Faisalabad Garment City Company

Financial Statements

For the Year Ended June 30, 2026

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Independent Auditors' Report to the Members of Faisalabad Garment City Company

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Faisalabad Garment City Company** (the Company), which comprise the statement of financial position as at June 30, 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 comprising 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 June 30, 2026 and of the surplus, other comprehensive loss, 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 Auditors' 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 Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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);

b) 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 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 Usher Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditors' report is Khan Muhammad - FCA.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Date: October 02, 2026
Place: Faisalabad
UDIN: AR202610199INQW1agBR

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

ASSETS	NOTE	2026 RUPEES	2025 RUPEES
NON CURRENT ASSETS			
Property and equipment	6	135,102,547	144,176,747
Investment property	7	331,417,346	339,268,696
Long term loans	8	3,761,644	562,472
Long term deposits	9	9,372,760	9,372,760
		479,654,297	493,380,675
CURRENT ASSETS			
Store inventory	10	887,172	529,068
Receivables from tenant	11	26,487,412	-
Loans, deposit and prepayments	12	7,766,898	3,280,463
Accrued income	13	14,980,444	14,054,661
Short term investments	14	265,000,000	240,000,000
Tax refund due from Government	15	49,149,819	48,856,268
Cash and bank balances	16	69,524,768	80,148,132
		433,796,513	386,868,592
		913,450,810	880,249,267
FUNDS AND LIABILITIES			
FUNDS			
Public sector development fund		690,929,000	690,929,000
Accumulated surplus		132,150,195	110,133,718
		823,079,195	801,062,718
NON CURRENT LIABILITIES			
Deferred grants	17	20,343,270	22,517,059
Deferred liabilities	18	54,706,665	41,123,496
		75,049,935	63,640,555
CURRENT LIABILITIES			
Trade and other payables	19	1,227,758	1,452,072
Security deposits	20	14,093,922	14,093,922
		15,321,680	15,545,994
CONTINGENCIES AND COMMITMENTS	21	-	-
		913,450,810	880,249,267

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED JUNE 30, 2026

	NOTE	2026 RUPEES	2025 RUPEES
Revenue	22	92,981,127	85,358,926
Less:			
Operating and other expenses	23	81,774,414	80,141,209
Depreciation on property, plant and equipment	6.3	7,127,172	7,645,625
Depreciation on investment property	7.1	10,849,350	11,423,253
		99,750,936	99,210,087
		(6,769,809)	(13,851,161)
Other income	24	33,419,832	38,578,649
Surplus before income tax		26,650,023	24,727,488
Income tax	25	-	(57,325,201)
Surplus for the year		26,650,023	82,052,689

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 RUPEES	2025 RUPEES
Surplus for the year	26,650,023	82,052,689
Other comprehensive loss for the year		
Items that will not be reclassified subsequently to statement of profit or loss		
Remeasurement of post retirement benefits obligation	(4,633,546)	-
Total comprehensive surplus for the year	22,016,477	82,052,689

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED JUNE 30, 2026

	Public Sector Development Fund	Accumulated Surplus	Total
	[R U P E E S]		
Balance as at July 01, 2024	690,929,000	28,081,029	719,010,029
Total comprehensive surplus for the year	-	82,052,689	82,052,689
Balance as at June 30, 2025	**690,929,000**	**110,133,718**	**801,062,718**
Surplus for the year	-	26,650,023	26,650,023
Other comprehensive loss for the year	-	(4,633,546)	(4,633,546)
Total comprehensive surplus for the year	-	22,016,477	22,016,477
Balance as at June 30, 2026	**690,929,000**	**132,150,195**	**823,079,195**

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

	NOTE	2026 RUPEES	2025 RUPEES
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		26,650,023	24,727,488
Adjustments for non cash and other items:			
Depreciation on property and equipment		9,269,700	10,032,529
Depreciation on investment property		10,849,350	11,423,253
Provision for gratuity		8,949,623	15,530,113
Finance cost		20,773	8,932
Profit on bank deposits		(5,757,000)	(17,860,587)
Profit on short term investments		(27,452,971)	(20,504,726)
Interest income on deposit with SNGPL		(178,600)	(178,600)
Grant from PSDF		-	(2,542,680)
Amortization of grant		(2,173,789)	(2,421,640)
Operating cash flows before working capital changes		20,177,109	18,214,082
Changes in working capital			
(Increase)/decrease in current assets			
Store inventory		(358,104)	130,478
Receivables from tenant		(26,487,412)	-
Loans, deposit and prepayments		334,115	35,937,145
Increase/(decrease) in current liabilities			
Trade and other payables		(224,314)	440,021
Security deposits		-	-
		(26,735,715)	36,507,644
Cash (used in)/generated from operations		(6,558,606)	54,721,726
Finance cost paid		(20,773)	(8,932)
Income tax paid		(293,551)	(11,590,336)
Gratuity paid		-	(351,225)
Profit on bank deposits received		6,620,588	18,038,744
Long term loans (paid)/received		(8,019,722)	3,971,396
Grant from PSDF received		-	2,542,680
Interest on SNGPL received		151,810	151,810
Net cash (used in)/generated from operating activities		(8,120,254)	67,475,863
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property and equipment		(195,500)	-
Addition in investment property		(2,998,000)	(10,493,000)
Changes in short term investments		(25,000,000)	(60,000,000)
Profit on short term investments		25,690,390	39,777,752
Net cash used in investing activities		(2,503,110)	(30,715,248)
Net (decrease)/increase in cash and cash equivalents	(a+b)	(10,623,364)	36,760,615
Cash and cash equivalents at beginning of the year		80,148,132	43,387,517
Cash and cash equivalents at end of the year	16	69,524,768	80,148,132

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1. STATUS AND ACTIVITIES

1.1 Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the repealed Companies Ordinance, 1984 (new Companies Act, 2017) as a Company Limited by Guarantee without the addition of word "Limited" to its name. The Company is owned and controlled by the Federal Government. The registered office of the Company is situated at Value Addition City, 1-1/2 km Khurrianwala Sahianwala Road, Khurrianwala, Faisalabad. The principal object of the Company is to promote, finance, establish, run, manage, maintain and develop state of art facilities for garments, home textiles, hosiery made-ups, accessories and allied industry in Textile City of Faisalabad by providing necessary infrastructure to manufacturers, designers and exporters, after necessary approvals/sanctions of the Government of Pakistan.

1.2 The Board of Directors (the Board) was reconstituted by the Prime Minister of Pakistan vide notification No.1(9)TID/14-D-II, dated 23rd June 2017 of Ministry of Textile Industry. The tenure of the Board was expired on 22nd June 2020 in terms of Rule 3A of the Public Sector Companies (Corporate Governance) Rules, 2013 read with Section 161 of the Companies Act, 2017 which inter alia provide the tenure of three (3) years being the office holding period of directors of Public Sector Company in consonance with clause 30 of Articles of Association of the Company. Upon expiry of the tenure, no notification for reconstitution of the Board was issued by the Federal Government. However, regarding status of the Board, the legal advisor of the Company has given his opinion which categorically affirms the validity of the Board in the following words; "The Directors/Board of Directors of the Company have been reconstituted by the Prime Minister of Pakistan and no tenure has since been given in the said notification for the said directors/Board of Directors. Moreover, the provisions of Section 158, 159, 161, 162 and 163 are not applicable to this Company (FGCC). The concerned Ministry or the Prime Minister of Pakistan has neither passed any notification to restrain the present BODs for working nor has reconstituted any fresh BODs. In these circumstances we are of the opinion that under Section 165 (3) of the Companies Act, 2017 the present Directors/Board of Directors of the Company shall hold office during the pleasure of the nominating body." Based on the opinion of the legal advisor of the Company, the Board remained functional and hold their offices for a further period exceeding three years after the expiry of tenor of the Board.

However, vide notification no. 15(1)/2023-AOs-HR dated: 08-08-2023, the Federal Government, has reconstituted the Board of Directors for a period of three years, in exercise of powers conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and Section 13 of the State-Owned Enterprises (Governance and Operation) Act, 2023 (the Act).

After promulgation of State-Owned Enterprises (Governance and Operations) Act, 2023 ("the Act"), the Federal Government is held responsible for appointment of the Chairman of the Board of State-Owned Enterprises in terms of clause 15(2) of the Act. The appointment of Chairman was not confirmed by the Federal Government in above cited notification, therefore, it was not implemented and the previous Board is administering the affairs of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting standard for NPOs) issued by the Institute of Chartered Accounts of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policy information notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

3. NEW AND REVISED STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS

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

There are certain amendments to the accounting and reporting standards which became effective during the year and are adopted by the Company for the financial year beginning on July 01, 2025. However, these amendments do not have any significant impact on the Company's financial reporting.

- **Amendments to IAS 21 – 'The Effects of Changes in Foreign Exchange Rates'**
  Lack of exchangeability
  (Effective for annual periods beginning on or after January 1, 2025)

  These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

  The application of these amendments did not have any impact on the Company's financial statements, as the Company did not have any transactions or balances denominated in currencies for which exchangeability was lacking.

3.2 Standards, interpretations, amendments and improvements to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company

The following standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below and have not been early adopted by the Company:

Standards	Standards, Interpretations, Amendments and Improvements	Effective date (Annual periods beginning on or after)
IFRS 9	'Financial Instruments: Disclosures', To address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 — (Amendments)	01 January 2026
IFRS 7 IFRS 9	'Financial Instruments' and 'Financial Instruments: Disclosures', Classification and Measurement of Financial Instruments — (Amendments)	01 January 2026
IFRS 7 IFRS 9	'Financial Instruments' and 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity — (Amendments)	01 January 2026
IAS 7	Statement of Cash Flows', Adjustments resulting from adoption of IFRS 18 Presentation and Disclosure in Financial Statements — (Amendments)	01 January 2027
IAS 21	'The effects of changes in foreign exchange rates', Translation to a Hyperinflationary Presentation Currency — (Amendments)	01 January 2027
IFRS 17	'Insurance contracts'	01 January 2026
IFRS 18	'Presentation and Disclosure in Financial Statements'	01 January 2027
IFRS 19	'Subsidiaries without Public Accountability: Disclosures'	01 January 2027
Annual Improvements	Annual Improvements to IFRS Accounting Standards — Volume 11 (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	01 January 2026

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standards	
IFRS 1	First-time adoption of International Financial Reporting Standards
IFRS 20	Regulatory Assets and Regulatory Liabilities

The management expects that the adoption of above standards, amendments and improvements will not have any material impact on the Company's financial statements except for presentation and disclosures.

4. KEY JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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, the results of which form the basis of making 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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:

- Estimate of useful life of property, plant and equipment - note 5.1
- Impairment of non financial assets - note 5.7
- Staff retirement benefits - note 5.9
- Taxation - note 5.11
- Provisions - note 5.12
- Contingencies - note 5.13

5. MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Property and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditures that are directly attributable to the acquisition or construction of assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the entity and such costs can be reliably measured. Cost incurred to replace a component of an item of the fixed assets is capitalized and the asset so replaced is retired from use. Normal repair and maintenance costs are charged to statement of income and expenditure during the period in which these are incurred.

Depreciation is charged to income and expenditure statement applying the reducing balance method so as to write off the historical cost / depreciable amount of the assets over their expected useful life at the rates mentioned in note 6.1 of these financial statements.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Any gain or loss on disposal of assets is included in statement of income and expenditure in the year in which the assets are derecognized.

5.2 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost.

Depreciation is charged to income and expenditure statement by applying the reducing balance method at the rates specified in note 7.1 to these financial statements so as to write off the depreciable amount over its estimated useful life. Depreciation on additions during the year is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of asset is recognized as income or expense in the year in which the asset is disposed off.

5.3 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment in value, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These specific assets are transferred to operating fixed assets as and when these assets are available for intended use.

5.4 Store inventory

Inventory is valued at moving average cost, except items in transit which are stated at cost, comprising invoice values plus other charges paid thereon. Provision is made for slow moving and obsolete store items when so identified.

5.5 Advances, deposit, prepayments and other receivables

Advances, deposit, prepayments and other receivables are initially recognized at fair value and subsequently carried at amortized cost which approximate fair value of the consideration receivable, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Advances, deposit, prepayments and other receivables considered irrecoverable are written off.

5.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

5.7 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of income and expenditure. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been 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. Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

5.8 Deferred grant

Amounts received as grant in aid from Government and other agencies for the development of specific assets are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants relating to costs are deferred and recognized in the income and expenditure over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the fixed assets are included in non current liabilities as deferred income and are credited to income and expenditure on a straight-line basis over the expected lives of the related assets.

5.9 Staff retirement benefits

Defined benefit plan

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in Note 18.1 of these financial statements.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees would have earned in the current and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of the benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss. Past service costs are immediately recognized in statement of profit or loss.

5.10 Trade and other payables

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

5.11 Taxation

Income tax

The charge for current income tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, and the tax assessed from assessments framed during the year for such years is over/under the provision of tax then made.

The Company designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

Levies

The Company recognize the charge for minimum and final taxes, calculated under the provisions of the Income Tax Ordinance, 2001, as levies. The charge for levies are not based on 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis as per provisions and applicable tax rates under minimum and final tax regime. The charge for levies also includes adjustments, where considered necessary, and the tax assessed from assessments framed during the year for such years is over/under the provision of tax then made.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the reporting date.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

5.12 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

5.13 Contingencies

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

5.14 **Revenue recognition**

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled and the amount of revenue can be measured reliably.

a) **Rental income**

Rental income is recognized as revenue on accrual basis.

b) **Profit on bank deposits**

Profit on bank deposits is recognised on time proportion basis taking in to account the effective yield.

c) **Profit on investments at amortised cost**

Profit is recognized on investments at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) **Other revenue**

All other revenue is recognized on accrual basis.

5.15 **Related party transactions**

Transactions with related parties are executed at arms' length basis under the pricing method approved by the Board of Directors.

5.16 **Financial instruments**

5.16.1 **Financial assets**

A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss (FVPL) unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at FVPL to reduce the effect of, or eliminate, an accounting mismatch.

A. <u>Classification and measurement of financial assets</u>

Investments and other financial assets

Classification:

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through income and expenditure), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at PVPL are expensed in income and expenditure statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income and expenditure statement and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in income and expenditure statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to income and expenditure statement and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through profit or loss (FVPL)

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

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the income and expenditure statement.

B. **Derecognition:**

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

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

C. Impairment:

The Company record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

5.16.2 Financial liabilities

A. Classification and measurement:

Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at FVPL are initially recognized at fair value and transaction costs are expensed in the income and expenditure.

Financial liabilities, other than those at FVPL, are subsequently measured at amortized cost using the (EIR) effective interest rate method.

B. Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income and expenditure statement.

5.16.3 Offsetting of financial assets and liabilities

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

	NOTE	2026 RUPEES	2025 RUPEES
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	115,671,091	122,571,502
Assets from grants	6.2	19,431,456	21,605,245
		135,102,547	144,176,747

6.1 Operating fixed assets

DESCRIPTION	2026 COST As at July 01, 2025	Additions	As at June 30, 2026	DEPRECIATION As at July 01, 2025	For the Year	As at June 30, 2026	W.D.V As at June 30, 2026	Rate %
	[	R	U	P	E	E	S]	
Owned								
Building	163,938,890	-	163,938,890	57,802,349	5,306,827	63,109,176	100,829,714	5
Furniture and fixtures	5,107,370	-	5,107,370	3,133,910	197,346	3,331,256	1,776,114	10
Computers and accessories	1,582,711	-	1,582,711	1,558,305	7,322	1,565,627	17,084	30
Office equipment	8,232,954	-	8,232,954	5,119,123	311,383	5,430,506	2,802,448	10
Electric equipment	6,344,481	195,500	6,539,981	3,933,054	244,401	4,177,455	2,362,526	10
Electric installations	10,155,780	-	10,155,780	3,178,337	697,744	3,876,081	6,279,699	10
Vehicles	5,315,290	-	5,315,290	3,940,806	274,897	4,215,703	1,099,587	20
Generators	1,681,412	-	1,681,412	1,121,502	55,991	1,177,493	503,919	10
Total	**202,358,888**	**195,500**	**202,554,388**	**79,787,386**	**7,095,911**	**86,883,297**	**115,671,091**	

DESCRIPTION	2025 COST As at July 01, 2024	Additions	As at June 30, 2025	DEPRECIATION As at July 01, 2024	For the Year	As at June 30, 2025	W.D.V As at June 30, 2025	Rate %
	[	R	U	P	E	E	S]	
Owned								
Building	163,938,890	-	163,938,890	52,216,215	5,586,134	57,802,349	106,136,541	5
Furniture and fixtures	5,107,370	-	5,107,370	2,914,637	219,273	3,133,910	1,973,460	10
Computers and accessories	1,582,711	-	1,582,711	1,547,845	10,460	1,558,305	24,406	30
Office equipment	8,232,954	-	8,232,954	4,773,142	345,981	5,119,123	3,113,831	10
Electric equipment	6,344,481	-	6,344,481	3,665,118	267,936	3,933,054	2,411,427	10
Electric installations	10,155,780	-	10,155,780	2,403,065	775,272	3,178,337	6,977,443	10
Vehicles	5,315,290	-	5,315,290	3,597,185	343,621	3,940,806	1,374,484	20
Generators	1,681,412	-	1,681,412	1,059,290	62,212	1,121,502	559,910	10
Total	**202,358,888**	-	**202,358,888**	**72,176,497**	**7,610,889**	**79,787,386**	**122,571,502**	

6.2 Assets from grants

DESCRIPTION	2026 COST As at July 01, 2025	Additions	As at June 30, 2026	DEPRECIATION As at July 01, 2025	For the Year	As at June 30, 2026	W.D.V As at June 30, 2026	Rate %
	[	R	U	P	E	E	S]	
Owned								
Day Care Assets								
Punjab Day Care Fund Society (PDCF Society)								
Furniture and fixtures	87,000	-	87,000	40,337	4,666	45,003	41,997	10
Electric equipment	495,850	-	495,850	229,896	26,595	256,491	239,359	10
Sub total	**582,850**	-	**582,850**	**270,233**	**31,261**	**301,494**	**281,356**	
Female Exclusive Training Institute (FETI)							-	
Public Sector Development Programme (PSDP)								
Furniture and fixtures	826,000	-	826,000	370,772	45,523	416,295	409,705	10
Computers and accessories	177,700	-	177,700	153,807	7,168	160,975	16,725	30
Electric equipment	1,255,950	-	1,255,950	563,766	69,218	632,984	622,966	10
Electric installations	51,930	-	51,930	23,310	2,862	26,172	25,758	10
Tools and equipment	228,800	-	228,800	102,703	12,610	115,313	113,487	10
Sub total	**2,540,380**	-	**2,540,380**	**1,214,358**	**137,381**	**1,351,739**	**1,188,641**	
Japan International Cooperation Agency (JICA)								
Machinery	36,151,887	-	36,151,887	16,227,715	1,992,417	18,220,132	17,931,755	10
Computers and accessories	315,600	-	315,600	273,166	12,730	285,896	29,704	30
Sub total	**36,467,487**	-	**36,467,487**	**16,500,881**	**2,005,147**	**18,506,028**	**17,961,459**	
Grand total	**39,590,717**	-	**39,590,717**	**17,985,472**	**2,173,789**	**20,159,261**	**19,431,456**	

DESCRIPTION	2025 COST As at July 01, 2024	Additions	As at June 30, 2025	DEPRECIATION As at July 01, 2024	For the Year	As at June 30, 2025	W.D.V As at June 30, 2025	Rate %
	[	R	U	P	E	E	S]	
Owned								
Day Care Assets								
Punjab Day Care Fund Society (PDCF Society)								
Furniture and fixtures	87,000	-	87,000	35,152	5,185	40,337	46,663	10
Electric equipment	495,850	-	495,850	200,345	29,551	229,896	265,954	10
Sub total	**582,850**	-	**582,850**	**235,497**	**34,736**	**270,233**	**312,617**	
Female Exclusive Training Institute (FETI)								
Public Sector Development Programme (PSDP)								
Furniture and fixtures	826,000	-	826,000	320,191	50,581	370,772	455,228	10
Computers and accessories	177,700	-	177,700	143,567	10,240	153,807	23,893	30
Electric equipment	1,255,950	-	1,255,950	486,857	76,909	563,766	692,184	10
Electric installations	51,930	-	51,930	20,130	3,180	23,310	28,620	10
Tools and equipment	228,800	-	228,800	88,692	14,011	102,703	126,097	10
Sub total	**2,540,380**	-	**2,540,380**	**1,059,437**	**154,921**	**1,214,358**	**1,326,022**	
Japan International Cooperation Agency (JICA)								
Machinery	36,151,887	-	36,151,887	14,013,918	2,213,797	16,227,715	19,924,172	10
Computers and accessories	315,600	-	315,600	254,980	18,186	273,166	42,434	30
Sub total	**36,467,487**	-	**36,467,487**	**14,268,898**	**2,231,983**	**16,500,881**	**19,966,606**	
Grand total	**39,590,717**	-	**39,590,717**	**15,563,832**	**2,421,640**	**17,985,472**	**21,605,245**	

		NOTE	2026 RUPEES	2025 RUPEES
6.3	**Depreciation charge for the year has been allocated as under:**			
	Depreciation on property and equipment			
	- Operating fixed assets		7,095,911	7,610,889
	- Day care assets		31,261	34,736
			7,127,172	7,645,625
	Depreciation on FETI assets		2,142,528	2,386,904
			9,269,700	10,032,529

6.3.1 Depreciation on FETI assets is charged in FETI expenses.

7. INVESTMENT PROPERTY

	NOTE		
Investment property	7.1	307,103,139	317,952,489
Capital work in progress	7.2	24,314,207	21,316,207
		331,417,346	339,268,696

7.1 Investment property

DESCRIPTION	2026 COST As at July 01, 2025	Additions	As at June 30, 2026	DEPRECIATION As at July 01, 2025	For the Year	As at June 30, 2026	W.D.V As at June 30, 2026	Rate %
Owned	[	R	U	P	E	E	S]	
Land	101,458,595	-	101,458,595	-	-	-	101,458,595	-
Buildings	443,761,624	-	443,761,624	227,760,836	10,800,039	238,560,875	205,200,749	5
Electric installations	927,866	-	927,866	434,760	49,311	484,071	443,795	10
Total	546,148,085	-	546,148,085	228,195,596	10,849,350	239,044,946	307,103,139	

DESCRIPTION	2025 COST As at July 01, 2024	Additions	As at June 30, 2025	DEPRECIATION As at July 01, 2024	For the Year	As at June 30, 2025	W.D.V As at June 30, 2025	Rate %
Owned	[	R	U	P	E	E	S]	
Land	101,458,595	-	101,458,595	-	-	-	101,458,595	-
Buildings	443,761,624	-	443,761,624	216,392,373	11,368,463	227,760,836	216,000,788	5
Electric installations	927,866	-	927,866	379,970	54,790	434,760	493,106	10
Total	546,148,085	-	546,148,085	216,772,343	11,423,253	228,195,596	317,952,489	

7.1.1 The land includes 10.825 Acres, valuing Rs. 7,111,835/- not in the name of the Company. The land has already been occupied by the Company whereas the title of land has not been transferred to the Company. The matter is pending due to legal formalities with the Government departments at FIEDMC end.

7.1.2 This property is held for earning rental income and not for capital appreciation. The Company carries investment property under cost model as its fair value cannot be reliably determined because there is no active market for this property and a recent comparable transaction for identical property is also not available. Further, the application of valuation techniques is not supposed to provide a reliable measure of fair value.

7.2 Capital work in progress

Capital work in progress represents payments made as consultancy fee for development of layout for construction of phase II (A3, B2) and phase III (B3) buildings. Payment are made to the followings;

	2026 RUPEES	2025 RUPEES
M/s Pervaiz Iqbal Consultant	4,557,379	4,557,379
M/s HA Consultant	3,766,828	3,766,828
IQ Capital Plus	6,160,000	4,928,000
Arif Habib Dolmen REIT Management Limited	4,560,000	3,648,000
Nawaz Hussain Sikander	4,270,000	3,416,000
Public Private Partnership Authority, Islamabad	1,000,000	1,000,000
	24,314,207	21,316,207

		NOTE	2026 RUPEES	2025 RUPEES
8.	LONG TERM LOANS			
	Considered good - Secured			
	Loans to employees	8.1	3,761,644	562,472
8.1	Loans to employees			
	Opening balance		2,994,423	6,965,819
	Disbursed during the year		13,285,000	1,750,000
	Received during the year		(5,265,278)	(5,721,396)
			11,014,145	2,994,423
	Current portion of Loans to employees	12	(7,252,501)	(2,431,951)
			3,761,644	562,472

8.1.1 These represent interest free loans given to executives and other employees as per the Company's policy for house building and general purposes. The loans are recoverable in equal monthly installments over a maximum period of one year and it may be for two years with special approval of competent authority. The loans are secured against the employees' respective retirement benefits. These loans have not been carried at amortized cost as the effect of discounting is not considered material.

9.	LONG TERM DEPOSITS			
	Security deposits - considered good:			
	Faisalabad Electric Supply Company (FESCO)		5,787,560	5,787,560
	Sui Northern Gas Pipelines Limited (SNGPL)	9.1	3,572,000	3,572,000
	Atlantis Water		3,000	3,000
	Nayatel		10,200	10,200
			9,372,760	9,372,760

9.1 This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up at the rate of 1 year KIBOR minus 3% per annum or fixed rate of 5% per annum whichever is lower.

10.	STORE INVENTORY			
	FETI store		605,358	247,254
	Loose tools	10.1	281,814	281,814
			887,172	529,068

10.1 This represents the tools received as non monetary grant from PSDP for Female Exclusive Training Institute (FETI).

11.	RECEIVABLES FROM TENANT			
	Receivables from Masood Textile Mills Limited - Tenant			
	Rent receivable		26,487,412	-
12.	LOANS, DEPOSIT AND PREPAYMENTS			
	Considered good			
	Loans:			
	Current portion of Loans to employees	8	7,252,501	2,431,951
	Deposit:			
	Employee claim		-	164,187
	Prepayments:			
	Prepaid insurance		504,339	497,678
	Others		10,058	186,647
			514,397	684,325
			7,766,898	3,280,463
13.	ACCRUED INCOME			
	Interest on deposits with SNGPL	9.1	275,561	248,771
	Accrued profit on bank deposits		1,262,828	2,126,416
	Profit on short term investments		13,442,055	11,679,474
			14,980,444	14,054,661

	NOTE	2026 RUPEES	2025 RUPEES
14. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs) - Amortized cost:			
Zarai Taraqiati Bank Limited	14.1	265,000,000	240,000,000

14.1 This represents investment in Zarai Taraqiati Bank Limited (ZTBL)'s Term Deposit Receipts having maturity period of one year. Profit is receivable on maturity at the rate of 11% & 12% per annum (2025: 10.75% & 10.51%).

15. TAX REFUND DUE FROM GOVERNMENT			
Income tax		49,149,819	48,856,268
16. CASH AND BANK BALANCES			
Cash in hand		62,270	57,328
Cash at banks			
in current accounts		2,763,284	9,984
in deposit accounts	16.1	41,105,832	54,487,438
in deposit accounts - Gratuity	16.1 & 16.2	25,593,382	25,593,382
		69,462,498	80,090,804
		69,524,768	80,148,132

16.1 Rate of return on deposit accounts ranges from 9% to 10.12% per annum (2025: 7.25% to 19.15% per annum).

16.2 It represents amount deposited against provision for staff retirement gratuity.

17. DEFERRED GRANTS			
Grant balance as at 01, July			
Punjab Day Care Fund Society (PDCF Society)	17.1	942,617	977,353
Public Sector Development Programme (PSDP)	17.2	1,607,836	1,762,757
Japan International Cooperation Agency (JICA)	17.2	19,966,606	22,198,589
		22,517,059	24,938,699
Amortization of grant			
Day care assets	6.3	(31,261)	(34,736)
Female Exclusive Training Institute (FETI) assets	6.3	(2,142,528)	(2,386,904)
		(2,173,789)	(2,421,640)
Closing balance		20,343,270	22,517,059

17.1 This represents grant received from Punjab Day Care Fund Society (PDCF), Directorate of Women Development, Lahore. The purpose of the fund is establishment of day care center to support working women by making workplace woman friendly through availability of quality and convenient child care. The PDCF Society assist in establishment of day care center by providing financial support to the Company for establishment of day care center. The amount of funds transferred had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants (Refer note 6.2).

17.2 This represents non-monetary grants received from Public Sector Development Programme (PSDP) and Japan International Cooperation Agency (JICA) for establishment of Female Exclusive Training Institute (FETI). According to PC-1 (training center) JICA had to provide necessary machinery and PSDP to born all the expenses and also to supervise the project for two years. The project FETI had been handed over to the Company on November 15, 2019. The amount of non-monetary assets transferred (refer note no 6.2 and note 10) had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants.

18. DEFERRED LIABILITIES			
Staff retirement gratuity	18.1.1	54,706,665	41,123,496

18.1 This represents an unfunded gratuity scheme which provides termination benefits for all eligible employees of the Company who attain the minimum qualifying period. The latest valuation of the defined benefit plan was carried out as at June 30, 2026 using the Projected Unit Credit (PUC) Actuarial Cost Method. Details of the defined benefit plan are as follows:

18.1.1 Movement in the present value of defined benefit obligation:

Opening balance		41,123,496	25,944,608
Expenses recognized in the statement of profit or loss	18.1.2	8,949,623	15,530,113
Remeasurement chargeable to other comprehensive income		4,633,546	-
Paid during the year		-	(351,225)
Closing balance		54,706,665	41,123,496

	NOTE	2026 RUPEES	2025 RUPEES
18.1.2 Expenses recognized in the statement of profit or loss:			
Current service cost		3,879,041	15,530,113
Interest cost		5,070,582	-
		8,949,623	15,530,113
18.1.3 Amounts charged in the statement of profit or loss are as follows:			
Operating and other expenses	23	7,425,334	12,885,043
FETI expenses	23.2	1,524,289	2,645,070
		8,949,623	15,530,113

18.1.4 Principal actuarial assumptions used:	2026	2025
Discount rate for year end obligation	11.75%	-
Future salary increase per annum	13.00%	-
Mortality rates (for deaths in service)	SLIC 2001-2005	-
Withdrawal factor	Age based	-
Retirement age of employees	60 Years	-
average duration of defined benefit obligation	5 Years	

18.1.5 The expected contribution to defined benefit obligation for the year ending June 30, 2027 will be Rs. 9,555,844/-.

18.1.6 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by 100 bps.

	NOTE	2026 RUPEES	2025 RUPEES
Discount rate + 100 bps		(2,383,363)	-
Discount rate - 100 bps		2,514,833	-
Salary change + 100 bps		2,463,873	-
Salary change - 100 bps		(2,378,183)	-

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

19. TRADE AND OTHER PAYABLES

Accrued expenses	874,367	934,494
Retention money payable	353,391	353,391
Employee claim payable	-	164,187
	1,227,758	1,452,072

20. SECURITY DEPOSITS

Security deposits against rented buildings	20.1	14,093,922	14,093,922

20.1 This represents securities received from tenants under cancellable lease arrangements. These are interest free and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Companies Act, 2017. It has not been utilized and kept intact.

21. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the reporting date which need to be disclosed in these financial statements.

		NOTE	2026 RUPEES	2025 RUPEES
22.	**REVENUE**			
	Rental income - building	**22.1**	**92,981,127**	85,358,926

22.1 The buildings are rented out according to the Public Procurement Rules (PPR), under cancellable lease arrangement.

23.	**OPERATING AND OTHER EXPENSES**			
	Salaries and benefits		**37,458,485**	34,833,956
	Staff retirement gratuity	**18.1.3**	**7,425,334**	12,885,043
	Electricity and power		**260,096**	640,452
	Postage and telecommunication		**831,874**	496,200
	Water and sewerage		**94,910**	88,250
	Entertainment		**240,625**	190,098
	Repairs and maintenance		**1,075,649**	525,455
	Printing and stationery		**109,830**	72,885
	Vehicle running and maintenance		**297,780**	314,000
	Travelling and conveyance		**1,695,042**	1,617,033
	Horticulture/ gardening		**1,893,642**	1,998,441
	Training expenses		**50,000**	200,800
	Fee and taxes		**1,063,853**	82,164
	Legal and professional charges		**2,357,252**	2,120,726
	Auditors' remuneration	**23.1**	**177,000**	160,916
	Insurance		**1,042,996**	1,032,596
	Meeting expenses		**160,256**	159,284
	Advertisement		**678,585**	-
	Bank charges		**20,773**	8,932
	Office utilities		**55,505**	67,095
	Others		**7,179**	2,520
	FETI expenses	**23.2**	**24,777,748**	22,644,363
			81,774,414	80,141,209

23.1	**Auditors' remuneration**			
	Annual audit fee		**111,747**	101,588
	Tax consultancy		**65,253**	59,328
			177,000	160,916

23.2	**FETI Expenses - net**			
	FETI store consumed	**23.2.1**	**926,416**	1,177,286
	Salaries and benefits		**13,830,858**	13,649,870
	Staff retirement gratuity	**18.1.3**	**1,524,289**	2,645,070
	Travelling expenses		**4,529,672**	4,633,490
	Student's uniform & stipend		**2,378,150**	1,827,360
	Electricity and power		**897,450**	695,380
	Repairs and maintenance		**573,878**	96,400
	Legal expenses		**30,700**	69,697
	Printing and stationery		**64,170**	60,070
	Vehicle running and maintenance		**-**	1,100
	Advertisement		**101,000**	269,500
	Depreciation on FETI assets	**6.3**	**2,142,528**	2,386,904
	Office utilities		**56,615**	45,320
	Other expenses		**24,550**	16,500
			27,080,276	27,573,947
	Less: FETI Grants			
	Income from PSDF		**-**	(2,542,680)
	Income from waste sale		**(160,000)**	-
	Amortization of deferred income	**17**	**(2,142,528)**	(2,386,904)
			(2,302,528)	(4,929,584)
	Net Expenses		**24,777,748**	22,644,363

23.2.1	**FETI store consumed**			
	Opening balance		**247,254**	377,732
	Material purchased		**1,284,520**	1,046,808
			1,531,774	1,424,540
	Closing balance		**(605,358)**	(247,254)
			926,416	1,177,286

	NOTE	2026 RUPEES	2025 RUPEES
24. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		**5,757,000**	17,860,587
Profit on short term investments	**14.1**	**27,452,971**	20,504,726
Interest income on deposit with SNGPL		**178,600**	178,600
Income from non-financial assets and others			
Amortization of deferred income - Day care	**17**	**31,261**	34,736
		33,419,832	38,578,649
25. INCOME TAX			
Current		-	-
Prior year tax adjustment	**25.1**	-	(57,325,201)
		-	(57,325,201)

25.1 The Company is approved as a non-profit organization under sub-clause (c) of Clause (36) of section 2 of Income Tax Ordinance, 2001 read with Rule 212 of Income Tax Rule 2002. Therefore, a tax credit is allowed equal to one hundred percent (100%) of the tax payable under section 100C of the Income Tax Ordinance. However, provision for current taxation is not recognized in these financial statements.

26. REMUNERATION OF CHAIRMAN AND EXECUTIVES

	NOTE	30 June 2026		30 June 2025	
		Chairman	Executives	Chairman	Executives
		[R U P E E S]		[R U P E E S]	
Remuneration		-	**2,977,800**	-	2,551,000
Vehicle running allowance	**26.1**	**1,334,449**	-	1,500,164	-
House rent allowance		-	**900,000**	-	847,500
Adhoc relief		-	**510,000**	-	510,000
Conveyance allowance		-	**168,000**	-	168,000
Leave encashment		-	**347,179**	-	321,469
Staff retirement gratuity		-	**1,099,096**	-	2,912,594
Medical allowance		-	**225,000**	-	211,875
		1,334,449	**6,227,075**	1,500,164	7,522,438
Number of persons		**1**	**2**	1	2

26.1 It represents Rs. 25 per km (2025: Rs. 10 per km) paid to the Chairman to meet running expenses of his car provided by the Company as well as repair and maintenance expenses of the car.

27. NUMBER OF EMPLOYEES	**2026**	**2025**
Average number of employees during the year	**42**	43
Number of employees at end of the year	**42**	42

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

Fair value is defined as 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2026							
	Carrying Amount				Fair Value			
	Fair value	Amortized cost	Cash and cash equivalents	Total	Level 1	Level 2	Level 3	Total
		[	R U P E E S]					
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Long term loans	-	11,014,145	-	11,014,145	-	-	-	-
Long term deposits	-	9,372,760	-	9,372,760	-	-	-	-
Receivables from tenant	-	26,487,412	-	26,487,412	-	-	-	-
Deposit	-	-	-	-	-	-	-	-
Accrued income	-	14,980,444	-	14,980,444	-	-	-	-
Short term investments	-	265,000,000	-	265,000,000	-	-	-	-
Cash and bank balances	-	-	69,524,768	69,524,768	-	-	-	-
	-	326,854,761	69,524,768	396,379,529	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	1,227,758	-	1,227,758	-	-	-	-
Security deposits	-	14,093,922	-	14,093,922	-	-	-	-
	-	15,321,680	-	15,321,680	-	-	-	-

	2025							
	Carrying Amount				Fair Value			
	Fair value	Amortized cost	Cash and cash equivalents	Total	Level 1	Level 2	Level 3	Total
		[	R U P E E S]					
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	2,994,423	-	2,994,423	-	-	-	-
Long term deposits	-	9,372,760	-	9,372,760	-	-	-	-
Receivables from tenant	-	-	-	-	-	-	-	-
Deposit	-	164,187	-	164,187	-	-	-	-
Accrued income	-	14,054,661	-	14,054,661	-	-	-	-
Short term investments	-	240,000,000	-	240,000,000	-	-	-	-
Cash and bank balances	-	-	80,148,132	80,148,132	-	-	-	-
	-	266,586,031	80,148,132	346,734,163	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	1,452,072	-	1,452,072	-	-	-	-
Security deposits	-	14,093,922	-	14,093,922	-	-	-	-
	-	15,545,994	-	15,545,994	-	-	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through a mix of funds received from Government and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The Company's finance department oversees the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite.

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

- Market risk
- Credit risk
- Liquidity risk

29.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2026 and 2025.

29.1.1 Interest rate risk:

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from deposit with SNGPL, investments in term deposit receipts and balances in deposit accounts.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2026 RUPEES	2025 RUPEES
Fixed rate instruments		
Short term investments	**265,000,000**	240,000,000
Variable rate instruments		
Security deposit with SNGPL	**3,572,000**	3,572,000
Bank balances in deposit accounts	**66,699,214**	80,080,820

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at FVPL. Therefore, a change in interest rate at the reporting date would not affect income and expenditure statement of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates of 1%, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting date were outstanding for the whole year.

	2026 RUPEES	2025 RUPEES
Effect on income and expenditure of an increase in interest rate for deposit with SNGPL	**35,720**	35,720
Effect on income and expenditure of an increase in interest rate for balances in deposit accounts	**666,992**	800,808
	702,712	836,528

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

29.1.2 Currency risk / Foreign Exchange risk:

Currency risk is the risk that the fair value or 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 due to foreign currency transactions. The Company is not exposed to any currency risk as there are no receivables and payables denominated in foreign currencies.

29.1.3 Other price risk:

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

29.2 Credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

	2026 RUPEES	2025 RUPEES
Long term loans	11,014,145	2,994,423
Long term deposits	9,372,760	9,372,760
Receivables from tenant	26,487,412	-
Deposit	-	164,187
Accrued income	14,980,444	14,054,661
Short term investments	265,000,000	240,000,000
Bank balances	69,462,498	80,090,804
	396,317,259	346,676,835

Long term loans are given to employee of the Company and are secured against employees' retirement benefits. Therefore, Company is not exposed to any significant credit risk on these loans.

Long term deposits have been mainly placed with utility companies, i.e. FESCO and SNGPL. Considering the financial position and credit quality of the institutions, the Company's exposure to credit risk is not significant.

Receivables from tenant constitute rental income receivable. For these receivables, credit quality of tenant is assessed taking into consideration their financial position, previous dealings and security deposits against rent agreements. So, the Company is not exposed to any significant credit risk on these receivables.

Accrued income constitute profit receivable on deposit with SNGPL, bank deposits and short term investment. Considering the credit quality of the counter parties i.e. banks and SNGPL, the Company's exposure to credit risk is not significant.

Short term investment is investment in TDRs. The credit risk on liquid funds is limited because the counter party is bank with reasonably high credit ratings.

The credit quality of the Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Name of Bank	Date	Long term	Short term	Outlook	Agency
Habib Metropolitan Bank Limited	30-Jun-26	AAA	A1+	Stable	PACRA
Zarai Taraqiati Bank Limited	29-Jun-26	AAA	A1+	Stable	JCR-VIS

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the risk is minimal.

29.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funds. This also includes maintenance of financial position liquidity ratios through working capital management. The management believes that the Company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2026 and 2025:

	2026		
	Carrying amount	Contractual cash flows	Within 6 months
	[R U P E E S]		
Financial Liabilities :			
Trade and other payables	1,227,758	1,227,758	1,227,758
Security deposits	14,093,922	14,093,922	14,093,922
	15,321,680	15,321,680	15,321,680

	2025		
	Carrying amount	Contractual cash flows	Within 6 months
	[R U P E E S]		
Financial Liabilities :			
Trade and other payables	1,452,072	1,452,072	1,452,072
Security deposits	14,093,922	14,093,922	14,093,922
	15,545,994	15,545,994	15,545,994

30. FUND MANAGEMENT

The primary objective of the Company's fund management is to safeguard the Company's ability to continue as a going concern and to maintain a strong fund base to support the sustained development of its operations and to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for stakeholders thereby maximizing their wealth and reduce the cost of funds.

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities under common directorship, directors and other key management personnel. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chairman, directors and others have been disclosed in the relevant notes to these financial statements.

32. GENERAL

32.1 Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purpose of better presentation and comparison. During the year no reclassification is made in the corresponding figures.

32.2 Following nomenclatures have been changed during the year

Previous year nomenclature	Current year nomenclature
Long term advances	Long term loans
Advances, deposit, prepayments and other receivables	Loans, deposit and prepayments
Deferred income	Deferred grants
Taxation	Income tax

32.3 Rounding

Figures in these financial statements have been rounded off to the nearest Rupee.

33. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 02 OCT 2026 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF ACCOUNTANT