

PECTO CEMENT LIMITED

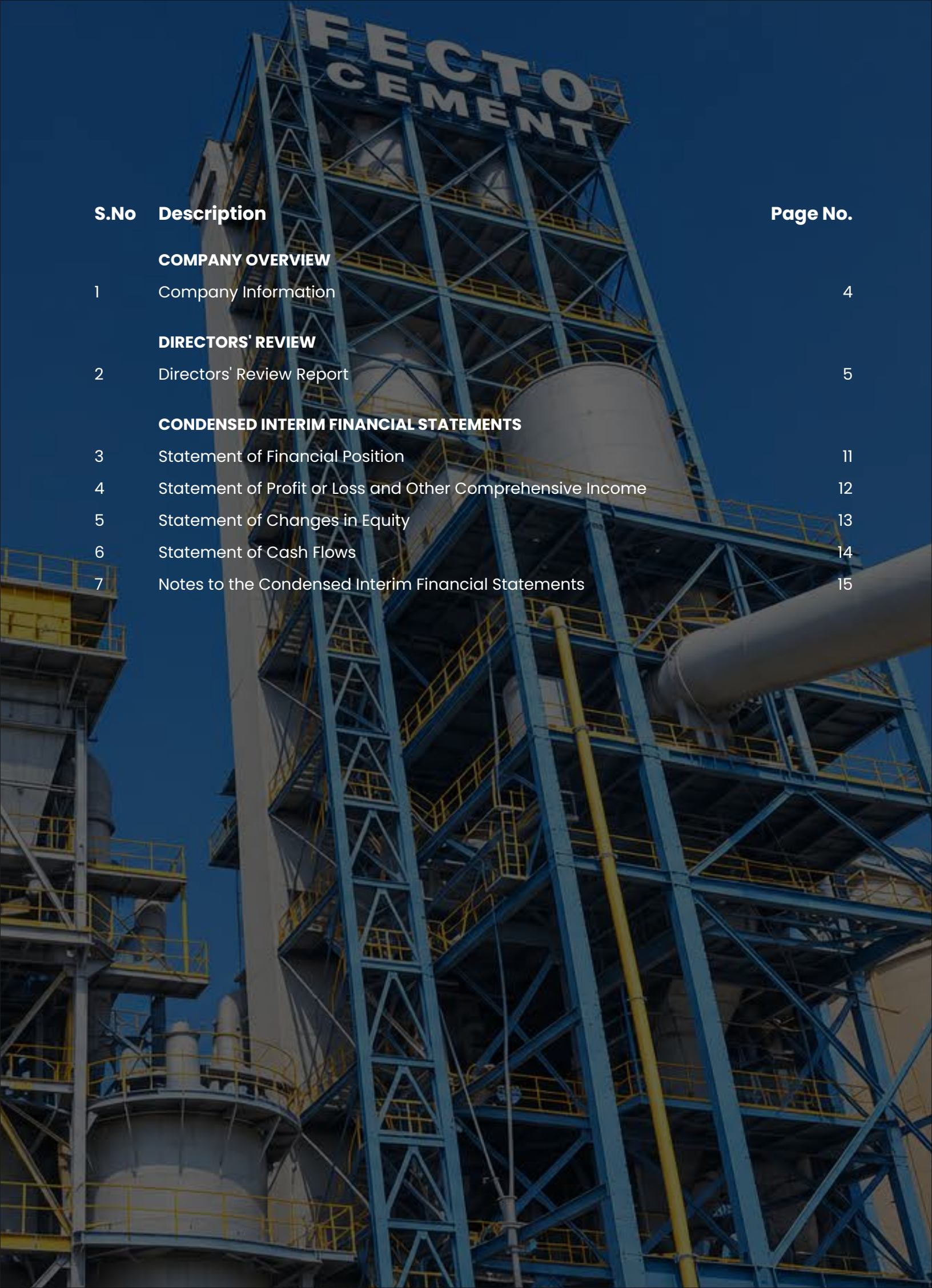
CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2026 (Un-audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr Jamil Ahmed Khan – Chairman
Mr Mohammed Yasin Fecto – Chief Executive
Mr Ahmed Mujtaba Memon
Mr Safdar Abbas Morawala
Mr Juwad Saboor
Mr Rohail Ajmal
Mrs Lubna Yasin

CHIEF FINANCIAL OFFICER

Mr. Abdul Wahab, FCA

COMPANY SECRETARY

Mr. Tariq Iqbal Bawani, FCCA

LEGAL ADVISOR

Abid & Khan Advocates and Legal Advisor
House # 303-D, Street # 29
Sector F-11/2
Islamabad

REGISTERED OFFICE

Plot # 60-C, Khayaban-e-Shahbaz,
Phase VI, Defence Housing Authority,
Karachi-75500, Pakistan
Phone Nos. (+ 9221) 35248921-24.
Fax: (+ 9221) 35248925

MARKETING OFFICE

339, Main Peshawar Road
Chairing Cross Service Road
Westridge-1
Rawalpindi
Phone Nos. (+ 9251) 5467111-13

AUDIT COMMITTEE

Mr Ahmed Mujtaba Memon, Chairman
Mr Rohail Ajmal
Mr Safdar Abbas Morawala

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr Safdar Abbas Morawala, Chairman
Mr Rohail Ajmal
Mr Juwad Saboor

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

SHARE REGISTRAR

F. D. Registrar Services (Pvt) Ltd.
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi-74000
Phone Nos. (+ 9221) 32271905-6

FACTORY

Sangjani, Islamabad
Phone Nos. (+ 9251) 2296065-88

BANKERS

Askari Bank Limited
United Bank Limited
National Bank of Pakistan
Allied Bank Limited
MCB Bank Limited
The Bank of Khyber

WEBSITE

www.fectogroup.com

Directors' Review Report

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

Dear Members

The Directors of your company are pleased to present before you their review report for the quarter ended September 30, 2026.

Economic Overview

During the first quarter of FY 2026–27, Pakistan's economy continued to navigate a challenging macroeconomic environment, with the recovery supported by domestic demand and ongoing economic reforms, while inflationary pressures and external uncertainties remained key concerns. Real GDP growth for FY 2025–26 was revised down to 3.65% by the National Accounts Committee on 19 October 2026, the Government continues to target growth of around 4.0%, whereas the International Monetary Fund ('IMF') (3.5%), the Asian Development Bank (3.7%) and the World Bank (3.8%) project lower growth, as elevated global energy prices and geopolitical developments in the Middle East continue to pose risks to the pace of recovery.

The external sector remained under pressure from a higher energy import bill, reflecting elevated global energy prices. Pakistan recorded a cumulative current account deficit of USD 874 million during July–September 2026, compared with USD 755 million in the corresponding period of the previous year, as the import bill rose to approximately USD 17.7 billion from USD 15.5 billion. The deficit widened to USD 356 million in September 2026, against a surplus of USD 133 million in September 2025 (August 2026: deficit of USD 73 million). Strong workers' remittances of USD 10.9 billion during the quarter ended September 2026, an increase of 14.0% from USD 9.5 billion in the corresponding quarter last year, partly offset the higher imports. Foreign exchange reserves remained a key support for external stability, with total liquid foreign exchange reserves reported at approximately USD 26.9 billion as of October 9, 2026.

Inflationary pressures increased during the quarter, reflecting higher energy and commodity costs and continuing cost-of-living pressures. Domestic fuel prices rose sharply following the move to daily fuel price reviews in mid-July 2026: the average price of petrol during July–September 2026 was approximately PKR 341 per litre and that of high-speed diesel approximately PKR 375 per litre, compared with approximately PKR 266 and PKR 277 per litre respectively in the corresponding quarter last year, i.e. higher by approximately PKR 75 and PKR 98 per litre. Average Consumer Price Index (CPI) inflation for July–September 2026 reached 10.20%, compared with 4.3% in the corresponding period of the previous year. Inflation during September 2026 stood at 10.30% on a year-on-year basis, easing from 11.1% in August 2026. In response to the evolving macroeconomic environment, the State Bank of Pakistan ('SBP') maintained its policy rate at 11.5% in its monetary policy decision dated September 14, 2026, balancing the need to support economic activity against the risks of persistent inflation.

Overall, Pakistan's economic outlook remains stable, supported by the Government's growth-oriented agenda, ongoing structural reforms, continued engagement with the IMF and strong workers' remittances. Nevertheless, the widening of the current account deficit during the first quarter, elevated inflation, global energy price volatility, external financing requirements and the cost of borrowing continue to present challenges for businesses and consumers. Sustained policy consistency, fiscal discipline and measures to encourage private investment and productive economic activity will remain essential to achieving a durable and broad-based economic recovery.

Cement Industry Overview

Despite the challenging macroeconomic environment, the overall performance of the cement industry showed a stable position with a decent recovery during the quarter ended September 2026 compared to the corresponding period last year. Domestic cement dispatches increased by 7.82%, reaching 10.848 million tons against 10.061 million tons in the same quarter last year, reflecting improvement across both the North and South Zones. The momentum continued in September 2026, when industry domestic dispatches rose by 7.35% year-on-year to 3.788 million tons.

Export volumes recorded a decline of 11.32%, reduced to 2.295 million tons from 2.588 million tons as compared to corresponding period last year. South-based manufacturers continued to capitalize on strong international demand, with export dispatches accounting for 54.70% of the total South Zone dispatches, compared to 53.36% in the same

quarter last year, while the North Zone recorded no exports during the quarter compared to 7.32% of its dispatches in the corresponding quarter last year, indicating the continued export orientation of southern producers.

Capacity utilization across the sector, however, remained below optimal levels, averaging approximately 62%, about 53% in North Zone and 96% in South Zone reflecting persistent overcapacity particularly in the North Zone.

Total industry dispatches during the quarter stood at 13.143 million tons, compared to 12.649 million tons in the corresponding quarter last year, reflecting a 3.90% year-on-year increase, driven primarily by recovery in domestic demand, which more than offset the decline in exports.

In the North Zone, total dispatches decreased by 1.02% to 8.946 million tons from 9.039 million tons in the same quarter last year. Domestic sales in the North rose by 6.80% to 8.946 million tons from 8.377 million tons, while exports declined by 100% to nil from 0.662 million tons.

The South Zone exhibited robust expansion, with total dispatches increasing by 16.24% to 4.197 million tons from 3.610 million tons in the corresponding quarter last year. This growth was supported by a 19.15% rise in exports to 2.295 million tons from 1.926 million tons, alongside a 12.90% increase in domestic sales to 1.901 million tons from 1.684 million tons.

CEMENT PRODUCTION AND SALES VOLUME PERFORMANCE OF THE COMPANY

Cement production and sales volume performance of your Company for the quarter ended September 30, 2026 as compared to corresponding quarter last year is presented below:

Particulars	Sep 2026	Sep 2025	Change %
Clinker Production (Tons)	202,864	234,291	(13.41%)
Cement Production (Tons)	234,979	245,474	(4.28%)
Local Dispatches (Tons)	237,833	240,118	(0.95%)
Export Dispatches (Tons)	-	2,990	(100.00%)
Total Dispatches (Tons)	237,833	243,108	(2.17%)
Capacity Utilization	93.99%	98.19%	(4.28%)
Market share	1.81%	1.92%	(5.84%)
Market share from North region	2.66%	2.69%	(1.16%)

During the quarter ended September 30, 2026, the Company experienced a moderate decline in production and dispatches, accompanied by lower capacity utilization and market share, while export dispatches remained nil.

Cement production stood at 234,979 tons, marking a decrease of 4.28% compared to 245,474 tons during the corresponding quarter last year. Clinker production also registered a decline of 13.41%, reaching 202,864 tons against 234,291 tons in the same period last year, reflecting a decline in production volumes while maintaining operational continuity.

On the sales front, total cement dispatches decreased by 2.17%, reaching 237,833 tons compared to 243,108 tons in the corresponding period last year. Local dispatches, which constituted the Company's entire dispatches during the quarter, decreased marginally by 0.95% to 237,833 tons compared to 240,118 tons in the corresponding period last year, while industry domestic dispatches grew by 7.82%. Export dispatches were nil against 2,990 tons last year.

As a result of a decline in production and sales volumes, the Company's capacity utilization remained slightly lower at 93.99%, compared to 98.19% in the same quarter last year. Consequently, the Company's overall market share decreased to 1.81% from 1.92%, while its market share in the North region decreased marginally to 2.66% from 2.69% reflecting a marginal softening in the Company's relative position as industry dispatches grew.

FINANCIAL PERFORMANCE OF THE COMPANY

The Financial performance of your Company for the quarter ended September 30, 2026 as compared to corresponding quarter last year is presented below:

Particulars	Sep 2026	Sep 2025	Change %
	Rs. '000		
Local Sales	3,772,212	3,528,412	6.91%
Export Sales	-	32,902	(100.00%)
Total Sales	3,772,212	3,561,314	5.92%
Cost of sales	3,391,712	2,899,525	16.97%
Gross Profit	380,500	661,789	(42.50%)
Gross Profit as % of Sales	10.09%	18.58%	(45.72%)
Operating Profit / EBIT	223,541	491,904	(54.56%)
Net Profit	111,040	207,780	(46.56%)
Earnings per Share (EPS)	2.21	4.14	(46.56%)

The Company's revenue increased by 5.92% during the quarter, driven by a positive variance on price of cement of PKR 288.17 million as the average retention price increased by 8.27% to PKR 15,861 per ton from PKR 14,649 per ton. Due to slightly lower dispatches during the quarter of 237,833 tons reducing from 243,108 tons from same quarter last year, the gross profit decreased by PKR 14.360 million due to a negative quantity variance (a negative quantity variance of PKR 77.274 million on revenue, net of a positive quantity variance of PKR 62.914 million on cost of sales).

The Cost of Sales increased by 16.97%, i.e. by PKR 492.187 million whereas sales increased by PKR 210.898 million, resulting in decrease in Gross profit by PKR 281.289 million, as the increase in cost of sales was more than twice the increase in sales due to substantial increase in cost rate during the quarter. A negative price variance on cost of sales of PKR 555.101 million was witnessed as the average cost per ton increased substantially by PKR 2,334 per ton i.e. from PKR 11,927 per ton to PKR 14,261 per ton. The increase in cost was primarily driven by higher fuel and power cost, which constitute approximately 65% to 70% of total cost of sales. The average rate of fuel and power cost per ton of clinker produced increased by approximately 21% (from PKR 8,850 to PKR 10,700 per ton) compared with the corresponding quarter last year. The major element of fuel and power cost is coal which constitutes around 75% of total fuel and power cost. The average cost of coal consumed increased substantially by 27% which has a significant impact on cost as coal is approximately 50% of total cost of sales of the Company. The Company continues to pursue cost efficiencies and better economies of scale, which led to improved coal consumption efficiency and resulted in approximately PKR 30 million saving due to better coal per clinker produced ratio. The raw material cost per ton of clinker also increased by more than 50%, due to higher transportation cost which affected the entire supply chain.

As most transportation of coal and raw materials runs on diesel, the average price of high-speed diesel during the quarter increased by approximately PKR 98 per litre (about 35%) to approximately PKR 375 per litre from approximately PKR 277 per litre in the corresponding quarter last year, which directly raised the Company's inbound transportation cost.

Gross profit declined to PKR 380.500 million, although the higher average selling prices partially offset the increase in cost per ton, hence the gross profit margin contracted to 10.09% from 18.58% in the corresponding period last year.

Administrative and distribution expenses decreased modestly by 1.29%, to PKR 158.489 million from PKR 160.557 million, mainly due to cost containment measures undertaken by the Company.

On the financing side, the Company finance costs increased by 12.70%, to PKR 29.113 million from PKR 25.833 million, despite a decrease in overall debt by more than 18%.

Overall, the Company posted a net profit of PKR 111.040 million, compared to PKR 207.780 million in the same quarter last year, representing a 46.56% decrease, primarily attributable to the increase in cost components particularly higher coal and raw material costs. Profit before levies and taxation declined by 58.28% to PKR 194.428 million from PKR 466.071 million, and the decline in net profit was partly cushioned by lower levies and taxation of PKR 83.388 million (PKR 258.291 million in the corresponding quarter last year).

Earnings per share (EPS), basic and diluted, stood at PKR 2.21 compared to PKR 4.14 in the corresponding period last year.

Future Outlook

As we move forward into FY 2026–27, Pakistan's economic outlook remains cautiously optimistic, supported by ongoing economic reforms, fiscal consolidation and continued engagement with the IMF, including the staff-level agreement

reached on 7 October 2026 on the fourth review of the Extended Fund Facility and the third review of the Resilience and Sustainability Facility, which remains subject to approval by the IMF Executive Board, after which about USD 1.2 billion is expected to be disbursed under the two facilities. However, elevated global energy prices, geopolitical uncertainties and inflationary pressures may affect the pace of economic recovery, business confidence and the cost of financing. With Brent crude at approximately USD 115 per barrel in late October 2026 amid disruption to energy routes in the Middle East, continued volatility in domestic fuel prices is likely to keep coal, fuel and transportation costs elevated in the near term. The sustainability of macroeconomic stability will depend on consistent policy implementation, prudent financial management and an improvement in the overall investment environment. Pakistan’s real GDP growth for FY 2025–26 was revised to 3.65% by the National Accounts Committee on 19 October 2026, compared with global growth of 3.1% in 2026 as estimated by the IMF. Looking ahead, the IMF’s October 2026 World Economic Outlook projects Pakistan’s growth at 3.5% for FY 2026–27, compared with projected global growth of 3.4% in 2027, while the World Bank and the Asian Development Bank project 3.8% and 3.7% respectively. The IMF also expects inflation to average 9.9% in FY 2026–27 and the current account to move to a deficit of about 1% of GDP.

The cement industry is expected to benefit from a gradual improvement in domestic demand, supported by increased construction activity and infrastructure development. However, the decline in industry exports and volatility in energy prices remain concerns for the sector. In this evolving environment, your Company remains focused on strengthening operational efficiency, optimising production processes, improving energy utilisation and maintaining disciplined cost management. With coal accounting for approximately half of the cost of sales, margins will remain sensitive to coal and fuel prices; the Company will therefore continue to improve coal consumption per ton of clinker, which stood at 145 kg during the quarter against 148 kg in the same quarter last year, and to recover cost increases through pricing to the extent market conditions permit. The Company will continue to emphasise prudent financial management, effective procurement and supply-chain planning, and the efficient utilisation of available resources to mitigate cost pressures and preserve operational resilience.

Fecto Cement Limited remains committed to navigating the prevailing economic and industry challenges through operational excellence, financial prudence and sustainable business practices. The Board and management remain focused on safeguarding the Company’s competitiveness, strengthening its operating performance and pursuing sustainable growth, while continuing to create long-term value for shareholders and other stakeholders.

Acknowledgement

The Board of Directors would like to place on record its sincere appreciation for the continued support and trust of all stakeholders. We extend our gratitude to our employees for their dedication and hard work, our customers and suppliers for their loyalty, our shareholders for their confidence, our financial institutions for their trust, and the regulators for their valuable guidance and support.

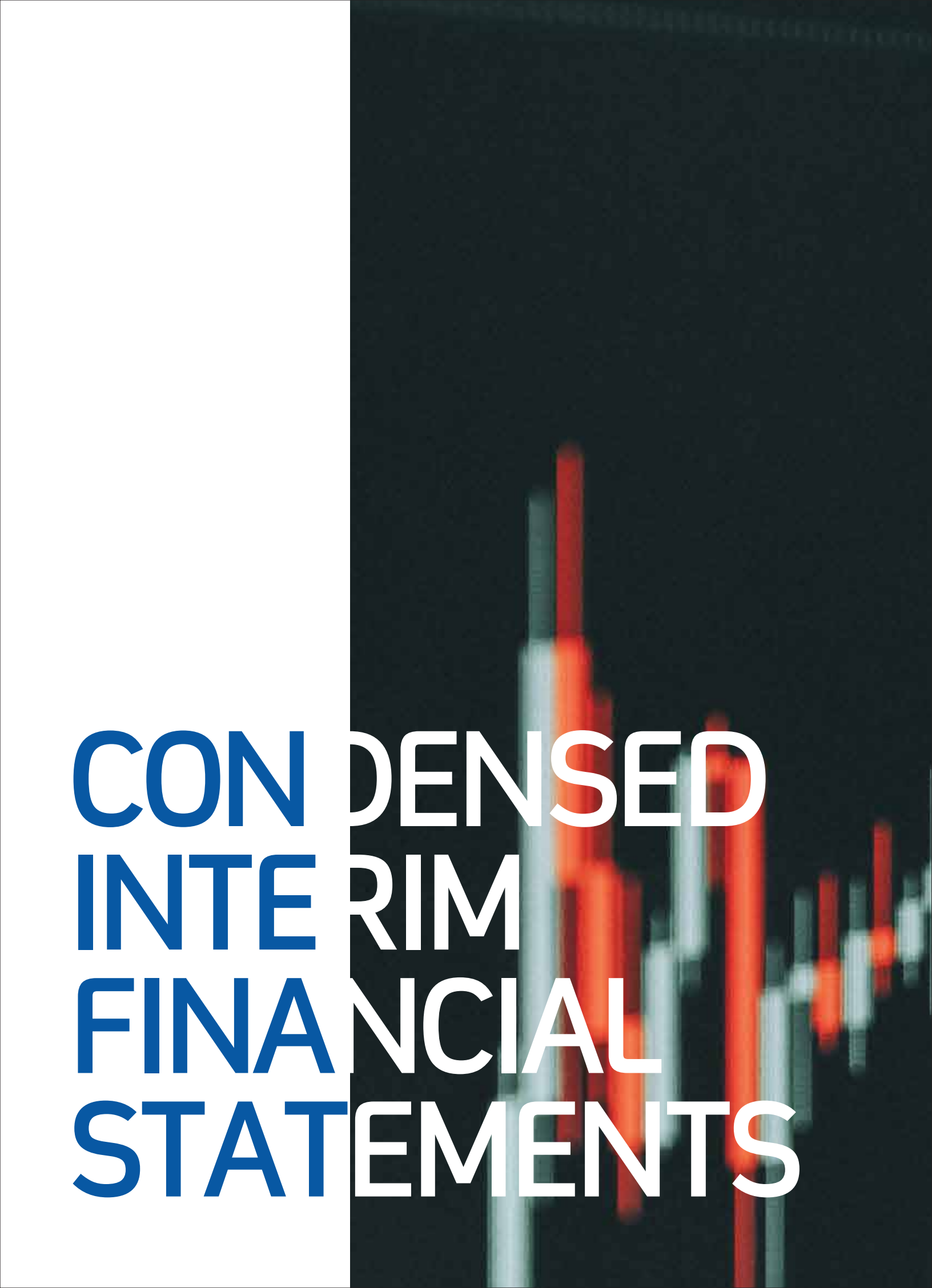
The confidence and goodwill of all stakeholders have played a pivotal role in enabling Fecto Cement Limited to sustain, grow, and deliver value over the years.

We pray to Almighty Allah for the continued success of the Company and the prosperity of all our stakeholders and the country at large.

On behalf of the Board of Directors

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM FINANCIAL STATEMENTS



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2026

	Note	(Un-audited) September 30 2026	(Audited) June 30 2026
		----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		3,112,908	3,150,491
Intangible asset		11,844	12,222
Right-of-use assets	4	96,062	5,248
Long term investments		248,173	241,616
Long term deposits		17,459	17,459
Long term loans and advances		5,022	3,139
		3,491,468	3,430,175
CURRENT ASSETS			
Stores and spares		1,450,886	1,466,765
Stock-in-trade		3,075,618	3,176,745
Trade debts – unsecured		649,863	637,894
Loans, advances, deposits, prepayments and Other Receivable		106,463	384,102
Tax refunds due from government		55,295	175,010
Cash and bank balances		613,892	245,324
		5,952,017	6,085,840
TOTAL ASSETS		9,443,485	9,516,015
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		750,000	750,000
75,000,000 (2026: 75,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up capital		501,600	501,600
50,160,000 (2026: 50,160,000) ordinary shares of Rs. 10/- each			
Revenue reserves			
General reserve		2,050,000	550,000
Accumulated profit		2,674,012	4,062,972
		4,724,012	4,612,972
Capital reserve			
Deficit on revaluation of investment in unquoted shares		(1,402)	(1,402)
		5,224,210	5,113,170
NON-CURRENT LIABILITIES			
Long term financing from a banking company – secured		412,286	447,626
Lease liability		58,887	-
Deferred income – Government grant		37,980	43,526
Deferred taxation		319,924	301,172
		829,077	792,324
CURRENT LIABILITIES			
Trade and other payables		2,938,257	2,821,171
Short term borrowing – secured		193,548	548,986
Accrued mark-up		7,441	6,407
Unclaimed and unpaid dividend		15,197	15,200
Current maturity of long term financing – secured		191,214	192,492
Current maturity of lease liabilities		20,080	161
Current maturity of government grant		24,461	26,104
		3,390,198	3,610,521
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		9,443,485	9,516,015

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	Note	September 30 2026	September 30 2025
		----- (Rupees in '000) -----	
Sales revenue – net	6	3,772,212	3,561,314
Cost of sales		(3,391,712)	(2,899,525)
Gross profit		380,500	661,789
Administrative expenses		(122,985)	(126,719)
Distribution costs		(35,504)	(33,838)
Other operating expense		(23,370)	(34,633)
Other operating income		17,499	10,843
Operating profit		216,140	477,442
Share of profit / (loss) of associate		6,557	(1,173)
Interest income from cash and cash equivalents		844	15,635
Profit before financing and income taxes		223,541	491,904
Interest expense on borrowings and lease liabilities		(29,113)	(25,833)
Profit before income taxes		194,428	466,071
Levies		–	(44,520)
Taxation		(83,388)	(213,771)
Profit for the period		111,040	207,780
Other comprehensive income		–	–
Total comprehensive income for the period		111,040	207,780
		----- (Rupees) -----	
Earnings per share – basic and diluted		2.21	4.14

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	Revenue reserves			Capital reserve	
	General reserve	Unappropriated profits	Share of other comprehensive income of associate	Total	
	----- Rupees in '000' -----				
Balance as at June 30, 2025 (Audited)	501,600	550,000	3,499,930	(2,113)	4,549,417
Total comprehensive income for the three months ended September 30, 2025					
Profit after taxation	-	-	207,780	-	207,780
Other comprehensive income	-	-	-	-	-
	-	-	207,780	-	207,780
Balance as at September 30, 2025 (Un-audited)	501,600	550,000	3,707,710	(2,113)	4,757,197
Balance as at June 30, 2026 (Audited)					
501,600	550,000	4,062,972	(1,402)	5,113,170	
Total comprehensive income for the three months ended September 30, 2026					
Profit after taxation	-	-	111,040	-	111,040
Other comprehensive income	-	-	-	-	-
	-	-	111,040	-	111,040
Transfer from unappropriated profit to general reserve					
-	1,500,000	(1,500,000)	-	-	
Balance as at September 30, 2026 (Un-audited)	501,600	2,050,000	2,674,012	(1,402)	5,224,210

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	Note	September 30 2026	September 30 2025
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		216,140	477,442
Adjustments for:			
Depreciation on property, plant and equipment		37,496	35,062
Depreciation on right-of-use assets		6,252	5,247
Amortization		378	353
Amortization of deferred government grant		(7,187)	(8,751)
Provision for workers' welfare fund		3,365	9,598
Provision for workers' profit participation fund		10,410	25,035
Gain on disposal of property, plant and equipment		(812)	(1,313)
		49,902	65,231
Operating profit before working capital changes		266,042	542,673
Working capital changes			
Decrease / (increase) in current assets			
Stores and spares		15,879	196,978
Stock-in-trade		101,127	(387,776)
Trade debts		(11,969)	1,087
Loans, advances, deposits and prepayments		277,639	(3,859)
Sales tax refundable		43,249	-
Increase / (decrease) in current liabilities		139,605	747,013
		565,530	553,443
Cash generated from operations		831,572	1,096,116
Income tax paid		(24,471)	(27,620)
Long term deposits		-	-
Long term loans and advances		(1,883)	(1,388)
Net cash generated from operating activities		805,218	1,067,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of principal from long term investment		-	49,930
Interest received		844	13,396
Proceeds from disposal of property, plant and equipment		900	1,500
Net cash generated from investing activities		1,744	64,826
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability (principal portion)		(18,260)	(2,192)
Dividend paid		(3)	-
Repayment of long term financing (principal portion)		(43,384)	(39,006)
Finance cost paid		(21,309)	(21,414)
Net cash used in financing activities		(82,956)	(62,612)
Net increase in cash and cash equivalents		724,006	1,069,322
Cash and cash equivalents at beginning of the period		(303,662)	(82,206)
Cash and cash equivalents at end of the period	7	420,344	987,116

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

1. INTRODUCTION

1.1 Legal status of the Company

Fecto Cement Limited ('the Company') was incorporated in Pakistan on February 28, 1981 as a public limited company under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 8, 1984 and subsequently by the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited.

1.2 Location of the registered office and the manufacturing facilities

Location / Address

Plot # 60-C, Khayaban-e-Shahbaz, Phase-VI, Defence Housing Authority, Karachi-75500.

Sangjani Village Sangjani, Islamabad-4400.

Purpose

Registered office

Manufacturing facility

1.3 Principal business activity

The principal activity of the Company is production and sale of ordinary portland cement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2026. Additionally, the Company has early adopted IFRS 18 'Presentation and Disclosure in Financial Statements'.

2.2 Basis of measurement

Items in these condensed interim financial statements have been measured at their historical cost except for:

- (a) Long term investment in unquoted ordinary shares of M/s. Frontier Paper Products (Private) Limited which is carried under the equity method of accounting.

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2026, except for the following:

3.1 IFRS 18 – Presentation and Disclosure in Financial Statements

The Company has early adopted IFRS 18, *Presentation and Disclosure in Financial Statements*, for the first time in these condensed interim financial statements. IFRS 18 replaces IAS 1, *Presentation of Financial Statements*, and introduces new requirements relating to the presentation and disclosure of financial information to enhance transparency, comparability and understandability of the Company's financial performance.

The Company classifies income and expenses in the condensed interim statement of profit or loss into operating, investing, financing, income taxes and discontinued operations categories, as applicable.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

Expenses are classified and presented according to their function, including cost of sales, distribution costs and administrative expenses, as applicable.

The Company has reclassified the comparative information, where applicable, to conform to the presentation and disclosure requirements of IFRS 18. The comparative condensed interim statement of profit or loss has been reconciled below to explain the reclassification of amounts previously presented under IAS 1 to the corresponding categories and subtotals under IFRS 18:

As per IAS 1	September 30 2025 Rupees in '000'	As per IFRS 18	September 30 2025 Rupees in '000'
Sales revenue – net	3,561,314	Sales revenue – net	3,561,314
Cost of sales	(2,899,525)	Cost of sales	(2,899,525)
Gross profit	661,789	Gross profit	661,789
Administrative expenses	(126,719)	Administrative expenses	(126,719)
Distribution costs	(33,838)	Distribution costs	(33,838)
	(160,557)	Other operating expense	(34,633)
Finance costs	(25,833)	Other operating income	10,843
Other expenses	(34,633)	Operating profit	477,442
Operating profit	440,766	Share of (loss) / profit of associate	(1,173)
Share of loss from associate	(1,173)	Interest income from cash and cash equivalents	15,635
Other income	26,478	Profit before financing and income taxes	491,904
Profit before levies and taxation	466,071	Interest expense on borrowings and lease liabilities	(25,833)
Levies	(44,520)	Profit before income taxes	466,071
Profit before taxation	421,551	Levies	(44,520)
Taxation	(213,771)	Taxation	(213,771)
Profit after taxation	207,780	Profit for the period	207,780

4. RIGHT-OF-USE ASSETS

	Rented property in Karachi (Note 4.1)	Leased vehicles	Total
	----- Rupees in '000' -----		
As at June 30, 2026			
Cost	69,636	39,229	108,865
Accumulated depreciation	(69,636)	(33,981)	(103,617)
Written down value as at June 30, 2026	-	5,248	5,248
Movement during the period ended September 30, 2026			
Opening net book value	-	5,248	5,248
Addition	97,066	-	97,066
Depreciation for the period	(4,853)	(1,399)	(6,252)
Closing net book value	92,213	3,849	96,062
As at September 30, 2026			
Cost	97,066	39,229	136,295
Accumulated depreciation	(4,853)	(35,380)	(40,233)
Written down value as at September 30, 2026 (Un-audited)	92,213	3,849	96,062
Depreciation rate (per annum)	20%	20%	

4.1 The terms and conditions of the lease contracts entered into for rented properties are as follows:

Particulars	Rented property in Karachi
Lease commencement date	01-Jul-26
Initial contracted term of lease	12 Months
Availability of extension option	Yes
Assessed lease term	5 Years

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Contingent liabilities existing as at the reporting date

There was no change in the status of contingencies at the period end as disclosed in the annual audited financial statements for the year ended June 30, 2026.

5.2 Commitments

As of the reporting date, the outstanding financial commitments of the Company were as follows:

	(Un-audited) September 30 2026	(Audited) June 30 2026
	----- Rupees in '000' -----	
In respect of import of coal and stores and spares	953,763	394,112
	<u>953,763</u>	<u>394,112</u>

6. SALES REVENUE – NET

	(Un-audited) Three months ended	
	September 30 2026	September 30 2025
	----- Rupees in '000' -----	
Revenue from local sales	3,772,212	3,528,412
Revenue from export sales	-	32,902
	<u>3,772,212</u>	<u>3,561,314</u>

6.1 Revenue from local sales

	(Un-audited) Three months ended	
	September 30 2026	September 30 2025
	----- Rupees in '000' -----	
Sales of goods to local customers – gross	5,909,059	5,597,196
Less: Trade discount	(107,213)	(121,971)
Excise duty	(951,333)	(960,471)
Sales tax	(1,078,301)	(986,342)
	<u>(2,136,847)</u>	<u>(2,068,784)</u>
	<u>3,772,212</u>	<u>3,528,412</u>

6.2 Revenue from export sales

	(Un-audited) Three months ended	
	September 30 2026	September 30 2025
	----- Rupees in '000' -----	
Sales of goods to foreign customers	-	32,902
	<u>-</u>	<u>32,902</u>

7. CASH AND CASH EQUIVALENTS

	(Un-audited) September 30 2026	(Un-audited) September 30 2025
	----- Rupees in '000' -----	
Cash and bank balances	613,892	1,044,304
Short term borrowings – running finance	(193,548)	(57,188)
	<u>420,344</u>	<u>987,116</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Frontier Paper Products (Private) Limited, Fecto Cement Nooriabad (Private) Limited, key management personnel of the Company and directors and their close family members and staff provident fund. Transactions with related parties during the period other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Name of the related party	Basis of relationship	Particulars	(Un-audited) September 30 2026	(Un-audited) September 30 2025
----- Rupees in '000' -----				
Frontier Paper Products (Private) Limited	Associated company	Purchases made	153,017	163,300
		Payments made	190,600	156,627
		Interest charged	-	660
		Loan repaid	-	-
Directors and Key Management Personnel	Other related party	Remuneration and Meeting Fee	153,091	161,554
Staff Provident Fund	Other related party	Contribution to employees' provident fund	8,963	9,352
Balance at the end of the period / year				
----- Rupees in '000' -----				
Frontier Paper Products (Private) Limited	Associated company	Balance payable	-	37,583
		Interest outstanding	-	555
Key Management Personnel	Other related party	Loan receivable	7,077	5,116
Staff Provident Fund	Other related party	Balance payable	6	-

9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

10. GENERAL

10.1 Date of authorization of these condensed interim financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on _____.

10.2 Level of rounding

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

