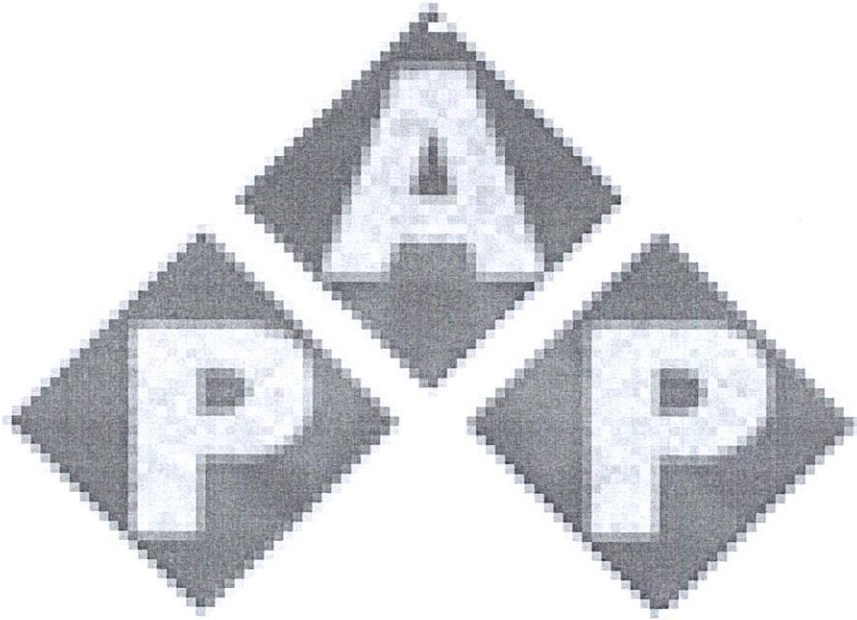




PAK AGRO PACKAGING LTD.

**For The Period Ended
September 2026**

Directors' Report

Your Directors are pleased to present their report on the financial performance and affairs of the Company for the period ended 30 September 2026.

Market Outlook

Pakistan's economic environment has shown signs of gradual stabilization following a prolonged period of economic uncertainty, inflationary pressures and volatility in energy and input costs. However, the agricultural sector, which constitutes the Company's principal market, continues to face significant challenges arising from elevated production costs, constrained purchasing power, climate-related disruptions and subdued investment in agricultural activities. Although improving macroeconomic conditions have provided some relief, the recovery of the agricultural sector remains uneven and requires continued government support, particularly through affordable agricultural financing, reliable energy supplies and measures aimed at improving farmers' profitability.

Financial Performance

During the period under review, the Company demonstrated resilience despite challenging market conditions. Sales revenue registered a marginal decline of 0.46% compared with the corresponding period of the previous financial year. However, gross profit decreased by 13.6% to Rs. 21.736 million, primarily due to continued pressure on production costs and limitations in passing increased costs on to customers.

The increase in raw material prices, energy expenses and other direct manufacturing costs adversely affected the Company's gross profit margins. Furthermore, competitive market conditions, weak purchasing power in the agricultural sector and existing sales commitments restricted the Company's ability to revise selling prices proportionately to the increase in production costs.

Notwithstanding these challenges, the Company remains committed to maintaining operational efficiency, exercising prudent cost controls and strengthening customer relationships. The Directors anticipate that continued economic stabilization, improved agricultural activity and supportive government policies will gradually contribute to a more favorable business environment and improved financial performance in the coming periods.

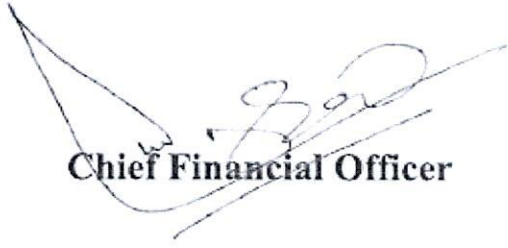
The revised wording reflects Pakistan's economic conditions through September 2026, including inflation of 10.3%, continued energy-cost pressures, and an uneven agricultural recovery.

Acknowledgement

The Board of Directors sincerely appreciates the Company's valued customers, suppliers, bankers, and other stakeholders for their continued trust, cooperation, and support during the period under review. The Directors remain confident that, with the continued support of all stakeholders, the Company will be well-positioned to overcome existing challenges and achieve sustainable growth in the years ahead.



CHIEF EXECUTIVE OFFICER



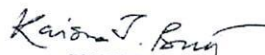
Chief Financial Officer

PAK AGRO PACKAGING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEP 30, 2026

EQUITY AND LIABILITIES	NOTES	Sep-26 RUPEES	Sep-25 RUPEES	June-26 RUPEES
SHARE CAPITAL AND RESERVES				
Authorized share capital	5	400,000,000	400,000,000	400,000,000
Share capital	5	200,000,000	200,000,000	200,000,000
Capital reserves	6	107,283,257	107,283,257	107,283,257
Unappropriated profit	SOCE	147,372,752	145,306,088	142,046,906
		454,656,009	452,589,345	449,330,163
NON-CURRENT LIABILITIES				
Lease liability	7	79,435,320	51,694,843	79,435,320
Term finance	8	62,460,433	-	62,460,433
Deferred taxation	9	69,674,323	60,428,941	69,674,323
Loan from directors		24,721,200	-	-
Employees' gratuity fund	10	-	4,213,846	-
Payable against vehicle	11	-	1,604,860	-
		236,291,277	117,942,490	211,570,077
CURRENT LIABILITIES				
Short term bank borrowings	12	-	74,472,019	-
Current maturity of long term liabilities	13	39,977,067	25,328,757	51,458,698
Advances from customer	14	21,464,298	70,148,692	29,721,954
Accrued and other liabilities	15	20,754,759	27,583,342	30,211,775
Taxation net		-	6,047,145	-
Payable to government		270,113	-	-
Provision for taxation	16	-	-	15,784,906
		82,466,237	203,579,955	127,177,332
Contingencies and commitments	17	-	-	-
TOTAL EQUITY AND LIABILITIES		773,413,523	774,111,790	788,077,572
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	18	555,036,881	464,086,650	574,028,746
Long term deposits	19	2,624,811	33,031,435	2,624,811
Capital Work in Progress - CWIP	20	11,779,325	-	9,400,000
		569,441,017	497,118,085	586,053,557
CURRENT ASSETS				
Stock in trade	21	150,355,987	197,125,171	149,451,082
Advances, deposits and other receivables	22	36,158,939	13,598,667	17,579,558
Refund due from government	23	-	35,716,557	4,931,453
Prepayments	24	2,914,811	8,629,239	3,894,623
Prepaid asset - advance tax	25	7,743,072	3,048,600	21,608,390
Cash and bank balances	26	6,799,697	18,875,471	4,558,908
		203,972,506	276,993,705	202,024,015
TOTAL ASSETS		773,413,523	774,111,790	788,077,572

The annexed notes (1) to (48) form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

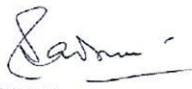

DIRECTOR

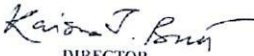

Chief Financial Officer

PAK AGRO PACKAGING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEP 30, 2026

PARTICULARS	NOTES	Sep-26 RUPEES	Sep-25 RUPEES	June-26 RUPEES
Sales	27	228,395,069	229,473,105	947,105,530
Cost of sales	28	(206,658,776)	(204,316,563)	(860,997,836)
Gross profit		21,736,293	25,156,542	86,107,694
Administrative	29	(7,254,542)	(7,449,861)	(34,591,214)
Selling and distribution	30	(126,042)	(195,100)	(632,127)
		(7,380,584)	(7,644,961)	(35,223,341)
Operating profit		14,355,709	17,511,581	50,884,353
Other income	31	-	-	7,402,906
Financial expenses	32	(5,863,973)	(4,051,013)	(21,668,630)
Other charges	33	(990,544)	(1,208,299)	(2,921,304)
		(6,854,517)	(5,259,312)	(17,187,028)
Profit for the period before levies & taxation		7,501,192	12,252,269	33,697,325
Levies	34	-	-	(110,640)
Profit for the period before taxation		7,501,192	12,252,269	33,586,685
Taxation	35	(2,175,346)	(3,553,158)	(24,992,203)
PROFIT FOR THE PERIOD		5,325,847	8,699,111	8,594,482
Basic and diluted earnings per share	36	0.27	0.43	0.43

The annexed notes (1) to (48) form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

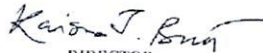

Chief Financial Officer

PAK AGRO PACKAGING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEP 30, 2026

PARTICULARS	NOTES	Sep-26 RUPEES	Sep-25 RUPEES	June-26 RUPEES
Profit for the period after taxation		5,325,847	8,699,111	8,594,482
Other comprehensive income:				
Items that will not classified to profit or loss				
Remeasurement gain on staff retirement benefit plan		-	-	-
TOTAL COMPREHENSIVE INCOME FOR YEAR		<u><u>5,325,847</u></u>	<u><u>8,699,111</u></u>	<u><u>8,594,482</u></u>

The annexed notes (1) to (48) form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 Chief Financial Officer

PAK AGRO PACKAGING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEP 30, 2026

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVES	ACCUMULATED PROFITS	TOTAL
	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at June 30, 2025	200,000,000	107,283,257	136,654,174	443,937,431
Total comprehensive income for the year	-	-	8,594,482	8,594,482
Dividend - Interim 2026 @ Rs. 0.5 per share (Minority Shareholders)	-	-	(3,201,750)	(3,201,750)
Balance as at June 30, 2026	200,000,000	107,283,257	142,046,906	449,330,163
Total comprehensive income for the year	-	-	5,325,847	5,325,847
BALANCE AS AT SEP 30, 2026	200,000,000	107,283,257	147,372,752	454,656,009

The annexed notes (1) to (48) form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer

PAK AGRO PACKAGING LIMITED
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED SEP 30, 2026

PARTICULARS	NOTES	Sep-26 RUPEES	Sep-25 RUPEES	June-26 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit before working capital changes	37.1	27,304,557	18,977,729	105,431,630
Working capital changes:				
(Increase) / decrease in Stock in trade	21	(904,905)	(76,764,406)	(29,090,317)
(Increase) / decrease in Advances, deposits and other	22	(18,579,381)	5,658,011	1,677,120
(Increase) / decrease in Sales tax refund / payable	23	5,201,566	(1,782,926)	29,002,178
(Increase) / decrease in Pre-payments	24	979,812	(4,602,376)	132,240
(Increase) / decrease in Advance tax		-	(3,095,797)	-
Increase / (decrease) in Advances from customer	14	(8,257,656)	-	29,721,954
Increase / (decrease) in Accrued and other liabilities	15	(9,457,016)	2,898,257	4,356,690
Cash flows generated from operating activities		(3,713,022)	(58,711,507)	141,231,495
Income tax paid	25	(4,094,934)	(19,836)	(24,194,769)
Net Cash Flow From Operating Activities	(A)	(7,807,956)	(58,731,343)	117,036,726
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed capital expenditures	18.1	(811,500)	(1,846,000)	(41,041,626)
Right of use of asset	18.2	-	-	(136,241,050)
Long term deposits	19	-	-	30,406,624
Proceeds from Asset Disposal	18	-	-	10,000,000
Capital work in progress	20	(2,379,325)	-	(9,400,000)
Net Cash Flow From Operating Activities	(B)	(3,190,825)	(1,846,000)	(146,276,052)
CASH FLOWS FROM FINANCING ACTIVITIES				
Asset subject to finance lease	7	(8,892,358)	(6,494,804)	37,600,317
Term Finance	8	-	-	80,000,000
Payment of term finance	8.1	(1,947,329)	-	(9,556,000)
Short term bank borrowings	12	-	(4,538,985)	(79,011,004)
Long term payable against vehicle	11	(641,944)	-	(3,851,664)
Advances from customer		-	70,148,692	-
Loan from directors		24,721,200	-	-
Employees' gratuity fund	10	-	-	(8,519,574)
Dividend paid	SOCE	-	-	(3,201,750)
Net Cash Flow From Financing Activities	(C)	13,239,569	59,114,903	13,460,325
Net Changes In Cash & Equivalents	(A+B+C)	2,240,789	(1,462,440)	(15,779,001)
Cash & Equivalents At The Beginning Of The Year		4,558,908	20,337,910	20,337,910
CASH & EQUIVALENT AT END OF PERIOD	26	6,799,697	18,875,471	4,558,908

The annexed notes (1) to (48) form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

1 LEGAL STATUS AND OPERATIONS

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989 under CUIN # 0019224. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2022 and is listed at GEM board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

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

Location	Address	Purpose
Hattar	Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	Registered office and Production
Islamabad	Office No 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Islamabad	Head Office

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

2.2.1 Accounting convention

These financial statements have been prepared on the historical cost convention except for the following items, which are measured on following basis annually on each reporting date.

items	measurement basis
Net Defined Benefit Liability	Present value of the defined benefit obligation determined through actuarial valuation

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

2.2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.2.3 Significant estimates and judgments

In preparing these financial statements in accordance with approved accounting standards, management has made judgments, estimates and assumptions 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. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements.

Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- (i) Employee benefit obligations
- (ii) Recognition of deferred tax and estimation of income tax provision
- (iii) Classification and measurement of financial assets
- (iv) Allowance for expected credit losses
- (v) Use of discount rates and interpretation of lease terms

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

- 3.1** There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2025. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 4 to these financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

		Effective date
IAS 7	Statement of Cash Flows (Amendments)	1-Jan-26
IAS 21	The effects of changes in foreign exchange rates	1-Jan-27
IAS 28	Investments in Associates and Joint Ventures Amendments	1-Jan-27
IFRS 7	Financial Instruments: Disclosures (Amendments)	1-Jan-26
IFRS 9	Financial Instruments (Amendments)	1-Jan-26
IFRS 10	Consolidated Financial Statements (Amendments)	1-Jan-26
IFRS 17	Insurance Contracts (Amendments)	1-Jan-27
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1-Jan-27
IFRS 18	Presentation and Disclosure in Financial Statements	1-Jan-27

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

- 3.2 The management anticipates that, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation /disclosures.
- 3.3 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 20	Regulatory Assets and Regulatory Liabilities
IFRIC 21	Service Concession Arrangement

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and its carrying amount and is recognized in profit or loss.

Subsequent expenditure: Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation: Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the reducing balance method, except leasehold land, buildings and plant and machinery which are depreciated on a straight-line basis. Depreciation is recognized in the statement of profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Rates of depreciation/estimated useful lives are mentioned in note 18.. Depreciation is charged on prorata basis from the month in which an asset become available for used, while no depreciation is charged for the month in which the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work-in-progress: Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to relevant classes of property, plant and equipment as and when these are available for use.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

4.2 Lease liability and right of use of asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right of use asset and a corresponding liability at the date at which a leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the Company expects to exercise that, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.3 Financial instruments

4.3.1 Financial assets

The Company classifies its financial assets on initial recognition in the following categories: at amortized cost, at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

4.3.2 Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.3.3 Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.3.4 Fair value through other comprehensive income ("FVOCI")

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

4.3.5 Recognition and initial measurement

The Company initially recognizes assets on the date when they are originated. All other financial assets and financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument.

Financial assets at amortized cost or at fair value through other comprehensive income are initially measured at fair value plus transaction cost. Financial liabilities at amortized cost are measured at fair value minus transaction cost.

4.3.6 Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at FVOCI

Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments are subsequently measured at fair value. Dividend income and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

4.3.7 Impairment of financial asset

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at amortized cost (other than trade debts) and FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.3.8 Impairment of non-financial asset

Non-financial assets that have an indefinite useful life are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment,

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

assets are grouped at the lowest levels for which there are separately identifiable cash flows i.e. Cash Generating Unit (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in profit or loss for the year.

4.3.9 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4.3.10 De-recognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.4 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is possible that an outflow of economic benefits will be required to settle the obligation expected future cashflows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

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4.5 Impairment

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss account.

4.6 Stock and spares

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

4.7 Stock in trade

These have been valued as under:

Raw material	- At first in first out.
Work in process	- At weighted average cost.
Finished goods	- At lower of cost, calculated on first in first out (FIFO) basis and net realizable value.
Packing material	- At first in first out.

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

4.8 Trade Receivables

Trade Receivables are initially recorded at the transaction price and subsequently measured at amortised cost. They are presented at their nominal value less an allowance for expected credit losses. The allowance is determined using the losses. This approach recognises credit losses based on anticipated risk.

4.9 Bad debts

These are stated at book value. Debts considered bad are provided for or written off and no general provision for the bad and doubtful debt is maintained.

4.10 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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4.10.1 Current tax

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits. It also includes any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured on the basis of tax laws enacted or substantially enacted at the reporting date.

4.10.2 Deferred tax

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

4.10.3 Levy

In accordance with the income tax ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, application guidance on accounting for minimum taxes and final taxes issued by the ICAP as per IAS 12, these fall within the scope of IFRIC 21 / IAS 37.

4.11 Revenue recognition

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

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4.12 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.13 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.14 Dividend and appropriation to reserves

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

4.15 Accrued and other liabilities

Accrued and other liabilities are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the company.

4.16 Advance from customer

Advances from customers are initially recognized at cost and are adjusted against sales when the rights and obligations relating to the products are transferred to the customer.

4.17 Advances, deposits and prepayments

Advances, deposits and prepayments are stated at estimated realizable value.

4.18 Staff retirement benefits

The Company previously operated a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees who had completed a minimum period of one year of service. Under the previous arrangement, the gratuity liability was determined with reference to the employee's last drawn salary and length of service and was accounted for as a defined benefit obligation in accordance with IAS 19, "Employee Benefits", based on an actuarial valuation performed using the Projected Unit Credit (PUC) method.

During the year, the Company changed its gratuity arrangement whereby gratuity is now paid annually to eligible employees based on their last drawn salary and length of service. Accordingly, the Company no longer maintains a defined benefit obligation in respect of gratuity and does not require an actuarial valuation under the revised arrangement. Gratuity payments are recognized as employee benefit expense in the statement of profit or loss in the period in which the related services are rendered.

The defined benefit obligation relating to the previous arrangement was settled upon implementation of the revised arrangement during the year, and no defined benefit obligation remains outstanding as at the reporting date.

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	<u>NOTES</u>	<u>Sep-26</u> <u>RUPEES</u>	<u>June-26</u> <u>RUPEES</u>
5 SHARE CAPITAL			
5.1 Authorized Capital			
40,000,000 (2025: 40,000,000) ordinary shares of Rs. 10/- each		400,000,000	400,000,000
		<u>400,000,000</u>	<u>400,000,000</u>
5.2 Issued, subscribed and paid-up capital			
17,350,000 (2025: 17,350,000) ordinary shares of Rs. 10/- each issued for cash		173,500,000	173,500,000
2,650,000 (2025: 2,650,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares		26,500,000	26,500,000
		<u>200,000,000</u>	<u>200,000,000</u>
5.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.			
6 CAPITAL RESERVES			
Share premium reserves		118,000,000	118,000,000
Less: Preliminary expenses		(10,716,743)	(10,716,743)
		<u>107,283,257</u>	<u>107,283,257</u>
6.1 It represents share premium on issuance of 8 million shares in 2021 @ Rs. 14.75/- per share and is utilized by the Company for the purposes specified in Section 81 of the Companies Act, 2017.			
7 LEASE LIABILITY			
Opening balance		79,435,320	57,733,014
Add: Addition during the year		-	113,276,214
Interest expense		-	11,968,043
Less: Payments made during the year		-	(35,303,589)
Less: Adjustment of advances paid		-	(30,406,624)
Closing balance		<u>79,435,320</u>	<u>117,267,057</u>
Less: Current maturity		-	(37,831,737)
		<u>79,435,320</u>	<u>79,435,320</u>

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NOTES
Sep-26
RUPEES
June-26
RUPEES

7.1 Maturity analysis of liability against right of use assets is as follows:

Less then one year	54,580,673	54,580,673
One to five years	95,386,044	95,386,044
More then five years	25,500,000	25,500,000
	<u>175,466,717</u>	<u>175,466,717</u>
Futhure finance charges	(58,199,660)	(58,199,660)
	<u>117,267,057</u>	<u>117,267,057</u>
Less: Current maturity of finance lease	(37,831,737)	(37,831,737)
	<u>79,435,320</u>	<u>79,435,320</u>

7.2 The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Title to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

The finance lease facilities for the Yarn Making Machine, Fishing Net Machine, two Vegetable Bag Wrap Knitting Machines and Solar Energy System, provided by M/s OLP Financial Services Pakistan Limited, are fully secured through first exclusive charge registered with the Securities and Exchange Commission of Pakistan (SECP).

8 LONG TERM - TERM FINANCE

Term finance	8.1	62,460,433	62,460,433
		<u>62,460,433</u>	<u>62,460,433</u>

8.1 Term Finance

Opening balance	62,460,433	-
Obtained during the year	-	80,000,000
Interest expense for the year	-	4,038,534
Payments during the year	-	(9,556,000)
Closing balance	<u>62,460,433</u>	<u>74,482,534</u>
Less: Current maturity	-	(12,022,101)
	<u>62,460,433</u>	<u>62,460,433</u>

8.2 This represent the Long Term Finance facility obtained from OLP Financial Services Pakistan Limited amounting to Rs. 80,000,000/- to be repaid in 60 installments each amounting to Rs. 1,911,200/- . The markup rate applicable is on Floating rate basis which will be claculated on the basis of benchmark rate plus 495 basis points with 0% floor and 0% ceiling. This facility is secured by way of 1st Equitable Mortgage over Land & Building (Plot # 22 & 23, Phase - IV, Industrial Estate, Hattar, Haripur).

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OR THE PERIOD ENDED SEP 30, 2026

NOTES

Sep-26
RUPEES

June-26
RUPEES

9 DEFERRED TAX LIABILITY

Deferred tax liability - Property, Plant & Equip. 32,928,714 32,928,714

Deferred tax liability - ROUA 59,781,852 59,781,852

Deferred tax (asset) - Lease Liability (23,036,243) (23,036,243)

9.1 69,674,323 69,674,323

9.1 Movement in temporary differences during the year

Opening deferred tax liability 69,674,323 60,428,941

Deferred tax (income) / expense 9.2 - 9,245,382

69,674,323 69,674,323

9.2 Deferred tax (income) / expense

Deferred tax income on accelerated depreciation - (2,329,318)

Deferred tax expense on ROUA - 34,610,943

Deferred tax income on lease liability - (23,036,243)

- 9,245,382

10 EMPLOYEES GRATUITY FUND

Balance at beginning of the year - 4,213,846

Add: Provision for the year - -

Less: Paid to outgoing members - (4,213,846)

- -

10.1 During the year, the Company changed its gratuity arrangement whereby gratuity is now paid annually to eligible employees based on their last drawn salary and length of service. Accordingly, the Company no longer maintains a defined benefit obligation in respect of gratuity and does not obtain an actuarial valuation for the arrangement. Gratuity payments are recognized as employee benefit expense in the statement of profit or loss in the period in which the related services are rendered.

The defined benefit obligation relating to the previous arrangement was settled upon implementation of the revised arrangement during the year, and no defined benefit obligation remains outstanding as at the reporting date.

11 PAYABLE AGAINST VEHICLE

Vehicle purchased during the year - 1,604,860

Less: Current maturity 13 - (1,604,860)

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	<u>Sep-26</u>	<u>June-26</u>
<u>NOTES</u>	<u>RUPEES</u>	<u>RUPEES</u>

- 11.1 This represents the amount payable for purchase of a vehicle i.e. Hyundai Sonata on installment basis from Nishat Motors (Private) Limited. The arrangement is interest free and unsecured with the Company having issued post-dated cheques for all installments. The final installment is due in November 2026.

12 SHORT TERM BANK BORROWING

Running Finance	12.1	-	-
		<u>-</u>	<u>-</u>

- 12.1 The Bank of Khyber renewed the running finance facility limit upto Rs. 80 million on January 01, 2024 to meet working capital requirements of the Company at mark up rate to be recovered on quarterly basis as, Rebated: Three months KIBOR plus 300 bps p.a. if markup is paid within 15 days from due date and / or Un-rebated: Three months KIBOR plus 500 bps p.a. if markup is paid after 15 days from due date.

These facilities expired on December 31, 2025 and was paid off in full.

13 CURRENT MATURITY OF LONG TERM LIABILITIES

Finance lease	28,939,379	37,831,737
Term finance	10,074,772	12,022,101
Vehicle payable	<u>962,916</u>	<u>1,604,860</u>
	<u>39,977,067</u>	<u>51,458,698</u>

- 13.1 These represent current portions of various long term liabilities falling due within the year.

14 ADVANCES FROM CUSTOMER

Advance from customers	14.1	-	29,721,954
		<u>21,464,298</u>	<u>29,721,954</u>

- 14.1 It represents advances from customers for sale of goods which remained undelivered.

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	<u>NOTES</u>	<u>Sep-26</u> <u>RUPEES</u>	<u>June-26</u> <u>RUPEES</u>
15 ACCRUED AND OTHER LIABILITIES			
Salaries & benefits payable		13,712,646	14,671,392
Workers' profit participation fund		2,548,716	1,830,931
Mark up payable - short term		-	-
Workers' welfare fund		1,363,130	1,090,372
Other liabilities		15,314	15,314
Audit fee		920,000	920,000
Income tax withheld payable		883,451	2,259,057
Utilities bills payable		-	-
EOBI payable		3,680	352,400
Social security payable		-	-
Director remuneration payable		241,583	679,083
Postal Life Insurance - employees		159,038	71,936
Insurance payable - assets & materials		-	3,547,985
Payable to suppliers		-	3,603,304
Gratuity payable		907,200	1,170,000
		<u>20,754,759</u>	<u>30,211,775</u>

- 15.1 The Company has discontinued the recognition of defined benefit obligation and has adopted a practice of paying gratuity annually to its employees based on the applicable gratuity formula, with the amount determined with reference to the employee's last drawn salary and length of service. The balance represents gratuity expense relating to the current year, which is payable to employees in the following year along with their salaries.

16 PROVISION FOR TAXATION

Opening		15,784,906	21,413,855
Tax charged for the year	35	2,175,346	15,746,821
Levies charged for the year	34	-	38,085
Adjusted against advance tax	25	(17,960,252)	(21,413,855)
Closing		<u>-</u>	<u>15,784,906</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no contingencies against the company as at the year end (2025: Nil)

17.2 Commitments

Outstanding letters of credit as at Sep 30, 2026 amounted to Rs. 9,977,431/- (2025: Rs. 75,380,265/-)

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18 PROPERTY, PLANT AND EQUIPMENT

	NOTES	Sep-26 RUPEES	June-26 RUPEES
Owned assets	18.1	356,298,227	367,884,429
Right of use assets (ROU)	18.2	198,738,653	206,144,317
		<u>555,036,881</u>	<u>574,028,746</u>

18.1 Owned assets

DESCRIPTION	Factory Building On Lease (Held Land	Motor Vehicles	Plant and Machinery	Electric Installation	Furniture and Fixtures	Office Equipment	Electrical Equipment	Computers	Total
RUPEES									
COST									
As at July 01, 2025	78,722,540	39,722,339	566,227,541	11,145,813	1,176,264	1,862,972	1,868,590	889,220	695,615,299
Additions	7,563,881	3,250,000	20,716,715	9,511,030	-	-	-	-	41,041,626
Disposals/adjustment	-	(9,128,234)	-	-	-	-	-	-	(9,128,234)
As at July 01, 2026	<u>86,286,421</u>	<u>33,844,125</u>	<u>586,944,256</u>	<u>20,656,843</u>	<u>1,176,264</u>	<u>1,862,972</u>	<u>1,868,590</u>	<u>889,220</u>	<u>727,528,691</u>
Additions	-	150,000	661,500	-	-	-	-	-	811,500
Disposals/adjustment	-	-	-	-	-	-	-	-	-
AS AT SEP 30, 2026	<u>86,286,421</u>	<u>33,994,125</u>	<u>581,605,756</u>	<u>20,656,843</u>	<u>1,176,264</u>	<u>1,862,972</u>	<u>1,868,590</u>	<u>889,220</u>	<u>728,340,191</u>
ACCUMULATED DEPRECIATION									
As at July 01, 2025	23,063,510	15,710,660	266,421,200	4,594,354	843,684	1,107,132	1,132,169	572,717	313,445,425
Depreciation charge	2,819,638	3,773,638	44,332,735	1,435,289	49,887	113,376	110,463	94,951	52,729,977
Disposals/adjustment	-	(6,331,140)	-	-	-	-	-	-	(6,331,140)
Net book value	<u>25,883,148</u>	<u>12,953,158</u>	<u>310,753,935</u>	<u>6,029,643</u>	<u>893,571</u>	<u>1,220,508</u>	<u>1,242,632</u>	<u>667,668</u>	<u>359,644,263</u>
Depreciation charge	761,247	792,069	10,215,959	553,028	10,688	24,290	23,666	16,753	12,397,701
Disposals/adjustment	-	-	-	-	-	-	-	-	-
AS AT SEP 30, 2026	<u>26,644,395</u>	<u>13,745,228</u>	<u>320,969,893</u>	<u>6,582,671</u>	<u>904,259</u>	<u>1,244,799</u>	<u>1,266,298</u>	<u>684,421</u>	<u>372,041,964</u>
CARRYING VALUE									
As at JUNE 30, 2026	60,403,273	20,890,967	270,190,322	14,627,209	282,693	642,464	625,958	221,552	367,884,429
AS AT SEP 30, 2026	<u>59,642,026</u>	<u>20,248,897</u>	<u>260,635,863</u>	<u>14,074,172</u>	<u>272,005</u>	<u>618,173</u>	<u>602,292</u>	<u>204,799</u>	<u>356,298,227</u>
Rate of depreciation (%)	5	15	15	15	15	15	15	30	

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18.2 Right of use Assets (ROU)

	Land	Motor Vehicle	Electrical Installation	Machinery	Total
---RUPEES---					
COST					
As at July 01, 2025	1,565,250	2,950,000	23,555,401	82,274,771	110,345,422
Additions	17,814,236	-	-	118,426,814	136,241,050
Disposals/adjustments	-	-	-	-	-
As at July 01, 2026	19,379,486	2,950,000	23,555,401	200,701,585	246,586,472
Additions	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-
AS AT SEP 30, 2026	19,379,486	2,950,000	23,555,401	200,701,585	246,586,472
ACCUMULATED DEPRECIATION					
As at July 01, 2025	-	951,836	306,098	22,291,250	23,549,184
Depreciation charge	1,188,209.56	299,725	3,487,395	11,917,641	16,892,971
Disposals/adjustments	-	-	-	-	-
As at July 01, 2026	1,188,209.56	1,251,561	3,793,493	34,208,891	40,442,155
Depreciation / amortization	299,494	64,215	747,163	6,294,792	7,405,664
Disposals/adjustments	-	-	-	-	-
AS AT SEP 30, 2026	1,487,703	1,315,776	4,540,656	40,503,684	47,847,819
CARRYING VALUE					
As at JUNE 30, 2026	18,191,277	1,698,439	19,761,908	166,492,693	206,144,317
AS AT SEP 30, 2026	17,891,783	1,634,224	19,014,745	160,197,901	198,738,653
Rate of depreciation (%)	6.67%	15%	15%	15%	

18.3 Depreciation for the year

	NOTES	Sep-26 RUPEES	June-26 RUPEES
Owned assets	18.1	12,397,701	52,729,977
Right of Use	18.2	7,405,664	16,892,971
		19,803,365	69,622,948

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	NOTES	Sep-26 RUPEES	June-26 RUPEES
18.3.1	The depreciation relating to owned assets & right of use assets has been allocated as follows:		
Cost of sales	25	19,555,823	68,752,662
Administrative expenses	26	247,542	870,287
		<u>19,803,365</u>	<u>69,622,949</u>
19	LONG TERM DEPOSITS		
Security deposits against:			
Leased assets	19.1	-	-
Office building		1,443,375	1,443,375
Utilities		1,181,436	1,181,436
		<u>2,624,811</u>	<u>2,624,811</u>
19.1	Leased assets		
Opening		-	30,406,624
Paid during the year		-	-
Less: Adjustment against lease liability	7	-	(30,406,624)
Closing		<u>-</u>	<u>-</u>
20	CAPITAL WORK IN PROGRESS		
Capital work in Progress	20.1	11,779,325	9,400,000
		<u>11,779,325</u>	<u>9,400,000</u>
20.1	This represents advance given against building construction on leasehold land. The total cost is estimated at Rs. 40 million payable within the next year.		
21	STOCK IN TRADE		
Finished goods	28	80,016,500	73,074,000
Raw material	21.1	63,073,500	69,587,554
Work-in-process	28	7,265,987	6,789,528
Stock in transit		-	-
		<u>150,355,987</u>	<u>149,451,082</u>
21.1	Raw material		
Raw material	28.1	60,528,200	64,231,630
Colors	28.2	2,505,300	3,764,324
Chemical	28.3	40,000	1,591,600
		<u>63,073,500</u>	<u>69,587,554</u>
22	ADVANCES , DEPOSITS & OTHER RECEIVABLES		
Advances to employees against salaries		3,434,580	3,704,120
Advances to parties for machinery		22,322,743	2,898,000
Deposits against margin deposit on letters of credit		9,401,616	9,977,438
Others deposits		1,000,000	1,000,000
		<u>36,158,939</u>	<u>17,579,558</u>

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

	NOTES	Sep-26 RUPEES	June-26 RUPEES
23 REFUND DUE TO / FROM GOVERNMENT			
Sales tax refundable		756,006	8,908,210
Sales tax payable		(1,026,119)	(3,976,757)
		<u>(270,113)</u>	<u>4,931,453</u>
24 PREPAYMENTS			
Insurance - assets & inventory		2,799,575	3,819,637
Services		115,236	74,986
		<u>2,914,811</u>	<u>3,894,623</u>
25 ADVANCE TAX			
Opening		21,608,390	18,900,032
Tax deducted at source	25.1	4,094,934	15,949,175
Tax deposited during the year	25.2	-	8,245,594
Provision for taxation	16	(17,960,252)	(21,413,855)
Prior year adjustment	34	-	(72,555)
		<u>7,743,072</u>	<u>21,608,390</u>
25.1	This represents tax deducted at source on imports, purchase of vehicles & utilities.		
25.2	This represents admitted tax under section 137 of Income Tax Ordinance deposited by the Company for the tax year 2026.		
26 CASH AND BANK BALANCES			
Cash in hand		700,000	700,000
Cash at bank - current account		6,099,697	3,858,908
		<u>6,799,697</u>	<u>4,558,908</u>
27 SALES - NET			
Gross sales - Local		224,586,608	1,116,465,631
Gross sales - Export		3,808,461	3,808,461
Sales tax & Further tax	27.1	-	(173,168,562)
		<u>228,395,069</u>	<u>947,105,530</u>
27.1	This represents sales tax and further tax charged at the rate of 18% and 4% on local sales.		

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

	NOTES	Sep-26 RUPEES	June-26 RUPEES
28 COST OF SALES			
Raw material consumed	28.1	114,027,492	468,643,578
Colors consumed	28.2	3,583,687	11,605,648
Chemical consumed	28.3	1,575,600	21,775,972
Packing material		3,938,009	22,065,722
Production overhead	28.4	90,952,946	337,086,891
		<u>214,077,735</u>	<u>861,177,810</u>
Opening work in process		6,789,528	9,161,054
Closing work in process	21	(7,265,987)	(6,789,528)
Cost of goods manufactured		<u>213,601,276</u>	<u>863,549,336</u>
Opening finished goods stock		73,074,000	70,522,500
Closing finished goods stock	21	(80,016,500)	(73,074,000)
		<u>206,658,776</u>	<u>860,997,836</u>
		Sep-26	2026
		RUPEES	RUPEES
28.1 Raw material consumed			
Stock as on July, 01		64,231,630	10,434,800
Add: Raw material imported		110,324,062	522,440,408
Stock as at Sep, 30	21.1	(60,528,200)	(64,231,630)
		<u>114,027,492</u>	<u>468,643,578</u>
28.2 Colors consumed			
Stock as on July, 01		3,764,324	7,682,080
Add: Purchases		2,324,663	7,687,892
Stock as at Sep, 30	21.1	(2,505,300)	(3,764,324)
		<u>3,583,687</u>	<u>11,605,648</u>
28.3 Chemical consumed			
Stock as on July, 01		1,591,600	2,559,600
Add: Purchases		24,000	20,807,972
Stock as at Sep, 30	21.1	(40,000)	(1,591,600)
		<u>1,575,600</u>	<u>21,775,972</u>

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

	NOTES	Sep-26 RUPEES	June-26 RUPEES
28.4 Production overhead			
Salaries and benefits	28.4.1	39,383,730	168,950,786
Fuel and power		21,365,171	76,493,856
Repair and maintenance		5,714,744	4,057,387
Sui gas		852,650	4,053,915
Fee and subscription		27,425	634,420
Insurance		916,475	3,797,102
Lubricants		1,411,351	3,210,457
Vehicle running and maintenance		1,121,945	3,824,795
Entertainment		58,690	553,822
Miscellaneous		286,450	1,940,753
Printing and stationary		23,000	171,490
Security charges		15,876	38,729
Rent, rates and taxes		42,600	176,308
Telephone and internet		101,095	283,459
Travelling and conveyance		47,300	70,950
Postage and courier		22,392	58,420
Newspaper and periodicals		6,230	17,580
Depreciation & amortization	18.3.1	19,555,823	68,752,662
		<u>90,952,946</u>	<u>337,086,891</u>
28.4.1 Salaries and benefits			
Salaries to staff		34,886,786	151,740,320
Gratuity		1,190,900	4,305,728
Overtime		2,367,560	6,391,268
Social security		489,600	2,412,960
E.O.B.I		446,237	1,873,678
Financial assistance		-	1,954,950
Bonus		-	-
Medical		2,647	271,882
		<u>39,383,730</u>	<u>168,950,786</u>
29 ADMINISTRATIVE EXPENSES			
Director's remuneration	29.1	1,595,760	13,434,987
Salaries and benefits	29.2	1,155,100	6,650,619
Rent, rates and taxes	29.3	3,334,197	5,917,838
Auditor's remuneration	29.4	-	1,328,250
Fees and subscriptions		46,095	497,760
Entertainment		200,632	1,004,360
Telephone, mobile and internet		96,250	436,817
Utilities		108,784	397,206

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

	NOTES	Sep-26 RUPEES	June-26 RUPEES
Travelling and conveyance		77,400	640,891
Printing and stationary		56,910	437,880
Professional charges - survey		198,000	1,190,000
Postage and courier		18,210	260,282
Miscellaneous		96,927	341,297
Repair and maintenance		18,400	649,670
News papers and periodicals		4,335	177,805
Depreciation	17.3	247,542	870,287
Income tax expense		-	355,266
		<u>7,254,542</u>	<u>34,591,214</u>
29.1 Director's remuneration			
Remuneration		1,425,000	10,500,000
Director's meeting		-	125,000
Medical		170,760	2,809,987
Insurance		-	-
		<u>1,595,760</u>	<u>13,434,987</u>
29.2 Salaries and benefits			
Salaries to staff		1,155,100	4,308,003
Financial assistance		-	1,172,616
Gratuity		-	1,170,000
		<u>1,155,100</u>	<u>6,650,619</u>
29.3	This amount represents the rent of the Company's head office situated on the 3rd floor of Green Trust Tower, Islamabad, under an annual rental agreement.		
29.4 Auditor's remuneration			
Massom Akhtar & Co.			
Annual audit report		-	-
Half yearly review		-	275,000
Other services		-	80,000
Sales tax @ 15%		-	53,250
Ilyas Saeed & Co.			
Annual audit report		-	800,000
Sales tax @ 15%		-	120,000
		<u>-</u>	<u>1,328,250</u>
30 SELLING AND DISTRIBUTION EXPENSES			
Carriage outward		126,042	632,127
		<u>126,042</u>	<u>632,127</u>
31 OTHER INCOME			
Gain on disposal		-	7,402,906
		<u>-</u>	<u>7,402,906</u>

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

	NOTES	Sep-26 RUPEES	June-26 RUPEES
32 FINANCIAL EXPENSES			
Mark-up		1,875,071	9,201,205
Lease financial charges		3,947,200	11,968,043
Share registrar services		-	404,854
Bank charges		41,702	94,528
		<u>5,863,973</u>	<u>21,668,630</u>
33 OTHER CHARGES			
Workers' profit participation fund		717,785	1,830,931
Workers' welfare fund		272,758	1,090,372
		<u>990,544</u>	<u>2,921,304</u>
34 LEVIES			
Minimum / Final Tax - Current year		-	38,085
Minimum / Final Tax - Prior year	25	-	72,555
		<u>-</u>	<u>110,640</u>
34.1	Levies have been recognized under IFRIC 21 for Minimum Tax Chargeable on payment for goods under section 153(1)(a) at 5% and on export of goods at the rate of 1%.		
35 TAXATION			
Tax charged for the year	35.1	2,175,346	15,746,821
Tax charge for prior year		-	-
Deferred tax (income) / expense	9.2	-	9,245,382
Tax expense for the year		<u>2,175,346</u>	<u>24,992,203</u>
35.1 Reconciliation of tax charge for the year			
Accounting profit before taxation		7,501,192	33,697,325
Tax rate @ 29% on profit		29%	29%
Tax on accounting profit		2,175,346	9,772,224
Inadmissible expenditure for tax purposes		5,822,076	23,713,902
Admissible expenditure for tax purposes		-	(14,468,690)
Deferred tax (income) / expense		-	9,245,382
Prior year adjustment		-	-
Fixed tax for the year		-	(38,085)
Minimum tax difference		-	18,270
		<u>7,997,421</u>	<u>28,243,003</u>
36 EARNINGS PER SHARE-BASIC AND DILUTED			
Profit after tax		5,325,847	8,594,482
Weighted average number of ordinary shares in issue		20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)		<u>0.27</u>	<u>0.43</u>
36.1	There is no dilution effect on earnings per share of the Company.		

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

37 CASH & CASH EQUIVALENTS	NOTES	Sep-26 RUPEES	June-26 RUPEES
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The figures of cash and bank balances reconcile to the amount of cash and cash equivalents as shown in the statement of cash flows at the end of the financial year as follows:

Cash & bank balances	26	6,799,697	4,558,908
		<u>6,799,697</u>	<u>4,558,908</u>

37.1 Operating profit before working capital changes

Profit for the year before levies & taxation	P&L	7,501,192	33,697,325
Adjustment of non cash items:			
Depreciation	18.3	19,803,365	69,622,949
Interest on term finance	8	-	4,038,534
Gain on disposal	31	-	(7,402,906)
Gratuity expense	28.4.1	-	5,475,728
		<u>27,304,557</u>	<u>105,431,630</u>

38 FINANCIAL INSTRUMENTS	NOTES	Sep-26 RUPEES	June-26 RUPEES
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Financial assets - at amortized cost

Long term deposits	19	2,624,811	2,624,811
Cash & bank balances	26	6,799,697	4,558,908
		<u>9,424,508</u>	<u>7,183,719</u>

Financial liabilities - at amortized cost

Lease liability	7	79,435,320	117,267,057
Term finance	8	62,460,433	62,460,433
Accrued liabilities	15	20,754,759	30,211,775
		<u>162,650,512</u>	<u>209,939,265</u>

39 CREDIT QUALITY OF FINANCIAL ASSETS	NOTES	Sep-26 RUPEES	June-26 RUPEES
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Credit quality of Company's financial assets have been assessed below by reference to external credit rating of counterparties as determined by Pakistan Credit Rating Agency Limited (PACRA) & VIS Credit Rating Company Limited. Counterparties for which external credit ratings are not available have been assessed by reference to internal credit ratings as determined by management based on historical information for any default by such counterparties in meeting obligations.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

Long term deposits

Credit parties with no external ratings

2,624,811	2,624,811
2,624,811	2,624,811

Bank balances

Credit parties with external ratings

6,799,697	4,558,908
6,799,697	4,558,908

Banks	Credit rating Agencies	Short term credit rating	Long term credit rating
The Bank of Punjab	PACRA	A-1+	AAA
The Bank of Khyber	PACRA	A-1	AA-
Habib Metropolitan Bank	PACRA	A-1+	AAA
Summit Bank	VIS	A-2	A-
Meezan Bank	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Bank Al - Habib	PACRA	A-1+	AAA
Faysal bank	PACRA	A-1+	AA+
Bank Alfalah	PACRA	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

The above credit ratings have been assigned as at Sep 30, 2026.

40 FINANCIAL RISK MANAGEMENT

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

Credit risk

Liquidity risk

Market risk

Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. Board is also responsible for developing & monitoring Company's risk management policies. Company's risk management policies are established to identify & analyze risks faced by Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to the financial instrument fails to meet its contractual obligations and arises principally on loans, advances, deposits, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets	NOTES	Sep-26 RUPEES	June-26 RUPEES
Long term deposits	8	2,624,811	2,624,811
Bank balances	26	6,799,697	4,558,908
		<u>9,424,508</u>	<u>7,183,719</u>

(ii) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Each component of market risk is explained below:

(a) Currency risk

Currency risk is the risk that the fair value or future expected cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk as at reporting date.

(b) Interest rate risk

The interest rate risk is the risk that the fair value or the future expected cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rates exposure arises from short term borrowings, long term borrowings, long term investments, loans and advances, short term investments and deposits with banks. Interest rate profile of the Company is as follows:

	Sep-26 RUPEES	June-26 RUPEES
Fixed rate instruments		
None	-	-
Variable rate instruments		
Lease liability	79,435,320	117,267,057
Term finance	<u>62,460,433</u>	<u>74,482,534</u>

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

Fair value sensitive analysis of fixed rate instrument

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(c) Price risk

Price risk represents the risk that the fair value or future expected cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any material price risk as at reporting date.

41 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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. As at June 30, 2026 all financial assets and financial liabilities are carried at amortized cost. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily & regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, & those prices represent actual and regularly occurring market transactions on an arm's length basis. The carrying value of all financial assets and financial liabilities approximate their value. The Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. As of the reporting date, none of the financial instruments of the Company are carried at fair value. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values. There were no financial instruments classifiable under level 1, level 2 and / or level 3 of the fair value hierarchy during the year.

42 CAPITAL RISK MANAGEMENT

The Company's objective, when managing capital, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure by monitoring return on net assets and makes adjustments to economic conditions.

PAK AGRO PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEP 30, 2026

43 TRANSACTIONS WITH RELATED PARTIES

The related party comprises of subsidiary, associated companies, director of the company and key management personnel, details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. There has been no transactions with related parties, except for remuneration to key management personnel as discussed in note 45, during the year.

44 NUMBER OF EMPLOYEES

Number of employees at year end

- Factory

279

279

- Other

9

9

Average number of employees during the year

- Factory

279

280

- Other

9

8

45 INSTALLED CAPACITY & ACTUAL PRODUCTION

Installed capacity (in kg's)

1,600,000

1,600,000

Utilized capacity (in kg's)

1,567,733

1,503,091

Utilized capacity (in %)

97.98%

93.94%

46 EVENTS AFTER THE REPORTING DATE

There were no significant adjustable events subsequent to the reporting date which may require an adjustment in the financial statements or additional disclosure.

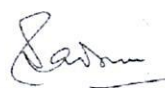
47 DATE OF AUTHORIZATION FOR ISSUE

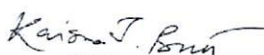
These financial statements were authorized for issue by the Board on

29/10/2026

48 GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer