscal consolidation and policy consistency, provide a more constructive foundation for industrial growth in the year ahead. Notwithstanding this improving macroeconomic backdrop, the operating environment for the textile sector, particularly the spinning segment, remained challenging on account of elevated conversion costs and high energy tariffs. The Board remains cautiously optimistic that continued policy stability and easing monetary conditions will translate into improved demand and margins for the sector over the medium term.

The constant increase in the cost of production is a challenge for the industry. Management is focused on building strategic alliances in the export market and developing innovative products to achieve sustainable growth. These measures, along with prudent capital allocation and a diversified investment portfolio are expected to support long-term sustainable profitability.

ACKNOWLEDGMENTS

On behalf of the board of directors, I extend my heartfelt gratitude to our shareholders, customers, and employees for their continued trust and support. I also acknowledge the commitment and diligence of the Board of Directors for their steadfast leadership and valuable contributions to the company's continued growth.

Lahore
September 24, 2026



Yousuf Abdullah
Chairman

چیسر مسین کی جانب سے سالانہ رپورٹ

برائے سال ختمہ 30 جون 2026ء

کارپوریٹ گورننس

سفائز فنانسیرز لمیٹڈ کی جانب سے قائم کردہ گورننس کا نظام کارپوریٹ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے اعتماد کو فروغ دینے کے لیے کلیدی اہمیت کا حامل ہے۔ ہمارا گورننس کا ڈھانچہ قانونی اور ریگولیٹری تقاضوں سے ہم آہنگ کرنے کے لیے انتہائی احتیاط سے تشکیل دیا گیا ہے، تاکہ ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو موثر انداز میں پورا کیا جاسکے۔ یہ نظام پاکستان کے قوانین، بالخصوص کمپنیز ایکٹ، 2017ء اور کارپوریٹ گورننس کوڈ کے علاوہ پاکستان اسٹاک ایکسچینج میں لسٹڈ اداروں سے متعلق دیگر قانونی اور ریگولیٹری ذمہ داریوں پر مبنی ہے۔ ان قوانین کی تعمیل برقرار رکھنے کے لیے کمپنی نے ماہر اور پرمیٹڈ ٹیم تشکیل دی ہے، جبکہ دیگر ضروری امتدادات کے ساتھ ساتھ ایک جامع ضابطہء احتیاط، وکیل بلوئنگ پالیسی اور کاروباری احتیاطات کا ضابطہ بھی نافذ کیا گیا ہے۔

مالی سال 2025-2026 کے لیے بورڈ کی سالانہ خود تشخیصی کارروائی کے نتائج اطمینان بخش رہے۔ یہ جانبہ ادارے کے ویژن، مشن اور امتداد؛ اسٹریٹجک منصوبہ بندی میں شمولیت؛ پالیسی سازی؛ کاروباری امور کی نگرانی؛ مالی وسائل کے انتظام؛ ملازمین کے ساتھ مساوی سلوک؛ اور بورڈ کی ذمہ داریوں کی انجام دہی میں مجموعی کارکردگی جیسے اہم عناصر کے جامع جانبہ پر مبنی ہے۔

معاشی محاذ

سال کے دوران پاکستان کی معیشت میں میکرو اکنامک استحکام کے حوصلہ افزاء آثار دیکھے گئے، جنہیں انفراسٹرکچر میں کمی، شرح تبادلہ میں نسبتاً استحکام اور سرمایہ کاروں کے اعتماد میں بہتری سے تقویت ملی۔ یہ پیش رفت، مسلسل مالیاتی استحکام اور پالیسی میں تسلسل کے ساتھ، آئندہ سال میں صنعتی نمو کے لیے زیادہ سازگار بنیاد فراہم کرتی ہے۔ میکرو اکنامک ماحول میں بہتری کے باوجود ٹیکنالوجی، بالخصوص اسپینگ سیکٹر کے لیے کاروباری ماحول تبدیلی کے زیادہ احسراحت اور توانائی کے زیادہ نرخوں کے باعث بدستور مشکل رہا۔ بورڈ کو بھرپور اُمید ہے کہ پالیسی میں مسلسل استحکام اور مالیاتی حالات میں نرمی کے نتیجے میں درمیانی مدت کے دوران اس شعبے کی طلب اور منافع کے مارجن میں بہتری آئے گی۔

پیداواری لاگت میں مسلسل اضافہ صنعت کے لیے ایک چیلنج ہے۔ انتظامیہ پائیدار نمو کے حصول کے لیے برآمدی مارکیٹ میں اسٹریٹجک اتحاد قائم کرنے اور جدید مصنوعات تیار کرنے پر توجہ مرکوز کیے ہوئے ہے۔ توقع ہے کہ یہ امتدادات، محتاط انداز میں سرمائے کی تقسیم اور متنوع سرمایہ کاری پورٹ فولیو کے ساتھ، طویل مدتی پائیدار منافع میں معاون ثابت ہوں گے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے شیئر ہولڈرز، صارفین اور ملازمین کا ان کے مسلسل اعتماد اور تعاون پر تہ دل سے شکریہ ادا کرتا ہوں۔ میں بورڈ آف ڈائریکٹرز کی مستقل قیادت اور کمپنی کی مسلسل نمو میں ان کی قیمتی خدمات کے ساتھ ساتھ ان کی وابستگی اور محنت کو بھی سراہتا ہوں۔



یوسف علی
چیسر مسین

لاہور

مورخہ: 24 ستمبر 2026

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report of your Company together with the audited financial statements for the year ended 30 June 2026.

FINANCIAL HIGHLIGHTS

Category	2026	2025
	Rupees in '000'	
Sales	50,983,358	50,561,851
Profit from operations	6,654,423	20,328,953
Finance Cost	(2,606,406)	(2,075,979)
Taxation	(1,485,309)	(4,576,137)
Profit after taxation	2,562,708	13,676,837

FINANCIAL PERFORMANCE

Your Company generated sales of Rs. 50.98 billion this year, a modest 0.8% increase over the previous year's Rs. 50.56 billion. The growth in revenue remained subdued amid weaker market demand and a challenging operating environment. At the same time, higher input, energy and other operating costs placed continued pressure on margins. Consequently, gross margin declined to 7.96%, compared with 8.80% in the preceding year.

EARNINGS PER SHARE

The earnings per share (EPS) of current year is Rs. 117.98 as compared to Rs. 661.62 for the last year.

DIVIDEND

The Board of Directors of the company is pleased to recommend a final cash dividend @ 100% for the year ended June 30, 2026 (2025: 100%).



ECONOMIC AND BUSINESS ENVIRONMENT

The global economic environment remained challenging during the year, marked by geopolitical tensions, uneven consumer demand and volatility in energy and commodity prices. These factors continued to affect international trade, input costs and purchasing patterns across major textile markets.

Pakistan's economy showed signs of gradual stabilization during the financial year, with GDP growth of 3.7% and large-scale manufacturing growth of 5.0%. Inflation moderated and the exchange rate remained broadly stable. The policy rate declined to 11.5% by the close of the financial year, reflecting a significant easing in monetary conditions compared with the preceding year.

The textile sector continued to operate in a challenging environment with elevated energy and operating costs, high taxation, domestic cotton supply constraints, international competition and uncertainty in global demand. Pakistan's total exports remained under pressure during the financial year 2025-26, reinforcing the need to improve productivity, competitiveness and value addition.

FUTURE OUTLOOK

The outlook remains subject to geopolitical developments, energy prices and global consumer demand. Continued policy support, competitive energy costs, a predictable taxation regime and timely settlement of tax refunds will remain important for strengthening the competitiveness and sustainability of Pakistan's textile sector.

Against this backdrop, the management remains focused on diversification across businesses and markets, while continuing to strengthen the Company's core operations. The objective is to create sustainable growth, optimize the deployment of capital and maximize long-term returns for shareholders.

SUBSIDIARY COMPANIES

Sapphire Electric Company Limited

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2025: 68.11%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

Premier Cement Limited

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 30 June 2026.

PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Cement Company Limited

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 30 June 2026.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Hydro Limited

Sapphire Hydro Limited (SHL) was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhwa.

Sapphire Hydro Limited (SHL) is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 June 2026.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

Ignite Power (Private) Limited

Ignite power (Private) Limited is a 99.93% owned subsidiary of Sapphire Energy (Private) Limited -SEPL which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL)

Sapphire Mining Exploration (Private) Limited (SMEL) was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing of all kinds of cement and its allied products in Gilgit. SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Building Materials Limited (SBML)

Sapphire Building Materials Limited (SBML) was incorporated in Pakistan as a company limited by shares under the Companies Act, 2017 on March 24, 2021. SBML intends to deal in allied products used in construction industry. SBML is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Power limited (SPL)

Sapphire Power Limited (the Company) is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the company is to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited ("the Holding Company").

Sapphire Properties (Private) Limited (SPPL)

Sapphire Properties (Private) Limited (the Company) is a private company limited by shares incorporated in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage, construct, develop, hold, acquire, sell, purchase all type of real estate projects.

Sapphire USA LLC

Sapphire USA LLC was incorporated in State of Illinois, USA on 12 September, 2024 with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

Saphir Holding FZ LLC

Saphir Holding FZ LLC was incorporated in United Arab Emirates with the objective of extending the Company's global footprint and enhancing its capabilities in investments, exploring market and trading activities.

RCSM Company Pvt Ltd

RCSM Company (Pvt.) Ltd, a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited (now merged with Sapphire Fibres Limited) was incorporated on November 8, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other companies or find other avenues to increase shareholders wealth.

Sapphire Electronics (Pvt) Limited

Sapphire Electronics (Pvt) Limited is a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited (now merged with Sapphire Fibres Limited) was incorporated on September 23, 2024. The principal activity of the company is to trade, manufacture or otherwise acquire and sell electronic and electrical products.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Board of Directors approved the Scheme of Compromise, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 of the Companies Act, 2017, for the amalgamation of Reliance Cotton Spinning Mills Limited ("RCSML") with and into Sapphire Fibres Limited. The Company and RCSML jointly filed a petition before the Honourable Sindh High Court for sanction of the Scheme. On March 9, 2026, the Court sanctioned the Merger Scheme without any modifications, additions, or deletions. Following the merger of RCSML with and into the Company, RCSML contributed Rs. 3.890 billion to turnover and Rs. 786.957 million to profit before income tax for the year ended June 30, 2026. .

RELATED PARTIES

All transactions with related parties were carried out on arm's length basis which were in line with transfer pricing

methods and the policy for related parties approved by the Board. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The internal audit function ensures that all related party transactions are carried out at arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 38 to unconsolidated financial statements.

CORPORATE ENVIRONMENT, HEALTH AND SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially, with regards to the safety, production, delivery, storage and handling of materials. Your Company always ensures environment preservation and adopts all possible means for environment protection.

The Company strongly believes in its responsibility towards community at large and has taken various steps in the area of education, health and the natural environment. Company made generous donations for health, education and social welfare projects as reported in note no. 30 to the financial statement.

BOARD'S STATEMENT FOR STRATEGIC OBJECTIVE ON ESG

The Company's prospect is transparent to establish a robust and proactive ESG reporting strategy that goes beyond compliance and reporting, driving meaningful and measurable positive impact on the business sustainability performance. The vision behind this strategic objective is to integrate and prioritize sustainability principles across the company's operations and decision-making processes for long term value creation.

"By embracing operational practices, adopting renewable energy policies, and green initiatives, the company aims to contribute for a sustainable future. The company's strategic team is also committed to uphold the highest standards of corporate governance, adhering to corporate laws and regulations to avoid any conflicts of interest".

Furthermore, the management sets specific and measurable ESG targets that align with company's strategic objective to achieve greater sustainable resilience and positive social impact.

SUSTAINABILITY RELATED RISKS & OPPORTUNITIES

The Company meets the specified criteria for Phase I applicability under the SECP's Order dated December 31, 2024, as the current financial year represents the Company's first year of compliance with the applicable sustainability reporting requirements. Accordingly, the Company has availed the first-year reporting relief provided under the SECP Order, whereby sustainability-related financial disclosures may be issued within nine months of the close of the financial year. Consequently, the Company will issue its sustainability-related financial disclosures separately, by March 31, 2027, in respect of the year ended June 30, 2026.

However, the key risks identified by the Company are set out below:

a) Carbon Emissions and Energy Costs

The Company's manufacturing operations are energy-intensive and are therefore exposed to risks arising from rising energy tariffs in Pakistan, the potential introduction of carbon pricing mechanisms, and increasing customer expectations for verified low-carbon supply chains. These factors may result in higher operating costs and additional compliance requirements.

b) Raw Material Sourcing and Supply Chain Risks

The Company's reliance on cotton, synthetic fibres, and yarn exposes it to risks associated with climate-related supply disruptions, raw material price volatility, and evolving sustainability-related sourcing requirements. These factors may affect the availability, cost, and sustainability credentials of key raw materials.

c) Customer Sustainability Expectations and Requirements

Global brands are increasingly requiring suppliers to demonstrate compliance with recognized sustainability certifications, carbon disclosure requirements, chemical management standards, and social compliance expectations. Failure to meet these evolving requirements may result in increased

compliance costs, potential loss of business opportunities, and reputational risks.

The Company has identified the following key opportunities to enhance its sustainability performance and create long-term value:

i) Energy Efficiency and Renewable Energy Initiatives

The Company has installed 20.54 MW of solar energy capacity and continues to utilize biomass energy as an early adopter of renewable energy solutions. These investments contribute to reducing energy costs and Scope 1 and Scope 2 greenhouse gas emissions, while strengthening the Company's position as a low-carbon supplier and supporting access to sustainability-linked and other green financing opportunities.

ii) Sustainability Certification and Compliance

The Company holds internationally recognized sustainability certifications, including GOTS, OEKO-TEX®, BCI, GRS, RCS, OCS, and Regenagri. These certifications support access to premium customers and higher-value product segments while facilitating compliance with evolving global brand sustainability requirements.

PROGRESS TOWARDS ESG INITIATIVES

During the year, SFL continued to strengthen its focus on Environmental, Social and Governance ("ESG") considerations as part of its commitment to sustainable and responsible business practices.

Our Environmental, Social, and Governance (ESG) initiatives reflect our commitment to sustainable and responsible business practices. We focus on reducing our environmental impact through energy efficiency, waste reduction, responsible resource use, and sustainable operations. On the social front, we promote employee well-being, diversity and inclusion, workplace safety, community engagement, and responsible relationships with customers and suppliers. From a governance perspective, we emphasize ethical business conduct, transparency, accountability, compliance, and effective risk management. Through these initiatives, we aim to create long-term value for our stakeholders while contributing positively to the environment and society.

The Board remains committed to progressively enhancing the Company's ESG framework and monitoring measurable objectives and performance indicators as the Company's sustainability strategy evolves.

COMPOSITION OF THE BOARD AND THEIR MEETINGS

The composition of the Board is in compliance with the requirements of Code of Corporate Governance Regulations, 2019 applicable on listed entities which is given below:

Total Number of Directors	As on June 30, 2026	Post elections dated July 20, 2026
(a) Male	08	09
(b) Female	01	01
Total	09	10
Composition:		
(a) Independent Directors	03 (including 01 Female Director)	03 (including 01 Female Director)
(b) Executive Director	01	03
(c) Non-executive Directors	05	04

During the year (July-June) four meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name	Category	No. of Meetings
Mr. Shahid Abdullah	Executive Director	4
Mr. Nadeem Abdullah	Non-Executive Director	4
Mr. Amer Abdullah	Non-Executive Director	3
Mr. Yousuf Abdullah	Non-Executive Director	3
Mr. Shayan Abdullah	Non-Executive Director	4

Mr. Abdul Sattar	Non-Executive Director	4
Mr. Nadeem Arshad Elahi	Independent Director	4
Mr. Muhammad Naeem Khan	Independent Director	4
Ms. Mariam Chughtai	Independent Director	4

The Board has made sub-committees which have significantly contributed in achieving desired objectives. These committees include:

- **Audit Committee.** During the year four meetings of the Audit Committee were held. Attendance by each Director is as follows:

Name	No of Meetings
Mr. Nadeem Arshad Elahi - Chairman (independent)*	4
Mr. Shayan Abdullah	4
Mr. Yousuf Abdullah	3
Mr. Amer Abdullah	3

*Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

*Subsequent to year end elections were held dated July 20, 2026, Mr. Nadeem Arshad Elahi has retired and Mr. Muhammad Naeem Khan has been appointed as chairman of audit committee.

- **Human Resource & Remuneration Committee.** During the year, one meeting was held and attended by all the members.

Mr. Muhammad Naeem Khan	Chairman
(independent)	
Mr. Shahid Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

- **Risk Management Committee.** During the year, two meetings were held and attended by all the members.

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Member
Mr. Jawwad Faisal	Member

REMUNERATION OF DIRECTORS

The remuneration of Directors is determined by the Company in the Board of Directors' Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non-executive directors and independent directors; however, they are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 37 to the financial statements.

PRINCIPAL RISKS & UNCERTAINTY

The Company operates in an environment characterized by evolving economic, geopolitical, regulatory, technological and market conditions. The Board, through the Risk Management Committee and management, regularly reviews the Company's principal risks and uncertainties and evaluates appropriate measures to mitigate their potential impact.

The principal risks identified include:

High taxation

High tax rates can increase the cost and complexity of doing business.

Exchange-rate risk

Changes in the Pakistani rupee's value can make imported raw materials, machinery, and technology more expensive.

Energy and Utility Cost Risk

The Company's manufacturing operations are exposed to fluctuations in electricity, gas and other energy costs. Changes in energy tariffs, availability of utilities and supply interruptions may adversely affect production costs and competitiveness.

Weak consumer demand

Inflation and declining real purchasing power can reduce demand for non-essential products and services.

Climate and Environmental Risk

Extreme weather events, water availability, environmental regulations and increasing customer expectations relating to carbon emissions and sustainable production may affect operations and require additional investment.

Cybersecurity and Information Technology Risk

Increasing reliance on digital systems, automation and information technology exposes the Company to cybersecurity threats, data loss, system disruptions and other technology-related risks.

RISK MANAGEMENT

Effective risk management is fundamental to the Company's sustainable growth and long-term resilience. The Board of Directors, through the Risk Management Committee ("RMC"), provides oversight of the Company's risk management framework and ensures that significant risks are identified, assessed, monitored and appropriately managed.

The Company's risk management framework covers strategic, operational, financial, regulatory, environmental, social, technology and business continuity risks. Risk assessments are undertaken periodically by management, with significant risks and emerging exposures reported to the RMC and the Board for review and appropriate action.

The Company continues to strengthen its internal controls and monitoring mechanisms to manage risks relating to foreign exchange, commodity prices, energy costs, liquidity, credit, supply-chain continuity, regulatory compliance, cybersecurity and ESG matters.

The Company also maintains business continuity and contingency measures designed to minimize disruption to critical operations and protect employees, assets, customers and other stakeholders.

The Board and management remain committed to maintaining an appropriate balance between risk and opportunity, with risk-taking aligned with the Company's strategic objectives, financial capacity and long-term sustainability.

DIVERSITY, EQUITY, AND INCLUSION (D,E&I)

SFL recognizes that a diverse and inclusive workforce contributes to stronger decision-making, innovation, employee engagement and long-term organizational performance. The Company is committed to providing equal opportunities to employees and candidates based on merit, competence, experience and performance, without discrimination on the basis of gender, race, ethnicity, religion, age, disability or other characteristics protected under applicable law.

The Company promotes a respectful and inclusive workplace environment and remains committed to maintaining appropriate policies and procedures relating to workplace conduct, harassment, equal opportunity and employee grievance mechanisms.

The Company continues to focus on developing its people through training, professional development and skills enhancement, while encouraging a culture of collaboration, respect and accountability across all levels of the organization.

The Company also recognizes the importance of greater gender diversity and continues to evaluate opportunities to enhance female participation across its workforce and management levels, particularly in areas where female representation remains comparatively low.

The Board and management will continue to monitor progress in diversity and inclusion and consider appropriate measurable objectives as part of the Company's broader human capital and sustainability strategy.

BOARD EVALUATION

The Board of Directors has put in place an effective mechanism to review its performance on self-assessment basis. The Board duly provides valuable guidance and ensures effective corporate governance. Feedback and recommendations provided by the Board members are incorporated into future evaluations.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The company has maintained proper books of accounts.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.
7. There is no doubt about the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of Corporate Governance.
9. The Company has established Management Staff Gratuity Fund for its head office employees which will gradually be applicable at mills also. The company has also introduced Employees Provident Fund for staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Gratuity and Provident Fund as on June 30, 2026 are Rs. 9 million and Rs. 449 million respectively.
10. A key summary of key operating and financial data of the Company are annexed.
11. Code of conduct has been communicated and acknowledged by each Director and employee of the Company.
12. No trade in the shares of the company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children except shares received against merger of Reliance Cotton Spinning Mills Limited with and into Sapphire Fibres Limited which is reflected in the pattern of shareholding.

However, a scheme of arrangement duly approved by the honorable high court of Sindh was passed during the year dated March 09, 2026 under which Reliance Cotton Spinning Mills Limited was duly merged with and into Sapphire Fibres Limited.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at 30 June 2026 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

AUDITORS

The present auditors, Shinewing Hameed Chaudhri & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment. Audit Committee and Board of Directors have also recommended their appointment as auditors for the year ending 30 June 2027.

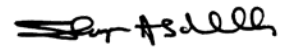
ACKNOWLEDGEMENTS

The management would like to place on record its appreciation for the support of Board of Directors, shareholders, regulatory authorities, financial institutions, customers, suppliers and for the dedication and hard work of the staff and workers.

For and on behalf of the Board.



Shahid Abdullah
Chief Executive



Shayan Abdullah
Director

Lahore
September 24, 2026

ضروری منظور یوں کے حوالہ سے، ایس سی سی ایل ہر قسم کے سینسٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ و تمام اور نصب کرنے کا ارادہ رکھتی ہے۔

سفار ہائیڈرو لمیٹڈ

سفار ہائیڈرو لمیٹڈ (SHL)، 07 ستمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت شہیز کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمی، خیبر پختونخواہ میں GWh 682 کی سالانہ انرجی جنریشن کی پوٹینشل کے ساتھ 150 میگاواٹ کی حنا لیس صلاحیت کا حاصل ہائیڈرو الیکٹرک پاور جنریشن پراجیکٹ کی تعمیر، قیام اور چلانا ہوگا۔

سفار ہائیڈرو لمیٹڈ (SHL)، سفار الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکی ذیلی کمپنی ہے جو خود سفار وٹا سبرز لمیٹڈ کی ایک ذیلی کمپنی ہے۔

سفار انرجی (پرائیویٹ) لمیٹڈ

سفار انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت شہیز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق ایس ای پی ایل کے 100٪ حصص کی مالک ہے۔

ایس ای پی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈینکس، پاور پروڈیکشن کو ڈویلپ اور ایگونی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مائنات، نیچیل اینڈ پیٹرولیم مصنوعات کو ہینڈلنگ، ری گیس فلیشن، سٹوریج، ٹریڈنگ اور پروڈیگ کے لئے ٹرمینل چلانے کا ارادہ رکھتی ہے۔

اگنٹ پاور (پرائیویٹ) لمیٹڈ

اگنٹ پاور (پرائیویٹ) لمیٹڈ سفار انرجی (پرائیویٹ) لمیٹڈ - ایس ای پی ایل کا 99.93 فیصد ملکی ذیلی ادارہ ہے جو پیرنٹ کمپنی کا مکمل ملکی ماتحت ادارہ ہے اور 03 جولائی 2019ء کو کمپنیز ایکٹ 2017ء کے تحت حصص کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم کیا گیا۔ یہ شہی توانائی نظام اور اس سے وابستہ دیگر توانائی کی مصنوعات اور خدمات کی دیگر شکلوں سمیت بجلی کے منصوبوں کو شروع، تیار کرنے کا ارادہ رکھتا ہے۔

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) پاکستان میں 25 اگست 2020ء کو کمپنیز ایکٹ 2017ء کے تحت حصص کے ذریعے نجی کمپنی لمیٹڈ کے طور پر قائم ہوئی۔ ضروری منظور یوں کے حوالہ سے SMEL گلگت میں ہر قسم کے سینسٹ اور اس سے متعلقہ مصنوعات کی تیاری کے لیے پلانٹ و تمام اور نصب کرنے کا ارادہ رکھتی ہے۔ SMEL پریمیر سینسٹ لمیٹڈ کا مکمل ملکی ذیلی ادارہ ہے جو کہ سفار وٹا سبرز لمیٹڈ کا ذیلی ادارہ ہے۔

سفار بلڈنگ میٹریلز لمیٹڈ

سفار بلڈنگ میٹریلز لمیٹڈ - ایس بی ایم ایل پاکستان میں کمپنیز ایکٹ 2017ء کے تحت 24 مارچ 2021ء کو حصص کے ذریعے کمپنی لمیٹڈ کے طور پر قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات کو ذیل کرنے کا ارادہ رکھتی ہے۔ ایس بی ایم ایل پریمیر سینسٹ لمیٹڈ کا مکمل ملکی ذیلی ادارہ ہے جو کہ سفار وٹا سبرز لمیٹڈ کا ذیلی ادارہ ہے۔

سفار پاور لمیٹڈ

سفار پاور لمیٹڈ (کمپنی) ایک پبلک غیر لسٹڈ کمپنی ہے جو کمپنیز آرڈیننس، 1984ء (اب کمپنیز ایکٹ، 2017ء) کے تحت 19 اپریل 2021ء کو پاکستان میں حصص کے ذریعے قائم ہوئی۔ کمپنی کی بنیادی سرگرمی ہائیڈرو پاور سسٹم سمیت بجلی پیدا کرنا، خریدنا، درآمد کرنا، منتقل کرنا، تبدیل کرنا، تقسیم کرنا اور سپلائی کرنا ہے۔ کمپنی سفار وٹا سبرز لمیٹڈ (ہولڈنگ کمپنی) کا مکمل ملکی ذیلی ادارہ ہے۔

سفار پراپرٹیز (پرائیویٹ) لمیٹڈ

سفار پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) ایک پرائیویٹ کمپنی لمیٹڈ ہے جو کمپنیز ایکٹ، 2017ء کے تحت 05 اگست 2022ء کو پاکستان میں حصص کے ذریعے قائم ہوئی۔ ایس پی پی ایل کے کاروبار کی اصل لائن تمام اقسام کے ریسیل اسٹٹ منصوبوں میں سرمایہ کاری، انتظام، تعمیر، تیار، ہولڈ، حاصل، خرید و فروخت کرنا ہے۔

سفار یو ایس اے ایل ایل سی

سفار یو ایس اے ایل ایل سی 12 ستمبر 2024ء کو سیٹیل آف Illinois یو ایس اے میں کمپنی کی عالمی نمائندگی کو بڑھانے اور نیکیٹائل آپریشنز، خاص طور پر امریکہ میں بنے ہوئے اور موٹے سوئی کپڑے کی مارکیٹ میں اپنی صلاحیتوں کو بڑھانے کے مقصد کے ساتھ قائم کی گئی۔

سفار ہولڈنگ ایف زیڈ ایل ایل سی

سفار ہولڈنگ ایف زیڈ ایل ایل سی کو متحدہ عرب امارات میں اس مقصد کے تحت قائم کیا گیا کہ کمپنی کے عالمی کاروباری دائرہ کار کو وسعت دی جائے اور سرمایہ کاری، نجی منڈیوں کی تلاش اور تجارتی سرگرمیوں کے حوالے سے کمپنی کی صلاحیتوں کو مزید بہتر بنا یا جاسکے۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ

RCSM کمپنی (پرائیویٹ) لمیٹڈ، ریلائنس کائن سپنگ ملز لمیٹڈ (جواب سفار وٹا سبرز لمیٹڈ میں ضم ہو چکی ہے) کی مکمل ملکی ذیلی کمپنی ہے، جسے 8 نومبر 2017ء کو قائم کیا گیا۔ ذیلی کمپنی کی بنیادی سرگرمی دیگر کمپنیوں کے حصص حاصل کرنا یا اپنے پاس رکھنا، یا شہیز ہولڈرز کی دولت میں اضافے کے لیے سرمایہ کاری کے دیگر مواقع تلاش کرنا ہے۔

سفار الیکٹرکس (پرائیویٹ) لمیٹڈ

سفار الیکٹرکس (پرائیویٹ) لمیٹڈ، ریلائنس کائن سپنگ ملز لمیٹڈ (جواب سفار وٹا سبرز لمیٹڈ میں ضم ہو چکی ہے) کی مکمل ملکی ذیلی کمپنی ہے، جسے 23 ستمبر 2024ء کو قائم کیا گیا۔ کمپنی کی بنیادی سرگرمی الیکٹرک اور برقی مصنوعات کی خرید و فروخت، تیار یا دیگر ذرائع سے حصول اور فروخت ہے۔

کاروباری جائزہ اور مستقبل کی ترقی

بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ 2017ء کی دفعات 279 تا 283 کو دفعہ 285 کے ساتھ ملا کر پڑھے جانے کی روشنی میں ریلائنس کائن سپنگ ملز لمیٹڈ (RCSML) کو سفار وٹا سبرز لمیٹڈ میں ضم کرنے کے لیے "Scheme of Compromise, Arrangement and Reconstruction" کی منظوری دی۔ کمپنی اور RCSML نے مشترکہ طور پر اس اسکیم کی منظوری کے لیے معزز سندھ ہائی کورٹ میں درخواست دائر کی۔ 9 مارچ 2026ء کو عدالت

ڈائریکٹرز کی حصص داران کو رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2026ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں پر اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

2025	2026	
(روپے ہزاروں میں)		
50,561,851	50,983,358	فروخت
20,328,953	6,654,423	آپریٹنگ سے منافع
(2,075,979)	(2,606,406)	مالی لاگت
(4,576,137)	(1,485,309)	ٹیکس
13,676,837	2,562,708	ٹیکس کے بعد منافع

مالی کارکردگی

اس سال آپ کی کمپنی نے 50.98 بلین روپے کی فروخت حاصل کی، جو گزشتہ سال کی 50.56 بلین روپے کی فروخت کے مقابلے میں معمولی 0.8 فیصد اضافہ ہے۔ کمزور مارکیٹ طلب اور مشکل کاروباری ماحول کے باعث آمدنی میں اضافہ محدود رہا۔ اس کے ساتھ ساتھ حنام مال، توانائی اور دیگر آپریٹنگ اخراجات میں اضافے نے منافع کے مارجن پر مسلسل دباؤ برقرار رکھا۔ نتیجتاً مجموعی منافع کا مارجن کم ہو کر 7.96 فیصد رہ گیا، جبکہ گزشتہ سال یہ 8.80 فیصد تھا۔

فی حصص آمدنی

موجودہ سال کی فی حصص آمدنی (EPS) 117.98 روپے ہے جو کہ پچھلے سال 661.62 روپے تھی۔

منافع منقسمہ

کمپنی کی مجلسِ نفع 30 جون 2026ء 4% مختتم سال کے لئے حتمی نقد منافع منقسمہ بشرط 100% (2025: 100%) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

معاشی اور کاروباری ماحول

سال کے دوران عالمی معاشی ماحول بدستور مشکل رہا، جس کی نمایاں خصوصیات میں جغرافیائی سیاسی کشیدگی، صارفین کی طلب میں عدم توازن اور توانائی و اجناس کی قیمتوں میں اتار چڑھاؤ شامل رہے۔ ان عوامل نے بڑی ٹیکسٹائل مارکیٹوں میں بین الاقوامی تجارت، پیداواری لاگت اور خریداری کے رجحانات کو مسلسل متاثر کیا۔

مالی سال کے دوران پاکستان کی معیشت میں بدستور استحکام کے آثار نمایاں ہوئے، جبکہ جی ڈی پی کی شرح نمو 3.7 فیصد اور بڑے پیمانے کی مینوفیکچرنگ میں 5.0 فیصد اضافہ ریکارڈ کیا گیا۔ مضبوط زرعی پیداوار اور شرح مبادلہ مجموعی طور پر مستحکم رہی۔ مالی سال کے اختتام تک پالیسی ریٹ کم ہو کر 11.5 فیصد رہ گیا، جو گزشتہ سال کے مقابلے میں مانیٹری حالات میں نمایاں نرمی کی عکاسی کرتا ہے۔

ٹیکسٹائل کا شعبہ زیادہ توانائی اور آپریٹنگ اخراجات، زیادہ ٹیکسوں، معاشی سطح پر کپاس کی دستیابی میں رکاوٹوں، بین الاقوامی مبالغہ اور عالمی طلب سے متعلق غیر یقینی صورتحال کے باعث بدستور مشکل حالات میں کام کرتا رہا۔ مالی سال 2025-26 کے دوران پاکستان کی مجموعی برآمدات بھی دباؤ کا شکار

رہیں، جس سے پیداواری صلاحیت، مبالغہ اور ویلیو ایڈیشن میں بہتری کی ضرورت مزید اجاگر ہوئی۔

مستقبل کا منظر نامہ

مستقبل کی صورتحال جغرافیائی سیاسی پیش رفت، توانائی کی قیمتوں اور عالمی سطح پر صارفین کی طلب سے متاثر ہونے کا امکان ہے۔ پاکستان کے ٹیکسٹائل شعبے کی مبالغہ صلاحیت اور پائیداری کو مضبوط بنانے کے لیے مسلسل پالیسی معاونت، مبالغہ توانائی کی قیمتیں، ایک مستحکم اور قابل پیش گوئی ٹیکس نظام اور ٹیکس ریفرنڈم کی بروقت ادائیگی بدستور اہم عوامل رہیں گے۔

اس پس منظر میں انتظامیہ کاروبار اور مارکیٹوں میں تنوع پیدا کرنے کے ساتھ ساتھ کمپنی کی بنیادی کاروباری سرگرمیوں کو مضبوط بنانے پر توجہ مرکوز کیے ہوئے ہے۔ اس حکمت عملی کا مقصد پائیدار نمو حاصل کرنا، سرمائے کے موثر استعمال کو یقینی بنانا اور شیئرز ہولڈرز کے لیے طویل مدتی منافع کو زیادہ سے زیادہ کرنا ہے۔

ذیلی کمپنیاں

سفارسیکٹر کمپنی لمیٹڈ

سفارسیکٹر کمپنی لمیٹڈ 18 جنوری 2005ء کو کمپنیز آرڈیننس، 1984ء کے تحت پاکستان میں ایک پبلک غیر مندرج کمپنی کی حیثیت سے قائم ہوئی۔ سفارسیکٹر لمیٹڈ ذیلی کمپنی کے 68.11 فیصد (2025: 68.11 فیصد) حصص کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی حنا لٹ صلاحیت کے کمپائمنٹ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

پری میئر سینٹ لمیٹڈ

پری میئر سینٹ لمیٹڈ (پی سی ایل) کمپنیز آرڈیننس 1984ء کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق پی سی ایل کے 100 فیصد حصص کی مالک ہے۔

پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارسیکٹر کمپنی لمیٹڈ

سفارسیکٹر کمپنی لمیٹڈ (ایس سی ایل) کمپنیز آرڈیننس 1984ء کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق ایس سی ایل کے 100 فیصد حصص کی مالک ہے۔

ضروری منظوریوں کے حوالہ سے، ایس سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارسیکٹر کمپنی لمیٹڈ

سفارسیکٹر کمپنی لمیٹڈ (ایس سی ایل) کمپنیز آرڈیننس 1984ء کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق ایس سی ایل کے 100 فیصد حصص کی مالک ہے۔

سال (جولائی تا جون) کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	کینٹری	اجلاسوں کی تعداد
جناب شاہد عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب ندیم عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر عبداللہ	ایگزیکٹو ڈائریکٹر	3
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	3
جناب شایان عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	4
جناب ندیم ارشد الی	آزاد ڈائریکٹر	4
جناب محمد نعیم خان	آزاد ڈائریکٹر	4
محترمہ مریم چغتائی	آزاد ڈائریکٹر	4

بورڈ نے ذیلی کمیٹیاں بنائی ہیں جنہوں نے مطلوب مقاصد حاصل کرنے میں اہم شرکت کی ہے۔ یہ کمیٹیاں مشعل ہی:

آڈٹ کمیٹی

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	اجلاسوں میں شرکت
جناب ندیم ارشد الی چیئر مین (آزاد)	4
جناب یوسف عبداللہ	4
جناب شایان عبداللہ	3
جناب عامر عبداللہ	3

ڈائریکٹرز جو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت نہیں کر سکتے تھے کو عدم شرکت کی رخصت دی گئی۔

سال کے اختتام کے بعد 20 جولائی 2026ء کو انتخابات منعقد ہوئے، جس کے نتیجے میں جناب ندیم ارشد الی ریٹائر ہو گئے، جبکہ جناب محمد نعیم خان کو آڈٹ کمیٹی کا چیئر مین مقرر کر دیا گیا۔

ہیومن ریسورس اینڈ ریمنیشن کمیٹی

سال کے دوران ہیومن ریسورس اینڈ ریمنیشن کمیٹی کا ایک اجلاس منعقد ہوا جس میں تمام ڈائریکٹرز شامل ہوئے:

جناب محمد نعیم خان	چیئر مین (آزاد)
جناب شاہد عبداللہ	رکن
جناب یوسف عبداللہ	رکن
جناب شایان عبداللہ	رکن

رہنما کمیٹی

سال کے دوران کمیٹی کے دو اجلاس منعقد ہوئے اور تمام ڈائریکٹرز شامل ہوئے:

جناب شاہد عبداللہ	چیئر مین
جناب شایان عبداللہ	رکن
جناب جواد فیصل	رکن

(ii) پائیداری کے سرٹیفیکیشن اور تعمیلی تقاضے

کپنی کے پاس بین الاقوامی سطح پر تسلیم شدہ پائیداری کے سرٹیفیکیشن موجود ہیں، جن میں GOTS، OEKO-TEX®، BCI، GRS، RCS، OCS اور Regenagri شامل ہیں۔ یہ سرٹیفیکیشن کپنی کو اعلیٰ معیار کے صارفین اور زیادہ قدر رکھنے والی مصنوعات کی مارکیٹ تک رسائی حاصل کرنے میں معاونت فراہم کرتے ہیں، جبکہ عالمی برانڈز کی جانب سے پائیداری سے متعلق بدلتے ہوئے تقاضوں کی تعمیل کو بھی آسان بناتے ہیں۔

ESG اقدامات میں پیش رفت

سال کے دوران SFL نے پائیدار اور ذمہ دارانہ کاروباری طریقوں کے لیے اپنے عزم کے تحت ماحولیاتی، سماجی اور گورننس (ESG) سے متعلق امور پر اپنی توجہ مزید مضبوط بنائی۔

ماحولیاتی، سماجی اور گورننس (ESG) سے متعلق ہمارے اقدامات پائیدار اور ذمہ دارانہ کاروباری طریقوں کے لیے ہمارے عزم کی عکاسی کرتے ہیں۔ ہم توانائی کی کارکردگی میں بہتری، فضلے میں کمی، وسائل کے ذمہ دارانہ استعمال اور پائیدار آپریشنز کے ذریعے ماحول پر اپنے اثرات کم کرنے پر توجہ مرکوز کرتے ہیں۔ سماجی سطح پر ہم ملازمین کی صلاح و بہبود، تنوع اور شمولیت، کام کی جگہ پر تحفظ، کمیونٹی سے روابط اور صارفین و سپلائرز کے ساتھ ذمہ دارانہ تعلقات کو فروغ دیتے ہیں۔ گورننس کے حوالے سے ہم اخلاقی کاروباری طرز عمل، شفافیت، جواب دہی، تعمیل اور موثر رسک مینجمنٹ کو اہمیت دیتے ہیں۔ ان اقدامات کے ذریعے ہمارا مقصد اپنے اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے ساتھ ساتھ ماحول اور معاشرے میں مثبت کردار ادا کرنا ہے۔

بورڈ کپنی کے ESG مندرجہ درجہ کو بتدریج مزید بہتر بنانے اور متاثرہ پیمائش اہل اور کارکردگی کے اشاریوں کی نگرانی کے لیے پرعزم ہے، کیونکہ کپنی کی پائیداری کی حکمت عملی مسلسل ارتقاء پذیر ہے۔

بورڈ کی تشکیل اور ان کے اجلاس

بورڈ کی تشکیل مندرجہ اداروں پر متاثرہ اطلاق کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی ضروریات کی تعمیل کے مطابق ہے اور جو مندرجہ ذیل ہے:

ڈائریکٹر کی کل تعداد	30 جون 2026 کے مطابق	مورخہ 20 جولائی 2026 کو انتخابات کے بعد
مرد	08	09
خاتون	01	01
کل	09	10
تفصیل:		
آزاد ڈائریکٹر	03 (بشمول خاتون ڈائریکٹر)	03 (بشمول خاتون ڈائریکٹر)
ایگزیکٹو ڈائریکٹر	01	03
نان ایگزیکٹو ڈائریکٹر	05	04

نے اسکیم میں کسی ترمیم، اضافے یا حذف کے بغیر انضمام کی منظوری دے دی۔ RCSML کے کمپنی میں انضمام کے بعد، 30 جون 2026ء کو ختم ہونے والے سال کے دوران RCSML نے کمپنی کے ٹران اوور میں 3.890 بلین روپے اور آمدنی پر ٹیکس سے قبل منافع میں 786.957 ملین روپے کا اضافہ درج کیا۔

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے ساتھ تمام لین دین متبادل رسائی قیمتوں کی بنیاد پر رکھے گئے تھے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانسفر پر اسٹنگ طریقوں اور پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشن کی مکمل فہرست مرتب اور ہر سہ ماہی میں آڈٹ کمیٹی کو جمع کرائی جاتی ہے۔ داخلی آڈٹ فنکشن یقینی بناتا ہے کہ تمام متعلقہ پارٹی ٹرانزیکشن متبادل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ آڈٹ کمیٹی کے بغور جائزہ کے بعد، ان کے غور و خوض اور منظوری کے لئے ٹرانزیکشن بورڈ کے روبرو پیش کی گئی ہیں۔ سال کے دوران، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ ٹرانزیکشن کی ہیں۔ ان ٹرانزیکشن کی تفصیلات غیر منجمد مالی گوشواروں کے نوٹ 38 میں منکشف ہیں۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری

کمپنی کام کے ایسے حالات کو برقرار رکھتی ہے جو تمام ملازمین اور عوام کی صحت کے لئے محفوظ اور خطرے سے خالی ہوں۔ حفاظت، پیداوار، ترسیل، اسٹوریج اور سامان کی ہینڈلنگ کے حوالے سے خاص طور پر حفاظت کے تمام پرسنلوں کو بہتر بنانے پر ہماری توجہ مرکوز رہتی ہے۔ آپ کی کمپنی ہمیشہ ماحولیاتی تحفظ کو یقینی بناتی ہے اور ماحولیاتی تحفظ کے لئے ہر ممکن وسائل کو اپناتی ہے۔

کمپنی بڑے پیمانے پر کمیونٹی کے بارے میں اپنی ذمہ داری پر پختہ یقین رکھتی ہے اور اس نے تعلیم، صحت اور مددکاری ماحول کے شعبہ میں مختلف اقدامات اٹھائے ہیں۔ کمپنی نے صحت، تعلیم اور معاشرتی بہبود کے منصوبوں کے لئے مندرجہ ذیل سے عطیہ دیا، جس کی تفصیل مالی گوشواروں کے نوٹ نمبر 30 میں بیان کی گئی ہے۔

ESG پراسٹریجک مقصد کے لیے بورڈ کا بیان

کمپنی ایک شفاف اور مضبوط ESG رپورٹنگ حکمت عملی حیار کرنے کے لیے پُر عزم ہے جو محض تعمیل سے بالاتر ہے، جس کا مقصد پائیدار کارکردگی میں با معنی اور متبادل پیمائش بہتری پیدا کرنا ہے۔ یہ وژن کمپنی کے تمام پریکٹس اور فیصلہ سازی کے عمل میں پائیداری کے اصولوں کو ضم کرنے اور ترجیح دینے کی خواہش سے کارفرما ہے، طویل مدتی مددکاری تخلیق کو یقینی بناتا ہے۔

متبادل تجدید توانائی کی پالیسیاں اپنانا، ماحول دوست طریقوں کو اپناتے ہوئے، اور مثبت اقدامات شروع کر کے، کمپنی زیادہ پائیدار مستقبل میں فعال طور پر اپنا حصہ ڈالنے کی کوشش کرتی ہے۔ اسٹریٹجک ٹیم کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے بھی وقفہ ہے، مداخلت کے تصادم سے بچنے کے لیے کارپوریٹ قوانین اور ضوابط پر سختی سے عمل پیرا ہے۔

اس کے علاوہ، انتقال میں مخصوص اور متبادل پیمائش ESG اہداف مقرر کیے ہیں جو کمپنی کے اسٹریٹجک اہداف سے ہم آہنگ ہیں، جس کا مقصد پائیدار پلک بڑھانا اور ایک مثبت سماجی اثر پیدا کرنا ہے۔

پائیداری سے متعلق خطرات اور مواقع

کمپنی 31 دسمبر 2024ء کے SECP کے جاری کردہ حکم نامہ کے تحت فیز اول کے اطلاق کے لیے مقررہ معیار پر پورا اترتی ہے، کیونکہ موجودہ مالی سال کمپنی کی جانب سے متبادل اطلاق پائیداری سے متعلق رپورٹنگ کے تقاضوں پر عمل درآمد کا پہلا سال ہے۔ چنانچہ کمپنی نے SECP کے مذکورہ حکم نامہ کے تحت پہلے سال کے لیے مندرجہ کردہ رپورٹنگ میں رعایت سے فائدہ اٹھایا ہے، جس کے مطابق پائیداری سے متعلق مالیاتی انکشافات مالی سال کے اختتام کے بعد نو ماہ کے اندر جاری کیے جاسکتے ہیں۔ لہذا، کمپنی 30 جون 2026ء کو ختم ہونے والے سال کے حوالے سے پائیداری سے متعلق مالیاتی انکشافات علیحدہ طور پر 31 مارچ 2027ء تک جاری کرے گی۔

تاہم، کمپنی کی جانب سے شناخت کیے گئے اہم خطرات درج ذیل ہیں:

(a) کاربن کا اخراج اور توانائی کے اخراجات

کمپنی کی پیداواری سرگرمیاں توانائی پر زیادہ انحصار کرتی ہیں، اس لیے اسے پاکستان میں توانائی کے نرخوں میں اضافے، کاربن کی قیمت مقرر کرنے کے ممکنہ نظام کے نفاذ اور تصدیق شدہ کم کاربن سپلائی چینز کے حوالے سے صارفین کی بڑھتی ہوئی توقعات سے متعلق خطرات کا سامنا ہے۔ ان عوامل کے نتیجے میں آپریٹنگ اخراجات میں اضافہ اور تعمیلی تقاضوں میں مزید اضافہ ہو سکتا ہے۔

(b) حتم مال کی خریداری اور سپلائی چین سے متعلق خطرات

کمپنی کا کپاس، مصنوعی ریشوں اور یارن پر انحصار اسے موسمیاتی تبدیلی سے متعلق سپلائی چین میں رکاوٹوں، حتم مال کی قیمتوں میں اتار چڑھاؤ اور پائیداری سے متعلق خریداری کے بدلتے ہوئے تقاضوں سے وابستہ خطرات سے دوچار کرتا ہے۔ یہ عوامل اہم حتم مال کی دستیابی، لاگت اور پائیداری سے متعلق اسناد پر اثر انداز ہو سکتے ہیں۔

(c) صارفین کی پائیداری سے متعلق توقعات اور تقاضے

عالمی برانڈز اپنے سپلائرز سے تسلیم شدہ پائیداری سرٹیفیکیشن، کاربن کے اخراج سے متعلق انکشافات، کیمیکلز کے انقضاء کے معیارات اور سماجی ذمہ داری سے متعلق تقاضوں کی پابندی ثابت کرنے کا مطالبہ تیزی سے بڑھ رہا ہے۔ ان بدلتے ہوئے تقاضوں کو پورا کرنے میں ناکامی کے نتیجے میں تعمیلی اخراجات میں اضافہ، کاروباری مواقع کے ممکنہ نقصان اور کمپنی کی سکہ کو خطرات لاحق ہو سکتے ہیں۔

کمپنی نے اپنی پائیداری کی کارکردگی بہتر بنانے اور طویل مدتی قدر پیدا کرنے کے لیے درج ذیل اہم مواقع کی نشاندہی کی ہے:

(i) توانائی کی کارکردگی اور متبادل تجدید توانائی کے اقدامات

کمپنی نے 20.54 میگا واٹ شمسی توانائی کی پیداواری صلاحیت نصب کر رکھی ہے اور متبادل تجدید توانائی کے حل اپنانے والی ابتدائی کمپنیوں میں شامل ہونے کے ناطے بائو ماس توانائی کا استعمال بھی جاری رکھا ہوا ہے۔ یہ سرمایہ کاری توانائی کے اخراجات اور اس کوپ 1 اور اس کوپ 2 گرین با اس گیوں کے اخراج میں کمی لانے کے ساتھ ساتھ کمپنی کو کم کاربن مصنوعات مندرجہ ذیل سپلائر کے طور پر اپنی حیثیت مضبوط بنانے اور پائیداری سے منسلک اور دیگر گرین فنانسنگ کے مواقع سے استفادہ کرنے میں معاون ہے۔

گریجویٹی فنڈ کے اہل نہیں ہیں۔ 30 جون 2026ء کو گریجویٹی اور پراویڈنٹ فنڈ کی سرمایہ کاری کی مدت بالترتیب 9 ملین روپے اور 449 ملین روپے ہے۔

10 کمپنی کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

11 ضابطہ اخلاق کمپنی کے ہر ڈائریکٹر اور ملازمین کی طرف سے تسلیم شدہ اور مطلع کیا گیا ہے۔

12 کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں کوئی حشرید و ضرر و خیریت نہیں کی گئی، سوائے ان حصص کے جو ریلائنس کاشن سپنگ ملز لمیٹڈ کے سفائر فنانسبرز لمیٹڈ میں انضمام کے عوض حاصل ہوئے، اور جنہیں نمونہ حصص داری میں ظاہر کیا گیا ہے۔

تاہم، سندھائی کورٹ سے باقاعدہ طور پر منظور شدہ "Scheme of Arrangement" کے تحت، سال کے دوران 09 مارچ 2026 کو ایک انضمامی اسکیم منظور کی گئی، جس کے تحت ریلائنس کاشن سپنگ ملز لمیٹڈ کو باقاعدہ طور پر سفائر فنانسبرز لمیٹڈ میں ضم کر دیا گیا۔

نمونہ حصص داری

30 جون 2026 کے مطابق کمپنی کا نمونہ حصص داری منسلک ہے۔ یہ شیڈول کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق تیار کی گئی ہے۔

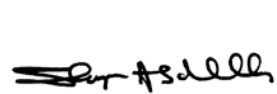
محاسب کا تقرر

موجودہ محاسب شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 30 جون 2027 اختتام پذیر ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی سفارش بھی کی ہے۔

اظہار تشکر

انتظامیہ بورڈ آف ڈائریکٹرز، حصص داران، ریگولیٹری حکام، مالیاتی اداروں، گاہکوں، سپلائرز کی حمایت کے لئے شکر گزار اور عملے اور کارکنوں کی لگن اور سخت محنت کو سراہتی ہے۔

منجانب بورڈ آف ڈائریکٹرز



شایان عبداللہ

ڈائریکٹر



شاہد عبداللہ

چیف ایگزیکٹو

24 ستمبر 2026

لاہور

بورڈ اور انتظامیہ تنوع اور شمولیت کے حوالے سے پیش رفت کی نگرانی جاری رکھے گی اور کمپنی کی وسیع تر انسانی سرمائے اور پائیداری کی حکمت عملی کے تحت مناسب و قابل پیمائش اہداف مقرر کرنے پر غور کرے گی۔

بورڈ کی تشخیص

بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کا خود تشخیصی بنیادوں پر جائزہ لینے کے لیے ایک موثر طریقہ کار وضع کر رکھا ہے۔ بورڈ موثر رہنمائی فراہم کرنے کے ساتھ ساتھ کارپوریٹ گورننس کے موثر نظام کو یقینی بناتا ہے۔ بورڈ کے اراکین کی جانب سے فراہم کردہ آراء اور سفارشات کو مستقبل کے جائزوں میں شامل کیا جاتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ مندرجہ ذیل کا بیان

بورڈ آف ڈائریکٹرز باقاعدگی سے کمپنی کی اسٹریٹجک سمت کا جائزہ لیتا ہے۔ چیف ایگزیکٹو کی طرف سے کاروباری منصوبوں اور اہداف کو مقرر اور بورڈ کی طرف سے جائزہ لیا گیا ہے۔ بورڈ کارپوریٹ گورننس کے عملی معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ بورڈ نے کارپوریٹ گورننس کوڈ کا جائزہ لیا ہے اور اس بات کی تصدیق کی ہے کہ:

1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو متصفانہ طور پر ظاہر کرتے ہیں۔

2 کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔

3 مالی حابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ حابات مناسب اور دانشمند فیصلوں پر مبنی ہیں۔

4 مالی حابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے

5 داخلی کنٹرول کا نظام ڈیزائن میں مستحکم اور موثر طریقے سے لاگو اور نگرانی کی جاتی ہے۔

6 ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام ادائیگیاں مکمل طور پر فراہم کی گئی ہیں اور مقررہ وقت میں ادا کر دی جائیں گی یا جہاں متراض کے دعویٰ کا اعتراف نہیں کیا گیا ان کامی حابات میں انکشاف کیا گیا ہے؛

7 کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

8 کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

9 کمپنی نے اپنے صدر دفتر کے ملازمین کے لئے منجمنٹ سٹاف گریجویٹی فنڈ قائم کیا ہے جو بتدریج ملازمین بھی لاگو ہوگا۔ کمپنی نے عملہ کے لئے ایسپلائر پراویڈنٹ فنڈ بھی متعارف کرایا ہے، پراویڈنٹ فنڈ کے ممبران

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کی طرف سے ڈائریکٹرز کے معاوضے کا تعین کیا جاتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہیں لے گا۔ کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے، تاہم، انہیں اجلاسوں میں شرکت کی فیس ادا کی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکج مالی گوشواروں کے نوٹ نمبر 37 میں منکشف ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی ایسے کاروباری ماحول میں کام کرتی ہے جو بدلے ہوئے معاشی، جغرافیائی، سیاسی، ریگولیٹری، تکنیکی اور مارکیٹ کے حالات سے عبارت ہے۔ بورڈ، رسک مینجمنٹ کمیٹی اور انتظامیہ کے ذریعے، کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال کا باقاعدگی سے جائزہ لیتا ہے اور ان کے ممکنہ اثرات کو کم کرنے کے لیے مناسب اقدامات کا تعین کرتا ہے۔

کمپنی کی جانب سے شناخت کیے گئے بنیادی خطرات میں شامل ہیں:

زیادہ ٹیکوں کا خطرہ

ٹیکس کی زیادہ شرح کاروبار کرنے کی لاگت اور پیچیدگی میں اضافہ کر سکتی ہے۔

شرح مبادلہ کا خطرہ

پاکستانی روپے کی قدر میں تبدیلی درآمد شدہ خام مال، مشینری اور ٹیکنالوجی کو مزید مہنگا کر سکتی ہے۔

توانائی اور پولیٹیکل اندراجات کا خطرہ

کمپنی کی پیداواری سرگرمیاں بجلی، گیس اور توانائی کے دیگر اندراجات میں اتار چڑھاؤ سے متاثر ہوتی ہیں۔ توانائی کے نرخوں میں تبدیلی، پولیٹیکل کی دستیابی اور سپلائی میں تعطل پیداواری لاگت اور مالیاتی حیثیت پر منفی اثر ڈال سکتے ہیں۔

صارفین کی کمزور طلب

مہنگائی اور حقیقی قوت خرید میں کمی غیر ضروری مصنوعات اور خدمات کی طلب کو کم کر سکتی ہے۔

موسمیاتی اور ماحولیاتی خطرہ

شدید موسمی حالات، پانی کی دستیابی، ماحولیاتی ضوابط اور کاربن کے اخراج اور پائیدار پیداوار سے متعلق صارفین کی بڑھتی ہوئی توقعات کمپنی کی سرگرمیوں کو متاثر کر سکتی ہیں اور اضافی سرمایہ کاری کی ضرورت پیش آ سکتی ہے۔

سائبر سیکیورٹی اور انفارمیشن ٹیکنالوجی کا خطرہ

ڈیجیٹل نظام، آؤٹسورسنگ اور انفارمیشن ٹیکنالوجی پر بڑھتے ہوئے انحصار کے باعث کمپنی کو سائبر سیکیورٹی خطرات، ڈیٹا کے ضیاع، نظام میں تعطل اور ٹیکنالوجی سے متعلق دیگر خطرات کا سامنا ہو سکتا ہے۔

خطرات سے انتظامات

موثر خطرات کے انتظامات کمپنی کی پائیدار نمو اور طویل مدتی مضبوطی کے لیے

بنیادی اہمیت رکھتے ہیں۔ بورڈ آف ڈائریکٹرز، رسک مینجمنٹ کمیٹی ("RMC") کے ذریعے، کمپنی کے رسک مینجمنٹ ڈھانچے کی نگرانی کرتا ہے اور اس امر کو یقینی بناتا ہے کہ اہم خطرات کی نشاندہی، ان کا جائزہ، نگرانی اور مناسب طریقے سے انتظام کیا جائے۔

کمپنی کا رسک مینجمنٹ مندرجہ ذیل اسٹریٹجک، آپریشنل، مالیاتی، ریگولیٹری، ماحولیاتی، سماجی، ٹیکنالوجی اور کاروباری تسلسل سے متعلق خطرات کا احاطہ کرتا ہے۔ انتظامیہ کی جانب سے وقتاً فوقتاً خطرات کا جائزہ لیا جاتا ہے، جبکہ اہم خطرات اور ابھرتے ہوئے خدشات کو جائزے اور مناسب اقدامات کے لیے RMC اور بورڈ کے سامنے پیش کیا جاتا ہے۔

کمپنی زر مبادلہ، اجناس کی قیمتوں، توانائی کے اخراجات، سیکیورٹی، کریڈٹ، سپلائی چین کے تسلسل، ریگولیٹری تقاضوں کی تعمیل، سائبر سیکیورٹی اور ESG سے متعلق معاملات کے خطرات سے نمٹنے کے لیے اپنے اندرونی کنٹرولز اور نگرانی کے طریقے کار کو مسلسل مضبوط بنا رہی ہے۔

کمپنی کاروباری تسلسل اور ہنگامی صورت حال سے نمٹنے کے لیے اقدامات بھی برقرار رکھتی ہے جن کا مقصد اہم کاروباری سرگرمیوں میں حائل کو کم سے کم کرنا اور ملازمین، اثاثوں، صارفین اور دیگر اسٹیک ہولڈرز کا تحفظ یقینی بنانا ہے۔

بورڈ اور انتظامیہ خطرات اور مواقع کے درمیان مناسب توازن برقرار رکھنے کے لیے پرعزم ہیں، جبکہ خطرات مول لینے کے فیصلوں کو کمپنی کے اسٹریٹجک مقاصد، مالیاتی استعداد اور طویل مدتی پائیداری سے ہم آہنگ رکھا جاتا ہے۔

تنوع، مساوات، اور شمولیت (D,E&I)

SFL میں، ہم ایک متنوع، مساوی، اور جامع کام کی جگہ کو فروغ دینے کے اس امر کو تسلیم کرتے ہیں کہ متنوع اور جامع انفرادی قوت بہتر فیصلہ سازی، جدت، ملازمین کی وابستگی اور تنظیم کی طویل مدتی کارکردگی میں معاون ثابت ہوتی ہے۔ کمپنی ملازمین اور امیدواروں کو قابلیت، اہلیت، تجربے اور کارکردگی کی بنیاد پر مساوی مواقع فراہم کرنے کے لیے پرعزم ہے، اور جنس، نسل، نسلی پس منظر، مذہب، عمر، معذوری یا تباہی اطلاق قانون کے تحت محفوظ دیگر خصوصیات کی بنیاد پر کسی قسم کے امتیاز سے گریز کرتی ہے۔

کمپنی باہمی احترام اور شمولیت پر مبنی کام کا ماحول فروغ دیتی ہے اور کام کی جگہ پر طرز عمل، برائیاں، مساوی مواقع اور ملازمین کی شکایات کے لیے کے طریقہ کار سے متعلق مناسب پالیسیوں اور طریقہ کار کو برقرار رکھنے کے لیے پرعزم ہے۔

کمپنی تربیت، پیشہ ورانہ ترقی اور مہارتوں میں اضافے کے ذریعے اپنے ملازمین کی صلاحیتوں کو مسلسل فروغ دینے پر توجہ مرکوز کیے ہوئے ہے، جبکہ تنظیم کی تمام سطحوں پر باہمی تعاون، احترام اور جوابدہی کی ثقافت کو فروغ دیا جا رہا ہے۔

کمپنی زیادہ سے زیادہ صنفی تنوع کی اہمیت کو بھی تسلیم کرتی ہے اور اپنی انفرادی قوت اور انتظامی سطحوں پر خواتین کی شمولیت بڑھانے کے مواقع کا مسلسل جائزہ لے رہی ہے، خصوصاً ان شعبوں میں جہاں خواتین کی نمائندگی نسبتاً کم ہے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Sapphire Fibres Limited

Review Report on The Statement Of Compliance Contained In The Listed Companies (Code Of Corporate Governance) Regulations, 2019

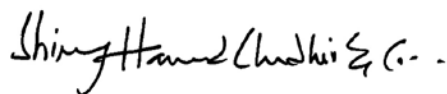
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of SAPPHIRE FIBRES LIMITED (the Company) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.



Shinewing Hameed Chaudhri & Co.,
Chartered Accountants
Audit Engagement Partner: Raheel Ahmed

LAHORE: October 05, 2026
UDIN: CR202610105jckAdI7vi

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code Of Corporate Governance) Regulations, 2019

Sapphire Fibres Limited Year ended June 30, 2026.

Sapphire Fibres Limited has complied the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG / Regulations) in the following manner:

1. The total number of directors are 10 as per the following:
 - a. Male: 09
 - b. Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Directors/ Female Director	Mr. Muhammad Naeem Khan Mr. Tajammal Hussain Bokharee Ms. Mariam Chughtai
Executive Director	Mr. Shahid Abdullah Mr. Shayan Abdullah Mr. Jawwad Faisal
Non-Executive Directors	Mr. Mohammad Abdullah Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah

*Subsequent to the year-end, elections were held dated July 20, 2026 in which Mr. Tajammal Hussain Bokharee has been elected in place of Mr. Nadeem Arshad Elahi (retired), Mr. Mohammad Abdullah has been elected in place of Mr. Abdul Sattar and Mr. Jawwad Faisal has been newly elected at the board.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of total ten (10) Directors, eight (8) Directors meet the requirements of Directors' Training Program [DTP]. Five (5) Directors have already attained certification under DTP and three (3) Directors meet the requirements of the exemption under regulation. Remaining directors will complete training in the year 2026- 27.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment and complied with relevant requirements of the Regulations.
11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**
 - Mr. Muhammad Naeem Khan (Chairman)
 - Mr. Amer Abdullah (Member)
 - Mr. Yousuf Abdullah (Member)
 - Mr. Shayan Abdullah (Member)
 - b) **HR and Remuneration Committee**
 - Mr. Muhammad Naeem Khan (Chairman)
 - Mr. Shahid Abdullah (Member)
 - Mr. Yousuf Abdullah (Member)
 - Mr. Shayan Abdullah (Member)
 - c) **Risk Management Committee**
 - Mr. Shahid Abdullah (Chairman)
 - Mr. Shayan Abdullah (Member)
 - Mr. Jawwad Faisal (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

Sustainability oversight occurs at several levels within the Company. The Board reviews and monitors environmental, social and governance matters on a regular basis. The Executive Management Team of the Company during their quarterly meetings, review HSE and sustainability risks and initiatives and periodically review sustainability related initiatives. To further strengthen the framework, responsibilities pertaining to sustainability related risks and opportunities have also been added in the terms of reference of the Board Audit Committee. Review and monitoring of the Diversity, Equity and Inclusion (DE&I) strategies and targets have been added to the terms of reference of the HR & Remuneration Committee.

14. The frequency of meetings of the committee were as per following:
- Audit Committee [Quarterly]
 - HR and Remuneration Committee [Yearly]
 - Risk Management Committee [Half yearly]
15. The Board has set up an effective Internal Audit Function which is co- sourced. The Head of Internal Audit and outsourced team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.
19. Explanation with requirements other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

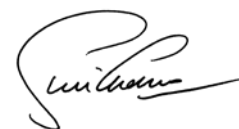
Matter	Regulation no.	Explanation
Independent Director Each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	6	It may be noted that best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors adequately meets this requirement. Further, existing three independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (3.33) has not been rounded up.

For and on behalf of the Board



Yousuf Abdullah
Chairman

Lahore
September 24, 2026



Shahid Abdullah
Chief Executive

SIX YEARS GROWTH

AT A GLANCE

	UOM	2026	2025	2024	2023	2022	2021
Sales	Rs. (000)	50,983,358	50,561,851	47,420,211	46,446,991	43,637,517	27,531,203
Gross profit	Rs. (000)	4,059,361	4,449,824	5,664,747	8,916,900	10,287,823	3,940,602
Net profit before taxation	Rs. (000)	4,048,017	18,252,974	4,213,687	6,094,878	7,053,552	2,673,795
Net profit after taxation	Rs. (000)	2,562,708	13,676,837	3,373,032	5,120,787	6,215,452	2,273,565
Share capital	Rs. (000)	248,712	206,719	206,719	206,719	206,719	206,719
Shareholders' equity	Rs. (000)	65,493,010	50,614,119	34,560,084	27,708,666	23,368,965	18,915,479
Fixed assets - net	Rs. (000)	25,296,039	18,784,620	16,079,741	15,184,844	14,664,795	12,897,773
Total assets	Rs. (000)	113,863,234	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720
Cash dividend	%	100.00	100.00	100.00	100.00	100.00	100.00
RATIOS:							
Profitability Ratios							
Gross profit	%	7.96	8.80	11.95	19.20	23.58	14.31
Profit before tax	%	7.94	36.10	8.89	13.12	16.16	9.71
Profit after tax	%	5.03	27.05	7.11	11.03	14.24	8.26
Return to Shareholders							
Return on equity before tax	%	6.18	36.06	12.19	22.00	30.18	14.14
Return on equity after tax	%	3.91	27.02	9.76	18.48	26.60	12.02
Basic earning per share after tax	Rs.	117.98	661.62	163.17	247.72	300.67	109.98
Activity							
Sale to fixed assets	Times	2.02	2.69	2.95	3.06	2.98	2.13
Sale to total assets	Times	0.45	0.60	0.84	0.91	0.89	0.67
Liquidity Ratios							
Current ratio		1.45 : 1	1.35 : 1	1.74 : 1	1.61 : 1	1.39 : 1	1.21 : 1
Debt to equity ratio	Times	0.133	0.077	0.151	0.218	0.287	0.328
Total liability to equity ratio	Times	0.74	0.65	0.63	0.85	1.09	1.16
Breakup value per share	Rs. Per share	2,633.29	2,448.45	1,671.84	1,340.40	1,130.46	915.03

FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2021	2022	2023	2024	2025	2026
Profitability Ratios							
Gross Profit	Percentage	14.3	23.6	19.2	11.9	8.8	8.0
Net Profit to Sales	Percentage	8.3	14.2	11.0	7.1	27.0	5.0
EBITDA Margin to Sales	Percentage	16.3	22.0	19.5	17.0	42.5	16.0
Return on Capital Employed	Percentage	14.8	29.5	24.3	17.9	36.8	8.8
Return on Equity	Percentage	12.0	26.6	18.5	9.8	27.0	3.9
Return on Assets	Percentage	9.2	21.0	15.4	8.6	24.8	3.4
Liquidity Ratios							
Current Ratio	Times	1.2	1.4	1.6	1.7	1.4	1.5
Quick Ratio	Times	0.5	0.6	0.8	0.9	0.7	0.8

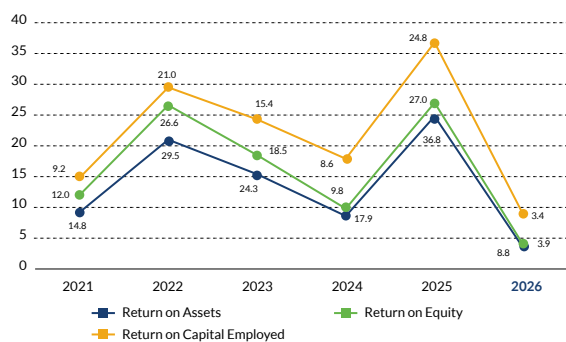
Profitability Ratios

Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Sales Ratio, EBITDA Margin to Sales, Return on Assets, Return on Equity and Return on Capital Employed.

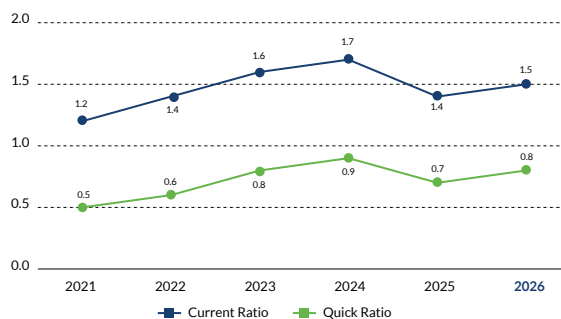
Liquidity Ratios

Liquidity ratios are financial metrics used to determine Company's ability to meet its short term debt and other short term liabilities when they fall due. This include Current Ratio and Quick Ratio.

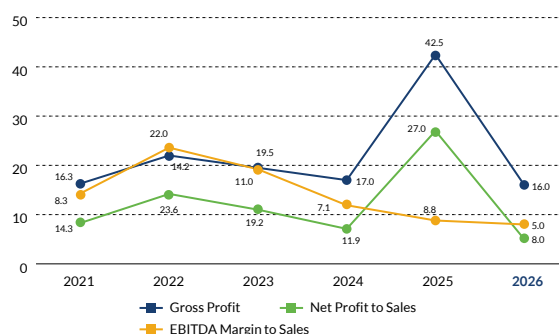
Profitability Ratios



Liquidity Ratios



Profitability Ratios



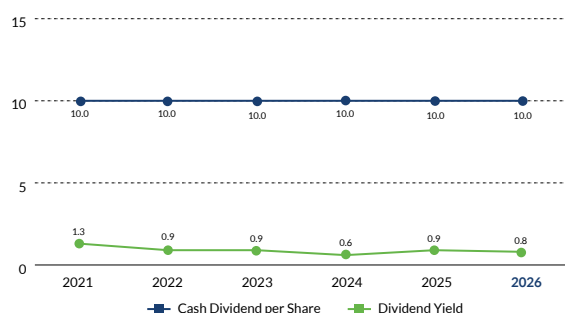
FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2021	2022	2023	2024	2025	2026
Investor Ratios							
Earning per Share	Rs. Per share	110.0	300.7	247.7	163.2	661.7	117.98
Price Earning Ratio	Times	7.2	3.6	4.5	9.7	1.6	11.6
Price to Book Ratio	Times	0.9	1.0	0.8	1.0	0.4	0.5
Dividend Yield	Percentage	1.3	0.9	0.9	0.6	0.9	0.8
Cash Dividend per Share	Rs. Per share	10.0	10.0	10.0	10.0	10.0	10.0
Dividend Payout Ratio	Percentage	9.1	3.3	4.0	6.1	1.5	9.7
Dividend Cover Ratio	Times	11.0	30.1	24.8	16.3	66.2	10.3
Breakup Value per Share	Rs. Per share	915.1	1130.5	1340.5	1671.9	2448.6	2633.3
Market Value per Share at the End of the Year	Rs. Per share	790.0	1075.0	1118.4	1590.0	1069.4	1196.0
Share Price - High During the Year	Rs. Per share	975.0	1234.0	1365.2	1900.0	1605.0	1444.5
Share Price - Low During the Year	Rs. Per share	682.0	634.0	888.2	1033.7	984.4	960.14

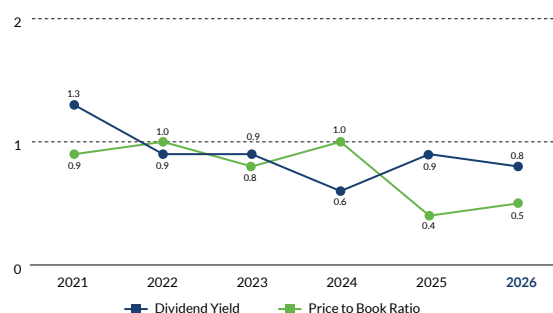
Share Price Sensitivity Analysis

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, SFL circulates price sensitive information to stock exchange in accordance with the requirements of listing regulations in a timely manner. During the year 2026, SFL's share price touched the peak of Rupees 1,445 while the lowest recorded price as Rupees 960 with a closing price of Rupees 1,196 at the end of the year.

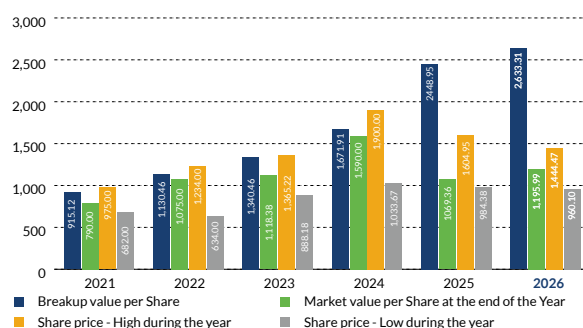
Invsetment / Market Share Ratio



Invsetment / Market Share Ratio



Share Price Sensitivity Analysis



FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2021	2022	2023	2024	2025	2026
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.9	0.8	0.5	0.4	0.4	0.5
Weighted Average Cost of Capital	Percentage	5.6	9.5	13.3	14.9	10.1	10.4
Debt to Equity Ratio	Times	0.3	0.3	0.2	0.2	0.1	0.1
Interest Cover Ratio	Times	4.7	5.8	4.6	2.9	10.4	3.1
Activity / Turnover Ratio							
Inventory Turn Over	Days	146.1	140.6	140.3	128.5	129.6	149.5
Inventory Turn Over Ratio	Times	2.5	2.6	2.6	2.8	2.8	2.4
Debtor Turnover	Days	32.8	32.6	49.2	50.2	40.9	51.7
Debtors Turn Over Ratio	Times	11.1	11.2	7.4	7.3	8.9	7.1
Creditors Turnover	Days	15.2	22.3	27.5	20.5	20.2	26.6
Creditors Turnover Ratio	Times	24.1	16.4	13.3	17.8	18.1	13.7
Fixed Assets Turn Over Ratio	Times	2.2	3.2	3.1	3.0	2.9	2.3
Total Assets Turn Over Ratio	Times	0.7	1.0	0.9	0.9	0.7	0.5
Operating Cycle	Days	163.8	151.0	162.0	158.1	150.2	174.6

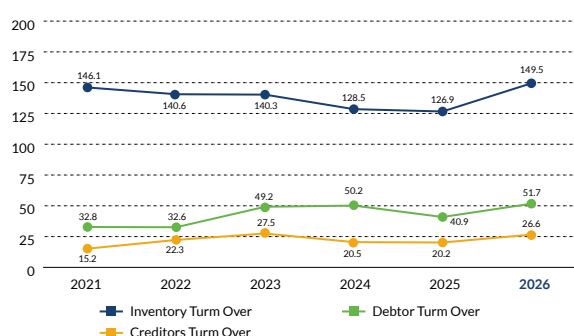
Capital Structure

Capital structure describes the mix of a Company's long-term capital, which consists of a combination of debt and equity. Capital structure is a permanent type of funding that supports a company's growth and related assets. Capital structure includes Financial Leverage ratios, Interest Cover ratio and Debt to Equity ratio.

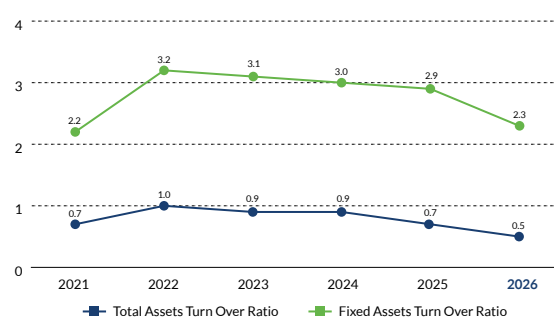
Cash Operating Cycle / Activity

The cash operating cycle (also known as the working capital cycle or the cash conversion cycle) is the number of days between paying suppliers and receiving cash from sales. Cash operating cycle includes Inventory Days, Receivables Days and Payables Days.

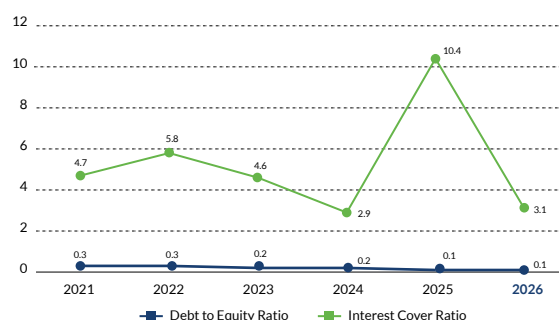
Activity / Turnover Ratio



Activity / Turnover Ratio



Interest Coverage Ratio

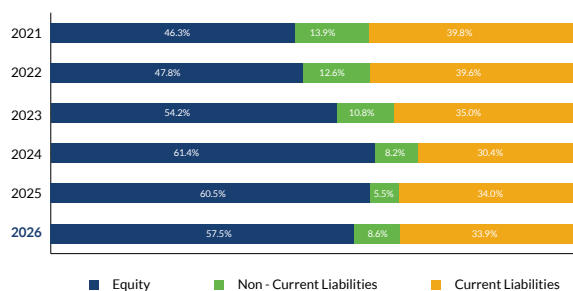


SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

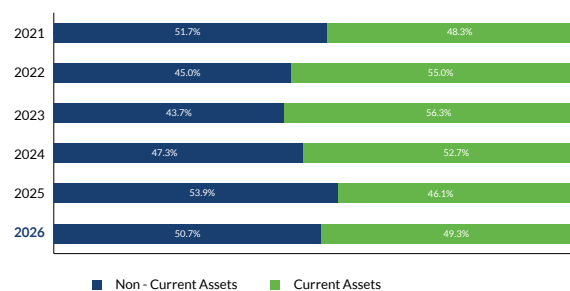
FINANCIAL POSITION

Rs. '000'	2026	2025	2024	2023	2022	2021
Total Equity	65,493,010	50,614,119	34,560,084	27,708,666	23,368,965	18,915,479
Total non-current liabilities	9,752,593	4,579,577	4,630,604	5,523,614	6,162,284	5,673,501
Total current liabilities	38,617,632	28,475,761	17,084,910	17,923,358	19,369,187	16,270,740
	113,863,234	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720
Total non-current assets	57,755,615	45,124,414	26,621,953	22,342,292	22,008,192	21,105,382
Total current assets	56,107,619	38,545,043	29,653,645	28,813,346	26,892,244	19,754,338
Total assets	113,863,234	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720
Variance in %	2026	2025	2024	2023	2022	2021
Total Equity	29.40	46.45	24.73	18.57	23.54	19.05
Total non-current liabilities	112.96	(1.10)	(16.17)	(10.36)	8.62	14.28
Total current liabilities	35.62	66.67	(4.68)	(7.46)	19.04	20.85
	36.09	48.68	10.01	4.61	19.68	19.07
Total non-current assets	27.99	69.50	19.15	1.52	4.28	5.46
Total current assets	45.56	29.98	2.92	7.14	36.13	38.10
Total assets	36.09	48.68	10.01	4.61	19.68	19.07

Equity & Liabilities



Assets



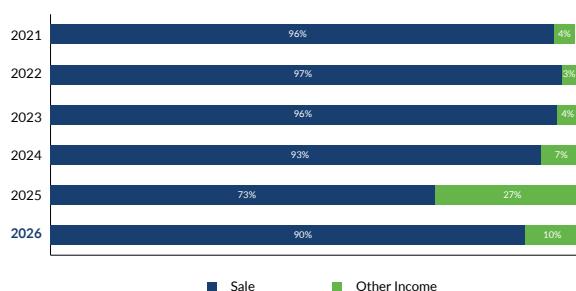
SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

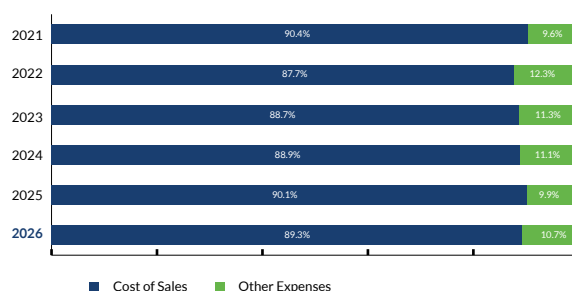
Rs. '000'	2026	2025	2024	2023	2022	2021
Net Sales	50,983,358	50,561,851	47,420,211	46,446,991	43,637,517	27,531,203
Cost of sales	46,923,997	46,112,027	41,755,464	37,530,090	33,349,694	23,590,601
Gross profit	4,059,361	4,449,824	5,664,747	8,916,900	10,287,823	3,940,602
Distribution cost	1,807,133	2,086,802	1,764,792	1,951,105	2,025,961	1,056,595
Administrative expenses	1,100,113	841,468	613,294	526,332	467,737	372,229
Other operating expenses	86,036	57,317	53,982	325,169	502,486	122,028
Other operating income	5,588,344	18,864,716	3,764,793	1,964,607	1,434,390	1,246,894
Profit from operations	6,654,423	20,328,953	6,997,472	8,078,901	8,726,029	3,636,644
Finance cost	2,606,406	2,075,979	2,783,785	1,984,023	1,672,477	962,850
Profit before taxation	4,048,017	18,252,974	4,213,687	6,094,878	7,053,552	2,673,795
Provision for taxation	1,485,309	4,576,137	840,655	974,092	838,099	400,230
Profit after taxation	2,562,708	13,676,837	3,373,032	5,120,787	6,215,452	2,273,565

Variance in %	2026	2025	2024	2023	2022	2021
Profit and Loss Account						
Net Sales	0.83	6.63	2.10	6.44	58.50	22.41
Cost of sales	1.76	10.43	11.26	12.54	41.37	19.95
Gross profit	(8.77)	(21.45)	(36.47)	(13.33)	161.07	39.54
Distribution cost	(13.40)	18.25	(9.55)	(3.69)	91.74	24.84
Administrative expenses	30.74	37.20	16.52	12.53	25.66	12.01
Other operating expenses	50.11	6.18	(83.40)	(35.29)	311.78	5.01
Other operating income	(70.38)	401.08	91.63	36.96	15.04	(13.73)
Profit from operations	(67.27)	190.52	(13.39)	(7.42)	139.95	22.26
Finance cost	25.55	(25.43)	40.31	18.63	73.70	(34.21)
Profit before taxation	(77.82)	333.18	(30.87)	(13.59)	163.80	76.95
Provision for taxation	(67.54)	444.35	(13.70)	16.23	109.40	3.75
Profit after taxation	(81.26)	305.48	(34.13)	(17.61)	173.38	102.04

Sale & Other Income



Cost of Sales and Expenses



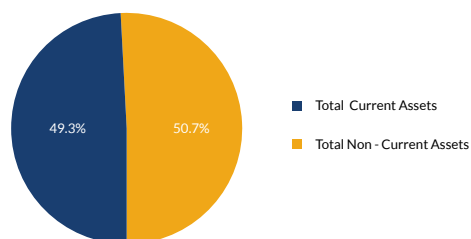
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

FINANCIAL POSITION

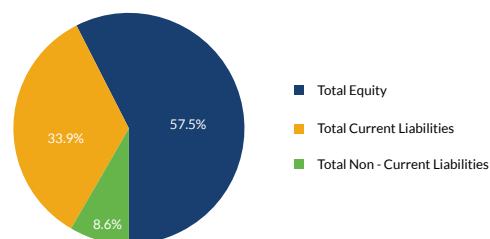
Total assets comprise of current and non-current assets. At 30 June 2026, non-current assets are 50.7% of total assets while current assets are 49.3%. On the other side, share capital and reserves are 57.5% of the total equity and liabilities while non-current liabilities and current liabilities are 8.6% and 33.9% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital, share premium and unappropriated profit. Non-current liabilities mainly constitute deferred liabilities and long term financing. Current liabilities mainly constitute short term financing and trade and other payables.

	2026		2025		2024		2023		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Total Equity	65,493,010	57.52	50,614,119	60.49	34,560,084	61.41	27,708,666	54.17	23,368,965	47.79	18,915,479	46.29
Total Non-Current Liabilities	9,752,593	8.57	4,579,577	5.47	4,630,604	8.23	5,523,614	10.80	6,162,284	12.60	5,673,501	13.89
Total Current Liabilities	38,617,632	33.92	28,475,761	34.03	17,084,910	30.36	17,923,358	35.04	19,369,187	39.61	16,270,740	39.82
Total equity and liabilities	113,863,234	100.00	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00
Total Non-Current Assets	57,755,615	50.72	45,124,414	53.93	26,621,953	47.31	22,342,292	43.68	22,008,192	45.01	21,105,382	51.65
Total Current Assets	56,107,619	49.28	38,545,043	46.07	29,653,645	52.69	28,813,346	56.32	26,892,244	54.99	19,754,338	48.35
Total assets	113,863,234	100.00	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00

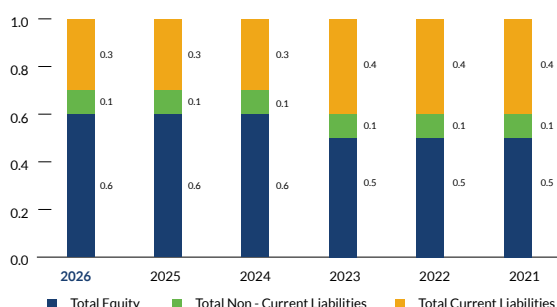
Vertical Analysis - Total Assets (2026)



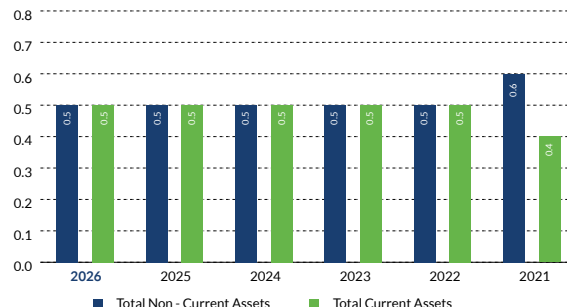
Vertical Analysis - Total Equity & Liabilities 2025



Vertical Analysis - Total Equity & Liabilities



Vertical Analysis - Total Assets



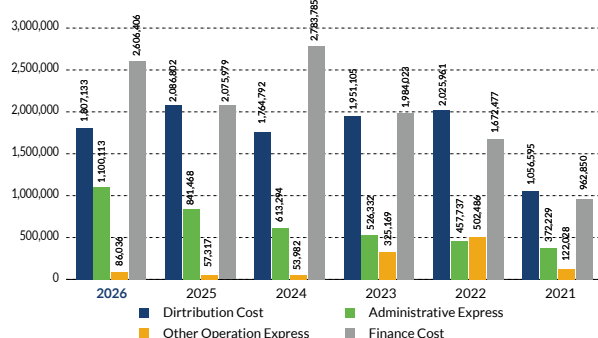
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

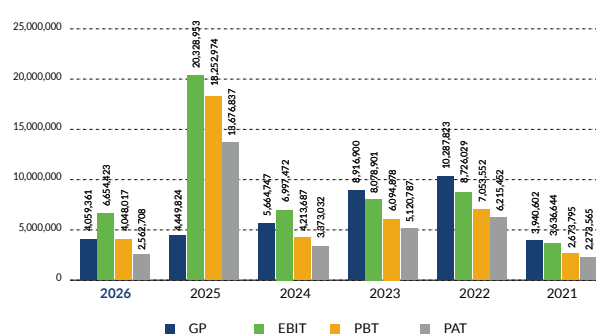
During the year, Company has recorded sales amounting to Rs. 51 billion as compared to Rs. 50.6 from last year showing an escalation of 0.8%. Gross profit has remained 8% as compared to 8.8% of last year whereas, profit after tax decreased to 5% from 27%.

	2026		2025		2024		2023		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Turnover	50,983,358	100.00	50,561,851	100.00	47,420,211	100.00	46,446,991	100.00	43,637,517	100.00	27,531,203	100.00
Cost of sales	46,923,997	92.04	46,112,027	91.20	41,755,464	88.05	37,530,090	80.80	33,349,694	76.42	23,590,601	85.69
Gross profit	4,059,361	7.96	4,449,824	8.80	5,664,747	11.95	8,916,900	19.20	10,287,823	23.58	3,940,602	14.31
Distribution cost	1,807,133	3.54	2,086,802	4.13	1,764,792	3.72	1,951,105	4.20	2,025,961	4.64	1,056,595	3.84
Administrative expenses	1,100,113	2.16	841,468	1.66	613,294	1.29	526,332	1.13	467,737	1.07	372,229	1.35
Other operating expenses	86,036	0.17	57,317	0.11	53,982	0.11	325,169	0.70	502,486	1.15	122,028	0.44
Other income	5,588,344	10.96	18,864,716	37.31	3,764,793	7.94	1,964,607	4.23	1,434,390	3.29	1,246,894	4.53
Earnings before interest & tax	6,654,423	13.05	20,328,953	40.21	6,997,472	14.76	8,078,901	17.39	8,726,029	20.00	3,636,644	13.21
Finance cost	2,606,406	5.11	2,075,979	4.11	2,783,785	5.87	1,984,023	4.27	1,672,477	3.83	962,850	3.50
Profit before taxation	4,048,017	7.94	18,252,974	36.10	4,213,687	8.89	6,094,878	13.12	7,053,552	16.16	2,673,795	9.71
Provision for taxation	1,485,309	2.91	4,576,137	9.05	840,655	1.77	974,092	2.10	838,099	1.92	400,230	1.45
Profit after taxation	2,562,708	5.03	13,676,837	27.05	3,373,032	7.11	5,120,787	11.03	6,215,452	14.24	2,273,565	8.26

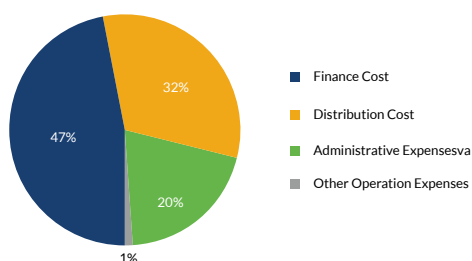
Vertical Analysis - Expenses



Vertical Analysis - Profits



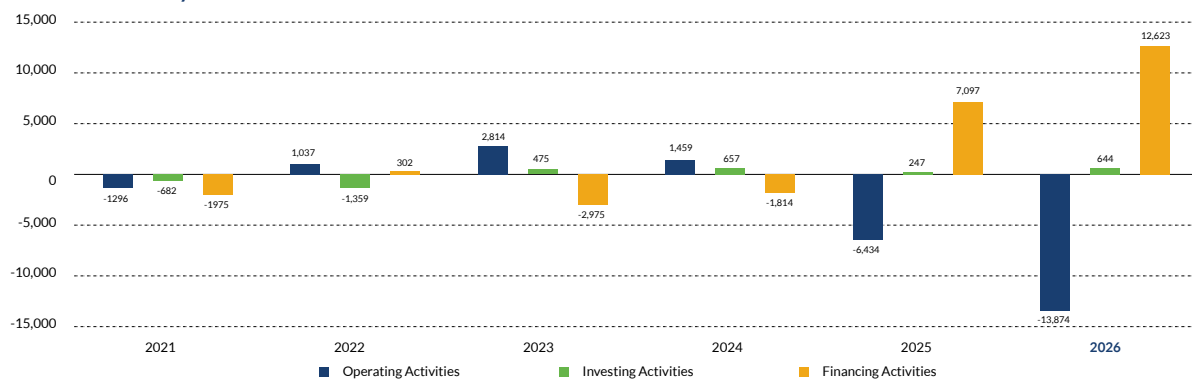
Vertical Analysis - Expenses 2026



SIX YEARS ANALYSIS OF CASH FLOWS WITH GRAPHICAL PRESENTATION

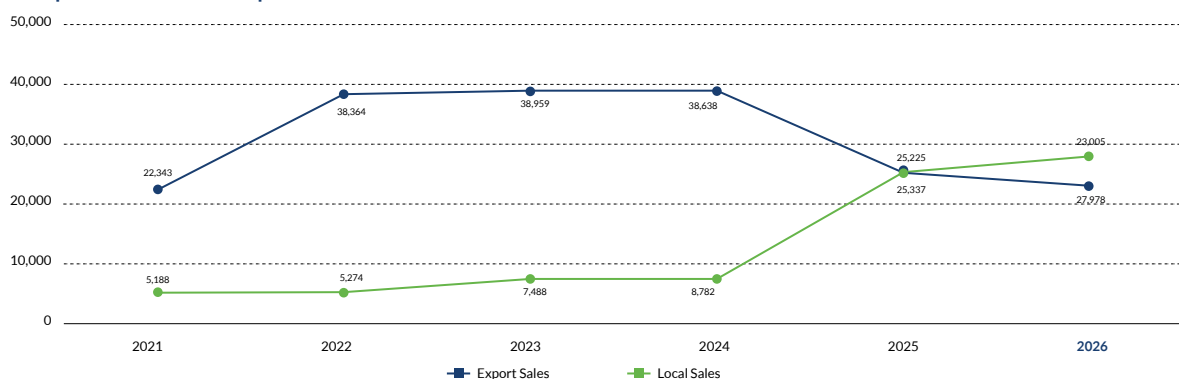
	UOM	2021	2022	2023	2024	2025	2026
Cash Flows							
Operating Activities	Rs. In Million	(1,296)	1,037	2,814	1,459	(6,434)	(13,874)
Investing Activities	Rs. In Million	(682)	(1,359)	475	657	247	644
Financing Activities	Rs. In Million	(1,975)	302	(2,975)	(1,814)	7,097	12,623

Cash Flows Analysis



	UOM	2021	2022	2023	2024	2025	2026
Local and export sales							
Local Sales	Rs. In Million	5,188	5,274	7,488	8,782	25,337	27,978
Export Sales	Rs. In Million	22,343	38,364	38,959	38,638	25,225	23,005
Total Sales	Rs. In Million	27,531	43,638	46,447	47,420	50,562	50,983

Composition of Local & Export Sales



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2026		2025		2024		2023		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of Financial Position												
As at 30 June 2026												
Total Equity	65,493,010	57.52	50,614,119	60.49	34,560,084	61.41	27,708,666	54.17	23,368,965	47.79	18,915,479	46.29
Total non-current liabilities	9,752,593	8.57	4,579,577	5.47	4,630,604	8.23	5,523,614	10.80	6,162,284	12.60	5,673,501	13.89
Total current liabilities	38,617,632	33.92	28,475,761	34.03	17,084,910	30.36	17,923,358	35.04	19,369,187	39.61	16,270,740	39.82
Total equity and liabilities	113,863,234	100.00	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00
Total non-current assets	57,755,615	50.72	45,124,414	53.93	26,621,953	47.31	22,342,292	43.68	22,008,192	45.01	21,105,382	51.65
Total current assets	56,107,619	49.28	38,545,043	46.07	29,653,645	52.69	28,813,346	56.32	26,892,244	54.99	19,754,338	48.35
Total assets	113,863,234	100.00	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00

	2026		2025		2024		2023		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of Profit or loss												
For the year ended 30 June 2026												
Net Turnover	50,983,358	100.00	50,561,851	100.00	47,420,211	100.00	46,446,991	100.00	43,637,517	100.00	27,531,203	100.00
Cost of sales	46,923,997	92.04	46,112,027	91.20	41,755,464	88.05	37,530,090	80.80	33,349,694	76.42	23,590,601	85.69
Gross profit	4,059,361	7.96	4,449,824	8.80	5,664,747	11.95	8,916,900	19.20	10,287,823	23.58	3,940,602	14.31
Distribution cost	1,807,133	3.54	2,086,802	4.13	1,764,792	3.72	1,951,105	4.20	2,025,961	4.64	1,056,595	3.84
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Profit before taxation	4,048,017	7.94	18,252,974	36.10	4,213,687	8.89	6,094,878	13.12	7,053,552	16.16	2,673,795	9.71
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CORPORATE SOCIAL RESPONSIBILITIES



World Hepatitis Day

World Hepatitis Day was observed by Sapphire Fibres Limited through a dedicated Awareness Session and Screening Camp, delivered jointly with the Pakistan Kidney and Liver Institute & Research Center (PKLI&RC) at the Company's Denim and Dyeing Plants. A total of 406 employees benefited from free medical screening alongside targeted health education, underscoring the value Sapphire Fibres Limited places on early detection and preventive healthcare.

Occupational health remains a cornerstone of the Company's people-first approach, and initiatives of this nature are carried out in line with the Company's broader corporate social responsibility (CSR) framework and its commitment to employee welfare. By facilitating access to preventive screening within the workplace, the Company seeks to minimize barriers to timely diagnosis and to encourage proactive health management among its workforce. Collaborations of this kind with recognized healthcare institutions also reflect the Company's intent to extend the benefits of its outreach beyond the workplace and into the wider community.

"A healthy workforce is the foundation of a resilient organization."

Blood Donation Drive

Sapphire Fibres Limited organized a company-wide Blood Donation Drive in partnership with Shaukat Khanum Memorial Cancer Hospital (SKMH), providing employees with a structured opportunity to donate blood in support of patients requiring life-saving transfusions. Participation in the drive was entirely voluntary, reflecting the workforce's collective willingness to contribute to a cause of immediate humanitarian value.

"One donation can be the difference between life and loss."



Independence Day Celebration

The Company marked Pakistan's Independence Day through a series of engagement activities designed to bring employees together in celebration of national pride and collective identity. The event provided an occasion for employees across departments to connect informally, reinforcing camaraderie and a shared sense of belonging within the organization.



“Celebrating our nation, together as one team.”

World Literacy Day

To commemorate World Literacy Day, representatives of Sapphire Fibres Limited visited the Digital Micro School – Mian Muhammad Abdullah Campus of the Abdullah Foundation, where employees engaged directly with students through a series of educational and creative activities. The visit provided an opportunity for the Company to reaffirm its support for accessible, quality education within the communities it serves.

Sapphire Fibres Limited recognizes education as a critical enabler of long-term community development and social mobility, and engagements of this nature are undertaken as part of the Company's broader corporate social responsibility commitments. By supporting institutions such as the Abdullah Foundation, the Company seeks to contribute toward improved access to learning opportunities for underserved segments of society. Direct employee involvement in such initiatives further reflects the Company's belief that meaningful community impact is best achieved through active, hands-on participation rather than financial contribution alone. Sapphire Fibres Limited remains committed to supporting education-focused initiatives as part of its long-term community development agenda.

“Every child taught to read is a future rewritten.”

 Sapphirefibres.com

World Literacy Day
Promoting literacy in the digital era



**Sapphire**
FIBRES

Pinktober — Breast Cancer Awareness

In observance of Pinktober, Sapphire Fibres Limited partnered with the Shaikat Khanum Memorial Cancer Hospital and Research Centre (SKMCH&RC) to conduct a Breast Cancer Awareness Session. The initiative encouraged awareness of early detection and preventive care, reflecting our continued commitment to employee well-being and health awareness.

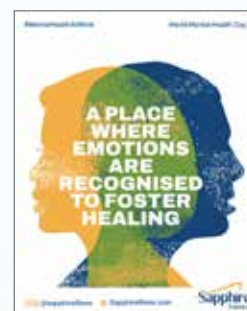
Breast cancer awareness initiatives are conducted in recognition of the importance of early diagnosis in improving health outcomes, and are undertaken in line with the Company's occupational health and wellness policy. Partnering with a specialized healthcare institution such as SKMCH&RC ensures that employees receive accurate, medically sound guidance on preventive practices and self-examination techniques. The Company views such sessions as an essential component of its broader employee well-being strategy, particularly given the sensitivity of the subject matter.

"Awareness today safeguards health tomorrow."



World Mental Health Awareness Session

At Sapphire Fibres Limited, we believe that a healthy workplace begins with healthy minds. Under the theme "Break the Silence. Build Resilience.," we brought employees together for an interactive Mental Health Awareness Session focused on encouraging open conversations, strengthening emotional resilience, and fostering a culture where every individual feels heard, valued, and supported. This initiative reaffirmed our commitment to creating a psychologically safe workplace where well-being is recognized as an essential part of organizational success.



International Women's Day — Her Day Out

In celebration of International Women's Day, Sapphire Fibres Limited organized Her Day Out to recognize and appreciate the remarkable contributions of women across the organization. The initiative brought together women employees for a day of engagement, recreation, and meaningful interaction, providing an opportunity to strengthen connections, promote well-being, and celebrate their achievements. Reflecting our commitment to diversity, inclusion, and employee well-being, the event reinforced our belief that empowering women and fostering a supportive workplace are integral to building a stronger and more resilient organization.

"Empowered women, empowering the workplace."



28th Annual Free Eye Camp

As part of our continued commitment to community well-being, Sapphire Fibres Limited organized its 28th Annual Free Eye Camp, in collaboration with the Lahore Green Eye Donors Club.

The camp provided comprehensive eye care services, including free eye examinations, cataract surgeries, medicines, post-operative care, and accommodation for patients. By removing financial barriers to treatment, the initiative helped restore vision and improve the quality of life for underserved individuals.

Life at Sapphire Fibres Limited

At SFL, our people are integral to our success. We are committed to fostering a professional and inclusive work environment that supports employee development, engagement, well-being, and performance.

During FY 2025-26, SFL continued to invest in people through learning and development initiatives, employee engagement activities, departmental recreational trips, health awareness programs, and community outreach initiatives. These efforts supported capability building, collaboration, and stronger workplace relationships.

SFL promotes a culture of fairness, mutual respect, and equal opportunity while recognizing employee contributions through effective reward programs.

Through continuous investment in people, SFL remains focused on developing employee capabilities, strengthening engagement, and fostering a productive, motivated, and growth-oriented work environment in line with its vision of "Step Ahead."



GENDER PAY GAP STATEMENT

UNDER SECP CIRCULAR 10 OF 2024

Sapphire Fibres Limited (SFL) is committed to fostering an inclusive and diverse work environment, ensuring that employees of all genders are equitably represented and remunerated. The Company is focused on providing equal opportunities for all, with specific emphasis on gender diversity at all levels of the organization.

The gender pay gap on an overall basis for the year ended June 30, 2026 is as follows:

- Median Gender Pay Gap is -5%
- Mean Gender Pay Gap is -34.5%

However, in line with our commitment to fair compensation, men and women performing equivalent roles and receive equal remuneration within the Company.

SFL approach to promote a fair and inclusive workplace includes:

Equal Employment Opportunity.

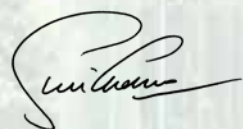
We uphold the principles of Equal Employment Opportunity by maintaining a workplace free from discrimination, implementing fair and non-discriminatory hiring practices, and ensuring that all employees—regardless of gender—are provided with equal opportunities to grow, succeed, and achieve their professional goals.

Merit Based Evaluations and Growth:

We ensure merit-based evaluations and growth by following fair and transparent processes for promotions and salary adjustments. Annual reviews are conducted using equitable, merit-driven, and market-aligned criteria that are free from gender bias. Employees are recognized and rewarded based on their roles, performance, and responsibilities.

Inclusive Workplace Policies

We foster an inclusive workplace environment by implementing a range of supportive policies embedded within the organization, including sabbaticals, maternity and paternity leave, and a strong anti-harassment policy. These initiatives are designed to promote equity, respect, and inclusion for all employees.



Shahid Abdullah
Chief Executive Officer



UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Sapphire Fibres Limited (the Company), which comprise the statement of financial position as at June 30, 2026, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1	Merger of Reliance Cotton Spinning Mills Limited - an Associated Company within / into the Company Refer note 1.1 to the financial statements. During the year, the Board of Directors, of the Company in their meeting held on September 25, 2025, and members of the Company in their extra ordinary general meeting held on December 08, 2025 have approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 of the Companies Act, 2017 for Amalgamation / Merger of Reliance Cotton Spinning Mills Limited - an Associated Company within / into the Company subject to obtaining necessary approvals and sanction of the Scheme by the Honorable High Court of Sindh at Karachi. Accordingly, a petition was filed before the Honorable High Court of Sindh, which was duly sanctioned by the Court vide its order dated March 9, 2026. We considered merger of Reliance Cotton Spinning Mills Limited with and into the Company to be a key audit matter as this was a significant event occurred during the year.	Our procedures in relation to this matter included, amongst others - Inspected minutes of the meeting of the Board of Directors and shareholders of the Company for the approval of the transaction. - Inspected the approved Scheme of Arrangement of merger, sanction order of Court, and other relevant documents to obtain an understanding of the transaction, establish transaction date and other key terms. - Analyzed the financial impacts and the related accounting treatment of the transaction in the financial statements. - Conducted audit of Reliance Cotton Spinning Mills Limited's financial statements for the period ended March 31, 2026 specially compiled for merger purposes. - Traced assets acquired and liabilities assumed with Reliance Cotton Spinning Mills Limited's audited financial statements as of the effective date of merger / amalgamation. - Assessed whether appropriate accounting treatment has been applied to the transaction in the financial statements in accordance with Company's accounting policy and the applicable accounting and financial reporting framework; and - Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirement of the applicable financial reporting framework.

S. No.	Description	How the matter was addressed in our audit
2	Valuation of stock-in-trade The total value of stock in trade as at the reporting date amounted to Rs.23.687 billion, representing 40.76% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.
3	Trade Debts As at June 30, 2026, the Company's trade receivables amounted to Rs.11.041 billion, representing an increase of approximately 84.85% compared with Rs.5.973 billion as at June 30, 2025. The significant increase in trade receivables was considered to be a key audit matter due to the magnitude of the balance and the significant audit attention required to assess the recoverability of these receivables.	Our audit procedures included the following: - Obtaining an understanding of the Company's processes and controls relating to the recognition, monitoring and collection of trade receivables. - Evaluating the ageing analysis of trade receivables and assessing long-outstanding and overdue balances. - Testing, on a sample basis, the existence and accuracy of trade receivables through external confirmations and/or alternative audit procedures. - Testing subsequent receipts from customers to assess the recoverability of outstanding balances.

S. No.	Description	How the matter was addressed in our audit
3	The assessment of the recoverability of trade receivables involved significant auditor judgment, particularly in respect of the creditworthiness of customers, ageing of outstanding balances, historical collection trends, subsequent receipts and the adequacy of the allowance for expected credit losses. There was also a risk that the increase in receivables could indicate delayed recoveries, changes in customer credit terms or potential overstatement of revenue and receivables.	- Evaluating the appropriateness of the Company's methodology for determining expected credit losses and assessing the reasonableness of significant assumptions and estimates used. - Considering the historical accuracy of management's estimates of expected credit losses. - Performing substantive testing over revenue transactions, including testing selected transactions around the reporting date to assess the appropriateness of revenue recognition and the existence of related receivables. - Assessing the adequacy of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.
4	Revenue recognition The principal activity of the Company is to manufacture and sale of yarn, fabrics and garments. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures included the following: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Company's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - Assessed the adequacy of disclosures made in the financial statements related to revenue.

Information Other than the Financial Statements and Auditors' Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

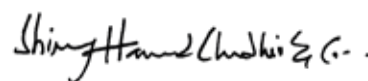
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The Engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.



Lahore: October 05, 2026
UDIN: AR202610105HQ7fPR3x0

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

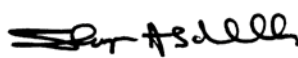
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2026

	Note	2026 Rupees	2025 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	25,104,420,699	18,751,510,700
Investment property	5	191,447,358	31,750,000
Intangible assets	6	170,830	1,359,690
Long term investments	7	32,375,984,675	26,277,068,175
Long term loans	8	164,000	307,500
Long term deposits		83,427,499	62,418,345
		57,755,615,061	45,124,414,410
Current assets			
Stores, spare parts and loose tools	9	1,053,133,092	1,463,438,051
Stock-in-trade	10	23,687,425,241	17,843,165,165
Trade debts	11	10,805,317,792	5,727,987,477
Loans and advances	12	1,230,358,981	552,633,326
Trade deposits and short term prepayments	13	112,652,655	22,611,954
Short term investments	14	6,271,237,937	4,542,976,139
Other receivables	15	6,638,941,168	3,377,139,680
Tax refunds due from Government	16	4,923,328,296	3,443,354,018
Cash and bank balances	17	1,385,224,223	1,571,737,056
		56,107,619,385	38,545,042,866
Total assets		113,863,234,446	83,669,457,276
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	248,712,080	206,718,750
Reserves	19	43,292,029,928	33,925,776,390
Unappropriated profit		21,952,268,185	16,481,623,884
Total equity		65,493,010,193	50,614,119,024
Non current liabilities			
Long term liabilities	20	7,375,850,361	2,937,585,540
Staff retirement benefit - gratuity	21	1,309,948,214	884,975,148
Deferred taxation	22	1,066,794,145	757,016,380
		9,752,592,720	4,579,577,068
Current liabilities			
Trade and other payables	23	9,152,750,518	5,611,957,303
Contract liabilities		494,100,457	392,431,444
Accrued mark-up / interest	24	449,553,658	292,509,097
Short term borrowings	25	24,390,406,331	16,388,909,053
Current portion of long term liabilities		1,361,294,220	973,030,232
Unclaimed dividend		10,283,106	8,634,411
Provision for taxation		2,759,243,243	4,808,289,644
		38,617,631,533	28,475,761,184
Total liabilities		48,370,224,253	33,055,338,252
Contingencies and commitments	26		
Total equity and liabilities		113,863,234,446	83,669,457,276

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

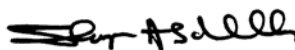
For the Year Ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
Sales	27	50,983,358,120	50,561,850,930
Cost of sales	28	(46,923,997,021)	(46,112,027,245)
Gross profit		4,059,361,099	4,449,823,685
Distribution cost	29	(1,807,133,079)	(2,086,802,344)
Administrative expenses	30	(1,100,112,931)	(841,467,954)
Other income	31	5,588,343,674	18,864,716,034
Other expenses	32	(86,036,027)	(57,316,659)
Profit from operations		6,654,422,736	20,328,952,762
Finance cost	33	(2,606,405,749)	(2,075,979,203)
Profit before revenue tax and income tax		4,048,016,987	18,252,973,559
Final taxes - levy	34.1	(888,429,956)	(910,765,296)
Profit before income tax		3,159,587,031	17,342,208,263
Income tax	34.3	(596,879,115)	(3,665,371,692)
Profit for the year		2,562,707,916	13,676,836,571
Earnings per share - basic and diluted	35	117.98	661.62

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



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

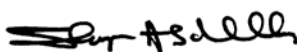
For the Year Ended June 30, 2026

	2026 Rupees	2025 Rupees
Profit after taxation	2,562,707,916	13,676,836,571
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		
- long term	3,026,652,544	1,554,191,554
- short term	1,121,496,128	1,623,661,016
Impact of deferred tax	(429,419,735)	(512,424,250)
Realised gain / (loss) on sale of investment at fair value through other comprehensive income	236,782,970	(64,003,439)
	3,955,511,907	2,601,424,881
Loss on re-measurement of staff retirement benefit obligation	(4,491,334)	(28,700,628)
Impact of deferred tax	-	11,193,245
	(4,491,334)	(17,507,383)
	3,951,020,573	2,583,917,498
Total comprehensive income for the year	6,513,728,489	16,260,754,069

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



Chief Executive Officer



Director



Chief Financial Officer

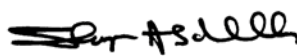
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2026

	Issued, subscribed and paid-up capital	Reserves							Unrealised gain on financial assets at fair value through other comprehensive income	Total
		Capital			Revenue		Sub- total			
		Share premium	Reserves	Merger reserve	General	Unappropriated profit				
Rupees										
Balance as at July 01, 2024	206,718,750	391,833,750	-	-	1,183,845,000	29,409,171,885	30,984,850,635	3,368,514,320	34,560,083,705	
Transaction with owners of the Company										
Final dividend related to the year ended										
June 30, 2024 at the rate of Rs.10 per share	-	-	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)	
Total comprehensive income for the										
year ended June 30, 2025										
Profit for the year	-	-	-	-	-	13,676,836,571	13,676,836,571	-	13,676,836,571	
Other comprehensive loss	-	-	-	-	-	(17,507,383)	(17,507,383)	2,601,424,881	2,583,917,498	
	-	-	-	-	-	13,659,329,188	13,659,329,188	2,601,424,881	16,260,754,069	
Reclassification adjustment of realised										
loss on sale of investment at fair value										
through other comprehensive income	-	-	-	-	-	(64,003,439)	(64,003,439)	64,003,439	-	
Transfer to capital reserves	-	-	27,500,000,000	-	(1,183,845,000)	(26,316,155,000)	-	-	-	
Balance as at June 30, 2025	206,718,750	391,833,750	27,500,000,000	-	-	16,481,623,884	44,373,457,634	6,033,942,640	50,614,119,024	
Loss arisen under the scheme of										
merger of RCML (note 1.4)	-	-	-	(1,212,592,991)	-	-	(1,212,592,991)	-	(1,212,592,991)	
Adjustment in reserves under the										
scheme of merger of RCML (note 1.4)	-	-	6,500,000,000	23,328,154	180,000,000	2,882,363,499	9,585,691,653	200,089,038	9,785,780,691	
	-	-	6,500,000,000	(1,189,264,837)	180,000,000	2,882,363,499	8,373,098,662	200,089,038	8,573,187,700	
Cancellation of the Company's										
Investment in RCML	-	-	-	(1,306,270)	-	-	(1,306,270)	-	(1,306,270)	
Shares issued as a result of merger	41,993,330	-	-	(41,993,330)	-	-	(41,993,330)	-	-	
Transaction with owners of the Company										
Final dividend related to the year ended										
June 30, 2025 at the rate of Rs.10 per share	-	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)		
Total comprehensive income for the										
year ended June 30, 2026										
Profit for the year	-	-	-	-	-	2,562,707,916	2,562,707,916	-	2,562,707,916	
Other comprehensive (loss) / income	-	-	-	-	-	(4,491,334)	(4,491,334)	3,955,511,907	3,951,020,573	
	-	-	-	-	-	2,558,216,582	2,558,216,582	3,955,511,907	6,513,728,489	
Reclassification adjustment of realised										
gain on sale of investment at fair value										
through other comprehensive income	-	-	-	-	-	236,782,970	236,782,970	(236,782,970)	-	
Balance as at June 30, 2026	248,712,080	391,833,750	34,000,000,000	(1,232,564,437)	180,000,000	21,952,268,185	55,291,537,498	9,952,760,615	65,493,010,193	

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

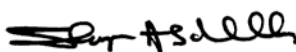
For the Year Ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	36	(7,542,902,631)	(2,196,890,886)
Staff retirement benefit paid	21.1	(172,295,337)	(140,058,136)
Finance cost paid		(2,449,361,188)	(1,987,953,191)
Taxes paid		(3,709,841,622)	(2,093,830,152)
Workers' profit participation fund paid		–	(15,743,748)
Long term loans - net		743,500	58,070
Net cash used in operating activities		(13,873,657,278)	(6,434,418,043)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,126,378,218)	(3,918,434,340)
Proceeds from disposal of operating fixed assets	4.5	44,979,598	80,463,676
Long and short term investments - net		(2,036,859,989)	(14,993,486,555)
Proceeds from sale of short term investment		495,186,712	448,602,555
Proceeds from sale of stores and spares		22,307,970	7,239,555
Dividend and interest income received		5,244,731,216	18,622,668,203
Net cash generated from investing activities		643,967,289	247,053,094
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		4,826,528,809	(968,518,801)
Dividend paid		(205,070,055)	(206,156,714)
Short term borrowings - net		8,001,497,278	8,271,554,728
Net cash generated from financing activities		12,622,956,032	7,096,879,213
Net increase in cash and cash equivalents		(606,733,957)	909,514,264
Cash and cash equivalents - at beginning of the year		1,571,737,056	662,222,792
Cash and cash equivalents - received upon merger of RCML (note 1.4)		420,221,124	–
Cash and cash equivalents - at end of the year		1,385,224,223	1,571,737,056

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1. LEGAL STATUS AND OPERATIONS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 05, 1979 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of yarn, fabrics and garments.

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

Karachi	Purpose
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office

*Subsequent to the year end, registered office has been changed to 20th Floor, Ocean Tower, Plot no. G-3, Khayaban-e-Iqbal, Block 9, Clifton, Karachi.

Lahore	
First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II. 3.5 km, Manga Road, Riawand 18 km, Pajian Raiwind Road,	Head office Production plant Production plant

Shiekhupura	
07 km, Sheikhpura / Faisalabad Road, Kharianwala 26 km, Sheikhpura / Faisalabad Road, Feroze wattoan	Production plant Production plant

1.1 Merger of Reliance Cotton Spinning Mills Limited (RCML) with and into the Company

Reliance Cotton Spinning Mills Limited (RCML) was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). It was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the RCML is manufacturing and sale of yarn.

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

Karachi	Purpose
312, Cotton Exchange Building, I.I Chundrigar Road	Registered office

Lahore	
1st Floor, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II,	Head office

Sheikhpura	
Feroze Wattoan,	Production plant

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The Company and RCML had filed a joint petition before the Honourable Sindh High Court, seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 283 of the Companies Act, 2017 ("Merger Scheme"). The merger was considered by the Board of Directors of both the Companies in their respective meetings held on September 25, 2025, wherein the Merger Scheme was adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on December 08, 2025. On March 09, 2026, the Court has sanctioned the Merger Scheme without any modifications, additions, or deletions.

As the Court has not specified any effective date of merger in its order, the Board of Directors of the Company has declared, as allowed under the Merger Scheme, March 31, 2026 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

- (i) - the entire undertaking of RCML together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description have been transferred to and vested (at book values) in the Company;
- (ii) - The Company has issue its 0.4 ordinary share of Rs.10 each for every 1 ordinary shares of RCML held by the shareholders of RCML on the effective date. As a result of merger, the Company has issued 4,199,333 ordinary shares to the entitled shareholders of the RCML. Subsequently, these shares have been issued on April 24, 2026.
- (iii) - RCML has been merged / amalgamated into the Company without any further act, deed, matter or thing including any winding-up procedures.
- (iv) - to eliminate the cross holdings of the Companies 138,900 ordinary shares of the Company held by RCML at the effective date of merger shall be cancelled.
- (v) - the consideration transferred was 41.994 million fully paid ordinary shares of Rs. 10 each issued to the shareholders of RCML (other than the Company) in accordance with the approved swap ratio (i.e. 0.4 share of the Company issued for 1 shares of RCML). The swap ratio was determined based on values and calculations and was approved by the Board of Directors of both companies.

1.2 Accounting policy for merger

The Company has adopted the following accounting policy that involves accounting for the assets and liabilities of RCML using existing carrying values i.e. the values at the cut-off date:

- (i) - the acquired assets and liabilities have been recorded at their existing carrying values (at the cut-off date).
- (ii) - no goodwill has been recorded.
- (iii) - the difference between consideration transferred and net of carrying amount of the assets and liabilities received from RCML (at the cut-off date), after taking effect of any adjustments due to intercompany balances and cross investments, has been recognised within equity as merger reserve.
- (iv) - any intercompany balances and investments have been eliminated.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees
1.3 Consideration transferred	
Fully paid up ordinary shares of the Company having par value of Rs. 10 per share	
issued to RCML shareholders other than the Company (No.)	4,199,333
Nominal value (Rs. / per share)	10
Total nominal value of consideration transferred	41,993,330

1.4 Financial effect of merger based on the audited financial statements of RCML as at March 31, 2026

The Company has acquired assets and assumed liabilities of RCML as detailed below:

	Carrying Amount as at March 31, 2026 Rupees
Assets	
Non current assets	
Property, plant and equipment	4,773,152,986
Long term investments	2,906,600,832
Investment property	162,447,743
Long term advances and deposits	24,892,424
	7,867,093,985
Current assets	
Stores, spare parts and loose tools	156,034,972
Stock-in-trade	4,891,389,830
Trade debts	2,442,340,361
Loans and advances	4,902,032,977
Short term deposits and prepayments	16,388,454
Short term investments	312,406,259
Other receivables	259,731,213
Tax refunds due from Government	566,736,593
Cash and bank balances	420,221,124
	13,967,281,783
Total assets	21,834,375,768

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Carrying Amount as at March 31, 2026
	Rupees
Non current liabilities	
Long term liabilities	1,327,219,868
Staff retirement benefit - gratuity	249,954,089
Deferred taxation	15,187,115
	1,592,361,072
Current liabilities	
Trade and other payables	1,683,580,369
Contract liabilities	128,803,484
Accrued mark-up / interest	138,912,381
Short term borrowings	7,585,928,888
Current portion of long term liabilities	363,835,774
Unclaimed dividend	1,120,719
Provision for income tax and levies	447,532,390
	10,349,714,005
Total liabilities	11,942,075,077
Net assets acquired	9,892,300,691
Cancellation of RCML's Investment in the Company	(1,319,112,991)
	8,573,187,700

	Note	2026 Rupees
1.5 Merger Reserve		
Merger reserve arising from the transaction had been recognized directly within the equity as follows:		
Total nominal value of consideration transferred	1.3	41,993,330
Company's existing stake/ investment in RCML prior to merger – at cost		1,306,270
		43,299,600
Carrying amount of RCML net assets as on acquisition date		(8,573,187,700)
Adjustment in reserves under the scheme of merger of RCML		9,785,780,691
		1,212,592,991
Merger reserve arising from Amer Cotton Mills (Pvt.) Limited merged with RCML on March 31, 2024		(23,328,154)
Merger Reserve as at June 30, 2026		(1,232,564,437)

- 1.6** Post merger/ amalgamation of RCML with and into the Company, RCML had contributed Rs. 3,890 million in turnover, Rs. 786.957 million in profit before income tax for the year ended June 30, 2026 of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment valued at fair value, derivative financial instruments which have been marked to market and staff retirement benefit - gratuity which is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

2.4 Changes in Accounting Policies and Disclosures Resulting From New / Amendments In Standards and Interpretation During The Year

2.4.1 Standards, amendments to approved accounting standards and interpretations that are effective and have been adopted by the Company

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- a) IFRS S1 General Requirement for Disclosure of Sustainability-Related Financial Information

Effective: July 01, 2025

IFRS S2 Climate Related Disclosure

These standards include the core framework for the disclosure of material information about sustainability-related risk, opportunities across an entities' value chain and set out the requirements for entities to disclose information about climate related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability related risks and opportunities that is useful to primary user of general purpose financial reporting in making decisions relating to providing resources to the entity. The standard provide guidance on identifying sustainability related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate related disclosures. IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entities prospects over the short, medium and long term. In addition, IFRS S2 requires and entities to consider other industries based metrics and seven cross-industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage identified material climate related risks and opportunities. The cross-industry metrics include disclosure on green house gas ('GHG') emissions, transition risks, physical risks, climate related opportunities, capital development, internal carbon prices and remuneration.

The Company meets the specified criteria for Phase I applicability under the SECP's order dated December 31, 2024, as this represents the Company's first year of compliance. Accordingly, the Company has availed the first-year reporting relief provided under the SECP Order, whereby the sustainability-related financial disclosures may be issued within nine months from the close of the financial year. The Company will therefore issue its sustainability-related financial disclosures separately by March 31, 2027, in respect of the year ended June 30, 2026, rather than presenting them together with these financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Company and therefore, have not been presented here.

2.4.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been adopted by the Company

The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Company:

a) Amendments to IFRS 9 and IFRS 7 - Classification and measurement of financial instruments

Effective: January 01, 2026

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at FVTOCI.

b) IFRS 18 Presentation and Disclosure in Financial Statements

Effective: January 01, 2027

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

c) **Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency**

Effective: January 01, 2027

These amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements of the Company other than in presentation and disclosures.

2.5 **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

(a) **Property, plant and equipment**

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) **Stores and spares and stock-in-trade**

The Company estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) **Provision for impairment of trade debts**

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss model. Management used actual credit loss experience over past years for the calculation of expected credit loss. Trade and other receivables are written off when there is no reasonable expectation of recovery.

(d) **Staff retirement benefits - gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 21.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

(e) **Income taxes**

In making the estimates for income taxes and levies, the Company takes into account the current income tax laws and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3. **MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for a change made during the year as detailed in note 3.15 to these financial statements.

3.1 **Property, plant and equipment**

Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Impairment

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognized in income currently.

Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalized and apportioned to the respective items of property, plant and equipment on completion.

3.2 Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Company comprises of freehold land and is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the applicable rates. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged from the month in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Company's owned assets.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognized as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

Amortization

Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortization on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

3.4 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

- Debt Instruments at FVTOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

- Debt Instruments at FVTPL

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

- Financial Assets measured at amortised cost

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

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Investments in Subsidiary and Associated Companies

Investments in Subsidiary and Associates are carried at cost less impairment, if any. Impairment losses are recognized as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognized as an expense in statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

3.6 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

3.7 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars	Mode of valuation
Raw materials	– weighted average cost
Raw materials in transit	– cost accumulated to the reporting date
Work-in-process	– cost of direct materials and appropriate manufacturing overheads
Finished goods	– lower of average cost and net realizable value
Waste	– net realizable value

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

3.8 Trade debts and other receivables and related impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

3.9 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Company.

Government grant towards research and development activities is recognized in statement of profit or loss as deduction from the relevant expenses on matching basis.

3.10 Impairment

(a) Financial assets

The Company assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for the calculation of ECL.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

For debt instruments measured as 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.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The provision for impairment loss is recognized in the statement of profit or loss.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or 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.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.11 Financial liabilities

Classification & subsequent measurement

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

Derecognition

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise of cash-in-hand and balances with banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

3.13 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings as interest expense.

3.14 Employees' retirement benefits

(a) Defined contribution plan

The Company operates a defined contribution plan through an approved provident fund (the Fund) for its management staff. Equal monthly contributions are made both by the Company and employees at the rate of 8.33% of the basic salary to the Fund.

(b) Defined benefit plan

The Company operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2026 on the basis of projected unit credit method by an Independent Actuary. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The amount arising as a result of remeasurements is recognized in the statement of financial statement immediately, with a charge or credit to statement of other comprehensive income in the periods in which they occur.

3.15 Income taxation and levies

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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

During the year, the Company changed its policy and designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

The above change in the accounting policy does not have material impact on these financial statements hence; no restatement is required in the financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Deferred

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

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

During the year, the Company reassessed the recognition and measurement of deferred tax in its financial statements in light of the Application Guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No. 07 of 2024 dated May 15, 2024. Based on the reassessment, management determined that the recognition of deferred tax is no longer required as the minimum tax paid may not be realized / adjustable because the Company has sufficient tax losses and unabsorbed depreciation loss carried forward and management expects Company to remain subject to the minimum tax regime. However, deferred tax liability with respect to unrealised gain on investments has been recognised using applicable effective tax rate under Income Tax Ordinance, 2001.

Levy

In accordance with the requirements of Income Tax Ordinance, 2001 (Ordinance), computation of final / minimum taxes is not based on taxable income and as per revised guidance by IASB (International Accounting Standards Board), these fall within the scope of IFRIC 21 (Levies) / IAS 37 (Provisions, contingent liabilities and contingent assets) and accordingly have been classified as levy in these financial statements. Further, the Company designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it levies an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

3.16 Lease liability

Leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The present value of the lease payments is determined using interest rate implicit in lease. If interest rate implicit in lease is not readily determinable, then the Company uses incremental borrowing rate at the commencement of lease.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.17 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.18 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

3.19 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognized in the statement of profit or loss.

3.20 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sale of goods

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

Rendering of services

- revenue from contracts for provision of services is recognized at the point in time when the processed goods are dispatched from the mills to the customer;

Other sources of revenue

- export rebate income is recognized on accrual basis as and when the right to receive the income establishes;
- dividend income from investments is recognized when the Company's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

3.21 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Note	2026 Rupees	2025 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	22,696,811,716	16,018,627,208
Capital work-in-progress	4.3	2,407,608,983	2,732,883,492
		25,104,420,699	18,751,510,700

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.1 Operating fixed assets

	Equipment														Total		
	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve- ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Fire fighting	Office	Mills	Electric /gas	Computer hardware	Vehicles	Furniture and fixtures		Arms and ammuni- tion	Tools
Rupees																	
At July 01, 2024																	
Cost	1,682/194/150	337/463/800	1/147/865/015	28,656/645	3,897/072/801	15,647/85/701	583,242/72	34,448/983	48,361/611	87,640/377	20,672/670	87,939/472	389,084/366	134,529/850	149,886	248,579	24,275/560/78
Accumulated depreciation	-	-	424/860/820	270/41/336	1,950/300/279	6,978/827/777	279,144/707	1,148/1,947	21,180/838	38,486/405	17,973/913	43,397/483	179,508/297	51,145/870	140/798	230,916	10,023/861/86
Net book value	1,682/194/150	337/463/800	723/024/335	1,585,309	1,946/772/522	8,668/987/924	304,097/465	22,987/036	27,400/773	49,719/372	2,888/757	44,311/988	209,576/069	83,383/980	9,088	17,663	14,103/694/892
Year ended June 30, 2025																	
Opening net book value	1,682/194/150	337/463/800	723/024/335	1,585,309	1,946/772/522	8,668/987/924	304,097/465	22,987/036	27,400/773	49,719/372	2,888/757	44,311/988	209,576/069	83,383/980	9,088	17,663	14,103/694/892
Additions	-	-	8,671/770	-	10,871/611	2,845/149/909	36,766/462	-	610/000	3,369/522	-	18,888/966	88,960/800	3,699/416	-	-	3,126/939/456
Disposals:																	
- cost	-	-	-	-	-	293/180/752	-	-	-	-	-	119/239	19,480/000	-	-	-	313/852/991
- accumulated depreciation	-	-	-	-	-	(250/279/995)	-	-	-	-	-	(1,005/789)	(15,245/233)	-	-	-	(266/531/077)
Depreciation charge	-	-	36,569/292	319/622	200,320/698	80,457/86	30,323/819	2,154/642	2,504/927	5,541/356	670/505	16,637/378	50,651/535	8,628/192	909	1,765	1,641/851/66
Closing net book value	1,682/194/150	337/463/800	685/126/873	1,776/247	1,867/363/435	10,667/79/890	310,540/108	20,832/394	25,568/846	47,002/138	2,028/252	46,383/127	243,650/567	78,455/304	8,719	15,888	16,018/627/208
At June 30, 2025																	
Cost	1,682/194/150	337/463/800	1/156,556/765	28,656/645	4,077/844/472	18,199/784/858	620,008/634	34,448/983	49,726/11	91,009/899	20,672/670	105,806/999	458,355/166	138,229/266	149,886	248,579	26,940/642/543
Accumulated depreciation	-	-	461/429/972	27,360/398	2,150/530/977	7,539/044/988	309,498/526	1,316/589	23,665/765	44,007/761	18,844/48	59,223/072	214,944/589	59,773/962	141/707	232,881	10,922/015/335
Net book value	1,682/194/150	337/463/800	685/126/873	1,776/247	1,867/363/435	10,667/79/890	310,540/108	20,832/394	25,568/846	47,002/138	2,028/252	46,383/127	243,650/567	78,455/304	8,719	15,888	16,018/627/208
Year ended June 30, 2026																	
Opening net book value	1,682/194/150	337/463/800	685/126/873	1,776/247	1,867/363/435	10,667/79/890	310,540/108	20,832/394	25,568/846	47,002/138	2,028/252	46,383/127	243,650/567	78,455/304	8,719	15,888	16,018/627/208
Additions	98,882/900	-	25,419/640	-	334,968/473	2,900/207/81	28,786/204	-	-	3,052/358	3,577/544	13,967/055	49,905/608	79,192/875	-	-	3,537/952/788
Disposals:																	
- cost	-	-	-	-	-	90,351/119	-	-	-	-	-	687/000	28,637/700	-	-	-	119,675/819
- accumulated depreciation	-	-	-	-	-	(77,372/010)	-	-	-	-	-	(476/463)	(22,792/025)	-	-	-	(100,640/489)
Book value of property, plant and equipment of RCMIL acquired upon merger (note 1.4)	65/109/754	-	97,827/827	96,352	580/711/672	3,502/77/598	352,411/588	-	2,549/748	5,719/255	3,266/268	20/95	66,147/607	915/056	-	-	4,886/857/930
Depreciation charge	-	-	36,432/550	260/067	212,030/549	1,144/944/233	40,462/515	1,939/78	248/893	5,478/241	3,010/193	16,363/744	55,175/52	10,647/66	818	1,590	1,527/365/889
Closing net book value	1,781/077/050	337/463/800	684/113/963	1,016/180	1,990/294/299	12,403/063/739	298,863/797	18,893/216	25,256/953	44,576/255	2,536/603	43,865/901	252,535/348	147,001/013	7,361	14,308	22,696/817/16
At June 30, 2026																	
Cost	1,846/186/804	337/463/800	1,279,604/252	28,782/997	4,943/367/497	24,511/818/528	1,007,206/436	34,448/983	5,722/359	99,812/192	27,516/482	119,006/449	545,980/681	216,337/97	149,886	248,579	35,045/772/442
Accumulated depreciation	-	-	497,882/462	27,620/465	2,362/561/526	8,606/577/91	349,931/041	1,555/767	23,916/688	49,486/002	21,654/611	75,700/353	247,297/726	70,421/28	142,525	234,271	12,348/960/726
Net book value	1,846/186/804	337/463/800	781/747/190	1,172/532	2,581/005/971	15,905/241/337	657,275/395	18,893/216	27,806/701	50,255/510	5,861/871	43,306/096	288,682/955	147,916/069	7,361	14,308	22,696/817/16
Depreciation rate (% - per annum)			5	20	10	5 & 10	10	10	10	10	10	30	20	10	10	10	10

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.1.1 Particulars of immovable property in the name of Company are as follows:

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	585,808
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	115,344
- Mauza Rosa, District Kasur.	Proposed Mill / Factory	83,823
- Ferozewattoan, District Shiekhupura.	Production plant	181,802
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	143,990
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666

4.1.2 Freehold land acquired upon merger, represents 181,802 square meters of land situated at Ferozewattoan, District Shiekhupura.

4.1.3 The land of RCML valuing Rs. 65.109 million is still under the title of RCML. The management is in the process to transfer the said land in the Company's name.

4.1.4 The depreciation rates of depreciable assets acquired from RCML upon merger are consistent with the depreciation rates of the Company.

	2026 Rupees	2025 Rupees
4.2 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	1,477,104,995	1,115,375,882
Administrative expenses	50,480,894	49,309,284
	1,527,585,889	1,164,685,166

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
4.3 Capital work-in-progress			
Buildings		697,501,544	736,704,035
Furniture and fixtures		25,364,243	4,822,698
Plant and machinery including in transit aggregating Rs. 45.402 million (2025: Rs. 212.833 million)	4.3.2	1,031,643,198	1,533,229,219
Equipment		574,500	-
Advance payments against:			
- freehold land		-	9,002,400
- factory / office building		74,955,220	6,668,800
- electric installation		498,539,239	417,806,377
- plant and machinery		37,872,625	-
- vehicles		12,138,384	21,521,563
- computers		21,739,845	3,128,400
- tools		7,280,185	-
		652,525,498	458,127,540
		2,407,608,983	2,732,883,492

4.3.1 During the preceding year, the Company has capitalized borrowing cost of Rs. 15.267 million charged at the rate ranging from 8.00% to 18.14% per annum.

4.3.2 These includes machinery costing Rs. 346.250 million (2025: Rs. 1,118.486 million) purchased from Reliance Cotton Spinning Mills Limited (a related party) before merger and Rs. 1.190 million from Sapphire Electronics (Private) Limited (a related party).

4.4 Movement in the capital work-in-progress

	July 01, 2025	Additions during the year	Book value of CWIP of RCML acquired upon merger (note 1.4)	Transfer to operating fixed assets during the year	June 30, 2026
					Rupees
Particulars					
Buildings	736,704,035	296,302,635	24,875,927	(360,381,053)	697,501,544
Furniture and Fixtures	4,822,698	99,734,420	-	(79,192,875)	25,364,243
Plant and machinery	1,533,229,219	2,339,269,662	59,351,508	(2,900,207,191)	1,031,643,198
Equipment	-	7,204,402	-	(6,629,902)	574,500
	2,274,755,952	2,742,511,119	84,227,435	(3,346,411,021)	1,755,083,485
Advance payments against:					
- freehold land	9,002,400	89,880,500	-	(98,882,900)	-
- factory / office building	6,668,800	68,286,420	-	-	74,955,220
- electric installation	417,806,377	109,519,066	-	(28,786,204)	498,539,239
- plant and machinery	-	35,800,000	2,072,625	-	37,872,625
- vehicles	21,521,563	40,522,429	-	(49,905,608)	12,138,384
- computers	3,128,400	32,578,500	-	(13,967,055)	21,739,845
- tools	-	7,280,185	-	-	7,280,185
	458,127,540	383,867,100	2,072,625	(191,541,767)	652,525,498
Grand Total	2,732,883,492	3,126,378,219	86,300,060	(3,537,952,788)	2,407,608,983

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.5 The details of operating fixed assets disposed-off is as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
Rupees							
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Complete Volkman	3,300,000	54,771	3,245,229	3,300,000	54,771	Negotiation	M/s Reliance Cotton Spinning Mills Limited (a related party)
Automatic Cone Winder	14,040,282	12,359,654	1,680,628	2,338,983	658,355	Negotiation	Hussain Ali & Co
Reiter card	5,051,680	4,516,716	534,964	3,305,085	2,770,121	Negotiation	M/s Reliance Weaving Mills Ltd
Reiter card	5,051,680	4,516,716	534,964	3,305,085	2,770,121	Negotiation	----- do -----
Ring frames	19,821,537	17,608,337	2,213,200	3,220,339	1,007,139	Negotiation	M/s Ali Enterprises
Ring frames	21,142,747	18,802,553	2,340,194	3,220,339	880,145	Negotiation	----- do -----
	68,407,926	57,858,747	10,549,179	18,689,831	8,140,652		
Vehicles							
Honda Civic	2,887,000	2,285,757	601,243	1,978,000	1,376,757	Negotiation	Mr. Hamza Shah
Suzuki Cultus	1,780,000	1,200,375	579,625	1,034,000	454,375	Negotiation	Mr. Taimoor Moazzam
Honda Civic	3,098,000	2,352,652	745,348	1,440,000	694,652	Negotiation	Mr. Zeeshan Mansha
	7,765,000	5,838,784	1,926,216	4,452,000	2,525,784		
Various assets having net book value upto Rs.500,000 each							
	43,502,893	36,942,968	6,559,925	21,837,767	15,277,842	Negotiation	Various parties
2026	119,675,819	100,640,499	19,035,320	44,979,598	25,944,278		
2025	313,852,991	266,531,016	47,321,975	80,463,676	33,141,701		

5. INVESTMENT PROPERTY

	Land	Factory Building	Residential Building	Total
Rupees				
Opening Balance	31,750,000	–	–	31,750,000
Book value of assets acquired as a result of merger (note 1.4)	28,075,185	85,659,132	48,713,426	162,447,743
Closing Balance	59,825,185	85,659,132	48,713,426	194,197,743
Depreciation for the year June 30, 2026	–	2,141,478	608,907	2,750,385
	59,825,185	83,517,654	48,104,519	191,447,358
Rate		10%	5%	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 5.1 This represents free-hold land situated at Raiwand Road, Lahore having an area of 5,000 square yards.
- 5.2 Fair value of the investment property, based on valuation reports of independent valuers, as at June 30, 2026 was Rs. 2.143 billion (2025: Rs. 351 million).
- 5.3 The Company during the year acquired investment property having book value of Rs. 162.447 million as result of merger (note 1.4).
- 5.3.1 During the preceding year, the RCML has entered in to a lease arrangement with Sapphire Electronics (Pvt.) Limited (a subsidiary company) to lease its land along with the building.
- 5.3.2 Land represents 256 Kanal having covered area of 650,000 square feet's situated at Jumber Khurd, Bhai Pheru, District. Kasur. The management is in the process to transfer the said land in the Company's name.

	Note	2026 Rupees	2025 Rupees
6. INTANGIBLE ASSETS			
These represent computer software licenses.			
Net carrying value as at July 1,			
Opening net book value		1,359,690	2,657,333
Addition during the year		–	250,000
Amortization for the year		(1,188,860)	(1,547,643)
Net book value as at,		170,830	1,359,690
Gross carrying value as at,			
Cost		34,695,599	34,695,599
Accumulated amortization		34,524,769	33,335,909
Net book value	6.1	170,830	1,359,690
Amortization rate (% per annum)		20 & 33	20 & 33

- 6.1 This include intangible asset amounting to Rs. 30.698 million that has been fully amortised.

	Note	2026 Rupees	2025 Rupees
7. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	7.1	7,047,761,820	4,163,135,476
Associated Companies - at cost	7.2	15,526,442,956	15,140,698,514
Others - equity instruments	7.3	9,756,029,899	6,730,127,355
- debt instruments	7.4	45,750,000	45,000,000
Share deposit money		–	198,106,830
		32,375,984,675	26,277,068,175

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
7.1	Subsidiary Companies - unquoted		
	Sapphire Electric Company Limited (SECL)		
	288,782,600 ordinary shares of Rs. 10 each	7.1.1	3,039,008,316
	Equity held: 68.11%		3,039,008,316
	Premier Cement Limited (PCL)		
	46,860,000 ordinary shares of Rs. 10 each	7.1.2	468,600,000
	Equity held: 100%		468,600,000
	Sapphire Cement Company Limited (SCCL)		
	75,000 ordinary shares of Rs. 10 each	7.1.3	750,000
	Equity held: 100%		750,000
	Sapphire Energy (Pvt.) Limited (SEPL)		
	55,427,716 ordinary shares of Rs. 10 each	7.1.4	554,277,160
	Equity held: 100%		554,277,160
	Sapphire Properties (Pvt.) Limited (SPPL)		
	9,950,000 ordinary shares of Rs. 10 each	7.1.5	100,000,000
	Equity held: 100%		100,000,000
	Sapphire Power Limited (SPL)		
	50,000 ordinary shares of Rs. 10 each		
	Equity held: 100%	7.1.6	500,000
			500,000
	Sapphire USA LLC		
	1,000 fully paid shares with no par value	7.1.7	1,684,190,214
	Equity held: 100%		–
	Sapphire Electronics (Private) Limited		
	Book value of shares acquired upon merger of RCML		
	100,000,000 ordinary shares of Rs. 10 each	7.1.8	1,000,000,000
	Equity held: 100%		–
	RCSM Company (Private) Limited		
	Book value of shares acquired upon merger of RCML		
	20,043,713 ordinary shares of Rs. 10 each	7.1.9	200,437,130
	Equity held: 100%		–
			7,047,761,820
			4,163,135,476

7.1.1 SECL was incorporated in January 18, 2005 as a public limited company. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab.

The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced to SECL.

7.1.2 PCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

7.1.3 SCCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 7.1.4** SEPL is a wholly owned Subsidiary Company incorporated as a private limited company. The Subsidiary Company intends to establish and install plant for handling, storage, treatment and processing of Liquefied Natural Gas, Re-gasified Liquefied Natural Gas, Liquid Petroleum Gas, Natural Gas Liquid and its allied products.
- 7.1.5** SPPL is wholly owned subsidiary company incorporated as private limited company. The subsidiary company intends to invest, manage, construct, develop, hold acquired, sell, purchase all type of real estate projects.
- 7.1.6** SPL is wholly owned subsidiary Company incorporated as public unlisted company. The Subsidiary Company intends to establish and install plant to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system.
- 7.1.7** Sapphire USA LLC is a foreign subsidiary incorporated under the Business Corporation Laws of the OAK Brook, IL, USA. The principal business of the Company is to provide marketing services to Sapphire Fibres Limited - Holding Company and to sale textile and other related products in entire USA through USA based e-commerce platform, managing fulfilling centre and retail operations. Sapphire Fibres Limited owned 100% shareholding of Sapphire USA, LLC.
- 7.1.8** Sapphire Electronics (Private) Limited was incorporated in September 23, 2024. The principal activity of the Subsidiary Company is to manufacture and sale all kinds of electrical and electronic goods. The Company has acquired this investment as a result of merger.
- 7.1.9** RCSM Company (Private) Limited was incorporated in November 8, 2017. The principal activity of the Subsidiary Company is to take or otherwise acquire and hold shares in any other Company but not to act as an investment Company. The Company has acquired this investment as a result of merger.

	2026 Rupees	2025 Rupees
7.2 Associated Companies – Quoted		
Reliance Cotton Spinning Mills Limited		
138,900 ordinary shares of Rs. 10 each	–	1,306,269
Equity held: 1.35%		
Fair value: Rs. Nill (2025: Rs. 62.718 million)		
Sapphire Textile Mills Limited		
Book value of shares acquired upon merger of RCML		
100,223 ordinary shares of Rs. 10 each	8,114,578	–
Equity held: 0.462%		
Fair value: 149.390 million (2025: Rs. Nill)		
Associated Companies – unquoted		
SFL Limited		
10,199 ordinary shares of Rs. 10 each	100,000	100,000
Book value of shares acquired upon merger of RCML		
401,570 ordinary shares of Rs. 10 each	2,439,475	–
Equity held: 43.34% (2025: 0.051%)	2,539,475	100,000
Sapphire Finishing Mills Limited		
Book value of shares acquired upon merger of RCML		
1,556,000 ordinary shares of Rs. 10 each	16,509,160	–
Equity held: 1.69%		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Sapphire Holding Limited			
Book value of shares acquired upon merger of RCML			
100,223 ordinary shares of Rs. 10 each		524,950	–
Equity held: 0.5%			
Sapphire Power Generation Limited			
2,824,500 ordinary shares of Rs. 10 each		64,355,500	64,355,500
Book value of shares acquired upon merger of RCML			
2,580,250 ordinary shares of Rs. 10 each		273,928,909	–
Equity held: 33.73% (2025:17.63%)		338,284,409	64,355,500
Sapphire Dairies (Private) Limited			
10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000
Book value of shares acquired upon merger of RCML			
4,100,000 ordinary shares of Rs.10 each		85,533,639	–
Equity held: 7.76% (2025:5.50%)		185,533,639	100,000,000
Tricon Boston Consulting Corporation (Private) Limited (TBCCL) – note 7.2.1			
59,251,500 ordinary shares of Rs. 10 each		592,515,000	592,515,000
Equity held: 7.13%			
UCH Power (Private) Limited			
380,364,999 ordinary shares		41,028,881	41,028,881
Equity held: 50%			
UCH – II Power (Private) Limited			
559,944,874 ordinary shares		14,341,392,864	14,341,392,864
Equity held: 50%			
Sanifa Agri Services Limited (SASL)			
Book value of shares acquired upon merger of RCML			
11,590,000 ordinary shares of Rs. 10 each	7.2.5	–	–
Equity interest held 33.11%			
		15,526,442,956	15,140,698,514

7.2.1 The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities availed by TBCCL.

7.2.2 Investments in Associated Companies have been carried at cost in these unconsolidated financial statements. Equity method as required under IAS-28 shall be applied in the consolidated financial statements of the Company.

7.2.3 The existence of significant influence by the Company is evidenced by the representation on the board of directors of abovementioned Associated Companies.

7.2.4 The Company as a result of merger received 100,223 shares of Sapphire Textile Mills Limited, 401,570 shares of SFL Limited, 1,556,000 shares of Sapphire Finishing Mills Limited, 100,223 shares of Sapphire Holding Limited, 2,580,250 shares of Sapphire Power Generation Limited, 4,100,000 shares of Sapphire Dairies (Pvt.) Limited and 11,590,000 shares of Sanifa Agri Services Limited from RCML. This investment has been acquired at its carrying value as per the books of RCML at the date of merger.

7.2.5 Investment in Sanifa Agri Services Limited has been carried at Rs. Nil in the book of accounts of the Company because of accumulated losses of investee company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
7.3 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
18,837,275 (2025: 18,837,275) ordinary shares of Rs. 10 each - cost		984,949,221	984,949,221
Adjustment arising from re-measurement to fair value		6,653,754,165	4,446,590,653
		7,638,703,386	5,431,539,874
Habib Bank Limited			
7,244,196 ordinary shares of Rs. 10 each - cost		1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value		899,752,904	81,013,872
		2,116,826,513	1,298,087,481
Unquoted			
TCC Management Services (Private) Limited			
50,000 ordinary shares of Rs. 10 each		500,000	500,000
		9,756,029,899	6,730,127,355
7.4 Debt Instruments - at FVTOCI			
Habib Bank Limited - term finance certificates (TFCs)	7.4.1		
500 (2025: 500) Term finance certificates of Rs. 100,000 each - cost		50,000,000	50,000,000
Adjustment arising from re-measurement to fair value		(4,250,000)	(5,000,000)
		45,750,000	45,000,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 12.23% to 12.94% (2025: 13.63% to 21.84%) per annum.

	Note	2026 Rupees	2025 Rupees
8. LONG TERM LOANS - Secured			
Loans due from employees	8.1	1,389,500	1,363,070
Less: recoverable within one year and grouped under current assets		1,225,500	1,055,570
		164,000	307,500

8.1 These represent interest free loans provided to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		691,980,637	756,108,132
Spare parts		209,780,826	334,943,277
Loose tools		805,969	752,782
Items in transit		168,590,303	391,084,114
		1,071,157,735	1,482,888,305
Less: provision for slow moving items	9.1	18,024,643	19,450,254
		1,053,133,092	1,463,438,051

9.1 Provision for slow moving items			
Balance at beginning of the year		19,450,254	11,240,988
Add: (reversal) / made during the year		(1,425,611)	8,209,266
Balance at end of the year		18,024,643	19,450,254

10. STOCK-IN-TRADE			
Raw materials:			
- at mills		11,113,785,079	8,742,059,239
- in transit		5,185,769,410	3,359,235,062
		16,299,554,489	12,101,294,301
Work-in-process		2,449,378,397	1,332,401,918
Finished goods:			
- at mills		4,825,630,786	4,373,090,669
- at third party premises		112,861,569	36,378,277
		23,687,425,241	17,843,165,165

10.1 During the preceding year, raw material costing Rs. 1,341.150 million was written down to Rs. 1,134.284 million to arrive at the net realizable value. The amount charged to cost of sale in respect of stocks written to their realizable value was Rs. 206.867 million.

10.2 As at June 30, 2026, finished goods at mills costing Rs. 1,750.890 million (2025: Rs. 1,215.900 million) have been written down to Rs. 1,505.303 million (2025: Rs. 930.299 million) to arrive at the net realizable value is Rs. 245.587 million (2025: Rs. 285.601 million).

	Note	2026 Rupees	2025 Rupees
11. TRADE DEBTS			
Considered good			
Unsecured - local	11.1	8,025,603,790	3,804,756,000
Secured - foreign debts		2,997,100,250	2,149,597,734
Considered doubtful			
Unsecured - foreign debts	11.4	18,909,550	18,909,550
		11,041,613,590	5,973,263,284
Less: provision for expected credit loss	11.5	236,295,798	245,275,807
		10,805,317,792	5,727,987,477

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
11.1 These include the following amounts due from related parties:		
Diamond Fabrics Ltd.	31,020,825	17,672,788
Reliance Cotton Spinning Mills Ltd.	–	57,756,433
Sapphire Textile Mills Ltd.	47,355,305	77,421,424
Sapphire Power Generation Ltd.	3,298,057	2,288,892
Sapphire Finishing Mills Ltd.	2,086,375	–
Sapphire Electric Company Ltd.	88,286	–
	83,848,848	155,139,537

11.2 The ageing of trade debts at reporting date is as follows:

	Related parties		Others	
	2026	2025	2026	2025
	Rupees			
Not past due	10,887,237	6,247,503	6,196,657,345	2,717,404,041
Past due 1-30 days	45,695,965	118,521,078	2,385,746,166	1,463,475,400
Past due 31-60 days	2,552,378	26,028,826	1,051,300,764	763,193,103
Past due 61-90 days	19,493,204	3,589,721	760,847,738	329,460,989
Past due 91-365 days	1,786,542	301,077	381,301,030	305,671,112
Past due one year	3,433,522	451,332	181,911,699	238,919,102
	83,848,848	155,139,537	10,957,764,742	5,818,123,747

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 290.85 million (2025: Rs. 583.567 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 163.760 thousand (2025: 163.760 thousand) and U.S. Dollar 26.333 thousand (2025: 26.333 thousand) from M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

	2026 Rupees	2025 Rupees
11.5 Provision for expected credit loss		
Balance at the beginning of the year	245,275,807	146,494,679
Provision assumed upon merger of RCML with in and into the Company	47,055,358	–
(Reversal) / charged for the year	(56,035,367)	98,781,128
Balance at the end of the year	236,295,798	245,275,807

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Exposure at default Rupees	Expected credit loss Rupees
11.6 The expected credit allowance for trade debts at June 30, 2026 is calculated as below:		
Not past due	6,207,544,582	33,645
Past due 1-30 days	2,431,442,130	12,407,663
Past due 31-60 days	1,053,853,143	38,265,893
Past due 61-90 days	780,340,942	68,398,871
Past due 91-365 days	383,087,572	76,120,475
Past due one year	185,345,221	41,069,251
	11,041,613,590	236,295,798

	Note	2026 Rupees	2025 Rupees
12. LOANS AND ADVANCES - Considered good			
Current portion of long term loans to employees	8	1,225,500	1,055,570
Advances to:			
- suppliers and contractors	12.1	1,215,339,628	544,943,972
- employees		7,125,053	6,633,784
		1,222,464,681	551,577,756
Loan to an associates:			
- SANIFA Agri Services Limited	12.2	182,500,000	-
less: provision for impairment		(182,500,000)	-
		-	-
Advance for purchase of office	12.3	6,668,800	-
		1,230,358,981	552,633,326
12.1 These include the following amounts due from related parties:			
Sapphire Finishing Mills Ltd.		736,320	736,320
Sapphire Power Generation Ltd.		6,000,000	-
Diamond Fabrics Limited		316,391	-
Sapphire Textile Mills Limited		2,478,000	-
		9,530,711	736,320

12.2 Amer Cotton Mills (Pvt.) Limited (merged with the RCML on March 31, 2024) has entered into a loan agreement with SANIFA Agri Services Limited (an Associate Company), to provide an unsecured loan upto an amount Rs. 200 million for working capital requirements. This loan carries mark-up at the rate of 3 months KIBOR plus 1.5% per annum and is repayable within one year. The loan is secured against ranking charge on present and future assets of RCML and cheques for an amount of Rs. 240 million to be issued in favor of the RCML.

The maximum aggregate outstanding balance due from the associated Company at the end of any month during the current financial year was Rs. 182.250 million. Due to current financial position of investee company and doubtful recover of loan management has booked provision for expected loss against this loan and stopped charging mark-up on this loan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

12.3 Amer Cotton Mills (Pvt.) Limited (merged with the RCML on March 31, 2024) has filed a suit No. 203 of 2011 against Enshaa NLC Development (Private) Limited before the Honorable Sindh High Court, Sindh for recovery of Rs. 6.668 million being the amount of security deposit paid by the plaintiff to the defendant to establish its interest in getting reservation for office space at Karachi Financial Tower and to recover the damages amounting to Rs. 10 million. The matter is pending for hearing of applications. Based on the opinion of the legal advisor of the Amer Cotton Mills (Pvt.) Limited, the management expects a favorable outcome of the case.

	Note	2026 Rupees	2025 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		58,879,631	3,167,922
Margin against letter of credit		41,570,624	9,020
Prepayments		12,202,400	19,435,012
		112,652,655	22,611,954
14. SHORT TERM INVESTMENTS			
Mutual fund	14.1	5,667,978	-
Equity instruments	14.2	6,265,569,959	4,542,976,139
		6,271,237,937	4,542,976,139
14.1 Investment in mutual fund - at FVTOPL			
- MCB Cash Management Optimizer			
Investment during the year			
1,558,713.3983 units		167,100,000	-
Redeemed during the year			
1,558,713.3983 units		(167,869,010)	-
Realised gain on redemption during the year		769,010	
1,592.06 units			
Dividend received and re-invest during the year			
23.6766 units		2,423	
Capital gain tax refunded		175,687	-
Adjustment on re-measurement to fair value		454	-
Closing balance 1,740.46 units		178,564	-
- HBL Growth Fund - Class B			
Book value of mutual fund of RCML			
acquired upon merger (note 1.4) 123,750 units		4,272,333	-
Adjustment on re-measurement to fair value		1,217,081	-
Closing balance 123,750 units		5,489,414	-
		5,667,978	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

14.2 Equity Instruments - at FVTOCI

(Investment in quoted securities)

No. of Shares / Certificates			Name of the investee company	Market value		Cost	
2026	2025	2026		2025	2026	2025	
Rupees							
	11,000	11,000	Abbott Laboratories (Pakistan) Ltd.	10,828,290	10,692,550	9,641,663	9,641,663
	10,870,500	9,718,500	Bank Al-Habib Ltd.	1,844,071,620	1,533,384,930	623,761,062	440,792,953
	45,700	20,100	Colgate Palmolive (Pakistan) Ltd.	56,874,564	26,833,500	57,406,982	25,727,872
	601,000	601,000	Dolmen City REIT	23,108,450	16,233,010	10,004,511	10,004,511
	140,000	140,000	Engro Fertilizers Ltd.	27,853,000	25,982,600	24,825,974	24,825,974
	1,885,238	1,885,238	Engro Holdings Ltd.	542,420,677	344,169,049	210,946,140	210,946,140
	111,250	-	Fatima Fertilizer Company Limited	18,389,625	-	13,750,500	-
	208,740	163,740	Fauji Fertilizer Company Limited	119,708,215	64,253,213	64,652,484	38,837,943
	138,000	138,000	Frieslandcampina Engro Pakistan	15,730,620	12,043,260	11,813,565	11,813,565
	5,046,204	4,632,704	Habib Bank Limited	1,474,551,271	830,134,230	1,070,231,741	956,202,552
	481,000	159,000	Habib Metropolitan Bank Limited	55,834,480	15,728,280	51,446,804	14,287,739
	10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
	18,000	15,000	Haleon Pakistan Limited	14,493,600	11,044,950	15,371,175	12,525,379
	20,900	13,400	Highnoon Laboratories Limited	20,956,430	13,238,664	17,718,019	9,110,762
	26,174	-	Jubilee Life Insurance Company Limited	4,598,510	-	4,037,863	-
	2,624,130	2,569,130	Lucky Cement Limited	1,232,081,518	912,657,741	262,024,615	235,439,988
	181,500	23,700	Lucky Core Industries Limited	42,950,160	37,665,699	41,790,402	22,620,181
	92,343	61,343	Mari Energies Ltd. (Formerly	62,265,961	38,455,313	45,521,000	22,829,769
	192,500	192,000	MCB Bank Ltd.	78,060,675	55,361,280	47,003,868	46,820,303
	248,196	193,400	Meezan Bank Ltd.	128,183,306	64,218,470	69,677,745	45,313,646
	39,756	39,756	National Foods Ltd.	15,402,667	13,009,356	7,409,062	7,409,062
	1,495	1,495	Nestle Pakistan Ltd.	11,456,918	10,533,770	11,235,528	11,235,528
	96,882	-	Nimir Industrial Chemicals Limited	21,904,051	-	22,593,598	-
	301,435	154,500	Oil & Gas Development Company Ltd.	100,941,538	34,076,520	66,684,120	26,854,045
	21,168	-	Pakistan Oilfields Limited	14,561,679	-	13,132,839	-
	28,000	28,000	Pakistan Petroleum Ltd.	6,793,360	4,764,760	3,422,702	3,422,702
	466,678	448,934	Pakistan State Oil Company Ltd.	159,767,213	169,486,053	69,751,123	63,918,848
	66,500	-	Progressive Insurance Company Ltd.	-	-	-	-
	393,279	-	Service Long March Tyres Limited	9,981,421	-	7,845,916	-
	512,717	190,707	Standard Chartered Bank (Pak) Ltd.	33,593,218	11,594,986	34,714,872	12,520,539
	26,000	-	Sui Northern Gas Pipelines Limited	3,144,180	-	2,303,861	-
	50,950	-	Sui Southern Gas Company Limited	1,634,476	-	1,002,696	-
	485,000	374,500	System Limited	71,338,650	40,123,930	52,582,510	36,053,728
	59,400	-	The Hub Power Company Limited	13,866,930	-	12,036,628	-
	320,000	-	Treet Corporation Limited	8,035,200	-	9,326,136	-
	-	862,600	United Bank Limited	-	238,034,470	-	80,749,609
	103,957	50,114	Wafi Energy Pakistan Limited	20,063,701	9,255,555	25,029,262	9,785,122
	20,000	-	Yousaf Weaving Mills Limited	118,000	-	78,200	-
	225	-	786 Investments Limited	5,785	-	12,649	-
				6,265,569,959	4,542,976,139	2,990,913,815	2,389,816,123
Add: Adjustment arising from re-measurement to fair value						3,274,656,144	2,153,160,016
Market value						6,265,569,959	4,542,976,139

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- 14.3 Short term investment acquired under the scheme of merger of RCML with and into the Company is in process of transfer in name of the Company and has been acquired / accounted for as its carrying value as per the books of RCML on the date of merger.

	Note	2026 Rupees	2025 Rupees
15. OTHER RECEIVABLES			
Advance income tax		1,279,642,697	1,657,614,927
Export rebate & duty drawbacks		6,497,105	13,183,279
Accrued mark-up on term finance certificates		9,894,036	9,633,421
Loans to Subsidiary Companies (including mark-up thereon)			
- Premier Cement Ltd.	15.1	718,492,639	586,577,386
- Sapphire Properties (Pvt.) Ltd.	15.2	347,020,726	319,357,701
- Sapphire Energy (Pvt.) Ltd.	15.3	48,764,793	5,968,689
- Sapphire Electronics (Pvt.) Ltd.	15.4	3,601,774,942	-
Due from the related parties	15.5		
- Sapphire Cement Company Ltd.		591,035	500,000
- Reliance Cotton Spinning Mills Ltd.		-	44,428,473
- Sapphire Textile Mills Ltd.		140,820	7,520,824
- Sapphire Electric Company Ltd.		557,492	366,532
- Sapphire Farm Service (Pvt.) Ltd.		219,720	142,360
- Sapphire Finishing Mills Ltd.		8,326,452	6,802,853
- Sapphire Power Generation Ltd.		7,781,034	106,199
- Sapphire Electronics (Pvt.) Ltd.		12,785,690	19,195,500
- Premier Cement Ltd.		475,857	475,857
- Diamond Fabrics Ltd.		10,372	-
- Sapphire Power Ltd.		220,795	-
Prepaid final tax levy		500,798,721	688,083,679
Receivable from Sapphire Electronics (Pvt.) Ltd. (a subsidiary Company) against:			
- Rent		31,500,000	-
- Shared expenses		23,395,695	-
Others		40,050,547	17,182,000
		6,638,941,168	3,377,139,680

- 15.1 The Company has entered into a loan agreement with Premier Cement Ltd. (the Subsidiary Company), to provide an unsecured loan upto an amount of Rs. 1,000 million (2025: Rs. 700 million) for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, ranged from 10.92% to 12.11% (2025: 12.21% to 20.89%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 718.967 million (2025: Rs. 586.577 million).

- 15.2 The Company has entered into a loan agreement with Sapphire Properties (Pvt.) Limited (the subsidiary Company) to provide an unsecured loan upto an amount Rs. 400 million (2025: Rs. 400 million) for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the company, during the year, ranged from 10.92% to 12.11% (2025: 12.21% to 20.89%) per annum. The maximum aggregate amount outstanding against this loan at the end of every month during the year was Rs. 347.021 million (2025: Rs. 319.357 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 15.3** The Company has entered into a loan agreement with Sapphire Energy (Pvt.) Limited (the subsidiary Company) to provide an unsecured loan upto an amount Rs. 250 million for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the company, during the year, ranged from 10.92% to 12.11% per annum. The maximum aggregate amount outstanding against this loan at the end of every month during the year was Rs. 48.765 million.
- 15.4** RCML (merged with the Company on March 31, 2026) has entered into a loan agreement with Sapphire Electronics (Private) Limited (a subsidiary company), to provide an unsecured loan upto an amount Rs. 5,000 million (2025: Rs. 2,500 million) for working capital requirements. This loan carries mark-up at the rate of 3 months Kibor plus 1.5% per annum and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the company, during the year was 12.26% to 12.50% (2025: 12.10% to 15.10%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 4,963.158 million.
- 15.5** These balances have arisen during the normal course of business activity.
- 15.6** The aggregate maximum outstanding balance due from the related parties (associated companies) at the end of any month during the year was Rs. 31.109 million (2025: Rs. 915.000 million).

	Note	2026 Rupees	2025 Rupees
16. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		4,628,910,172	3,603,291,809
Income tax		752,652,961	146,738,709
Excise duty		69,888,656	55,849,144
Less: provision for doubtful tax refunds	16.1	528,123,493	362,525,644
		4,923,328,296	3,443,354,018
16.1 Provision for doubtful tax refunds			
Balance at beginning of the year		362,525,644	311,179,360
Provision assumed upon merger of RCML with in and into the Company		95,691,876	-
Add: Provision for the year		69,905,973	51,346,284
Balance at end of the year		528,123,493	362,525,644
17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	9,675,683	9,621,186
Balances with banks on:			
- current accounts	17.2	619,370,924	1,208,297,374
- term deposit account (TDA)	17.3	507,127,550	206,040,000
- term finance certificate (TFC)	17.4	139,273,236	139,244,405
- term finance receipts	17.5	100,000,000	-
- dividend account		9,776,830	8,534,091
		1,375,548,540	1,562,115,870
		1,385,224,223	1,571,737,056

- 17.1** Cash-in-hand includes Rs. 2.766 million (2025: Rs. 2.766 million) advanced to employees for various expenses.
- 17.2** These include foreign currency deposits amounting to US.\$1.905 million (2025: US.\$ 4.115 million).

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FOR THE YEAR ENDED JUNE 30, 2026

17.3 Effective rates of profit on TDA, during the year, ranged at 7.00% to 10.00% (2025: 7.50% to 19.50%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

17.4 Effective rate of profit on TFC, during the year, is 11.32% (2025: 11.80%) per annum. The maturity period of the TFC is one year from the date of original issue.

17.5 This carried mark up at the rate of 10% per annum and is having a maturity period of one year.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2026 Numbers		2025 Rupees	
12,759,375	12,759,375	Ordinary shares of Rs. 10 each fully paid in cash	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	79,125,000
4,199,333	-	Ordinary shares of Rs. 10 each fully paid in cash as result of merger (note 1.3)	41,993,330
24,871,208	20,671,875		248,712,080
			206,718,750

18.1 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

18.2 18,524,516 (2025: 18,524,516) ordinary shares of Rs. 10 each are held by the related parties as at year-end.

	Note	2026 Rupees	2025 Rupees
19. RESERVES			
Share premium - capital reserve	19.1	391,833,750	391,833,750
General reserve - revenue reserve		180,000,000	-
Capital reserves	19.2	34,000,000,000	27,500,000,000
Unrealized gain on financial assets at fair value through other comprehensive income	19.3	9,952,760,615	6,033,942,640
Merger reserve - capital reserve	19.4	(1,232,564,437)	-
		43,292,029,928	33,925,776,390

19.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued. This reserve can only be utilised for purposes specified in section 81 of the Companies Act, 2017.

19.2 This represents reserves transferred from general and unappropriated profit. This reserve will not be available for distribution as dividend.

19.3 This represents unrealized gain on re-measurement of investments at fair value through OCI and is not available for distribution.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

19.4 This represents merger reserve arisen upon merger of Reliance Cotton Spinning Mills Limited with and into the Company on March 31, 2026. This also include the effect of merger adjustments, elimination of inter company balances and cross investments. Further, this include Rs. 23.328 million representing merger reserve that had arisen upon merger of Amer Cotton Mills into RCML as at March 31, 2024.

	Note	2026 Rupees	2025 Rupees
20. LONG TERM LIABILITIES - Secured			
Long term finances	20.1	8,737,144,581	3,910,615,772
Less: current portion grouped under current liabilities		(1,361,294,220)	(973,030,232)
		7,375,850,361	2,937,585,540
20.1 Long term finances (from banking companies)			
- MCB Bank Limited			
- Long term finance facility - I	20.1.1	6,558,000	15,649,000
- Long term finance facility - II	20.1.2	404,379,000	586,759,750
- Long term finance facility - III	20.1.3	28,000,000	124,804,250
		438,937,000	727,213,000
- Habib Bank Limited			
- Long term finance facility	20.1.4	524,348,625	273,490,625
- Allied Bank Limited			
- Long term finance facility - I	20.1.5	85,209,550	205,243,350
- Long term finance facility - II	20.1.6	1,000,000,000	-
- Long term finance facility - II	20.1.7	3,000,000,000	-
- United Bank Limited	20.1.8	336,657,608	560,954,768
- Faysal Bank Limited	20.1.9	725,284,588	893,451,080
- Bank Alfalah Limited	20.1.10	711,151,890	844,189,890
- Bank Al Habib	20.1.11	35,208,000	-
- Habib Metropolitan Limited			
- Long term finance facility - I	20.1.12	125,158,000	152,176,000
- Long term finance facility - II	20.1.13	76,180,000	87,900,000
- Meezan Bank Limited	20.1.14	86,402,931	101,480,059
- Askari Bank Limited	20.1.15	-	64,517,000
Exposure transferred from Reliance Cotton Spinning Mills Ltd. to the Company upon merger			
- Faysal Bank Limited	20.1.16	95,158,781	-
- Habib Bank Limited	20.1.17	94,941,000	-
- MCB Bank Limited	20.1.18	277,540,769	-
- Meezan Bank Limited	20.1.19	524,774,660	-
- MCB Bank Limited	20.1.20	169,640,756	-
- Faysal Bank Limited	20.1.21	78,871,623	-
- Habib Metropolitan Bank Limited:			
- Long term finance facility - I	20.1.22	98,052,000	-
- Long term finance facility - II	20.1.23	146,858,000	-
- MCB Islamic Bank Limited	20.1.24	106,768,800	-
		8,737,144,581	3,910,615,772

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FOR THE YEAR ENDED JUNE 30, 2026

- 20.1.1** The Company has arranged long term finance facilities amounting Rs. 110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against joint pari-passu charge of Rs. 200 million over the machinery financed by the bank.
- 20.1.2** The Company has arranged long term finance facilities amounting Rs. 1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs. 1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first charge of Rs. 2,000 million over the specific plant and machinery of the Company.
- 20.1.3** The Company has arranged long term finance facilities amounting Rs. 133.215 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at the rates ranging from 4% to 11.63% (2025: 4% to 20.64%) per annum. The loan is secured against first charge of aggregate Rs. 2,200 million over the specific plant and machinery of the Company along with the other facilities from the bank.
- 20.1.4** The Company has arranged long term finance facilities aggregating Rs. 800 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facilities disbursed Rs. 705.868 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly instalments commenced from different months of financial year 2022. These finances, during the year, carry mark-up at the rates ranging from 2.85% to 8.5% (2025: 2.85%) per annum and are secured against first charge of Rs. 667 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.5** The Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 960.357 million in seventeen tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2025: 2.50%) per annum and are secured against first pari-passu charge of Rs. 1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.
- 20.1.6** The Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to for balance sheet reprofiling. The bank against the said facility disbursed Rs. 1,000 million in single trench. These finances carry mark-up at the rate of 3 month KIBOR plus 0.50% per annum and are secured against first pari-passu charge of over all present and future fixed assets of the Company with 25% margin.
- 20.1.7** The Company during the year has arranged another long term finance facilities amounting Rs. 3,000 million from Allied Bank Limited for balance sheet reprofiling. The bank against the said facility disbursed Rs. 3,000 million in two tranches. The loan is repayable in 16 equal quarterly instalments commencing March, 2027. This finance carry mark-up at the rate 3 month KIBOR plus 0.5% per annum and are secured against first pari-passu charge over all present and future fixed of the Company with 25% margin.
- 20.1.8** The Company has arranged long term finance facilities amounting Rs. 1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2025: 2.50% to 3.50%) per annum and are secured against joint pari-passu charge of Rs. 2,000 million with 25% margin over the specific plant and machinery of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 20.1.9** The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against first pari-passu charge of Rs. 900 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.10** The Company has arranged long term finance facility amounting Rs. 1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly instalments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2025: 2.00% to 3.00%) per annum and are secured against first joint pari-passu charge of Rs. 1,333.340 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.11** The Company has arranged long term finance facility amounting Rs. 1,000 million from Bank Al-Habib Limited to meet working capital requirement of the Company. The bank against the said facility disbursed Rs. 35.208 million in two tranches of different amounts. These finances carry mark-up at the rates ranged from 7.5% to 8.5% per annum and are secured against first joint pari-passu charge over current assets of company.
- 20.1.12** The Company has arranged a long term finance facility amounting Rs. 270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly instalments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% to 9.50% (2025: 3.50% to 9.50%) per annum and are secured against joint pari-passu charge of Rs. 361 million over the specific plant and machinery of the Company.
- 20.1.13** The Company has arranged long term finance facility Rs. 250 million from Habib Metropolitan Bank Limited to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 93.760 million in single tranche and is repayable in 32 equal quarterly instalments commenced from February, 2025. This finance carry markup at the rate 3.50% to 9.50% (2025: 3.50% to 9.50%) per annum and are secured against Joint pari-passu charge of Rs. 334 million over plant and machinery of the Company.
- 20.1.14** The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.50% to 5.50% (2025: 3.50% to 5.50%) per annum and are secured against first pari-passu charge over all present and future plant and machinery of the Company with 25% margin.
- 20.1.15** The Company has arranged a long term finance facility amounting Rs. 500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 71.65 million in a two tranches during the preceding years. The loan is repayable in 32 equal quarterly instalments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs. 666.667 million on the fixed of the Company. The Company during the year has repaid the said loan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 20.1.16** RCML (merged with the Company on March 31, 2026) has arranged long term finance facilities amounting to Rs. 300 million from Faysal Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank has disbursed Rs. 269.647 million in 11 tranches of different amounts during the financial year 2023. Each tranche is repayable in 32 equal quarterly instalments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against first charge of Rs. 400 million with 25% margin over all present and future plant and machinery of the RCML.
- 20.1.17** RCML (merged with the Company on March 31, 2026) has arranged long term finance facilities amounted Rs. 250 million from Habib Bank Limited under the state bank of Pakistan (SBP) scheme for imported plant and machinery. These finance facilities have different repayment terms and carry mark-up at the rate 2.85% (2025: 2.85%) per annum, payable on quarterly basis. This facility secured against pari-passu charge over present and future plant and machinery of the RCML for Rs. 641.333 million.
- 20.1.18** RCML (merged with the Company on March 31, 2026) has arranged a long term finance facility amounting Rs. 1,065.548 million from MCB Bank Limited to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 933.472 million in 24 tranches of different amount during the financial year 2023. Each tranche is repayable in 16 equal quarterly instalments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.50% to 11.95% (2025: 2.50% to 22.68%) per annum and are secured against 1st joint pari-passu charge of Rs. 6,536 million (2025: Rs. 6,536 million) with 25% margin over all present and future plant and machinery of the RCML.
- 20.1.19** RCML (merged with the Company on March 31, 2026) has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,400 million from Meezan Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 737.410 million in 14 tranches of different amounts during the financial year 2023. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate ranged from 3.50% to 4.00% (2025: 3.50% to 4.00%) per annum and are secured against 1st pari-passu charge with 25% margin overall present and future plant and machinery of the RCML.
- 20.1.20** RCML (merged with the Company on March 31, 2026) has arranged long term finance facilities amounting Rs. 500 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 458.809 million in twenty three tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% per annum and are secured against hypothecation charge of Rs. 667 million over all present and future plant and machinery of the RCML.
- 20.1.21** RCML (merged with the Company on March 31, 2026) has arranged long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 200 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 195.121 million in nine tranches of different amounts. Each tranche under this finance facility has different repayments terms. These finances carry mark-up at the rate of 4.00% per annum and are secured against first pari-passu charge of Rs. 267 million with 25% margin over the all present and future plant and machinery of the RCML.
- 20.1.22** RCML (merged with the Company on March 31, 2026) has arranged long term finance facilities amounting Rs. 167 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, against the said facility disbursed Rs. 166.47 million in two tranches of different amounts. Each tranche under this finance facility is payable

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in thirty two quarterly instalments. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari-passu charge of Rs. 254 million over plant and machinery with 25% margin registered with SECP.

20.1.23 RCML (merged with the Company on March 31, 2026) has arranged long term finance facilities amounting Rs. 200 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 188.787 million in two tranches. Each tranche under this finance facility is payable in thirty two quarterly installments. This facility carry mark-up at the rate ranging from 3.50% to 8.50% per annum and is secured against joint pari-passu charge of Rs. 267 million over plant and machinery with 25% margin registered with SECP.

20.1.24 RCML (merged with the Company on March 31, 2026) has arranged Diminishing Musharakah facility amounting Rs. 400 million from MCB Islamic Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 175.852 million in nine tranches. Each tranche under this finance facility is payable in sixteen semi annual installments. This facility carry mark-up at the rate ranging from 5.75% to 8.75% (2025: 5.75% to 20.75%) per annum and are secured against ranking charge on all present and future plant and machinery of the RCML with 25% margin.

21. STAFF RETIREMENT BENEFIT - Gratuity

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

	2026 Rupees	2025 Rupees
21.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	884,975,148	716,804,813
Provision assumed upon merger of RCML with in and into the Company	249,954,089	-
Charge to statement of profit or loss	342,822,980	279,527,843
Remeasurement recognized in statement of other comprehensive income	4,491,334	28,700,628
Payments made during the year	(172,295,337)	(140,058,136)
Net liability at the end of the year	1,309,948,214	884,975,148
21.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	884,975,148	716,804,813
Provision assumed upon merger of RCML with in and into the Company	249,954,089	-
Current service cost	234,057,882	184,128,421
Interest cost	108,765,098	95,399,422
Benefits paid	(172,295,337)	(140,058,136)
Remeasurements on obligation	4,491,334	28,700,628
Balance at end of the year	1,309,948,214	884,975,148
21.3 Expense recognized in statement of profit or loss		
Current service cost	234,057,882	184,128,421
Interest cost	108,765,098	95,399,422
	342,822,980	279,527,843

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	2026 Rupees	2025 Rupees
21.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	4,491,334	35,512,777
Actuarial gain	–	(6,812,149)
	4,491,334	28,700,628

	2026	2025
21.5 Actuarial assumptions used		
Discount rate used for year-end obligation	11.75%	11.75%
Expected rate of increase in future salaries	11.75%	11.75%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

21.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(1,221,123,348)	1,412,361,313
Increase in future salaries	1.00%	1,414,969,810	(1,217,060,152))

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2027 amounts to Rs. 479.177 million.

21.8 The weighted average duration of defined benefit obligation is 7 years.

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2026	222,558,075	240,989,036	712,361,484	21,918,307,346	23,094,215,941

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FOR THE YEAR ENDED JUNE 30, 2026

21.10 Historical information:

	2026	2025	2024	2023	2022
	Rupees				
Present value of defined benefit obligation	1,309,948,214	884,975,148	716,804,813	513,768,596	399,538,518
Experience adjustment on obligation / actuarial loss	4,491,334	28,700,628	127,291,009	31,169,960	(1,673,946)

22. DEFERRED TAXATION - Net

22.1 This represent deferred tax liability recognised on unrealised gain on investments using applicable effective tax rate under Income Tax Ordinance, 2001.

22.2 Also refer contents on note 3.15 to these financial statements.

	Note	2026 Rupees	2025 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	2,625,947,578	2,014,835,728
Accrued expenses		1,806,066,811	1,444,845,378
Bills payable	23.2	2,134,973,874	764,147,767
Sindh government infrastructure fee	23.3	1,958,859,257	1,044,505,386
Gas infrastructure development cess	23.4	521,512,774	325,853,952
Workers' profit participation fund provision assumed upon merger of RCML with-in and into the Company		40,777,051	-
Workers' welfare fund provision assumed upon merger of RCML with in and into the Company		16,882,089	-
Others		47,731,084	17,769,092
		9,152,750,518	5,611,957,303
23.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Ltd.		-	172,023,453
Sapphire Textile Mills Ltd.		59,403,176	51,270,670
Diamond Fabrics Ltd.		2,496,370	-
Sapphire Finishing Mills Ltd.		-	11,739,690
Sapphire Electronics (Private) Ltd.		40,315,331	-
		102,214,877	235,033,813

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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23.2 These are secured against import documents.

23.3 The provision primarily represents amounts relating to Sindh Infrastructure Cess ("SIC") levied under the applicable Sindh provincial legislation on the import of goods into the Province of Sindh. The matter is currently pending before the Federal Constitutional Court of Pakistan. However, the Company has recorded the liability in this respect.

23.4 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and RCML and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

The Company and RCML has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company and RCML falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Company and RCML.

The Company and RCML recorded the liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return. Time period of 48 months has passed and the matter is still pending in SHC, hence; the entire liability has now been reclassified as current liability.

	Note	2026 Rupees	2025 Rupees
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		53,530,638	33,755,632
- short term borrowings		396,023,020	258,753,465
		449,553,658	292,509,097
25. SHORT TERM BORROWINGS			
Running / cash finances - secured	25.1	21,122,519,805	13,052,098,807
Running Musharaka finance	25.1	3,260,493,552	3,336,292,357
Temporary bank overdraft - unsecured	25.3	7,392,974	517,889
		24,390,406,331	16,388,909,053

25.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs. 64,680 million (2025: Rs. 43,995 million). These finance facilities, during the year, carried mark-up at the rates ranged from 4.50% to 13.41% (2025: 7.25% to 22.09%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 84,047 million (2025: Rs. 51,460 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 25.2** Facilities available for opening letters of credit and guarantees aggregate to Rs. 27,020 million (2025: Rs. 25,235 million) out of which the amount remained unutilized at the year- end was Rs. 18,759.884 million (2025: Rs. 18,356.172 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Company.

Abovementioned facilities are expiring on various dates upto September 30, 2027.

- 25.3** These balances have arisen due to issuance of cheque in excess of available balance.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Outstanding bank guarantees

Guarantees aggregating Rs. 1,952.055 million (2025: Rs. 1,650.968 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

	2026 Rupees	2025 Rupees
26.2 Commitments		
Commitments in respect of :		
- letters of credit for capital expenditure	328,374,004	735,335,918
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,358,986,692	1,107,209,207
- capital expenditure other than letters of credit	244,139,939	165,887,117
- foreign & local bills discounted	2,173,718,036	2,729,105,481

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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27. SALES - Net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the year ended June 30, 2026

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
– Yarn	19,348,237,732	2,077,804	73,136,260	19,423,451,796
– Fabric	–	687,253,924	9,779,074,190	10,466,328,114
– Garments	–	1,077,482,815	8,343,284	1,085,826,099
– Waste	802,039,375	61,476,154	103,022,481	966,538,010
– Raw materials	730,483,270	–	–	730,483,270
– Local steam income	115,050	–	–	115,050
– Processing income	23,288,679	157,556,726	159,581,233	340,426,638
	20,904,164,106	1,985,847,423	10,123,157,448	33,013,168,977
Export Sales				
– Yarn	13,433,887,547	117,376,360	–	13,551,263,907
– Fabric	–	966,766,367	3,286,095,880	4,252,862,247
– Garments	–	3,695,640,416	1,081,568,915	4,777,209,331
– Waste	309,514,858	–	–	309,514,858
	13,743,402,405	4,779,783,143	4,367,664,795	22,890,850,343
Export rebate				
– Yarn	530,609	20,101	–	550,710
– Fabric	–	7,795,170	55,762,928	63,558,098
– Garments	–	50,316,444	–	50,316,444
	530,609	58,131,715	55,762,928	114,425,252
Less: sales tax	3,186,645,577	303,994,468	1,544,446,407	5,035,086,452
	31,461,451,543	6,519,767,813	13,002,138,764	50,983,358,120
Timing of revenue recognition				
Goods transferred at a point in time	31,438,162,864	6,362,211,087	12,842,557,531	50,642,931,482
Services rendered at a point in time	23,288,679	157,556,726	159,581,233	340,426,638
	31,461,451,543	6,519,767,813	13,002,138,764	50,983,358,120

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

For the year ended June 30, 2025

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
– Yarn	14,831,463,665	4,389,658	156,004,198	14,991,857,521
– Fabric	–	585,815,038	10,973,068,154	11,558,883,192
– Garments	–	518,569,736	–	518,569,736
– Waste	1,125,943,515	74,069,170	142,725,927	1,342,738,612
– Raw materials	619,241,151	–	–	619,241,151
– Local steam income	24,657,516	–	–	24,657,516
– Processing income	12,523,024	738,429,721	81,688,088	832,640,833
	16,613,828,871	1,921,273,323	11,353,486,367	29,888,588,561
Export Sales				
– Yarn	13,025,373,140	198,425,575	–	13,223,798,715
– Fabric	–	1,440,340,556	4,330,374,826	5,770,715,382
– Garments	–	6,081,999,638	–	6,081,999,638
– Waste	99,494,092	–	–	99,494,092
	13,124,867,232	7,720,765,769	4,330,374,826	25,176,007,827
Export rebate				
– Yarn	816,599	228,231	–	1,044,830
– Fabric	–	3,153,302	21,528,182	24,681,484
– Garments	–	23,395,614	–	23,395,614
	816,599	26,777,147	21,528,182	49,121,928
Less: sales tax	2,540,615,360	293,795,067	1,717,456,959	4,551,867,386
	27,198,897,342	9,375,021,172	13,987,932,416	50,561,850,930
Timing of revenue recognition				
Goods transferred at a point in time	27,186,374,318	8,636,591,451	13,906,244,328	49,729,210,097
Services rendered at a point in time	12,523,024	738,429,721	81,688,088	832,640,833
	27,198,897,342	9,375,021,172	13,987,932,416	50,561,850,930

27.1 Waste sales include sale of comber noil.

27.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 140.001 million (2025: Rs. 306.258 million) has been included in export sales.

27.3 The Company's revenue from external customers by geographical location is detailed below:

	2026 Rupees	2025 Rupees
Africa	272,266,543	910,889,417
Asia	39,340,766,021	38,703,379,745
Australia / Oceania	179,551,450	114,436,295
Europe	10,039,313,827	10,274,906,914
North America	733,718,797	454,834,521
South America	417,741,482	103,404,038
	50,983,358,120	50,561,850,930

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27.4 Contract liabilities represents short term advances received from customers against delivery of goods in future. Out of total contract liabilities outstanding at June 30, 2025 amounting to Rs. 392.431 million, an amount of Rs. 52.443 million has been recognized as revenue during the year.

	Note	2026 Rupees	2025 Rupees
28. COST OF SALES			
Finished goods at beginning of the year		4,409,468,946	3,976,618,720
Transferred from RCML		412,088,599	-
Cost of goods manufactured	28.1	46,270,664,989	46,050,431,989
Cost of raw materials sold		770,266,842	494,445,482
		47,040,931,831	46,544,877,471
		51,862,489,376	50,521,496,191
Finished goods at end of the year		(4,938,492,355)	(4,409,468,946)
		46,923,997,021	46,112,027,245
28.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,332,401,918	1,396,530,229
WIP transferred from RCML upon merger		622,173,091	-
Raw materials consumed	28.2	31,192,557,569	31,998,325,246
Salaries, wages and benefits	28.3	4,959,400,005	4,029,379,351
Packing stores consumed		671,085,161	585,287,210
General stores consumed		1,491,482,486	1,049,583,269
Processing charges		1,505,990,230	1,849,204,323
Depreciation	4.2	1,477,104,995	1,115,375,882
Fuel and power		4,820,521,418	4,861,809,605
Repair and maintenance		165,232,627	133,868,083
Insurance		94,328,238	109,902,213
Vehicles' running		136,698,574	87,332,802
Travelling and conveyance		127,242,760	90,701,029
Printing and stationery		334,685	103,560
Legal and professional charges		19,194,283	11,176,085
Fee and subscription		18,975,426	18,466,054
Entertainment		48,303,533	30,046,396
Telephone		7,313,707	4,570,237
Postage		2,618,981	2,090,143
Rent, rates and taxes		27,083,699	9,082,190
		48,720,043,386	47,382,833,907
Work-in-process at end of the year		(2,449,378,397)	(1,332,401,918)
		46,270,664,989	46,050,431,989
28.2 Raw materials consumed			
Stocks at beginning of the year		8,742,059,239	7,367,864,164
Stock transferred from RCML upon merger		3,857,128,140	-
Purchases		29,707,155,269	33,372,520,321
		42,306,342,648	40,740,384,485
Stocks at end of the year		(11,113,785,079)	(8,742,059,239)
		31,192,557,569	31,998,325,246

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28.3 Salaries, wages and benefits include Rs. 342.822 million (2025: Rs. 279.528 million) in respect of staff retirement benefit - gratuity and Rs. 52.359 million (2025: Rs. 34.687 million) contribution in respect of staff provident fund.

	Note	2026 Rupees	2025 Rupees
29. DISTRIBUTION COST			
Salaries and other benefits	29.1	173,681,932	149,753,167
Travelling, conveyance and entertainment		78,297,207	44,494,457
Vehicles' running		6,512,398	5,788,508
Telephone		1,038,283	1,042,976
Postage		65,605,777	43,237,741
Printing and stationery		13,052	12,661
Commission:			
- local		34,879,204	37,599,196
- export		433,449,483	538,396,519
		468,328,687	575,995,715
Freight and forwarding:			
- local		47,485,837	25,264,148
- export		797,680,831	824,695,552
		845,166,668	849,959,700
Export development surcharge		24,632,025	58,331,767
Other export expenses		35,823,653	29,792,810
Sales promotion		164,068,764	229,611,714
Provision (reversed) / made for expected credit loss in trade debts	11.5	(56,035,367)	98,781,128
		1,807,133,079	2,086,802,344

29.1 Salaries and other benefits include Rs. 4.952 million (2025: Rs. 4.767million) in respect of contribution to staff provident fund.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2026 Rupees	2025 Rupees
30. ADMINISTRATIVE EXPENSES			
Directors' remuneration		41,400,000	36,000,000
Directors' meeting fee		470,000	770,000
Salaries and other benefits	30.1	700,732,356	482,402,386
Telephone		7,481,293	9,187,969
Postage		1,033,870	613,376
Fee and subscription		31,289,337	28,222,777
Legal and professional charges		55,536,223	72,167,250
Entertainment		31,192,791	20,897,680
Travelling and conveyance		19,293,528	25,846,494
Printing and stationery		11,030,282	8,890,406
Rent, rates and taxes		21,434,980	7,699,495
Advertisement		948,208	1,277,217
Electricity, gas and water		15,261,679	10,667,611
Repair and maintenance		47,559,373	35,119,362
Vehicles' running		56,198,409	41,855,280
Charity and donations	30.2	2,899,800	7,840,231
Insurance		1,930,663	1,153,493
Depreciation	4.2	50,480,894	49,309,284
Depreciation - Investment property	5	2,750,385	–
Amortization of intangible assets	6	1,188,860	1,547,643
		1,100,112,931	841,467,954

30.1 Salaries and other benefits include Rs. 25.563 million (2025: Rs. 16.312 million) in respect of contribution to staff provident fund.

30.2 Donations exceeding 10% of the total donations of the Company

It includes donations amounted Rs. 2.564 million (2025: Rs. 4.304 million) were made to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2026 Rupees	2025 Rupees
31. OTHER INCOME			
Income from financial assets			
Dividend income from:			
- related parties		4,033,291,774	17,478,261,098
- others		1,157,822,684	1,116,879,402
- mutual fund		2,423	-
		5,191,116,881	18,595,140,500
Interest income on bank deposits		35,797,573	27,137,585
Mark-up earned on loan to related parties		212,467,238	87,720,656
Mark-up earned on term finance certificates		18,077,377	9,633,421
		5,457,459,069	18,719,632,162
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	4.5	25,944,278	33,141,701
Loss on sale of store and spares		(6,506,537)	(4,890)
Scrap sales [Net of sales tax aggregating Rs. 13.115 million (2025: Rs. 14.587 million)]		95,960,318	81,043,948
Exchange gain		-	30,903,113
Realised gain on sale of investment in mutual fund		769,011	-
Unrealised gain on remeasurement of investment in mutual fund		1,217,535	
Rental income form building		13,500,000	-
		130,884,605	145,083,872
		5,588,343,674	18,864,716,034
32. OTHER EXPENSES			
Auditors' remuneration	32.1	8,947,028	5,970,375
Provision for doubtful tax refunds	16.1	69,905,973	51,346,284
Exchange loss on foreign currency account		7,183,026	-
		86,036,027	57,316,659
32.1 Auditors' remuneration			
- statutory audit		3,131,000	2,846,000
- certification / special audit assignment		3,944,100	2,150,000
- half yearly review		388,000	353,165
- review of code of corporate governance review		127,000	115,000
- audit of retirement funds and workers' profit participation fund		362,500	190,500
- under / (over) provision		679,428	15,710
- out-of-pocket expenses		315,000	300,000
		8,947,028	5,970,375

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FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
33. FINANCE COST			
Mark-up / interest on long term finances		277,263,936	153,619,292
Mark-up / interest on short term borrowings		2,178,458,440	1,735,626,856
Interest on workers' profit participation fund		–	1,060,793
Unwinding effect of long term liabilities		–	120,796
Bank and other financial charges		150,683,373	185,551,466
		2,606,405,749	2,075,979,203

34. LEVIES AND INCOME TAXATION

34.1 Final tax levy

Levy:			
- for the year	34.2	927,455,647	911,581,457
- for prior year		(39,025,691)	(816,161)
		888,429,956	910,765,296

34.2 This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

	Note	2026 Rupees	2025 Rupees
34.3 Income tax			
Current tax for the year	34.4	731,708,201	3,072,105,740
Deferred tax		(134,829,086)	593,265,952
		596,879,115	3,665,371,692

34.4 Numeric tax rate reconciliation is not presented as the income tax represents tax payable on dividend income under section 150 and super tax under section 4C of the Income Tax Ordinance, 2001 (the Ordinance).

34.5 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2026 Rupees	2025 Rupees
Current tax liability for the year as per applicable tax laws	1,659,163,848	3,983,687,197
Portion of current tax liability as per tax laws, representing income tax under IAS 12	731,708,201	3,072,105,740
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	927,455,647	911,581,457
Difference	–	–

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FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
35. EARNINGS PER SHARE		
35.1 Basic earnings per share		
Net profit for the year	2,562,707,916	13,676,836,571
Number of shares		
Weighted average ordinary shares in issues	21,721,708	20,671,875
Rupees		
Earnings per share	117.98	661.62

35.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2026 and June 30, 2025 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2026 Rupees	2025 Rupees
36. CASH USED IN OPERATIONS			
Profit before taxation		4,048,016,987	18,252,973,559
Adjustments for non-cash charges and other items:			
Depreciation	4.2	1,527,585,889	1,164,685,166
Depreciation- investment property	5	2,750,385	-
Amortization	6	1,188,860	1,547,643
Staff retirement benefit - gratuity	21.3	342,822,980	279,527,843
(Reversal) / provision for slow moving items	9.1	(1,425,611)	8,209,266
Dividend and interest income		(5,244,991,831)	(18,631,911,506)
Loss on sale of stores and spares	31	6,506,537	4,890
Gain on disposal of operating fixed assets	4.5	(25,944,278)	(33,141,701)
Unrealised gain on mutual fund	31	(1,217,535)	-
Unrealised loss on foreign currency account	32	7,183,026	-
(Reversal) / provision for for expected credit loss	11.5	(56,035,367)	98,781,128
Provision for of doubtful tax refunds	16.1	165,597,849	51,346,284
Finance cost	33	2,606,405,749	2,075,979,203
Working capital changes	36.1	(10,921,346,271)	(5,464,892,661)
		(7,542,902,631)	(2,196,890,886)

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	2026 Rupees	2025 Rupees
36.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	382,916,063	(196,905,271)
Stock-in-trade	(5,844,260,076)	(2,952,292,132)
Trade debts	(5,021,294,948)	(230,586,612)
Loans and advances	(677,725,655)	(103,856,329)
Long term deposits	(21,009,154)	(400,000)
Deposits, other receivables and sale tax	(3,413,346,770)	(1,880,666,587)
	(14,594,720,540)	(5,364,706,931)
Increase / (decrease) in trade and other payables	3,673,374,269	(100,185,730)
	(10,921,346,271)	(5,464,892,661)

37. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Director		Executives	
	2026	2025	2026	2025	2026	2025
	Rupees					
Particulars						
Managerial remuneration	24,001,200	24,001,200	2,412,000	-	674,347,847	488,991,084
Contribution to provident fund trust	-	-	-	-	55,579,659	40,105,872
House rent and utilities	11,998,800	11,998,800	1,188,000	-	325,061,851	233,337,874
Medical	-	-	-	-	13,344,460	9,629,261
Leave encashment / bonus	-	-	-	-	56,529,010	53,589,942
Other benefits	-	-	-	-	76,907,620	51,306,471
	36,000,000	36,000,000	3,600,000	-	1,201,770,447	876,960,504
Number of persons	1	1	1		246	187

37.1 Certain executives are provided with Company maintained vehicles.

37.2 During the year, meeting fees of Rs. 470,000 (2025: Rs. 770,000) was paid to three non-executive director.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Subsidiary Companies, Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Electric Company Ltd.	Subsidiary Company	68.11%
UCH Power (Private) Ltd.	Common directorship	50%
UCH - II Power (Private) Ltd.	Common directorship	50%
Premier Cement Ltd.	Subsidiary Company	100%
Sapphire Energy (Pvt.) Ltd.	Subsidiary Company	100%
Sapphire Power Limited (SPL)	Subsidiary Company	100%
Sapphire Properties Limited (SPL)	Subsidiary Company	100%
Sapphire Cement Company Limited	Subsidiary Company	100%
Sapphire Electronics (Private) Limited	Subsidiary Company	100%
Sapphire USA, LLC	Subsidiary Company	100%
RCSM Company (Private) Limited	Subsidiary Company	100%
SFL Ltd.	Common directorship	0.051%
Sapphire Power Generation Ltd.	Common directorship	17.63%
Sapphire Finishing Mills Ltd.	Common directorship	-
Neelam Textile Mills Ltd.	Common directorship	-
Sapphire Textile Mills Ltd.	Common directorship	-
Diamond Fabrics Ltd.	Common directorship	-
Salman Ismail (SMC-Pvt.) Ltd.	Common directorship	-
Sapphire Agencies (Pvt.) Ltd.	Common directorship	-
Crystal Enterprises Ltd.	Common directorship	-
Sapphire Holding Ltd.	Common directorship	-
Four Strength (Pvt.) Ltd.	Common directorship	-
SANIFA Agri Services Ltd.	Common directorship	-

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

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	2026 Rupees	2025 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Dividend received	433,173,900	1,299,521,700
Loan provided	2,738,562,798	48,155,073
Loan recovered	3,786,500,000	-
Mark-up charged	212,467,237	87,720,656
Expenses charged to	49,363,297	5,833,923
Expenses charged by	-	2,000,000
Sale of stores	74,820	-
Purchase of stores	5,833,632	-
Investment made	1,486,082,384	198,106,830
Purchase of assets	9,789,150	-
ii) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	1,129,744,771	1,517,922,002
- assets	7,100,000	1,600,000
Purchases:		
- raw material / yarn / fabric / stores	1,195,824,080	1,959,665,344
- assets	346,520,552	1,156,070,000
Services:		
- rendered	89,919,821	69,812,491
- obtained	4,447,990	8,211,160
Expenses charged by	142,180,898	106,909,845
Expenses charged to	32,484,066	172,823,172
Investment made	-	14,382,421,745
Dividend:		
- received	3,600,117,874	16,178,739,398
- paid	185,245,160	111,201,540
iii) Key management personnel		
Salary and other employment benefits	143,157,715	169,320,628
Sale of assets	-	60,000
iv) Retirement Fund		
Contribution towards provident fund	80,848,306	62,957,266

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans and advances, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.39.4, the financial assets exposed to credit risk aggregated to Rs. 35,521.78 million (2025: Rs. 19,938.70 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 86% (2025: 95%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2026 Rupees	2025 Rupees
Long term investments	9,801,779,899	6,775,127,355
Long term loans	164,000	307,500
Long term deposits	83,427,499	62,418,345
Trade debts	11,041,613,590	5,973,263,284
Loans and advances	1,225,500	1,055,570
Trade deposits	100,450,255	3,176,942
Short term investments	6,265,569,959	4,542,976,139
Other receivables	4,852,002,645	1,018,257,795
Bank balances	1,375,548,540	1,562,115,870
	33,521,781,887	19,938,698,800

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Company various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2026 Rupees	2025 Rupees
Domestic	8,025,603,790	3,804,756,000
Export	3,016,009,800	2,168,507,284
	11,041,613,590	5,973,263,284

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The majority of export debts of the Company are situated in Asia, Europe, America, Australia and Africa.

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2026 Rupees	2025 Rupees
Yarn	7,367,231,660	3,620,993,299
Fabric	2,235,377,149	1,719,849,915
Garments	1,221,672,323	542,134,848
Waste	217,332,458	90,285,222
	11,041,613,590	5,973,263,284

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit quality of the Company's bank balances can be assessed with reference to the external credit ratings as follows:

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
United Bank Limited	A-1+	AAA	VIS
Habib Bank Limited	A-1+	AAA	VIS
Samba Bank Limited	A-1+	AA	PACRA
Faysal Bank Limited	A1+	AA+	PACRA
Habib Metropolitan Bank Limited	A-1+	AAA	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA	PACRA
Dubai Islamic Bank	A-1+	AA	VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	VIS

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2026					
Long term liabilities	7,375,850,361	10,623,305,235	1,999,324,212	8,022,123,599	601,857,424
Trade and other payables	9,152,750,518	9,152,750,518	9,152,750,518	-	-
Accrued mark-up / interest	449,553,658	449,553,658	449,553,658	-	-
Short term borrowings	24,390,406,331	26,554,962,969	26,554,962,969	-	-
Unclaimed dividend	10,283,106	10,283,106	10,283,106	-	-
	41,378,843,974	46,790,855,486	38,166,874,463	8,022,123,599	601,857,424
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2025					
Long term finances	3,910,615,772	4,225,761,330	1,074,910,117	2,726,700,376	424,150,837
Trade and other payables	4,567,451,917	4,567,451,917	4,567,451,917	-	-
Accrued mark-up / interest	292,509,097	292,509,097	292,509,097	-	-
Short term borrowings	16,388,909,053	17,010,196,164	17,010,196,164	-	-
Unclaimed dividend	8,634,411	8,634,411	8,634,411	-	-
	25,168,120,250	26,104,552,919	22,953,701,706	2,726,700,376	424,150,837

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

(c) Market risk

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

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(i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), Chinese Yuan (CNY) and Dirham (AED) is as follows:

	Rupees	U.S.\$	Euro	CHF	JPY	GBP	AED
For the year ended							
June 30, 2026							
Bills payables	2,134,973,874	7,014,761	352,403	-	1,054,400	31,000	736,551
Advance payments	346,827,028	1,193,698	24,425	-	-	-	-
	2,481,800,902	8,208,459	376,828	-	1,054,400	31,000	736,551
Trade debts	(3,016,009,800)	(10,213,786)	(662,605)	-	-	-	-
Bank balances	(533,281,198)	(1,917,933)	-	-	-	-	-
Net balance sheet							
exposure	(1,067,490,096)	(3,923,260)	(285,777)	-	1,054,400	31,000	736,551
Outstanding letters							
of credit	1,687,360,696	4,540,054	445,222	810,728	1,301,890	-	-
	619,870,600	616,794	159,445	810,728	2,356,290	31,000	736,551

	Rupees	U.S.\$	Euro	AED	JPY
For the year ended					
June 30, 2025					
Bills payables	764,147,767	1,964,172	279,604	248,000	294,768
Advance payments	273,516,246	968,868	-	-	-
	1,037,664,013	2,933,040	279,604	248,000	294,768
Trade debts	(2,168,507,284)	(7,197,672)	(488,245)	-	-
Bank balances	(1,178,371,235)	(4,115,046)	-	-	-
Net balance sheet					
exposure	(2,309,214,506)	(8,379,678)	(208,641)	248,000	294,768
Outstanding letters					
of credit	1,842,545,125	5,373,902	466,105	452,000	-
	(466,669,381)	(3,005,776)	257,464	700,000	294,768

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2026	2025	2026	2025
	Rupees			
U.S. Dollar to Rupee	281.52	279.87	278.55 / 278.05	284.10 / 283.60
Euro to Rupee	326.03	306.29	317.52 / 316.95	332.83 / 332.25
Swiss Frank to Rupee	349.99	328.44	344.29 / 343.67	355.50 / 354.87
CNY to Rupee	39.93	39.15	40.99 / 40.91	39.66 / 39.59
Japanese Yen to Rupee	1.81	1.79	1.7176 / 1.7145	1.9701 / 1.9667
GBP to Rupee	368.64	-	368.64 / 367.98	-
AED to Rupee	76.34	75.94	75.85 / 75.71	77.90 / 77.76

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At June 30, 2026, if Rupee had strengthened by 10% against above mentioned foreign currencies with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2026 Rupees	2025 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(109,086,244)	(237,647,668)
Euro to Rupee	(9,057,702)	(6,932,097)
JPY to Rupee	180,777	-
GBP to Rupee	1,140,738	-
CHF to Rupee	-	88,007,760
AED to Rupee	5,576,428	2,292,116
	(111,246,004)	(154,279,889)

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2026	2025	2026	2025
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	7.00 to 10.00	7.50 to 19.50	507,127,550	206,040,000
Term finance certificate	11.32	11.80	139,273,236	139,244,405
Financial liabilities				
Long term finances	2.00 to 11.95	2.00 to 9.50	7,375,850,361	3,721,294,522
Variable rate instruments				
Financial liabilities				
Long term finances	2.50 to 20.64	2.50 to 20.64	438,937,000	189,321,250
Short term borrowings	4.50 to 13.41	7.25 to 22.90	24,383,013,357	16,388,391,164

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit or loss for the period / year.

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At June 30, 2026, if the interest rate on the Company's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs. 268.220 million (2025: Rs. 165.933 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

(iii) Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs. 16,072,518 million (2025: Rs. 11,318.910 million) are exposed to price risk due to changes in market price.

At June 30, 2026, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs. 1,607.252 million (2025: Rs. 1,131.891 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Company.

39.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs. 16,072.518 million (2025: Rs. 11,318.910 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

39.3 Capital risk management

The Company's objective when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2026 Rupees	2025 Rupees
Total borrowings	24,383,013,357	16,388,391,164
Less: cash and bank balances	1,385,224,223	1,571,737,056
Net debt	22,997,789,134	14,816,654,108
Total equity	65,493,010,193	50,614,119,024
Total capital	88,490,799,327	65,430,773,132
Gearing ratio	26%	23%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

39.4 Financial instruments by category

	As at June 30, 2026			As at June 30, 2025		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
Financial assets as per statement of financial position						
Long term investments	-	9,801,779,899	9,801,779,899	-	6,775,127,355	6,775,127,355
Long term loans	164,000	-	164,000	307,500	-	307,500
Long term deposits	83,427,499	-	83,427,499	62,418,345	-	62,418,345
Trade debts	11,041,613,590	-	11,041,613,590	5,973,263,284	-	5,973,263,284
Loans and advances	1,225,500	-	1,225,500	1,055,570	-	1,055,570
Trade deposits	100,450,255	-	100,450,255	3,176,942	-	3,176,942
Short term investments	-	6,271,237,937	6,271,237,937	-	4,542,976,139	4,542,976,139
Other receivables	5,352,801,366	-	5,352,801,366	1,706,341,474	-	1,706,341,474
Cash and bank balances	1,385,224,223	-	1,385,224,223	1,571,737,056	-	1,571,737,056
	17,964,906,433	16,073,017,836	34,037,924,269	9,318,300,171	11,318,103,494	20,636,403,665

	Financial liabilities measured at amortised cost	
	2026 Rupees	2025 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	8,790,675,219	3,944,371,404
Trade and other payables	6,672,378,487	4,241,597,965
Unclaimed dividend	10,283,106	8,634,411
Short term borrowings and accrued mark-up	24,786,429,351	16,647,662,518
	40,259,766,163	24,842,266,298

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

40. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
	Rupees		
Balance as at July 01, 2025	3,910,615,772	16,388,909,053	8,634,411
Changes from financing activities			
Finances repaid	4,826,528,809	8,001,497,278	–
Dividends paid	–	–	(205,070,055)
Dividend declared	–	–	206,718,750
Total changes from financing cash flows	8,737,144,581	24,390,406,331	10,283,106
Other changes / adjustments	–	–	–
Balance as at June 30, 2026	8,737,144,581	24,390,406,331	10,283,106
Balance as at July 01, 2024	4,879,134,573	8,117,354,325	8,072,375
Changes from financing activities			
Finances repaid	(968,518,801)	8,271,554,728	–
Dividend paid	–	–	(206,156,714)
Dividend declared	–	–	206,718,750
Total changes from financing cash flows	3,910,615,772	16,388,909,053	8,634,411
Other changes	–	–	–
Balance as at June 30, 2025	3,910,615,772	16,388,909,053	8,634,411
	2026	2025	
41. CAPACITY AND PRODUCTION			
41.1 Spinning units			
Number of spindles installed		170,148	107,424
Number of spindles worked		151,920	95,110
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	77,589,461	63,249,866
Actual production after conversion into 20's count	Lbs.	61,709,093	50,703,750

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

41.1.1 Actual production varies due to maintenance / shut down and change in count pattern.

		2026	2025
41.2 Dyeing			
Fabric Dyeing Unit			
Total number of days worked		305	353
Installed capacity	Lbs.	14,550,360	14,550,360
Actual production	Lbs.	6,905,326	13,493,965
41.3 Knitting unit			
Total number of days worked		303	360
Installed capacity	Lbs.	13,812,315	13,812,315
Actual production	Lbs.	3,632,750	5,547,645
41.3.1 Low production is due to low demand.			
41.4 Stitching unit			
Installed capacity	Pcs.	9,600,000	9,600,000

41.4.1 Sluggish sale in the international markets and higher fuel cost forced management to temporarily close its stitching unit.

		2026	2025
41.5 Denim unit			
Total number of days worked		352	331
Installed capacity	Mtrs.	20,400,000	20,400,000
Actual production	Mtrs.	15,442,098	14,420,270

41.6 Apparel unit

The plant capacity of apparel unit is indeterminable as it involves varying processes of manufacturing and run length of order lots.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

42. SHARIAH DISCLOSURE UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Statement of Financial Position – Assets				
Long term Investments	32,167,432,967	208,551,708	26,275,761,906	1,306,269
Short term Investments	3,590,892,771	2,680,345,166	2,723,114,935	1,819,861,204
Bank balances	1,371,270,802	13,953,421	1,566,078,434	5,658,622
Statement of Financial Position - Liability				
Long term finances	7,226,651,998	1,510,492,583	2,915,684,633	994,931,139
Short term borrowings	18,709,651,926	5,680,754,406	11,802,616,890	4,586,292,163
Accrued mark-up	328,189,696	121,363,962	208,610,397	83,898,700
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant business segment	-	50,983,358,120	-	50,561,850,930
Late payments / liquidated damages	-	-	-	-
Unrealised gain on remeasurement of investments	3,554,654,529	593,494,143	2,450,819,211	727,033,359
Realised gain / (loss) on sale of investments	238,063,408	(1,280,438)	(66,420,484)	2,417,044
Mark-up / profit on short and long term financing	1,953,143,122	502,579,254	1,539,277,473	349,968,675
Other income				
i) Profit on bank deposits	53,874,950	-	36,771,006	-
ii) Dividend Income	5,143,968,840	47,148,051	17,478,261,098	1,116,879,402
iii) Gain on sale of property, plant and equipment - net	19,852,132	6,092,144	31,619,244	1,522,457
iv) (Loss) / gain on sale of stores & spares	(6,506,537)	-	(4,890)	-
v) Exchange (loss) / gain on actual currency	17,282,428	-	(2,326,337)	-
vi) Exchange gain / (loss) earned using conventional derivatives financial instruments - net	(12,214,556)	2,115,154	(31,443,112)	2,866,336
vii) Total interest earned on any conventional loan or advance	212,467,238	-	87,730,656	-
viii) Scrap sale	95,960,318	-	81,043,948	-
ix) Realised / unrealised gain on mutual fund	1,986,546	-	-	-
x) Rental income	13,500,000	-	-	-

The Company have banking relation with the following shariah-compliant financial institutions:

Name	Relationship
a) Meezan Bank Limited	Short term financing, long term financing and short term investment
b) Bank Islami Pakistan Limited	Short term financing
c) Dubai Islamic Pakistan Limited	Short term financing
d) Faysal Bank Limited	Short term financing
e) Adamjee Insurance Company Limited	
Window Takaful Operations	Takaful operator

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
43. NUMBER OF EMPLOYEES		
Number of employees as at,	6,909	4,645
Average number of employees as at,	6,418	4,710

44. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date

The Company has established a wholly owned subsidiary under the name "Saphir Holding L.L.C -FZ" in the United Arab Emirates (UAE). All requisite legal and regulatory formalities in this regard have been duly completed.

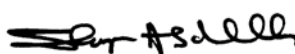
The Board of Directors, in their meeting held on September 24, 2026, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.248.712 million for the year ended June 30, 2026, for approval of the members at their Annual General Meeting to be held on October 28, 2026.

46.2 Date of authorisation for issue

These financial statements were authorized for issue on September 24, 2026 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries Sapphire Electric Company Limited, Premier Cement Limited, Sapphire Cement Company Limited, Sapphire Hydro Limited, Sapphire Energy (Pvt.) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited, Sapphire Power Limited, Sapphire Properties (Private) Limited, Sapphire USA LLC, Saphir Holding FZ LLC, RCSM Company (Private) Limited and Sapphire Electronics (Private) Limited for the Year ended June 30, 2026. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Sapphire Electric Company Limited (SECL):

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under the Companies Ordinance, 1984 on January 18, 2005. Sapphire Fibres Limited has holding of 68.11% (2025: 68.11%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

Premier Cement Limited (PCL):

Premier Cement Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on July 26, 2016. SFL holds 100% shares of PCL as on June 30, 2026.

PCL intends to establish and install plant for manufacturing all kinds of cement and its allied products.

Sapphire Cement Company Limited (SCCL):

Sapphire Cement Company Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on October 28, 2016. SFL holds 100% shares of SCCL as on June 30, 2026.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing all kinds of cement and its allied products.

Sapphire Hydro Limited (SHL):

Sapphire Hydro Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and set up a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khyber Pakhtunkhwa.

Sapphire Hydro Limited is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Energy (Private) Limited (SEPL):

Sapphire Energy (Private) Limited was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2017. SFL holds 100% shares of SEPL as on June 30, 2026.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

Ignite Power (Private) Limited (IPPL):

Ignite Power (Private) Limited is a 99.93% owned subsidiary of Sapphire Energy (Private) Limited which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on July 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL):

Sapphire Mining Exploration (Private) Limited was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing all kinds of cement and its allied products in Gilgit.

SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Building Materials Limited (SBML):

Sapphire Building Materials Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Act, 2017 on March 24, 2021. SBML intends to deal in allied products used in construction industry.

SBML is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Power Limited (SPL):

Sapphire Power Limited is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system.

SPL is a wholly owned subsidiary of Sapphire Fibres Limited ("the Holding Company").

Sapphire Properties (Private) Limited (SPPL):

Sapphire Properties (Private) Limited (the Company) is a private company limited by shares incorporated in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage, construct, develop, hold, acquire, sell and purchase all types of real estate projects.

SPPL is a wholly owned subsidiary of Sapphire Fibres Limited.

Sapphire USA LLC

Sapphire USA LLC was incorporated in State of Illinois, USA on September 12, 2024 with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

Saphir Holding FZ LLC

Saphir Holding FZ LLC was incorporated in United Arab Emirates with the objective of extending the Company's global footprint and enhancing its capabilities in investments, exploring market and trading activities.

RCSM Company (Private) Limited

RCSM Company (Pvt.) Ltd, a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited (now merged with Sapphire Fibres Limited) was incorporated on November 8, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other companies or find other avenues to increase shareholders wealth.

Sapphire Electronics (Private) Limited

Sapphire Electronics (Pvt) Limited is a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited (now merged with Sapphire Fibres Limited) was incorporated on September 23, 2024. The principal activity of the company is to trade, manufacture or otherwise acquire and sell electronic and electrical products.

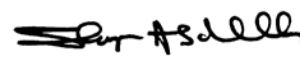
For and on behalf of the Board of Directors



Shahid Abdullah
Chief Executive

Lahore:

Dated: September 24, 2026



Shayan Abdullah
Director

سفائر بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل):

سفائر بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل) 24 مارچ 2021ء کو کمپنیز ایکٹ 2017ء کے تحت ایک غیر مندرجہ پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات میں ڈیل کرنے کا ارادہ رکھتی ہے۔

ایس بی ایم ایل سفائر فاہیرز لمیٹڈ کی ذیلی کمپنی پریمرسینٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پاور لمیٹڈ (ایس پی ایل):

سفائر پاور لمیٹڈ (ایس پی ایل) 19 اپریل 2021ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پبلک غیر مندرجہ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کی اصل سرگرمی ہائیڈرو پاور سسٹم سمیت بجلی کی پیداوار، خریداری، درآمد، مٹرانسمارم، کورٹ، ٹیم اور سپلائی کرنا ہے۔ کمپنی سفائر فاہیرز لمیٹڈ (ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (ایس پی پی ایل):

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (ایس پی پی ایل) 5 اگست 2022ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کا مقصد رئیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنا ہے۔

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ، سفائر فاہیرز لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر یو ایس اے ایل ایل سی:

سفائر یو ایس اے ایل ایل سی 12 ستمبر 2024ء کو ٹیٹ آف Illinois یو ایس اے میں کمپنی کی عالمی نمائندگی کو بڑھانے اور ٹیکسٹائل آپریشنز، خاص طور پر امریکہ میں بنے ہوئے اور موٹے سوئی کپڑے کی مارکیٹ میں اپنی صلاحیتوں کو بڑھانے کے مقصد کے ساتھ قائم کی گئی۔

سفائر ہولڈنگ ایف زیڈ ایل ایل سی:

سفائر ہولڈنگ ایف زیڈ ایل ایل سی کو متحدہ عرب امارات میں اس مقصد کے تحت قائم کیا گیا کہ کمپنی کے عالمی کاروباری دائرہ کار کو وسعت دی جائے اور سرمایہ کاری، نئی منڈیوں کی تلاش اور تجارتی سرگرمیوں کے حوالے سے کمپنی کی صلاحیتوں کو مزید بہتر بنایا جاسکے۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ:

RCSM کمپنی (پرائیویٹ) لمیٹڈ، ریلائنس کاٹن سپننگ ملز لمیٹڈ (جواب سفائر فاہیرز لمیٹڈ میں ضم ہو چکی ہے) کی مکمل ملکیتی ذیلی کمپنی ہے، جسے 8 نومبر 2017ء کو قائم کیا گیا۔ ذیلی کمپنی کی بنیادی سرگرمی دیگر کمپنیوں کے حصص حاصل کرنا یا اپنے پاس رکھنا، یا شیئرز ہولڈرز کی دولت میں اضافے کے لیے سرمایہ کاری کے دیگر مواقع تلاش کرنا ہے۔

سفائر الیکٹرانکس (پرائیویٹ) لمیٹڈ:

سفائر الیکٹرانکس (پرائیویٹ) لمیٹڈ، ریلائنس کاٹن سپننگ ملز لمیٹڈ (جواب سفائر فاہیرز لمیٹڈ میں ضم ہو چکی ہے) کی مکمل ملکیتی ذیلی کمپنی ہے، جسے 23 ستمبر 2024ء کو قائم کیا گیا۔ کمپنی کی بنیادی سرگرمی الیکٹرانک اور برقی مصنوعات کی خرید و فروخت، تیاری یا دیگر ذرائع سے حصول اور فروخت ہے۔

منجانب بورڈ آف ڈائریکٹرز

Shahid

شایان عبداللہ
ڈائریکٹر

Shahid

شاید عبداللہ
چیف ایگزیکٹو

لاہور

تاریخ: 24 ستمبر 2026

ڈائریکٹر رپورٹ

ڈائریکٹر 30 جولائی 2026ء کو ختم ہونے والے سال کے لئے سفارز فابریز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز الیکٹرک کمپنی لمیٹڈ، پریمیر سیمنٹ لمیٹڈ، سفارز سیمنٹ کمپنی لمیٹڈ، سفارز ہائیڈرو لمیٹڈ، سفارز انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفارز مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفارز بلڈنگ میٹریلز لمیٹڈ، سفارز پاور لمیٹڈ، سفارز پراپرٹیز (پرائیویٹ) لمیٹڈ، سفارز یو ایس اے ایل ایل سی، سفارز بولڈنگ ایف زید ایل ایل سی (RCSM) کمپنی (پرائیویٹ) لمیٹڈ اور سفارز الیکٹرکس (پرائیویٹ) لمیٹڈ کے اشتغال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار 27 (اشتغال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتغال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل):

سفارز الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005ء کو کمپنیز آرڈیننس 1984ء کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفارز فابریز لمیٹڈ ذیلی کمپنی کے 68.11% (2025): حصص کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگا واٹ کی خالص صلاحیت کے حامل کربائٹ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

پریمیر سیمنٹ لمیٹڈ (پی سی ایل):

پریمیر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔

پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل):

سفارز سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ء کو کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔

ایس سی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل):

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل) 07 ستمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شمسی، خیر بختونخواہ میں 682 GW کی سالانہ بجلی کی پیداوار کی پینٹل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو الیکٹرک پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل) ہیرٹ کمپنی سفارز فابریز لمیٹڈ کی ذیلی کمپنی سفارز الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل):

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2026ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

ایس ای پی ایل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری گیسٹریکیشن، اسٹوریج، ٹریڈنگ اور پروسیسنگ کے لئے ایک ٹرینٹل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے با حصص حاصل کرنے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل):

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) ہیرٹ کمپنی سفارز فابریز لمیٹڈ کی ذیلی کمپنی سفارز انرجی پرائیویٹ لمیٹڈ کے 99.93% ملکیتی ذیلی کمپنی ہے۔ اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) 03 جولائی 2019ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سولر انرجی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور ڈیجیٹلس حاصل، برقی دینے کا ارادہ رکھتی ہے۔

سفارز مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل):

سفارز مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظور یوں کے حوالے سے، ایس ایم ای ایل گلگت میں تمام اقسام کے سیمنٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

ایس ایم ای ایل سفارز فابریز لمیٹڈ کی ذیلی کمپنی پریمر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Sapphire Fibres Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1	Merger of Reliance Cotton Spinning Mills Limited - an Associated Company within / into the Group Refer note 1.1 to the consolidated financial statements. During the year, the Board of Directors, of the Parent Company in their meeting held on September 25, 2025, and members of the Company in their extra ordinary general meeting held on December 08, 2025 have approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 of the Companies Act, 2017 for Amalgamation / Merger of Reliance Cotton Spinning Mills Limited - an Associated Company within / into the Company subject to obtaining necessary approvals and sanction of the Scheme by the Honorable High Court of Sindh at Karachi. Accordingly, a petition was filed before the Honorable High Court of Sindh, which was duly sanctioned by the Court vide its order dated March 9, 2026. We considered merger of Reliance Cotton Spinning Mills Limited with and into the Group to be a key audit matter as this was a significant event occurred during the year.	Our procedures in relation to this matter included, amongst others - Inspected minutes of the meeting of the Board of Directors and shareholders of the Parent Company for the approval of the transaction. - Inspected the approved Scheme of Arrangement of merger, sanction order of Court, and other relevant documents to obtain an understanding of the transaction, establish transaction date and other key terms. - Analyzed the financial impacts and the related accounting treatment of the transaction in the consolidated financial statements. - Conducted audit of Reliance Cotton Spinning Mills Limited's financial statements for the period ended March 31, 2026 specially compiled for merger purposes. - Traced assets acquired and liabilities assumed with Reliance Cotton Spinning Mills Limited's audited financial statements as of the effective date of merger / amalgamation. - Assessed whether appropriate accounting treatment has been applied to the transaction in the financial statements in accordance with Group's accounting policy and the applicable accounting and financial reporting framework; and - Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirement of the applicable financial reporting framework.

S. No.	Description	How the matter was addressed in our audit
2	Valuation of stock-in-trade The total value of stock in trade as at the reporting date amounted to Rs.29.456 billion, representing 41% of the Group's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note10 to the financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Group in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.
3	Trade Debts As at June 30, 2026, the Group's trade receivables amounted to Rs.14.247 billion, representing an increase of approximately 68.17% compared with Rs.8.472 billion as at June 30, 2026. The significant increase in trade receivables was considered to be a key audit matter due to the magnitude of the balance and the significant audit attention required to assess the recoverability of these receivables.	Our audit procedures included the following: - Obtaining an understanding of the Group's processes and controls relating to the recognition, monitoring and collection of trade receivables. - Evaluating the ageing analysis of trade receivables and assessing long-outstanding and overdue balances. - Testing, on a sample basis, the existence and accuracy of trade receivables through external confirmations and/or alternative audit procedures. - Testing subsequent receipts from customers to assess the recoverability of outstanding balances.

S. No.	Description	How the matter was addressed in our audit
3	The assessment of the recoverability of trade receivables involved significant auditor judgment, particularly in respect of the creditworthiness of customers, ageing of outstanding balances, historical collection trends, subsequent receipts and the adequacy of the allowance for expected credit losses. There was also a risk that the increase in receivables could indicate delayed recoveries, changes in customer credit terms or potential overstatement of revenue and receivables.	- Evaluating the appropriateness of the Group's methodology for determining expected credit losses and assessing the reasonableness of significant assumptions and estimates used. - Considering the historical accuracy of management's estimates of expected credit losses. - Performing substantive testing over revenue transactions, including testing selected transactions around the reporting date to assess the appropriateness of revenue recognition and the existence of related receivables. - Assessing the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.
4	Revenue recognition The principal activity of the Group is to manufacture and sale of yarn, fabrics and garments and electricity. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures included the following: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Group's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - Assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

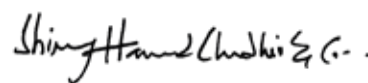
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Lahore: October 05, 2026
UDIN: AR202610105OKD5caiXV

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

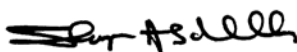
As at June 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	35,478,514,787	28,511,956,430
Investment property	5	31,750,000	31,750,000
Intangible assets	6	5,783,734	6,972,594
Long term investments	7	56,237,336,674	47,855,111,379
Long term loans	8	5,164,000	5,307,500
Long term deposits		85,357,299	64,348,145
		91,843,906,494	76,475,446,049
Current assets			
Stores, spare parts and loose tools	9	1,078,079,595	1,476,118,503
Stock-in-trade	10	29,456,706,679	18,138,879,313
Trade debts	11	14,011,296,181	8,227,060,045
Loans and advances	12	1,343,179,082	574,310,900
Trade deposits and short term prepayments	13	197,792,975	91,743,747
Short term investments	14	12,231,637,700	10,944,936,762
Other receivables	15	3,580,753,227	3,568,664,530
Tax refunds due from Government	16	7,773,907,317	4,616,184,888
Cash and bank balances	17	2,169,852,609	2,273,772,406
		71,843,205,365	49,911,671,094
Total assets		163,687,111,859	126,387,117,143
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	248,712,080	206,718,750
Reserves	19	44,229,119,819	34,161,769,460
Unappropriated profit		58,930,932,285	50,328,915,272
Equity attributable to shareholders of the Parent Company		103,408,764,184	84,697,403,482
Non-controlling interest		5,970,572,113	5,948,989,308
Total equity		109,379,336,297	90,646,392,790
Non current liabilities			
Long term liabilities	20	7,375,850,361	2,937,585,540
Staff retirement benefit - gratuity	21	1,313,780,786	884,975,148
Deferred taxation	22	1,071,156,641	805,975,783
		9,760,787,788	4,628,536,471
Current liabilities			
Trade and other payables	23	12,797,045,686	8,170,420,135
Contract liabilities		623,600,788	392,431,444
Accrued mark-up / interest	24	466,062,221	293,804,016
Short term borrowings	25	26,497,923,225	16,460,179,106
Current portion of long term liabilities	20	1,361,294,220	973,030,232
Unclaimed dividend		10,283,106	8,634,411
Provision for taxation		2,790,778,528	4,813,688,538
		44,546,987,774	31,112,187,882
Total liabilities		54,307,775,562	35,740,724,353
Contingencies and commitments	26		
Total equity and liabilities		163,687,111,859	126,387,117,143

The annexed notes form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

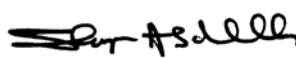
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
Sales	27	59,587,423,558	62,438,480,728
Cost of sales	28	(54,834,764,488)	(56,354,636,544)
Gross profit		4,752,659,070	6,083,844,184
Distribution cost	29	(1,823,456,041)	(2,086,802,344)
Administrative expenses	30	(1,306,889,186)	(1,162,920,351)
Other income	31	1,984,784,106	1,524,844,901
Other expenses	32	(129,777,496)	(82,403,948)
Impact of Amendment Agreement with CPPA-G		(49,832,379)	(2,823,451,404)
Profit from operations		3,427,488,074	1,453,111,038
Finance cost	33	(2,711,499,654)	(2,244,554,757)
		715,988,420	(791,443,719)
Share of profit from Associated Companies	34	6,031,713,397	38,840,017,694
Profit before revenue tax and income tax		6,747,701,817	38,048,573,975
Final taxes – levy	35.1	990,130,934	937,481,803
Profit before income tax		5,757,570,883	37,111,092,172
Income tax	35.3	657,608,128	3,681,185,459
Profit after taxation		5,099,962,755	33,429,906,713
Attributable to:			
– Shareholders of the Parent Company		4,875,521,814	33,903,911,258
– Non-controlling interest		224,440,941	(474,004,545)
		5,099,962,755	33,429,906,713
Earnings per share – attributable to the shareholders of Parent Company	36	224.45	1,640.10

The annexed notes form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

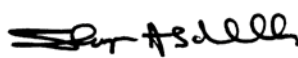
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year Ended June 30, 2026

	2026 Rupees	2025 Rupees
Profit after taxation	5,099,962,755	33,429,906,713
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		
– long term	3,026,652,544	1,554,191,554
– short term	1,121,496,130	1,623,661,016
Impact of deferred tax	(429,419,735)	(512,424,250)
Realised gain / (loss) on sale of investment at fair value through other comprehensive income	236,782,970	(64,003,440)
Share of fair value gain on remeasurement of investment at fair value through other comprehensive income by Associates	74,799,718	22,092,855
	,030,311,627	2,623,517,735
Loss on remeasurement of staff retirement benefit obligation	(4,491,334)	(28,700,628)
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(802,578)	(1,071,397)
Impact of deferred tax	–	11,193,245
	(5,293,912)	(18,578,780)
	4,025,017,715	2,604,938,955
Items that will be reclassified to statement of profit or loss subsequently		
Forward foreign exchange contracts		
Share of unrealised gain / (loss) on remeasurement of hedging instrument of Associates	7,245,249	(142,654)
Other comprehensive income for the year	4,032,262,964	2,604,796,301
Total comprehensive income for the year	9,132,225,719	36,034,703,014
Attributable to:		
– Shareholders of the Parent Company	8,907,784,778	36,508,707,559
– Non-controlling interest	224,440,941	(474,004,545)
	9,132,225,719	36,034,703,014

The annexed notes form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

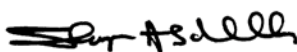
For the Year Ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	(11,083,513,871)	6,786,033,479
Staff retirement benefit paid		(172,341,491)	(140,058,136)
Finance cost paid		(2,539,241,449)	(2,164,028,058)
Taxes paid		(3,872,398,467)	(1,695,205,266)
Workers' profit participation fund paid		–	(15,743,748)
Long term loans – net		(143,500)	(58,070)
Long term deposits		21,009,154	(400,000)
Net cash (used in) / generated from operating activities		(17,667,638,778)	2,770,540,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,540,791,959)	(4,061,679,291)
Proceeds from disposal of operating fixed assets		44,979,598	82,472,776
Long and short term investments – net		10,964,446,609	(5,705,025,014)
Proceeds from sale of stores and spares		28,814,507	7,239,555
Proceeds from disposal of investments		257,634,731	448,602,555
Profit on bank deposits received		–	176,094,155
Dividend and interest income received		1,149,432,622	1,320,042,593
Net cash generated from / (used in) investing activities		2,904,516,108	(7,732,252,671)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – repaid		4,826,528,809	(968,518,801)
Dividend paid		(205,070,055)	(932,033,532)
Short term borrowings – net		10,037,744,119	7,303,971,490
Net cash generated from financing activities		14,659,202,873	5,403,419,157
Net (decrease) / increase in cash and cash equivalents		(103,919,797)	441,706,687
Cash and cash equivalents – at beginning of the year		2,273,772,406	1,832,065,719
Cash and cash equivalents – at end of the year		2,169,852,609	2,273,772,406

The annexed notes form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

- Sapphire Fibres Limited

Subsidiary Companies

- Sapphire Electric Company Limited – SECL
- Premier Cement Limited – PCL
- Sapphire Cement Company Limited – SCCL
- Sapphire Energy (Private) Limited – SEL
- Sapphire Hydro Limited – SHL
- Ignite Power (Private) Limited – IPPL
- Sapphire Power Limited – SPL
- Sapphire Building Materials Limited – SBML
- Sapphire Mining Exploration Private Limited – SMEL
- Sapphire Properties (Private) Limited – SPPL
- Sapphire USA LLC
- Sapphire Electronics (Private) Limited – SEPL
- RCSM Company (Private) Limited – (RCSMCPL)

• Sapphire Fibres Limited

The Parent Company was incorporated in Pakistan on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

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

Karachi

316, Cotton Exchange Building,
I.I Chundrigar Road

Purpose

Registered office

*Subsequent to the year end, registered office has been changed to 20th Floor, Ocean Tower, Plot no. G-3, Khayaban-e-Iqbal, Block 9, Clifton, Karachi.

Lahore

First Floor, Tricon Corporate Centre,
73–E Main Jail Road, Gulberg II.
3.5 km, Manga Road, Raiwind
18 km, Pajian Raiwind Road,

Head office

Production plant

Production plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Sheikhupura

07 km, Sheikhupura / Faisalabad Road,

Kharianwala

Production plant

26 km, Sheikhupura / Faisalabad Road,

Feroze wattoan

Production plant

• Sapphire Electric Company Limited – SECL

Sapphire Electric Company Limited – SECL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA).

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

Lahore

Purpose

7 A / K, Main Boulevard, Gulberg

Registered office

Sheikhupura

Muridke, District Sheikhupura

Production plant

• Premier Cement Limited – PCL

Premier Cement Limited – PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on July 26, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore

Purpose

First Floor, Tricon Corporate Centre,

73–E Main Jail Road, Gulberg II.

Registered office

• Sapphire Cement Company Limited – SCCL

Sapphire Cement Company Limited – SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary company is aiming to set up its plant in the province of Punjab, however license application has not been filed with Directorate General Mines and Minerals, Punjab till the reporting date due to delay in grant of requisite approvals.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore

Purpose

First Floor, Tricon Corporate Centre,

73–E Main Jail Road, Gulberg II.

Registered office

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- **Sapphire Energy (Pvt.) Limited – SEL**

Sapphire Energy (Pvt.) Limited – SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2018. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Registered office

- **Sapphire Hydro Limited – SHL**

Sapphire Hydro Limited – SHL is a wholly owned subsidiary of Sapphire Electric Company Limited – SECL which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2018. The principal business of the subsidiary company is to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhwa. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
7 – A/K, Main Boulevard, Gulberg	Registered office

- **Ignite Power (Private) Limited – IPPL**

Ignite power (Private) Limited is a subsidiary company of Sapphire Energy (Private) Limited – SEPL which is a wholly owned subsidiary of the Parent Company. IPPL was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products associated therewith.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Registered office

- **Sapphire Power Limited – SPL**

Sapphire Power Limited (the Company) is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the company generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited (‘the Holding Company’).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- | | |
|--|--|
| <p>Lahore</p> <p>First Floor, Tricon Corporate Centre,
73–E Main Jail Road, Gulberg II.</p> | <p>Purpose</p> <p>Registered office</p> |
|--|--|
- **Sapphire Building Materials Limited – SBML**

Sapphire Building Materials Limited (the Company) is a wholly owned subsidiary of Premier Cement Limited – PCL which is a subsidiary of the Parent Company. SBML is a public unlisted company limited by shares incorporated in Pakistan on March 24, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to deal, trade, import, purchase and sale of cement and allied products.

Lahore First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Purpose Registered office
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 - **Sapphire Mining Exploration Private Limited – SMEL**

Sapphire Mining Exploration (Private) Limited (the Company) is a wholly owned subsidiary of Premier Cement Limited – PCL which is a subsidiary of the Parent Company. SMEL was incorporated on August 25, 2020 as a private company under the Companies Act, 2017. The principal activity of the Company is to explore, operating and working on mines, quarries and purchase, acquire, set up of plant or take on lease or otherwise acquire any working on mines, mining rights, licenses and concession and metalliferous land having mineral reserves and to crush, win, query, smelt, refine, manufacture, process, excavate, dig survey, produce, undertake and barter.

Geographical location and addresses of major business unit of the Company is as under:

HUNZA Passu Ambassador Hotel, Gojal, Hunza, Gilgit.	Purpose Registered office
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 - **Sapphire Properties (Private) Limited – SPPL**

Sapphire Properties (Private) Limited – SPPL is a wholly owned subsidiary and was incorporated as a private limited company in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage, construct, develop, hold, acquire, sell, purchase all type of real estate projects.

Lahore First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Purpose Registered office
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 - **Sapphire USA LLC**

Sapphire USA LLC was incorporated during the year with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- **Sapphire Electronics (Private) Limited – SEPL**

Sapphire Electronics (Private) Limited was incorporated as a private limited company in Pakistan on September 23, 2024 under the Companies Act, 2017. The principal line of business of the Subsidiary is to carry on the business of manufacturers, buyers, sellers, importers, exporters, dealers, suppliers, wholesalers, retailers, assemblers and distributors of all kinds of electrical and electronic goods.

Geographical location and addresses of major business unit of the Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Registered office

RCSM Company (Private) Limited – RCSMCPL

RCSM Company (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984(now companies Act, 2017) on November 8, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

1.1 Merger of Reliance Cotton Spinning Mills Limited (RCML) with and into the Holding Company

Reliance Cotton Spinning Mills Limited (RCML) was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). It was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the RCML is manufacturing and sale of yarn.

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

Karachi	Purpose
312, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
1st Floor, Tricon Corporate Centre, 73–E, Main Jail Road, Gulberg II,	Head office
Sheikhupura	
Feroze Wattoan,	Production plant

The Holding Company and RCML had filed a joint petition before the Honourable Sindh High Court, seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 283 of the Companies Act, 2017 ("Merger Scheme"). The merger was considered by the Board of Directors of both the Companies in their respective meetings held on September 25, 2025, wherein the Merger Scheme was adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on December 08, 2025. On March 09, 2026, the Court has sanctioned the Merger Scheme without any modifications, additions, or deletions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

As the Court has not specified any effective date of merger in its order, the Board of Directors of the Holding Company has declared, as allowed under the Merger Scheme, March 31, 2026 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

- (i) – the entire undertaking of RCML together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description have been transferred to and vested (at book values) in the Holding Company;
- (ii) – The Holding Company has issue its 0.4 ordinary share of Rs.10 each for every 1 ordinary shares of RCML held by the shareholders of RCML on the effective date. As a result of merger, the Holding Company has issued 4,199,333 ordinary shares to the entitled shareholders of the RCML. Subsequently, these shares have been issued on April 24, 2026.
- (iii) – RCML has been merged / amalgamated into the Holding Company without any further act, deed, matter or thing including any winding-up procedures.
- (iv) – to eliminate the cross holdings of the Companies 138,900 ordinary shares of the Holding Company held by RCML at the effective date of merger shall be cancelled.
- (v) – the consideration agreed was 41.994 million fully paid ordinary shares of Rs 10 each issued to the shareholders of RCML (other than the Company) in accordance with the approved swap ratio (i.e. 0.4 share of the Company issued for 1 shares of RCML). The swap ratio was determined based on values and calculations and was approved by the Board of Directors of both companies.

1.2 Accounting policy for merger

The Holding Company has adopted the following accounting policy that involves accounting for the assets and liabilities of RCML using existing carrying values i.e. the values at the cut-off date:

- (i) – the acquired assets and liabilities have been recorded at their existing carrying values (at the cut-off date).
- (ii) – no goodwill has been recorded.
- (iii) – the difference between consideration transferred and net of carrying amount of the assets and liabilities received from RCML (at the cut-off date), after taking effect of any adjustments due to intercompany balances and cross investments, has been recognised within equity as merger reserve.
- (iv) – any intercompany balances and investments have been eliminated.

	2026 Rupees
1.3 Consideration transferred	
Fully paid up ordinary shares of the Holding Company	
having par value of Rs 10 per share issued to RCML	
shareholders other than the Holding Company (No.)	4,199,333
Nominal value (Rs. / per share)	10
Total nominal value of consideration transferred	41,993,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1.4 Financial effect of merger based on the audited consolidated financial statements of RCML as at March 31, 2026

The Holding Company has acquired assets and assumed liabilities of RCML as detailed below:

	Carrying Amount as at March 31, 2026 Rupees
Assets	
Non current assets	
Property, plant and equipment	5,716,910,274
Long term investments	8,105,264,822
Investment property	162,447,743
Long term advances and deposits	24,892,424
	14,009,515,263
Current assets	
Stores, spare parts and loose tools	223,574,517
Stock-in-trade	10,257,691,077
Trade debts	2,473,403,487
Loans and advances	396,931,769
Short term deposits and prepayments	296,581,330
Short term investments	314,575,202
Other receivables	300,378,236
Tax refunds due from Government	1,760,167,038
Cash and bank balances	478,924,704
	16,502,227,360
Total assets	30,511,742,623
Non current liabilities	
Long term liabilities	1,327,219,868
Staff retirement benefit – gratuity	249,954,089
Deferred taxation	848,318,662
	2,425,492,619
Current liabilities	
Trade and other payables	3,440,751,067
Contract liabilities	137,734,891
Accrued mark-up / interest	138,912,381
Short term borrowings	7,585,928,888
Current portion of long term liabilities	363,835,774
Unclaimed dividend	1,120,719
Provision for income tax and levies	491,269,080
	12,159,552,800
Total liabilities	14,585,045,419
Net assets acquired	15,926,697,204
Cancellation of RCML's Investment in the Holding	
Company and other adjustments	(6,395,913,793)
Elimination of share capital of RCSML	(106,520,000)
	9,424,263,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2025 Rupees
1.5 Merger Reserve		
Merger reserve arising from the transaction had been recognized directly within the equity as follows :		
Total nominal value of consideration transferred	1.3	41,993,330
Company's existing stake/ investment in RCML prior to merger – at cost		1,306,270
		43,299,600
Carrying amount of RCML net assets as on acquisition date		(9,424,263,411)
Adjustment in reserves under the scheme of merger of RCML		10,636,856,402
		1,212,592,991
Merger reserve arising from Amer Cotton Mills Limited merged with RCML on March 31, 2024		(23,328,154)
Merger Reserve as at June 30, 2026		(1,232,564,437)

- 1.6** Post merger/ amalgamation of RCML with and into the Holding Company, RCML had contributed Rs.3,964 million in turnover, Rs.847.346 million in profit before income tax for the year ended June 30, 2026 of the Holding Company.

1.7 The Amendment Agreement –SECL

On February 28, 2025, SECL, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' or the 'Purchaser') and the Government of Pakistan ('GoP') voluntarily entered into an agreement (Amendment Agreement) effective November 1, 2024. The agreement revised the capacity and energy payment model, O&M and equity-return indexation, insurance recovery and delayed-payment terms; provided for waiver and settlement of specified receivables and OFME revenue; continued the agreed sharing of fuel and O&M savings; and provided for full and final settlement of claims up to October 31, 2024. The related financial effects have been recognized in these consolidated financial statements, where applicable.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

2.2 Principle of consolidation

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at June 30, 2026 in the SECL is 68.11% (2025: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEL is a wholly owned subsidiary company and effective holding of the Parent Company in IPPL is also 100% as it is wholly owned Subsidiary of SEL. The other companies PCL, SCCL, SPL, SBML, SMEL SPPL, SEPL and RSCMCPL are wholly owned Subsidiary Companies of the Parent Company.

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiary;
- is exposed to variable returns from the subsidiary; and
- decision making power allows the Group to affects its variable returns from the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the period are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All material inter-group balances and transactions have been eliminated. Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for under the equity method of accounting.

2.3 Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency and figures are rounded off to the nearest rupees unless otherwise specified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

2.5 Changes in Accounting Policies and Disclosures Resulting from Amendments in Standards During The Year

2.5.1 Standards, amendments to approved accounting standards and interpretations that are effective and have been adopted by the Group

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

(a) IFRS S1 General Requirement for Disclosure of Sustainability-Related Financial Information

Effective: July 01, 2025

IFRS S2 Climate Related Disclosure

These standards include the core framework for the disclosure of material information about sustainability-related risk, opportunities across an entities' value chain and set out the requirements for entities to disclose information about climate related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability related risks and opportunities that is useful to primary user of general purpose financial reporting in making decisions relating to providing resources to the entity. The standard provide guidance on identifying sustainability related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate related disclosures. IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entities prospects over the short, medium and long term. In addition, IFRS S2 requires and entities to consider other industries based metrics and seven cross-industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage identified material climate related risks and opportunities. The cross-industry metrics include disclosure on green house gas ('GHG') emissions, transition risks, physical risks, climate related opportunities, capital development, internal carbon prices and remuneration.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Group and therefore, have not been presented here.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been early adopted by the Group.

The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Group:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

a) **Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments**

Effective: January 01, 2026

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at FVOCI.

b) **IFRS 18 Presentation and Disclosure in Financial Statements**

Effective: January 01, 2027

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the consolidated statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

c) **Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency**

Effective: January 01, 2027

These amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements of the Group other than in presentation and disclosures.

2.5.3 Exemption from applicability of certain standards

- (a) The Securities and Exchange Commission of Pakistan (SECP) through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the Group's consolidated financial statements to the extent of its PPA. For the remaining leases, the Group has assessed that the application of this standard does not have any material impact on these consolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The Group's power plant's control due to purchase of total output by NTDC/CPPA-G appears to fall under the scope of a finance lease under IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its PPA, the effect on the consolidated financial statements would be as follows:

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	2026 Rupees	2025 Rupees
De-recognition of property, plant and equipment	(8,545,729,308)	(9,062,655,454)
De-recognition of trade debts	(614,283,030)	(1,316,587,832)
Recognition of lease debtor	5,051,563,550	3,993,992,302
Decrease in un-appropriated profit at the beginning of the year	(6,385,250,984)	(4,469,309,828)
Increase in profit for the year	2,276,802,196	(1,915,941,156)
Decrease in un-appropriated profit at the end of the year	(4,108,448,788)	(6,385,250,984)

- (b) In respect of companies holding financial assets due from the GoP in respect of circular debt, SECP through SRO 25(I)/2026 dated January 6, 2026, partially modified its previous SRO 1784(I)/2024 dated November 4, 2024, partially modified its previous SRO 67(I)/2023 dated January 20, 2023, partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of ECL method shall not be applicable till December 31, 2026 and that such companies shall follow relevant requirements of International Accounting Standard (IAS) 39 in respect of the above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of ECL in respect of trade debts and other receivables due from CPPA-G.

2.6 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

(a) Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Group estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management used actual credit loss experience over past years to base the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

(d) **Staff retirement benefits – gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 21.

(e) **Income taxes**

In making the estimates for income taxes, the Group takes into account the current income tax laws and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Group views differs with the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3. **MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for a change made during the year as detailed in note 3.18 to these consolidated financial statements.

3.1 **Property, plant and equipment**

Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the date the assets are available for use while no depreciation is charged in the date in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the consolidated statement of profit and loss.

Impairment

The Group assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalised and apportioned to the respective items of property, plant and equipment on completion.

3.2 Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Group comprises of freehold land is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the rates stated in note 5. Depreciation on additions to investment property is charged from the date in which a property is acquired or capitalised while no depreciation is charged from the date in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Group's owned assets.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognised as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognised as an expense as and when incurred.

Amortisation

Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortisation on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.4 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Group recognised right of use assets equal to the present value of lease payments.

3.5 Financial assets

Initial measurement

The Group classifies its financial assets in the following three measurement categories:

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss. Other net gains and losses are recognized in consolidated statement of other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

- Debt Instruments at FVTOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in consolidated statement of other comprehensive income. On derecognition, gains and losses accumulated in consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.

- Debt Instruments at FVTPL

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

- Financial Assets measured at amortised cost

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

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Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments in Associated Companies

Investments in Associated Companies are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amounts are increased or decreased to recognise the Group's share of consolidated statement of profit or loss of the Investee after the date of acquisition.

The Group's share of post acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in consolidated statement of other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in Associates equals or exceeds its interest in the Associates the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associates.

The Group determines at each reporting date whether there is any objective evidence that the investments in the Associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associates and its carrying values and recognises the amount adjacent to share of profit / loss of Associates in the consolidated statement of profit or loss.

Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

The Group assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies general 3-stage approach for deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term deposits;
- Short term investments;
- Deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses. The Group considers that a financial asset other than those due from the Government of Pakistan, is in default when a contractual payment is 90 days past due. The definition is based on the Group's internal credit risk management policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan in respect of circular debt include trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The Group follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 2026

Provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

3.6 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated cost of inventory which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.7 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realisable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars	Mode of valuation
Raw materials	– weighted average cost
Raw materials in transit	– cost accumulated to the reporting date
Work-in-process	– cost of direct materials and appropriate manufacturing overheads
Finished goods	– lower of average cost and net realisable value
Waste	– net realisable value

Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

3.8 Trade debts and other receivables and related impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Group uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Group has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

3.9 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Group.

Government grant towards research and development activities is recognised in consolidated statement of profit or loss as deduction from the relevant expenses on matching basis.

3.10 Financial liabilities

Classification & subsequent measurement

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss.

Derecognition

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.11 Derivative financial instruments and hedging activities

The Group designates derivative financial instruments as either fair value hedge or cash flow hedge.

(a) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognised in consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss. Amounts accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods in which the hedged item will affect the consolidated statement of profit or loss.

(b) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the consolidated statement of profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

3.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Impairment

(a) Financial assets

The Group assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Group followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years to base the calculation of ECL.

For debt instruments measured as FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group 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 Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the consolidated statement of profit or loss.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(b) **Non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the consolidated statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.14 **Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

3.15 **Borrowings**

These are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings as interest expense.

3.16 **Employees' retirement benefits**

(a) **Defined contribution plan**

The Parent Company

The Parent Company operates a defined contributory approved provident fund for its management staff. Equal monthly contributions are made both by the Parent Company and employees at the rate of 8.33% of the basic salary to the fund.

The Subsidiary Company – SECL

SECL operates a defined contributory provident fund for all its employees. Equal monthly contributions are made both by the Subsidiary Company and employees to the fund at the rate of 8.33% of the basic salary.

(b) **Defined benefit plan**

The Parent Company

The Parent Company operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2026 on the basis of projected unit credit method by an Independent Actuary. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The amount arising as a result of remeasurements are recognised in the consolidated statement of financial position immediately, with a charge or credit to consolidated statement of other comprehensive income in the periods in which they occur.

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The Subsidiary Company – SECL

SECL had provided liability for gratuity for the period upto April 30, 2009 prior to the introduction of provident fund scheme on May 01, 2009 which was frozen and paid to the gratuity fund trust.

3.17. Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Defined contribution plan (Provident Fund)

There is an approved defined contributory provident fund for all employees. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Equal monthly contributions are made both by the Group and employees to the fund at the rate of 8.33 percent of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

3.18 Income taxation and levies

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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

During the year, the Group changed its policy and designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

The above change in the accounting policy does not have material impact on these consolidated financial statements hence; no restatement is required in the consolidated financial statements.

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Deferred

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

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

During the year, the Group reassessed the recognition and measurement of deferred tax in its financial statements in light of the Application Guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No. 07 of 2024 dated May 15, 2024. Based on the reassessment, management determined that the recognition of deferred tax is no longer required as the minimum tax paid may not be realized / adjustable because the Group has sufficient tax losses and unabsorbed depreciation loss carried forward and management expects Group to remain subject to the minimum tax regime. However, deferred tax liability with respect to unrealised gain on investments has been recognised using applicable effective tax rate under Income Tax Ordinance, 2001.

Levy

In accordance with the requirements of Income Tax Ordinance, 2001 (Ordinance), computation of final / minimum taxes is not based on taxable income and as per revised guidance by IASB (International Accounting Standards Board), these fall within the scope of IFRIC 21 (Levies) / IAS 37 (Provisions, contingent liabilities and contingent assets) and accordingly have been classified as levy in these consolidated financial statements. Further, the Group designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it levies an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

3.19 Lease liability

Leases were classified as either finance or operating leases. Payments made under operating leases were charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

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Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The present value of the lease payments is determined using interest rate implicit in lease. If interest rate implicit in lease is not readily determinable, then the Group uses incremental borrowing rate at the commencement of lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.20 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group Companies.

3.21 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

3.22 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the consolidated statement of profit or loss.

3.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sale of goods

Revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers.

Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

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Provision of Services

Revenue from contracts for provision of services is recognized at the point in time when the processed goods are dispatched from the mills to the customer.

Others

- Export rebate income is recognized on accrual basis as and when the right to receive the income establishes;
- dividend income from investments is recognized when the Group's right to receive dividend is established;
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income establishes.

Revenue from the sale of electricity to CPPA, the sole customer of the Group, is recorded on the following basis:

- Capacity price revenue is recognised based on the capacity made available to CPPA (over time); and
- Energy price revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA (at a point in time).

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices for the Re-Gasified Liquefied Natural Gas ('RLNG') fuel cost component of the energy price are raised on a weekly basis and are due after 3 days from the date of receipt of invoice to CPPA. Energy price invoices for High Speed Diesel (HSD) fuel cost component and variable operations and maintenance are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

Capacity price invoices are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

3.24 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalised up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

3.25 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised into four operating segments i.e. spinning, knitting, processing & garments, denim and power.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other operating income & expenses, share of profit in Associated Companies and taxation are managed at the Group level. Unallocated assets mainly include investment property, intangible assets, long term investments, short term investments, advance income tax, tax refunds due from the Government and unrealised gain / loss on forward exchange contracts.

3.26 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognised in the period in which they are approved.

3.27 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

	Note	2026 Rupees	2025 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	32,513,247,936	25,336,917,724
Capital work-in-progress	4.3	2,965,266,851	3,175,038,706
		35,478,514,787	28,511,956,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improvements	Factory buildings on freehold land	Plant and machinery	Electric installations	Fire fighting	Equipment					Vehicles	Furniture and fixtures	Arms and ammunition	Tools	Total
									Office	Mills	Electric lgas	Computer hardware						
Rupees																		
At July 1, 2024																		
Cost	1900/754/474	338/09/400	1147/865/016	28,656,645	5,773,493/177	31,247,266,455	594,346,048	34,448,983	55,454,693	87,640,377	20,672,670	95,592,816	484,335,742	147,289,086	149,886	248,579	41,986,655,167	
Accumulated depreciation	-	38,034	683/79/480	27,041,336	2,582,794,880	14,098,189,102	282,519,531	1,145,1947	27,547,301	38,486,405	17,973,993	50,313,979	229,535,197	63,890,689	140,798	230,916	18,079,123,318	
Net book value	1900/754/474	338/093/366	478/055/536	1,598,309	3,210,698,487	17,149,077,353	311,826,517	22,987,036	27,907,312	48,713,972	2,698,757	45,588,837	264,800,545	83,576,397	9,088	17,663	23,887,532,449	
Year ended June 30, 2025																		
Opening net book value	1900/754/474	338/093/366	478/055/536	1,598,309	3,210,698,487	17,149,077,353	311,826,517	22,987,036	27,907,312	48,713,972	2,698,757	45,588,837	264,800,545	83,576,397	9,088	17,663	23,887,532,449	
Additions	-	-	8,671,770	-	20,821,611	2,961,037,210	36,766,462	-	611,000	12,424,387	-	19,397,666	98,692,799	3,699,416	-	-	3,262,721,821	
Disposals																		
- cost	-	-	-	-	-	293,180,752	-	-	-	-	-	1,192,739	23,127,300	-	-	-	37,500,291	
- accumulated depreciation	-	-	-	-	-	(250,279,995)	-	-	-	-	-	(1,005,789)	(7,615,978)	-	-	-	(28,907,762)	
	-	-	-	-	-	42,900,757	-	-	-	-	-	186,450	5,511,322	-	-	-	48,588,529	
Depreciation charge	-	-	36,393,292	325,401	263,984,327	1,334,336,189	31,282,472	2,154,642	2,686,716	6,649,822	670,505	17,385,656	60,180,886	8,715,255	909	1,765	176,419,807	
Closing net book value	1900/754/474	338/093/366	486,858,828	1,860,710	3,038,321,571	18,723,877,637	371,305,007	20,832,394	25,885,596	54,948,537	2,028,252	47,473,697	297,801,136	78,562,558	8,179	15,888	25,338,977,724	
At June 30, 2025																		
Cost	1900/754/474	338/09/400	1,166,536,786	28,656,645	5,894,314,788	33,951,221,913	631,112,510	34,448,983	56,085,613	100,064,764	20,672,670	114,167,543	589,901,241	150,966,502	149,886	248,579	44,912,777,297	
Accumulated depreciation	-	38,034	705,748,772	27,667,737	2,825,993,207	15,182,245,276	318,802,003	1,361,659	30,740,077	45,716,227	18,844,418	66,683,846	272,000,005	72,405,944	141,707	232,881	19,574,359,573	
Net book value	1900/754/474	338/093/366	460,788,014	1,088,651	3,068,321,571	18,723,877,637	371,305,007	20,832,394	25,885,596	54,948,537	2,028,252	47,473,697	297,801,136	78,562,558	8,179	15,888	25,338,977,724	
Year ended June 30, 2026																		
Opening net book value	1900/754/474	338/093/366	460,788,014	1,088,651	3,068,321,571	18,723,877,637	371,305,007	20,832,394	25,885,596	54,948,537	2,028,252	47,473,697	297,801,136	78,562,558	8,179	15,888	25,338,977,724	
Additions	98,882,900	-	25,419,640	-	33,496,413	3,592,880,757	28,786,204	-	67,000,000	3,052,358	3,571,544	15,922,483	53,985,088	80,578,007	-	-	4,244,556,404	
Disposals																		
- cost	-	-	-	-	-	90,351,118	-	-	-	-	-	687,000	32,394,439	-	-	-	123,632,557	
- accumulated depreciation	-	-	-	-	-	(77,372,009)	-	-	-	-	-	(476,463)	(25,383,905)	-	-	-	(103,742,377)	
	-	-	-	-	-	12,979,109	-	-	-	-	-	210,537	720,534	-	-	-	20,420,180	
Book value of property, plant and equipment of																		
RCML acquired upon																		
merger (note 1.4)	65/109/754	-	97,827,827	96,352	580,711,672	4,261,065,989	556,908,436	-	2,549,748	12,380,654	3,266,268	4,835,360	79,575,524	33,244,506	-	-	5,507,392,270	
Depreciation charge	-	6,339	99,813,957	280,067	214,172,027	2,086,116,624	41,907,313	1,939,178	2,007,756	5,478,241	3,010,193	19,553,337	66,682,274	14,254,568	818	1,590	2,555,588,282	
Closing net book value	2,084/47/28	338/047/027	474,041,524	1,106,193	3,779,822,629	24,487,546,650	661,097,834	18,883,216	33,089,588	64,903,288	5,861,871	48,467,666	357,458,950	78,130,503	7,361	14,308	32,513,247,936	
At June 30, 2026																		
Cost	2,084/47/28	338/09/400	1,279,604,253	28,732,997	6,819,981,873	41,678,538,541	1,016,807,150	34,448,983	65,345,361	115,497,756	27,516,482	134,238,586	670,871,424	264,719,015	149,886	248,579	54,539,538,414	
Accumulated depreciation	-	44,073	805,562,779	27,626,804	3,040,165,244	17,190,989,881	355,709,916	15,555,767	32,215,773	50,394,488	21,654,611	86,770,720	313,418,474	86,660,512	142,525	234,271	22,026,345,478	
Net book value	2,084/47/28	338/047/027	474,041,524	1,106,193	3,779,822,629	24,487,546,650	661,097,834	18,883,216	33,089,588	64,903,288	5,861,871	48,467,666	357,458,950	78,130,503	7,361	14,308	32,513,247,936	
Depreciation rate (% - per annum)				5	20	3.33 & 10	10	10	10	10	10	30 & 33	20	10	10	10		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.1.1 Particulars of immovable property in the name of Group are as follows:

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	585,808
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	115,344
- Mauza Rosa, District Kasur	Proposed Mill / Factory	83,823
- Ferozewattoan, District Shiekhupura.	Production plant	181,802
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	143,990
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666
- Billot Pakka, District Dera Ismail Khan	Proposed production plant	31,469

4.1.2 Freehold land acquired upon merger, represents 181,802 square meters of land situated at Ferozewattoan, District Shiekhupura.

4.1.3 The land of RCML valuing Rs. 65.109 million is still under the title of RCML. The management is in the process to transfer the said land in the Parent Company's name.

4.1.4 The depreciation rates of depreciable assets acquired from RCML upon merger are consistent with the depreciation rates of the Group.

	2026 Rupees	2025 Rupees
4.2 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	2,497,477,858	1,707,864,439
Administrative expenses	57,720,424	56,273,578
	2,555,198,282	1,764,138,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2026 Rupees	2025 Rupees
4.3 Capital work-in-progress			
Buildings		797,193,965	736,704,035
Furniture and fixtures		25,364,243	4,822,698
Plant and machinery {including in transit aggregating Rs.45.402 million (2025: Rs.212.883 million)}	4.3.2	1,031,643,198	1,533,229,219
Equipment		574,500	-
Un-allocated capital expenditure	4.3.3	448,535,973	441,729,365
Advance payments against:			
- land - freehold		-	9,002,400
- factory / office building		75,969,164	6,668,800
- electric installation		498,539,239	417,806,377
- plant and machinery		37,872,625	-
- vehicles		20,553,914	21,947,412
- computer software		21,739,845	3,128,400
- tools		7,280,185	-
		661,954,972	458,553,389
		2,965,266,851	3,175,038,706

4.3.1 The Company, during the year, has capitalized borrowing cost of Rs. 15.267 million (2025: 15.267 million) charged at the rate ranging from 8.00% to 18.14% (2025: 8.00% to 18.14%) per annum.

4.3.2 These includes machinery costing Rs.346.250 million (2025: Rs.1,118.486 million) purchased from Reliance Cotton Spinning Mills Limited (a related party) before merger and Rs.1.190 million from Sapphire Electronics (Private) Limited (a related party).

4.3.3 These include Rs.256.303 million (2025:Rs. 256.303 million) incurred by Subsidiary Company – PCL for its proposed cement project and Rs.192.233 million (2025: Rs. 185.426 million) in respect of pre-commencement expenditure of Subsidiary Company – SHL. These also include charges of different foreign and local parties for engineering consultancy services including preparation of feasibility report, engineering designs, bidding and tendering documents, and environmental and social impact assessment report of the project to be constructed by the Group.

4.3.4 These include charges of different foreign and local parties for engineering consultancy services including preparation of feasibility report, engineering designs, bidding and tendering documents, and environmental and social impact assessment report of the project to be constructed by the Group.

4.3.5 A generation license was granted to the Group by NEPRA on August 25, 2021. Moreover, the management is confident that the tariff petition for constructing the hydro power project would be approved in due course. Therefore, these costs have been recognised as an asset under International Accounting Standard 16 'Property, Plant and Equipment' since management believes that it is highly probable that the power project will be constructed and future economic benefits associated with these costs will flow to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.4 The details of operating fixed assets disposed-off is as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Sold to:
Rupees							
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Complete Volkman	3,300,000	54,771	3,245,229	3,300,000	54,771	Negotiation	M/s Reliance Cotton Spinning Mills Ltd (a related party)
Automatic Cone Winder	14,040,282	12,359,654	1,680,628	2,338,983	658,355	Negotiation	M/s Hussain Ali & Co
Reiter card	5,051,680	4,516,716	534,964	3,305,085	2,770,121	Negotiation	M/s Reliance Weaving Mills Ltd
Reiter card	5,051,680	4,516,716	534,964	3,305,085	2,770,121	Negotiation	----- do -----
Ring frames	19,821,537	17,608,337	2,213,200	3,220,339	1,007,139	Negotiation	M/s Ali Enterprises
Ring frames	21,142,747	18,802,553	2,340,194	3,220,339	880,145	Negotiation	----- do -----
	68,407,926	57,858,747	10,549,179	18,689,831	8,140,652		
Vehicles							
Honda Civic	2,887,000	2,285,757	601,243	1,978,000	1,376,757	Negotiation	Mr. Hamza Shah
Suzuki Cultus	1,780,000	1,200,375	579,625	1,034,000	454,375	Negotiation	Mr. Taimoor Moazzam
Honda Civic	3,098,000	2,352,652	745,348	1,440,000	694,652	Negotiation	Mr. Zeeshan Mansha
	7,765,000	5,838,784	1,926,216	4,452,000	2,525,784		
Various assets having net book value upto Rs.500,000 each							
	43,502,893	36,942,968	6,559,925	21,837,767	15,277,842	Negotiation	Various parties
2026	119,675,819	100,640,499	19,035,320	44,979,598	25,944,278		
2025	317,500,291	268,901,761	48,598,530	82,472,776	33,874,246		

5. INVESTMENT PROPERTY

- 5.1 This represents free-hold land situated at Raiwand Road, Lahore having an area of 5,000 square yards.
- 5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2026 was Rs.2.143 billion (2025: Rs.351 million).
- 5.3 The Holding Company during the year acquired investment property having book value of Rs.162.447 million as result of merger (note 1.4).
- 5.4 During the preceding year, the RCML has entered in to a lease arrangement with Sapphire Electronics (Pvt.) Limited (a subsidiary company) to lease its land along with the building.
- 5.5 Land represents 256 Kanal having covered area of 650,000 square feet's situated at Jumber Khurd, Bhai Pheru, District. Kasur. The management is in the process to transfer the said land in the Company's name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6. INTANGIBLE ASSETS

	Computer Software	Goodwill	Total
	Rupees		
At July 1, 2024			
Cost	34,445,599	5,612,904	40,058,503
Accumulated amortization	31,788,266	–	31,788,266
Net book value	2,657,333	5,612,904	8,270,237
Year ended June 30, 2025			
Addition during the year	250,000	–	250,000
Amortization charge	1,547,643	–	1,547,643
Net book value as at June 30, 2025	1,359,690	5,612,904	6,972,594
Year ended June 30, 2026			
Addition during the period	–	–	–
Amortization charge	1,188,860	–	1,188,860
Net book value as at June 30, 2026	170,830	5,612,904	5,783,734
At June 30, 2025			
Cost	34,695,599	5,612,904	40,308,503
Accumulated amortization	33,335,909	–	33,335,909
Net book value	1,359,690	5,612,904	6,972,594
At June 30, 2026			
Cost	34,695,599	5,612,904	40,308,503
Accumulated amortization	34,524,769	–	34,524,769
Net book value	170,830	5,612,904	5,783,734
Amortisation rate (% per annum)	20 & 33		

- 6.1 Goodwill represents excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired of the Subsidiary Company – SECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
7. LONG TERM INVESTMENTS			
Associates – equity accounted investments	7.1	46,435,556,775	40,881,877,194
Others – equity instruments	7.3	9,756,029,899	6,730,127,355
– debt instruments	7.4	45,750,000	45,000,000
Share deposit money		–	198,106,830
		56,237,336,674	47,855,111,379

	Note	2026 Rupees	2025 Rupees
7.1 Associated Companies Quoted			
Reliance Cotton Spinning Mills Limited – RCSM	7.1.1	–	192,074,152
Sapphire Textile Mills Limited – STML	7.1.10	407,649,124	–
Unquoted			
SFL Limited – SFLL	7.1.2	255,106,044	5,831,192
Sapphire Power Generation Limited – SPGL	7.1.3	1,048,104,395	504,688,656
Sapphire Dairies (Private) Limited – SDL	7.1.4	325,072,860	220,839,940
Tricon Boston Consulting Corporation (Private) Limited – TBCCCL	7.1.5	3,099,941,883	2,786,389,385
Creek Properties (Private) Limited – CPPL	7.1.6	335,686,439	332,304,482
Energas Terminal (Private) Limited – ETL	7.1.7	224,964,084	227,281,387
Energas Marketing (Private) Limited (EML)	7.1.8	–	–
UCH Power (Private) Limited (UCHL)	7.1.9	12,669,911,000	11,743,920,000
UCH – II Power (Private) Limited (UCHL – II)	7.1.9	25,589,782,000	24,868,548,000
Sapphire Finishing Mills Limited (SFML)	7.1.10	266,058,080	–
Sapphire Holding Limited (SHL)	7.1.10	139,124,025	–
Sanifa Agri Services Limited (SASL)	7.1.11	–	–
Sapphire 1888 Apparel LLC USA (SALU)		2,074,156,841	–
		46,435,556,775	40,881,877,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 7.1.1** Investment in RSCM represents 138,900 fully paid ordinary shares of Rs.10 each representing Nil (2025: 1.35%) of RSCM's issued, subscribed and paid-up capital as at June 30, 2025. RSCM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RSCM is manufacturing and sale of yarn. Market value of the Group's investment in RSCM as at 2026 was Rs.Nil (2025: Rs..62.718 million). RSCM is an associate of the Group due to common directorship. During the year, RSCM merged into the Holding Company.
- 7.1.2** Investment in SFLL represents 411,769 (2025:10,199) fully paid ordinary shares of Rs.10 each representing 43.92% (2025: 0.051%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2026. SFLL was incorporated on April 26, 2010 as a public limited company. The main business of SFLL is to investment in the shares of Related Parties. SFLL is an associate of the Group due to common directorship.
- 7.1.3** Investment in SPGL represents 5,404,750 (2025: 2,824,500) fully paid ordinary shares of Rs.10 each representing 33.73% (2025: 17.63%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2026. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.
- 7.1.4** Investment in SDL represents 14,100,000 (2025:10,000,000) fully paid ordinary shares of Rs.10 each representing 7.7% (2025: 5.50%) of SDL's issued, subscribed and paid-up capital as at June 30, 2026. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.
- 7.1.5** Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% (2025: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at June 30, 2026. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2018 as security against financing facilities advanced to TBCCL. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.
- 7.1.6** Investment in CPPL represents 5,047,489 (2025: 5,047,489) fully paid ordinary shares having face value of PKR 10/- each representing 17.50% of CPPL 's issued, subscribed and paid-up capital as at June 30, 2026. CPPL was incorporated as a private limited company and is principally engaged in marketing and development of real estate projects. CPPL is an associate of the Group due to common directorship.
- 7.1.7** The Group has made investment in ETL's 27,938,200 fully paid ordinary shares of Rs.10 each representing 33% (2025: 33%) of ETL's issued, subscribed and paid-up capital as at June 30, 2026. ETL was incorporated as a private limited company and its principal business is to undertake and develop power projects.

ETL has incurred loss for the year amounted Rs.0.712million (2025: Rs.16.860 million) and has accumulated losses aggregated Rs.163.286 million (2025: Rs.156.434 million). Subsidiary Company's – SEL share of loss has been recognised upto the extant of cost of investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

7.1.8 The Subsidiary Company – SEL has made investment in EML's 2,500 fully paid ordinary shares of Rs.10 each representing 25% (2025: 25%) of EML's issued, subscribed and paid-up capital as at June 30, 2026. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.

EML has incurred loss for the year amounted Rs.0.613 thousand (2025:Rs.254 thousand) and it has accumulated losses aggregated Rs.1,396 thousand (2025:Rs.1,396 thousand). Subsidiary Company's – SEL share of loss has been recognised upto the extant of cost of investment.

7.1.9 On July 12, 2024, the Parent Company entered into a Share Purchase Agreement (SPA) with ENGIE Group Participations SA the ultimate holding company of UPLHC-I Limited, UPLHC-II Limited and International Power UCH Holdings B.V., (collectively referred to as the "Combined Sellers"), to acquire 380,364,999 ordinary shares of UCH Power (Private) Limited and 559,944,874 ordinary shares of UCH-II Power (Private) Limited. The purchase consideration, determined with reference to the financial statements as at December 31, 2023, was subject to adjustments under an agreed formula till mutually agreed final completion date i.e. April 15, 2025 as stipulated in the SPA.

7.1.10 The Parent Company as a result of merger received 100,223 shares of Sapphire Textile Mills Limited, 401,570 shares of SFL Limited, 1,556,000 shares of Sapphire Finishing Mills Limited, 100,223 shares of Sapphire Holding Limited, 2,580,250 shares of Sapphire Power Generation Limited, 4,100,000 shares of Sapphire Dairies (Pvt.) Limited and 11,590,000 shares of Sanifa Agri Services Limited from RCML. This investment has been acquired at its carrying value as per the books of RCML at the date of merger.

7.1.11 Investment in Sanifa Agri Services Limited has been carried at Rs. Nil in the book of accounts of the Company because of accumulated losses of investee company.

7.1.12 The Group investment in SELL, SPGL, SDL, TBCCL, SPPL, STML and SFML is less than 20% but these are considered associated companies as the Group has significant influence over the financial and operating policies through representation on the Board of Directors of these companies. For UCHL and UCHL-II investment was acquired during the April, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

7.2 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on un-audited financial statements of Associates as at June 30, 2025 and June 30, 2026 Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	RCSM		SFLL		SPGL		SDL		TBCL		EML		ETL	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Rupees													
Summarised Statement of Financial Position														
Non current assets	-	14,019,088,794	633,021,767	583,980,115	3,549,708,507	3,242,726,679	6,145,505,867	5,545,280,225	40,184,007,526	43,686,807,827	433,333	420,000	117,327,809	118,820,065
Current assets	-	13,277,618,885	9,385,970	8,738,487	99,593,444	99,552,773	3,100,667,716	2,032,583,414	25,284,434,603	25,472,283,257	41,626,663	38,538	19,811,465	123,565,220
Non current liabilities	-	2,746,777,479	642,408,737	592,73,602	3,649,307,951	3,341,978,852	9,272,672,583	7,578,843,639	65,458,502,729	69,099,181,084	42,059,946	498,538	129,739,274	1,304,385,285
Current liabilities	-	2,678,642,470	59,387,089	54,980,229	490,272,353	439,143,729	2,306,885,016	1,855,584,853	12,169,972,746	20,142,979,741	-	-	-	-
	-	9,840,604,081	2,714,911	1,757,091	51,623,883	39,167,408	2,780,752,685	1,674,467,775	9,780,573,137	9,846,891,904	3,458,266	173,425	627,795,526	627,572,932
Advance against issue of shares	-	12,519,246,551	61,562,020	56,737,320	54,1836,236	478,304,537	5,087,647,701	3,570,046,628	21,950,545,883	24,991,871,645	3,458,266	173,425	627,795,526	627,572,932
Net assets	-	14,777,470,928	580,446,777	536,036,282	3,107,465,715	2,863,674,315	4,185,024,842	4,008,797,011	43,507,956,246	39,107,219,439	(1296,320)	(1,295,708)	674,959,748	681,812,353
Reconciliation to carrying amount														
Opening net assets	-	10,256,662,000	536,036,282	492,120,988	2,863,674,317	2,107,466,732	4,008,797,011	3,832,311,118	38,107,219,439	34,719,242,091	(1,295,708)	(1,042,088)	681,912,353	(139,473,651)
Profit / (loss) for the year	-	2,927,202,240	24,823,282	34,673,393	142,277,562	694,310,393	18,121,850	19,216,692	9,300,736,807	6,803,977,348	(612)	(253,640)	(772,533)	(16,859,996)
Other comprehensive income / (loss)	-	371,040,601	20,762,793	8,850,152	73,487,589	99,795,954	(4,980,979)	(15,660,799)	-	-	-	-	-	-
Other adjustments	-	1,279,534,087	230,360	391,549	(33,298,753)	(37,898,662)	-	-	-	-	-	-	(6,240,072)	-
Issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	838,246,000
Dividend paid during the year	-	(41,188,000)	-	-	-	-	-	-	(4,900,000,000)	(2,500,000,000)	-	-	-	-
Closing net assets	-	14,777,470,928	580,446,777	536,036,282	3,107,465,715	2,863,674,317	4,185,024,842	4,008,797,011	43,507,956,246	39,107,219,439	(1296,320)	(1,295,708)	674,959,748	681,912,353
NCI share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing net assets	-	14,777,470,928	580,446,777	536,036,282	3,107,465,715	2,863,674,317	4,185,024,842	4,008,797,011	43,507,956,246	39,107,219,439	(1296,320)	(1,295,708)	674,959,748	681,912,353
Group's share (percentage)	-	130%	43.92%	10.90%	33.73%	17.63%	77%	5.5%	71%	71%	25.00%	25.00%	33.33%	33.33%
Carrying amount of														
Investment (Rupees)	-	192,074,152	255,106,044	5,881,192	1,048,104,385	504,688,656	32,507,260	220,839,940	3,089,941,883	2,786,383,385	-	-	224,964,084	227,281,387
Summarised Statement of profit or loss														
Revenue	-	-	1,193,165	1,055,980	-	-	5,463,503,066	5,033,253,283	17,027,939,993	15,489,962,130	-	-	-	-
Profit / (loss) before tax	-	-	28,837,025	41,506,497	193,939,975	833,099,548	406,202,556	348,313,545	9,490,043,108	7,094,556,989	(612)	(253,640)	(772,533)	(16,859,996)
Profit / (loss) after tax	-	2,927,202,240	28,823,282	34,673,393	142,277,562	694,310,393	18,121,850	19,216,692	9,300,736,807	6,803,977,348	(612)	(253,640)	(772,533)	(16,859,996)
Other comprehensive income	-	-	20,762,793	8,850,152	73,487,589	99,795,954	(4,980,979)	(15,660,799)	-	-	-	-	-	-
Total comprehensive income / (loss)	-	2,927,202,240	49,589,075	43,523,545	277,090,151	794,106,247	776,227,871	776,465,883	9,300,736,807	6,803,977,348	(612)	(253,640)	(772,533)	(16,859,996)

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	CPPL		UCLH		UCLH - II		SFML		STML		SHL		Sapphire 1888 Apparel LLC	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Rupees													
Summarised Statement of Financial Position														
Non current assets	1,626,854,108	1,627,644,880	8,766,566,000	9,164,371,000	44,376,102,000	46,927,570,000	20,607,241,887	-	115,143,238,822	-	8,602,791,732	-	-	-
Current assets	291,463,916	277,259,504	39,451,386,000	79,781,517,000	25,198,133,000	42,034,527,000	28,006,404,470	-	104,656,755,406	-	146,044,166	-	4148,319,682	-
	1,918,318,024	1,889,904,784	48,217,952,000	88,945,888,000	69,574,235,000	88,957,097,000	48,613,646,357	-	219,799,994,228	-	8,748,835,898	-	4148,319,682	-
Non current liabilities	-	-	5,079,000	-	3,758,096,000	4,208,893,000	7340,287,529	-	46,612,355,392	-	737,860,528	-	-	-
Current liabilities	299,062	1,022,031	22,873,051,000	65,458,048,000	14,638,575,000	35,011,108,000	25,542,463,363	-	61,658,915,335	-	8,548,910	-	-	-
	299,062	1,022,031	22,878,130,000	65,458,048,000	18,394,671,000	39,220,001,000	32,882,705,892	-	108,289,570,727	-	746,409,438	-	-	-
Advance against issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	1,918,018,942	1,888,882,753	25,339,822,000	23,487,840,000	51,775,564,000	49,737,086,000	15,730,940,465	-	111,530,483,501	-	8,002,408,460	-	4148,319,682	-
Reconciliation to carrying amount														
Opening net assets	1,888,882,753	1,867,875,783	23,487,840,000	47,786,091,000	49,737,086,000	85,381,232,000	15,404,422,702	-	97,783,447,877	-	26,886,673,606	-	3,368,378,428	-
Profit / (loss) for the year	19,136,190	31,006,970	6,852,032,000	(8,446,159,000)	2,942,560,000	(11,244,136,000)	100,276,052	-	13,393,797,06	-	377,956,426	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-	-	226,241,711	-	3,824,828,501	-	318,854,888	-	779,935,254	-
Other adjustments	-	-	-	-	-	-	-	-	210,240,327	(19,376,058,470)	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	(5,000,050,000)	(15,352,092,000)	(1,500,092,000)	(25,000,000,000)	-	-	(3,607,729,010)	-	-	-	-	-
Closing net assets	1,918,018,943	1,888,882,753	25,339,822,000	23,487,840,000	51,775,564,000	49,737,086,000	15,730,940,465	-	111,530,483,501	-	8,002,408,460	-	4148,319,682	-
NCI share	-	-	-	-	-	-	-	-	23,525,677,259	-	-	-	-	-
Group's share (percentage)	1,918,018,943	1,888,882,753	25,339,822,000	23,487,840,000	51,775,564,000	49,737,086,000	15,730,940,465	-	88,004,811,242	-	8,002,408,460	-	4148,319,682	-
Carrying amount of investment (Rupees)	175.0%	175.0%	50.00%	50.00%	50.00%	50.00%	1.68%	0.00%	0.46%	0.00%	1.65%	0.00%	50.00%	0.00%
Summarised Statement of profit or loss	335,886,439	332,304,482	12,669,911,000	11,743,920,000	25,589,782,000	24,868,548,000	286,058,080	-	407,649,724	-	139,124,025	-	2,074,156,841	-
Revenue	28,149,716	37,713,758	61,500,287,000	31,183,337,000	36,655,193,000	27,581,727,000	47,146,995,584	-	146,342,754,953	-	10,179,851	-	-	-
Profit / (loss) before tax	-	-	7,607,164,000	(8,108,132,000)	3,102,281,000	(11,156,732,000)	719,883,258	-	16,011,588,844	-	419,640,423	-	779,935,254	-
Profit / (loss) after tax	19,136,190	31,006,970	6,852,032,000	(8,446,159,000)	2,942,560,000	(11,244,136,000)	100,276,052	-	13,393,797,06	-	377,956,426	-	779,935,254	-
Other comprehensive (loss) / income	-	-	-	-	-	-	226,241,711	-	3,824,828,501	-	318,854,888	-	-	-
Total comprehensive income / (loss)	19,136,190	31,006,970	6,852,032,000	(8,446,159,000)	2,942,560,000	(11,244,136,000)	326,517,763	-	17,141,588,207	-	691,811,324	-	779,935,254	-

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		2026 Rupees	2025 Rupees
7.3	Equity Instruments – at FVTOCI		
	Quoted		
	MCB Bank Limited		
	18,837,275 (2025:18,837,275) ordinary shares of Rs.10 each – cost	984,949,221	984,949,221
	Adjustment arising from re-measurement to fair value	6,653,754,165	4,446,590,653
		7,638,703,386	5,431,539,874
	Habib Bank Limited		
	7,244,196 (2025: 7,244,196) ordinary Rs.10 each – cost	1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value	899,752,904	81,013,872
		2,116,826,513	1,298,087,481
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs.10 each	500,000	500,000
		9,756,029,899	6,730,127,355
7.4	Debt Instruments – at FVTOCI		
	Habib Bank Limited –		
	term finance certificates (TFCs)		
	500 (2025: 500)Term finance certificates of Rs.100,000 each – cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(4,250,000)	(5,000,000)
		45,750,000	45,000,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 12.23% to 12.94% (2025: 13.63% to 21.84%) per annum.

	Note	2026 Rupees	2025 Rupees
8.	LONG TERM LOANS – Secured		
	Loans due from employees	6,389,500	6,363,070
	Less: recoverable within one year and grouped under current assets	1,225,500	1,055,570
		5,164,000	5,307,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8.1 These represent interest free loans provided to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

8.2 PCL has provided loan to its Chief Executive amounted Rs.5.00 million. The maximum aggregate amount outstanding against this loan at end of any month during the year is Rs.5 million.

	Note	2026 Rupees	2025 Rupees
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		716,927,140	768,788,584
Spare parts		209,780,826	334,943,277
Loose tools		805,969	752,782
Items in transit		168,590,303	391,084,114
		1,096,104,238	1,495,568,757
Less: provision for slow moving items	9.1	18,024,643	19,450,254
		1,078,079,595	1,476,118,503
9.1 Provision for slow moving items			
Balance at beginning of the year		19,450,254	11,240,988
Less: provision (reversed) / made during the year		(1,425,611)	8,209,266
Balance at end of the year		18,024,643	19,450,254
10. STOCK-IN-TRADE			
Raw materials:			
– at mills		12,574,140,694	9,037,773,387
– in transit		5,748,892,580	3,359,235,062
		18,323,033,274	12,397,008,449
Work-in-process		2,510,789,420	1,332,401,918
Finished goods – at mills		8,510,022,416	4,373,090,669
– at third party		112,861,569	36,378,277
		29,456,706,679	18,138,879,313

10.1 As at June 30, 2026, finished goods at mills costing Rs.1,750.890 million (2025: Rs.1,215.900 million) have been written down to Rs.1,505.303 million (2025: Rs.930.299 million) to arrive at the net realizable value is Rs.245.587 million (2025: Rs.285.601 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2026 Rupees	2025 Rupees
11. TRADE DEBTS			
Consider good			
Unsecured			
– local	11.1	8,055,081,534	3,820,424,221
Secured			
– foreign debts		2,997,100,250	2,149,597,734
– local	11.5	3,176,500,645	2,483,404,347
		6,173,600,895	4,633,002,081
Considered doubtful			
Unsecured – foreign debts	11.4	18,909,550	18,909,550
		14,247,591,979	8,472,335,852
Less: provision for impairment	11.6	236,295,798	245,275,807
		14,011,296,181	8,227,060,045
11.1 These include the following amounts due from Related Parties			
Diamond Fabrics Ltd.		31,020,825	17,672,788
Reliance Cotton Spinning Mills Ltd.		–	57,756,433
Sapphire Textile Mills Ltd.		47,355,305	77,421,424
Sapphire Power Generation Ltd.		3,298,057	17,521,512
Sapphire Electric Company Ltd.		–	–
Sapphire Diaries (Pvt.) Ltd.		–	435,601
Sapphire Finishing Mills Ltd.		2,086,375	–
		83,760,562	170,807,758

11.2 The ageing of trade debts at is as follows:

	Related parties		Others	
	2026	2025	2026	2025
	Rupees			
Not past due	10,887,237	6,247,503	8,029,215,077	4,106,162,056
Past due 1–30 days	45,695,965	134,189,300	3,759,078,535	2,558,121,731
Past due 31–60 days	2,552,378	26,028,826	1,051,300,764	763,193,103
Past due 61–90 days	19,493,204	3,589,721	760,847,738	329,460,989
Past due 91–365 days	1,786,542	301,077	381,301,030	305,671,112
Past due one year	3,433,522	451,331	181,911,699	238,919,103
	83,848,848	170,807,758	14,163,654,843	8,301,528,094

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the period was Rs.290.85 million (2025: Rs.583.567 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11.5 These represent trade receivables from CPPA-G and are considered good, being secured through a Government of Pakistan guarantee under the Implementation Agreement and arising in the normal course of business. The receivables are interest free; however, delayed payment markup is charged if amounts are not settled within the stipulated due dates at 3 months Kibor + 1%. During the year, the applicable delayed payment markup rates ranged from 11.33% to 13.40% (2025: 12.06% to 26.69%) per annum. These also include unbilled receivables aggregating to Rs. 716.494 million (2025: Rs. 555.013 million).

11.6 Included in trade debts are amounts aggregating Rs 227.610 million relating to capacity revenue not acknowledged by NTDC/CPPA-G for the period from March 2011 to May 2011 due to non-supply of gas by SNGPL on account of certain force majeure events. The Subsidiary Company – SECL management raised this matter with NTDC, SNGPL, and the Private Power & Infrastructure Board (PPIB); however, the dispute remained unresolved. Hence, the SECL had taken up this issue at appropriate forums.

On June 28, 2013, the SECL entered into a Memorandum of Understanding (MoU) for cooperation on the extension of credit terms with NTDC, whereby it was agreed that the constitutional petition filed by the SECL before the Supreme Court of Pakistan on the above-mentioned issue would be withdrawn unconditionally and resolved through the dispute resolution mechanism under the PPA. Accordingly, as per the terms of the MoU, the SECL applied for withdrawal of the aforesaid petition in 2013, and on January 25, 2018, the Supreme Court disposed of the petitions filed before it.

During the financial year 2014, the SECL in consultation with NTDC, appointed an Expert for dispute resolution under PPA. In August 2015, the Expert gave his determination whereby the SECL claim regarding the above-mentioned amount of Rs 227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the Group had also filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the GSA against SNGPL whereby an Arbitrator was appointed. The Arbitrator through his order dated March 9, 2016, decided the matter in the SECL favour whereby the aforesaid amount of Rs 227.610 million was determined to be payable to the SECL by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the SECL along with interest at the rate of 6% per annum from the date of award till the date of actual payment, that works out to Rs 166.449 million as of June 30, 2026 and has been recognised as a receivable (out of which Rs 4.290 million is the markup on arbitration cost of Rs 6.933 million which is classified in other receivables). Consequently, under the relevant provisions of the Arbitration Act, 1940, the SECL filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation/enforcement of the Arbitration Award.

The Civil Judge, through an order dated October 16, 2023, confirmed the arbitration award in favor of the SECL (the "Domestic Award"), stipulating that interest at 6% per annum on the principal amount would only accrue from the date of this order. Consequently, a Decree Sheet (the "Domestic Award Decree") was issued based on this decision. The SECL appealed this order in the Lahore High Court (LHC) for seeking relief to accrue 6% interest per annum from the date of award as per the true sense of the LCIA Award, however, the LHC upheld the decision of the Senior Civil Judge on April 22, 2024. Currently, the SECL has filed a Civil Petition for Leave to Appeal (CPLA) with the Supreme Court of Pakistan against the Lahore High Court's order. The SECL believes there are substantial grounds for a favorable outcome in the case.

Based on the advice of the SECL legal counsel and the Arbitration Award in the SECL favor, management strongly feels that under the terms of the PPA, Implementation Agreement, and the GSA, this receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2026 Rupees	2025 Rupees
11.6 Provision for expected credit loss		
Balance at the beginning of the year	245,275,807	146,494,679
Provision assumed upon merger of RCML with in and into the Company	47,055,358	-
(Reversal) / charged for the year	(56,035,367)	98,781,128
Closing at the end of the year	236,295,798	245,275,807

	Exposure at default Rupees	Expected credit loss Rupees
11.7 The expected credit allowance for trade debts		
Not past due	8,040,102,314	5,222,724,112
Past due 1-30 days	3,804,774,499	1,581,996,478
Past due 31-60 days	1,053,853,143	789,221,929
Past due 61-90 days	780,340,942	333,050,710
Past due 91-365 days	383,087,572	305,972,189
Past due one year	185,345,221	239,370,434
	14,247,503,691	8,472,335,852

	Note	2026 Rupees	2025 Rupees
12. LOANS AND ADVANCES			
- Considered good			
Current portion of long term loans to employees	8	1,225,500	1,055,570
Advances to:			
- suppliers and contractors	12.3	1,325,153,329	566,621,546
- employees		10,131,453	6,633,784
		1,335,284,782	573,255,330
Loan to an associates:			
- SANIFA Agri Services Limited	12.1	182,500,000	-
Less: provision for impairment		(182,500,000)	-
		-	-
Advance for purchase of office	12.2	6,668,800	-
		1,343,179,082	574,310,900

- 12.1.** Amer Cotton Mills Limited (merged with the RCML on March 31, 2024) has entered into a loan agreement with SANIFA Agri Services Limited (an Associate Company), to provide an unsecured loan upto an amount Rs.200 million for working capital requirements. This loan carries mark-up at the rate of 3 months Kibor plus 1.5% per annum and is repayable within one year. The loan is secured against ranking charge on present and future assets of RCML and cheques for an amount of Rs.240 million to be issued in favor of the RCML. The maximum aggregate outstanding balance due from the associated Company at the end of any month during the current financial year was Rs.182.250 million. Due to current financial position of investee company and doubtful recover of loan management has booked provision for expected loss against this loan and stopped charging mark-up on this loan.

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12.2 Amer Cotton Mills Limited (merged with the RCML on March 31, 2024) has filed a suit No.203 of 2011 against Enshaa NLC Development (Private) Limited before the Honorable Sindh High Court, Sindh for recovery of Rs.6.668 million being the amount of security deposit paid by the plaintiff to the defendant to establish its interest in getting reservation for office space at Karachi Financial Tower and to recover the damages amounting to Rs.10 million The matter is pending for hearing of applications. Based on the opinion of the legal advisor of the Amer Cotton Mills Limited, the management expects a favorable outcome of the case.

	Note	2026 Rupees	2025 Rupees
12.3. These include the following amounts due from related parties:			
Sapphire Finishing Mills Ltd.		736,320	736,320
Sapphire Power Generation Ltd.		6,000,000	-
Diamond Fabrics Limited		316,391	-
Sapphire Textile Mills Limited		2,478,000	-
		9,530,711	736,320
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits – unsecured and considered good		58,879,631	3,167,922
Margin against letter of credit		41,570,624	9,020
Prepayments		97,342,720	88,566,805
		197,792,975	91,743,747
14. SHORT TERM INVESTMENTS			
Mutual Fund – MCB Cash Management	14.1	5,667,978	-
Equity instruments	14.3	6,265,569,959	4,542,976,139
Term Deposit Receipts (TDRs)		-	500,000,000
Investment in Mutual Funds – SECL	14.4	5,960,399,763	5,901,960,623
		12,231,637,700	10,944,936,762
14.1 Investment in mutual fund – at FVTOPL			
– MCB Cash Management Optimizer			
Investment during the year 1,558,713.3983 units		167,100,000	-
Redeemed during the year 1,558,713.3983 units		(167,869,010)	-
Realised gain on redemption during the year 1,592.06 units		769,010	
Dividend received and re-invest during the year 23.6766 units		-	
Capital gain tax refunded		2,423	
Adjustment on re-measurement to fair value		175,687	-
Closing balance 1,740.46 units		454	-
		178,564	-
– HBL Growth Fund – Class B			
Book value of mutual fund of RCML acquired upon merger (note 1.4) 123,750 units		4,272,333	-
Adjustment on re-measurement to fair value		1,217,081	-
Closing balance 123,750 units		5,489,414	-
		5,667,978	-

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14.2 Equity Instruments – at FVTOCI (Investment in quoted securities)

No. of Shares / Certificates			Name of the investee company	Market value		Cost	
2026	2025	2026		2025	2026	2025	
Rupees							
	11,000	11,000	Abbott Laboratories (Pakistan) Ltd.	10,828,290	10,692,550	9,641,663	9,641,663
	10,870,500	9,718,500	Bank Al-Habib Ltd.	1,844,071,620	1,533,384,930	623,761,062	440,792,953
	45,700	20,100	Colgate Palmolive (Pakistan) Ltd.	56,874,564	26,833,500	57,406,982	25,727,872
	601,000	601,000	Dolmen City REIT	23,108,450	16,233,010	10,004,511	10,004,511
	140,000	140,000	Engro Fertilizers Ltd.	27,853,000	25,982,600	24,825,974	24,825,974
	1,885,238	1,885,238	Engro Holdings Ltd.	542,420,677	344,169,049	210,946,140	210,946,140
	111,250	-	Fatima Fertilizer Company Limited	18,389,625	-	13,750,500	-
	208,740	163,740	Fauji Fertilizer Company Limited	119,708,215	64,253,213	64,652,484	38,837,943
	138,000	138,000	Frieslandcampina Engro Pakistan	15,730,620	12,043,260	11,813,565	11,813,565
	5,046,204	4,632,704	Habib Bank Limited	1,474,551,271	830,134,230	1,070,231,741	956,202,552
	481,000	159,000	Habib Metropolitan Bank Limited	55,834,480	15,728,280	51,446,804	14,287,739
	10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
	18,000	15,000	Haleon Pakistan Limited	14,493,600	11,044,950	15,371,175	12,525,379
	20,900	13,400	Highnoon Laboratories Limited	20,956,430	13,238,664	17,718,019	9,110,762
	26,174	-	Jubilee Life Insurance Companly Limited	4,598,510	-	4,037,863	-
	2,624,130	2,569,130	Lucky Cement Limited	1,232,081,518	912,657,741	262,024,615	235,439,988
	181,500	23,700	Lucky Core Industries Limited	42,950,160	37,665,699	41,790,402	22,620,181
	92,343	61,343	Mari Energies Ltd. (Formerly	62,265,961	38,455,313	45,521,000	22,829,769
	192,500	192,000	MCB Bank Ltd.	78,060,675	55,361,280	47,003,868	46,820,303
	248,196	193,400	Meezan Bank Ltd.	128,183,306	64,218,470	69,677,745	45,313,646
	39,756	39,756	National Foods Ltd.	15,402,667	13,009,356	7,409,062	7,409,062
	1,495	1,495	Nestle Pakistan Ltd.	11,456,918	10,533,770	11,235,528	11,235,528
	96,882	-	Nimir Industrial Chemicals Limited	21,904,051	-	22,593,598	-
	301,435	154,500	Oil & Gas Development Company Ltd.	100,941,538	34,076,520	66,684,120	26,854,045
	21,168	-	Pakistan Oilfields Limited	14,561,679	-	13,132,839	-
	28,000	28,000	Pakistan Petroleum Ltd.	6,793,360	4,764,760	3,422,702	3,422,702
	466,678	448,934	Pakistan State Oil Company Ltd.	159,767,213	169,486,053	69,751,123	63,918,848
	66,500	-	Progressive Insurance Company Ltd.	-	-	-	-
	393,279	-	Service Long March Tyres Limited	9,981,421	-	7,845,916	-
	512,717	190,707	Standard Chartered Bank (Pak) Ltd.	33,593,218	11,594,986	34,714,872	12,520,539
	26,000	-	Sui Northern Gas Pipelines Limited	3,144,180	-	2,303,861	-
	50,950	-	Sui Southern Gas Company Limited	1,634,476	-	1,002,696	-
	485,000	374,500	System Limited	71,338,650	40,123,930	52,582,510	36,053,728
	59,400	-	The Hub Power Company Limited	13,866,930	-	12,036,628	-
	320,000	-	Treet Corporation Limited	8,035,200	-	9,326,136	-
	-	862,600	United Bank Limited	-	238,034,470	-	80,749,609
	103,957	50,114	Wafi Energy Pakistan Limited	20,063,701	9,255,555	25,029,262	9,785,122
	20,000	-	Yousaf Weaving Mills Limited	118,000	-	78,200	-
	225	-	786 Investments Limited	5,785	-	12,649	-
				6,265,569,959	4,542,976,139	2,990,913,815	2,389,816,123
Add: Adjustment arising from re-measurement to fair value						3,274,656,144	2,153,160,016
Market value						6,265,569,959	4,542,976,139

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14.3 Short term investment acquired under the scheme of merger of RCML with and into the Company is in process of transfer in name of the Company and has been acquired / accounted for as its carrying value as per the books of RCML on the date of merger.

14.4 This represents investments in units of mutual funds, the details of which are follows:

	Note	2026 Rupees	2025 Rupees
Alfalsh Islamic Money Market Fund		11,575,408	1,164,797,398
NBP Islamic Fixed Term Munafa Plan		101,689,822	1,019,470,977
HBL Islamic Money Market Fund		2,622,493	267,440,309
UBL Al-Ameen Islamic Cash Fund		6,256,510	628,849,893
UBL Al Ameen Islamic Income Fund – Class ‘C’		3,777,381	379,414,844
ABL Islamic Money Market Plan – I		60,133,612	602,653,050
MCB Alhamra Cash Management Optimizer		13,346,050	1,342,399,087
Lucky Islamic Fixed Term Fund Plan–21 & 22		5,010,729	501,232,466
Lucky Islamic Cash Fund		291,022	29,544,462
Pakistan Cash Management Fund		43,757	24,597,277
		204,746,784	5,960,399,763
15. OTHER RECEIVABLES			
Advance income tax		1,279,642,697	1,658,623,713
Export rebate and duty drawbacks		6,497,105	13,183,279
Accrued mark-up on term finance certificates		9,894,036	9,633,421
Claim recoverable from NTDCL for pass through item			
– Workers’ Profit Participation Fund	15.1	913,610,583	869,639,212
– Punjab Workers’ Welfare Fund		19,288,289	1,699,741
Accrued mark-up		290,173,029	208,072,108
Prepaid final tax levy		500,798,721	688,083,679
Others		560,848,767	119,729,377
		3,580,753,227	3,568,664,530

15.1 Under section 9.3(a) of the PPA with CPPA, payments to Workers’ Profit Participation Fund and Workers’ Welfare Fund are recoverable from CPPA as a pass through item.

	Note	2026 Rupees	2025 Rupees
16. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		6,786,519,075	4,643,053,057
Income tax		1,445,623,079	279,808,331
Excise duty		69,888,656	55,849,144
Less: provision for doubtful tax refunds	16.1	528,123,493	362,525,644
		7,773,907,317	4,616,184,888

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	Note	2026 Rupees	2025 Rupees
16.1 Provision for doubtful tax refunds			
Balance at beginning of the year		362,525,644	311,179,360
Provision assumed upon merger of RCML with in and into the Company		95,691,876	-
Add: provision for the year		69,905,973	51,346,284
Balance at end of the year		528,123,493	362,525,644
17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	10,480,530	9,671,685
Balances with banks on:			
- off shore current account		554,740,066	555,294,798
- on shore:			
current accounts	17.2	835,394,631	1,341,938,689
term deposit account (TDA)	17.3	520,027,550	219,044,707
term finance certificate (TFC)	17.4	139,273,236	139,244,405
term finance receipts	17.5	100,000,000	-
saving account	17.6	159,766	44,031
dividend account		9,776,830	8,534,091
		2,159,372,079	2,264,100,721
		2,169,852,609	2,273,772,406

17.1 Cash-in-hand includes Rs.2.766 million (2025: Rs.4.115 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.\$1.905 million (2025: US.\$ 6.265 million).

17.3 Effective rates of profit on TDA, during the period, ranged at 7.00% to 10.00% (2025: 7.50% to 19.50%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Group.

17.4 Effective rate of profit on TFC, during the year, is 11.32% per annum. The maturity period of the TFC is one year from the date of original issue.

17.5 This carried mark up at the rate of 10% per annum and is having a maturity period of one year.

17.6 These carry profit at the rates ranged from 9.00% to 10.00% (2025: 5.87% to 13.50%).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2026 Numbers	2025		2026 Rupees	2025
12,759,375	12,759,375	Ordinary shares of Rs.10 each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	79,125,000	79,125,000
4,199,333	-	Ordinary shares of Rs.10 each fully paid in cash as result of merger (note 1.3)	41,993,330	-
24,871,208	20,671,875		248,712,080	206,718,750

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- 18.1 18,524,516 (2025: 18,524,516) ordinary shares of Rs.10 each are held by the related parties as at year-end.
- 18.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

	Note	2026 Rupees	2025 Rupees
19. RESERVES			
Capital reserve			
– share premium	19.1	391,833,750	391,833,750
– maintenance reserve	19.2	187,447,605	87,089,407
General reserve – revenue reserve	19.3	168,353,673	–
Capital reserve	19.3	34,000,000,000	27,500,000,000
Unrealized (loss) / gain on financial assets at fair value through other comprehensive income	19.4	10,701,036,983	6,181,897,820
Unrealised gain on remeasurement of hedging instruments		13,012,245	948,483
Merger reserve	19.5	(1,232,564,437)	–
		44,229,119,819	34,161,769,460

- 19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.
- 19.2 Under the terms of the project agreements, the Subsidiary Company – SECL is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The reserve fund can only be utilized to pay expenses on major maintenance for proper operation of the power station.
- 19.3 This represents reserves transferred from general and unappropriated profit. This reserve will not be available for distribution as dividend.
- 19.4 These represent unrealized gain on re-measurement of investments at fair value through OCI and are not available for distribution.
- 19.5 This represents merger reserve arisen upon merger of Reliance Cotton Spinning Mills Limited with and into the Company on March 31, 2026. This also include the effect of merger adjustments, elimination of inter company balances and cross investments. Further, this include Rs.23.328 million representing merger reserve that had arisen upon merger of Amer Cotton Mills into RCML as at March 31, 2024.

	Note	2026 Rupees	2025 Rupees
20. LONG TERM LIABILITIES – Secured			
Long term finances	20.1	8,737,144,581	3,910,615,772
Less: current portion grouped under current liabilities		(1,361,294,220)	(973,030,232)
		7,375,850,361	2,937,585,540

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	Note	2026 Rupees	2025 Rupees
20.1 Long Term Finance			
The Holding Company			
From banking companies:			
– MCB Bank Limited			
– Long term finance facility – I	20.1.1	6,558,000	15,649,000
– Long term finance facility – II	20.1.2	404,379,000	586,759,750
– Long term finance facility – III	20.1.3	28,000,000	124,804,250
		438,937,000	727,213,000
– Habib Bank Limited			
– Long term finance facility	20.1.4	524,348,625	273,490,625
– Allied Bank Limited			
– Long term finance facility – I	20.1.5	85,209,550	205,243,350
– Long term finance facility – II	20.1.6	1,000,000,000	–
– Long term finance facility – II	20.1.7	3,000,000,000	–
– United Bank Limited	20.1.8	336,657,608	560,954,768
– Faysal Bank Limited	20.1.9	725,284,588	893,451,080
– Bank Alfalah Limited	20.1.10	711,151,890	844,189,890
– Bank Al Habib	20.1.11	35,208,000	–
– Habib Metropolitan Limited			
– Long term finance facility – I	20.1.12	125,158,000	152,176,000
– Long term finance facility – II	20.1.13	76,180,000	87,900,000
– Meezan Bank Limited	20.1.14	86,402,931	101,480,059
– Askari Bank Limited	20.1.15	–	64,517,000
Exposure transferred from			
Reliance Cotton Spinning Mills Limited			
to the Company upon merger			
– Faysal Bank Limited	20.1.16	95,158,781	–
– Habib Bank Limited	20.1.17	94,941,000	–
– MCB Bank Limited	20.1.18	277,540,769	–
– Meezan Bank Limited	20.1.19	524,774,660	–
– MCB Bank Limited	20.1.20	169,640,756	–
– Faysal Bank Limited	20.1.21	78,871,623	–
– Habib Metropolitan Bank Limited:			
– Long term finance facility – I	20.1.22	98,052,000	–
– Long term finance facility – II	20.1.23	146,858,000	–
– MCB Islamic Bank Limited	20.1.24	106,768,800	–
		8,737,144,581	3,910,615,772

20.1.1 The Holding Company has arranged long term finance facilities amounting Rs.110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

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- 20.1.2** The Holding Company has arranged long term finance facilities amounting Rs.1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs.1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Holding Company.
- 20.1.3** The Holding Company has arranged long term finance facilities amounting Rs.133.215 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at the rates ranging from 4% to 11.63% (2025: 4% to 20.64%) per annum. The loan is secured against first charge of aggregate Rs.2,200 million over the specific plant and machinery of the Holding Company along with the other facilities from the bank.
- 20.1.4** The Holding Company has arranged long term finance facilities aggregating Rs.800 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facilities disbursed Rs.705.868 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly instalments commenced from different months of financial year 2022. These finances, during the year, carry mark-up at the rates ranging from 2.85% to 8.5% (2025: 2.85%) per annum and are secured against first charge of Rs.667 million with 25% margin over the specific plant and machinery of the Holding Company.
- 20.1.5** The Holding Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.960.357 million in seventeen trenches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2025: 2.50%) per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Holding Company.
- 20.1.6** The Holding Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to for balance sheet reprofiling. The bank against the said facility disbursed Rs.1,000 million in single trench. These finances carry mark-up at the rate of 3 month KIBOR plus 0.50% per annum and are secured against first pari passu charge of over all present and future fixed assets of the Holding Company with 25% margin.
- 20.1.7** The Holding Company during the year has arranged another long term finance facilities amounting Rs.3,000 million from Allied Bank Limited for balance sheet reprofiling. The bank against the said facility disbursed Rs.3,000 million in two trenches. The loan is repayable in 16 equal quarterly instalments commencing March, 2027. This finance carry mark-up at the rate 3 month KIBOR plus 0.5% per annum and are secured against first pari passu charge over all present and future fixed of the Holding Company with 25% margin.
- 20.1.8** The Holding Company has arranged long term finance facilities amounting Rs.1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2025: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Holding Company.

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- 20.1.9** The Holding Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs.900 million with 25% margin over the specific plant and machinery of the Holding Company.
- 20.1.10** The Holding Company has arranged long term finance facility amounting Rs.1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly instalments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2025: 2.00% to 3.00%) per annum and are secured against first joint pari passu charge of Rs.1,333.340 million with 25% margin over the specific plant and machinery of the Holding Company.
- 20.1.11** The Holding Company has arranged long term finance facility amounting Rs.1,000 million from Bank Al-Habib Limited to meet working capital requirement of the Company. The bank against the said facility disbursed Rs.35.208 million in two tranches of different amounts. These finances carry mark-up at the rates ranged from 7.5% to 8.5% per annum and are secured against first joint pari passu charge over current assets of Holding Company.
- 20.1.12** The Holding Company has arranged a long term finance facility amounting Rs.270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly instalments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% to 9.50% (2025: 3.50% to 9.50%) per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Holding Company.
- 20.1.13** The Holding Company has arranged long term finance facility Rs.250 million from Habib Metropolitan Bank Limited to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs.93.760 million in single tranche and is repayable in 32 equal quarterly instalments commenced from February, 2025. This finance carry markup at the rate 3.50% to 9.50% (2025: 3.50% to 9.50%) per annum and are secured against Joint pari passu charge of Rs.334 million over plant and machinery of the Holding Company.
- 20.1.14** The Holding Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.50% to 5.50% (2025: 3.50% to 5.50%) per annum and are secured against first pari passu charge over all present and future plant and machinery of the Holding Company with 25% margin.
- 20.1.15** The Holding Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.71.65 million in a two tranches during the preceding years. The loan is repayable in 32 equal quarterly instalments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs.666.667 million on the fixed of the Company. The Holding Company during the year has repaid the said loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 20.1.16** RCML (merged with the Holding Company on March 31, 2026) has arranged long term finance facilities amounting to Rs.300 million from Faysal Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank has disbursed Rs.269.647 million in 11 tranches of different amounts during the financial year 2023. Each tranche is repayable in 32 equal quarterly instalments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2025: 3.00% to 4.00%) per annum and are secured against first charge of Rs.400 million with 25% margin over all present and future plant and machinery of the RCML.
- 20.1.17** RCML (merged with the Holding Company on March 31, 2026) has arranged long term finance facilities amounted Rs.250 million from Habib Bank Limited under the state bank of Pakistan (SBP) scheme for imported plant and machinery. These finance facilities have different repayment terms and carry mark-up at the rate 2.85% (2025: 2.85%) per annum, payable on quarterly basis. This facility secured against pari passu charge over present and future plant and machinery of the RCML for Rs.641.333 million.
- 20.1.18** RCML (merged with the Holding Company on March 31, 2026) has arranged a long term finance facility amounting Rs.1,065.548 million from MCB Bank Limited to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.933.472 million in 24 tranches of different amount during the financial year 2023. Each tranche is repayable in 16 equal quarterly instalments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.50% to 11.95% (2025: 2.50% to 22.68%) per annum and are secured against 1st joint parri passu charge of Rs. 6,536 million (2025: Rs.6,536 million) with 25"% margin over all present and future plant and machinery of the RCML.
- 20.1.19** RCML (merged with the Holding Company on March 31, 2026) has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,400 million from Meezan Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.737.410 million in 14 tranches of different amounts during the financial year 2023. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate ranged from 3.50% to 4.00% (2025 3.50% to 4.00%) per annum and are secured against 1st parri passu charge with 25"% margin overall present and future plant and machinery of the RCML.
- 20.1.20** RCML (merged with the Holding Company on March 31, 2026) has arranged long term finance facilities amounting Rs.500 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs.458.809 million in twenty three tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% per annum and are secured against hypothecation charge of Rs.667 million over all present and future plant and machinery of the RCML.
- 20.1.21** RCML (merged with the Holding Company on March 31, 2026) has arranged long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 200 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs.195.121 million in nine tranches of different amounts. Each tranche under this finance facility has different repayments terms. These finances carry mark-up at the rate of 4.00% per annum and are secured against first pari passu charge of Rs.267 million with 25% margin over the all present and future plant and machinery of the RCML.

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20.1.22 RCML (merged with the Holding Company on March 31, 2026) has arranged long term finance facilities amounting Rs.167 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, against the said facility disbursed Rs.166.47 million in two tranches of different amounts. Each tranche under this finance facility is payable in thirty two quarterly instalments. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari passu charge of Rs. 254 million over plant and machinery with 25% margin registered with SECP.

20.1.23 RCML (merged with the Holding Company on March 31, 2026) has arranged long term finance facilities amounting Rs. 200 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 188.787 million in two tranches. Each tranche under this finance facility is payable in thirty two quarterly instalments. This facility carry mark-up at the rate ranging from 3.50% to 8.50% per annum and is secured against joint pari passu charge of Rs.267 million over plant and machinery with 25% margin registered with SECP.

20.1.24 RCML (merged with the Holding Company on March 31, 2026) has arranged Diminishing Musharakah facility amounting Rs.400 million from MCB Islamic Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 175.852 million in nine tranches. Each tranche under this finance facility is payable in sixteen semi annual instalments. This facility carry mark-up at the rate ranging from 5.75% to 8.75% (2025:5.75% to 20.75%) per annum and are secured against ranking charge on all present and future plant and machinery of the RCML with 25% margin.

21. STAFF RETIREMENT BENEFIT – Gratuity

The Parents Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

	2026 Rupees	2025 Rupees
21.1 Amount recognised in the consolidated statement of financial position		
Net liability at the beginning of the year	884,975,148	716,804,813
Provision assumed upon merger of RCML with in and into the Company	249,954,089	–
Charge to statement of profit or loss	346,701,706	279,527,843
Remeasurement recognised in consolidated statement of other comprehensive income	4,491,334	28,700,628
Payments made during the year	(172,341,491)	(140,058,136)
Net liability at the end of the year	1,313,780,786	884,975,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2026 Rupees	2025 Rupees
21.2. Movement in the present value of defined benefit obligation		
Balance at beginning of the year	884,975,148	716,804,813
Provision assumed upon merger of RCML with in and into the Company	249,954,089	-
Current service cost	237,343,945	184,128,421
Past service cost	592,663	-
Interest cost	108,765,098	95,399,422
Benefits paid	(172,341,491)	(140,058,136)
Remeasurements on obligation	4,491,334	28,700,628
Balance at end of the year	1,313,780,786	884,975,148
21.3. Expense recognized in consolidated statement of profit or loss		
Current service cost	237,343,945	184,128,421
Interest cost	108,765,098	95,399,422
Past service cost	592,663	-
	346,701,706	279,527,843
21.4. Remeasurements recognized in consolidated statement of other comprehensive income		
Experience adjustment	4,491,334	35,512,777
Actuarial (gain) / loss	-	(6,812,149)
	4,491,334	28,700,628
21.5. Actuarial assumptions used		
Discount rate used for year-end obligation	11.75%	11.75%
Expected rate of increase in future salaries	11.75%	11.75%
Mortality rates (for death in service)	SLIC	SLIC
	(2001-05)	(2001-05)

21.6. Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(1,221,123,348)	1,412,361,313
Increase in future salaries	1.00%	1,414,969,810	(1,217,060,152)

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognized within the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.7. Based on actuary's advice, the expected charge for the year ending June 30, 2027 amounts to Rs.479.177 million.

21.8. The weighted average duration of defined benefit obligation is 7 years.

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2026	222,558,075	240,989,036	712,361,484	21,918,307,346	23,094,215,941

Historical information:

	2026	2025	2024	2023	2022
	Rupees				
Present value of defined benefit obligation	1,313,780,786	884,975,148	716,804,813	513,768,596	399,538,518
Experience adjustment on obligation / actuarial loss	4,491,334	28,700,628	127,291,009	31,169,960	(1,673,946)

22. DEFERRED TAXATION – Net

This represent deferred tax liability recognised on unrealised gain on investments in equity instruments and investment in associates using applicable effective tax rate under Income Tax Ordinance, 2001.

Also refer contents on note 3.18 to these consolidated financial statements.

	Note	2026 Rupees	2025 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1 & 23.7	3,959,359,718	3,480,219,911
Accrued expenses		1,970,309,860	1,465,888,010
Bills payable		3,021,726,636	764,147,767
Sindh government infrastructure fee	23.3	1,958,859,257	1,044,505,386
Gas infrastructure development cess	23.4	521,512,774	325,853,952
Workers' profit participation fund	23.9	1,195,703,408	1,072,510,179
Workers' welfare fund		26,959,708	-
Workers' profit participation fund provision assumed upon merger of RCML with in and into the Company		40,777,051	-
Workers' welfare fund provision assumed upon merger of RCML with in and into the Company		16,882,089	-
Others		84,955,185	17,294,930
		12,797,045,686	8,170,420,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2026 Rupees	2025 Rupees
23.1 These balances include the following amounts		
due to related parties:		
Reliance Cotton Spinning Mills Ltd.	–	172,023,453
Sapphire Textile Mills Ltd.	59,403,176	51,270,670
Diamond Fabrics Ltd.	2,496,370	–
Sapphire Finishing Mills Ltd.	–	11,739,690
	61,899,546	235,033,813

23.2 These are secured against import documents.

23.3 The provision primarily represents amounts relating to Sindh Infrastructure Cess (“SIC”) levied under the applicable Sindh provincial legislation on the import of goods into the Province of Sindh. The matter is currently pending before the Federal Constitutional Court of Pakistan. However, the Holding Company has recorded the liability in this respect.

23.4 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and RCML (merged with the Holding Company on March 31, 2026) and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

23.5 The Holding Company and RCML (merged with the Holding Company on March 31, 2026) has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Holding Company and RCML falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Holding Company and RCML .

23.6 The Holding Company and RCML (merged with the Holding Company on March 31, 2026) recorded the liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return. Time period of 48 months has passed and the matter is still pending in SHC, hence; the entire liability has now been reclassified as current liability.

23.7 Includes Rs 1,003.146 million (2025: Rs 1,000.508 million) due to Sui Northern Gas Pipelines Limited (SNGPL). Out of this, Rs 257.374 million represents the aggregate amount (Rs 227.610 million plus certain arbitration costs and interest) awarded to the Subsidiary Company – SECL by the Arbitrator through his order dated March 9, 2016.

23.8 The corresponding set-off against receivable from CPPA-G to the extent of Rs 227.610 million will be recorded in these consolidated financial statements upon implementation of the Award. However, SNGPL challenged this adjustment and filed a recovery suit before the District Judge, Lahore (Gas Utility Court) on March 1, 2019, and also initiated arbitration proceedings before the London Court of International Arbitration (LCIA) on March 22, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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In its submission to LCIA on March 6, 2020, SNGPL claimed an adjustment amount of Rs 257.374 million and markup thereon from the date of such adjustment. During 2022, the LCIA decided this matter in SNGPL's favor through a Final Arbitration Award dated April 22, 2022, wherein the Subsidiary Company – SECL adjustment of the above amount against SNGPL's invoice was declared unlawful. SNGPL was awarded interest at the rate of 6% per annum on the amount of Rs 257.374 million from the due date of such invoice until full and final payment. Furthermore, LCIA also accorded to reimburse the cost of litigation and interest at 6% per annum from the date of the award to the date of actual payment. SNGPL has filed for a decree and the implementation of such arbitration award with the Lahore High Court ('LHC'), and the matter is currently pending with the LHC.

The gross interest on the above amounts to Rs 175.84 million as of June 30, 2026, and has been recognized as a liability. However, SNGPL has claimed markup to the tune of Rs 402.890 million, calculated based on the interest rate stipulated in the Gas Supply Agreement (GSA) which is contrary to the decision of the LCIA. Hence, the differential has not been recorded in these consolidated financial statements.

	Note	2026 Rupees	2025 Rupees
23.9 Workers' profit participation fund			
Balance at beginning of the year		1,072,510,179	963,890,369
Add: interest on funds utilised by the Group companies		60,422,893	124,363,558
Add: provision for the year		62,770,336	–
		1,195,703,408	1,088,253,927
Less: payments made during the year		–	15,743,748
		1,195,703,408	1,072,510,179
Add: allocation for the year		–	–
Balance at end of the year		1,195,703,408	1,072,510,179
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
– long term finances		53,530,638	33,755,632
– short term borrowings		412,531,583	260,048,384
		466,062,221	293,804,016
25. SHORT TERM BORROWINGS			
Running / cash finances – secured	25.1	23,183,266,446	13,123,331,508
Running Musharaka and Murahabha finances – secured	25.2	3,260,493,552	3,336,329,709
Temporary bank overdraft – unsecured	25.3	54,163,227	517,889
		26,497,923,225	16,460,179,106

- 25.1** Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.69,771 million (2025: Rs.43,995 million). These finance facilities, during the year, carried mark-up at the rates ranged from 4.50% to 13.41% (2025: 7.25% to 22.09%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs.84,047 million (2025: Rs.51,460 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

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Facilities available for opening letters of credit and guarantees aggregate to Rs.27,020 million (2025: Rs.25,235 million) out of which the amount remained unutilized at the year-end was Rs.18,759.884 million (2025: Rs.18,356.172 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Company.

Abovementioned facilities are expiring on various dates upto September 30, 2027.

25.2 Murabaha and musharaka finance facilities available from various commercial banks amount to Rs 1,600 million (2025: Rs 2,200 million) to finance the procurement of multiple oils from fuel suppliers. Markup on Murabaha is payable at maturity of the respective Murabaha transaction, while the markup on musharaka is payable quarterly on the balance outstanding. The markup rate charged during the year on the outstanding balance ranges from 11.00% to 12.39% (2025: 11.63% to 21.13%) per annum. The aggregate Murabaha and musharaka facilities are secured against joint pari passu hypothecation charge over all present and future fuel stock and energy payment receivables with Rs. 1,125 million and 20% margin and joint pari passu charge over all present and future current assets with Rs 823.53 million and 15% Risk Margin.

25.3 These balances have arisen due to issuance of cheque in excess of available balance.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Guarantees aggregating Rs.3,993.838 million (2025: Rs.3,693.583 million) have been issued by banks of the Group to various Government institutions and SNGPL.

26.1.2 A cheque of Rs 15 million (2025: Rs 15 million) had been issued to the National Electric Power Regulatory Authority (NEPRA) relating to an order issued by the NEPRA Appellate Tribunal (the 'Tribunal') dated March 27, 2023. NEPRA imposed a fine of the aforesaid amount on the group vide an order dated February 13, 2023, regarding a power system breakdown that occurred on January 9, 2021. NEPRA alleged that the company failed to comply with the instructions from the National Power Control Centre (NPCC) and provisions of the Grid Code during the aforesaid power system breakdown. The Subsidiary Company – SECL filed an appeal with the Tribunal against the order which provided relief to the SECL and ordered to deposit a cheque of the specified amount with the Registrar of NEPRA as a security. The encashment of the cheque is subject to the final adjudication of the matter.

The Subsidiary Company – SECL maintains the belief that it did not violate the provisions of the Power Purchase Agreement (PPA) and has meritorious grounds to believe that the impugned order issued by NEPRA will be overturned in the Appellate Tribunal or a higher court. Consequently, no provision has been made in these consolidated financial statements relating to this matter.

26.1.3 During the year, Sui Northern Gas Pipelines Limited ("SNGPL") raised RLNG price differential bills pursuant to Oil and Gas Regulatory Authority ("OGRA") notified RLNG sale prices for the prior period of April 2015 to June 2022, vide notifications dated 28 November 2025 and for the period July 2022 to March 2024 vide notification dated 17 February 2026. As at June 30, 2026, the RLNG arrears as billed by SNGPL amounts to Rs. 1,513.328 million (inclusive of sales tax) and late payment interest thereon amounting to Rs. 12.292 million.

The Subsidiary Company – SECL has challenged the SNGPL RLNG bills and above referred OGRA determinations before the Honorable Lahore High Court ("LHC"). The LHC has granted interim relief by suspending OGRA notifications.

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Based on the legal advise, management is of the view that, even in case of an adverse decision, the Subsidiary Company – SECL would be entitled to recover the RLNG price differential from CPPA-G as fuel cost component, which is pass through in tariff. NEPRA has issued determination for the same through its S.R.O.s 627 (I)/2026 and 1018 (I)/2026 dated April 06, 2026 and June 15, 2026. Following stay orders from LHC and based on legal advise, management believes that above matter will be decided in favour of the Subsidiary Company – SECL, accordingly it has neither recognized any costs arising from above nor any revenue in these consolidated financial statements.

26.1.4 A sales tax demand of Rs 830.031 million was raised against the Subsidiary Company – SECL through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the SECL on account of 'capacity price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the SECL was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy price' admissible to the SECL. Against the aforesaid order, the SECL preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the SECL other grounds of appeal. Consequently, the SECL preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the ACIR also preferred a second appeal before the ATIR against the CIR(A)'s order. However, ATIR refrained from issuing any order on the law points as raised by the SECL. Consequently, company filed a reference application in Lahore High Court for modification of order of the ATIR.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated December 2, 2014 whereby intentions were shown to raise a sales tax demand of Rs 505.540 million by primarily disallowing input sales tax claimed by the SECL for the tax periods from July 2012 to June 2013 on the abovementioned grounds of the ACIR and non-payment of sales tax on interest on delayed payment of energy price. Aggrieved by this show cause notice, the SECL filed a writ petition before the Lahore High Court ('LHC') to the extent of aforesaid matters amounting to Rs 504.909 million while the SECL has provided for the remaining amount of Rs 0.631 million in these consolidated financial statements. LHC has disposed of the petition in the SECL favour through its order dated October 31, 2016, by stating that there is no existence of exempt supply. Accordingly, the SECL is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. Being aggrieved, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order which is pending adjudication.

Moreover, on March 5, 2021, the DCIR issued a show cause notice whereby intentions were shown to raise a sales tax demand for the period from December 2019 to January 2021 on similar grounds. On July 30, 2021, a demand of Rs 119.999 million was raised. The SECL preferred an appeal against the same before CIR(A) which was rejected. Aggrieved, the company filed an appeal before the ATIR on August 27, 2021, and the same was decided in favor of the SECL on May 9, 2022. The tax department then filed an appeal before the Lahore High Court against the ATIR's order. The Lahore High Court, through its order dated October 2, 2023, decided the case in the SECL favor, upholding the CIR(A)'s order to the extent of Rs 5.999 million, while Rs 113.999 million was referred back to the CIR(A) for a fresh decision.

Based on the advice of the SECL legal counsel and above mentioned LHC's decision dated October 31, 2016, management believes that there are meritorious grounds to defend the SECL stance. Consequently, no provision has been made in these consolidated financial statements for the amounts aggregating Rs 1,454.939 million.

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26.1.5 A sales tax demand of Rs.49.987 million (along with default surcharge and penalty to be calculated at the time of deposit) for the tax period from 2018 to 2020 was raised against the SECL through a notice dated March 15, 2021 by the Additional Collector (Withholding), Khyber Pakhtunkhwa Revenue Authority on account of non-deposit of withholding taxes as required under Khyber Pakhtunkhwa Finance Act, 2013 read with the Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015. Against the aforesaid order, the SECL submitted its reply on April 4, 2021, whereby the SECL is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre-commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

Based on the advice of the SECL legal counsel, the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the SECL favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

26.1.6 A commercial bank has issued a guarantee of USD 150,000 (2024: USD 150,000), equivalent to Rs 41.783 million (2024: Rs 41.745 million), in favour of Pakhtunkhwa Energy Development Organization against any dues in respect of a hydro power plant to be constructed by the Sapphire Hydro Limited.

26.2 Commitments

26.2.1 The Subsidiary Company – SECL has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the O&M of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 1.5% or USCPI whichever is higher.

26.2.2 A commercial bank, on behalf of the Subsidiary Company – SECL, has issued a performance guarantee amounted Rs.12.9 million (2025: Rs.12.9 million) in favour of Directorate General Mines and Minerals, Khyber Pakhtunkhwa.

	2026 Rupees	2025 Rupees
26.2.3 Commitments in respect of :		
– letters of credit for capital expenditure	328,374,004	735,335,918
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,582,821,932	1,107,209,207
– capital expenditure other than letters of credit	244,139,939	165,887,117
– foreign bills discounted	2,173,718,036	2,729,105,481

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27. SALES – Net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the year ended June 30, 2026

	Spinning	Knits	Denim	Power	Electronics	Total
	Rupees					
Types of goods and services						
Local sales						
- Yarn	19,348,237,732	2,077,804	73,136,260	-	-	19,423,451,796
- Fabric	-	687,253,924	9,779,074,190	-	-	10,466,328,114
- Garments	-	1,077,482,815	8,343,284	-	-	1,085,826,099
- Waste	802,039,375	61,476,154	103,022,481	-	-	966,538,010
- Energy revenue	-	-	-	5,566,856,273	-	5,566,856,273
- Capacity revenue	-	-	-	2,656,213,637	-	2,656,213,637
- Delayed payment mark-up	-	-	-	105,091,264	-	105,091,264
- Electronic Appliances	-	-	-	-	2,711,366,344	2,711,366,344
- Raw materials	730,483,270	-	-	-	-	730,483,270
- Local steam income	115,050	-	-	-	-	115,050
- Processing income	23,288,679	157,556,726	159,581,233	-	-	340,426,638
	20,904,164,106	1,985,847,423	10,123,157,448	8,328,161,174	2,711,366,344	44,052,696,495
Export Sales						
- Yarn	13,433,887,547	117,376,360	-	-	-	13,551,263,907
- Fabric	-	966,766,367	3,286,095,880	-	-	4,252,862,247
- Garments	-	3,695,640,416	1,081,568,915	-	-	4,777,209,331
- Waste	309,514,858	-	-	-	-	309,514,858
	13,743,402,405	4,779,783,143	4,367,664,795	-	-	22,890,850,343
Export rebate						
- Yarn	530,609	20,101	-	-	-	550,710
- Fabric	-	7,795,170	55,762,928	-	-	63,558,098
- Garments	-	50,316,444	-	-	-	50,316,444
	530,609	58,131,715	55,762,928	-	-	114,425,252
Less: sales tax	3,186,645,577	303,994,468	1,544,446,407	849,181,465	1,586,280,615	7,470,548,532
	31,461,451,543	6,519,767,813	13,002,138,764	7,478,979,709	1,125,085,729	59,587,423,558
Timing of revenue recognition						
Goods transferred at a point in time	31,438,162,864	6,362,211,087	12,842,557,531	7,478,979,709	1,125,085,729	50,642,931,482
Services rendered at a point in time	23,288,679	157,556,726	159,581,233	-	-	340,426,638
	31,461,451,543	6,519,767,813	13,002,138,764	7,478,979,709	1,125,085,729	59,587,423,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

For the year ended June 30, 2025

	Spinning	Knits	Denim	Power	Total
	Rupees				
Types of goods and services					
Local sales					
- Yarn	14,831,463,665	4,389,658	156,004,198	-	14,991,857,521
- Fabric	-	585,815,038	10,973,068,154	-	11,558,883,192
- Garments	-	518,569,736	-	-	518,569,736
- Waste	1,125,943,515	74,069,170	142,725,927	-	1,342,738,612
- Energy revenue	-	-	-	9,484,202,053	9,484,202,053
- Capacity revenue	3,231,469,312	3,231,469,312			
- Delayed payment mark-up	-	-	-	646,650,010	646,650,010
- Raw materials	619,241,151	-	-	-	619,241,151
- Local steam income	24,657,516	-	-	-	24,657,516
- Processing income	12,523,024	738,429,721	81,688,088	-	832,640,833
	16,613,828,871	1,921,273,323	11,353,486,367	13,362,321,375	43,250,909,936
Export Sales					
- Yarn	13,025,373,140	198,425,575	-	-	13,223,798,715
- Fabric	-	1,440,340,556	4,330,374,826	-	5,770,715,382
- Garments	-	6,081,999,638	-	-	6,081,999,638
- Waste	99,494,092	-	-	-	99,494,092
	13,124,867,232	7,720,765,769	4,330,374,826	-	25,176,007,827
Export rebate					
- Yarn	816,599	228,231	-	-	1,044,830
- Fabric	-	3,153,302	21,528,182	-	24,681,484
- Garments	-	23,395,614	-	-	23,395,614
	816,599	26,777,147	21,528,182	-	49,121,928
Less: sales tax	2,540,615,360	293,795,067	1,717,456,959	1,485,691,577	6,037,558,963
	27,198,897,342	9,375,021,172	13,987,932,416	11,876,629,798	62,438,480,728
Timing of revenue recognition					
Goods transferred at a point in time	27,186,374,318	8,636,591,451	13,906,244,328	11,876,629,798	61,605,839,895
Services rendered at a point in time	12,523,024	738,429,721	81,688,088	-	832,640,833
	27,198,897,342	9,375,021,172	13,987,932,416	11,876,629,798	62,438,480,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

27.1 Waste sales include sale of comber noil.

27.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.140.001 million (2025: Rs.306.258 million) has been included in export sales.

27.3 The Group's revenue from external customers by geographical location is detailed below:

	2026 Rupees	2025 Rupees
Africa	272,266,543	910,889,417
Asia	39,340,766,021	38,703,379,745
Australia / Oceania	179,551,450	114,436,295
Europe	10,039,313,827	10,274,906,914
North America	733,718,797	454,834,521
South America	417,741,482	103,404,038
	50,983,358,120	50,561,850,930

27.4 Contract liabilities represents short term advances received from customers against delivery of goods in future. Out of total contract liabilities outstanding at June 30, 2025 amounting to Rs.392.431 million, an amount of Rs.52.443 million has been recognized as revenue during the year.

	Note	2026 Rupees	2025 Rupees
28. COST OF SALES			
Finished goods at beginning of the year		4,409,468,946	3,976,618,720
Transferred from RCML		412,088,599	-
Cost of goods manufactured	28.1	57,865,824,086	56,293,041,288
Cost of raw materials sold		770,266,842	494,445,482
		58,636,090,928	56,787,486,770
		63,457,648,473	60,764,105,490
Finished goods at end of the year		(8,622,883,985)	(4,409,468,946)
		54,834,764,488	56,354,636,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
28.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,332,401,918	1,396,530,229
WIP transferred from RCML upon merger		622,173,091	–
Raw materials consumed	28.2	39,953,289,256	39,718,168,130
Salaries, wages and benefits	28.3	5,173,057,436	4,204,825,581
Operations and maintenance		1,119,224,744	1,282,430,476
Packing stores consumed		671,085,161	585,287,210
General stores consumed		1,506,543,661	1,057,893,876
Processing charges		1,505,990,230	1,849,204,323
Depreciation	4.2	2,497,477,858	1,707,864,439
Fuel and power		4,970,534,640	5,031,406,774
Repair and maintenance		166,856,935	133,868,083
Insurance		384,757,165	374,299,026
Vehicles' running		146,616,669	95,229,477
Travelling and conveyance		122,727,186	91,281,641
Printing and stationery		611,115	368,970
Legal and professional charges		19,194,283	11,176,085
Fee and subscription		85,541,418	30,704,475
Entertainment		53,550,802	33,653,043
Telephone		7,313,707	4,570,237
Postage		3,405,787	3,051,099
Rent, rates and taxes		27,098,699	9,082,190
Miscellaneous		7,161,745	4,547,842
		60,376,613,506	57,625,443,206
Work-in-process at end of the year		(2,510,789,420)	(1,332,401,918)
		57,865,824,086	56,293,041,288
28.2 Raw materials consumed			
Stocks at beginning of the year		9,037,773,387	7,669,236,021
Stock transferred from RCML upon merger		3,857,128,140	–
Purchases		39,632,528,423	41,086,705,496
		52,527,429,950	48,755,941,517
Stocks at end of the year		(12,574,140,694)	(9,037,773,387)
		39,953,289,256	39,718,168,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

28.3 Salaries, wages and benefits include Rs.346.746 million (2025: Rs.279.528 million) in respect of staff retirement benefit – gratuity and Rs.61.071 million (2025: Rs.40.419 million) contribution in respect of staff provident fund.

	Note	2026 Rupees	2025 Rupees
29. DISTRIBUTION COST			
Salaries and other benefits	29.1	155,356,029	149,753,167
Travelling, conveyance and entertainment		78,482,778	44,494,457
Vehicles' running		6,512,398	5,788,508
Telephone		1,038,283	1,042,976
Postage		65,629,242	43,237,741
Printing and stationery		13,052	12,661
Sample expenses		–	–
Commission:			
– local		34,879,204	37,599,196
– export		433,449,483	538,396,519
		468,328,687	575,995,715
Freight and forwarding:			
– local		54,661,885	25,264,148
– export		797,680,831	824,695,552
		852,342,716	849,959,700
Export development surcharge		24,632,025	58,331,767
Other export expenses		63,892,309	29,792,810
Sales promotion		163,263,889	229,611,714
Provision (reversed) / made for expected credit loss in trade debts		(56,035,367)	98,781,128
		1,823,456,041	2,086,802,344

29.1 Salaries and other benefits include Rs.5.743 million (2025: Rs.4.767 million) in respect of contribution to staff provident fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
30. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	873,127,571	622,961,861
Telephone		13,634,373	9,187,969
Postage		1,093,269	702,744
Fee and subscription		46,373,071	33,336,857
Legal and professional charges		74,910,731	254,067,915
Entertainment		34,911,561	21,689,061
Travelling and conveyance		25,789,765	32,028,371
Printing and stationery		11,557,539	9,427,731
Rent, rates and taxes	30.2	21,434,980	7,699,495
Advertisement		948,208	1,277,217
Electricity, gas and water		15,559,518	10,940,422
Repair and maintenance		48,803,537	36,217,433
Vehicles' running		67,872,567	52,143,163
Charity and donations	30.2	2,899,800	7,840,231
Insurance		3,661,967	1,964,476
Depreciation	4.2	57,720,424	56,273,578
Depreciation – Investment property	5	2,750,385	–
Amortisation	6	1,188,860	1,547,643
Others		2,651,060	3,614,184
		1,306,889,186	1,162,920,351

30.1 Salaries and other benefits include Rs.28.478 million (2025: Rs.18.951 million) in respect of contribution to staff provident fund.

30.2 Donations exceeding 10% of the total donations of the Parent Company

It includes donations amounted Rs.4.304 million were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
31. OTHER INCOME		
Income from financial assets		
Dividend income	942,930,783	1,111,453,181
Interest income	288,863,375	238,206,245
Mark-up earned on term finance certificates	18,077,377	13,846,693
	1,249,871,535	1,363,506,119
Income from assets other than financial assets		
Gain on disposal of operating fixed assets	27,512,919	33,874,246
Loss on sale of store and spares	(6,506,537)	(4,890)
Exchange gain	(37,631,548)	38,058,958
Scrap sales [Net of sales tax aggregating Rs.28.853 million (2025: Rs.14.587 million)]	98,897,430	83,984,247
Realised gain on sale of investment in mutual fund	647,581,689	–
Unrealised gain on remeasurement of investment in mutual fund	4,312,586	
Miscellaneous	746,032	5,426,221
	734,912,571	161,338,782
	1,984,784,106	1,524,844,901
32. OTHER EXPENSES		
Workers' profit participation fund	18,898,965	–
Workers' welfare fund	7,646,197	
Auditors' remuneration	16,570,111	13,588,264
Provision for doubtful tax refunds / receivables	69,905,973	51,346,284
Trade debts written-off	–	16,742,308
Miscellaneous expense	(121,973)	727,092
Exchange loss on foreign currency account	16,878,223	–
	129,777,496	82,403,948
Auditors' remuneration		
ShineWing Hameed Chaudhri & Co.		
– statutory audit	3,131,000	3,709,142
– special audit assignment in connection with merger	4,216,600	2,150,000
– half yearly review	388,000	353,165
– review of code of corporate governance review	127,000	115,000
– audit of retirement funds and workers' profit participation fund	362,500	190,500
– under / (over) provision	679,428	15,710
– out-of-pocket expenses	315,000	300,000
	9,219,528	6,833,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
A.F. Ferguson & Co.			
– Statutory audits		3,397,075	3,049,138
– Group reporting		254,243	230,050
– Taxation services		2,305,000	2,501,900
– Certification required under various regulations and agreements		780,000	710,000
– Reimbursement of expenses		614,265	263,659
		7,350,583	6,754,747
		16,570,111	13,588,264
33. FINANCE COST			
Mark-up / interest on long term finances		277,263,936	153,619,292
Mark-up / interest on short term borrowings		2,199,414,841	1,769,412,057
Interest on workers' profit participation fund accrued	23.9	60,422,893	124,363,558
Interest on workers' profit participation fund accrued – SELPL		447,965	–
Unwinding effect of long term liabilities		–	120,796
Interest on payable to SNGPL		15,958,108	1,885,551
Bank and other financial charges		157,991,911	195,153,503
		2,711,499,654	2,244,554,757
34. SHARE OF PROFIT FROM ASSOCIATED COMPANIES			
Profit / (loss) for the year		6,031,713,397	(13,729,470,061)
Difference between the fair value of net assets acquired and the cost of investment in UCHL and UCHL – II		–	52,569,487,755
		6,031,713,397	38,840,017,694
35. LEVIES AND INCOME TAXATION			
35.1 Final tax levy			
Levy:			
– for the year		1,015,970,362	938,297,964
– for prior year		(25,839,428)	(816,161)
		990,130,934	937,481,803

35.2. This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
35.3 Income tax		
– for the year	805,225,173	3,079,872,252
Deferred tax	(147,617,045)	601,313,207
	657,608,128	3,681,185,459

35.4 Reconciliation of current tax charge charged as per tax laws for the period / year, with current tax recognised in the profit and loss account, is as follows:

	2026 Rupees	2025 Rupees
Current tax liability for the year as per applicable tax laws	1,821,195,535	4,018,170,216
Portion of current tax liability as per tax laws, representing income tax under IAS 12	805,225,173	3,079,872,252
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,015,970,362	938,297,964
Difference	–	–

35.5 This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

35.6. Numeric tax rate reconciliation is not presented as the parent company income tax represents tax payable on dividend income under section 150 and super tax under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). and income of Subsidiary Company – SECL is mainly exempt from tax in terms of clause 132 of part I of Second Schedule to the Ordinance. Income of Subsidiary Companies; PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL is not taxable due to losses; however, provision against any other sources of income has been provided for in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
36. EARNINGS PER SHARE		
36.1 Basic earnings per share		
Net profit for the year	4,875,521,814	33,903,911,258
	Number of shares	
Weighted average ordinary shares in issues	21,721,708	20,671,875
	Rupees	
Earnings per share	224.45	1,640.10

36.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at 2026 and 2025 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2026 Rupees	2025 Rupees
37. CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		715,988,420	(791,443,719)
Adjustments for non-cash charges and other items:			
Depreciation		2,555,198,282	1,764,138,017
Amortisation		1,188,860	1,547,643
Staff retirement benefit – gratuity		346,701,706	279,527,843
Dividend and interest income		(1,249,871,535)	(1,363,506,119)
Gain on sale of stores and spares		6,506,537	4,890
Gain on disposal of operating fixed assets		(25,944,278)	(33,874,246)
Exchange gain		–	7,155,845
Provision for workers' profit participation fund		18,898,965	–
Provision for slow moving items		(1,425,611)	8,209,266
Provision for doubtful tax refunds		69,905,973	51,346,284
Finance cost		2,711,499,654	2,244,554,757
Provision for impairment of trade debts		(56,035,367)	115,523,436
Impact of Amendment Agreement with CPPA-G		49,832,379	2,823,451,404
Working capital changes	37.1	(16,225,957,856)	1,679,398,178
		(11,083,513,871)	6,786,033,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
37.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	370,650,012	(191,478,651)
Stock-in-trade	(11,317,827,366)	(2,946,634,423)
Trade debts	(5,778,033,148)	6,549,690,295
Loans and advances	(768,868,182)	203,103,349
Deposits, other receivables and sales tax	(2,741,959,345)	(1,871,965,940)
	(20,236,038,029)	1,742,714,630
Increase in trade and other payables	4,010,080,173	(63,316,452)
	(16,225,957,856)	1,679,398,178

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2026	2025	2026	2025	2026	2025
	Rupees					
Particulars						
Managerial remuneration	67,035,081	65,623,018	2,412,000	-	792,015,217	570,571,381
Contribution to provident fund trust	-	-	-	64,812,231	40,105,872	
House rent and utilities	33,194,592	32,499,099	1,188,000	-	367,589,365	259,776,241
Medical	1,138,209	1,109,368	-	-	15,697,808	11,260,867
Leave encashment / bonus	1,238,361	675,454	-	-	66,455,429	65,369,264
Other benefits	15,122,126	-	94,894,205	65,317,440		
	117,728,369	99,906,939	3,600,000	-	1,401,464,255	1,012,401,065
Number of persons	3	3	1		276	201

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs.470 thousand (2025: Rs.770 thousand) was paid to three non-executive director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

39. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Group in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Parent Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Electric Company Ltd.	Subsidiary Company	68.11%
UCH Power (Private) Ltd.	Common directorship	50%
UCH – II Power (Private) Ltd.	Common directorship	50%
Premier Cement Ltd.	Subsidiary Company	100%
Sapphire Energy (Pvt.) Ltd.	Subsidiary Company	100%
Sapphire Power Limited (SPL)	Subsidiary Company	100%
Sapphire Properties Limited (SPL)	Subsidiary Company	100%
Sapphire Cement Company Limited	Subsidiary Company	100%
Sapphire Electronics (Private) Limited	Subsidiary Company	100%
Sapphire USA, LLC	Subsidiary Company	100%
RCSM Company (Private) Limited	Subsidiary Company	100%
SFL Ltd.	Common directorship	0.051%
Sapphire Power Generation Ltd.	Common directorship	17.63%
Sapphire Finishing Mills Ltd.	Common directorship	–
Neelam Textile Mills Ltd.	Common directorship	–
Sapphire Textile Mills Ltd.	Common directorship	–
Diamond Fabrics Ltd.	Common directorship	–
Salman Ismail (SMC-Pvt.) Ltd.	Common directorship	–
Sapphire Agencies (Pvt.) Ltd.	Common directorship	–
Crystal Enterprises Ltd.	Common directorship	–
Sapphire Holding Ltd.	Common directorship	–
Four Strength (Pvt.) Ltd.	Common directorship	–
SANIFA Agri Services Ltd.	Common directorship	–

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Group considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales of:		
– raw material / yarn / fabric / stores	1,129,744,771	1,517,922,002
– assets	7,100,000	1,600,000
Purchases:		
– raw material / yarn / fabric / stores	1,195,824,080	1,959,665,344
– assets	346,520,552	1,156,070,000
Services:		
– rendered	89,919,821	69,812,491
– obtained	4,447,990	8,211,160
Expenses charged by	142,180,898	106,909,845
Expenses charged to	32,484,066	172,823,172
Investment made	–	14,382,421,745
Dividend:		
– received	3,600,117,874	16,178,739,399
– paid	185,245,160	138,764,040
Interest charged	–	34,659,952
Share purchased	–	279,382,000
iii) Key management personnel		
Salary and other employment benefits	297,114,664	226,861,442
Sale of assets	–	60,000
iv) Retirement Fund		
Contribution towards provident fund	93,259,078	69,155,139

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

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

The Group's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimises earnings volatility and provide maximum return to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

(a) **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets, the financial assets exposed to credit risk aggregated to Rs. 38,440.381million (2025: Rs.28,456.500million) as at June 30,2026. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 97.54% (2025: 98.55%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2026 Rupees	2025 Rupees
Long term investments	9,801,779,899	6,775,127,355
Long term deposits	85,357,299	64,348,145
Trade debts	14,247,591,979	8,472,335,852
Loans and advances	11,356,953	7,689,354
Short term investments	12,231,637,700	10,944,936,762
Other receivables	860,915,832	337,434,906
Bank balances	2,159,372,079	2,264,100,721
	39,398,011,741	28,865,973,095

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2026 Rupees	2025 Rupees
Domestic	11,231,582,179	6,303,828,568
Export	3,016,009,800	2,168,507,284
	14,247,591,979	8,472,335,852

The majority of export debts of the Group are situated in Asia, Europe, America, Australia and Africa.

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2026 Rupees	2025 Rupees
Yarn	7,367,231,660	3,620,993,299
Fabric	2,235,377,149	1,719,849,915
Garments	1,221,672,323	542,134,848
Waste	217,332,458	90,285,222
Power	3,191,992,290	2,499,072,568
Electronics	13,986,099	–
	14,247,591,979	8,472,335,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit quality of the Group's bank balances can be assessed with reference to the external credit ratings as follows:

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2026					
Long term finances	7,375,850,361	10,623,305,235	1,999,324,212	8,022,123,599	601,857,424
Trade and other payables	12,797,045,686	12,797,045,686	12,797,045,686	-	-
Accrued mark-up / interest	466,062,221	466,062,221	466,062,221	-	-
Short term borrowings	26,497,923,225	26,554,962,969	26,554,962,969	-	-
Unclaimed dividend	10,283,106	10,283,106	10,283,106	-	-
	47,147,164,599	50,451,659,217	41,827,678,194	8,022,123,599	601,857,424

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2025					
Long term finances	3,910,615,772	4,225,761,330	1,074,910,117	2,726,700,376	424,150,837
Trade and other payables	8,170,420,135	8,170,420,135	8,170,420,135	-	-
Accrued mark-up / interest	293,804,016	293,804,016	293,804,016	-	-
Short term borrowings	16,460,179,106	17,010,196,164	17,010,196,164	-	-
Unclaimed dividend	8,634,411	8,634,411	8,634,411	-	-
	28,843,653,440	29,708,816,056	26,557,964,843	2,726,700,376	424,150,837

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

(c) Market risk

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

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. As at reporting date the Group's exposure to currency risk with respect to bills payable and commitments in foreign currency has been disclosed in the notes 23 and 26 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Rupees	U.S.\$	Euro	GBP	CNY	CHF	AED	JPY
June 30, 2026								
Bills payables	3,021,726,636	10,193,455	352,403	31,000	-	-	736,551	1,054,400
Advance payments	346,827,028	1,193,698	24,425	-	-	-	-	-
	3,368,553,664	11,387,153	376,828	31,000	-	-	736,551	1,054,400
Trade debts	(3,016,009,800)	(10,213,786)	(662,605)	-	-	-	-	-
Bank balances	(1,131,178,647)	(4,068,257)	-	-	-	-	-	-
Net reporting date exposure	(778,634,783)	(2,894,890)	(285,777)	31,000	-	-	736,551	1,054,400
Outstanding letters of credit	1,911,195,936	5,343,627	445,222	-	-	810,728	-	1,301,890
	1,132,561,153	2,448,737	159,445	31,000	-	810,728	736,551	2,356,290

	Rupees	U.S.\$	Euro	GBP	CNY	CHF	AED	JPY
June 30, 2025								
Bills payables	764,147,767	1,964,172	279,604	-	-	248,000	294,768	-
Advance payments	273,516,246	968,868	-	-	-	-	-	-
	1,037,664,013	2,933,040	279,604	-	-	248,000	294,768	-
Trade debts	(2,168,507,284)	(7,197,672)	(488,245)	-	-	-	-	-
Bank balances	(1,733,666,033)	(6,073,067)	-	-	-	-	-	-
Net reporting date exposure	(2,864,509,304)	(10,337,699)	(208,641)	-	-	248,000	294,768	-
Outstanding letters of credit	1,911,195,936	5,373,902	466,105	-	-	452,000	-	-
	(953,313,368)	(4,963,797)	257,464	-	-	700,000	294,768	-

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2026	2025	2026	2025
	Rupees			
U.S. Dollar to Rupee	281.52	279.87	278.55 / 278.05	284.10 / 283.60
Euro to Rupee	326.03	306.29	317.52 / 316.95	332.83 / 332.25
Swiss Frank to Rupee	349.99	328.44	344.29 / 343.67	355.50 / 354.87
CNY to Rupee	39.93	39.15	40.99 / 40.91	39.66 / 39.59
Japanese Yen to Rupee	1.81	1.79	1.7176 / 1.7145	1.9701 / 1.9667
GBP to Rupee	368.64	-	368.64 / 367.98	-
AED to Rupee	76.34	75.94	75.85 / 75.71	77.90 / 77.76

At June 30, 2026, if Rupee had strengthened by 10% against above mentioned foreign currencies with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(80,492,416)	(293,177,148)
Euro to Rupee	(9,057,702)	(6,932,097)
JPY to Rupee	181,104	-
CHF to Rupee	-	88,164,000
AED to Rupee	5,586,739	2,296,243
GBP to Rupee	1,142,784	2,296,243
	(82,639,491)	(209,649,002)

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Group arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

	2026	2025	2026	2025
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	7.00 to 10.00	7.50 to 19.50	520,027,550	219,044,707
Term finance certificate	11.32	11.8	139,273,236	139,244,405
Financial liabilities				
Long term finances	2.00 to 11.95	2.00 to 9.50	8,709,144,581	3,721,294,522
Variable rate instruments				
Financial assets				
Trade debts	11.33 to 13.40	22.80 to 28.49	3,176,500,645	2,483,404,347
Financial liabilities				
Long term finances	2.50 to 20.64	2.50 to 20.64	28,000,000	189,321,250
Short term borrowings	4.50 & 13.41	7.25 & 22.90	26,497,923,225	16,460,179,106

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

At June 30, 2026, if the interest rate on the Group's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.265.259 million (2025: Rs.166.495 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the period and liabilities of the Group.

Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.22,032.918million (2025: Rs.10,315.944 million) are exposed to price risk due to changes in market price.

At June 30, 2026, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.2,203.292 million (2025: Rs.1,031.594 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Group.

40.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Group's consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs.9,806.948 million (2025: Rs.11,509.646 million). The carrying values of other financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

40.3 Capital risk management

The Group's objective when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Group that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2026 Rupees	2025 Rupees
Total borrowings	35,235,067,806	20,370,794,878
Less: cash and bank balances	2,169,852,609	2,273,772,406
Net debt	33,065,215,197	18,097,022,472
Total equity	103,408,764,184	84,697,403,482
Total capital	136,473,979,381	102,794,425,954
Gearing ratio	24%	18%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

40.4 Financial instrument by category

	As at June 30, 2026				As at June 30, 2025			
	Amortised cost	At fair value through FVTPL	At fair value through OCI	Total	Amortised cost	At fair value through FVTPL	At fair value through OCI	Total
	Rupees							
Financial assets as per statement of financial position								
Long term investments	-	-	9,801,779,899	9,801,779,899	-	-	6,775,127,355	6,775,127,355
Long term loans	5,164,000	-	-	5,164,000	5,307,500	-	-	5,307,500
Long term deposits	85,357,299	-	-	85,357,299	64,348,145	-	-	64,348,145
Trade debts	14,247,591,979	-	-	14,247,591,979	8,472,335,852	-	-	8,472,335,852
Loans and advances	11,356,953	-	-	11,356,953	7,689,354	-	-	7,689,354
Trade deposits	100,450,255	-	-	100,450,255	3,176,942	-	-	3,176,942
Short term investments	-	-	12,231,637,700	12,231,637,700	-	-	4,542,976,139	4,542,976,139
Other receivables	860,915,832	-	-	860,915,832	337,434,906	-	-	337,434,906
Cash and bank balances	2,169,852,609	-	-	2,169,852,609	2,273,772,406	-	-	2,273,772,406
	17,480,688,927	-	22,033,417,599	39,514,106,526	11,164,065,105	-	11,318,103,494	22,482,168,599

	Financial liabilities measured at amortised cost	
	2026 Rupees	2025 Rupees
Financial liabilities as per statement of financial position		
Long term finances and accrued mark-up	8,790,675,219	3,944,371,404
Trade and other payables	9,642,483,021	6,053,404,570
Unclaimed dividend	10,283,106	8,634,411
Short term borrowings and accrued mark-up	26,910,454,808	16,720,227,490
	45,353,896,154	26,726,637,875

		2026 Rupees	2025 Rupees
41. CAPACITY AND PRODUCTION			
41.1 Spinning units			
Number of spindles installed		170,148	107,424
Number of spindles worked		151,920	95,110
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	77,589,461	63,249,866
Actual production after conversion into 20's count	Lbs.	61,709,093	50,703,750

41.1.1 Actual production varies due to maintenance / shut down and change in count pattern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

		2026 Rupees	2025 Rupees
41.2 Dyeing			
Fabric Dyeing Unit			
Total number of days worked		305	353
Installed capacity	Lbs.	14,550,360	14,550,360
Actual production	Lbs.	6,905,326	13,493,965
41.3 Knitting unit			
Total number of days worked		303	360
Installed capacity	Lbs.	13,812,315	13,812,315
Actual production	Lbs.	3,632,750	5,547,645

41.3.1 Low production is due to low demand.

		2026 Rupees	2025 Rupees
41.4 Stitching unit			
Installed capacity	Pcs.	9,600,000	9,600,000

41.4.1 Sluggish sale in the international markets and higher fuel cost forced management to temporarily close its stitching unit.

	Note	2026 Rupees	2025 Rupees
41.5 Denim unit			
Total number of days worked		352	331
Installed capacity	Mtrs.	20,400,000	20,400,000
Actual production	Mtrs.	15,442,098	16,507,382

41.6 Apparel unit

The plant capacity of apparel unit is indeterminable as it involves varying processes of manufacturing and run length of order lots.

		2026 Rupees	2025 Rupees
41.7 Power			
De-rated capacity [based on 8,760 hours (2024: 8,760 hours)]	MWH	1,778,135	1,795,820
Actual energy delivered	MWH	151,911	268,927

41.7.1 Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

41.8 Electronics

	Capacity per day	Working days	Total Capacity	Production
Year Ended June 30, 2026				
----- Units -----				
LED TVs	650	226	146,900	46,628
Washing machines	250	226	56,500	6,966
Air conditioners	200	226	45,200	3,719
Refrigerator	120	226	27,120	1,155
Year Ended June 30, 2025				
----- Units -----				
LED TVs	650	27	17,550	17,139
Washing machines	250	14	3,500	2,891
Air conditioners	200	7	1,400	579

41.9 The Subsidiary Companies; SEL, SCCL, PCL, SHL, SPL, SBML, RCSML and SMEL are in setup phase and their plants are yet to be constructed.

42 SHARIAH DISCLOSURE UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
Rupees				
Statement of Financial Position – Assets				
Long term Investments	56,028,784,966	208,551,708	47,853,805,111	1,306,269
Short term Investments	9,551,292,534	2,680,345,166	9,125,075,558	1,819,861,204
Bank balances	2,120,024,208	49,828,401	2,268,113,784	5,658,622
Statement of Financial Position – Liability				
Long term finances	7,226,651,998	1,510,492,583	2,915,684,633	994,931,139
Short term borrowings	20,817,168,819	5,680,754,406	14,873,886,943	4,586,292,163
Accrued mark-up	344,698,259	121,363,962	209,905,316	83,898,700
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant business segment	-	59,587,423,558	-	62,438,480,728
Late payments / liquidated damages	-	-	-	-
Unrealised gain on remeasurement of investments	3,554,654,529	593,494,143	2,450,819,211	727,033,359
Realised gain / (loss) on sale of investments	238,063,408	(1,280,438)	(66,420,484)	2,417,044
Mark-up / profit on short and long term financing	1,974,099,523	502,579,254	1,556,411,188	366,620,161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Other income				
i) Profit on bank deposits	306,940,752	-	252,052,938	-
ii) Dividend Income	895,782,732	47,148,051	-	1,111,453,181
iii) Gain on sale of property, plant and equipment - net	21,420,775	6,092,144	32,351,789	1,522,457
iv) (Loss) / gain on sale of stores & spares	(6,506,537)	-	(4,890)	-
v) Exchange (loss) / gain on actual currency	10,099,402	-	66,635,734	-
vi) Exchange gain / (loss) earned using conventional derivatives financial instruments - net	(49,846,104)	2,115,154	(31,443,112)	2,866,336
vii) Total interest earned on any conventional loan or advance	-	-	-	-
viii) Scrap sale	98,897,430	-	83,984,247	-
ix) Realised / unrealised gain on mutual fund	651,894,284	-	-	-
x) Others	746,023	-	5,426,221	-

The Company have banking relation with the following shariah-compliant financial institutions:

Name	Relationship
a) Meezan Bank Limited	
b) Bank Islami Pakistan Limited	Short term financing
c) Dubai Islamic Pakistan Limited	Short term financing
d) Faysal Bank Limited	Short term financing
e) Adamjee Insurance Company Limited	
Window Takaful Operations	Takaful operator

43. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

43.1 Segment revenues and results

	Year June 30, 2026						
	Spinning	Knits	DENIM	Power cost	Elimination of Segment Electronics	Transactions	June-26
	Rupees						
SALES	31,461,528,955	6,519,690,401	13,002,138,764	7,478,979,709	6,515,044,546	(5,389,958,817)	59,587,423,558
Cost Of Sales	(27,615,807,236)	(6,512,448,385)	(12,795,741,401)	(7,047,491,662)	(6,253,234,621)	5,389,958,817	(54,834,764,488)
Gross Profit	3,845,721,719	7,242,017	206,397,363	431,488,047	261,809,925	-	4,752,659,071
Selling and Distribution Cost	(981,389,642)	(242,369,851)	(583,373,586)	-	(16,322,962)	-	(1,823,456,041)
Profit before taxation and unallocated							
Income and expenses	2,864,332,077	(235,127,835)	(376,976,223)	431,488,047	245,486,963	-	2,929,203,030
Unallocated income & expenses							
Other Income							1,984,784,106
Other Expenses							(179,609,875)
Administrative Expenses							(1,306,889,186)
Finance Cost							(2,711,499,654)
Share of Associates							6,031,713,397
Final taxes and income taxes							(1,647,739,063)
Profit after Taxation							5,099,962,755

	Year June 30, 2025						
	Spinning	Knits	DENIM	Power cost	Elimination of Segment Electronics	Transactions	June-25
	Rupees						
SALES	32,934,780,108	15,066,031,689	13,979,533,759	11,876,629,798	-	(11,418,494,627)	62,438,480,727
Cost Of Sales	(29,940,193,575)	(14,893,742,000)	(12,696,586,297)	(10,242,609,299)	-	11,418,494,627	(56,354,636,544)
Gross Profit	2,994,586,533	172,289,689	1,282,947,462	1,634,020,499	-	-	6,083,844,183
Selling and Distribution Cost	(1,137,268,154)	(343,242,480)	(606,291,710)	-	-	-	(2,086,802,344)
Profit before taxation and unallocated							
Income and expenses	1,857,318,379	(170,952,791)	676,655,752	1,634,020,499	-	-	3,997,041,839
Unallocated income & expenses							
Other Income							1,524,844,901
Other Expenses							(2,905,855,352)
Administrative Expenses							(1,162,920,351)
Finance Cost							(2,244,554,757)
Share of Associates							38,840,017,694
Final taxes and income taxes							(4,618,667,261)
Profit after Taxation							33,429,906,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

43.2 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Rupees					
As at June 30, 2026						
Segment assets	43,394,789,588	6,295,285,376	14,349,411,288	21,367,702,532	8,630,913,009	94,038,101,793
Unallocatable assets						69,649,010,066
Total assets as per statement of financial position						163,687,111,859
Segment liabilities	19,310,468,474	5,820,034,190	14,989,761,742	2,644,508,097	7,233,526,923	49,998,299,426
Unallocatable liabilities						4,309,476,136
Total liabilities as per statement of financial position						54,307,775,562
As at June 30, 2025						
Segment assets	27,231,867,332	6,296,738,561	10,185,148,601	20,210,797,647	-	63,924,552,141
Unallocatable assets						62,462,565,002
Total assets as per statement of financial position						126,387,117,143
Segment liabilities	7,216,673,173	6,464,111,714	12,905,461,975	1,555,375,784	-	28,141,622,646
Unallocatable liabilities						7,599,101,707
Total liabilities as per statement of financial position						35,740,724,353

43.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 65.14% (2025: 63.21%) and to customers outside Pakistan (including indirect export) are 34.86% (2025: 36.79%) of the total sales during the year.

43.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2025: One) of the Group's customers contributed towards 12.68% (2025: 19.53%) of the local sales during the year aggregating Rs.8,328.161 million (2025: Rs.13,362.321 million) which exceeds 10% of the local sales of the Group.

43.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

44. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2026	2025
45. NUMBER OF EMPLOYEES		
Average number of employees during the year	6,620	4,737
Number of employees at the	7,108	4,801

46. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these consolidated financial statements.

47. SUBSEQUENT EVENT

The Holding Company has established a wholly owned subsidiary under the name "Saphir Holding L.L.C – FZ" in the United Arab Emirates (UAE). All requisite legal and regulatory formalities in this regard have been duly completed.

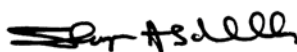
The Board of Directors of Holding Company, in their meeting held on September 24, 2026, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.248.712 million for the year ended June 30, 2026, for approval of the members at their Annual General Meeting to be held on October 28, 2026.

48. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on September 24, 2026 by the Board of Directors of the Parent Company.



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2026

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
588	1	100	11,019
214	101	500	52,605
112	501	1000	72,486
77	1001	5000	143,034
24	5001	10000	169,129
4	10001	15000	50,977
7	15001	20000	117,797
9	20001	25000	199,691
5	25001	30000	138,677
5	30001	35000	165,364
4	35001	40000	148,217
2	40001	45000	86,491
2	45001	50000	94,069
1	50001	55000	52,144
1	55001	60000	59,710
2	65001	70000	135,690
1	75001	80000	75,427
1	85001	90000	85,829
1	90001	95000	91,488
2	95001	100000	196,223
1	100001	105000	102,980
1	120001	125000	121,082
1	125001	130000	126,385
1	205001	210000	208,041
2	210001	215000	427,664
1	215001	220000	215,964
1	245001	250000	245,128
1	275001	280000	279,570
2	280001	285000	562,750
4	305001	310000	1,225,534
1	355001	360000	355,084
1	505001	510000	506,403
1	520001	525000	524,477
1	560001	565000	560,056
4	610001	615000	2,445,877
1	640001	645000	641,141
1	730001	735000	734,350
1	860001	865000	860,429
2	865001	870000	1,739,063
2	875001	880000	1,754,755
1	920001	925000	921,246
1	930001	935000	933,976
1	935001	940000	935,950
4	1025001	1030000	4,113,142
1	1055001	1060000	1,056,824
1	1125001	1130000	1,127,290
1,101			24,871,228

CATEGORY OF SHAREHOLDERS

AS AT 30 JUNE, 2026

DESCRIPTION	Number of Folio	Shares Held
Directors, CEO & Children	26	682,065
Associated Companies	56	21,595,812
NIT & ICP	2	881,473
Banks, DFI & NBF	3	1,557
Modaraba & Mutual Fund	4	34,857
General Public (Local)	942	1,669,831
General Public (Foreign)	56	669
Others Companies	12	4,964
	1,101	24,871,228

PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2026

A)	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah	105,651
	Mr. Amer Abdullah	88,544
	Mr. Yousuf Abdullah	81,464
	Mrs. Usma Yousuf	5,109
	Mrs. Noshaba Nadeem	112,939
	Mrs. Ambareen Amer	49,052
	Mr. Shayan Abdullah	112,889
	Mr. Muhammad Naeem Khan	500
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	540
	Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah	51,078
	Mrs. Shireen Shahid	73,274
B)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
	Sapphire Textile Mills Limited.	172,025
	Crystal Enterprises (Private) Limited	30,124
	Sapphire Power Generation Limited	484,381
	Salman Ismail (Pvt) Limited	24,117
	Reliance Cotton Spinning Mills Limited	81
	Sapphire Holding Limited	973,020
	Synergy Holdings (Private) Limited	2,496,165
	Resource Corporation (Private) Limited	2,514,596
	ATMZ Company (Private) Limited	2,533,022
	Channel Holdings (Private) Limited	2,477,743
	Lavender (Pvt) Limited	2,404,525
	Glitter (Pvt) Limited	2,422,951
	Glory (Pvt) Limited	2,459,802
	Acrylic (Pvt) Limited	2,441,372
	SFL Corporation (Private) Limited	16,571
	STM Corporation (Private) Limited	107,127
	Nadeem Enterprises (Pvt) Ltd.	423
	Yousuf Agencies (Pvt) Ltd	23,346
	SFL Limited	14,421
C)	NIT & ICP	
	CDC Trustee NIT-Equity Market Opportunity Fund	11,500
	CDC Trustee National Investment (UNIT) Trust	869,973

PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2026

D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
	BANKS, DFI & NBFI	
	National Bank of Paksitan	1,300
	National Bank of Paksitan	203
	DEVELOPMENT FINANCIAL INSTITUTION	
	National Development Finance Corporation	54
E)	MODARABAS & MUTUAL FUNDS	
	First Punjab Modaraba	271
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	Trustee National Bank of Pakistan Employees Pension Fund	33,307
	Trustee National Bank of Pakistan Empl Benevolent Fund	1,167
F)	SHAREHOLDERS HOLDING 10% OR MORE	
	ATMZ Company (Private) Ltimited	2,533,022
	Resource Corporation (Private) Limited	2,514,596
	Synergy Holdings (Private) Limited	2,496,165
G)	TRADING IN THE SHARES OF COMPANY DURING THE YEAR	
	BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.	
	Mr. Nadeem Abdullah received against merger of RCSML in SFL	38,362
	Mr. Amer Abdullah received against merger of RCSML in SFL	25,955
	Mr. Yousuf Abdullah received against merger of RCSML in SFL	59,710
	Mrs. Usma Yousuf received against merger of RCSML in SFL	4,740
	Mrs. Noshaba Nadeem received against merger of RCSML in SFL	102,980
	Mrs. Ambareen Amer received against merger of RCSML in SFL	42,224
	Mr. Shayan Abdullah received against merger of RCSML in SFL	47,718
	Mr. Abdul Sattar received against merger of RCSML in SFL	15
	Mr. Shahid Abdullah received against merger of RCSML in SFL	22,571
	Mrs. Shireen Shahid received against merger of RCSML in SFL	52,144
	Mr. Shahid Abdullah received against merger of RCSML in SFL	22,571
	Mrs. Shireen Shahid received against merger of RCSML in SFL	52,144



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NOTES

[illegible]

FORM OF PROXY

SAPPHIRE FIBRES LIMITED

I/ We _____ of _____ a member(s) of Sapphire Fibres Limited and a holder of _____ ordinary shares, do hereby appoint _____ of _____ or failing him/ her _____ of _____ who is also a member of Sapphire Fibres Limited, vide Registered Folio No. _____ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Theatre Hall "A", IBA City Campus (Institute of Business Administration), Garden Kiyani Shaheed Road, Karachi on Wednesday the 28th October 2026 at 03:00 pm and / or any adjournment thereof.

Signed this _____ day of _____ 2026.

Signature of shareholder; _____

CNIC No: _____

Folio No/ CDC and/or Sub Account No: _____

Email: _____

Signature of proxy: _____

CNIC No: _____

Folio No/ CDC and/or Sub Account No: _____

Email: _____

(Signature should agree with the specimen signature registered with the Company)

Notice:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its company seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
 - i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii. The proxy shall produce his / her original CNIC or original passport at the time of meeting.
 - iv. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness:

Signature
Name
Address
NIC No.

Signature
Name
Address
NIC No.

پراکسی فارم (مختار نامہ) سفارت برلین

میں / ہم _____ ساکن _____ بحیثیت رکن سفارت فابریکس اور
حاصل _____ عام حصص بذریعہ ہذا محترم / محترمہ _____ ساکن _____ یا کسی غیر موجودگی کی صورت میں محترم / محترمہ
_____ ساکن _____ جو رجسٹرڈ فوئیو نمبر _____ کی رو سے سفارت فابریکس کا / کی رکن بھی ہے کو اپنے / ہمارے ایماء
پر بروز بدھ مورخہ 28 اکتوبر 2026ء سے پہلے 03:00 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام بمقام تھیٹر ہال "A"، آئی بی اے سٹی کمپس (انسٹیٹیوٹ آف بزنس اینڈ سٹریٹجی)، گارڈن کیانی شہید روڈ،
کراچی میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

اس دستاویز پر مورخہ _____ 2026 کو دستخط ہوئے۔

شیر ہولڈر کے دستخط _____
CNIC نمبر _____
فوئیو نمبر / سی ڈی سی اور / یا سب اکاؤنٹ نمبر _____
ای میل: _____

-5/- روپے کے
رسیدی ٹکٹ

پراکسی کے دستخط _____
CNIC نمبر _____
فوئیو نمبر / سی ڈی سی اور / یا سب اکاؤنٹ نمبر _____
ای میل: _____
(دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں)

نوٹ:

- 1۔ کوئی پراکسی فارم کارآمد نہیں ہوگا جب تک کہ یہ -5/- روپے کے رسیدی ٹکٹ کے ساتھ باقاعدہ مہر شدہ نہیں ہوگا۔
- 2۔ بینک یا کمپنی کی صورت میں پراکسی فارم لازماً اس کی عام مہر اور اس کے مجاز شخص کے دستخط کے ساتھ مکمل ہونا چاہئے۔
- 3۔ مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہو) جس کے تحت یہ پراکسی فارم دستخط شدہ ہے اس مختار نامہ کی تصدیق شدہ کاپی اس پراکسی فارم کے ہمراہ لازماً جمع کرائی جانی چاہئے۔
- 4۔ باقاعدہ مکمل شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً جمع ہو جانے چاہئیں۔
- 5۔ سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:

- i۔ پراکسی فارم دو افراد سے گواہی شدہ ہونگے جن کے نام، پتے اور CNIC نمبر فارم پر تحریر ہونگے۔
- ii۔ تین فیصل اوزر اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ جمع کرائی جانی چاہئیں۔
- iii۔ پراکسی اجلاس کے وقت اپنا اصل کمپیوٹر انزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔
- iv۔ بصورت کارپوریٹ انٹیلی، بورڈ کی قرارداد / مختار نامہ مع پراکسی ہولڈر کے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا (اگر پہلے مہیا نہیں کئے گئے)۔

گواہان

نام: _____ نام: _____
پتہ: _____ پتہ: _____
کمپیوٹر انزڈ قومی شناختی کارڈ نمبر: _____ کمپیوٹر انزڈ قومی شناختی کارڈ نمبر: _____



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