

BUILT TO BELONG

QUATERLY REPORT AS AT SEPTEMBER 30, 2026





VISION

To be Pakistan's premier hub for advanced technology manufacturing, delivering world-class smart devices, fostering innovation, and driving sustainable growth in the electronics and technology sector.

MISSION

Our mission is to deliver high-quality technology solutions through efficient local production, strategic global partnerships, and continuous operational improvement. We aim to support digital inclusion, create skilled employment opportunities, and contribute to the sustainable growth of Pakistan's technology ecosystem.



DIRECTOR'S REPORT

Directors' Report

1. Introduction

The Directors of Select Technologies Limited are pleased to present the financial statements for the three months ended September 30, 2026.

2. Economic Environment

Pakistan began the July–September 2026 quarter with stronger remittance inflows but faced a challenging external environment and inflation outlook. The regional conflict increased Pakistan's vulnerability to oil, shipping, and energy-supply shocks, underscoring the need for fiscal discipline and a cautious SBP stance.

Workers' remittances increased 14% year on year to approximately \$10.88 billion in Q1 FY2026-27, offsetting the merchandise trade gap and easing pressure on the rupee. Saudi Arabia and the UAE contributed 46% of September remittance inflows, reflecting both the resilience of Gulf-based Pakistani workers and concentration risk. Despite this, the current-account deficit widened to \$874 million in Q1, compared to \$755 million a year earlier.

The SBP kept the policy rate at 11.5% in September, emphasizing prudent monetary and fiscal policy and the need to build buffers against supply shocks. The SBP justified the decision by noting that remittances and services exports continued to support the external account, and the policy rate remained above headline inflation.

3. Financial Performance

- Sales contracted by 30.27% to PKR 7,901 million from PKR 11,332 million in the same period last year.
- Earnings per share for the quarter ended was PKR 0.79, compared to PKR 1.23 in the same period last year.

4. Listing of Company on Pakistan Stock Exchange

During the period under review, the Company achieved a significant milestone by successfully listing on the Pakistan Stock Exchange (PSX), effective July 13, 2026. The Company offered 88.89 million ordinary shares to the general public through an Initial Public Offering (IPO) at a strike price of PKR 34 per share, as determined through the book-building process in accordance with applicable regulatory requirements. The IPO raised PKR 3,022 million, which the Company will use to finance its growth plan.

5. Future Outlook

The Board is confident that the Company's current direction to diversify its revenue streams by adding more consumer appliance products will enhance its market presence and, in the long run, deliver the desired results to shareholders. During the year, the Company introduced Hisense air-conditioners and Smart televisions to its portfolio and plans to add more consumer appliances, including electric bikes.

6. Looking Ahead

The Company remains committed to sustainable growth and creating long-term value for its shareholders and stakeholders. Following the successful listing on the Pakistan Stock Exchange and with ongoing stakeholder support, the Board is confident the Company can achieve its strategic goals, execute its post-IPO growth plans, and improve its operational and financial performance.

7. Acknowledgement

The Board thanks the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange for their guidance and support, particularly regarding the Company's listing. We also appreciate the IPO lead consultants, bankers, and financial institutions for their continued trust and cooperation.

We appreciate our customers, vendors, and suppliers for their continued trust and partnership.

The Board values all employees' dedication, hard work, and professionalism. Their efforts were essential to achieving the Company's goals and completing the IPO this year.



Chief Executive Officer



Director

1- تعارف

Select Technologies Limited کے ڈائریکٹرز کو یہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے، جو 30 ستمبر 2026 کو ختم ہونے والی تین ماہ کی مدت کے لیے تیار کیے گئے ہیں۔

2- معاشی ماحول

پاکستان نے مالی سال 2026-27 کی جولائی تا ستمبر 2026 کی سہ ماہی کا آغاز ترسیلات زر میں اضافے کے ساتھ کیا، تاہم اسے بیرونی ماحول اور افراط زر کے حوالے سے چیلنجز کا سامنا رہا۔ علاقائی تنازعے نے تیل، شپنگ اور توانائی کی فراہمی میں رکاوٹوں کے باعث پاکستان کی کمزوریوں کو بڑھا دیا، جس سے مالیاتی نظم و ضبط اور اسٹیٹ بینک آف پاکستان (SBP) کی محتاط پالیسی کی ضرورت مزید نمایاں ہوئی۔

مالی سال 2026-27 کی پہلی سہ ماہی میں بیرون ملک پاکستانی کارکنوں کی ترسیلات زر گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد بڑھ کر تقریباً 10.88 ارب امریکی ڈالر ہو گئیں۔ اس اضافے نے اشیاء کی تجارت کے خسارے کو پورا کرنے میں مدد دی اور روپے پر باؤ کم کیا۔ ستمبر کی ترسیلات زر میں سعودی عرب اور متحدہ عرب امارات کا حصہ 46 فیصد رہا، جو غلجی ممالک میں کام کرنے والے پاکستانیوں کی جانب سے ترسیلات کے تسلسل کے ساتھ ساتھ چند ممالک پر انحصار کے خطرے کی بھی عکاسی کرتا ہے۔ اس کے باوجود، پہلی سہ ماہی میں جاری کھاتے کا خسارہ بڑھ کر 874 ملین امریکی ڈالر ہو گیا، جبکہ گزشتہ سال اسی مدت میں یہ 755 ملین امریکی ڈالر تھا۔

اسٹیٹ بینک آف پاکستان نے ستمبر میں پالیسی ریٹ 11.5 فیصد پر برقرار رکھا اور محتاط مالیاتی و زرعی پالیسی اپنانے نیز رسد سے متعلق اچانک جھٹکوں سے نمٹنے کے لیے حفاظتی گنجائش پیدا کرنے کی ضرورت پر زور دیا۔ اسٹیٹ بینک نے اس فیصلے کی وضاحت کرتے ہوئے کہا کہ ترسیلات زر اور خدمات کی برآمدات بدستور بیرونی کھاتے کو سہارا دے رہی ہیں، جبکہ پالیسی ریٹ عمومی افراط زر کی شرح سے بلند ہے۔

3- مالیاتی کارکردگی

• فروخت میں 30.27 فیصد کمی ہوئی اور یہ گزشتہ سال کی اسی مدت کے 11,332 ملین پاکستانی روپے کے مقابلے میں کم ہو کر 7,901 ملین پاکستانی روپے رہ گئی۔
• ختم ہونے والی سہ ماہی کے لیے فی حصص آمدنی 0.79 پاکستانی روپے رہی، جبکہ گزشتہ سال کی اسی مدت میں یہ 1.23 پاکستانی روپے تھی۔

4- پاکستان اسٹاک ایکسچینج میں کمپنی کی لسٹنگ

زیر جائزہ مدت کے دوران کمپنی نے 13 جولائی 2026 سے مؤثر، پاکستان اسٹاک ایکسچینج (PSX) میں کامیابی کے ساتھ لسٹ ہو کر ایک اہم سنگ میل حاصل کیا۔ کمپنی نے ابتدائی عوامی پیشکش (IPO) کے ذریعے عام لوگوں کو 88.89 ملین عام حصص پیش کیے۔ قابل اطلاق ضابطہ جاتی تقاضوں کے مطابق بک بلڈنگ کے عمل کے ذریعے فی حصص قیمت 34 پاکستانی روپے مقرر ہوئی۔ اس IPO کے ذریعے 3,022 ملین پاکستانی روپے حاصل ہوئے، جنہیں کمپنی اپنے ترقیاتی منصوبے کی مالی اعانت کے لیے استعمال کرے گی۔

5- مستقبل کے امکانات

بورڈ کو یقین ہے کہ صارفین کی مزید گھریلو برقی مصنوعات شامل کر کے آمدنی کے ذرائع میں تنوع پیدا کرنے کی کمپنی کی موجودہ حکمت عملی مارکیٹ میں اس کی موجودگی کو مضبوط کرے گی اور طویل مدت میں حصص یافتگان کے لیے مطلوبہ نتائج پیدا کرے گی۔ سال کے دوران کمپنی نے اپنی مصنوعات میں Hisense ایئر کنڈیشنرز اور اسمارٹ ٹیلی ویژنز شامل کیے، اور مستقبل میں الیکٹرونکس سمیت مزید گھریلو برقی مصنوعات شامل کرنے کا منصوبہ رکھتی ہے۔

6- آئندہ کا لائحہ عمل

کمپنی پائیدار ترقی اور اپنے حصص یافتگان و دیگر متعلقہ فریقوں کے لیے طویل مدتی قدر پیدا کرنے کے عزم پر قائم ہے۔ پاکستان اسٹاک ایکسچینج میں کامیاب لسٹنگ اور متعلقہ فریقوں کی مسلسل معاونت کے بعد، بورڈ کو یقین ہے کہ کمپنی اپنے ترقیاتی اہداف حاصل کر سکتی ہے، IPO کے بعد کے ترقیاتی منصوبوں پر عمل درآمد کر سکتی ہے، اور اپنی عملی و مالیاتی کارکردگی بہتر بنا سکتی ہے۔

7- اظہار تشکر

بورڈ، بالخصوص کمپنی کی لسٹنگ کے سلسلے میں رہنمائی اور معاونت فراہم کرنے پر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا شکریہ ادا کرتا ہے۔ ہم IPO کے مرکزی مشیروں، بینکاروں اور مالیاتی اداروں کے مسلسل اعتماد اور تعاون کو بھی سراہتے ہیں۔

ہم اپنے صارفین، ویڈرز اور سپلائرز کے مسلسل اعتماد اور شراکت داری کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ تمام ملازمین کی لگن، محنت اور پیشہ ورانہ مہارت کو سراہتا ہے۔ ان کی کوششیں کمپنی کے اہداف حاصل کرنے اور اس سال IPO مکمل کرنے میں نہایت اہم رہیں۔



ڈائریکٹر



چیف ایگزیکٹو آفیسر



FINANCIAL STATEMENTS

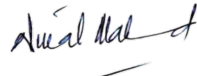


SELECT TECHNOLOGIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2026

	Note	Sept 2026 Rupees (Un-Audited)	June 2026 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	11,417,966,156	11,001,394,081
Investment property		2,134,089,000	2,134,089,000
Intangible assets		4,085,210	4,118,493
Long term advances and deposits		38,763,226	39,832,186
		13,594,903,592	13,179,433,760
CURRENT ASSETS			
Stores and spares		8,859,650	1,623,767
Stock in trade	8	10,608,779,143	10,476,435,843
Trade debts	9	9,266,318,888	7,265,518,102
Prepayments and other receivables		3,575,437,343	2,752,441,449
Tax refunds due from the Government		1,485,076,760	833,296,012
Short term investments		2,806,845,486	1,797,256,082
Bank balances	10	587,103,873	369,058,454
		28,338,421,143	23,495,629,709
TOTAL ASSETS		41,933,324,735	36,675,063,469
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,000,000,000 (June 30, 2026: 1,000,000,000)			
ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid-up share capital		8,888,888,890	8,000,000,000
Share premium		2,133,333,336	-
Unappropriated profit - revenue reserve		4,411,958,415	5,518,960,780
		15,434,180,641	13,518,960,780
NON CURRENT LIABILITIES			
Long term loans - secured		2,158,371,198	2,356,340,307
Lease liability		36,406,413	38,406,413
Deferred tax liability		374,825,143	374,825,143
		2,569,602,754	2,769,571,863
CURRENT LIABILITIES			
Trade payables, accrued and other liabilities	11	2,570,415,460	2,349,416,763
Payable to related party		2,921,134,915	721,165,895
Short term borrowings	12	17,269,116,218	16,411,135,895
Accrued markup		542,377,355	265,784,951
Provision for taxation		15,671,910	-
Current portion of non current liabilities		610,825,482	639,027,322
		23,929,541,340	20,386,530,826
TOTAL EQUITY AND LIABILITIES		41,933,324,735	36,675,063,469
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

SELECT TECHNOLOGIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

	Note	30-Sept-26 Rupees (Un-Audited)	30-Sept-25 Rupees (Un-Audited)
Revenue from contracts with customers - net	14	7,901,713,475	11,332,310,844
Cost of revenue		(6,642,573,501)	(9,522,141,786)
Gross profit		1,259,139,974	1,810,169,058
Administrative expense		(69,022,183)	(43,279,029)
Operating profit		1,190,117,791	1,766,890,029
Other income		136,327,912	257,325,835
Other expense		(32,667,113)	(82,702,899)
Finance cost		(585,109,045)	(562,042,988)
Profit before income tax and levy		708,669,545	1,379,469,977
Levy		-	-
Profit before income tax		708,669,545	1,379,469,977
Taxation		(15,671,910)	(398,155,382)
Profit for the period		692,997,635	981,314,595
Earnings per share			
- Basic and diluted		0.79	1.23

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

SELECT TECHNOLOGIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

	30-Sept-26 Rupees (Un-Audited)	30-Sept-25 Rupees (Un-Audited)
Profit for the period	692,997,635	981,314,595
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>692,997,635</u></u>	<u><u>981,314,595</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

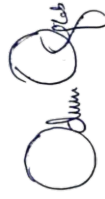


DIRECTOR

SELECT TECHNOLOGIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

	Issued, subscribed and paid-up share capital	Capital reserves		Revenue reserve	Total
		Share premium	Unappropriated profit		
-----Rupees-----					
Balance as at July 01, 2025 (Audited)	8,000,000,000	-	2,817,508,184	10,817,508,184	
Profit for the year	-	-	2,701,452,596	2,701,452,596	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the year	-	-	2,701,452,596	2,701,452,596	
Balance as at June 30, 2026 (Audited)	8,000,000,000	-	5,518,960,780	13,518,960,780	
Issuance of 88,888,889 ordinary shares each fully paid in cash	888,888,890	2,133,333,336	-	3,022,222,226	
Final dividend for the year ended June 30, 2026 at the rate of Rs. 2.25 per share.	-	-	(1,800,000,000)	(1,800,000,000)	
Profit for the year	-	-	692,997,635	692,997,635	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the year	888,888,890	2,133,333,336	(1,107,002,365)	1,915,219,861	
Balance as at September 30, 2026 (Un-Audited)	8,888,888,890	2,133,333,336	4,411,958,415	15,434,180,641	

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

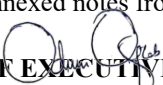


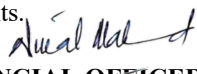
DIRECTOR

SELECT TECHNOLOGIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

	Note	30-Sept-26 Rupees (Un-Audited)	30-Sept-25 Rupees (Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and levy		708,669,545	1,379,469,977
Adjustments for non cash and non-operating items:			
Depreciation on property, plant and equipment		85,533,276	85,657,554
Amortization		33,283	132,766
Profit on short term investments		(125,755,479)	(45,289,726)
Fair value gain on investment property		-	(198,000,000)
Provision for Workers' Welfare Fund		14,173,391	23,629,400
Provision for Workers' Profit Participation Fund		18,493,722	59,073,499
Rental income		(10,572,433)	(14,036,109)
Markup expense on loan obtained from the Parent Company		100,752,839	-
Finance cost		581,112,095	562,042,988
		663,770,694	473,210,372
Net cashflows before working capital changes		1,372,440,239	1,852,680,349
Effect on cashflows before working capital changes			
(Increase) / decrease in current assets:			
Stock in trade		(132,343,300)	2,795,784,774
Stores and spares		(7,235,883)	(2,970,286)
Trade debts		(2,000,800,786)	(184,180,021)
Prepayments and other receivables		(822,995,894)	1,810,604,889
Tax refunds due from the Government		(482,313,112)	1,092,847,419
		(3,445,688,975)	5,512,086,775
Increase / (decrease) in current liabilities			
Trade payables, accrued and other liabilities		(1,611,668,416)	(5,876,657,253)
Payable to related party		2,099,216,181	(174,819,817)
Cash used in operations		(1,585,700,971)	1,313,290,054
Long term security deposits paid		1,068,960	-
Finance cost paid		(323,725,743)	(197,468,359)
Taxes paid		(169,467,636)	-
		(492,124,419)	(197,468,359)
Net cash used in operating activities		(2,077,825,390)	1,115,821,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(1,790,418)	-
Additions in capital work in progress		(500,738,288)	-
Proceeds from issuance of shares		3,022,222,226	-
Rental income received		-	14,343,104
Interest Income received		116,166,075	64,537,798
Short term investment - Net		(1,000,000,000)	(300,000,000)
Net cash used in investing activities		1,635,859,595	(221,119,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - Net		(197,969,109)	(261,691,408)
Lease liability repaid		-	(6,600,000)
Short term borrowings - Net		857,980,323	(240,138,145)
Net cash used in financing activities		660,011,214	(508,429,553)
Net increase/ (decrease) in cash and cash equivalents		218,045,419	386,273,044
Cash and cash equivalents at the beginning of the year		369,058,454	244,729,665
Cash and cash equivalents at the end of the year		587,103,873	631,002,709

The annexed notes from 1 to 17 form an integral part of these financial statements.

 **CHIEF EXECUTIVE OFFICER**

 **CHIEF FINANCIAL OFFICER**

 **DIRECTOR**

SELECT TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

1 THE COMPANY AND ITS OPERATIONS

Select Technologies Limited (The Company) was incorporated in Pakistan on October 13, 2021 as a private limited company under the Companies Act, 2017 having registered office at 152-1-M, Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore, Pakistan. The Company is a wholly-owned subsidiary of Air Link Communication Limited (the Parent Company). The Company has set up state-of-the-art smartphone assembly plant in Lahore. The idea is to promote 'Made in Pakistan' products and to create employment opportunities for skilled and unskilled labour. The Company converted into a public limited company on January 6, 2026, and was officially listed on the Pakistan Stock Exchange on July 13, 2026.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical location and address of the Company's business unit and registered office is as follows;

BUSINESS UNIT ADDRESS

Head office	152-1-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Assembling facility	152-1-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Assembling facility	E4 and E5(S) Sundar Green Special Economic Zone, Lahore, Punjab, Pakistan

3 BASIS OF PREPARATION

3.1 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investment property which is carried at fair value as disclosed in Note 6.2 to these financial statements.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee ("Rs") which is the Company's functional and presentation currency.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board as adopted by SECP, which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions

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

- | | |
|---|-----|
| - Impairment of non financial assets | 6.6 |
| - Depreciation and useful life of property, plant and equipment | 6.1 |
| - Investment property | 6.2 |
| - Taxation | 6.8 |

5 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026

The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures:

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements.

5.2 New accounting standards, amendments and interpretations that are not yet effective

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
Amendments to IAS 28 'Investments in Associates' - Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027
IFRS 18 Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by SECP.	

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been consistently applied to all periods presented in these financial statements.

6.1 Property, plant and equipment

6.1.1 Owned assets

Property, plant and equipment except freehold land, are stated at cost less accumulated depreciation and impairment, if any. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Cost in relation to self constructed assets includes direct cost of material, labor, applicable manufacturing overheads and borrowing costs on qualifying assets.

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset is calculated using the straight line method at rates disclosed in Note 7.1 which are considered appropriate to write off the cost of the assets over their useful lives after taking into account their residual values.

Depreciation on additions is charged from the month in which asset is capitalized / available for use while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

6.1.2 Disposal

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

6.1.3 Estimate

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the management reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

6.1.4 Right-of-use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

6.1.5 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rates implicit in the leases are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease options that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factor that create an economic incentive for it to exercise the renewal or termination. After the commencement period, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option

6.1.6 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

6.1.7 Arrangement is not a lease

The Company has entered a 'Manufacturing supply agreement', dated November 01, 2021, for manufacturing and selling smartphones and related products with Xiaomi Pakistan (Private) Limited (the Buyer), the Company's sole customer. The Company has determined that the Company's plant is an identified asset (group of assets) but the Company has substantive right to substitute the asset throughout the period of use as the Company has the practical ability to substitute alternative assets throughout the period of use and the Company would benefit economically from the exercise of its right to substitute the asset (by for example deploying them elsewhere within the group to meet demands under higher margin agreements). The buyer has no right to 'direct the use of the asset'. Accordingly, the Company's arrangement with Xiaomi Pakistan (Private) Limited does not contain lease, as defined under IFRS 16 "Leases". The Company recognizes the consideration receivable under 'Manufacturing supply agreement' with reference to identifiable performance obligations, under IFRS 15. In making this determination, the Company has considered that it is primarily responsible for fulfilling the promise to 'manufacture and sell smartphones and related products' as per the agreement.

Further, considering the Company's assessment of term of agreement, that the Buyer only have a right to take possession of and title to its property (that is used to produce goods upon payment) on the Company's option/ consent and quantum of fixed payments under the arrangement, amounts to be recognized in the profit or loss under both the operating lease arrangement, under IFRS 16, or contract with customers, under IFRS 15, are substantially consistent.

The Company enters arrangement for sale of goods included in the contract in which the Company act as Seller (Assembler / Manufacturer). The Company has determined that it controls the goods before they are transferred to Buyer (Xiaomi Pakistan Private Limited), because it has the ability to direct the use of these goods and obtain the benefits from them. In making this determination, the Company has considered that it is primarily responsible for fulfilling the promise to provide goods because it directly deals with the Buyer and it is primarily responsible for the quality or suitability

of the goods. In addition, the Company has inventory risk before the goods have been delivered to a customer. Therefore, the Company has concluded that it is the principal in these contracts. In addition, the Company has concluded that the transfer of goods is a single performance obligation recognized at a point in time when the control is transferred.

6.2 Investment property

Recognition and measurement

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property measured at fair value. The changes in fair value recognised in the statement of profit or loss.

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.

The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

6.3 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are measured to be finite. Intangibles with finite lives are amortized over the useful life using straight line method as mentioned in Note 9 and assessed for impairment whenever there is an indication that the asset may be impaired.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in statement of profit or loss when incurred.

Amortization on additions is charged from the month in which an asset is capitalized / available for use while no amortization is charged for the month in which the asset is disposed off.

6.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank as specified in Note 15 that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at banks defined above. TDRs are not included in cash and cash equivalents as they are not held for cash management purposes.

6.5 Stock, stores and spares

Stock in trade, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Cost has been determined as follows:

Raw and packing material	- weighted average cost
Goods in transit	- actual cost
Work in process	- weighted average cost
Finished goods	- weighted average cost
Stores and spares	- weighted average cost

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

6.6 Trade debts

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on expected credit loss (ECL) model of IFRS 9 and debts considered irrecoverable are written off as and when identified. Receivable are generally due within 30 to 90 days of satisfaction of performance obligation.

6.7 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.8 Taxation

a) Current

Provision for current tax is based on taxable income for the year, determined in accordance with the provisions of the Income Tax Ordinance, 2001. The current tax charge is calculated using the applicable tax rates or the rates expected to apply to the year's profit if enacted, after considering available tax credits, rebates, and exemptions, if any. It also includes adjustments, where necessary, for prior years' tax provisions based on assessments finalized during the year.

b) Deferred

For entities subject to normal tax and falls under approach (b), deferred tax is measured using the enacted or notified tax rate as per the application guidance on "IAS 37/IFRIC 21-IAS 12 Accounting for Minimum and Final Taxes". Given the variability of the effective income tax rate, the Company reassesses its estimates for measuring deferred taxes in future periods, even if the enacted income tax rate remains unchanged.

6.9 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

6.10 Revenue Recognition

6.10.1 Sale of goods

The Company is in the business of selling cellular mobile phones, tablets, accessories, televisions and airconditioners. Revenue from contract with customers is recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery at specified location which may include the Company's own warehouse.

6.10.2 Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

6.10.3 Determination of performance obligations

With respect to the sale of goods, the Company concluded the goods transferred in each contract constitute a single performance obligation. In relation to the product warranty provided to the customer (such as the goods will conform, in all respects, to the specifications, standards, drawings, samples, descriptions, quality requirements, quality standards, and free from defect) as part of the agreements into which the Company enters. Accordingly, such a warranty is an assurance-type warranty and is thus accounted for under IAS 37. The Company has determined that the promise is the transfer of goods to the customer. Any warranty related to the ultimate customer such as after-sale services or the performance warranty is the responsibility of the brand owner (i.e. the group to which our customer belongs) towards its customer. Therefore, the Company has concluded that the transfer of goods is a single performance obligation recognized at a point in time when the control

6.11 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.11.1 Financial assets

a) Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, trade receivables, loans and advances, other receivables, short term investment and bank balances.

b) Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI at initial recognition. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not presently have financial asset at fair value through profit or loss.

d) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets include long term deposits, trade receivables, loans and advances, other receivables, short term investment and bank balances.

6.11.2 Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under 'IAS 32 Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

6.11.3 Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange gains and losses and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses at the statement of financial position date.

6.11.4 Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

6.11.5 Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts and other receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The expected credit losses are recognized in the statement of profit or loss. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For bank balances, the Company applies a general 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 expected credit losses are recognized in the statement of profit or loss.

6.12 Financial liabilities

6.12.1 Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long-term loans, long term payable, short-term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

6.12.2 Financial liabilities - Subsequent measurement

a) Financial liabilities at amortized cost (loans, borrowings and long term payable)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category applies to long-term loans, short-term borrowings utilized under mark-up arrangements, trade and other payables, lease liabilities, accrued and other liabilities.

b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

c) Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

6.12.3 Offsetting of financial assets and financial liabilities

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

6.13 Shared expenses

The Company apportions salaries and factory utility expenses to the Parent Company based on their proportionate share of product assembly.

6.14 Related party transactions

Related party transactions are undertaken in the normal course of business and are carried out in accordance with the Company's policy on related party transactions, as approved by the Board of Directors upon the recommendations of the Board Audit Committee.

6.15 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

6.16 Employee benefits

The Company participates in an employee benefit scheme established by the Parent Company, under which eligible employees of the Company and other group entities are granted employee benefits by the Parent Company. The fair value of the benefits is reassessed at each reporting date based on the latest available valuation, and any resulting adjustment is recognized in the statement of profit or loss during the year.

		30-Sept-26 Rupees (Un-Audited)	30-Jun-26 Rupees (Audited)
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	8,931,960,179	9,016,126,392
	Right of use assets	39,691,290	39,691,290
	Capital work in progress (CWIP)	2,446,314,687	1,945,576,399
		<u>11,417,966,156</u>	<u>11,001,394,081</u>
8	STOCK IN TRADE		
	Raw material	1,350,930,793	1,761,611,386
	Work in process	258,883,505	81,476,978
	Finished goods	1,578,465,307	138,493,815
		3,188,279,605	1,981,582,179
	Goods in transit	7,420,499,538	8,494,853,664
		<u>10,608,779,143</u>	<u>10,476,435,843</u>
9	TRADE DEBTS		
	Trade debts - considered good	9,288,989,325	7,288,188,539
	Less: Allowance for expected credit loss	(22,670,437)	(22,670,437)
		<u>9,266,318,888</u>	<u>7,265,518,102</u>
10	BANK BALANCES		
	Cash at bank - current accounts	586,751,611	368,832,134
	Cash at bank - savings accounts	352,262	226,320
		<u>587,103,873</u>	<u>369,058,454</u>
11	TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES		
	Trade payable	-	1,638,091,583
	Workers' Profit Participation Fund	390,888,565	372,445,478
	Workers' Welfare Fund	118,571,468	104,770,590
	Accrued expenses	65,114,526	65,114,730
	Withholding tax payable	122,867,971	94,170,129
	Other payables	72,972,930	-
	Dividend Payable	1,800,000,000	
	Payable to the Parent Company	-	74,824,253
		<u>2,570,415,460</u>	<u>2,349,416,763</u>
12	SHORT TERM BORROWINGS		
	Sukuk	12.1 6,000,000,000	3,000,000,000
	Commercial Banks	12.2 6,537,807,754	10,106,474,725
	Islamic Mode of Finance	12.3 4,731,308,464	3,304,661,170
	Add: Accrued markup	518,597,926	242,005,522
		17,787,714,144	16,653,141,417
	Less: Accrued markup presented in current liabilities	(518,597,926)	(242,005,522)
		<u>17,269,116,218</u>	<u>16,411,135,895</u>

- 12.1 This represents Shariah compliant, privately placed and secured Sukuks of six months tenor issued during the year. The proceeds therefrom were utilized to finance the Company's working capital requirement. They carry profit at the rate ranging from 6-month KIBOR plus 1.20% to 6-month KIBOR plus 1.75%.
- 12.2 The utilized limit of aggregate commercial bank facilities amounts to Rs.6,537.807 million (June30, 2025: Rs. 10,106.474 million). The rate of markup ranges from 1 month KIBOR to 3months KIBOR 10.21 % to 12.34 % + 1.60 % to 3.0% with no floor and no cap (June30, 2025: 1 month KIBOR to 3 months KIBOR 12.40% to 23.4 3% + 1.25 % to 2.5 % with no floor and no cap). These facilities are secured against joint pari passu charge on the present and future current assets and fixed assets (land and building and Plant and machinerv) of the Companv
- 12.3 This represents borrowing from Shariah complaint banks amounting to Rs. 4,731.308 million (30 June 2025: Rs. 3,304.661 million). The proceeds were utilized to finance the Company's working capital requirement.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no material change in contingencies since the last audited financial statements for the year ended 30 June 2026.

	30-Sept-26 Rupees (Un-Audited)	30-Sept-25 Rupees (Un-Audited)
14 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Gross sales	9,473,736,985	20,265,353,335
Less: Sales tax	<u>(1,443,155,665)</u>	<u>(8,758,092,462)</u>
	8,030,581,320	11,507,260,873
Less: Trade discount	<u>(128,867,845)</u>	<u>(174,950,029)</u>
	<u><u>7,901,713,475</u></u>	<u><u>11,332,310,844</u></u>

15 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on **October 26, 2026** have proposed a interim dividend of **Rs. Nil per share** for the period ended September 30, 2026 (2025: Nil) , amounting to **Rs. Nil** (2025: Nil). These financial statements do not reflect this dividend.

16 DATE OF AUTHORIZATION OF ISSUE

These financial statements were approved by the Board of Directors of the Company in their meeting held on October 26, 2026.

17 GENERAL

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR