# FARMERS DEVELOPMENT ORGANIZATION

## AUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 30 JUNE 2026

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**Ilyas Saeed & Co.**
**Chartered Accountants**
108-J-3, Model Town, Lahore - Pakistan
T : +92 42 3516 8849, 3586 1852
E : info@ilyassaeed.com
W : www.ilyassaeed.com

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF FARMERS DEVELOPMENT ORGANIZATION
# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

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

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

## Basis for Opinion

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

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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b) the statement of financial position, the statement of income and the expenditure, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Other matter Paragraph:**

The financial statements of the company for the year ended 30 June 2025 were audited by another auditor, who expressed an unmodified opinion on those financial statements vide their audit report dated 07 October 2025.

The engagement partner on the audit resulting in this independent auditor's report is Bushra Sana.

Ilyas Saeed & Co.
Chartered Accountants
Lahore

Dated: 21 September 2026

UDIN: AR202610278242v0xgJA

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**Farmers Development Organization**
**(A Company Setup Under Section 42 of the Companies Act, 2017)**
**Statement of Financial Position**
**As at 30 June 2026**

| | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property plant & equipment | 5 | 31,959,574 | 27,048,240 |
| Long term security deposits | 6 | 2,068,804 | 1,516,338 |
| Long term loans | 7 | 1,017,760 | 2,003,401 |
| | | 35,046,138 | 30,567,979 |
| **CURRENT ASSETS** | | | |
| Advances, deposits and prepayments | 8 | 11,813,059 | 18,873,146 |
| Other Receivables | 9 | 7,422,655 | 7,537,988 |
| Micro-credit loan portfolio (IFL) | 10 | 23,170,449 | 64,276,881 |
| Murabaha portfolio | 11 | 209,160,639 | 124,701,829 |
| Cash and bank balances | 12 | 109,321,190 | 163,971,314 |
| | | 360,887,992 | 379,361,161 |
| | | 395,934,130 | 409,929,140 |
| **FUNDS AND LIABILITIES** | | | |
| **FUNDS** | | | |
| General fund - Unrestricted | 13 | 122,155,234 | 105,704,474 |
| Donated funds | 14 | 90,869,933 | 90,869,933 |
| Revolving fund - Restricted | 15 | 132,747,500 | 132,747,500 |
| Special reserve fund | 16 | 1,336,597 | 676,067 |
| | | 347,009,264 | 329,997,974 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term facilities | 17 | - | - |
| **CURRENT LIABILITIES** | | | |
| Mark-up payable on facilities | 18 | 1,363,130 | 353,367 |
| Current portion of the facilities | 19 | 37,500,000 | 63,436,545 |
| Accrued and other liabilities | 20 | 10,061,736 | 16,141,254 |
| | | 48,924,866 | 79,931,166 |
| **CONTINGENCIES AND COMMITMENTS** | 21 | - | - |
| | | 395,934,130 | 409,929,140 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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**Farmers Development Organization**
**(A Company Setup Under Section 42 of the Companies Act, 2017)**
**Statement of Income and Expenditure**
**For the year ended 30 June 2026**

| | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|
| **Financial income** | | | |
| Grant income | 22 | 831,103,436 | 402,901,444 |
| Profit on murabaha portfolio | 23 | 58,311,517 | 35,957,935 |
| Loan processing fee | 24 | 7,995,237 | 6,267,900 |
| **Total financial income** | | 897,410,190 | 445,127,279 |
| Finance cost | 25 | (6,729,115) | (3,055,262) |
| **Gross financial margin** | | 890,681,075 | 442,072,017 |
| Allowance for expected credit losses | | (798,814) | (837,697) |
| **Net financial margin** | | 889,882,261 | 441,234,320 |
| Administrative and General Expenditures | 26 | (59,639,301) | (58,295,582) |
| Program cost | 27 | (821,553,791) | (364,681,392) |
| | | (881,193,092) | (422,976,974) |
| **Operating surplus for the year** | | 8,689,169 | 18,257,346 |
| Other income | 28 | 8,322,121 | 12,955,119 |
| Other expenses | 29 | - | (317,113) |
| **Surplus before taxation** | | 17,011,290 | 30,895,352 |
| **Taxation** | 30 | - | - |
| **Surplus for the year** | | 17,011,290 | 30,895,352 |
| **Operational self sufficiency ratio** | 31 | 102% | 107% |

The annexed notes from 1 to 45 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER** **DIRECTOR**

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**Farmers Development Organization**
**(A Company Setup Under Section 42 of the Companies Act, 2017)**
**Statement of Comprehensive Income**
**For the year ended 30 June 2026**

| | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|
| **Surplus for the year** | | 17,011,290 | 30,895,352 |
| **Other comprehensive income:** | | | |
| - Items that will be reclassified to income and expenditure in subsequent periods | | - | - |
| - Items that will not be reclassified to income and expenditure in subsequent periods | | - | - |
| | | - | - |
| **Total comprehensive income for the year** | | 17,011,290 | 30,895,352 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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**Farmers Development Organization**
**(A Company Setup Under Section 42 of the Companies Act, 2017)**
**Statement of Changes in Funds**
**For the year ended 30 June 2026**

| | Note | Revenue Reserve | Capital Funds | | | |
|---|---|---|---|---|---|---|
| | | General Fund | Donated Funds | Revolving Fund | Special Reserve Fund | Total |
| | | (Rupees) | | | | |
| Balance as at 01 July 2024 | | 70,265,549 | 90,869,933 | 132,747,500 | - | 293,882,982 |
| Surplus for the year | | 30,895,352 | - | - | - | 30,895,352 |
| Other comprehensive income for the year | | - | - | - | - | - |
| Total comprehensive income for the year | | 30,895,352 | - | - | - | 30,895,352 |
| Transfer to special reserve fund | | (676,067) | - | - | 676,067 | - |
| Projects closed during the year | | 7,533,141 | - | - | - | 7,533,141 |
| Prior year profit adjustment | | (2,313,501) | - | - | - | (2,313,501) |
| Balance as at 30 June 2025 - Restated | | 105,704,474 | 90,869,933 | 132,747,500 | 676,067 | 329,997,974 |
| **Balance as at 01 July 2025** | | **105,704,474** | **90,869,933** | **132,747,500** | **676,067** | **329,997,974** |
| Surplus for the year | | 17,011,290 | - | - | - | 17,011,290 |
| Other comprehensive income for the year | | - | - | - | - | - |
| Total comprehensive income for the year | | 17,011,290 | - | - | - | 17,011,290 |
| Transfer to special reserve fund | | (560,530) | - | - | 560,530 | - |
| Transfer to Donated Funds | | - | - | - | - | - |
| Balance as at 30 June 2026 | | 122,155,234 | 90,869,933 | 132,747,500 | 1,236,597 | 347,009,264 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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Farmers Development Organization
(A Company Setup Under Section 42 of the Companies Act, 2017)
Statement of Cash Flows
For the year ended 30 June 2026

| | Note | 2026 (Rupees) | 2025 (Rupees) Restated |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Surplus before taxation | | 17,011,290 | 30,895,352 |
| **Adjustments for non-cash and other items** | | | |
| Interest on long term finances | 25 | 5,613,054 | 1,607,095 |
| Allowance for expected credit losses | 11.4 | 798,814 | 837,697 |
| Reversal of excess charged provision | 10.9 | (206,565) | - |
| Depreciation on property and equipment | 5 | 3,035,246 | 3,562,435 |
| | | 9,240,549 | 6,007,227 |
| **Surplus before working capital changes:** | | 26,251,839 | 36,902,579 |
| **Working capital changes** | | | |
| Micro credit Loan Portfolio | | 41,313,000 | 15,755,832 |
| Murhaba Portfolio | | (85,257,624) | (96,690,915) |
| Long Term advances | | 985,641 | (2,603,402) |
| Advances, prepayments and other receivables | | 7,060,087 | (18,462,593) |
| Other Receivables | | 115,333 | 42,218,929 |
| Accrued and other liabilities | | (6,079,518) | 7,988,632 |
| | | (41,863,081) | (51,193,516) |
| **Cash generated from (used in) operating activities** | | (15,611,242) | (14,290,937) |
| Payments for: | | | |
| Employees retirement benefits | | - | - |
| Finance cost paid | | (4,603,291) | (1,248,957) |
| Income tax paid | | - | - |
| **Net cash generated from (used in) operating activities** | | (20,214,533) | (15,539,894) |
| **Cash flows from (used in) investing activities** | | | |
| Purchase of property and equipment | | (7,946,580) | (2,745,258) |
| Short term investments made | | - | - |
| Short term investments redeemed | | - | - |
| Return on short term investments | | - | - |
| Project closed during the year | | - | 7,533,142 |
| Long term security deposits | | (552,466) | 87,000 |
| **Net cash (used in) / generated from investing activities** | | (8,499,046) | 4,874,884 |
| **Cash flows from (used in) financing activities** | | | |
| Long term finances obtained | | 31,000,000 | 63,436,545 |
| Repayment of long term finances | | (56,936,545) | - |
| **Net cash generated from (used in) financing activities** | | (25,936,545) | 63,436,545 |
| **Net (decrease) / increase in cash and cash equivalents** | | (54,650,124) | 52,771,535 |
| Cash and cash equivalents at the beginning of the year | | 163,971,314 | 111,199,779 |
| **Cash and cash equivalents at the end of the year** | 12 | 109,321,190 | 163,971,314 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

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**Farmers Development Organization**
**(A Company Setup Under Section 42 of the Companies Act, 2017)**
**Statement of Cash Flows**
**For the year ended 30 June 2026**

| | Note | 2026 (Rupees) | 2025 (Rupees) Restated |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Surplus before taxation | | 17,011,290 | 30,895,352 |
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| | | (41,863,081) | (51,193,516) |
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| Payments for: | | | |
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| Finance cost paid | | (4,603,291) | (1,248,957) |
| Income tax paid | | - | - |
| **Net cash generated from (used in) operating activities** | | (20,214,533) | (15,539,894) |
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| Purchase of property and equipment | | (7,946,580) | (2,745,258) |
| Short term investments made | | - | - |
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| Cash and cash equivalents at the beginning of the year | | 163,971,314 | 111,199,779 |
| **Cash and cash equivalents at the end of the year** | 12 | 109,321,190 | 163,971,314 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER** **DIRECTOR**

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## 1 STATUS AND NATURE OF BUSINESS

1.1 Farmers Development Organization(the company) having incorporation number : 0086650 was incorporated on January 24, 2014 as a non-profit organization under section 42 of the repealed companies ordinance 1984 (now Companies Act, 2017) having its Registered office at New Shalimar Colony, Northern Bypass, Multan. The object for which the Company is established is to work for the development of farming community by undertaking, supporting and subsidizing measures, programs and schemes to improve socio-economic condition of the farmer through livelihood enhancement, social mobility, better farming methods, provision of agriculture inputs, seeds, breeding facilities, farming implements and training, development of roads, water courses and other civic amenities, education, health, hygiene, sanitation and quality of life of the farmers.The company has received its license from SECP to carry out microfinancing interest free loan to needy people as a Non-Banking Finance Company under Non-Banking Finance Companies (Establishment and Regulation) Rules,2003. The Company has six loan centres under the Prime Minister Interest Free loan programme within the vicinity of Multan, Okara, Jhang, Toba Tek Singh and Lodhran.

The Company has 7 branches in the Province of Punjab, Pakistan. The addresses of all business units/offices of the Company as follows;

| Sr. No. | Branch Name | Branch Address |
|---|---|---|
| 1 | Multan | House # 417 Lang Street, New Shalimar Colony Shalimar Colony, Multan |
| 2 | Multan | Nagana Chowk Near Total Pump M A Jinnah Road, Multan |
| 3 | Basti Malook | Pull Sukh Biyas Bhawalpur Road, Basti Malook |
| 4 | Jhang | Main Toba Road Mouza Bagh, Jhang |
| 5 | Depalpur | Grain Market Road Near Sindh Bank, Sattar colony Depalpur. |
| 6 | Khanewal | Awan Chowk Near Tehsil Office Bismillah Motors Street, Khanewal |
| 7 | Pakpattan | Mohalla Eid Gah B-Block, Pakpattan |

## 2 BASIS OF PREPARATION

### 2.1 Basis of preparation

### 2.2 Statement of compliance

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

- International Financial Reporting Standards issued by the International Accounting Standards Board as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [NBFC Rules] and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 [NBFC Regulations];
- Islamic Financial Accounting Standards issued by ICAP as are notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984.

Where provisions of and directives issued under the Companies Act 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

### 2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

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| Items | Measurement basis |
|---|---|
| Financial liabilities | Amortized cost |
| Financial assets | Fair value/amortized cost |

**Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Rupee, unless otherwise indicated.

2.4 Use of Estimates

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment
- Useful lives, residual values and amortization method of intangible assets
- Impairment of Financial Assets
- Estimation of provisions and contingent liabilities
- Expected Credit Losses

**2.5 Changes in accounting standards, interpretations and pronouncements**

**2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

There are certain amendments to the published approved accounting standards that are effective in the current year. However, these do not have any significant impact on the Company's operations and, therefore, have not been detailed in these financial statements.

| Standard or Interpretation | | Effective Date - Annual Periods Beginning on or After |
|---|---|---|
| IAS 21 | The Effects of changes in Foreign Exchange Rates (Amendments) | 01 January 2025 |

**2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet**

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

| | Effective date (annual periods beginning or after) |
|---|---|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
| Amendments to IFRS 10 'Consolidated financial statements' | January 01, 2026 |
| IFRS 17 Insurance Contracts | January 01, 2027 |
| IFRS 18 'Presentation and Disclosures in Financial Statements'. | January 01, 2027 |
| IFRS 19 'Subsidiaries without Public Accountability: Disclosures'. | January 01, 2027 |

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| | |
|---|---|
| IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' | January 01, 2027 |
| IFRS S2 'Climate-related Disclosures' | January 01, 2027 |

In addition to the above, the IASB has issued the following standards and interpretations which, as of June 30, 2026, have not been notified by the Securities and Exchange Commission of Pakistan (SECP) for local adoption. The Company will evaluate the impact of these pronouncements once they are notified for application in Pakistan.

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRIC 12 Service Concession Arrangements

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

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

### 3.1 Property and equipment

Property and equipment are initially recognized at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequently, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company. All other repairs and maintenance costs are charged to income statement during the year in which they are incurred.

Depreciation is charged to the income and expenditure account on reducing balance method by applying the depreciation rates as disclosed in note 5 so as to write off the depreciable amount of assets over their estimated useful lives. Depreciation on additions is charged from the date the asset is available for use, while no depreciation is charged on the date on which the asset is disposed off.

An item of property and equipment is derecognized upon disposal or when no future economic benefit are expected from its use or disposal. Any gain or loss on de-recognition of assets is included in the income statement in the year the asset is derecognized.

The assets' residual values and estimated useful lives are reviewed at least at each balance sheet date and impact on depreciation is adjusted, if significant.

### 3.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in statement of income and expenditure, using amortization methods specified in note 5, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

### 3.3 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises 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 incentives received.

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Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in statement of income and expenditure.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an uncharged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in statement of income and expenditure.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

**3.4 Short term lease**

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

**3.5 Deferred Assets**

Interest-free loans are initially recognized at their fair value, determined by discounting future cash flows at the prevailing market rate of interest on the date of disbursement. The difference between the fair value and the face value of the loan is recognized as a deferred asset. The deferred asset is subsequently amortized over the loan term using the effective interest rate method. The amortization (unwinding of the discount) is directly adjusted against the carrying amount of the related interest-free loans in the statement of financial position.

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**3.6 Provisioning Policy for Credit Losses**

In accordance with Accounting Guidance "Application of IFRS 9 by Non-Banking Finance Companies" issued by ICAP, the Company recognizes an allowance for impairment losses at higher of:

(a) Specific provision calculated under applicable regulatory requirements (NBFC and NE Regulations, 2008); or

(b) Expected credit loss determined under IFRS 9 Expected Credit Loss (ECL) model.

The Company also maintains a general provision of 0.5% of the portfolio, net of specific provision, in line with regulatory requirements requirements.

**Classification and Provisioning of non-performing loans**

The Company follows the time-based criteria for loan classification and calculation of specific provisions in accordance with Schedule X of Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Specific provisioning is determined using this regulatory framework, based on the ageing of non-performing loans:

| Classification | Criteria | Provisioning rate as a %age of Gross Loan Portfolio |
|---|---|---|
| OAEM | Installment overdue by 30 -59 day | 0% |
| Substandard | Installment overdue by 60 -89 day | 25% |
| Doubtful | Installment overdue by 90 -179 day | 50% |
| Loss | Installment overdue by 180 or above | 100% |

However, specific provisioning is recognized only where it exceeds the Expected Credit Loss (ECL) determined under IFRS 9.

**Write-off**

Loans are written off in the event of the death of the borrower, the borrower's spouse, or in the case of livestock financing, the death of the financed animal. All matured loans - i.e., those whose contractual terms have ended and remain overdue by 180 days or more at year-end, may be written off after completion of a due diligence review by the Operations Department and upon approval by the Committee.

**3.7 Financial instruments**

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

**Classification**

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

*(a) Financial assets at amortized cost*

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

*(b) Financial assets at fair value through other comprehensive income*

These are:

(i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

(ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

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*(c) Financial assets at fair value through profit or loss*

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

*(d) Financial liabilities at amortized cost*

These are financial liabilities which are not derivates, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

*(e) Financial liabilities at fair value through profit or loss*

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

**Measurement**

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

**Derecognition**

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

**Off-setting**

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

**3.8 Micro-credit and other receivables**

**3.8.1 Financial assets**

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in statement of income and expenditure.

**3.8.2 Non-financial assets**

These, both on initial recognition and subsequently, are measured at cost.

**3.9 Investments in term deposit receipts**

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in statement of income and expenditure.

**3.10 Loans and borrowings**

Loans and borrowings are classified as 'financial liabilities at amortized cost'/fair value. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the statement of income and expenditure account.

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**3.11 Accrued and other liabilities**

**3.11.1 Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in statement of income and expenditure.

**3.11.2 Non-financial liabilities**

These, both on initial recognition and subsequently, are measured at cost.

**3.12 General fund**

Funds generated by the Company through contribution from the trustees and other donors, without any specific purpose or activity, are classified as unrestricted general funds. Accordingly, any income generated and expenses incurred with respect to normal operations of the Company, which are not related to specific funds / activities, are charged to statement of income and expenditure.

**3.13 Special reserve fund**

The Company is required under the requirements of Non-Banking Finance Companies and Notified Entities Regulations, to maintain a special reserve fund to which 5% of after tax surplus is credited at the end of each financial year.

**3.14 Income from micro-credit loans**

Financial income is recognized to the extent that the economic benefits will flow to the entity and financial income can be reliably measured. Financial income from different sources is recognized on the following basis:

- Markup on micro credit loan portfolio ranging from 23% to 25% is recognized on accrual basis.
- Financial income comprises service charges on micro-credit loans and loan processing fee. Service charges on micro-credit loans are recognized using the effective interest method. Loan processing fee is recognized as related services are performed.

**3.15 Comprehensive income**

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of income and expenditure and other comprehensive income [OCI]. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in statement of income and expenditure as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

**3.16 Government grants**

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

**3.17 Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit or loss.

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**3.18 Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position. Cash and cash equivalents comprise of cash in hand and balances with banks.

**3.19 Taxation**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in statement of income and expenditure except to the extent that it relates to items recognized directly in statement of comprehensive income, in which case it is recognized in statement of comprehensive income.

**3.19.1 Current taxation**

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

**3.19.2 Deferred taxation**

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences 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.

**3.20 Provisions and contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

**3.21 Operational self sufficiency ratio**

The operational self-sufficiency ratio of the Company is calculated by dividing total income over operating expenditure and is expressed as a percentage.

**3.22 Segment reporting**

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company has two operating segment based on internal reporting to the Chief Executive Officer of the company.

3.23 **Foreign currency transactions and balances**

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined.

Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in statement of income and expenditure.

3.24 **Micro-credit loan portfolio:**

In accordance with the Accounting Guidance "Application of IFRS 9 by Non-Banking Finance Companies", issued by Institute of Chartered Accountants of Pakistan. The Companies are required to apply NBFCs regulations' requirements on portfolios of specific credit facility in conjuction with requirements of IFRS 9. Therefore, the company recognized allowance as higher of provision calculated under NBFCs regulations & IFRS 9.

**Provisions against loan losses:**

General and specific provisions are charged to statement of income and expenditure in the period in which they occur. The Company recognizes provisioning for doubtful loans at higher of applicable regulatory requirements and internal provisioning thresholds.

**General provisioning policy for interest-bearing loan portfolio:**

General provision for doubtful loans is calculated and recorded @ 0.5% of gross outstanding loan portfolio less specific provisioning.

**Specific provision:**

Specific provision against non performing loans is made in accordance with requirements of NBFC Regulations and Circulars issued by SECP from time to time. The outstanding principal of micro-credit loans, the payments against which are overdue for 30 days or more are classified as non performing and divided into following four categories;

**Other Assets Especially Mentioned (OAEM):**

These are loans in arrears (payments / instalments overdue) by 30 days or more but less than 60 days. Unrealized markup is transferred to suspense account and not credited to income except when realized in cash. In case of assets classified under category of OAEM, no provision is made.

**Sub-Standard:**

These are loans in arrears (payments / instalments overdue) by 60 days or more but less than 90 days. Unrealized markup is transferred to suspense account and not credited to income account except when realized in cash. In case of assets classified under the category of Sub-Standard, provision of 25% of outstanding principal net of liquid assets realizable without recourse to court of law and adjusted FSV of mortgaged pledged, leased or collaterally held assets.

**Doubtful:**

These are loans in arrears (payments / instalments overdue) by 90 days or more but less than 180 days. Unrealized markup is transferred to suspense account and not credited to income account except when realized in cash. In case of assets classified under the category of doubtful, provision of 50% of outstanding principal net of liquid assets realizable without recourse to court of law and adjusted FSV of mortgaged pledged, leased or collaterally held assets.

**Loss:**

These are loans in arrears (payments / instalments overdue) by 180 days or more. Unrealized markup is transferred to suspense account and not credited to income account except when realized in cash. In case of assets classified in the category of doubtful, provision of 100% of outstanding principal net of liquid assets realizable without recourse to court of law and adjusted FSV of mortgaged pledged, leased or collaterally held assets.

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**Write off:**

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in statement of income and expenditure.

**3.25 Impairment/Provision under ECL Model (IFRS-09)**

**3.25.1 Financial assets**

The company has applied general approach to trade credit loan receivables and excepted credit loss is computed in accordance with the said approach: Under the general approach, an entity must determine whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognized.

**While measuring expected credit losses on a financial asset company uses:**

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Expected Credit Loss under IFRS-9**

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

Stage 1: is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, entities are required to recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2: is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2 entities are required to recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Stage 3: is where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event under the IAS 39 model. For financial assets in stage 3, entities will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

All impairment losses are recognized in statement of income and expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in statement of income and expenditure.

**3.25.2 Non-Financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3.26 Derivatives**

The Company measures derivative financial instruments at fair value through profit and loss (FVTPL) , which are non-exchange-traded, based on price quotes obtained from the counter parties/broker dealers. The Counterparty price quotes reflect the amounts that the Company expects to receive or pay to terminate the contract at the reporting date, taking into account the current market conditions( rate parity, volatility, yield curve). At reporting period the Company measures the fair value of derivative financial instruments by obtaining quote from dealer and accordingly record financial asset or liability.

**4 Rectification of Error**

The Company has restated certain account balances arising from the correction of prior period errors and reclassifications identified during the year. These relate to: (i) concessional loans granted to employees, previously included within the Murabaha portfolio, which had not been recognized at amortized cost in accordance with IFRS 9; (ii) markup accrued on outstanding financing, including the loan obtained from PMIC, which had not been recorded and had instead remained within long-term financing; (iii) bank charges that had previously been presented net of profit payable to PPAF and profit on bank deposits, rather than on a gross basis as required under IAS 1; (iv) the audit fee payable relating to the Islamic Microfinance segment, which had not been recorded; and (v) the allowance for expected credit losses (ECL) on the Islamic Financing and Lending (IFL) and Islamic Microfinance (IMF) portfolios, which had previously been recorded in excess of the amount required under IFRS 9.

During the current year, the Company has reassessed these matters and has accordingly: reclassified the concessional staff loans out of the Murabaha portfolio and recognized them separately at amortized cost under IFRS 9, with the related interest income accretion and employee benefit expense recognized in the statement of profit or loss; separately accrued markup on outstanding financing, including the PMIC loan, previously embedded within long-term financing; presented bank charges on a gross basis, with the corresponding accrued and other liabilities and income restated accordingly.

The Company recognized the audit fee payable and related administrative expense for the Islamic Microfinance segment; and reassessed and restated the allowance for ECL on the IFL and IMF portfolios in accordance with the Company's ECL methodology under IFRS 9, resulting in a reduction of the previously recorded excess provision.

These restatements have been made retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in order to correct the errors and present the financial statements more appropriately.

**4.1 Statement of Financial Position**

| | | |
|---|---|---|
| **Micro-credit loan portfolio (IFL)** | | |
| As Previously reported | | 63,953,884 |
| Correction of error and reclassification | | 323,000 |
| | 10 | 64,276,884 |
| **Murabaha portfolio** | | |
| As Previously reported | | 130,084,863 |
| Correction of error and reclassification | | (5,383,034) |
| | 11 | 124,701,829 |
| **Other Receivables** | | |
| As Previously reported | | 6,177,953 |
| Correction of error and reclassification | | 1,360,035 |
| | 9 | 7,537,988 |

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| | Note | 2025<br>Rupees |
|---|---|---|
| **Advances, deposits and prepayments** | | |
| As Previously reported | | 15,798,907 |
| Correction of error and reclassification | | 3,074,239 |
| | 8 | 18,873,146 |
| **Long term financing** | | |
| As Previously reported | | 63,690,604 |
| Correction of error and reclassification | | (254,059) |
| | 19 | 63,436,545 |
| **Accrued Markup** | | |
| As Previously reported | | - |
| Correction of error and reclassification | | 353,367 |
| | 18 | 353,367 |
| **Accrued and Other liabilities** | | |
| As Previously reported | | 14,902,397 |
| Correction of error and reclassification | | 1,238,856 |
| | 20 | 16,141,253 |
| **Long Term Advances** | | |
| As Previously reported | | - |
| Correction of error and reclassification | | 4,988,679 |
| | 7 | 4,988,679 |
| 4.2 **Statement of Profit or Loss** | | |
| **Allowance for ECL** | | |
| As Previously reported | | (1,959,987) |
| Correction of error and reclassification | | 1,122,290 |
| | 10.9 & 11.4 | (837,697) |
| **Other income** | | |
| As Previously reported | | 43,539,915 |
| Correction of error and reclassification | | (30,584,796) |
| | 28 | 12,955,119 |
| **Finance cost** | | |
| As Previously reported | | - |
| Correction of error and reclassification | | 3,055,262 |
| | 25 | 3,055,262 |
| **Other expenses** | | |
| As Previously reported | | - |
| Correction of error and reclassification | 29 | (317,113) |
| | | (317,113) |
| 4.3 **Statement of changes in funds** | | |
| As Previously reported | | 106,341,065 |
| Correction of error and reclassification | | (636,591) |
| | 13 | 105,704,474 |

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| 5 PROPERTY PLANT AND EQUIPMENT | NOTE | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Property Plant and equipment | 5.1 | 31,999,575 | 27,048,240 |

5.1 The following is a statement of operating fixed assets (tangible):

| Particulars | Land | Building | Office Equipment | Furniture & Fixtures | Computer and accessories | Photocopier machines | Camera | Solar System | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | ——— Rupees ——— | | | | | | | | | |
| **Year ended June 30, 2026** | | | | | | | | | | |
| **Net book value basis** | | | | | | | | | | |
| Opening Net book value (NBV) | 8,000,000 | 3,443,969 | 320,294 | 1,750,963 | 5,540,940 | 79,624 | 418,270 | 1,875,768 | 6,218,412 | 27,048,240 |
| Additions (at cost) | 3,500,000 | - | - | 140,000 | 1,765,500 | 131,000 | - | 2,450,000 | - | 7,986,500 |
| Disposals / Transfers during the year | | | | | | | | | | |
| - Cost | - | - | - | - | - | - | - | - | - | - |
| - Accumulated Depreciation | - | - | - | - | - | - | - | - | - | - |
| - Net Book Value | - | - | - | - | - | - | - | - | - | - |
| Depreciation charge | - | (344,397) | (78,044) | (306,384) | (1,307,690) | (28,245) | (83,654) | (305,590) | (821,841) | (3,035,245) |
| Closing net book value | 11,500,000 | 3,099,572 | 442,250 | 1,584,579 | 5,998,430 | 182,379 | 334,616 | 3,220,178 | 5,396,571 | 31,999,575 |
| **Gross carrying value basis** | | | | | | | | | | |
| Cost | 11,500,000 | 8,821,634 | 1,459,937 | 3,149,308 | 13,636,494 | 349,000 | 1,200,432 | 5,804,628 | 8,362,698 | 53,284,091 |
| Accumulated depreciation | - | (5,722,062) | (1,017,747) | (1,564,629) | (7,637,864) | (666,621) | (865,816) | (584,450) | (3,366,127) | (21,424,516) |
| **Net book value as at 30 June 2026** | 11,500,000 | 3,099,572 | 442,250 | 1,584,579 | 5,998,430 | 182,379 | 334,616 | 3,220,178 | 5,396,571 | 31,999,575 |
| Depreciation rate % per annum | - | 10% | 15% | 15% | 20% | 20% | 20% | 10% | 10% | - |
| **Year ended June 30, 2025** | | | | | | | | | | |
| **Net book value basis** | | | | | | | | | | |
| Opening Net book value (NBV) | 8,000,000 | 3,826,632 | 360,831 | 1,621,391 | 5,747,453 | 24,462 | 522,837 | 843,465 | 6,909,346 | 27,865,417 |
| Additions (at cost) | - | - | 288,000 | 485,340 | 1,476,790 | 100,000 | - | 385,128 | - | 2,735,258 |
| Disposals / Transfers during the year | | | | | | | | | | |
| - Cost | - | - | - | - | - | - | - | - | - | - |
| - Accumulated Depreciation | - | - | - | - | - | - | - | - | - | - |
| - Net Book Value | - | - | - | - | - | - | - | - | - | - |
| Depreciation charge | - | (382,663) | (137,537) | (365,768) | (1,683,303) | (44,837) | (104,567) | (152,825) | (690,935) | (3,562,435) |
| Closing net book value | 8,000,000 | 3,443,969 | 320,294 | 1,750,964 | 5,540,940 | 79,624 | 418,270 | 1,875,768 | 6,218,411 | 27,048,240 |

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| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value basis** | | | | | | | | | | |
| **Cost** | 8,000,000 | 8,821,634 | 1,459,997 | 3,049,208 | 11,870,914 | 718,000 | 1,200,432 | 1,354,628 | 8,962,698 | 45,437,511 |
| *Accumulated depreciation* | - | (5,377,665) | (939,703) | (1,798,245) | (6,329,974) | (638,376) | (782,162) | (278,860) | (2,744,286) | (18,389,271) |
| **Net book value as at 30 June 2025** | 8,000,000 | 3,443,969 | 520,294 | 1,250,963 | 5,540,940 | 79,624 | 418,270 | 1,075,768 | 6,218,412 | 27,048,240 |
| **Depreciation rate % per annum** | - | 10% | 15% | 15% | 20% | 20% | 20% | 10% | 10% | - |

**The depreciation charge for the year has been allocated as follows:**

| | **2026** | **2025** |
|---|---|---|
| | **Rupees** | **Rupees** |
| Administrative and General expenditure | | |
| - Microfinance Projects | **541,960** | 341,161 |
| - Development Projects | **2,493,286** | 3,221,274 |
| | **3,035,246** | 3,562,435 |

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| | | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|---|
| 6 | **LONG TERM SECURITY DEPOSITS** | | | |
| | Securites against office buildings | | 432,204 | 709,838 |
| | Other Securities | 6.1 | 1,436,500 | 806,500 |
| | | | 2,068,804 | 1,516,138 |

6.1 This represents security deposits and advances paid to various service providers in the normal course of business, which are unsecured, considered good, and refundable/adjustable on completion of the respective arrangements.

| | | | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 7 | **LONG TERM LOANS** | | | |
| | Concessional loans to employees | 7.1 | 3,388,023 | 4,988,679 |
| | Current portion presented under current assets | | (1,370,263) | (2,985,278) |
| | | | 1,017,760 | 2,003,401 |

7.1 The Company provides concessional car and house financing to employees under its employees benfit policy who have completed ten years of service, at a rate of 5% per annum. These employee loans are measured at amortized cost under IFRS 9, with the concessional element recognized immediately as employee compensation expense.

| | | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 8 | **ADVANCES, DEPOSITS AND PREPAYMENTS** | | | |
| | Advances to employees | | 210,000 | 509,118 |
| | Advance against expenses | | 309,912 | 376,708 |
| | Advance Tax paid / educted | | 8,922,884 | 2,042 |
| | Term Deposit Receipt (TDR) | | - | 15,000,000 |
| | Current portion of loan to employees | | 2,370,263 | 2,985,278 |
| | | | 11,813,059 | 18,873,146 |

| | | | | |
|---|---|---|---|---|
| 9 | **OTHER RECEIVABLES** | | | |
| | Receivables from PMIC | | 1,771,291 | - |
| | Other receivables | | 5,651,364 | 7,537,988 |
| | | | 7,422,655 | 7,537,988 |

| | | | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 10 | **MICRO-CREDIT LOAN PORTFOLIO (IFL)** | | | |
| | Interest free - (unsecured) | 10.1 | 23,286,883 | 64,599,883 |
| | Micro-credit loan portfolio- Gross | | 23,286,883 | 64,599,883 |
| | Provision for expected credit loss | | (116,434) | (322,999) |
| | Micro-credit loan portfolio | | 23,170,449 | 64,276,884 |
| | Current portion | | (23,170,449) | (64,276,884) |
| | | | - | - |

| | | | | |
|---|---|---|---|---|
| 10.1 | **Micro-credit loan portfolio - interest free** | | | |
| | Balance at the beginning of the year | | 64,599,883 | 80,355,715 |
| | Disbursements during the year | 10.1.1 | 51,125,000 | 129,640,000 |
| | Recoveries during the year | | (92,438,000) | (144,560,832) |
| | Non-performing loans - written off | | - | (835,000) |
| | Balance at the end of the year | | 23,286,883 | 64,599,883 |
| | Number of loans disbursed | | 1,026 | 2,972 |
| | Number of active borrowers | | 808 | 2,612 |

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10.1.1 This includes loan disbursement from Rs.132.74 million (2025:132.74 million) under Pakistan Poverty Alleviation Fund (PPAF). These loans have been granted on 100% interest free basis with loan sizes upto Rs. 70,000 for a tenure of 1 year to eligible low-income individuals of Pakistan, aimed at supporting livelihood generation and promoting lawful economic and income generation activities across sectors including agriculture, livestock, petty trading, handicrafts, services, and enterprise development.

| 10.2 Portfolio by segment | 2026 Rupees | 2025 Rupees |
|---|---|---|
| Agriculture & livestock | 5,342,000 | 18,568,000 |
| Trade | 7,538,383 | 21,196,383 |
| Services | 9,792,500 | 24,636,500 |
| Manufacturing | 614,000 | 199,000 |
| | 23,286,883 | 64,599,883 |

| 10.3 Number of active borrowers | 2026 Numbers | 2025 Numbers |
|---|---|---|
| Active borrowers - female | 885 | 2,611 |
| Active borrowers - male | 3 | 1 |
| Total active borrowers | 888 | 2,612 |

| 10.4 Disbursements to micro-credit borrowers | 2026 Rupees | 2025 Rupees |
|---|---|---|
| Total disbursements | 51,125,000 | 129,640,000 |
| Total number of loans disbursed | 1,026 | 2,972 |

| 10.5 Cumulative disbursements from inception | | |
|---|---|---|
| Cumulative disbursements - Interest free | 1,750,558,300 | 1,609,523,300 |
| Cumulative disbursements - Islamic mode | 454,265,705 | 190,073,605 |
| | 2,204,824,005 | 1,859,596,905 |

| 10.6 Cumulative number of loans disbursed from inception | 2026 Numbers | 2025 Numbers |
|---|---|---|
| Number of loans disbursed - Interest free | 51,427 | 50,402 |
| Number of loans disbursed - Islamic | 5,111 | 1,983 |
| | 56,538 | 52,385 |

10.7 Particulars of non-performing loans (NPLs)

| Classification | 2026 Amount outstanding (Rupees) | 2026 Provision (%) | 2026 Provision (Rupees) | 2025 Amount outstanding (Rupees) | 2025 Provision (%) | 2025 Provision (Rupees) |
|---|---|---|---|---|---|---|
| Performing (Not due ) | 23,286,883 | 0.5% | 116,434 | 64,599,883 | 0.5% | 322,999 |
| OAEM (30-59 days) | - | 0.5% | - | - | 0.5% | - |
| Sub-standard (60-89 days) | - | 25% | - | - | 25% | - |
| Doubtful (90-179 days ) | - | 50% | - | - | 50% | - |
| Loss (180 days or more) | - | 100% | - | - | 100% | - |
| | 23,286,883 | | 116,434 | 64,599,883 | | 322,999 |

| | | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|---|
| 10.8 | **Provision as Per IFRS 9** | | | |
| | Expected Credit loss (ECL) under IFRS-9 | | 293 | - |
| | | | 293 | - |
| 10.9 | **Movement in provision for expected credit loss** | | | |
| | As at beginning of the year | | 322,999 | - |
| | Recognized during the year | 10.9.1 | - | 322,999 |
| | Reversal during the year | | (206,565) | - |
| | Written off during the year | | - | - |
| | As at end of the year | | 116,434 | 322,999 |

10.9.1 This includes provision reversal of Rs. 206,565 (provision at 2025: Rs. 322,999) recognized as per the company's internal risk policy. The provision is recognised at the higher of the amount calculated in accordance with the Non-Banking Finance Companies (NBFC) Rules, the Expected Credit Loss (ECL) model prescribed under applicable accounting standards and the company's internal risk policy.

| | | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 11 | **MURABAHA PORTFOLIO** | | | |
| | Murabaha receivables | 11.1 | 172,170,371 | 102,939,621 |
| | Accrued profit | | 38,303,780 | 22,276,906 |
| | Gross Murabaha Portfolio | | 210,474,151 | 125,216,527 |
| | Provision for expected credit loss | | (1,313,512) | (514,698) |
| | | | 209,160,639 | 124,701,829 |

11.1 During the year, Shariah advisor's of the Company issued a Shariah Compliance Certificate to Farmers Development Organization for Murabaha Shariah Compliant Financing.

11.2 **Particulars of non-performing loans (NPLs)**

| Classification | 2026 Amount outstanding (Rupees) | 2026 Provision (%) | 2026 Provision (Rupees) | 2025 Amount outstanding (Rupees) | 2025 Provision (%) | 2025 Provision (Rupees) |
|---|---|---|---|---|---|---|
| Performing (Not due ) | 171,359,089 | 0.5% | 856,795 | 102,939,621 | 0.5% | 514,698 |
| OAEM (30-59 days) | 74,689 | 0.5% | 373 | - | 0.5% | - |
| standard (60-89 days) | 309,251 | 25% | 77,313 | - | 25% | - |
| Doubtful (90-179 days ) | 96,643 | 50% | 48,322 | - | 50% | - |
| Loss (180 days or more) | 330,709 | 100% | 330,709 | - | 100% | - |
| | 172,170,371 | | 1,313,512 | 102,939,621 | | 514,698 |

| | | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|---|
| 11.3 | **Provision as Per IFRS 9** | | | |
| | Expected Credit loss (ECL) under IFRS-9 | | 419,185 | 297,014 |
| | | | 419,185 | 297,014 |

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| | | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 11.4 | **Movement in provision for expected credit loss** | | | |
| | As at beginning of the year | | 514,698 | - |
| | Recognized during the year | | 798,814 | 514,698 |
| | Reversal during the year | | - | - |
| | Written off during the year | | - | - |
| | As at end of the year | | 1,313,512 | 514,698 |

11.5 This includes provision of Rs. 798,814 (2025: Rs. 514,698) recognized as per the company's internal risk policy. The provision is recognized at the higher of the amount calculated in accordance with the Non-Banking Finance Companies (NBFC) Rules, the Expected Credit Loss (ECL) model prescribed under applicable accounting standards and the company's internal risk policy.

| | | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| 11.6 | **Portfolio by segment** | | |
| | Agri & livestock | 49,482,898 | 36,386,685 |
| | Trade | 130,628,938 | 42,000,678 |
| | Green Energy | 30,362,315 | 46,829,164 |
| | | 210,474,151 | 125,216,527 |

| | | 2026 Numbers | 2025 Numbers |
|---|---|---|---|
| 11.7 | **Number of active borrowers** | | |
| | Active borrowers - female | 2,513 | 756 |
| | Active borrowers - male | 638 | 744 |
| | Total active borrowers | 3,151 | 1,500 |

| | | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| 11.8 | **Disbursements to micro-credit borrowers** | | |
| | Total disbursements | 263,910,100 | 156,813,580 |
| | Total number of loans disbursed | 3,122 | 1,621 |

| | | | | |
|---|---|---|---|---|
| 12 | **CASH AND BANK BALANCES** | | | |
| | Cash in hand | | 202,830 | 45,403 |
| | Cash at banks: | | | |
| | - Current accounts | | 50,222,496 | 28,068,286 |
| | - Saving accounts | 12.1 | 58,895,864 | 135,857,625 |
| | | | 109,118,360 | 163,925,911 |
| | | | 109,321,190 | 163,971,314 |

12.1 These carry return at rates ranging from 5.50% to 12% (2025: 5.50% to 19.50%) per annum.

| | | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 13 | **GENERAL FUND - UNRESTRICTED** | | | |
| | Balance at the beginning of the year | | 105,704,474 | 70,265,549 |
| | Project closed during the year | | - | 7,533,141 |
| | Prior year adjustment | | - | (2,313,501) |
| | **Surplus for the year** | | | |
| | - Microfinance segment | | 11,210,597 | 13,521,339 |
| | - Developing segment | | 5,800,693 | 17,374,013 |
| | | | 17,011,290 | 30,895,352 |
| | Transfer to special reserve fund | | (560,530) | (676,067) |
| | Balance at the end of the year | 13.1 | 122,155,234 | 105,704,474 |

13.1 General fund represents a revenue reserve. It comprises of initial equity amount and surplus balance accumulated over the period of time. The purpose of this fund is to support and strengthen the organization's business operations.During the year, 5% of PAT of Microfinance segment is transfered to Special reserve fund.

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| 14 DONATED FUNDS | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Balance at the beginning of the year | | 90,869,933 | 90,869,933 |
| Permanent transfer of funds | | - | - |
| Balance at the end of the year | 14.1 | 90,869,933 | 90,869,933 |

14.1 During the last 2023-24, Pakistan Poverty Alleviation Fund (PPAF) permanently transferred interest-free funds amounting to Rs. 90,869,933 to Farmers Development Organization vide their letter dated 13 December 2023. These funds have been recognized as donated funds under the equity and are designated exclusively for utilization in Islamic mode of financing through Shariah-compliant products.

| 15 REVOLVING FUND - RESTRICTED | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Balance at the beginning of the year | 15.1 | 132,747,500 | 132,747,500 |
| Transfer to Islamic Microfinance program | | - | - |
| Balance at the end of the year | | 132,747,500 | 132,747,500 |

15.1 This represents revolving funds received from Pakistan Poverty Alleviation Fund (PPAF), recognized directly in equity under capital reserves as a restricted fund. These funds are designated exclusively for the provision of interest-free loans, on a revolving basis, to eligible individuals across Pakistan for all lawful economic and income-generating activities.

| 16 SPECIAL RESERVE FUND | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Balance at the beginning of the year | | 676,067 | - |
| Transfer from general fund | | 560,530 | 676,067 |
| Balance at the end of the year | 16.1 | 1,236,597 | 676,067 |

16.1 The Company is required under the requirements of NBFC and NE Regulations, 2008 to maintain a special reserve fund to which 5% of after tax surplus is credited at the end of each financial year.

| 17 LONG TERM FACILITIES | | | |
|---|---|---|---|
| - PMIC - Mudarbah Facility | 17.1 | 37,500,000 | 19,000,000 |
| - SBP- LOC | 17.2 | - | 44,436,545 |
| | | 37,500,000 | 63,436,545 |
| Current maturity presented under current liabilities | | (37,500,000) | (63,436,545) |
| | | - | - |

17.1 The Company has a Mudarabah financing facility from Pakistan Microfinance Investment Company Limited (PMIC) with a limit of PKR 50,000,000. As per the agreement, profit is distributed based on pre-agreed sharing ratios. Provisional profit payments, which are subject to final adjustment based on the actual income of the Mudarabah pool, are calculated and paid quarterly with reference to a Desired Expected Profit at rate of six months KIBOR plus 4.00% per annum. The Mudarabah capital is scheduled to be redeemed in unequal installments, commencing in December 2025 and concluding at maturity on 31 December 2026.

17.2 The Company has a Demand Finance facility of PKR 81,000,000 from the State Bank of Pakistan (SBP) under its Line of Credit Fund, aimed at enhancing lending to microfinance borrowers. The facility is secured by a Repayment Guarantee from a scheduled commercial bank or DFI and is supported by a Demand Promissory Note. The finance carries markup at a rate of six months KIBOR plus 0.50% per annum, payable biannually. The facility has a tenor of one year and is subject to targets including the allocation of at least 60% of unique loans to women borrowers.The company repaid the entire amount on 24 September 2025.

| 18 MARK-UP PAYABLE ON FACILITIES | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|
| Markup on SBP - LOC | | - | 254,059 |
| Markup on PMIC - Mudarabah facility | | 1,363,130 | 99,308 |
| | | 1,363,130 | 353,367 |

| 19 CURRENT PORTION OF LONG TERM FACILITIES | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Current portion of Long Term Facilities | | 37,500,000 | 61,436,545 |
| | | 37,500,000 | 61,436,545 |

| 20 ACCRUED AND OTHER LIABILITIES | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|
| Withholding tax payable | | 5,840 | 1,892,951 |
| Accrued expense | | 37,502 | 288,465 |
| Other payables | | 7,870,332 | 9,754,632 |
| Bank Profit Payable to PPAF | | 2,129,776 | 3,308,985 |
| Payable to provident fund | | 18,286 | 24,548 |
| Sales Tax Payable | | - | 871,673 |
| | | 10,061,736 | 16,141,254 |

**21 CONTINGENCIES AND COMMITMENTS**

**21.1 Contingencies**

There are no known contingencies and commitments as at the reporting date. (2025:Nil)

| 22 GRANT INCOME | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Grant from: | | | |
| Pakistan Poverty Alleviation Fund (PPAF) | 22.1 | 200,190,741 | 110,074,485 |
| WaterAid Contribution | 22.2 | 12,829,229 | 5,213,683 |
| Catholic Relief Service (CRS) | 22.3 | 38,538,578 | - |
| UNOCHA Contribution | 22.4 | 35,003,750 | - |
| Pakistan Education Foundation contribution | 22.5 | 22,825,975 | - |
| GIZ Contribution | 22.6 | 57,815,764 | - |
| OPM Contribution | 22.7 | 94,797,271 | - |
| The Asia Foundation (TAF) Contribution | 22.8 | 3,095,548 | 21,257,239 |
| Trust for Democratic Education and Accountability (TDEA) | 22.9 | 1,880,000 | 3,562,041 |
| Deutsche Welthungerhilfe Contribution | 22.10 | 168,790,754 | 172,513,527 |
| Concern Contribution | 22.11 | 129,749,472 | - |
| Engro Contribution | 22.12 | 8,600,000 | 6,802,000 |
| Care International Contribution | 22.13 | 14,927,798 | 77,458,764 |
| Start Network Contribution | 22.14 | 18,471,500 | 2,973,600 |
| SAAP Contribution | | - | 269,960 |
| Other income received | 22.15 | 23,587,056 | 2,776,145 |
| | | 831,103,436 | 402,901,444 |

**22.1 Pakistan Poverty Alleviation Fund (PPAF)**

| | | | |
|---|---|---|---|
| Building Climate Resilience Through Rehabilitation/Reconstruction of Green Infrastructure in Flood Affected Areas of Punjab | 22.1.1 | 16,029,528 | 41,543,959 |
| Restoring Social Services and Climate | 22.1.2 | 14,635,195 | 54,258,750 |
| Ba-Ikhtiar | 22.1.3 | 9,360,000 | - |
| PPAF Emergency Relief Assistance to 2025 Flood Affected Communities | 22.1.4 | 146,568,884 | - |
| FDO | | - | 333,288 |
| Grant from PPAF against Interest free loan | 22.1.5 | 13,597,134 | 13,938,488 |
| | | 200,190,741 | 110,074,485 |

**22.1.1** This represents grant received from Pakistan Poverty Alleviation Fund (PPAF) under Grant Agreement No. PPAF-OWN/04-2024/016 for the project "Building Climate Resilience Through Rehabilitation/Reconstruction of Green Infrastructure in Flood Affected Areas of Punjab" in District Bahawalpur, covering restoration of health/education/WASH facilities, flood protection and climate resilient livelihood interventions over a 24-month period commencing 1 May 2024. During the year, an amount of PKR 16,029,528 was received against this grant.(2025: 41,543,959 Rupees).

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22.1.2 This represents grant received from Pakistan Poverty Alleviation Fund ('PPAF') under Grant Agreement No. PPAF-OWN/04-2024/032 for the project "Restoring Social Services and Climate Resilience" in District D.G. Khan, covering restoration of health/education/WASH facilities and climate resilient community infrastructure over a 24-month period commencing 1 May 2024. During the year, an amount of PKR 14,635,195 was received against this grant.(2025: 54,258,750 Rupees).

22.1.3 This represents grant received from Pakistan Poverty Alleviation Fund ('PPAF') under Rider № 2 to Grant Agreement No. PPAF-OWN/04-2024/016 for the project "Ba-Ikhtiar" (PPAF and PTCL Group Collaboration) in District Bahawalpur and D.G. Khan, covering vocational/skills training, financial and digital literacy, and women empowerment initiatives for rural women entrepreneurs over a 6-month period commencing 1 November 2025. During the year, an amount of PKR 9,360,000 was received against this grant.

22.1.4 This represents grant received from Pakistan Poverty Alleviation Fund ('PPAF') under Rider № 1 (and Addendum № 2 thereto) to Grant Agreement No. PPAF-OWN/04-2024/016 for the project "PPAF Emergency Relief Assistance to 2025 Flood Affected Communities" in Districts Pakpattan, Multan, Muzaffargarh and Toba Tek Singh, covering distribution of food/non-food items, hygiene kits, and medical/livestock camps for flood-affected households over a 3-month period commencing 20 August 2025. During the year, a cash contribution of PKR 14,615,174 was received, along with in-kind contribution worth PKR 131,953,710.

22.1.5 This represents operational cost recognized/received at the rate of 10.5% of available on-lending funds for the implementation of interest-free loan program.(30 June 2025: 13,938,488 Rupees).

22.2 This represents grant received from WaterAid Pakistan for the project "Pakistan Youth Leadership Initiative" (Cost Center: 6CW03), under Partnership Agreement dated 14 October 2025 (as revised vide Addendum No. 01 dated 3 March 2026), covering training and capacity-building of youth in digital literacy, climate change and WASH, and community-led action projects, with a revised total budget of PKR 12,835,229. During the year, an amount of PKR 12,829,229 was received against this grant. (2025: 5,213,683 Rupees).

22.3 This represents grant received from Catholic Relief Services ('CRS') under Private Funds Grant Letter No. PK.26.SUBAGR.40019.73660.01.00 for the project "Pakistan Flood Response 2025", implemented in Muzaffargarh District, South Punjab, with a total obligated amount of PKR 39,149,900. The grant is meant to provide humanitarian relief to flood-affected households through Multi-Purpose Cash Assistance (MPCA), hygiene kits, and rehabilitation of damaged hand pumps and household latrines, over the term commencing 16 October 2025 to 15 January 2026. During the year, an amount of PKR 38,538,578 was received against this grant.

22.4 This represents grant received from the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) under Grant Agreement No. CBPF-PAK-25-R-NGO-37548 for the project "Lifesaving Humanitarian Assistance for Flood-Affected Families in Muzaffargarh," implemented in Tehsil Alipur, District Muzaffargarh, with a total obligated amount of US$ 125,000, covering the period 01 October 2025 to 31 January 2026. During the year, an amount of PKR 35,003,750 was received against this grant.

22.5 This represents grant received from Punjab Education Foundation ('PEF') under Public School Reorganization Program (PSRP-II), vide Allocation Letter No. PEF/PSRP/2025/19076 dated 16.07.2025, for the operation and management of 24 government schools allocated to Farmers Development Organization in Tehsil Kot Chutta, District D.G. Khan, Punjab. The grant is meant to support the reform, operation, and management of the allocated public schools under PSRP-II, including teacher salaries, school operations, and administrative costs, in accordance with the terms and conditions defined under the Program. During the year, an amount of PKR 22,825,975 was received against this grant.

22.6 This represents grant received from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH under Grant Agreement No. 81321701 for the project "Fostering a Climate-Resilient Multan: A Capacity Building Initiative for Green Infrastructure and Sustainable Urban Growth in Punjab," implemented in Multan, Punjab, with a total obligated amount of EUR 190,233.45, covering the period 15 November 2025 to 14 July 2026. During the year, an amount of PKR 57,815,764 was received against this grant.

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22.7 This represents grant received from Oxford Policy Management Pakistan (Pvt.) Ltd. (Fund Manager), funded by the UK Foreign, Commonwealth & Development Office (FCDO), under Grant Agreement Reference CFWRAP-R1-FDO-01 for the project "Scaling Up Wetlands Models with Groundwater Recharge and Rainwater Harvesting for Water Security and Urban Resilience in Islamabad" under the Catalytic Fund for Water Resource Accountability in Pakistan (CF-WRAP), implemented in the Federal Capital Territory, Islamabad, with a total obligated amount of PKR 94,797,271, covering an anticipated duration of 07 months. During the year, an amount of PKR 88,353,705 was received against this grant.

22.8 This represents grant received from The Asia Foundation (TAF) under Amending Letter of Grant (Amendment II), Award No. SPK33823GA0016 (AL No. 19.501, UEI No. W2INEMX9GVH6), USG Funded through the U.S. Department of State/U.S. Embassy Islamabad, for the project "Promoting Social Cohesion in Punjab (PSCP)," implemented in Tehsil/District Multan and District Bahawalpur, Punjab, with a total obligated amount of PKR 30,955,484, covering the period 01 December 2023 to 31 July 2025 (period of grant till 15 August 2025). During the year, an amount of PKR 3,095,548 was received against this grant as the final installment.

22.9 This represents grant received from Trust for Democratic Education and Accountability (TDEA') under Grant Agreement (Reference No. SAFE MEDIA-04) for the project "Safe, Free and Effective Media (SAFE Media)" funded by Bureau of Democracy, Human Rights and Labor (DRL), USA, in District Multan, covering RTI compliance assessment, capacity building of Public Information Officers, journalist consultations, and public awareness activities, over a period of three and a half months commencing 16 November 2025. During the year, an amount of PKR 1,880,000 was received against this grant. (2025: 3,562,041 Rupees).

| 22.10 Deutsche Welthungerhilfe Contribution | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| CSO BRIDGE NextGen | 22.10.1 | 8,870,000 | 26,820,327 |
| Building Resilience through Improved Food and Nutrition Security | 22.10.2 | 116,118,967 | 144,828,128 |
| Integrated Humanitarian Response for Flood-Affected districts Punjab | 22.10.3 | 43,801,787 | - |
| Heatwaves | | - | 865,072 |
| | | 168,790,754 | 172,513,527 |

22.10.1 This represents grant received from Deutsche Welthungerhilfe e.V. (WHH) under NGO Partnership Agreement, Project No. PAK 1153-25, Co-financing No. NDICICSO/2025/488-613 (PC-69330), for the project "CSO BRIDGE NextGen – Building Climate Resilience and Driving Empowerment with the Next Generation," implemented in Multan, with a total obligated amount of Euro 5,05,690 (Five hundred five thousand, six hundred ninety Euros only), covering the period 01 February 2026 to 31 January 2029. During the year, an amount of PKR 8,870,000 was received against this grant. (2025: 26,820,327 rupees).

22.10.2 This represents grant received from Deutsche Welthungerhilfe e.V. (WHH) under NGO Partnership Agreement, Project No. PAK 1140-23, Co-financing No. PAK-3061/PAK-23/0001, for the project "Building Resilience through Improved Food and Nutrition Security in KP, Punjab and Baluchistan," implemented in District Muzaffargarh, Punjab, with a total obligated amount of PKR 293,565,711 (equivalent to NOK 11,742,548), covering the period 01 September 2023 to 28 February 2026. During the year, an amount of PKR 116,118,967 was received against this grant. (2025: 144,828,128 rupees).

22.10.3 This represents grant received from Deutsche Welthungerhilfe e.V. (Welthungerhilfe), under NGO Partnership Agreement PAK-1160-25 (as revised by Amendment No.1) for the project "Integrated Humanitarian Response for Flood-Affected districts Punjab," implemented in Muzaffargarh, Punjab, with a total revised project budget of EUR 133,965 (comprising the original budget of EUR 76,865 plus an additional top-up allocation of EUR 57,100 approved under the anticipatory funding mechanism), covering a revised project duration of 6 months (1st September 2025 to 28th February 2026, extended from the original 3-month period ending 30th November 2025). During the year, an amount of PKR 43,801,787 was received against this grant.

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| 22.11 Concern Contribution | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| BRAVE-North 2025 Flood Recovery | 22.11.1 | 99,854,544 | - |
| 2025 Floods Livelihood Recovery in District Multan, Punjab, Pakistan | 22.11.2 | 29,894,928 | - |
| | | 129,749,472 | - |

22.11.1 This represents grant received from Concern Worldwide under Partnership Agreement, CMIS No. 1566, funded by The Foreign Commonwealth and Development Office (FCDO), for the project "BRAVE-North 2025 Flood Recovery in District Multan, Punjab" under the Program "Building Resilience and Addressing Vulnerability to Emergencies (BRAVE)," implemented in Districts Multan, Punjab, with a total project budget of PKR 100,427,764 (PKR 40,388,915 in cash and PKR 60,038,849 in kind), covering the period 27 October 2025 to 26 February 2026. During the year, an amount of PKR 40,480,410 was received against this grant.

22.11.2 This represents grant received from Concern Worldwide, funded under its own General Donation (GDs) resources, under Partnership Agreement CMIS No. 1574 for the project "2025 Floods Livelihood Recovery in District Multan, Punjab, Pakistan" targeting the Livelihoods and Food Security sector, implemented in District Multan, Punjab, with a total approved budget of PKR 31,260,852 (comprising PKR 3,413,340 in cash and PKR 27,847,512 in kind), covering a project duration of 1.5 months (November 14, 2025 to December 29, 2025), targeting 1,034 households (7,238 individuals) through distribution of wheat crop input packages (certified seeds and fertilizers). During the year, an amount of PKR 3,147,416 was received against this grant in cash, and PKR 26,747,512 was received in kind.

| 22.12 Engro Contribution | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Empowering Women Farmers (Buland 1.0) | | - | 4,402,000 |
| Empowering Women Farmers (Buland 2.0) | 22.12.1 | 3,300,000 | 2,400,000 |
| Empowering Women Farmers (Buland 3.0) | 22.12.2 | 5,300,000 | - |
| | | 8,600,000 | 6,802,000 |

22.12.1 This represents grant received from Engro Fertilizers Limited, under Grant Agreement dated 06 June 2025 for the project "Empowering Women Farmers (Buland 2.0)," a capability development project for the welfare of farmers, implemented in FDO's targeted union councils, with a total contract price of PKR 5,700,000 (exclusive of all taxes), covering the project term from 16 May 2025 to 15 November 2025, targeting development of 400 female farmer beneficiaries (each cultivating a minimum of two acres of land) through training on crop management practices delivered by Agri Resource Persons. During the year, an amount of PKR 3,300,000 was received against this grant. (30 June 2025: 2,400,000 rupees).

22.12.2 This represents grant received from Engro Fertilizers Limited, under Farmer Training Agreement dated 27 November 2025 for the project "Empowering Women Farmers (Buland 3.0)," a capability development project for the welfare of farmers, implemented in FDO's targeted union councils, with a total contract price of PKR 5,700,000 (exclusive of all taxes), covering the project term from 27 November 2025 to 30 May 2026, targeting development of 550 female farmer beneficiaries through training on crop management practices delivered by Agri Resource Persons. During the year, an amount of PKR 5,300,000 was received against this grant.

| 22.13 Care International Contribution | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| She feeds the world | | 5,995,807 | 77,458,764 |
| Svengthening Preparedness and Early Action for Monsoon Flood Response in Pakistan | 21.13.1 | 5,665,108 | - |
| Svengthening Preparedness and Early Action for Monsoon Flood Response in Pakistan | 21.13.2 | 3,266,883 | - |
| | | 14,927,798 | 77,458,764 |

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21.13.1 This represents grant received from Cooperative for Assistance and Relief Everywhere, Inc., doing business as CARE International in Pakistan (CARE), under Partner Funding Agreement No. FDO-02/CARE INT./PUNJAB/SEP 16, 2025/02 (as amended vide Modification No. 2, 3 and 4), funded by Triage Fund under Grant No. US610, for the project "Strengthening Preparedness and Early Action for Monsoon Flood Response in Pakistan", with a total revised project budget of PKR 5,705,711 as per Modification No. 3. The grant is meant to provide preparedness and early action assistance for monsoon flood response in Pakistan, over the term commencing 01 September 2025 through 15 March 2026, as revised. During the year, an amount of PKR 5,665,108 was received against this grant.

21.13.2 This represents grant received from Cooperative for Assistance and Relief Everywhere, Inc., doing business as CARE International Pakistan (CARE), under Partner Funding Agreement FDO-02/CARE INT./PUNJAB/SEP 16, 2025/02 (as amended by Modification No. 2 and Modification No. 4) for the project "Strengthening Preparedness and Early Action for Monsoon Flood Response in Pakistan," funded by the Triage Fund under Grant No. US610, implemented in Punjab, Pakistan, with a revised total agreement/obligated amount of PKR 4,892,250, covering a revised project term from 1st September 2025 through 31st March 2026. During the year, an amount of PKR 3,266,883 was received against this grant .

22.14 This represents grant received from Start Network under Conditional Award Letter No. SR_RP4_PK_FL_003 (Start Ready Risk Pool 4 – Pakistan Flood), for the project "Start Ready Risk Pool 4 Pakistan Flood – FDO", triggered on account of the Flood event in District D.G. Khan, with a total grant amount of GBP 50,000 (Fifty Thousand Pounds Sterling). The grant, being a conditional award, activated upon breach of the pre-determined flood threshold during the Risk season, subsequently validated by the Start Network team, over the term of validity commencing 01 June 2025 to 30 September 2025. During the year, an amount of PKR 18,471,500 was received against this grant.

22.15 This represents other income and programme support cost recoveries received by the Organization during the year, comprising indirect cost recovery (ICR) and management cost received against various donor-funded projects, including PPAF, UN-OCHA, WWF, CARE International, FCRP, and IPL, along with training fee income, EOBI recoveries,FDO Contribution and other miscellaneous receipts, aggregating Rs. 23,587,056 during the year.

| | | | 2026 | 2025 |
|---|---|---|---|---|
| 23 | **PROFIT ON MURABAHA PORTFOLIO** | Note | Rupees | Rupees |
| | Portfolio profit | | 51,245,767 | 22,389,655 |
| | Portfolio profit PMIC | | 7,065,750 | 4,127,050 |
| | Portfolio profit SBP | | - | 9,441,230 |
| | | | 58,311,517 | 35,957,935 |
| 24 | **LOAN PROCESSING FEES** | | | |
| | Loan processing fees | | 7,995,237 | 6,267,900 |
| | | | 7,995,237 | 6,267,900 |
| | | | 2026 | 2025 |
| 25 | **FINANCE COST** | Note | Rupees | Rupees Restated |
| | Bank charges and commision | | 1,116,061 | 1,448,167 |
| | Interest on Long term Facilities | | 5,613,054 | 1,607,095 |
| | | | 6,729,115 | 3,055,262 |
| 26 | **ADMINISTRATIVE AND GENERAL EXPENDITURES** | | | |
| | - Microfinance Projects | 26.1 | 19,266,350 | 13,974,342 |
| | - Developing Projects | 26.2 | 40,372,951 | 44,321,240 |
| | | | 59,639,301 | 58,295,582 |
| 26.1 | **MICROFINANCE PROJECTS** | | | |
| | Salaries and benefits | | 9,691,035 | 6,857,348 |
| | Printing and stationery | | 1,084,828 | 780,085 |
| | Office running and maintainance cost | | 5,330,487 | 4,051,466 |
| | Vehicles running and maintenance | | 1,993,040 | 1,437,882 |
| | Auditors' remuneration | 26.2.1 | 625,000 | 506,400 |
| | Depreciation | | 541,960 | 341,161 |
| | | | 19,266,350 | 13,974,342 |

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| | | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|---|
| 26.2 | **DEVELOPING PROJECTS** | | | |
| | Utilities and supplies | | 17,632,582 | 15,481,778 |
| | Printing and stationery | | 763,734 | 453,822 |
| | Communication | | 490,459 | 343,626 |
| | Vehicle running and maintainace | | - | 1,117,331 |
| | Rent, rates and taxes | | 8,142,406 | 4,048,609 |
| | Traveling and conveyance | | 5,486,890 | 17,145,585 |
| | Auditors' remuneration | 26.2.1 | 625,000 | 506,400 |
| | Depreciation of property and equipment | | 2,493,286 | 3,221,274 |
| | Miscellaneous | | 4,738,594 | 2,003,015 |
| | | | 40,372,951 | 44,321,240 |
| 26.2.1 | **Auditor's remuneration** | | | |
| | Annual statutory audit | | 1,200,000 | 1,012,800 |
| | Out of pocket expenses | | 50,000 | - |
| | | | 1,250,000 | 1,012,800 |
| | *Charged to :* | | | |
| | - Microfinance projects | | 625,000 | 506,400 |
| | - Developing projects | | 625,000 | 506,400 |
| | | | 1,250,000 | 1,012,800 |
| 27 | **PROGRAM COST** | | | |
| | - Microfinance Projects | 27.1 | 47,412,843 | 33,032,034 |
| | - Developing Projects | 27.2 | 774,140,948 | 331,649,358 |
| | | | 821,553,791 | 364,681,392 |
| 27.1 | **MICROFINANCE PROJECTS** | | | |
| | Salaries and benefits | | 38,764,141 | 27,429,391 |
| | Staff fees related cost | | 2,955,249 | 2,068,030 |
| | Shariah advisor fee | | 687,500 | 442,480 |
| | Legal and professional | | 3,054,420 | 3,092,133 |
| | Miscellaneous expense | | 1,951,533 | - |
| | | | 47,412,843 | 33,032,034 |
| 27.2 | **DEVELOPING PROJECTS** | | | |
| | Personnel cost | | 83,510,311 | 37,697,681 |
| | Seminar, workshop, and training expenses | | 80,777,262 | 88,484,028 |
| | Health, nutrition, WASH and veterinary service delivery cost | | 98,748,661 | 30,871,474 |
| | Visibility, branding and IEC/communication materials | | 5,429,210 | 3,972,038 |
| | Transportation, logistics and freight cost | | 14,227,638 | 4,292,363 |
| | Construction, rehabilitation and infrastructure works | | 226,608,131 | 56,667,911 |
| | Program supplies, materials and implementation cost | | 55,054,486 | 62,721,476 |
| | Beneficiary relief assistance and distribution cost | | 209,785,249 | 6,942,387 |
| | | | 774,140,948 | 331,649,358 |

| | | Note | 2026 Rupees | 2025 Rupees Restated |
|---|---|---|---|---|
| 28 | **OTHER INCOME** | | | |
| | Profit on Bank Deposits | | 4,565,900 | 12,336,213 |
| | Miscellaneous Income | | 3,756,221 | 618,906 |
| | | | 8,322,121 | 12,955,119 |
| 29 | **OTHER EXPENSES** | | | |
| | Notional Interest | | - | 387,113 |
| | | | - | 387,113 |

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## 30 TAXATION

The Company has got itself approved under section 2(36) of the Income Tax Ordinance, 2001 for getting entitlement of tax credits under section 100C (100% tax credit), therefore, the Company has not made any provision for taxation.

The Company has not provided deferred taxation in these financial statements as the Company is entitled to claim tax credit u/s 100C of the Income Tax Ordinance, 2001.

Tax reconciliation has not been presented due to 100% tax credit availed u/s 100C of the Income Tax Ordinance, 2001.

## 31 OPERATIONAL SELF SUFFICIENCY RATIO

| | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Financial income | | 897,410,190 | 445,127,279 |
| Other income | | 8,322,121 | 12,955,119 |
| | | 905,732,311 | 458,082,398 |
| Finance costs | | 6,729,115 | 3,055,262 |
| Impairment allowance for expected credit losses | | 798,814 | 837,697 |
| Operating expenses | | 881,193,092 | 422,976,974 |
| | | 888,721,021 | 426,869,933 |
| Operational self sufficiency ratio (%) | | 102% | 107% |

## 32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include holding company, associated entities, directors and their close family members and other key management personnel. Balances with related parties are disclosed in respective notes to these financial statements. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| Description | Name of parties | Relationship | Nature of Transactions | 2026 Rupees | 2025 Rupees |
|---|---|---|---|---|---|
| Transaction | Asif Shehzad | Managing Director | Loan Provided at concessional rate | 335,419 | 335,419 |
| | Ghulam Mustafa | Chief Executive Officer | Loan Provided at concessional rate | 1,800,000 | 2,000,000 |
| | Mohsin Billah Hashmi | Manager Operations | Loan Provided at concessional rate | 298,683 | 850,000 |
| | Muhammad Waqas | Head of Islamic Microfinance | Loan Provided at concessional rate | 405,000 | 1,387,579 |
| Balances | Asif Shehzad | Managing Director | Loan Receivable Balance | 890,100 | 1,132,792 |
| | Ghulam Mustafa | Chief Executive Officer | Loan Receivable Balance | 1,232,855 | 2,071,166 |
| | Mohsin Billah Hashmi | Manager Operations | Loan Receivable Balance | 455,955 | 662,804 |
| | Muhammad Waqas | Head of Islamic Microfinance | Loan Receivable Balance | 800,113 | 1,101,937 |

## 33 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

| 33.1 Financial assets | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Cash in hand | 12 | 202,830 | 45,403 |
| *Financial assets at amortized cost* | | | |
| Long term security deposits | 6 | 2,068,804 | 1,516,338 |
| Long term loans | 7 | 3,388,823 | 4,988,679 |
| Advances, deposits and prepayments | 8 | - | 15,000,000 |
| Other Receivables | 9 | 7,422,655 | 7,537,988 |
| Murabaha portfolio | 11 | 209,860,639 | 124,701,829 |
| Micro-credit loan portfolio | 10 | 23,870,449 | 64,276,884 |
| Bank Balances | 12 | 109,113,360 | 163,925,911 |
| | | 354,328,930 | 381,947,629 |

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**33.2 Financial liabilities**

| *Financial liabilities at amortized cost* | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Accrued expenses | 20 | 10,061,736 | 16,141,254 |
| Accrued interest | 18 | 1,363,130 | 353,367 |
| Long term finances | 19 | 37,500,000 | 63,436,545 |
| | | 48,924,866 | 79,931,166 |

## 34 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses, assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

**34.1 Credit risk**

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations. Credit risk is the risk that one party to a financial instrument will fail to discharge its contractual obligations and cause the other party to incur a financial loss. Credit risk of the Company arises from deposits with banks, short term investments, micro-credit loan portfolio, accrued markup, deposits, advances and other receivables.

**34.2 Credit risk management practices**

*(a) Micro-credit and Murabaha related receivables*

The Company minimizes credit risk on micro-credit related receivables by dealing with only counterparties who have a clean Credit Information Bureau ['CIB'] report. The Company uses an internal credit risk-grading system. The ageing profile of micro-credit related receivables along with collection activities are reviewed on each reporting date to ensure that adequate loss allowance is made in accordance with the Company's risk-grading system.

The Company considers micro-credit related receivables to have low credit risk when these have a credit risk rating of "performing". Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due by less than 30 days. Any amounts past due by 30 days or more are considered non-performing.

The Company writes-off micro-credit related receivables when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery, which is usually the case when contractual payments are past due by 365 days or more.

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The Company's credit risk grading framework for micro-credit related receivables against NBFC and IFRS-9:

| Micro-credit loan portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars of Financing Facilities | Days Past Due | Classification under NBFC Regulations | Percentage of Provision | Minimum provision required under NBFC Regulations | | Stage allocation under IFRS 9 | | Provision to be made |
| | | | | Specific | General | | | |
| Microfinance facilities | 1 To 30 | PERFORMING | 0.5% of overdue loan portfolio | Nil | 316,434 | Stage1 | 283 | 316,434 |
| | 30 To 59 | OAEM | 0.5% of overdue loan portfolio | Nil | | Stage2 | - | |
| | 60 To 89 | SUBSTANDARD | 25% of overdue loan portfolio | - | Nil | Stage3 | - | |
| | 90 To 179 | DOUBTFUL | 50% of overdue loan portfolio | - | Nil | | | |
| | 180 days or more | LOSS | 100% of overdue loan portfolio | - | Nil | | | |
| TOTAL AMOUNT | | | | | 316,434 | | 283 | |

| Murabaha portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars of Financing Facilities | Days Past Due | Classification under NBFC Regulations | Percentage of Provision | Minimum provision required under NBFC Regulations | | Stage allocation under IFRS 9 | | Provision to be made |
| | | | | Specific | General | | | |
| Murabaha facilities | 1 To 30 | PERFORMING | 0.5% of overdue loan portfolio | Nil | 857,169 | Stage1 | 80,366 | 1,213,513 |
| | 30 To 59 | OAEM | 0.5% of overdue loan portfolio | Nil | | Stage2 | 18,686 | |
| | 60 To 89 | SUBSTANDARD | 25% of overdue loan portfolio | 32,121 | Nil | Stage3 | 320,133 | |
| | 90 To 179 | DOUBTFUL | 50% of overdue loan portfolio | 48,121 | Nil | | | |
| | 180 days or more | LOSS | 100% of overdue loan portfolio | 80,156 | Nil | | | |
| TOTAL AMOUNT | | | | | 1,213,513 | | 419,185 | |

***(b) Other financial assets***

In order to minimize credit risk on other financial assets, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where external credit rating is not available, the Company uses an internal credit risk grading system. The ageing profile of other financial assets along with collection activities are reviewed on a regular basis.

The Company reviews the recoverable amount of each other financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each other financial asset.

The Company considers an other financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due.

In assessing whether the credit risk on an other financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

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The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

| Category | Description | Basis for recognizing ECL |
|---|---|---|
| Performing | The counterparty has low credit risk | 12-month ECL |
| Doubtful | Credit risk has increased significantly since initial recognition | Lifetime ECL |
| In default | There is evidence indicating the assets is credit-impaired | Lifetime ECL |
| Write-off | There is no realistic prospect of recovery | Written-off |

**34.3 Exposure to credit risk**

Credit risk principally arises from 'financial assets carried at amortized cost' held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

| | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Advances, deposits and prepayments | 8 | 11,813,059 | 18,875,146 |
| Other Receivables | 9 | 7,422,655 | 7,537,988 |
| Cash and bank balances | 12 | 109,118,360 | 163,925,911 |
| Micro-credit loan portfolio | 10 | 23,170,449 | 64,276,884 |
| Murabaha portfolio | 11 | 209,160,639 | 124,701,829 |
| | | 360,685,162 | 379,315,758 |

***(a) Micro-credit loan portfolio and murabaha***

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies for the different segments with changes in market conditions, expected cash flows and the passage of time. The Company determines expected credit losses for loan portfolio using general approach. Detailed policies and method of measurement of expected credit losses is given in notes 10 to 11.

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | *Rupees* | *%age* | *Rupees* | *%age* |
| Not yet due | 194,645,963 | 100% | 167,539,504 | 100% |
| Overdue by 30 days or more | 74,689 | 0% | - | 0% |
| Overdue by 60 days or more | 309,251 | 0% | - | 0% |
| Overdue by 90 days or more | 96,643 | 0% | - | 0% |
| Overdue by 180 days or more | 330,708 | 0% | - | 0% |
| | 195,457,254 | 100% | 167,539,504 | 100% |

Micro-credit is disbursed with tenures ranging from 06 months to 12 months, in accordance with the needs of the borrowers. Contractual repayments are scheduled on monthly instalments based on repayment terms. The Company does not allow rescheduling or restructuring of loans.

***(b Advances, prepayment and other receivables***

Advances to employees against salary and expenses and Long term loans have been given against future salaries and miscellaneous expenses. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

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*(c) Other receivables*

These balances represent amounts receivable from other projects arising in the ordinary course of business on account of shared costs, fund transfers and cost allocations between projects. Due to the long standing relationship between the projects and considering that these balances are recoverable from projects operating under the same reporting entity with no history of default, management does not expect any credit loss. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made .

*(d) Bank balances*

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

*(e) Credit quality of investments and bank balances*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate.

| Name of Bank | Rating Agency | Short term Rating | Long term rating | 2026 (Rupees) | 2025 (Rupees) |
|---|---|---|---|---|---|
| Bank Al-Habib Limited | PACRA | A1+ | AAA | - | 147 |
| Faysal Bank Limited | PACRA | A1+ | AA | 58,031,840 | 119,346,783 |
| Habib Bank Limited | JCR-VIS | A1+ | AAA | 12,320,473 | 3,238,899 |
| Meezan Bank Limited | JCR-VIS | A1+ | AAA | 11,821 | 2,570,779 |
| Habib Metro bank | PACRA | A1+ | AA+ | 25,489,302 | - |
| TelenorMicrofinance | PACRA | A1 | A | 2,030 | 3,605 |
| MobiTek Microfinance Bank | PACRA | A1 | A | 4,215,859 | 5,671,342 |
| MCB Bank Limited | PACRA | A1+ | AAA | 4,000,648 | 31,435,487 |
| Bank Of punjab | PACRA | A1+ | AA+ | 5,502,830 | - |
| JS Bank Limited | PACRA | A1+ | AA- | 1,543,557 | 1,658,869 |
| | | | | 109,118,360 | 163,925,911 |

**34.4 Collateral held**

The Company does not hold any collateral to secure its financial assets with the exception of advances to employees which are secured against future salaries and post-employment benefits.

| **34.5 Changes in allowance for expected credit loss** | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| The changes in allowance for expected credit losses are as follows: | | | |
| Opening balance | | 837,698 | - |
| Impairment loss on micro-credit related receivables | | | |
| recognized during the year | 10.9 & 11.4 | 798,814 | 837,698 |
| reversed during the year | 10.9 | (206,565) | - |
| | | 592,249 | 837,698 |
| Writen off during the year | 10.9 & 11.4 | - | - |
| | | 1,429,947 | 837,698 |

**34.6 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

**34.7 Liquidity risk management**

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term.

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Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of solvency ratios. The Company also maintains various lines of credit with banking companies and other institutions.

**Exposure to liquidity risk**

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

| | 30-Jun-26 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | More than one year |
| | | | Rupees | |
| Long term finances | 37,500,000 | 39,567,163 | 39,567,163 | - |
| Accrued expenses | 10,061,736 | 10,061,736 | 10,061,736 | - |
| Accrued interest | 1,363,130 | 1,363,130 | 1,363,130 | - |
| | 48,924,866 | 50,992,029 | 50,992,029 | - |

| | 30-Jun-25 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | More than one year |
| | | | Rupees | |
| Long term finances | 63,436,545 | 71,096,980 | 71,096,980 | - |
| Accrued expenses | 16,141,254 | 16,141,254 | 16,141,254 | - |
| Accrued interest | 353,367 | 353,367 | 353,367 | - |
| | 79,931,166 | 87,591,601 | 87,591,601 | - |

## 34.8 Market risk

Market risk is the risk that the value or cashflows of the financial instrument may fluctuate as a result of changes in market markup rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risks are managed by a mix of exposures at fixed and variable markup rates. The Company is exposed to floating interest rate risk only.

## 34.9 FOREIGN CURRENCY RISK

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. The Company does not expose to any foreign currency risk at end of reporting period.

*(a) Exposures to currency risk*

At the reporting date, the Company does not expose to any foreign currency risk.

*(b) Interest / Markup rate risk*

The markup rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market interest / markup rates. Majority of the interest / markup rate exposure arises on bank deposits, short term borrowings and long term financings. The interest / markup rate profile of the Company's interest / markup bearing financial instruments at the reporting date as follows:

| | | 2026 (Rupees) | 2025 (Rupees) |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Short term investments | | - | 15,000,000 |
| Micro-credit and murahaba portfolio | 22.5% | 232,331,088 | 188,978,713 |
| **Variable rate instruments** | | | |
| Bank balances in deposit accounts | 6.50% to 18.50% | 58,895,864 | 135,857,625 |
| Long and short term borrowings | 15.10% to 14.58% | 37,500,000 | 63,436,545 |

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**Cashflow sensitivity analysis for variable rate instrument**

An increase of 100 basis points in interest rates as at the reporting date would have decreased surplus for the year and total funds and reserves as at the reporting date by Rs. -213,959 (2025: Rs. -724,211). A decrease of 100 basis points would have had an equal but opposite effect on surplus for the year and total funds and reserves. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

## 35 FAIR VALUE MEASUREMENTS

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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## 35.1 Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| | 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| | Carrying Values | | | Fair Value | | |
| | At Amortized Cost | Fair Value | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at fair value:** | - | - | - | - | - | - |
| **Financial assets not measured at fair value:** | | | | | | |
| Long Term Security Deposits | 2,068,804 | | 2,068,804 | | | |
| Long term advances | 3,388,023 | | 3,388,023 | | | |
| Advances, deposits and prepayments | - | - | - | - | - | - |
| Other Receivables | 7,422,655 | | 7,422,655 | | | |
| Micro-credit loan portfolio | 23,170,449 | - | 23,170,449 | - | - | - |
| Murabaha portfolio | 209,160,639 | - | 209,160,639 | - | - | - |
| Cash and bank balances | 109,321,198 | - | 109,321,198 | - | - | - |
| | 354,531,768 | - | 354,531,768 | - | - | - |
| **Financial liabilities not measured at fair value:** | | | | | | |
| Mark-up payable on facilities | 1,363,130 | - | 1,363,130 | - | - | - |
| Current portion of the facilities | 37,500,000 | - | 37,500,000 | - | - | - |
| Accrued and other liabilities | 10,061,736 | - | 10,061,736 | - | - | - |
| | 48,924,866 | - | 48,924,866 | - | - | - |

| | 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| | Carrying Values | | | Fair Value | | |
| | At Amortized Cost | Fair Value | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at fair value:** | - | - | - | - | - | - |
| **Financial assets not measured at fair value:** | | | | | | |
| Long Term Security Deposits | 1,516,338 | | 1,516,338 | | | |
| Long term advances | 4,988,679 | | 4,988,679 | | | |
| Advances, deposits and prepayments | 15,000,000 | - | 15,000,000 | - | - | - |
| Other Receivables | 7,537,988 | - | 7,537,988 | - | - | - |
| Micro-credit loan portfolio | 64,276,884 | - | 64,276,884 | - | - | - |
| Murabaha portfolio | 124,701,829 | - | 124,701,829 | - | - | - |
| Cash and bank balances | 163,971,314 | | 163,971,314 | | | |
| | 381,993,032 | - | 381,993,032 | - | - | - |
| **Financial liabilities not measured at fair value:** | | | | | | |
| Mark-up payable on facilities | 353,367 | - | 353,367 | - | - | - |
| Current portion of the facilities | 63,436,515 | - | 63,436,515 | - | - | - |
| Accrued and other liabilities | 16,141,254 | - | 16,141,254 | - | - | - |
| | 79,931,166 | - | 79,931,166 | - | - | - |

## 36 RESTRICTION ON TITLE AND ASSETS MORTGAGED AS SECURITY

| | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| **Mortgages and charges** | | | |
| Charge over current assets in PKR | | - | 65,000,000 |
| | | - | 65,000,000 |

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## 37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to statement of income and expenditure in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

| | June 2026 | | |
|---|---|---|---|
| | Chief Executive | Directors | Executives |
| | (Rupees) | | |
| Managerial remuneration | 4,632,055 | - | 25,453,250 |
| Allowances and perquisites | 463,205 | - | 2,893,325 |
| Meeting fee | - | 367,800 | - |
| Post employment benefits | 169,305 | - | 955,391 |
| | 5,264,565 | 367,800 | 29,301,966 |
| Number of persons | 1 | 6 | 13 |

| | June 2025 | | |
|---|---|---|---|
| | Chief Executive | Directors | Executives |
| | (Rupees) | | |
| Managerial remuneration | 4,081,113 | - | 22,327,331 |
| Allowances and perquisites | 408,111 | - | 2,580,733 |
| Meeting fee | - | 240,000 | - |
| Post employment benefits | 145,738 | - | 865,073 |
| | 4,634,962 | 240,000 | 25,773,137 |
| Number of persons | 1 | 6 | 13 |

## 38 EMPLOYEES PROVIDENT FUND TRUST

The Company has a contributory provident fund scheme for the benefit of all its permanent employees, which is registered under the Scheme.

The following information is based on latest unaudited data of the fund:

| | Note | 2026 Rupees | 2025 Rupees |
|---|---|---|---|
| Size of the fund | | 9,997,106 | 8,337,368 |
| Cost of Investment | | 9,997,106 | 8,337,368 |
| Percentage of fund invested | | 100% | 100% |
| Fair value of investment made | | 9,997,106 | 8,337,368 |

The break-up of fair value of investment is:

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Rupees | % | Rupees | % |
| Investment in Mushali Trading & Services (Pvt) Limited | 7,300,000 | 74% | 6,300,000 | 76% |
| Investment in Pak-Qatar Family Takaful | 1,500,000 | 15% | - | 0% |
| Bank Balance - saving account | 1,197,106 | 11% | 2,037,368 | 24% |
| | 9,997,106 | 100% | 8,337,368 | 100% |

These deposits out of the fund have been made in accordance with the provisions of the Companies Act, 2017 and the rules formulated for this purpose.

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| 38.1 Movement During the year | Farmers Development Organization (Un-audited) 2026 Rupees | (Un-audited) 2025 Rupees |
|---|---|---|
| As at beginning of the year | 7,897,013 | - |
| Contribution for the year | | |
| - Company's contribution | 2,399,055 | 4,499,036 |
| - Employees contribution | 2,399,055 | 4,499,036 |
| | 4,798,110 | 8,998,072 |
| Interest income | 1,066,171 | 449,355 |
| Payments made during the year | (3,854,188) | (1,101,059) |
| As at end of the year | 9,907,106 | 8,337,368 |

## 39 RECLASSIFICATION

Corresponding figures has been re arranged and reclassified, whenever necessary, for the purpose of comparision and better presentation as per reporting framework. The following major re-arrangements/ reclassification has been made in these financial statements

| Nature | From | To | Amount |
|---|---|---|---|
| Murabaha Portfolio | Murabaha Portfolio ( face of financial position ) | Loan and Advances (Note 12) | 4,988,679 |
| | | Other receivables | 1,360,035 |
| | | Advance to employees | 88,961 |
| General Funds | General funds( Face of financial position ) | Special reserve fund (Note 16) | 676,067 |
| Long Term Facilities | Long Term Facilities | Markup payable on Financing (Note 18) | 353,367 |
| Grant income | Grant income | Loan Processing Fees (Note 24) | 6,267,900 |
| Other income | Other income | Profit on Murabha Portfolio(Note 23) | 35,957,935 |
| Islamic Microfinance | Islamic Microfinance | Finance cost | 1,607,095 |
| | | Allowance for ECL | 837,697 |
| | | Administrative and General exp | 13,974,342 |
| | | Program cost | 33,032,034 |
| Administrative and General Expenditures | Administrative and General Expenditures | Administrative and General Expenditures | 44,321,240 |
| | | Bank Charges | 4,770 |
| | | Administrative and General Expenditures - Microfinance | 341,161 |
| Livelihood Enhancement for Disadvantaged | Livelihood Enhancement for Disadvantaged | Program cost | 111,376,219 |
| Improved Governance of Social Services | Improved Governance of Social Services | | 119,567,363 |
| Disaster/Emergency Response | Disaster/Emergency Response | | 61,079,274 |
| Program Personnel Cost | Program Personnel Cost | | 39,626,500 |
| Other income | Bank Profit | Bank charges | 729,540 |

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## 40 SEGMENT INFORMATION

- The Company operates through two distinct segments, namely Islamic Microfinance and Developing Segment
- All non-current assets of the Company are situated in Pakistan.
- All income of the Company have originated from Pakistan.

| | Islamic Microfinance | | Developing Projects | | Total | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | Rupees | | | | | |
| Grant income | 13,997,138 | 12,938,488 | 817,516,102 | 388,963,956 | 831,103,436 | 402,901,444 |
| Profit on Murabaha Portfolio | 58,211,517 | 35,957,935 | - | - | 58,211,517 | 35,957,935 |
| Loan processing Fees | 7,995,237 | 6,267,900 | - | - | 7,995,237 | 6,267,900 |
| Total | 79,903,888 | 96,164,323 | 817,516,102 | 388,963,956 | 897,420,190 | 485,127,279 |
| Finance Cost | (8,687,024) | (3,050,492) | (42,691) | (4,770) | (8,729,115) | (3,055,262) |
| **Gross financial margin** | 73,216,864 | 53,113,831 | 817,473,411 | 388,959,186 | 890,691,075 | 442,072,017 |
| Allowance for expected credit losses | (788,814) | (837,697) | - | - | (788,814) | (837,697) |
| **Net Financial margin** | 72,428,050 | 52,276,134 | 817,473,411 | 388,959,186 | 889,902,261 | 441,234,320 |
| Administrative expenses | (19,266,353) | (12,974,342) | (40,371,931) | (18,321,240) | (59,639,281) | (31,295,582) |
| Program Cost | (47,412,843) | (33,032,016) | (774,140,968) | (357,649,551) | (821,553,751) | (390,681,292) |
| | (66,679,195) | (47,006,358) | (814,512,899) | (375,970,791) | (881,193,032) | (421,976,974) |
| **Operating Surplus for the year** | 5,748,857 | 5,269,776 | 2,960,512 | 12,987,588 | 8,709,369 | 18,257,346 |
| Other income | 5,471,740 | 8,568,694 | 2,850,381 | 4,286,426 | 8,322,121 | 12,855,119 |
| Other expenses | - | (317,132) | - | - | - | (317,132) |
| Net Surplus for the year | 11,220,597 | 13,521,338 | 5,810,893 | 17,274,013 | 17,031,490 | 30,795,352 |

**Reconciliation of reportable segment assets and liabilities**

| | Islamic Microfinance | | Developing Projects | | Total | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | Rupees | | | | | |
| ASSETS | | | | | | |
| NON-CURRENT ASSETS | | | | | | |
| Property and equipment | 7,434,899 | 1,856,358 | 24,520,875 | 25,211,681 | 31,955,574 | 27,068,240 |
| Long term security deposits | 390,858 | 329,358 | 1,677,366 | 987,000 | 2,068,804 | 1,316,358 |
| Long term loans | 1,017,760 | 2,003,481 | - | - | 1,017,760 | 2,003,481 |
| | 8,843,297 | 4,269,298 | 26,002,841 | 26,198,681 | 35,046,138 | 30,367,979 |
| CURRENT ASSETS | | | | | | |
| Advances, deposits and prepayments | 2,413,993 | 18,080,303 | 9,399,866 | 793,823 | 11,813,859 | 18,873,146 |
| Other Receivables | 3,121,226 | 1,360,035 | 4,241,329 | 6,177,953 | 7,362,555 | 7,537,988 |
| Cash and bank balances | 45,322,837 | 96,675,612 | 63,998,353 | 97,299,692 | 109,321,190 | 193,975,304 |
| Micro-credit loan portfolio | 21,170,449 | 64,276,884 | - | - | 21,170,449 | 64,276,884 |
| Murabaha portfolio | 209,160,639 | 124,701,825 | - | - | 209,160,639 | 124,701,825 |
| | 283,199,244 | 305,094,703 | 77,639,548 | 74,266,458 | 360,817,592 | 379,361,161 |
| | 292,242,541 | 309,464,001 | 103,691,389 | 100,465,139 | 395,934,130 | 409,929,140 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| **FUNDS AND LIABILITIES** | | | | | | |
| **FUNDS** | | | | | | |
| General fund - Unrestricted | 24,753,516 | 14,083,279 | 97,821,888 | 91,821,995 | 122,155,204 | 105,790,474 |
| Reserve funds | 173,617,453 | 90,869,933 | - | - | 173,617,453 | 90,869,933 |
| Revolving fund - Restricted | 50,000,000 | 132,787,500 | - | - | 50,000,000 | 132,787,500 |
| Special reserve fund | 1,216,597 | 676,063 | - | - | 1,216,597 | 676,063 |
| | 249,583,376 | 238,376,774 | 97,821,888 | 91,821,995 | 347,089,264 | 330,993,970 |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Long term facilities | - | - | - | - | - | |
| **CURRENT LIABILITIES** | | | | | | |
| Mark-up payable on facilities | 1,363,130 | 353,367 | - | - | 1,363,130 | 353,367 |
| Current portion of the facilities | 37,500,000 | 63,436,545 | - | - | 37,500,000 | 63,436,545 |
| Accrued and other liabilities | 3,792,055 | 7,297,310 | 6,269,791 | 8,843,948 | 10,061,736 | 16,141,258 |
| | 42,655,185 | 71,087,222 | 6,269,791 | 8,843,948 | 48,924,866 | 79,931,166 |
| | 292,240,561 | 309,464,001 | 103,651,589 | 100,665,139 | 395,914,130 | 410,929,141 |

| | | 2026 | 2025 |
|---|---|---|---|
| 41 | **NUMBER OF EMPLOYEES** | Numbers | Numbers |
| | Total number of employees | 90 | 100 |
| | Average number of employees | 90 | 100 |

## 42 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements, except for those already disclosed in these financial statements.

## 43 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

## 44 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 21 September 2026.

## 45 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

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CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

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