

KASHF FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2026



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the members of Kashf Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Kashf Foundation (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 accumulated 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 accumulated 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 and other comprehensive income, the changes in accumulated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	Loss allowance for expected credit losses against micro-credit loan portfolio, Kashf murabaha portfolio, and accrued service charges and profit <i>(Refer notes 10, 11, 14, 15, 16, 38 and 50.2 to the financial statements)</i> The Company has recognised a charge of credit loss allowance - net on micro-credit loan portfolio, Kashf murabaha portfolio, and accrued service charges and profit amounting to Rs. 172,335,143 in the statement of income and expenditure in the current year. As at June 30, 2026, the Company holds a loss allowance for expected credit losses of Rs. 229,899,555 against micro-credit loan portfolio, Rs. 8,089,805 against Kashf murabaha portfolio, and Rs. 3,819,511 against accrued service charges and profit. Loss allowance for expected credit losses is recorded in accordance with the IFRS Accounting Standard 9 'Financial Instruments', under which a forward-looking Expected Credit Loss (ECL) approach is applied to all portfolio not held at fair value through profit and loss. Portfolio is classified into 12-month ECL or lifetime ECL based on the assessment of Significant Increase in Credit Risk (SICR) or credit impairment, determined by comparing the risk of default at the reporting date with that at initial recognition at borrower level. The estimation of ECL involves significant management judgement, particularly in determining the staging of portfolio, identification of SICR and credit-impaired portfolio, and in determining key ECL parameters including Probability of Default (PD), Loss Given Default (LGD), and the use of forward-looking information. Management involved an expert to perform these computations on its behalf.	Our audit procedures to verify loss allowance for expected credit losses against micro-credit loan portfolio, Kashf murabaha portfolio, and accrued service charges and profit included, amongst others, the following: • We obtained and updated our understanding of management's assessment of loss allowance for expected credit losses in respect of portfolio and accrued service charges and profit, work performed by the management's expert, accounting policy and model methodology. • Examined the professional qualification of the management's expert and assessed the independence, competence and experience of the management's expert in the field; • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Company to identify loss events and for determining the extent of loss allowance required against portfolio. • The testing of controls included testing of: ➤ controls over correct classification of portfolio, and accrued service charges and profit under the applicable financial reporting framework; ➤ controls over monitoring of portfolio with higher risk of default; ➤ controls over accurate computation, recording of loss allowance for expected credit losses; and ➤ controls over governance and approval process related to loss allowance for expected credit losses. • We selected a sample of borrowers and performed the following substantive procedures: ➤ assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records as well as the related external sources used for this purpose;

S. No.	Key audit matter	How the matter was addressed in our audit
	The determination of loss allowance for expected credit losses against micro-credit loan portfolio, Kashf murabaha portfolio and, accrued service charges and profit based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of portfolio relative to the overall financial statements of the Company, we considered this area as a key audit matter.	➤ checked repayments of loans / markup / profit instalments and tested classification of portfolio based on the number of days overdue, inspection of credit documentation and discussions with the management; and ➤ tested the staging of portfolio as per the criteria of SICR and in accordance with IFRS 9. • Assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirement of the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Reports 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 reports 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 are responsible for overseeing the Company's financial reporting process.

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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 scepticism 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 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



A.F. FERGUSON & Co.

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 accumulated 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).

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: October 21, 2026

UDIN: AR202610092r1Y9IoOGg

KASHF FOUNDATION

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

		2026	2025
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment			
- Operating fixed assets	6	2,097,628,902	1,862,676,834
- Right-of-use assets	6	275,339,810	201,466,270
		2,372,968,712	2,064,163,104
Intangible assets	7	13,426,137	23,205,171
Long term investments	8	86,145,482	861,303,824
Long term loans	9	48,775,617	39,043,004
Long term micro-credit loan portfolio	10	244,542,487	121,103,637
Long term Kashf murabaha portfolio	11	5,194,359	2,909,277
Long term deposits	12	113,654,100	151,654,100
Deferred tax asset - net	13	165,382,588	-
		3,050,091,482	3,263,382,117
CURRENT ASSETS			
Current portion of long term loans	9	47,281,078	-
Micro-credit loan portfolio	14	49,125,625,257	35,595,460,598
Kashf murabaha portfolio	15	2,082,897,374	1,440,741,725
Accrued service charges and profit	16	809,346,827	633,183,955
Short term investments	17	11,724,198,548	7,686,692,813
Advances, deposits, prepayments and other receivables	18	977,148,598	775,132,784
Cash and bank balances	19	8,060,326,453	7,812,241,564
		72,826,824,135	53,943,453,439
		<u>75,876,915,617</u>	<u>57,206,835,556</u>
FUNDS AND LIABILITIES			
FUNDS			
Donated funds	20	237,255,711	237,255,711
Capital reserves			
- Surplus on revaluation of land	21	868,622,877	448,928,205
- Loan loss reserve	22	2,584,812,442	1,865,418,133
- Special reserve	23	521,808,471	364,556,817
- Hedging reserve	24	(92,187,104)	(289,375,838)
		3,883,056,686	2,389,527,317
Revenue reserve			
- Accumulated surplus		11,389,796,730	9,121,408,608
		<u>15,510,109,127</u>	<u>11,748,192,636</u>
NON-CURRENT LIABILITIES			
Long term financing	25	35,535,304,294	22,409,134,400
Lease liabilities	26	153,704,478	108,026,720
Deferred tax liability - net	13	-	321,451,488
		35,689,008,772	22,838,612,608
CURRENT LIABILITIES			
Current portion of long term financing	25	20,059,632,833	18,090,759,798
Current portion of lease liabilities	26	155,134,058	121,109,138
Trade and other payables	27	1,587,086,523	1,964,234,216
Short term borrowings	28	220,934,251	258,602,580
Deferred grants	29	175,740,621	517,100,937
Financial liabilities used for hedging	30	1,606,180,762	842,123,554
Accrued mark-up	31	873,088,670	826,100,089
		24,677,797,718	22,620,030,312
CONTINGENCIES AND COMMITMENTS			
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		<u>75,876,915,617</u>	<u>57,206,835,556</u>

The annexed notes 1 to 57 form an integral part of these financial statements.

Chief Executive Officer

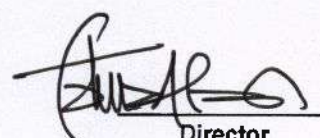
Chief Financial Officer

Director

KASHF FOUNDATION**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)****STATEMENT OF INCOME AND EXPENDITURE****FOR THE YEAR ENDED JUNE 30, 2026**

	Note	2026	2025
		Rupees	
INCOME			
Mark-up and other charges on micro-credit loan portfolio	33	17,350,990,941	14,555,600,996
Profit and other charges on Kashf murabaha portfolio	34	733,137,209	597,103,180
Grant income	35	637,762,331	546,816,958
Return on investments and bank deposits	36	1,305,410,754	1,764,973,574
		20,027,301,235	17,464,494,708
LESS: EXPENDITURE			
Programme cost	37	6,496,231,087	5,074,627,423
Charge of credit loss allowance - net	38	208,502,251	83,744,374
Grant expenses	39	637,762,331	546,816,958
Finance cost - net	40	7,488,932,098	7,185,999,502
		14,831,427,767	12,891,188,257
		5,195,873,468	4,573,306,451
Less: Management and administrative expenses	41	1,103,935,951	853,780,766
Less: Other expenses	42	169,681,165	-
		1,273,617,116	853,780,766
Other income	43	1,008,014,802	644,573,615
SURPLUS OF INCOME OVER EXPENDITURE			
BEFORE MINIMUM TAX DIFFERENTIAL AND INCOME TAX		4,930,271,154	4,364,099,300
Less: Final and minimum tax differential	44	3,009,404	1,418,522
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION			
		4,927,261,750	4,362,680,778
Less: Taxation expense	45	1,782,228,665	1,600,405,509
SURPLUS OF INCOME OVER EXPENDITURE			
FOR THE YEAR		3,145,033,085	2,762,275,269

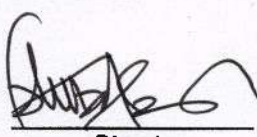
The annexed notes 1 to 57 form an integral part of these financial statements.


Chief Executive Officer
Chief Financial Officer
Director

KASHF FOUNDATION**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED JUNE 30, 2026**

	2026	2025
	Rupees	
SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR	3,145,033,085	2,762,275,269
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR:		
Items that may be reclassified to statement of income and expenditure in subsequent periods:		
Cashflow hedges		
- changes in fair value of hedging instrument - net	(1,397,996,706)	(615,319,845)
- exchange gain reclassified to statement of income and expenditure	277,156,553	244,458,000
- reclassification of forward points to statement of income and expenditure	1,182,695,473	182,141,769
- Income tax related to items that may be reclassified	135,333,414	(81,191,782)
	197,188,734	(269,911,858)
Items that will not be reclassified to statement of income and expenditure in subsequent periods:		
Surplus on revaluation of freehold land	132,675,000	-
Deferred tax		
- Effect of deferred tax on revaluation surplus	287,019,672	-
	419,694,672	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	616,883,406	(269,911,858)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,761,916,491	2,492,363,411

The annexed notes 1 to 57 form an integral part of these financial statements.


Chief Executive Officer
Chief Financial Officer
Director

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	Capital reserves					Revenue reserve	
		Donated funds	Surplus on revaluation of land	Loan loss reserve	Special reserve	Hedging reserve	Accumulated surplus	Total
					Rupees			
Balance as at July 1, 2024		237,255,711	448,928,205	1,456,694,519	226,443,054	(19,463,980)	6,905,971,716	9,255,829,225
Total comprehensive income								
Surplus of income over expenditure for the year		-	-	-	-	(269,911,858)	2,762,275,269	2,762,275,269
Other comprehensive loss for the year		-	-	-	-	(269,911,858)	2,762,275,269	2,492,363,411
Transferred from accumulated surplus to loan loss reserve	22	-	-	408,723,614	-	-	(408,723,614)	-
Transferred from accumulated surplus to special reserve	23	-	-	-	138,113,763	-	(138,113,763)	-
Balance as at June 30, 2025		237,255,711	448,928,205	1,865,418,133	364,556,817	(289,375,838)	9,121,409,608	11,748,192,636
Total comprehensive income								
Surplus of income over expenditure for the year		-	419,694,672	-	-	197,188,734	3,145,033,085	3,145,033,085
Other comprehensive income for the year		-	419,694,672	-	-	197,188,734	3,145,033,085	3,761,916,491
Transferred from accumulated surplus to loan loss reserve	22	-	-	719,394,309	-	-	(719,394,309)	-
Transferred from accumulated surplus to special reserve	23	-	-	-	157,251,654	-	(157,251,654)	-
Balance as at June 30, 2026		237,255,711	868,622,877	2,584,812,442	521,808,471	(92,187,104)	11,389,796,730	15,510,109,127

The annexed notes 1 to 57 form an integral part of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Director

KASHF FOUNDATION

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus of income over expenditure before minimum tax differential and income tax		4,930,271,154	4,364,099,300
Adjustments for non cash items:			
Depreciation	6.4	386,056,255	271,705,205
Amortization	7.1.1	9,777,034	10,725,063
Mark-up on lease liabilities	26.2	45,616,001	33,896,381
Grant income	35	(637,762,331)	(546,816,958)
Return on investments and bank deposits	36	(1,305,410,754)	(1,764,973,574)
Reclassification of forward points	40	2,094,284,600	1,921,855,789
Amortization of transaction costs of long term financing	40	99,104,406	91,458,294
Finance cost on borrowings	40	4,754,450,858	4,706,187,184
Fair value loss on term finance certificates	42	45,150,187	(7,187,426)
Foreign exchange loss / (gain) - net	42	58,509,373	(53,923,483)
Capital gain on mutual funds	43	(527,008,539)	(394,953,886)
Dividend income	43	(7,716,421)	(95,542,854)
Gain on disposal of property and equipment	43	(9,722,083)	(12,695,714)
Gain on termination of lease	43	(4,591,875)	(14,764,561)
Liabilities written back	43	(6,679,088)	(20,900,784)
Gain on derecognition of financial assets - non cash	43	(28,158,168)	-
Kashf Holding (Private) Limited loan impairment reversal	43	(220,239,935)	-
Charge of credit loss allowance - net	38	208,502,251	83,744,374
		<u>4,954,161,991</u>	<u>4,207,613,048</u>
Surplus before working capital changes		9,884,433,145	8,571,912,348
Effect on cash flows due to working capital changes			
Increase in current assets			
Increase in micro-credit loan portfolio		(13,818,597,668)	(7,960,342,482)
Increase in Kashf murabaha portfolio		(650,272,166)	(319,906,611)
Increase in accrued service charges and profit		(177,672,421)	(115,260,194)
Increase in advances, deposits, prepayments and other receivables		(230,672,375)	(222,498,243)
		<u>(14,877,214,630)</u>	<u>(8,618,007,530)</u>
Increase in current liabilities			
Increase in deferred grants		296,402,015	602,824,622
(Decrease) / increase in trade and other payables		(90,443,289)	387,552,627
		<u>205,958,726</u>	<u>1,190,377,249</u>
Cash (used in) / generated from operations		<u>(4,788,822,759)</u>	<u>1,144,282,067</u>
Finance cost paid		(4,707,462,277)	(4,798,210,789)
Long term loans disbursed - net		(57,013,891)	(21,942,124)
Long term deposit - net		38,000,000	497,600
Current tax, final and minimum tax differential paid		(2,129,744,395)	(2,122,668,674)
		<u>(6,856,220,383)</u>	<u>(6,840,343,987)</u>
Net cash used in operating activities		<u>(11,643,043,122)</u>	<u>(5,796,061,920)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred	6.1	(335,075,912)	(293,128,040)
Sale proceeds from disposal of property and equipment	6.3	11,749,642	13,863,331
Return received on Investments and bank deposits		1,334,067,315	1,919,882,808
Long term and short term investments made - net		(2,604,330,553)	(640,382,369)
Net cash (used in) / generated from investing activities		<u>(1,593,589,508)</u>	<u>1,000,235,730</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs paid for long term financing		(150,751,927)	(76,379,246)
Payment of lease liabilities	26	(190,460,158)	(121,411,714)
Long term and short term financing obtained - net		13,844,560,997	5,059,392,866
Net cash generated from financing activities		<u>13,503,348,912</u>	<u>4,861,601,906</u>
Effect of exchange rate changes on cash and cash equivalents		(18,631,393)	19,773,082
Net increase in cash and cash equivalents		<u>248,084,889</u>	<u>85,548,798</u>
Cash and cash equivalents at the beginning of the year		<u>7,812,241,564</u>	<u>7,726,692,766</u>
Cash and cash equivalents at the end of the year	46	<u>8,060,326,453</u>	<u>7,812,241,564</u>

The annexed notes 1 to 57 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

KASHF FOUNDATION

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1 Corporate and general information

1.1 Legal status and operations

Kashf Foundation ("the Company") was incorporated in Pakistan on February 2007 as a public company limited by guarantee, not having a share capital and licensed as a non-profit organization under section 42 of the Companies Ordinance, 1984 (now the Companies Act, 2017). In October 2016, the Company received license from Securities and Exchange Commission of Pakistan (SECP), to carry out investment finance services as a Non-Banking finance company (NBFC) under rule 5 of the Non Banking-Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) on June 22, 2021. The Company became listed company subsequent to listing of its "Kashf Foundation Gender Bond" on the Pakistan Stock Exchange pursuant to Chapter 5C of Pakistan Stock Exchange Rule Book, i.e. "Privately Placed Debt Securities' Listing Regulations".

The principal activity of the Company is to provide cost effective micro-finance services to poor households in order to enhance their economic role and allow self-employed individuals a sustained opportunity of matching existing skills with financial resources. The Company also provides non-financial services in the form of training through vocational training centres both to its borrowers and to its staff. The Pakistan Credit Rating Agency (PACRA) has assigned the long-term rating of 'A' with stable outlook and short term rating of 'A1' to the Company as on February 20, 2026. Registered office of the Company is situated at 1-C, Shahrah Nazaria-e-Pakistan, Lahore. The Company has 13 (2025: 12) regional offices, 92 (2025: 79) area offices and 498 (2025: 422) branches in Pakistan.

The geographical locations of regional offices of the company are listed below:

Regional office	Geographical location
Lahore Region	19 Aibak Block, New Garden Town, Lahore.
Bahawalpur Region	Muhammadia Colony, Noor Mehal Road, Bahawalpur.
Sargodha Region	Satellite Town C Block, Zafar Ullah Chowk, Sargodha.
Sahiwal Region	Dubai Garden G.T Road, Sahiwal.
Multan Region	1455 E Noon Street, Nasheman Colony Bosan Road, Multan.
Gujranwala Region	Ch.Ishaq Sahi Wala Gala, Circular Road, Daska.
Faisalabad Region	House 303, B Street 5. Near The University of Faisalabad Amin campus, Faisal town, Faisalabad.
Islamabad Region	Shabir Lane Street, Main Peshawar Road, Rawalpindi.
KPK Region	Alnoor Colony, University Town, Peshawar.
Karachi Region	D 91, Second Floor Block 4 Gulshan Iqbal, Karachi.
Sukkur Region	Friends Cooperative Housing Society, Airport Road, Sukkur.
Hyderabad Region	Latifabad Unit 3, Giddu Chowk, Autobhan Plaza Road.
Jhang Region	House No 539/2, Mohalla Kapaeen, Katchehri Road, opposite Jameel Park, Jhang.

2 Statement of compliance

2.1 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 Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;
- 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 (IFASs) issued by the ICAP as are notified under the Companies Act, 2017; and
- Provisions of, and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984 and NBFC Rules and NBFC Regulations.

Where provisions of, directives and notifications issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules and NBFC regulations, and the directives issued by the SECP differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and NBFC Regulations, or the requirements of the said directives have been followed.

2.2 Interpretations and amendments to published approved accounting standards that became effective during the year

Certain standards, amendments and interpretations to IFRS Accounting Standards are effective for accounting period beginning on July 1, 2025 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.3 Standard, Interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

a) Amendment to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments Disclosure, Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments aim to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ('SPPI') criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ('ESG') targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognized. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

The Company is in process to assess the impact of this Standard and amendments to existing standards on its financial statements.

b) Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IAS 7 Statement of Cash Flows.

c) **IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning on or after January 1, 2027)**

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

- the structure of the statement of Income and Expenditure;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is in process to assess the impact of this Standard and afore-mentioned improvements / amendments to existing standards on its financial statements.

3 Basis of preparation

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except where specific basis of measurement has been mentioned in relevant notes. In these financial statements, except for statement of cash flows, all the transactions have been accounted for on accrual basis.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupee, unless otherwise stated.

4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are continually evaluated and 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 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. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Useful lives, residual values and impairment of property and equipment	4.1
- Useful lives, residual values and impairment of intangible assets	4.2
- Revaluation of property and equipment	4.3
- Expected credit loss on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges	4.4
- Expected credit loss on investment in debt securities	4.5
- Fair value of derivative financial instruments	4.6
- Expected credit loss on long term loans	4.7
- Lease term and discount rate for lease liabilities	4.8
- Allocation of head office and field expenses to grant expense	4.9
- Provision for taxation and deferred taxation	4.10
- Provisions and contingencies	4.11

4.1 Useful lives, residual values and impairment of property and equipment

The Company regularly assesses the suitability of depreciation rates, useful lives, and residual values applied to Property and equipment as mentioned in note 5.2. Additionally, an estimate of the recoverable amount of assets is made annually, where applicable, to check for potential impairment. In making these estimates, the Company utilizes internal or external technical expertise as needed. Any future changes to these estimates could impact the carrying value of Property and equipment, affecting both depreciation charges and potential impairment.

4.2 Useful lives, residual values and impairment of intangible assets

Intangible assets with a finite useful life are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in statement of income and expenditure.

Amortization is recognized in statement of income and expenditure on a straight-line basis over the estimated useful lives of intangible assets, in line with the rates mentioned in note 5.3. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required. The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired.

4.3 Revaluation of property and equipment

Revaluation of freehold land is conducted by independent professional valuers, which are updated after every three years. The Company undertakes revaluations based on significant changes in the fair value of the assets being assessed. If the fair value of a revalued asset differs substantially from its carrying amount, updated revaluation is carried out.

4.4 Loss allowance for expected credit losses on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges and profit

At each reporting date, impairment on receivables is determined under expected credit loss model in accordance with the guidance provided in International Financial Reporting Standard (IFRS) 9 'Financial Instruments'. Judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of impairment required. Such estimates are based on assumption about a number of factors including credit history of the counterparty, forecasted macroeconomic factors and varied credit variable affecting the repayment capacity of the borrowers. Actual cash flows may differ resulting in subsequent changes to the provisions.

4.5 Expected Credit Loss on investment in debt securities

In accordance with IFRS 9 'Financial Instruments', the Company has assessed the expected credit loss (ECL) on its investments in debt securities measured at amortised cost and at fair value through other comprehensive income (FVOCI). The assessment is based on the external credit ratings and financial position of the issuers and financial institutions concerned. For foreign currency exposures to counterparties without a foreign currency rating, the sovereign foreign currency rating of the counterparty's country of incorporation has been applied. The resulting ECL has been recognised in these financial statements.

4.6 Fair value of derivative financial instruments

The Company reviews changes in fair values of the derivative hedging financial instruments at each reporting date based on the valuations received from the contracting banks. These valuations represent estimated fluctuations in the relevant currencies / interest rates over the reporting period and other relevant variables signifying currency and interest rate risks.

4.7 Expected credit loss on long term loans

4.7.1 Loans to employee

Interest free loans or loans at a below market rate of interest are carried at present value and the difference between present value and loan proceeds is treated as loss on below market rate loans. A corresponding charge at market rate of interest on the carrying value of loan is recognized as unwinding of interest in the statement of income and expenditure.

Loans provided to employees for the purchase of scooters are secured against their Provident Fund (PF) contributions. Given this security, these loans carry minimal credit risk. In the event of default or employment termination, the outstanding loan balance can be recovered from the employee's PF.

4.8 Lease term and discount rate for lease liabilities

Estimates with respect to lease term are based on the analysis of the management of the Company keeping in view the contractual arrangement with the lessors. The rate used to discount future lease payments under lease agreements represents the Company's incremental borrowing rate.

4.9 Allocation of head office and field expenses to grant expense

The Company's expenses include both direct and indirect costs attributed to grant expenses. Indirect costs are calculated based on the hours employees spend working on grant-related activities. Field office expenses are considered operational, while head office expenses are divided into administrative and operational costs. The management estimates that expenses incurred at the field offices are operational in nature while expenses incurred at the head office can be bifurcated into administrative expenditure and operational expenditures, respectively.

4.10 Provision for taxation and deferred taxation

In making estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Deferred tax is recognized on all temporary differences between the tax bases of assets and liabilities and their carrying amounts, using rates expected to apply when the difference reverses. Deferred tax assets are recognized only to the extent it is probable that future taxable profits will be available against which they can be utilized.

4.11 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5 Material accounting policy information

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

5.1 Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. If third party information, such as broker quotes, is used to measure fair values, then the management assesses the evidence obtained independently or from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The significant item measured at fair value includes fair value measurements of currency forwards.

5.2 Property and equipment

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount, being the fair value at the date of revaluation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Any revaluation increase arising on the revaluation of freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of land", except to the extent that it reverses a revaluation or impairment decrease for the same asset previously recognised in the statement of income and expenditure, in which case the increase is credited to the income and expenditure to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to income and expenditure to the extent that it exceeds the balance, if any, held in the revaluation surplus on freehold land relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to accumulated surplus.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized and the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income and expenditure as and when incurred.

Depreciation

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 6.1. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any revision are charged to statement of income and expenditure account for the year, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of operating fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in statement of income and expenditure for the year.

Impairment

The Company assesses at each statement of financial position date whether there is any indication that operating fixed assets and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

When impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognised as income.

5.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and if the cost of such asset can be measured reliably. Cost of the intangible asset includes its purchase cost and any directly attributable cost of preparing the asset for its intended use.

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 7.1. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

Subsequently the expenditure is capitalized when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if significant, at each reporting date.

The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.4

Non-derivative financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in statement of income and expenditure for the year.

Major categories of financial assets represent investments, advances, deposits, micro-credit loan portfolio, Kashf murabaha portfolio, accrued service charges and profit, other receivables and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and mainly comprise creditors, accrued expenses, lease liabilities, borrowings, accrued mark-up and other payables.

5.4.1

Non-derivative financial assets - Classification and measurement

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at Fair Value through Other Comprehensive Income (FVOCI) or at Fair Value Through Profit or Loss (FVTPL); and
- Those to be measured at amortized cost.

The classification depends upon Company's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through income and expenditure or other comprehensive income.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

Initial recognition

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets measured at other than amortized cost or FVOCI, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition except the financial asset measured at subsequent measurement FVTPL.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including an interest / mark-up or dividend income, are recognised in statement of income and expenditure.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses, if any. Interest / mark-up income, foreign exchange gains, losses and impairment are recognised in statement of income and expenditure.

Debt investment at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of income and expenditure. Other net gains and losses are recognised in statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of income and expenditure.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised in statement of income and expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of income and expenditure. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to accumulated surplus.

5.4.2 Non-derivative financial liabilities - Classification and measurement

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

5.4.3 Loss allowance for expected credit losses

The Company assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- 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.

Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company
- If a Significant Increase in Credit Risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Further ECL is calculated on a borrower level basis.

Additional information about how the Company measures allowance for credit loss is detailed in note 50.2 of the financial statements.

5.4.4 Derecognition

Financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and expenditure.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of income and expenditure.

5.4.5 Impairment

The Company recognizes impairment on:

- financial assets measured at amortized cost; and
- debt investments measured at FVOCI.

An impairment loss is recognised if the carrying amount of assets exceeds its estimated recoverable amount. Impairment losses are recognised in statement of income and expenditure. If the amount of impairment loss subsequently decreases then the previously recognized impairment loss is reversed through statement of income and expenditure.

5.4.6 Write-off policy

The Company writes off financial assets, in whole or in part, when it has no reasonable expectation of recovering the contractual cash flows. For the micro-credit loan and Kashf murabaha portfolios, write-offs are made on a collective basis when periodic collective historical recovery analysis indicates that the Company does not expect significant additional recoveries after a certain number of Months In Default ('MID'). Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written off are recognised in the statement of income and expenditure.

5.4.7 Off setting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal enforceable right to set off the transaction and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.5 Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. These derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of income and expenditure.

The Company designates these derivatives as hedging instruments to hedge the variability in cash flows associated with foreign currency denominated financing.

Hedging

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Company assesses hedge effectiveness by considering three aspects:

- The economic relationship between the hedged item and the hedged instrument by considering the movement of variation in the hedged item and hedged instrument.
- A change in the credit risk of the hedging instrument or the hedged item as it must not be of such magnitude that it dominates the value changes that result from that economic relationship.
- The hedge ratio used for hedge accounting purposes is in line with risk management objectives of the Company.

The sources of hedge ineffectiveness could be:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to statement of income and expenditure in the same period or periods as the hedged expected future cash flows affect statement of income and expenditure.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to statement of income and expenditure.

Cash flow hedges

A cash flow hedge is used to mitigate exposure to variability in cash flows attributable to a specific risk of a recognized asset, liability, or a highly probable forecast transaction. The effective portion of changes in the fair value of qualifying derivatives is recognized in equity within the hedging reserve, while the ineffective portion is recognized immediately in profit or loss. Amounts accumulated in equity are reclassified to the statement of income and expenditure in the periods when the hedged item affects profit or loss, such as when hedged financial income or expense is recognized or when the forecast transaction occurs. For hedges of non-financial assets or liabilities, the amounts recognized in reserves are transferred to the initial carrying amount of the asset or liability.

If the forecast transaction is no longer expected to occur, or if the hedge ceases to qualify, hedge accounting is discontinued prospectively, and the accumulated amount in equity is reclassified to profit or loss. Under the entity's policy, when forward contracts are designated as hedging instruments, the hedged risk is defined as movements in the spot rate, while changes in the forward element (forward points) are treated as a cost of hedging and recognized in statement of income and expenditure. This optional treatment under IFRS 9 aligns with the accounting for the time value of options and is applied at the entity's discretion. The classification of the hedge - transaction-related (e.g., forecast purchase of inventory in foreign currency) or time-period related (e.g., fair value hedge of commodity inventory) - is determined by the nature of the hedged item, irrespective of whether the hedge is designated as a cash flow hedge or a fair value hedge. This approach is intended to reduce volatility in profit or loss compared to alternative methods.

Hedge effectiveness

Hedge effectiveness is assessed at the start of the hedge relationship and through regular prospective evaluations to ensure an economic relationship exists between the hedging instrument and the hedged item.

For foreign currency financing, the Company establishes hedge relationships where the key terms of the hedging instrument align exactly with those of the hedged item. As a result, the Company typically performs a qualitative assessment of effectiveness. However, if changes occur that affect the terms of the hedged item, causing them to no longer align with the hedging instrument, the Company uses the hypothetical derivative method to reassess effectiveness. In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecasted transaction shifts or if there are changes in the credit risk of either Company or the derivative counterparty.

5.6 Kashf murabaha

In Murabaha transactions, the Company advances funds to the person known as agent. At that time agent purchases the goods on behalf of the Company. Agent takes the possession of goods and offers to purchase the goods from the Company which when accepted is binding on both parties. The customer agrees to pay to the Company, the cost of goods plus profit agreed by the participants on credit terms.

The criteria mentioned in note 5.4.3 is followed for recording of expected credit losses.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

5.8 Borrowings from financial institutions and others

Loans and borrowings are initially recorded at the proceeds received. Transaction costs directly attributable to obtaining the loans and borrowings are deducted in determining the proceeds received on initial recognition. In subsequent periods, borrowings are stated at amortized cost using effective yield method. Finance charges are accounted for on an accrual basis and are presented separately on statement of financial position to the extent of the amount remaining unpaid. Arrangement fees and other transaction costs are also amortized over the term of loan using effective yield method.

Covenants that the Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date.

5.9 Foreign currency translations

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rate prevailing at the financial position date. Transactions in foreign currencies are translated into Rupees at the spot rates. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions or on dates when fair values are determined. Exchange differences are included in statement of income and expenditure, if any.

The Company hedges its foreign currency financing and designates a hedging relationship between a hedging instrument and a hedged item. For hedging relationships that meet the qualifying criteria in IFRS 9, the Company accounts for the gain or loss on the hedging instrument and the hedged item in accordance with the special hedge accounting provisions of IFRS 9.

5.10 Leases

Lessee accounting

5.10.1 Lease liabilities

The Company operates its branches under lease agreements. These leases provide the Company with the right to use the properties for its operations over the lease terms, typically subject to periodic rental payments. The terms and conditions of these leases vary by location, but they are primarily long-term arrangements.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. This applies specifically to the leases for the branches the Company operates, which are owned under lease agreements.

The Company determines its incremental borrowing rate by considering Pakistan revaluation rates (PKRV rates) prevailing at lease inception date as base rates and adjust them reflecting lease term and risk involved by comparing them with KIBOR rates prevailing as at that date and the average spread that is being charged to the Company on its long term loans having the same tenure.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of income and expenditure if the carrying amount of the right-of-use asset has been reduced to zero.

5.10.2 Right-of-use asset

The Company recognizes right-of-use asset at lease commencement date. The right-of-use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of lease liability. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of the property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability. Right-of-use assets are disclosed in the property and equipment as referred in note 6.2 to these financial statements.

5.10.3 Ijarah contracts

The Company has entered into Ijarah contracts, as Mustajir (lessee), under which it obtains the usufruct of assets (motor vehicles) for an agreed period against an agreed consideration. The Ijarah contracts are undertaken in compliance with Shariah principles and are accounted for in accordance with Islamic Financial Accounting Standard (IFAS) 2 'Ijarah', as notified by the Securities and Exchange Commission of Pakistan.

Under IFAS 2, the assets obtained under Ijarah are not recognised in the Company's statement of financial position, and no right-of-use asset or lease liability is recognised for these contracts. Ujrah (rental) payments are recognised as an expense in the statement of income and expenditure on a straight-line basis over the Ijarah term. Future Ujrah payments under the Ijarah contracts are disclosed in note 32.2.

5.11 Trade and other payables

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

5.12 Fund Accounting

The Company uses restricted fund accounting to account for contributions received during the year. Un-restricted contributions and related expenditures are recognized in accumulated surplus, while restricted contributions and related expenditures are recognized in relevant restricted fund i.e. donated funds.

Restricted contributions are recognized in the general fund using the deferral method when an appropriate restricted fund does not exist, refer note 29 to the financial statements.

5.13 Loan loss reserve

A loan loss reserve equal to 5% of the outstanding loan portfolio has been created. The reserve is held to provide for uncertainties that may affect the loan portfolio, such as losses from climate-related events.

5.14 Special reserve

The Company is required under the requirements of Non-Banking Finance Companies and Notified Entities Regulations 2008, to maintain a special reserve to which an appropriation equal to 5% of the after tax surplus is made.

5.15 Hedging reserve

The hedging reserve reflects the effective portion of the cumulative net changes in the fair value of hedging instruments used for cash flow hedges, to be subsequently recognized in the statement of income and expenditure when the hedged cash flows or items impact the statement.

5.16 Employee retirement benefits - defined contribution plan

The Company operates an approved defined contribution provident fund for all permanent employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary per month.

5.17 Recognition of grants and donations

Grants are recognised when there is reasonable assurance that the Company will comply with the relevant conditions, if any, and the grant will be received.

Grants related to assets other than biological assets, are initially recognised at fair value in statement of financial position, as deferred income, that is amortized over the useful life of the asset.

Grants related to project expenses are recognised as revenue in the statement of income and expenditure on a systematic basis in the same periods in which the expenses are incurred, on a gross basis.

Grants where no conditions are associated by the donor with its utilization are recognised as income in the period in which it is received.

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5.18 Provisions

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

5.19 Contingent liabilities

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

5.20 Revenue recognition and other income

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, the amount of revenue and the associated cost incurred or to be incurred can be measured reliably and performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time, of an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- Identify the contract with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price of the contract.
- Allocate the transaction price to each of the separate performance obligations in the contract.
- Recognize the revenue when (or as) the Company satisfies a performance obligation.

(a) Mark-up and other charges on micro-credit loan portfolio and profit on Kashf Murabaha

Revenue from service charges on micro-credit loan portfolio is accounted for using effective yield method on an accrual / time proportion basis and collected with loan instalments, at prevailing mark-up rates for loan products except the service charges on stage 3 micro-credit loan portfolio which is recognized net of provision.

Profit on Murabaha is accounted for using effective yield method on an accrual / time proportion basis except the profit on stage 3 Murabaha portfolio which is recognized net of provision.

(b) Commission income

The Company acts as an insurance agent, offering insurance products to its clients alongside its primary products. For each insurance policy sold, the Company earns commission income from the respective insurance provider. Commission income is recognized when the Company's performance obligations, related to arranging the insurance policies, are satisfied, typically upon the issuance of the insurance policy to the client, at point of time.

(c) Grant Income

Funds provided by donors to subsidise operating and administrative expenses are recognised as grant income as per terms of agreements with donors. Funds utilised for acquiring fixed assets are taken to deferred grant and amortized over the useful life of the assets. Grants related to capacity building are taken to deferred grant and amortized as actual expenses incurred on account of capacity building.

Grants where no conditions are associated by the donor with its utilization are recognised as income in the period in which it is received.

(d) Return on investments and bank deposits

Return on investments and bank deposits is recognised using effective yield method on an accrual / time proportion basis.

(e) Other income

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss and short term investment are included in the statement of income and expenditure in the period in which they arise i.e. point of time.

Dividend is recognised as income when right to receive dividend is established i.e. point of time.

Rent income from operating lease is recognized on straight line basis over the period of rent agreement i.e. over the time.

Income against drama production arrangements recognized as income when right to receive is established i.e. point of time.

5.21 Expenditure

Expenses associated with the Company's field operations are classified as program costs. All expenditures related to the head office are allocated to administrative expenses. Additionally, any costs specifically tied to grants are categorized as grant expenses to ensure proper tracking and allocation of resources.

5.22 Taxation

Current

The current tax charge is determined based on applicable tax rates or those expected to apply to the year's profit, in accordance with prevailing tax laws, while considering any tax credits, rebates, or exemptions. Management regularly reviews positions taken in tax returns, particularly where tax regulations may be open to interpretation, to assess the likelihood of acceptance by tax authorities. The current tax charge also includes any necessary adjustments to prior years' tax provisions based on assessments made during the year. Tax balances are measured using the most likely amount or expected value, depending on which method better predicts the resolution of any uncertainty. Current tax assets and liabilities are offset if the Company has a legal right to do so and intends to settle them on a net basis or simultaneously.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred income tax is fully recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is not recognized if these differences arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that does not affect accounting or taxable profit at the time. Deferred income tax is calculated based on tax rates and laws that are enacted or substantively enacted by the end of the reporting period, and that are expected to be in effect when the deferred tax asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available to utilize deductible temporary differences, unused tax losses, and tax credits. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax amounts relate to the same tax authority.

Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 "Income taxes" but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the statement of profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

5.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Currently, the Company is functioning as a single operating segment.

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6 Property and equipment

Note

2026
Rupees

2025

Operating fixed assets

6.1

2,097,628,902

1,862,676,834

Right-of-use assets

6.2

275,339,810

201,486,270

2,372,968,712

2,064,163,104

6.1 Operating fixed assets

Owned assets

Freehold land	Building on freehold land	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total
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Rupees

Net carrying value basis

Year ended June 30, 2026

Operating Net Book Value (NBV)

Additions (at cost)

Revaluation (Surplus)

Disposals (at NBV)

Depreciation charge for the year

Closing Net Book Value

Gross carrying value basis

As at June 30, 2026

Fair value / cost

Accumulated depreciation

Net Book Value

1,299,500,000	114,856,046	82,213,380	59,992,255	153,615,931	152,499,222	1,862,676,834
-	-	42,360,396	42,795,867	210,947,372	38,972,277	335,075,912
132,675,000	-	-	-	-	-	132,675,000
-	-	(711,115)	(94,281)	(350,929)	(871,234)	(2,027,559)
-	(9,867,511)	(17,059,480)	(20,809,979)	(128,086,521)	(54,937,794)	(230,771,285)
1,432,175,000	104,988,535	106,803,181	81,883,862	236,115,853	135,662,471	2,097,628,902
1,432,175,000	197,350,237	193,544,785	203,969,894	675,395,842	298,567,455	3,001,003,213
-	(92,361,702)	(86,741,604)	(122,086,032)	(439,279,989)	(162,904,984)	(903,374,311)
1,432,175,000	104,988,535	106,803,181	81,883,862	236,115,853	135,662,471	2,097,628,902

Depreciation rate (%) per annum

5%

10%

10% - 20%

33.33%

20%

Owned assets

	Freehold land	Building on freehold land	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total
				Rupees			

Net carrying value basis

Year ended June 30, 2025

Opening Net Book Value (NBV)	1,299,500,000	124,723,558	42,947,943	44,747,886	121,119,842	102,991,898	1,736,031,127
Additions (at cost)	-	-	51,881,072	31,857,529	116,342,981	90,741,586	290,823,168
Disposals (at NBV)	-	-	(89,619)	(60,051)	(1,017,947)	-	(1,167,617)
Depreciation charge for the year	-	(9,867,512)	(12,526,016)	(16,553,109)	(82,828,945)	(41,234,262)	(163,009,844)
Closing Net Book Value	1,299,500,000	114,856,046	82,213,380	59,992,255	153,615,931	152,499,222	1,862,676,834

Gross carrying value basis

As at June 30, 2025

Fair value / cost	1,299,500,000	197,350,236	154,456,309	163,725,524	502,817,904	266,558,483	2,584,408,456
Accumulated depreciation	-	(82,494,190)	(72,242,929)	(103,733,269)	(349,201,973)	(114,059,261)	(721,731,622)
Net Book Value	1,299,500,000	114,856,046	82,213,380	59,992,255	153,615,931	152,499,222	1,862,676,834
Depreciation rate (%) per annum	-	5%	10%	10% - 20%	33.33%	20%	

6.2 Right-of-use assets

Note

2026

Rupees

2025

Rented premises

Net carrying value basis

Balance as at July 01	201,486,270	168,877,760
Additions during the year	265,542,384	170,049,228
Derecognition on termination of leases	(36,403,874)	(28,745,357)
Depreciation charge for the year	(155,284,970)	(108,695,361)
Closing Net Book Value	275,339,810	201,486,270

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6.2.1

Gross carrying value basis

Fair value / cost	738,955,958	590,846,761
Accumulated depreciation	(463,616,148)	(389,360,491)
Net Book Value	275,339,810	201,486,270

Depreciation rate (%) per annum

Lease term

Lease term

6.2.1 This represents the right-of-use asset in respect of the Company's 498 (2025: 422) branches and 13 (2025: 12) regional offices, all of which operate on rented premises. The lease term of branches and regional offices ranges from 3 to 5 years.

6.3 Details of disposals of operating fixed assets

Particulars of assets	Particulars of buyer	Cost	Accumulated depreciation	Net book value	Proceeds	Gain / (loss)	Relationship with the Company	Mode of disposal
Rupees								
Owned assets								
Vehicles								
Suzuki Wagon R	Talha	1,648,700	1,648,700	-	2,023,000	2,023,000	Third Party	Auction
Suzuki Swift	Rabia Masood	1,438,558	1,438,558	-	2,260,000	2,260,000	Employee	As per policy
Suzuki Wagon R	Sadaqat Ali	1,089,490	1,089,490	-	1,882,000	1,882,000	Third Party	Auction
Suzuki Bolan	Sadaqat Ali	776,015	776,015	-	1,212,000	1,212,000	Third Party	Auction
Computer equipment								
	Various buyers	26,634,149	26,283,220	350,929	1,001,999	651,070	Third Party	Auction
Furniture and fixtures								
	Various buyers	3,271,901	2,792,354	479,547	682,056	202,509	Third Party	Auction
Office equipment								
	Various buyers	2,477,238	2,434,956	42,282	288,587	246,305	Third Party	Auction
Assets subject to Insurance claim								
		37,336,051	36,463,293	872,758	9,349,642	8,476,884		
Assets written off								
		12,466,471	11,585,237	871,234	2,400,000	1,528,766		
		2,058,828	1,775,261	283,567	-	(283,567)		
Donated								
		128,500	128,500	-	-	-		
41-								
2026								
		51,989,850	49,982,291	2,027,559	11,749,642	9,722,083		
2025								
		37,202,075	36,034,458	1,167,617	13,863,331	12,695,714		

		2026	2025
	Note	Rupees	
6.4 Allocation of depreciation			
Programme cost	37	293,043,880	212,559,846
Grant expenses	39	12,573,272	12,674,175
Management and administrative expenses	41	80,439,103	46,471,184
		<u>386,056,255</u>	<u>271,705,205</u>

6.5 Cost of operating fixed assets include cost of fully depreciated assets that are still in use amounting to Rs. 375.57 million (2025: Rs. 251.00 million). The breakup of such fully depreciated assets is as follows:

	2026	2025
	Rupees	
Furniture and fixtures	12,991,703	13,498,614
Office equipment	30,587,802	20,789,302
Computer equipment	293,563,395	207,315,654
Vehicles	38,424,729	9,398,697
	<u>375,567,629</u>	<u>251,002,267</u>

6.6 Particulars of Immovable fixed asset

Description	Location	Area of Land
Head Office	1-A, 1-B and 1-C, Shahrah Nazaria-e-Pakistan, Opposite Expo Centre, Mouza Niaz Baig, Lahore.	7.92 Kanal
Regional Office	19 Aibak Block, New Garden Town, Lahore.	2.006 Kanal

6.7 The Company has elected to measure freehold land under the revaluation model. The fair value of the Company's freehold land is determined on triennial basis by an independent professionally qualified valuer. The revaluation was carried out by M/s Tristar International Consultants (Private) Limited, an accredited independent valuer, on the basis of assessment of fair market values. Revaluation performed on June 30, 2026 has resulted in revaluation surplus of Rs. 132.68 million (2023: Rs. 435.74 million).

6.8 Had there been no revaluation, the carrying value of freehold land would have amounted to Rs. 601.5 million (2025: Rs. 601.5 million). The plots are situated at 1-A, 1-B and 1-C, Shahrah Nazaria-e-Pakistan, Opposite Expo Centre, Mouza Niaz Baig (plots area being 7.92 Kanal) and 19-Aibak Block, New Garden Town, Lahore (plot area being 2.006 Kanal).

6.9 The forced sale value of the revalued land had been assessed at Rs. 1,217.35 million (2023: Rs. 1,104.57 million) at the time of revaluation.

6.10 An amount of Rs. 4.43 million (2025: Rs. 3.34 million) was received by the Company from an insurance company as compensation for the assets damaged during current year. This amount has been recognized as other income in the statement of income and expenditure.

		2026	2025
	Note	Rupees	
8 Long term investments			
Equity investment in associate	8.1	-	-
Debt investments at amortized cost			
Investment in Pakistan Investment Bonds	8.2	-	775,185,038
Investment in Term Deposit Certificate	8.3	86,145,482	86,118,786
		<u>86,145,482</u>	<u>861,303,824</u>

8.1 Investment in associate - Kashf Holding (Private) Limited - under equity method

2025
Rupees

Nil (2025: 900,000) fully paid ordinary shares of Rs. 10/- each at cost, equity held Nil (2025: 30.2%)

Value of investment based on net assets as shown in the audited financial statements as at December 31, 2024

Accumulated share of loss of associate
- based on audited financial statements

63,000,000

(63,000,000)

December 31, 2024

Rupees
Audited

8.1.1 Summary of financial information of the associate is as follows:

Total assets	3,076,837
Total liabilities	693,445,453
Total equity	(690,368,616)
Loss for the year	(61,578,490)

The principal activity of the Kashf Holding (Private) Limited (KHL) was making investment in its associated undertaking. The registered office of the Company was situated at 1-C, Shahrah Nazaria-e-Pakistan, Lahore.

During the previous year Kashf Foundation filed a petition through CR No. 73206/2024 dated November 21, 2024 before the Honourable Lahore High Court for the liquidation of KHL on the grounds that the company was unable to pay its debts.

Pursuant to this petition, the Honourable High Court issued a winding-up order on March 19, 2025, and a liquidator was appointed to conduct the winding-up proceedings which were completed during the current year and hence the company has been wound up.

The Company had already fully impaired its investment in KHL. Pursuant to the winding-up proceedings, the Company received 33,119,747 shares of ABHI Microfinance Bank Limited against its loan / debt balance due from KHL (note 9.1); however, on account of the negative equity of KHL, no amount has been received as settlement against the investment in associate.

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8.2 Investment in Pakistan Investment Bonds

Particulars	Note	Effective rate of interest % per annum	2026			2025			Maturity date
			Principal amount	Accrued interest	Amortized cost	Principal amount	Accrued interest	Amortized cost	
				Rupees			Rupees		
Pakistan Investment Bond (floater)	8.2.1	10.89%	-	-	-	203,670,697	11,918,987	215,589,594	August 22, 2025
Pakistan Investment Bond (floater)	8.2.1	10.89%	-	-	-	529,122,215	30,473,239	559,595,454	August 22, 2025

8.2.1 These Pakistan Investment Bonds (floater) carried mark-up at the rate of 10.89% per annum and matured on August 22, 2025 (2025: 11.89% per annum).

8.3 Investment in Term Deposit Certificate

Particulars	Note	Effective rate of interest % per annum	2026			2025			Maturity date
			Principal amount	Accrued interest	Amortized cost	Principal amount	Accrued interest	Amortized cost	
				Rupees			Rupees		
Pak Libya Certificate of Investment	8.3.1	10.16% - 11.49%	85,500,000	699,788	86,199,788	85,500,000	618,786	86,118,786	October 6, 2028
Less: Loss allowance for expected credit losses on Term Deposit Certificate			(53,865)	(441)	(54,306)	-	-	-	
			85,446,135	699,347	86,145,482	85,500,000	618,786	86,118,786	

8.3.1 These instruments carry mark-up at the rate of 6-month KIBOR minus 1% (2025: 6-month KIBOR minus 1%) per annum, ranging from 10.16% to 11.49% per annum during the year, with maturity on October 6, 2028.

9	Long term loans	Note	2026	2025
			Rupees	
	Related party - unsecured			
	Loan to Kashf Holding (Private) Limited	9.1	-	220,239,935
	Less: Accumulated impairment		-	(220,239,935)
			-	-
	Loan to employees - secured	9.2	96,056,695	39,043,004
	Less: Current portion of long term loans		(47,281,078)	-
			<u>48,775,617</u>	<u>39,043,004</u>

9.1 This represents loan to Kashf Holding (Private) Limited (KHL), an associated undertaking, which was originally repayable in 20 equal quarterly instalments starting from September 2013. The loan was rescheduled initially in 2013, with principal and mark-up payable in two instalments amounting to Rs. 160.52 million and Rs. 301.98 million due in December 2015 and December 2019 respectively. Subsequently, the loan was rescheduled in June 2015, with principal and mark-up payable in two instalments of Rs. 130 million and Rs. 378.72 million due in December 2018 and December 2020 respectively. The Board of Directors of the Company decided in the board meeting held on January 20, 2018 to fully impair the loan as no recovery had been received during the past 5 years.

A third rescheduling of the loan was performed in July 2019, requiring payment in 11 annual instalments from 2020 which carried markup at 1-year KIBOR + 2% per annum. Rs. 41 million was recovered in total against the third rescheduling arrangement.

During the prior year, Kashf Foundation filed petition through the Honourable High Court for KHL's liquidation on grounds of insolvency. The Court issued a winding-up order on March 19, 2025, and liquidation proceedings concluded during the current year. Consequent to the winding-up proceedings, the Company received 33,119,747 shares of ABHI Microfinance Bank Limited together with cash of Rs. 1.6 million. The recovery has been recognized as other income in the statement of income and expenditure.

9.1.1 The maximum aggregate gross amount outstanding at any time during the year was Rs. 220,239,935 calculated with reference to month-end balances.

9.2 These comprise the Scooty loan facility of Rs. 48,834,936 (2025: Rs. 30,055,925), which is interest-free, and the KF Loan facility of Rs. 47,221,759 (2025: Rs. 8,987,079), which carries mark-up at a fixed rate of 13% per annum. The mark-up rate on the KF Loan facility is considered to approximate the market rate. The Scooty loans have not been discounted to their present value because the effect of discounting is immaterial.

10	Long term micro-credit loan portfolio - unsecured	Note	2026	2025
			Rupees	
	Kashf Karobar Karza	10.1	456,432,467	180,081,997
	Kashf School Sarmaya	10.2	72,887,576	45,666,135
	Kashf Muwaishi Karza	10.3	70,195,969	28,275,538
	Home Improvement Loan	10.4	187,092,364	121,450,572
	Kashf Topup Karza	10.5	44,462,258	11,236,959
	Kashf Naujawan Sarmaya	10.6	14,215,253	8,828,316
	Kashf Sawari Karza	10.7	3,780,114	-
			<u>849,066,001</u>	<u>395,539,517</u>

Due within one year:

Kashf Karobar Karza	(328,327,828)	(128,715,481)
Kashf School Sarmaya	(49,434,007)	(30,349,568)
Kashf Muwaishi Karza	(50,389,580)	(20,093,424)
Home Improvement Loan	(126,293,836)	(79,500,878)
Kashf Topup Karza	(36,450,657)	(9,079,023)
Kashf Naujawan Sarmaya	(9,923,098)	(6,213,516)
Kashf Sawari Karza	(2,565,759)	-
	<u>(603,384,765)</u>	<u>(273,951,890)</u>

Less: Loss allowance for expected credit losses on long term micro-credit loans

14.11	(1,138,749)	(483,990)
	<u>244,542,487</u>	<u>121,103,637</u>

10.1 Kashf Karobar Karza represents micro-credit loans for productive / income generating activities, with loan amount ranging from Rs. 55,000 to Rs. 300,000 (2025: Rs. 45,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly instalments (2025: eighteen months in equal monthly instalments). The effective yield on these loans is 35.41% (2025: 38.73%) per annum.

10.2 Kashf School Sarmaya represents micro-credit loans for educational activities, with loan amount ranging from Rs. 100,000 to Rs. 500,000 (2025: Rs. 100,000 to Rs. 500,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months to twenty four months in equal monthly instalments (2025: eighteen months to twenty four months in equal monthly instalments). The effective yield on these loans is 35.72% to 36.49% (2025: 39.34% to 39.56%) per annum.

- 10.3** Kashf Muwaishi Karza represents micro-credit loans provided to such clients who want to run their dairy business at small scale with loan amount ranging from Rs. 120,000 to Rs. 350,000 (2025: Rs. 100,000 to Rs. 350,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly instalments (2025: eighteen months in equal monthly instalments). The effective yield on these loans is 35.41% (2025: 38.73%) per annum.
- 10.4** Home Improvement Loan represents micro-credit loans offered to the clients for small construction and repair purposes. This product has been specifically designed for the clients who have previously completed at least one productive loan. The loan amount ranges from Rs. 80,000 to Rs. 350,000 (2025: Rs. 70,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months to thirty six months (2025: eighteen months to thirty six months). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 10.5** Kashf Top Up Karza represents micro-credit loans provided to existing Kashf Karobar Karza clients on top of their existing loan. The loan aims to meet the credit requirement of entrepreneurs who need additional investment to add inventory / stock or capital into their business. The top-up amount is equal to the principal repaid by the client in the first six instalments of the existing Kashf Karobar Karza loan. The outstanding balance, along with service charges and insurance product premium, is repayable over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 10.6** Kashf Naujawan Samaya Programme is designed to support the children of existing Kashf clients in underserved communities by encouraging entrepreneurship and economic growth. Under this programme, loans are offered between Rs. 75,000 and Rs. 300,000 (2025: Rs. 75,000 and Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly instalments. The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 10.7** Kashf Sawari Karza represents micro-credit loans offered to women clients for the purchase of two-wheeler vehicles, to facilitate their mobility for business and household purposes. The loan amount ranges from Rs. 70,000 to Rs. 200,000. The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months to eighteen months in equal monthly instalments. The effective yield on this loan is 35.41% per annum.

	Note	2026	2025
		Rupees	
11 Long term Kashf murabaha portfolio			
Kashf Murabaha	11.1	24,488,053	16,390,564
Kashf Muwaishi Murabaha	11.2	597,458	971,933
		<u>25,085,511</u>	<u>17,362,497</u>
Due within one year:			
Kashf Murabaha		(17,980,184)	(12,743,970)
Kashf Muwaishi Murabaha		(433,927)	(711,329)
	15	<u>(18,414,111)</u>	<u>(13,455,299)</u>
Unearned murabaha income	18	(1,453,010)	(987,020)
Less: Loss allowance for expected credit losses on long term Kashf murabaha portfolio		(24,031)	(10,901)
		<u>5,194,359</u>	<u>2,909,277</u>

- 11.1** Kashf Murabaha was introduced in 2014 to provide financing facility under Islamic (Shariah) principles. It represents the outstanding balance of cost of goods sold under murabaha agreement. The facility ranges from Rs. 55,000 to Rs. 300,000 (2025: Rs. 45,000 to Rs. 300,000). The outstanding balance, along with profit on Kashf murabaha and Kashf sehat takaful, is repayable over a period ranging from twelve months to eighteen months (2025: twelve months to eighteen months). Profit is allocated at the rate of 30.33% (2025: 33.41%) as per terms of murabaha agreement.
- 11.2** Kashf Muwaishi Murabaha facility ranges from Rs. 120,000 to Rs. 350,000 (2025: Rs. 100,000 to Rs. 350,000). The outstanding balance, along with profit on Kashf murabaha and Kashf sehat takaful, is repayable over a period ranging from twelve months to eighteen months (2025: twelve months to eighteen months). Profit is allocated at the rate of 30.33% (2025: 33.41%) as per terms of murabaha agreement.

	2026	2025
	Rupees	
12 Long term deposits		
Security deposit:		
- against repayment guarantee from United Bank Limited	106,100,000	144,100,000
- against Central Depository Company	100,000	100,000
- against electricity connection	463,360	463,360
- against NADRA Verisys	5,000,000	5,000,000
- against lease assets security	1,990,740	1,990,740
	<u>113,654,100</u>	<u>151,654,100</u>

- 12.1** These securities are refundable upon the completion of the program. These have not been carried at amortized cost as the effect of discounting is not considered material.

13	Deferred tax asset - net	2026			
		Recognized in		As at June 30, 2026	
		As at July 1, 2025	Recognized in OCI statement of income and expenditure	Rupees	
	Deferred Tax Liability				
	Property and equipment	319,680,025	(287,019,672)	16,291,200	48,951,553
	Right of Use Assets	78,579,645	-	23,296,085	101,875,730
		398,259,670	(287,019,672)	39,587,285	150,827,283
	Deferred Tax Asset				
	Lease liabilities	(89,362,985)	-	(24,907,273)	(114,270,256)
	Short term investments	(9,713,441)	-	(35,233,428)	(44,946,869)
	Hedge Reserve	81,191,782	(135,333,414)	-	(54,141,632)
	Loss allowance for expected credit losses	(58,923,538)	-	(43,927,574)	(102,851,112)
		(76,808,182)	(135,333,414)	(104,068,275)	(316,209,871)
	Deferred Tax Asset - Net	321,451,488	(422,353,086)	(64,480,990)	(165,382,588)

13.1	Deferred Tax Liability	2025			
		Recognized in		As at June 30, 2025	
		As at July 1, 2024	Recognized in OCI statement of income and expenditure	Rupees	
	Property and equipment	323,992,623	-	(4,312,598)	319,680,025
	Hedge Reserve	65,862,326	81,191,782	-	81,191,782
	Right of Use Assets	389,854,949	81,191,782	8,404,721	479,451,452
	Deferred Tax Asset				
	Lease liabilities	(74,143,634)	-	(15,219,351)	(89,362,985)
	Short term investments	(33,546,696)	-	23,833,255	(9,713,441)
	Loss allowance for expected credit losses	(67,271,035)	-	8,347,497	(58,923,538)
		(174,961,365)	-	16,961,401	(157,999,964)
	Deferred Tax Liability - Net	214,893,584	81,191,782	25,366,122	321,451,488

13.1 As per the Finance Act, 2025, companies operating in certain sectors, including Non-Banking Finance Companies, having income exceeding Rs. 500 million are liable to pay super tax at the rate of 10% (2025: 10%) for tax year 2026. The Finance Act, 2026 has reduced this rate to 8% from tax year 2027 onwards. Accordingly, deferred tax has been calculated using a super tax rate of 8%, being the rate expected to apply in the periods in which the temporary differences are expected to reverse.

13.2 Deferred tax on temporary differences is recognised in the statement of income and expenditure, except for deferred tax relating to the surplus on revaluation of freehold land and the cash flow hedge reserve, which is recognised in other comprehensive income. During the year, a deferred tax credit of Rs. 287.02 million (2025: Rs. Nil) on the revaluation of freehold land and a deferred tax credit of Rs. 135.33 million (2025: charge of Rs. 81.19 million) on the cash flow hedge reserve have been recognised in other comprehensive income.

14 Micro-credit loan portfolio - unsecured

	Note	2026	2025
		Rupees	
Kashf Karobar Karza	14.1	36,965,772,063	27,232,151,473
Kashf School Sarmaya	14.2	405,927,327	289,024,796
Kashf Muwaishi Karza	14.3	4,231,094,763	2,817,586,162
Home Improvement Loan	14.4	1,023,201,545	609,351,489
Kashf Top Up Karza	14.5	706,811,122	436,429,939
Kashf Naujawan Sarmaya	14.6	28,172,489	5,951,804
Kashf Sawari Karza	14.7	3,265,168	-
Kashf Easy Loan	14.8	-	523,201
Kashf Sahulat Karza	14.9	157,142,793	156,985,292
Kashf Fori Karza	14.10	5,229,614,028	3,915,758,735
		48,751,001,298	35,463,762,891
Accrued service charges	16	799,472,801	633,920,537
Current portion of long term micro-credit loan portfolio	10	603,384,765	273,951,890
		50,153,858,864	36,371,635,318
Less: Accrued service charges disclosed separately	16	(799,472,801)	(633,920,537)
Less: Loss allowance for expected credit losses on micro-credit loan portfolio	14.11	(228,760,806)	(142,254,183)
		49,125,625,257	35,595,460,598

- 14.1** Kashf Karobar Karza represents micro-credit loans for productive / income generating activities, with loan amount ranging from Rs. 55,000 and to Rs. 200,000 (2025: Rs. 45,000 to Rs. 200,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on these loans is 35.41% (2025: 38.73%) per annum.
- 14.2** Kashf School Sarmaya represents micro-credit loans for educational activities with a loan amount ranging from Rs. 100,000 to Rs. 500,000 (2025: Rs. 80,000 to Rs. 500,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 36.08% (2025: 40.06%) per annum.
- 14.3** Kashf Muwaishi Karza represents micro-credit loans provided to such clients who want to run their dairy business at small scale with a loan amount ranging from Rs. 100,000 to Rs. 300,000 (2025: Rs. 80,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 14.4** Home Improvement Loan is offered to clients for small construction and repair purposes. This product has been specifically designed for the clients who have completed at least one productive loan with the Company. The loan amount ranges from Rs. 80,000 to Rs. 350,000 (2025: Rs. 70,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 14.5** Kashf Top Up Karza represents micro-credit loans provided to existing Kashf Karobar Karza clients on top of their existing loan. The loan aims to meet the credit requirement of entrepreneurs who need additional investment to add inventory / stock or capital into their business. The top-up amount is equal to the principal repaid by the client in the first six instalments of the existing Kashf Karobar Karza loan. The outstanding balance, along with service charges, is repayable over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 14.6** Kashf Naujawan Sarmaya Programme is designed to support the children of existing Kashf clients in underserved communities by encouraging entrepreneurship and economic growth. Under this programme, loans are offered between Rs. 75,000 and Rs. 300,000 (2025: Rs. 75,000 and Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments. The effective yield on this loan is 35.41% (2025: 38.73%) per annum.

- 14.7** Kashf Sawari Karza represents micro-credit loans offered to women clients for the purchase of two-wheeler vehicles, to facilitate their mobility for business and household purposes. The loan amount ranges from Rs. 70,000 to Rs. 200,000. The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments. The effective yield on this loan is 35.41% per annum.
- 14.8** Kashf Easy Loan represents micro-credit loans provided to such clients who want to run their business at small scale or want to fulfil personal financial needs at easy terms with loan amount ranging from Rs. 20,000 to Rs. 25,000 (2025: Rs. 20,000 to Rs. 25,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly instalments (2025: twelve months in equal monthly instalments). The effective yield on this loan is 44.16% (2025: 44.16%) per annum. Moreover this product was discontinued during the year.
- 14.9** Kashf Sahulat Karza represents micro-credit loans provided to such clients who have already obtained Kashf Karobar Karza for their domestic use with loan amount ranging from Rs. 5,000 to Rs. 10,000 (2025: Rs. 5,000 to Rs. 10,000). The outstanding balance is repayable along with service charges over a period of six months in equal monthly instalments (2025: six months in equal monthly instalments). The effective yield on this loan is 35.41% (2025: 38.73%) per annum.
- 14.10** Kashf Fori Karza represents micro-credit loans provided to clients for their domestic use with a loan amount ranging from Rs. 10,000 to Rs. 40,000 (2025: Rs. 10,000 to Rs. 35,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of three months to twelve months in equal monthly instalments (2025: three to twelve months in equal monthly instalments). The effective yield on this loan is 49.00% to 53.25% (2025: 38.73% to 65.17%) per annum.

	2026	2025
14.11 Movement in loss allowance for expected credit losses	Rupees	
Balance as at July 1	142,738,173	163,459,938
Expected credit losses charged for the year	164,994,159	81,835,140
	<u>307,732,332</u>	<u>245,295,078</u>
Written off against loss allowance for expected credit losses	(77,832,777)	(102,556,905)
Balance as at June 30	<u>229,899,555</u>	<u>142,738,173</u>

Break up of loss allowance for expected credit losses among non-current and current portion is as follows:

	2026	2025
	Rupees	
Non-current portion	1,138,749	483,990
Current portion	228,760,806	142,254,183
	<u>229,899,555</u>	<u>142,738,173</u>

14.12 Number of long term and short term micro-credit loans

	2026	2025
	Numbers	
Considered good	1,092,409	923,053
Considered doubtful	11,330	7,928
	<u>1,103,739</u>	<u>930,979</u>
Loans written off	<u>2,327</u>	<u>2,831</u>

14.13 Aging analysis of micro-credit loan portfolio - long term and short term

The Company's main indicator of loan delinquency is the portfolio-at-risk ratio. Loans are segregated into classes depending on the number of days they are overdue. For each class of loan, the outstanding principal balance of such loan is divided by the principal balance of the gross loan portfolio for loan loss percentage.

Loans are considered at risk if any payment has fallen due and remained unpaid for more than 1 day. The Company does not convert mark-up on late payment into principal.

	2026	2025	2026	2025
	Percentage		Rupees	
Not due yet	99.20	99.30	49,201,884,962	35,606,748,457
1-29 days	0.45	0.34	221,990,802	122,450,254
30-89 days	0.08	0.07	41,533,848	26,040,071
90-179 days	0.06	0.07	31,841,780	25,883,689
More than 180 days	0.21	0.22	102,815,907	78,179,937
	100	100	49,600,067,299	35,859,302,408

14.14 Portfolio by segment

Micro enterprise	Note	2026	2025
		Rupees	
Agriculture and livestock		13,434,780,067	9,793,408,403
Services		20,544,263,669	14,275,914,049
Trading		7,547,489,868	5,459,712,205
Manufacturing		583,161,456	522,498,698
School		478,814,903	334,690,931
Food production and services		1,408,797,047	1,215,270,121
Garments and handicrafts		215,253,470	184,695,742
		44,212,560,480	31,786,190,149
General loan			
Domestic		5,387,506,819	4,073,112,259
		49,600,067,299	35,859,302,408

15 Kashf murabaha portfolio

Kashf Murabaha		2,380,390,276	1,701,412,195
Kashf Muwaishih murabaha		117,595,627	78,434,986
		2,497,985,903	1,779,847,181
Add: Accrued profit	16	13,693,537	1,573,380
Add: Current portion of long term Kashf murabaha portfolio	11	18,414,111	13,455,299
		2,530,093,551	1,794,875,860
Less: Unearned murabaha income	18	(425,436,866)	(347,162,407)
Less: Loss allowance for expected credit losses on Kashf murabaha portfolio		(8,065,774)	(5,398,348)
Less: Accrued profit disclosed separately	16	(13,693,537)	(1,573,380)
		2,082,897,374	1,440,741,725

15.1 Kashf Murabaha was introduced in 2014 to provide financing facility under Islamic (Shariah) principles. It represents the outstanding balance of cost of goods sold under Murabaha agreement. The facility ranges from Rs. 55,000 to Rs. 200,000 (2025: Rs. 45,000 to Rs. 200,000). The outstanding balance, along with profit on Kashf murabaha, and Kashf sehat takaful, is repayable over a period of twelve months (2025: twelve months). Profit is allocated at the rate of 20.20% (2025: 22.20%) on terms of Murabaha agreement.

15.2 Kashf Muwaishih murabaha was introduced to meet the specific credit requirement of clients engaged in dairy businesses. The facility ranges from Rs. 100,000 to Rs. 300,000 (2025: Rs. 80,000 to Rs. 300,000). The outstanding balance, along with profit on Kashf murabaha, livestock takaful, and Kashf sehat takaful, is repayable over a period of twelve months (2025: twelve months). Profit is allocated at the rate of 20.20% (2025: 22.20%) on terms of Murabaha agreement.

15.3 Movement in loss allowance for expected credit losses

	2026	2025
	Rupees	
Balance as at July 1		
Expected credit losses charged during the year	5,409,249	6,080,420
	5,831,435	2,548,747
Written off against loss allowance for expected credit losses	11,240,684	8,629,167
Balance as at June 30	(3,150,879)	(3,219,918)
	8,089,805	5,409,249

Break up of loss allowance for expected credit losses among non-current and current portion is as follows:

	Note	2026	2025
		Rupees	
Non-current portion	11	24,031	10,901
Current portion	15	8,065,774	5,398,348
		8,089,805	5,409,249

15.4 Number of Murabaha

	2026	2025
	Numbers	
Considered good	40,040	32,318
Considered doubtful	359	400
	40,399	32,718
Financing written off	98	96

15.5 Aging analysis of Murabaha portfolio

The Company's main indicator of Murabaha loan delinquency is the portfolio-at-risk ratio. Murabaha are segregated into classes depending on the number of days they are overdue. For each class of Murabaha, the outstanding principal balance of such Murabaha is divided by the principal balance of the gross Murabaha portfolio for Murabaha loss percentage.

Loans are considered at risk if any payment has fallen due and remained unpaid for more than one day. The Company does not convert profit on late payment into principal.

	2026	2025	2026	2025
	Percentage		Rupees	
Not due yet	99.45	99.13	2,084,665,857	1,436,432,047
1-29 days	0.26	0.53	5,522,057	7,665,225
30-89 days	0.06	0.07	1,273,690	1,048,665
90-179 days	0.04	0.07	888,388	1,021,999
More than 180 days	0.18	0.20	3,831,546	2,892,315
	100	100	2,096,181,538	1,449,060,251

15.6 Murabaha portfolio by segment

	Note	2026	2025
		Rupees	
Micro enterprise			
Agriculture and livestock		460,132,403	330,773,630
Services		651,319,731	422,814,131
Trade		894,493,530	619,763,233
Manufacturing		14,445,263	12,810,914
Food production and services		70,497,051	55,364,340
Garments and handicrafts		5,293,560	7,534,003
		2,096,181,538	1,449,060,251

16 Accrued service charges and profit

	Note	2026	2025
Micro-credit loan portfolio	14	799,472,801	633,920,537
Kashf murabaha portfolio	15	13,693,537	1,573,380
Less: Loss allowance for expected credit losses		(3,819,511)	(2,309,962)
		809,346,827	633,183,955

		2026	2025
	Note	Rupees	
17 Short term investments			
Investments classified as at FVTPL			
Equity Investments			
Equity investment in ABHI Microfinance Bank Limited	17.5	248,398,103	-
Mutual Funds			
Faysal Asset Management Limited		59,070,071	54,241,067
NBP Mutual Fund		2,489,237,171	281,094,603
ABL Mutual Fund		15,044,829	13,818,995
JS Mutual Fund		2,385,209,621	1,577,740,109
NIT Government Bond Fund		5,229,006	588,641,339
Alfalah Mutual Fund		267,758,042	3,699,773
UBL Mutual Fund		13,115,586	11,822,731
AL Habib Mutual Fund		409,949,028	-
	17.1	5,644,613,354	2,531,058,617
Term finance certificates			
JS Bank Limited - Additional Tier I (ADT-1) TFC		46,469,741	54,908,676
The Bank of Punjab - Additional Tier I (ADT-1) TFC		51,504,035	51,202,483
The Bank of Punjab - Tier II TFC		99,638,248	102,725,054
JS Bank Limited - Tier II TFC		331,756,533	365,829,200
	17.2	529,368,557	574,665,413
Total Investments as at FVTPL		6,422,380,014	3,105,724,030
Investments at amortized cost			
Term deposit certificates			
- Local currency		2,500,000,000	2,050,000,000
- Foreign currency		2,573,271,108	1,915,694,140
		5,073,271,108	3,965,694,140
Less: Loss allowance for expected credit losses on term deposit certificates		(35,781,335)	-
	17.3	5,037,489,773	3,965,694,140
Pakistan Investment Bonds	17.4	-	488,734,000
Principal amount		5,037,489,773	4,454,428,140
Amortization - accrued income on short term investments net of loss allowance		264,328,761	126,540,643
Total investments at amortized cost		5,301,818,534	4,580,968,783
Total short term investments		11,724,198,548	7,686,692,813

17.1 Mutual Funds

	2026			2025		
	Number of Units	Net asset value (NAV) per unit	Fair value of Investment	Number of Units	Net asset value (NAV) per unit	Fair value of Investment
ABL Cash Fund	322	10.25	3,299	-	-	-
ABL Financial Sector Fund Plan-1	1,501,690	10.02	15,041,530	1,380,450	10.01	13,918,995
AL Habib Money Market Fund	4,053,700	101.13	409,949,028	-	-	-
Allianz GHP Money Market Fund	2,693,909	89.39	267,755,725	36,319	99.02	3,596,187
Allianz Income and Growth Fund	20	116.85	2,317	890	116.36	103,586
Faysal Islamic Cash Fund - Growth	6,879	100.48	691,195	-	-	-
Faysal Islamic Financial Growth Plan-II	581,448	100.40	58,378,876	641,768	100.12	64,241,066
JS Fixed Term Munafia Fund-II Plan 08	9,884,971	107.59	1,063,523,958	-	-	-
JS Fixed Term Munafia Plan 11	-	-	-	4,975,999	108.60	540,393,509
JS Fixed Term Munafia Plan 13	-	-	-	4,987,326	104.71	522,222,875
JS Fixed Term Munafia Plan -20	-	-	-	5,110,354	100.80	516,123,725
JS Islamic Fixed Term Munafia Fund-1	7,395,815	105.18	777,891,828	-	-	-
JS Microfinance Funds	5,225,870	101.62	531,052,946	-	-	-
NBP Financial Sector Income Plus Fund	105,902	120.65	12,740,889	-	-	-
NBP Money Market Fund	27,249,488	10.02	273,173,393	-	-	-
NBP Mushakkam Fund-NBP Fixed Term Munafia Plan-VIB	-	-	-	28,017,549	10.03	281,084,603
NIT Government Bond Fund	221,539,903	10.00	2,216,063,778	-	-	-
UBL Income Opportunity	516,964	10.12	5,229,006	58,452,627	10.07	588,641,339
UBL Liquidity Fund	-	-	-	96,377	110.94	10,682,404
UBL Liquidity Plus Fund	131,114	100.03	13,115,986	-	-	-

17.2 Term finance certificates

Particulars	Effective rate of Interest % per annum	2026			2025			Maturity date
		Principal amount	Fair value gain / (loss) Rupees	Closing fair value of Investment	Principal amount	Fair value gain / (loss) Rupees	Closing fair value of Investment	
JS Bank Limited - Additional Tier I (ADT-I) TFC	12.90% - 13.34%	50,000,000	(3,530,259)	46,469,741	50,000,000	4,998,676	54,998,676	Perpetual
The Bank of Punjab - Additional Tier I (ADT-I) TFC	12.68% - 14.04%	50,000,000	1,504,035	51,504,035	50,000,000	1,202,483	51,202,483	Perpetual
The Bank of Punjab - Tier II TFC	12.43% - 13.33%	99,880,000	(241,752)	99,638,248	99,920,000	2,805,054	102,725,054	April 23, 2028
JS Bank Limited - Tier II TFC	12.58% - 14.24%	399,706,696	(67,950,133)	331,756,563	399,813,333	(33,984,133)	365,829,200	August 30, 2033
		599,586,696	(70,216,109)	529,368,557	599,733,333	(25,067,920)	574,665,413	

17.2.1 These term finance certificates carry mark-up ranging from 12.43% to 14.24% (2025: 13.25% to 24%) per annum.

17.3 Term deposit certificates

Particulars	Rate of interest % per annum	2026			2025			Maturity date
		Principal amount	Accrued Interest Rupees	Amortized cost	Principal amount	Accrued Interest Rupees	Amortized cost	
UBL Bank Limited - Local Currency	13.25%	2,000,000,000	173,520,548	2,173,520,548	-	-	-	November 3, 2026
The Bank of Punjab - Local Currency	10.00%	450,000,000	38,956,904	488,956,904	-	-	-	August 18, 2026
UBL Bank Limited - Local Currency	13.25%	50,000,000	7,926,732	57,926,732	50,000,000	7,496,037	57,496,037	November 15, 2026
UBL Bank Limited - Local Currency	17.00%	-	647,689	647,689	500,000,000	58,452,055	558,452,055	October 23, 2025
UBL Bank Limited - Foreign Currency	18.50%	-	19,768,407	19,768,407	1,500,000,000	24,616,438	1,524,616,438	October 23, 2025
UBL Bank Limited - Foreign Currency	5.75%	500,690,520	6,211,978	506,902,498	510,776,100	7,175,251	517,951,351	Annual roll over
UBL Bank Limited - Foreign Currency	5.75%	160,220,963	1,855,493	162,076,456	163,448,352	2,296,056	165,744,408	Annual roll over
UBL Bank Limited - Foreign Currency	5.75%	20,862,105	234,350	21,096,455	21,282,338	300,471	21,562,809	Annual roll over
UBL Bank Limited - Foreign Currency	5.75%	639,771,220	6,856,403	646,627,623	652,658,350	5,924,992	658,583,342	Annual roll over
UBL Bank Limited - Foreign Currency	6.15%	139,080,700	1,281,804	140,362,504	141,882,250	1,061,715	142,943,965	Annual roll over
UBL Bank Limited - Foreign Currency	6.15%	139,080,700	1,280,256	140,360,956	141,882,250	1,061,715	142,943,965	Annual roll over
UBL Bank Limited - Foreign Currency	6.15%	278,161,400	2,560,745	280,722,145	283,764,500	2,123,431	285,867,931	Annual roll over
UBL Bank Limited - Foreign Currency	6.15%	417,242,100	1,030,851	418,272,951	-	-	-	Annual roll over
UBL Bank Limited - Foreign Currency	6.25%	278,161,400	2,528,066	280,687,466	-	-	-	Annual roll over
Less: Loss allowance for expected credit losses on term deposit certificates								
		(35,781,335)	(331,467)	(36,112,802)				

17.3.1 These term deposits carry mark-up ranging from 5.75% to 17% (2025: 4% to 23.50%) per annum. The term deposit certificate of The Bank of Punjab amounting to Rs. 450 million with the maturity of under 2 months has been pledged as security against repayment guarantee facility availed from The Bank of Punjab. The term deposit certificate of UBL Bank Limited amounting to Rs. 50 million with the maturity of one year has been pledged as security against running financing facility availed from commercial banks.

17.4 Investment in Pakistan Investment Bonds

Particulars	Effective Rate of Interest % per annum	2026			2025			Maturity date
		Principal amount	Accrued Interest	Amortized cost	Principal amount	Accrued Interest	Amortized cost	
			Rupees			Rupees		
Pakistan Investment Bond (PIB)	10.80%	-	-	-	488,734,000	16,030,482	504,764,482	August 22, 2025
		-	-	-	488,734,000	16,030,482	504,764,482	

17.4.1 These Pakistan Investment Bonds (fiscaler) carried mark-up at the rate of 10.80% per annum and matured on August 22, 2025 (2025: 11.96% per annum).

17.5 During the previous year, Kasht Foundation filed a petition through CR No. 73206/2024 dated November 21, 2024 before the Honourable Lahore High Court for the liquidation of KHL on the grounds that the company was unable to pay its debts. Pursuant to this petition, the Honourable High Court issued a winding-up order on March 19, 2025, and a liquidator was appointed to conduct the winding-up proceedings which were completed during the current year and hence the company has been wound up. As part of the winding-up of KHL, the Company recovered 33,119,747 shares of ABHI Microfinance Bank Limited, which were awarded to it in settlement of its loan against KHL through the liquidation process. As the shares were received in lieu of the outstanding loan balance, the recovery has been recognized as other income. The shares are classified as at fair value through profit or loss (FVTPL) as they are held with the intention of disposal in the near term and the Company has not made the irrevocable election under IFRS 9 to present subsequent changes in their fair value in other comprehensive income. On initial recognition, the shares were recorded at fair value of Rs. 7.50 per share (aggregating Rs. 246.40 million), determined using the market approach based on Price / Earnings multiples of comparable listed banks, adjusted for discount for lack of marketability and discount for lack of control, in accordance with IFRS 13 Fair Value Measurement. The shares are remeasured at each reporting date using the same valuation technique and the resulting gain or loss is recognised in the statement of income and expenditure (refer note 51.2).

		2026	2025
	Note	Rupees	
18 Advances, deposits, prepayments and other receivables			
Advance to employees against expenses		5,136,951	7,814,347
Advances to agents against Kashf murabaha		12,330,000	3,930,000
Short term deposits		1,185,750	1,185,750
Prepayments	18.2	76,124,613	56,756,604
Accrued return on investments and bank deposits		28,473,645	57,130,206
Accrued return on investments		7,858,344	7,627,190
Unearned Murabaha income	11 & 15	426,889,876	348,149,427
Advances to suppliers		41,527,279	16,146,196
Provident fund trust receivables		5,979,466	50,418,205
Insurance claims receivables		48,958,433	38,754,651
Commission receivable		128,538,355	80,736,626
Other receivables	18.1	194,145,886	106,483,582
		<u>977,148,598</u>	<u>775,132,784</u>

18.1 Other receivable includes:

Takaful contribution - from customers	47,044,081	17,704,523
Employee field discrepancies	8,145,479	13,149,481
Rebate receivable from the State Bank of Pakistan (SBP)	32,296,062	54,027,765
Receivable from third parties	97,826,350	20,953,813
Policy benefit	-	648,000
Others	8,833,914	-
	<u>194,145,886</u>	<u>106,483,582</u>

18.2 The Company has complied with insurance coverage requirement as required by the NBFC Rules. In accordance with Section 9 of the NBFC Rules, the Company has obtained sufficient insurance coverage amounting to Rs. 40 million from an insurance company rated minimum 'AA+' by a credit rating agency registered with SECP against any losses that may be incurred as a result of employees' fraud or gross negligence.

		2026	2025
	Note	Rupees	
19 Cash and bank balances			
Cash in hand		11,434,301	8,171,788
Balance at banks:	19.1		
In current accounts - local currency		310,678,164	275,883,612
In saving accounts - local currency	19.2	7,322,891,144	6,374,545,499
In saving accounts - foreign currency:			
USD : \$ 1,493,100 (2025: \$ 4,065,447)		415,322,844	1,153,640,665
GBP : Nil (2025 : £ 104)		7,738,213,988	7,528,186,164
		<u>8,060,326,453</u>	<u>7,812,241,564</u>

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19.1 Cash with banks in local currency saving accounts carry mark-up at rates ranging from 6.5% to 12.25% (2025: 6.5% to 21.75%) per annum, and cash with banks in foreign currency saving accounts carry mark-up rate from 4% to 6.15% (2025: 4%).

19.2 Balances in saving accounts with banks include Rs. 627.5 million (2025: Rs. 1,077.5 million), which are under lien as security for repayment guarantees on local currency loans listed in note 25.1.1. Of this amount, Rs. 350 million (2025: Rs. 350 million) is against the Gender Bond and the remaining Rs. 277.5 million (2025: Rs. 727.5 million) is against the other local currency loans.

20 Donated funds

Donated funds represent grants utilized for micro lending operations only when all the specified conditions are complied by the Company.

		2026	2025
	Note	Rupees	
21 Surplus on revaluation of land			
Revaluation surplus as at July 1		448,928,205	448,928,205
Surplus arising on revaluation of freehold land		132,675,000	-
		<u>581,603,205</u>	<u>448,928,205</u>
Related deferred tax impact		287,019,672	-
		<u>868,622,877</u>	<u>448,928,205</u>

22 Loan loss reserve

A loan loss reserve equal to 5% of the outstanding loan portfolio has been created. The reserve is held to provide for uncertainties that may affect the loan portfolio, such as losses from climate-related events.

23 Special reserve

Section 32 (3) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires a non-bank micro finance company to create a special reserve fund wherein at least 5% of its after-tax profits shall be credited and the special reserve fund shall be separately disclosed in the statement of financial position as part of the equity.

24 Hedging reserve

The hedging reserve reflects the effective portion of the cumulative net changes in the fair value of hedging instruments used for cash flow hedges, to be subsequently recognized in the statement of income and expenditure when the hedged cash flows or items impact the statement.

		2026	2025
	Note	Rupees	
25 Long term financing			
Long term financing	25.1	<u>35,535,304,294</u>	<u>22,409,134,400</u>
25.1 Long term financing			
Local currency financing	25.1.1	21,595,875,017	15,764,599,228
Foreign currency financing	25.1.2	34,448,449,416	24,498,473,759
Translation (gain) / loss on foreign currency financing	25.2	(277,156,553)	357,404,443
		<u>55,767,167,880</u>	<u>40,620,477,430</u>
Less: Unamortized transaction cost		(172,230,753)	(120,583,232)
		<u>55,594,937,127</u>	<u>40,499,894,198</u>
Less: Current portion of long term financing		(20,059,632,833)	(18,090,759,798)
		<u>35,535,304,294</u>	<u>22,409,134,400</u>

25.1.1 Local currency financing

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
Local currency								
1	Pakistan Microfinance Investment Company Limited	Standard Term Loan	-	95,996,100	6 M KIBOR + 3.1%	-	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
2	State Bank of Pakistan	Term Finance Facility	374,900,000	374,900,000	6 M KIBOR + 0.5%	Bullet payment on October 07, 2026	Semi annually	The loan is secured against the repayment guarantee from United Bank Limited of Rs. 415 million.
3	National Bank of Pakistan	Term Loan	166,666,667	500,000,000	3 M KIBOR + 1.25%	2 instalments ending on December 31, 2026	Quarterly	The loan is secured against first pari-passu charge on all present and future current assets (other than the investment portfolio) with 25% margin amounting to Rs. 1,334 million.
4	State Bank of Pakistan	Term Finance Facility	159,683,000	159,683,000	6 M KIBOR + 0.5%	Bullet payment on September 06, 2027	Semi annually	The loan is secured against the repayment guarantee from United Bank Limited of Rs. 180 million.
5	Habib Bank Limited	Term Finance Facility	-	200,000,000	3 M KIBOR + 1.75%	-	Quarterly	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
6	National Bank of Pakistan	Term Finance Facility	750,000,000	1,250,000,000	3 M KIBOR + 1.25%	6 instalments ending on November 28, 2027	Quarterly	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
7	Bank Alfalah Limited	Term Finance Facility	-	83,333,333	6 M KIBOR + 1.5%	-	Semi annually	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

C/F

1,451,249,867

2,863,912,433

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding Installments	Interest payable	Security
Local currency								
B/F			1,451,249,667	2,663,912,433				
8	The Bank of Punjab	Term Finance Facility	-	83,333,333	3 M KIBOR + 1.8%	-	Quarterly	The loan is secured against first part-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
9	Pak Libya Holding Company (Private) Limited	Term Finance Facility	-	150,000,000	3 M KIBOR + 1.25%	-	Quarterly	The loan is secured against first part-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
10	JS Bank Limited	Term Finance Facility	786,866,967	1,400,000,000	1 M KIBOR + 2%	18 installments ending on December 14, 2027	Monthly	The loan is secured against first part-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
11	State Bank of Pakistan	Term Finance Facility	-	1,050,000,000	6 M KIBOR - 1%	-	Semi annually	The loan is secured against the repayment guarantee from Saudi Pak of Rs. 1,000 million and Rs. 300 million from The Bank of Punjab.
12	Pakistan Microfinance Investment Company Limited	Standard Term Loan	-	1,648,321,290	6 M KIBOR + 2.9%	-	Quarterly	The loan is secured against first part-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 20% margin.
13	Habib Bank Limited	Term Finance Facility	-	333,333,333	3 M KIBOR + 1.75%	-	Quarterly	The loan is secured against first part-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
14	Symbolics SICAV II	Term Loan	-	325,367,876	6 M KIBOR + 3%	-	Semi annually	Unsecured loan.
C/F			2,237,916,334	7,654,268,265				

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
Local currency								
	B/F		2,237,916,334	7,654,288,265				
15	Gender Bond	Term Finance Certificates	620,750,000	1,882,250,000	3 M KIBOR + 1.5%	2 instalments ending on December 08, 2026	Quarterly	The loan is secured against the repayment guarantee from InfraZamin of Rs. 652 million + Lien on Debt Payment Account amounting to Rs. 350 million.
16	Meezan Bank Limited	Bai Muajjal Facility	-	197,628,075	1 Y KIBOR + 2%	-	Semi annually	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
17	Pakistan Microfinance Investment Company Limited	Standard Term Loan	2,082,675,000	2,455,500,000	6 M KIBOR + 2.9%	4 instalments ending on June 30, 2028	Quarterly	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 20% margin.
18	Meezan Bank Limited	Bai Muajjal Facility	-	299,952,888	1 Y KIBOR + 2%	-	Semi annually	The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.
19	State Bank of Pakistan	Term Finance Facility	1,788,000,000	1,788,000,000	6 M KIBOR - 1%	Bullet payment on June 30, 2029	Semi annually	The loan is secured against the repayment guarantee from The Bank of Punjab of Rs. 2,000 million
20	State Bank of Pakistan	Term Finance Facility	507,000,000	507,000,000	6 M KIBOR + 0.5%	Bullet payment on June 10, 2028	Semi annually	The loan is secured against the repayment guarantee from Pak Libya of Rs. 570 million
C/F			7,246,541,334	14,764,589,228				

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
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Local currency

G/F

7,246,541,334

14,764,599,228

21 Habib Bank Limited

Term Finance Facility

2,466,666,667

1,000,000,000

3 M KIBOR + 1.5%

4 instalments ending on June 27, 2028

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

22 Meezan Bank Limited

Bai Muajjal Facility

174,543,329

1 Y KIBOR + 2%

1 instalment ending on July 14, 2028

Semi annually

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

23 MCB Bank Limited

Term Finance Facility

800,000,000

3 M KIBOR + 1.5%

16 instalments starting from February 12, 2027

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

24 Pakistan Microfinance Investment Company Limited

Mudaratbahi Facility

150,000,000

6 M KIBOR + 2.9%

4 instalments starting from December 31, 2026

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 20% margin.

25 Pakistan Kuwait Investment Company (Private) Limited

Term Finance Facility

500,000,000

3 M KIBOR + 1.7%

10 instalments ending on December 30, 2028

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

C/F

11,437,751,324

15,764,599,228

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
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Local currency

B/F

11,437,751,324

15,764,599,228

26 Pakistan Microfinance Investment Company Limited

Term Finance Facility

2,100,000,000

6 M KIBOR + 2.9%

7 instalments starting from December 31, 2026

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

27 National Bank of Pakistan

Term Finance Facility

1,500,000,000

3 M KIBOR + 1.25%

16 instalments starting from March 31, 2027

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

28 Askari Bank Limited

Term Finance Facility

458,333,333

3 M KIBOR + 1.60%

11 instalments ending on March 02, 2029

Quarterly

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

29 Meezan Bank Limited

Bai Muajjal Facility

324,840,347

1 Y KIBOR + 2%

2 instalments starting from August 31, 2028

Semi annually

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

30 Standard Chartered Bank (Pakistan) Limited

Term Finance Facility

975,000,000

6 M KIBOR + 1.20%

Bullet payment on August 31, 2028

Bullet

The loan is secured against first pari-passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

C/F

18,795,925,004

15,764,599,228

Sr. No.	Lender	Type	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
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Local currency

B/F

16,795,925,004

15,764,599,228

31 Pak China Investment Company Limited

Term Finance Facility

800,000,000

3 M KIBOR + 1.7%

7 instalments starting from September 05, 2027

Quarterly

The loan is secured against first passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

32 Bank Alfalah Limited

Term Finance Facility

1,500,000,000

3 M KIBOR + 1.5%

10 instalments starting from March 10, 2027

Quarterly

The loan is secured against first passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

33 Meezan Bank Limited

Bai Muajjal Facility

499,950,013

1 Y KIBOR + 2%

2 instalments starting from December 23, 2026

Semi annually

The loan is secured against first passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

34 Pakistan Kuwait Investment Company (Private) Limited

Term Finance Facility

500,000,000

3 M KIBOR + 1.7%

12 instalments starting from September 29, 2026

Quarterly

The loan is secured against first passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

35 The Bank of Punjab

Term Finance Facility

1,500,000,000

6 M KIBOR + 1.5%

6 instalments starting from December 30, 2026

Semi annually

The loan is secured against first passu hypothecation charge on all present and future current assets including micro loans and all related receivables other than investment portfolio of the Company with a 25% margin.

Total local currency financing

21,585,875,017

15,764,599,228

25.1.1.1 Kasht Foundation has issued its AAA rated, by PACRA, Privately Placed Term Finance Certificate (PPTFC) - Gender Bond (The Bond), valued at Rs. 2,483 million with a tenor of three-years. The bond is aimed at supporting women-led micro-infrastructure projects, such as the construction, renovation of schools and homes and working capital for their business. By June 30, 2026, the proceeds have been fully used to fund gender-centric initiatives i.e., 11,656 loans totalling Rs 1,738.10 million for infrastructure development and disbursed 50,103 loans amounting to Rs. 3,846.65 million funded through this facility and recoveries collected.

25.1.2 Foreign currency financing

Sr. No.	Lender	Type	Forward Arrangement	Note	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding Installments	Interest payable	Security
36	Asian Development Bank (Tranche-1)	Term Loan	Converted by Habib Bank Limited	25.1.2.1	-	371,584,300	Daily Compound SOFR + 4.68%	-	Semi annually	Unsecured loan.
		Term Loan	Converted by Habib Bank Limited	25.1.2.1	-	181,155,000	Daily Compound SOFR + 4.178%	-	Semi annually	Unsecured loan.
37	Asian Development Bank (Tranche-2)	Term Loan	-	-	-	15,748	Daily Compound SOFR + 4.68%	-	Semi annually	Unsecured loan.
38	Bluebird Microfinance Fund	Term Loan	Converted by MCB Bank Limited	25.1.2.2	351,750,000	1,041,375,000	6 M SOFR + 4.35%	1 installment ending on September 28, 2026	Semi annually	Unsecured loan.
39	Japan Asean Women Empowerment Fund	Term Loan	Converted by MCB Bank Limited	25.1.2.3	351,625,000	1,041,562,500	6 M SOFR + 4.35%	1 installment ending on October 06, 2026	Semi annually	Unsecured loan.
		Term Loan	Converted by MCB Bank Limited	25.1.2.4	-	283,356,000	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
40	Elaf Microfinance Fund AGMYK	Term Loan	Converted by MCB Bank Limited	25.1.2.4	-	345,698,183	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
		Term Loan	-	-	-	28,526,845	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
		Term Loan	Converted by MCB Bank Limited	25.1.2.5	840,900,000	1,388,832,026	6 M SOFR + 4.35%	1 installment ending on December 18, 2026	Semi annually	Unsecured loan.
41	COVID-19 Emerging and Frontier Markets MSME Support Fund SCSP SICAV-RAIF	Term Loan	-	-	-	3,483,209	6 M SOFR + 4.35%	-	Semi annually	Unsecured loan.
42	Incofin Microfinance Enhancement Facility SA, SICAV-SIF (Incofin MEF) (new name "Global Gender Smart Fund") (GGSF)	Term Loan	Converted by MCB Bank Limited	25.1.2.6	-	487,375,000	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
43	British International Investment PLC	Term Loan	Converted by Bank Afriqiah Limited	25.1.2.7	420,450,000	1,252,350,000	6 M SOFR + 4.35%	1 installment ending on December 19, 2026	Semi annually	Unsecured loan.
44	British International Investment PLC	Term Loan	Converted by Bank Afriqiah Limited	25.1.2.7	1,280,250,000	2,086,625,000	6 M SOFR + 4.35%	3 installments ending on July 10, 2027	Semi annually	Unsecured loan.
45	Incofin IIV	Term Loan	Converted by Bank Afriqiah Limited	25.1.2.8	-	701,250,000	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
46	Finnish Fund For Industrial Cooperation Limited	Term Loan	Converted by Habib Bank Limited	25.1.2.9	1,112,800,000	2,270,000,000	6 M SOFR + 4.35%	2 installments ending on June 25, 2027	Semi annually	Unsecured loan.

C/F

4,357,775,000 11,485,378,808

Sr. No.	Lender	Type	Forward Arrangement	Note	2026 Rupees	2025 Rupees	Rate of interest per annum	Outstanding Installments	Interest payable	Security
	BIF				4,357,775,000	11,485,378,809				
47	InsuResilience Investment Fund, SICAV RAIF	Term Loan	Converted by Habib Bank Limited	25.12.10	2,531,250,000	2,500,200,000	6 M SOFR + 4.5%	3 installments starting from October 08, 2027	Semi annually	Unsecured loan.
		Term Loan	Converted by Bank Alfalah Limited	25.12.11	700,875,000	1,390,466,628	6 M SOFR + 4.25%	2 installments ending on Feb 01, 2027	Semi annually	Unsecured loan.
48	responsability SICAV (Lux)	Term Loan	-	-	-	34,052	6 M SOFR + 4.25%	-	Semi annually	Unsecured loan.
		Term Loan	Converted by Bank Alfalah Limited	25.12.12	1,401,070,050	2,065,997,903	6 M SOFR + 4%	2 installments ending on December 30, 2027	Semi annually	Unsecured loan.
49	Global Gender Smart Fund (GGSF)	Term Loan	Converted by Bank Alfalah Limited	25.12.13	-	20,879,144	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
		Term Loan	-	-	-	6,513	6 M SOFR + 4%	-	Semi annually	Unsecured loan.
50	Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco)	Term Loan	Converted by Habib Bank Limited	25.12.14	2,794,490,226	2,799,990,200	6 M SOFR + 4.3%	7 installments starting from May 15, 2027	Semi annually	Unsecured loan.
		Term Loan	-	-	9,736	9,932	6 M SOFR + 4.3%	1 installment on May 15, 2027	Semi annually	Unsecured loan.
51	Japan Asean Women Empowerment Fund	Term Loan	Converted by Bank Alfalah Limited	25.12.15	2,229,191,640	2,816,991,549	6 M SOFR + 3.9%	2 installments ending on September 15, 2027	Semi annually	Unsecured loan.
		Term Loan	-	-	8,345	8,513	6 M SOFR + 3.9%	1 installment on May 15, 2027	Semi annually	Unsecured loan.
52	Mico, Small & Medium Enterprises Bonds S.A, acting in respect and on behalf of its Compartment Series 624*	Term Loan	Converted by Habib Bank Limited	25.12.16	1,391,490,070	1,418,490,071	8.10%	2 installments starting from Oct 15, 2027	Semi annually	Unsecured loan.
		Term Loan	-	-	9,736	9,932		1 installment on Oct 15, 2027	Semi annually	Unsecured loan.

CF

15,405,189,803 24,499,473,759

Sr. No.	Lender	Type	Forward Arrangement	Note	2026 Rupees	2026 Rupees	Rate of interest per annum	Outstanding instalments	Interest payable	Security
B/F					15,406,169,803	24,498,473,759				
53	Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco)	Term Loan	Converted by Habib Bank Limited	25.12.17	1,422,480,042	-	6 M SOFR + 4.3%	7 instalments starting from May 15, 2027	Semi annually	Unsecured loan.
54	DWM	Term Loan	Converted by MCB Bank Limited	25.12.18	1,415,500,000	-	6 M SOFR + 4%	3 instalments starting from January 28, 2027	Semi annually	Unsecured loan.
55	NEDERLANDSE FINANCIERINGSMATTSCHAPPI VOOR ONTWIKKELINGSLANDEN N.V. (FMO)	Term Loan	Converted by Habib Bank Limited	26.12.19	4,218,000,000	-	6 M SOFR + 4.15%	8 instalments starting from July 10, 2026	Semi annually	Unsecured loan.
56	Global Gender Smart Fund (GGSF)	Term Loan	Converted by Bank Alfalah Limited	25.12.20	1,052,241,582	-	6 M SOFR + 4%	2 instalments starting from November 26, 2026	Semi annually	Unsecured loan.
57	Grameen Credit Agricole (GCA)	Term Loan	Converted by Bank Alfalah Limited	25.12.21	953,518,782	-	Daily SOFR + 4%	7 instalments starting from November 15, 2026	Semi annually	Unsecured loan.
58	Finnish Fund For Industrial Cooperation Limited	Term Loan	Converted by Habib Bank Limited	25.12.22	2,792,500,000	-	6 M SOFR + 3.9%	1 instalment on November 15, 2026 4 instalments starting from September 24, 2027	Semi annually	Unsecured loan.
59	PETTELAR EFFECTENBEWAARDELIJF N.V., acting in its capacity as legal owner of the assets of ASN MICROKREDIETPOOL	Term Loan	Converted by MCB Bank Limited	25.12.23	1,612,500,000	-	6 M Euribor + 4.25%	4 instalments starting from September 15, 2027	Semi annually	Unsecured loan.
60	BELGIAN INVESTMENT COMPANY FOR DEVELOPING COUNTRIES NV/SA	Term Loan	Converted by MCB Bank Limited	25.12.24	4,183,500,000	-	6 M SOFR + 4%	8 instalments starting from June 01, 2027	Semi annually	Unsecured loan.
61	EMF Microfinance Fund AGN/VK	Term Loan	Converted by Habib Bank Limited	25.12.25	1,392,000,000	-	6 M SOFR + 3.65%	5 instalments starting from June 10, 2027	Semi annually	Unsecured loan.

Total foreign currency financing

34,448,449,416 24,498,473,759

411

25.1.2.1 The Company entered into currency forward contract with Habib Bank Limited on January 17, 2025 for repayment of the last instalment of the financing obtained from Asian Development Bank. The foreign currency amount was translated into local currency at the exchange rate of Rs. 278.7 / USD and provided the Company with a forward rate of Rs. 288.00 / USD for 6 months at which the Company shall buy the foreign currency from the bank.

25.1.2.2 The Company entered into currency forward contract with MCB Bank Limited on September 26, 2025 for repayment of the financing obtained from Blueorchard Microfinance Fund. The foreign currency amount of USD 1,250,000 translated into local currency at the exchange rate of Rs. 281.4 / USD and provided the Company with a forward rate of Rs. 300.40 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

25.1.2.3 The Company entered into currency forward contract with MCB Bank Limited on October 06, 2025 for repayment of the financing obtained from Japan Asean Women Empowerment Fund. The foreign currency amount of USD 1,250,000 translated into local currency at the exchange rate of Rs. 281.30 / USD and provided the Company with a forward rate of Rs. 300.60 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

25.1.2.4 The Company entered into currency forward contract with MCB Bank Limited on October 29, 2024 for repayment of the financing obtained from EMF Microfinance Fund AGMVK. The foreign currency amount of USD 2,010,000 translated into local currency at the exchange rate of Rs. 277.8 / USD and provided the Company, for USD 990,000, with a forward rate of Rs. 286.80 / USD for 6 months and, for USD 1,020,000, with a forward rate of Rs. 300.30 / USD for 12 months, at which the Company shall buy the foreign currency from the bank.

The Company entered into currency forward contract with MCB Bank Limited on January 29, 2025 for repayment of the financing obtained from EMF Microfinance Fund AGMVK. The foreign currency amount of USD 1,239,470 was initially translated into local currency at the exchange rate of Rs. 278.9 / USD and provided the Company, for USD 660,000, with a forward rate of Rs. 288.40 / USD for 6 months and, for USD 579,470, with a forward rate of Rs. 298.40 / USD for 12 months, at which the Company shall buy the foreign currency from the bank.

25.1.2.5 The Company entered into currency forward contract with MCB Bank Limited on December 18, 2025 for repayment of the financing obtained from Covid-19 Emerging and Frontier Markets MSME Support Fund SCSp SICAV-RAIF. The foreign currency amount of USD 3,000,000 translated into local currency at the exchange rate of Rs. 280.3 / USD and provided the Company with a forward rate of Rs. 299.30 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

25.1.2.6 The Company entered into currency forward contract with MCB Bank Limited on December 27, 2024 for repayment of the financing obtained from Incofin Microfinance Enhancement Facility SA. The foreign currency amount of USD 1,750,000 translated into local currency at the exchange rate of Rs. 278.5 / USD and provided the Company with a forward rate of Rs. 298.00 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

25.1.2.7 The Company entered into currency forward contract with Bank Alfalah Limited on December 19, 2025 for repayment of the financing obtained from British International Investment plc. The foreign currency amount of USD 1,500,000 translated into local currency at the exchange rate of Rs. 280.3 / USD and provided the Company with a forward rate of Rs. 299.30 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

The Company entered into currency forward contract with Bank Alfalah Limited on July 10, 2025 for repayment of the financing obtained from British International Investment plc. The foreign currency amount of USD 4,500,000 translated into local currency at the exchange rate of Rs. 284.5 / USD and provided the Company with a forward rate of Rs. 306.60 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

- 25.1.2.8 The Company entered into currency forward contract with Bank Alfalah Limited on April 18, 2025 for repayment of the financing obtained from Incofin IIV. The foreign currency amount of USD 2,500,000 translated into local currency at the exchange rate of Rs. 280.5 / USD and provided the Company, for USD 1,250,000, with a forward rate of Rs. 292.00 / USD for 6 months and, for USD 1,250,000, with a forward rate of Rs. 302.75 / USD for 12 months, at which the Company shall buy the foreign currency from the bank.
- 25.1.2.9 The Company entered into currency forward contract with Habib Bank Limited on June 29, 2026 for repayment of the financing obtained from Finnish Fund For Industrial Cooperation Limited. The foreign currency amount of USD 4,000,000 translated into local currency at the exchange rate of Rs. 278.20 / USD and provided the Company, for USD 2,000,000, with a forward rate of Rs. 289.00 / USD for 6 months and, for USD 2,000,000, with a forward rate of Rs. 300.00 / USD for 12 months, at which the Company shall buy the foreign currency from the bank.
- 25.1.2.10 The Company entered into currency forward contract with Habib Bank Limited on October 09, 2025 for repayment of the financing obtained from InsuResilience Investment Fund, SICAV RAIF. The foreign currency amount of USD 9,000,000 was translated into local currency at the exchange rate of Rs. 281.25 / USD and provided the Company with a forward rate of Rs. 299.85 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.11 The Company entered into currency forward contract with Bank Alfalah Limited on December 16, 2025 for repayment of the financing obtained from responsAbility SICAV (Lux). The foreign currency amount of USD 3,750,000 was translated into local currency at the exchange rate of Rs. 280.35 / USD and provided the Company, for USD 1,250,000, with a forward rate of Rs. 283.70 / USD for 2 months and, for USD 2,500,000, with a forward rate of Rs. 292.55 / USD for 7 months, at which the Company shall buy the foreign currency from the bank.
- 25.1.2.12 The Company entered into currency forward contract with Bank Alfalah Limited on December 30, 2025 for repayment of the financing obtained from Global Gender Smart Fund. The foreign currency amount of USD 5,000,250 was translated into local currency at the exchange rate of Rs. 280.20 / USD and provided the Company with a forward rate of Rs. 299.20 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.13 The Company entered into currency forward contract with Bank Alfalah Limited on January 08, 2025 for repayment of the financing obtained from Global Gender Smart Fund. The foreign currency amount of USD 74,970 was initially translated into local currency at the exchange rate of Rs. 278.5 / USD and provided the Company with a forward rate of Rs. 297.45 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.14 The Company entered into currency forward contract with Habib Bank Limited on March 06, 2026 for repayment of the financing obtained from Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco). The foreign currency amount of USD 9,999,965 was translated into local currency at the exchange rate of Rs. 279.45 / USD and provided the Company with a forward rate of Rs. 298.45 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.15 The Company entered into currency forward contract with Bank Alfalah Limited on May 15, 2026 for repayment of the financing obtained from Japan Asean Women Empowerment Fund. The foreign currency amount of USD 7,999,970 was translated into local currency at the exchange rate of Rs. 278.65 / USD and provided the Company with a forward rate of Rs. 302.65 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.16 The Company entered into currency forward contract with Habib Bank Limited on June 18, 2026 for repayment of the financing obtained from Micro, Small & Medium Enterprises Bonds S.A., acting in respect and on behalf of its Compartment "Series 524". The foreign currency amount of USD 5,000,000 was translated into local currency at the exchange rate of Rs. 278.3 / USD and provided the Company, for USD 2,500,000, with a forward rate of Rs. 299.30 / USD for 10 months and, for USD 2,500,000, with a forward rate of Rs. 300.55 / USD for 12 months, at which the Company shall buy the foreign currency from the bank.

- 25.1.2.17** The Company entered into currency forward contract with Habib Bank Limited on July 11, 2025 for repayment of the financing obtained from Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco). The foreign currency amount of USD 4,999,965 was translated into local currency at the exchange rate of Rs. 284.5 / USD and provided the Company with a forward rate of Rs. 306.30 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.18** The Company entered into currency forward contract with MCB Bank Limited on July 29, 2025 for repayment of the financing obtained from DWM. The foreign currency amount of USD 5,000,000 was initially translated into local currency at the exchange rate of Rs. 283.1 / USD and provided the Company with a forward rate of Rs. 302.70 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.19** The Company entered into currency forward contract with Habib Bank Limited on October 13, 2025 for repayment of the financing obtained from NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. (FMO). The foreign currency amount of USD 15,000,000 was initially translated into local currency at the exchange rate of Rs. 281.2 / USD and provided the Company with a forward rate of Rs. 295.20 / USD for 9 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.20** The Company entered into currency forward contract with Bank Alfalah Limited on November 26, 2025 for repayment of the financing obtained from Global Gender Smart Fund. The foreign currency amount of USD 3,749,970 was initially translated into local currency at the exchange rate of Rs. 280.60 / USD and provided the Company with a forward rate of Rs. 299.60 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.21** The Company entered into currency forward contract with Bank Alfalah Limited on December 08, 2025 for repayment of the financing obtained from Grameen Credit Agricole. The foreign currency amount of USD 3,399,960 was initially translated into local currency at the exchange rate of Rs. 280.45 / USD and provided the Company with a forward rate of Rs. 299.45 / USD for 11 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.22** The Company entered into currency forward contract with Habib Bank Limited on March 25, 2026 for repayment of the financing obtained from Finnish Fund For Industrial Cooperation Limited. The foreign currency amount of USD 10,000,000 initially translated into local currency at the exchange rate of Rs. 279.25 / USD and provided the Company with a forward rate of Rs. 298.00 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.23** The Company entered into currency forward contract with MCB Bank Limited on March 26, 2026 for repayment of the financing obtained from PETTELAAR EFFECTENBEWAARBEDRIJF N.V., acting in its capacity as legal owner of the assets of ASN MICROKREDIETPOOL. The foreign currency amount of Euro 5,000,000 initially translated into local currency at the exchange rate of Rs. 322.50 / EUR and provided the Company with a forward rate of Rs. 346.00 / EUR for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.24** The Company entered into currency forward contract with MCB Bank Limited on April 23, 2026 for repayment of the financing obtained from BELGIAN INVESTMENT COMPANY FOR DEVELOPING COUNTRIES NV/SA. The foreign currency amount of USD 15,000,000 initially translated into local currency at the exchange rate of Rs. 278.90 / USD and provided the Company with a forward rate of Rs. 297.00 / USD for 12 months at which the Company shall buy the foreign currency from the bank.
- 25.1.2.25** The Company entered into currency forward contract with Habib Bank Limited on June 11, 2026 for repayment of the financing obtained from EMF Microfinance Fund AGMVK. The foreign currency amount of USD 5,000,000 initially translated into local currency at the exchange rate of Rs. 278.40 / USD and provided the Company with a forward rate of Rs. 301.40 / USD for 12 months at which the Company shall buy the foreign currency from the bank.

25.2 Translation gain on foreign currency financing

Foreign currency financing have been translated to Pakistan Rupees using State Bank of Pakistan "Mark to Market Revaluation Exchange Rates" as spot rate at the reporting date.

26 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the year:

	2026	2025
	Rupees	
Balance as at July 1	229,135,858	190,111,881
Lease liability recognized during the year	265,542,384	170,049,228
Unwinding of lease liability	45,616,001	33,896,381
	<u>540,294,243</u>	<u>394,057,490</u>
Less: Lease rentals paid	(190,460,158)	(121,411,714)
Less: Lease terminations	(40,995,549)	(43,509,918)
Balance as at June 30	<u>308,838,536</u>	<u>229,135,858</u>
Current portion of lease liabilities	155,134,058	121,109,138
Non-current portion of lease liabilities	153,704,478	108,026,720
	<u>308,838,536</u>	<u>229,135,858</u>

26.1 Maturity analysis of lease liabilities

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) ranges from 11.97% to 12.97% (2025: 9.45% to 26.02%). The amount of future payments and the period during which they will become due are:

	2026	2025
	Rupees	
Year ending 30 June		
2026	-	135,491,305
2027	183,214,728	99,887,857
2028	127,422,256	29,789,579
2029	36,366,349	2,050,416
2030	1,484,388	897,417
2031	307,461	
	<u>348,795,182</u>	<u>268,116,574</u>
Less: Future finance charges	(39,956,646)	(38,980,716)
	<u>308,838,536</u>	<u>229,135,858</u>
Less: Current maturity of long term lease liability	(155,134,058)	(121,109,138)
	<u>153,704,478</u>	<u>108,026,720</u>

26.2 Amounts recognized in the statement of income and expenditure

Mark-up expense on lease liabilities	40	45,616,001	33,896,381
Depreciation on right of use assets	6.2	155,284,970	108,695,361
Gain on lease terminations	43	(4,591,675)	(14,764,561)
		<u>196,309,296</u>	<u>127,827,181</u>

27	Trade and other payables	Note	2026	2025
			Rupees	
	Accrued expenses		207,761,605	179,696,862
	Provident fund payable	27.1	848,403	5,880,449
	Insurance premium payable		269,395,530	253,859,829
	Deferred Murabaha income		426,889,876	348,149,427
	Unearned service charges		96,794,423	70,052,000
	Claims payable		15,450,109	13,412,471
	Cash Management System (CMS) charges payable		61,851,567	50,518,727
	Staff bonus payable		811,067	341,181,017
	Withholding tax payable		50,313,403	24,729,167
	Other liabilities		148,868,841	88,627,232
	Provision for taxation		305,092,295	586,708,512
	Levy payable to Government		3,009,404	1,418,523
			<u>1,587,086,523</u>	<u>1,964,234,216</u>

27.1 Provident fund:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements of the provident fund as at June 30, 2026:

	Note	Audited June 30, 2026	Audited June 30, 2025
		Rupees	
Size of the fund - total assets		2,697,598,249	2,220,643,531
Cost of investments made	27.1.1	1,647,860,196	929,604,663
Percentage of investments - (% of total assets)		61%	42%
Fair value of investments made		1,647,860,196	929,604,663

27.1.1 The break-up of investments is as follows:

	2026		2025	
	Rupees	%	Rupees	%
Term deposit receipts	1,450,000,000	87.99	750,000,000	80.68
Mutual funds	197,860,196	12.01	179,604,663	19.32
	<u>1,647,860,196</u>	<u>100</u>	<u>929,604,663</u>	<u>100</u>

The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies

28	Short term borrowings	Note	2026	2025
			Rupees	
	KIVA loan - foreign currency financing - unsecured	28.1	220,934,251	258,602,580

28.1 This represents a loan obtained from KIVA Micro funds, a California-based non-profit, public benefit corporation. KIVA operates a web-based platform that provides microfinance loans to individuals and groups in developing countries through local institutions in those countries. The Company is registered with KIVA and is responsible for the collection of loans from borrowers and repayment to KIVA. As per the terms of the agreement effective from January 1, 2023, KIVA deducts an upfront fee of 3% (2025: 3%) on Kashf Karobar Karza and Kashf Murabaha, and 2.5% (2025: 2.5%) on Kashf School Samaya. These funds are unsecured and repayable by maximum eighteen months of disbursement. Any losses due to currency fluctuation is KIVA's responsibility.

29 Deferred grants

As at July 1, 2024

Funds received in cash
Funds utilized for assets
Funds utilized for service level
agreement / prepayments
Grant receivable

Coca Cola Foundation	KIVA	Gates Foundation- GELF	Belgium Investment Company (BIO)	United Nations Development Programme (UNDP)	I-Care Foundation	Global Affairs Canada (GAC)	InfraZamini	Miscellaneous local donations	Deferred grants for assets	Total
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Rupees

1,277,618	-	-	-	-	7,831,611	223,626,452	-	4,792,230	23,465,362	261,093,273
-	-	-	-	-	9,765,967	752,775,570	21,860,000	14,266,967	-	796,659,514
-	-	-	-	-	-	(17,275,401)	-	-	20,241,509	2,966,108
-	-	-	-	-	-	(1,625,004)	(21,850,000)	-	23,475,004	-
-	-	-	-	-	-	-	1,200,000	-	-	1,200,000
1,277,618	-	-	-	-	17,697,568	957,501,617	1,200,000	19,059,217	67,181,875	1,063,917,895

Funds utilized

Recognized as income -
depreciation of operating fixed assets
amortization of intangible assets
service level agreement / prepayments
operating expenses

As at June 30, 2025

Funds received in cash
Funds utilized for assets
Funds utilized for service level
agreement / prepayments
Grant receivable

Funds utilized

Recognized as income -
depreciation of operating fixed assets
amortization of intangible assets
service level agreement / prepayments
operating expenses

1,277,618	-	-	-	-	17,602,818	455,690,698	1,200,000	7,469,266	33,860,517	517,100,937
-	1,117,410	84,270,761	-	-	2,233,040	196,705,512	-	5,044,400	-	288,371,123
-	-	(1,030,825)	-	-	-	(2,346,001)	-	-	4,846,487	1,469,661
-	-	-	-	-	-	-	(2,400,000)	-	2,400,000	-
1,277,618	1,117,410	83,239,936	3,047,787	2,313,444	17,602,818	649,050,209	1,200,000	12,513,686	41,107,004	813,502,952

As at June 30, 2026

-	(1,117,410)	(11,451,329)	(3,047,787)	(4,546,484)	(4,469,801)	(586,886,770)	-	(3,160,251)	(12,573,272)	(12,573,272)
-	-	-	-	-	-	-	-	-	(1,965,514)	(1,965,514)
-	-	-	-	-	-	-	-	-	(8,543,713)	(8,543,713)
-	(1,117,410)	(11,451,329)	(3,047,787)	(4,546,484)	(4,469,801)	(586,886,770)	-	(3,160,251)	(23,062,489)	(637,762,331)
1,277,618	-	71,788,607	-	-	13,133,017	62,163,439	-	9,353,435	18,024,505	175,740,621

30 Financial liabilities used for hedging

The Company enters into currency forward contracts with scheduled banks in Pakistan to hedge its foreign currency exposures associated with foreign currency financing. In general, the Company enters into bespoke currency forward contracts for each individual foreign currency financing obtained. The foreign currency financing hedged by the Company are given in note 25.1.2.

The Company measures the fair value of currency forward contracts, which are non-exchange-traded, based on price quotes obtained from the counterparties / 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).

The full fair value of currency forward contracts is classified as a non-current asset or liability when the remaining maturity of the currency forward contracts is more than twelve months. It is classified as a current asset or liability when the remaining maturity of the currency forward contracts is less than twelve months.

Currency Forward Contract	
Mark to market	Notional Amounts
Rupees	
June 30, 2026	
MCB Bank Limited	(352,727,632) 8,677,731,200
Habib Bank Limited	(818,090,600) 17,524,148,729
Bank Alfalah Limited	(435,362,530) 7,969,365,834
	(1,606,180,762) 34,171,245,763
Less: Current portion	1,606,180,762 (34,171,245,763)
	- -

Currency Forward Contract	
Mark to market	Notional Amounts
Rupees	
June 30, 2025	
MCB Bank Limited	(172,579,365) 4,681,318,291
Habib Bank Limited	(269,935,091) 9,643,249,687
Bank Alfalah Limited	(399,609,098) 10,499,226,909
	(842,123,554) 24,823,794,887
Less: Current portion	842,123,554 (24,823,794,887)
	- -

30.1 Maturity analysis

	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees		
As at June 30, 2026					
Up to 1 month	8	8,901,155,064	(654,013,906)	-	(654,013,906)
1 to 3 months	1	347,701,750	(22,074,250)	-	(22,074,250)
3 to 6 months	8	8,038,914,529	(403,443,239)	-	(403,443,239)
6 months to 1 year	9	16,883,474,420	(526,649,367)	-	(526,649,367)
	26	34,171,245,763	(1,606,180,762)	-	(1,606,180,762)

	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees		
As at June 30, 2025					
Up to 1 month	5	3,232,985,512	(209,610,294)	-	(209,610,294)
1 to 3 months	1	1,064,116,875	(52,830,000)	-	(52,830,000)
3 to 6 months	11	11,210,872,805	(355,556,510)	-	(355,556,510)
6 month to 1 year	6	9,315,819,695	(224,126,750)	-	(224,126,750)
	23	24,823,794,887	(842,123,554)	-	(842,123,554)

	2026			2025		
	Change in fair value of item used for measuring ineffectiveness	Change in fair value of instrument used for measuring ineffectiveness	Change in cash flow hedge reserve	Change in fair value of item used for measuring ineffectiveness	Change in fair value of instrument used for measuring ineffectiveness	Change in cash flow hedge reserve
	Rupees			Rupees		
Firm commitment	277,156,553	(1,397,996,706)	(1,120,840,153)	244,458,000	(615,319,845)	(370,861,845)

The hedge ineffectiveness can arise from:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero;
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments; and
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

Since the hedge is ineffective during the year, therefore, all the gain / (loss) on hedged item and the amortization of forward points have been reclassified to statement of income and expenditure.

		2026	2025
	Note	Rupees	
31	Accrued mark-up		
	Mark-up on financing obtained	873,088,670	826,100,089
31.1	This includes profit of Rs. 25,798,818 (2025: Rs. 40,789,797) accrued on Islamic mode of financing obtained from multiple financial institutions.		
32	Contingencies and commitments		
32.1	Contingencies		
	There are no material known contingencies as at June 30, 2026.		
	Note	2026	2025
		Rupees	
32.2	Commitments		
	Ijarah Agreements		
	The future aggregate payments under Ijarah arrangement are as follows.		
	- Not later than 1 year	4,721,505	7,816,032
	- Later than 1 year but less than 5 years	-	4,721,505
	- later than 5 years	-	-
		4,721,505	12,537,537
33	Mark-up and other charges on micro-credit loan portfolio		
	Mark-up charges on:		
	Kashf Karobar Karza	12,866,563,843	11,065,511,487
	Kashf School Sarmaya	164,108,655	133,005,707
	Kashf Easy Loan	-	4,075,641
	Kashf Muwaishi Karza	1,403,445,034	1,089,871,160
	Kashf Sahulat Karza	65,167,255	71,012,976
	Kashf Fori Karza	1,911,274,577	1,555,200,188
	Kashf Top Up Karza	196,607,966	211,606,502
	Kashf Sawari Karza	636,644	-
	Home Improvement Loans	388,680,800	202,203,930
	Kashf Naujawan Sarmaya	8,832,642	2,460,856
		17,005,317,416	14,334,948,447
	Commission on insurance	345,673,525	220,652,549
		17,350,990,941	14,555,600,996
34	Profit and other charges on Kashf murabaha portfolio		
	Profit on:		
	Kashf murabaha	695,484,414	573,267,880
	Kashf muwaishi murabaha	32,317,676	21,479,661
		727,802,090	594,747,541
	Commission on takaful	5,335,119	2,355,639
		733,137,209	597,103,180
35	Grant income		
	Grant related to projects	614,679,832	513,495,600
	Amortization of grant related to		
	- Depreciation of property and equipment	12,573,272	12,674,175
	- Amortization of intangible assets	1,965,514	3,109,443
	Service level agreement	8,543,713	17,537,740
		637,762,331	546,816,958

36 Return on investments and bank deposits

Return on term deposit receipts

- Local
- Foreign

2026	2025
335,544,101	304,564,560
101,449,553	68,544,266
436,993,654	373,108,826

Return on Pakistan Investment Bonds

20,761,144 200,774,554

Return on term finance certificates

2026	2025
78,104,365	102,995,536
535,859,163	676,878,916

Return on bank deposits

- Local
- Foreign

2026	2025
766,132,872	1,084,625,822
3,418,719	3,468,836
769,551,591	1,088,094,658

1,305,410,754 1,764,973,574

37 Programme cost

Salaries, wages and benefits

4,332,238,417 3,438,241,101

Travel and conveyance

580,821,610 440,283,376

Insurance

620,205,848 480,952,726

Seminar, workshop, research and staff training expenses

84,873,539 66,945,669

Entertainment

181,749,103 139,048,650

Printing and stationery

47,509,856 53,423,789

Communication

40,834,542 36,593,652

Legal and professional charges

78,702,437 59,650,259

Depreciation - owned assets

6.4 137,758,910 103,864,485

Depreciation - right of use assets

6.4 155,284,970 108,695,361

Utilities

86,759,511 73,752,881

Repair and maintenance

28,999,411 25,958,855

Office supplies

44,311,214 36,672,901

Security

2,679,963 6,039,237

Miscellaneous

38,668,104 4,504,481

Social development and advocacy expenses

34,833,652 -

6,496,231,087 5,074,627,423

38 Charge of credit loss allowance - net

Charge / (reversal) of credit loss allowance for the year against:

- Micro-credit loan portfolio
- Kashf murabaha portfolio
- Accrued service charges and profit

14.11

15.3

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2026	2025
164,994,159	81,835,140
5,831,435	2,548,747
1,509,549	(639,513)
172,335,143	83,744,374
54,306	-
36,112,802	-
208,502,251	83,744,374

- Long term investments
- Short term investments

8.3

17.3

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		2026	2025
	Note	Rupees	
39 Grant expenses			
Salaries, wages and benefits		341,750,294	331,469,880
Travel and conveyance		93,589,263	49,863,621
Insurance		1,296,129	1,060,933
Office rent		434,400	518,732
Seminar, workshop, research and staff training expenses		30,106,897	68,519,086
Legal and professional charges		6,891,626	16,160,999
Printing and stationery		4,176,513	6,396,114
Communication		5,763,584	5,032,436
Depreciation - owned assets	6.4	12,573,272	12,674,175
Amortization	7.1.1	1,965,514	3,109,443
Utilities		4,018,653	1,408,070
Prepayment amortization		1,652,087	1,376,741
Repair and maintenance		8,005,162	6,237,061
Office supplies		3,935,139	4,557,939
Media campaign		102,736,389	30,775,664
Teleclinic expenses		1,389,746	3,552,464
Miscellaneous		14,317,412	4,103,600
Advertisement		3,160,251	-
		<u>637,762,331</u>	<u>546,816,958</u>
40 Finance cost - net			
Mark-up on long term financing		4,741,626,527	4,672,335,658
Mark-up on short term borrowings		12,824,331	33,851,526
Mark-up on lease liabilities	26.2	45,616,001	33,896,381
Bank and other charges		495,476,233	432,601,854
Amortization of transaction costs of long term financing		99,104,406	91,458,294
Reclassification of forward points		2,094,284,600	1,921,855,789
Foreign exchange gain on hedged financing	25.1	(277,156,553)	(244,458,000)
Cash flow hedge reserve reclassified from OCI		277,156,553	244,458,000
		<u>7,488,932,098</u>	<u>7,185,999,502</u>
41 Management and administrative expenses			
Salaries, wages and benefits		726,748,942	586,758,827
Travel and conveyance		69,553,178	51,345,998
Insurance		3,240,520	2,810,954
Seminar, workshop, research and staff training expenses		32,572,608	17,813,323
Entertainment		10,017,790	12,513,983
Printing and stationery		884,857	2,507,342
Communication		19,503,350	17,463,393
Legal and professional charges	41.1	42,314,162	25,640,837
Depreciation - owned assets	6.4	80,439,103	46,471,184
Ijarah rentals	41.3	7,757,411	9,261,018
Utilities		15,431,070	5,870,587
Repair and maintenance		34,899,553	34,332,859
Office supplies		3,490,131	3,763,855
Security		1,054,299	1,027,976
Amortization	7.1.1	7,811,520	7,615,620
Auditor's remuneration	41.2	6,000,000	5,376,500
Advertisement		34,805,141	22,507,812
Miscellaneous		6,494,806	698,698
Social development and advocacy expenses		917,510	-
		<u>1,103,935,951</u>	<u>853,780,766</u>

41.1 Shariah Advisor Remuneration

This includes the remuneration of Al Hamd Shariah Advisory Services (Private) Limited, appointed by the Foundation as its Shariah Advisor to review the mechanism of its Islamic portfolio, at Rs. 50,600 per month (2025: Rs. 50,600 per month).

	2026	2025
41.2 Auditors' remuneration	Rupees	
Audit services		
Statutory audit fee	4,169,000	3,790,000
Out of pocket expenses	731,000	676,500
	4,900,000	4,466,500
Non-audit service		
Certifications for compliance with covenants of long term financing and other statutory certificates	1,100,000	910,000
	6,000,000	5,376,500

41.3 Ijarah rentals

The Company entered into an Ijarah Agreement with Meezan Bank Limited for acquisition of motor vehicles. Under the agreement, the term of Ijarah is 3 years with variable Ijarah payments payable monthly in advance. The tentative variable rental payment schedule has been prepared based on benchmark rate of six month KIBOR + 1% per annum.

		2026	2025
42 Other expenses	Note	Rupees	
Foreign exchange loss - net		58,509,373	-
Fair value loss on Term Finance Certificates	17.2	45,150,187	-
Udaari production		29,443,471	-
Gates Foundation consultancy		14,498,277	-
Teleclinic expenses		22,079,857	-
		169,681,165	-
43 Other income			
Income from financial assets:			
Write off recovered		3,338,956	3,849,352
Liabilities written back		6,679,068	20,900,784
Foreign exchange gain - net		-	53,923,483
Capital gain on mutual funds	17.1	527,008,539	394,953,886
Fair value gain on Term Finance Certificates	17.2	-	7,187,428
Dividend income		7,716,421	95,542,854
Capital gain on Government Securities		5,688,030	-
Gain on derecognition of financial assets		29,758,168	-
Kashf Holding (Private) Limited loan impairment reversal		220,239,935	-
Income from assets other than financial assets:			
Income from rent		7,755,000	12,300,000
Gain on disposal of property and equipment		9,722,083	12,695,714
Gain on termination of lease		4,591,675	14,764,561
Income from Udaari Crafts		18,227,489	1,786,822
Income against drama production arrangement		86,400,000	22,265,835
Income from Gates Foundation Consultancy		66,981,611	-
Miscellaneous income	43.1	13,907,827	4,402,896
		1,008,014,802	644,573,615
43.1 Miscellaneous income includes:			
Sale of scrap		956,783	1,803,204
Others		12,951,044	2,599,692
		13,907,827	4,402,896

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44 Final and minimum tax differential

This represents Final and Minimum tax paid under section 5 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21.

		2026	2025
	Note	Rupees	
45 Taxation Expense			
Current - For the year		1,857,853,227	1,585,676,129
Prior year		(11,143,572)	(10,636,742)
		1,846,709,655	1,575,039,387
Deferred	13	(64,480,990)	25,366,122
		1,782,228,665	1,600,405,509

- 45.1 The Company was previously recognized as a Non-Profit Organization (NPO) under Section 2(36) of the Income Tax Ordinance, 2001. This status was subsequently challenged by the Commissioner Inland Revenue (CIR), who withdrew the approval through orders issued in 2015 and 2019. These orders were remanded for reconsideration by the Chief Commissioner Inland Revenue (CCIR).

Following further proceedings, the matter was taken to the Lahore High Court (LHC), which through its order dated December 27, 2023, upheld the revocation of the Company's NPO status. The Company has filed a Civil Petition for Leave to Appeal (CPLA) before the Supreme Court of Pakistan. As of the reporting date, the petition remains pending and no hearing has been conducted.

In view of the LHC decision, the Company has complied with its tax obligations and is currently accounting for income tax under the applicable provisions of the Income Tax Ordinance, 2001.

During the year company, in consultation with its tax expert, has filed an application for the tax exemption certificate under section 2(36) of the Income Tax Ordinance, 2001 before the Federal Board of Revenue ('FBR'). Section 2(36) of the Ordinance requires compliance with Rule 213 (2)(E) of the Income Tax Rules, 2002 and Section 100c of the Ordinance. The application for tax exemption is currently in-process with the FBR as at the reporting date.

45.2 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate:

	Note	2026	2025
		Rupees	
Surplus before minimum tax differential and income tax		4,930,271,154	4,364,099,300
Tax on income @ 29%		1,429,778,635	1,265,588,797
Tax effect of prior years charge		(11,143,572)	(10,636,742)
Effect of Super tax @ 10%		493,027,115	436,409,930
Impact of Income Subject to Minimum Tax Regime / Final Tax Regime		(74,944,565)	(56,375,207)
Impact of Income exempt from tax		-	(35,249,992)
Effect of change in rate of deferred tax		5,289,682	
Rate difference in current tax and deferred tax		634,620	
Deferred tax on temporary differences recognised in other comprehensive income		28,181,072	
Benefit of a previously unrecognised temporary difference		(85,893,575)	-
Tax Classified as Levy under IFRIC 21		(3,009,404)	(1,418,522)
Others		308,657	2,087,245
Tax charge for the year		1,782,228,665	1,600,405,509

46 Cash and cash equivalents

Cash and bank balances

19	8,060,326,453	7,812,241,564
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47 Remuneration of chief executive, directors and executives

	Chief Executive Officer		Executives	
	2026	2025	2026	2025
	Rupees		Rupees	
Managerial remuneration	46,124,928	39,487,488	1,317,560,187	925,283,394
Bonus	3,843,744	5,442,470	109,717,931	119,750,132
Provident Fund contribution	3,066,458	2,721,239	85,098,693	60,452,752
Vehicle allowance	13,295,040	12,086,400	85,369,005	70,598,699
Mobile allowance	240,000	240,000	4,476,000	3,971,851
Driver allowance	-	-	21,144,000	19,660,580
Petrol allowance	2,306,412	2,188,831	52,477,684	37,669,846
	<u>68,876,582</u>	<u>62,166,428</u>	<u>1,675,843,500</u>	<u>1,237,387,254</u>
As at June 30	<u>1</u>	<u>1</u>	<u>545</u>	<u>397</u>
Average Number	<u>1</u>	<u>1</u>	<u>533</u>	<u>389</u>

47.1 Total number of Directors of the Company as at June 30, 2026 were 10 (2025: 10). None of the directors was paid any remuneration (2025: Nil).

48 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2026	2025
	Numbers	
As at June 30	<u>5627</u>	<u>4861</u>
Average number of employees	<u>5447</u>	<u>4612</u>

49 Ratios	Note	2026	2025
		Percentage	Percentage
Portfolio at risk	49.1	<u>0.79%</u>	<u>0.71%</u>
Adjusted return / (loss) on assets	49.2	<u>4.73%</u>	<u>5.23%</u>
Adjusted return / (loss) on equity	49.3	<u>23.08%</u>	<u>26.30%</u>
Operational self-sufficiency	49.4	<u>132%</u>	<u>133.00%</u>
Financial self-sufficiency	49.5	<u>118.67%</u>	<u>129.38%</u>
Surplus / (deficit) - pre tax as a percentage of total receipts	49.6	<u>23.44%</u>	<u>24.09%</u>
Management and administrative expenses as percentage of total receipts	49.7	<u>5.25%</u>	<u>4.71%</u>

49.1 Portfolio at risk

The value of all outstanding loans that have one or more instalments of principal overdue for more than one day. This item includes the entire unpaid principal balance, including both overdue and future instalments, but not accrued service charges.

49.2 Adjusted return / (loss) on assets

Adjusted Return On Assets ("ROA") is calculated using adjusted earnings in the numerator for the last twelve months and using average total assets in the denominator.

49.3 Adjusted return / (loss) on equity

This calculates the rate of return of the Company on the average equity for the period. Adjusted Return On Equity ("ROE") is calculated using adjusted earnings in the numerator for the last twelve months and using average equity in the denominator.

49.4 Operational self-sufficiency

Measures how well the Company covers its costs through operating revenues. It is calculated using operating income as numerator and denominator includes operating expense, financial expense and loan-loss provision expense are also included in this calculation, as they are normal (and significant) cost of operating.

49.5 Financial self-sufficiency

This ratio measures how well the Company covers its costs, taking into account a certain adjustments to operating expenses. The purpose of these adjustments is to model how well the Company could cover its costs if its operations that are unsubsidised and it was funding its expansion with commercial-cost liabilities. It is calculated in the same manner as operational self-sufficiency except the adjustment to the operating expenses for operations of the Company that are unsubsidised and it was funding its expansion with commercial cost liabilities along with the impact of inflation.

49.6 Surplus / (deficit) - pre tax as a percentage of total receipts

This ratio represents the proportion of surplus / (deficit) pre tax against total receipts of the Company. This measures how well the Company is managing its expenses over total receipts. This is calculated using surplus / (deficit) pre tax for the year as numerator and denominator includes total receipts for the year.

49.7 Management and administrative expenses as a percentage of total receipts

This ratio represents the proportion the management and admin expenses against gross income of the Company. This is calculated using the management and admin expenses for the year as numerator and denominator includes total receipts.

	Note	2026	2025
		Numbers	
49.8 Active loan:			
- as at June 30	14.12 & 15.4	1,144,138	963,697
Active clients:			
- as at June 30		1,100,630	926,566
- disbursements during the year	49.8.1	1,229,002	1,057,635
49.8.1 Disbursements during the year			

The Company has disbursed micro-credit loans & murabaha amounting to Rs. 87.43 billion (2025: Rs. 64.48 billion) during the year.

50 Financial instruments and risk management

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

50.1 Risk management framework

The Board of Directors have the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of funds.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to align with the to changes in market conditions and the Company's operations.

Derivatives

The company has recognised the following derivative financial instruments in the statement of financial position:

	2026	2025
Current liabilities		
Foreign currency forwards – cash flow hedges	1,606,180,762	842,123,554

50.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting in a particular industry.

Credit risk arises principally from Company's receivables from borrowers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each borrower. The Company controls its credit risk by the following methods:

- Ascertainment of credit worthiness of borrowers.
- Monitoring of debt on a continuous basis.
- Regular follow-ups with customers;
- Loan provision in accordance with NBFC Regulations applicable to Non-Banking Microfinance Companies and requirements of IFRS 9 - Financial Instruments.
- Confirmation of credit history of borrowers through Data Check's Micro-Finance Credit Investigation Bureau; and
- Credit appraisal of the borrowers through NADRA verisys.

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50.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. While all financial assets are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial on all assets except Micro-credit portfolio, Kashi murabaha portfolio, Accrued service charges and profit, Long term investments and Short term investments. The maximum exposure to credit risk at the reporting date is as follows:

	2026	2025
	Rupees	
Long term investments	86,145,482	861,303,824
Short term investments	11,475,800,445	7,686,692,813
Long term deposits	96,066,695	39,043,004
Bank balances	113,654,100	151,654,100
Micro-credit loan portfolio	8,048,892,152	7,804,069,776
Kashi murabaha portfolio	49,370,167,744	35,716,564,235
Accrued service charges	2,088,091,733	1,443,651,002
Deposits and other receivable	809,346,827	633,163,955
	427,469,879	342,336,210
	<u>72,515,625,057</u>	<u>54,678,498,919</u>

Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

	2026	2025
	Rupees	
Banking companies and financial institutions	19,753,270,068	16,560,923,809
Micro-credit loan and murabaha portfolio	52,267,606,304	37,793,399,192
Others	494,748,685	324,175,918
	<u>72,515,625,057</u>	<u>54,678,498,919</u>

50.2.2 Ageing of micro-credit loan, murabaha portfolio, accrued service charges and profit and Expected Credit Loss:

Financial year	Note	Neither past due nor impaired	Upto 29 days	30 to 89 days	90 to 179 days	More than 180 days	Total
2026							
Gross Exposure at default - Rs.	14.13 & 15.5 & 16	52,099,717,157	227,512,859	42,807,538	32,730,168	106,647,453	52,509,415,175
Expected Credit Loss - Rs.		119,299,101	917,819	7,821,293	25,140,490	88,630,168	241,808,871
% of ECL		0.23%	0.40%	18.27%	76.81%	83.11%	0.46%
2025							
Gross Exposure at default - Rs.	14.13 & 15.5 & 16	37,676,364,459	130,115,479	27,088,736	26,905,688	81,072,252	37,941,546,614
Expected Credit Loss - Rs.		58,797,065	362,696	1,915,749	22,275,535	67,106,337	150,467,384
% of ECL		0.16%	0.28%	7.07%	82.79%	82.77%	0.40%

50.2.3 Balances with banking and asset management companies

The Company has balances and investments with banking and asset management companies amounting to Rs. 19,647.01 million (2025: Rs. 16,352.07 million) as at June 30, 2026. These are held with banks, financial institutions and asset management companies counterparties, which are rated B to AAA, based on the credit ratings from rating agencies.

The loss allowance on these financial assets has been measured on a 12-month expected credit loss basis, reflecting the short-term maturities of the exposures. Except for short-term and long-term investments, the Company considers these balances to have low credit risk based on the external credit ratings of the counterparties. Accordingly, no loss allowance has been recognised on those balances. Expected credit loss on short-term and long-term investments has been recognised as described in note 4.5.

	2026	2025
	Rupees	
Bank balances	8,048,892,152	7,804,069,776
Short term investments	11,511,913,247	7,686,692,813
Long term investments	86,199,788	861,303,824
	<u>19,647,005,187</u>	<u>16,352,066,413</u>

50.2.4 Credit quality of Investments and bank balances

The credit quality of the major financial assets that are neither past due nor impaired is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. For exposures of both cash and bank balances and investments to unrated counterparties that are denominated in a currency other than the local currency of the counterparty's country of incorporation, the sovereign foreign currency rating of that country has been applied.

	Rating Agency	Short term	Long term	2026	2025
				Rupees	
Name of Bank / Financial Institutions					
Faysal Islamic Financial Growth Plan-II	VIS	-	AA-	58,378,876	54,241,066
Faysal Islamic Cash Fund - Growth	VIS	-	AA	691,195	-
NBP Money Market Fund	PACRA	-	AA+	-	281,094,806
NBP Financial Sector Income Plus Fund	PACRA	-	A+	273,173,393	-
NBP Mustahkam Fund-NBP Fixed Term Munafa Plan-VIB	PACRA	-	AA+	2,216,063,778	-
ABL Financial Sector Fund Plan-1	PACRA	-	A+	15,041,530	13,818,995
ABL Cash Fund	PACRA	-	AA+	3,299	-
JS Fixed Term Munafa Plan 11	PACRA	-	AAA	-	540,393,509
JS Fixed Term Munafa Plan 13	PACRA	-	AAA	-	522,222,875
JS Fixed Term Munafa Plan 17	PACRA	-	AAA	-	515,123,724
JS Fixed Term Munafa Plan -20	PACRA	-	AAA	777,891,828	-
JS Islamic Fixed Term Munafa Fund-1	N/A	-	-	531,052,946	-
JS Microfinance Funds	PACRA	-	A	12,740,889	-
JS Fixed Term Munafa Fund-II Plan 06	PACRA	-	AAA	1,063,523,958	-
NIT Government Bond Fund	PACRA	-	AA	5,229,006	588,641,339
Alfalsh Income and Growth Fund	VIS	-	A	2,317	103,586
Alfalsh GHP Money Market Fund	PACRA	-	AA+	267,755,725	3,596,188
UBL Income Opportunity Fund	VIS	-	AA-	-	10,682,403
UBL Liquidity Plus Fund	VIS	-	AA+	-	1,140,328
UBL Liquidity Fund	VIS	-	AA+	13,115,586	-
AL Habib Money Market Funds	VIS	-	AAA	409,949,028	-
JS TFC (Tier 1)	PACRA	-	A+	46,489,741	54,908,678
BOP TFC (Tier 1)	PACRA	-	AA	51,504,035	51,202,483
BOP TFC (Tier 2)	PACRA	-	AA+	99,638,248	102,725,054
JS TFC	PACRA	-	AA-	331,756,533	365,829,200
Pak Libya Holding Company	PACRA	A1+	AA	86,199,788	86,118,786
Allied Bank Limited	PACRA	A1+	AAA	193,259,991	17,738,638
ABHI Microfinance Bank	VIS	A2	A-	-	-
Apna Microfinance Bank Limited	PACRA	A4	BB	5,888,086	5,417,810
Askari Bank Limited	PACRA	A1+	AAA	2,262,207	3,366,981
Bank Alfalah Limited	PACRA	A1+	AAA	7,963,058	12,839,286
Bank Al-Habib Limited	PACRA	A1+	AAA	24,627,034	51,490,332
Bank Islami Pakistan Limited	PACRA	A1	AA-	71,701,157	150,206
Central Depository Company	-	AA-	-	246,957	700,721
Dubai Islamic Bank	VIS	A1+	AA	194,648	198,727
Faysal Bank Limited	PACRA	A1+	AA+	8,082,821	4,747,114
Habib Bank Limited	VIS	A1+	AAA	83,082,049	122,482,480
JS Bank Limited	PACRA	A1+	AA	29,172,207	18,029,045
Khushali Microfinance Bank Limited	VIS	A2	A-	38,276,678	34,578,989
MCB Bank Limited	PACRA	A1+	AAA	538,557,874	1,105,886,845
Meezan Bank Limited	VIS	A1+	AAA	17,682,910	1,689,054
Mobilink Microfinance Bank Limited	PACRA	A1	A	105,759,758	35,733,791
National Bank of Pakistan	PACRA	A1+	AAA	10,701,891	1,285,215,411
NRSP Microfinance Bank Limited	PACRA	A2	A-	115,494,511	116,759,874
United Bank Limited - LCY	VIS	A1+	AAA	7,911,884,409	7,452,863,789
United Bank Limited - FCY	Fitch	B-	B	3,012,336,056	1,935,637,771
Samba Bank Limited	PACRA	A1+	AA	603,385,873	-
Sindh Bank Limited	VIS	A1+	AA	89,852,779	87,842,394
Soneri Bank Limited - LCY	PACRA	A1+	AA	70,102	505,208
Soneri Bank Limited - FCY	Fitch	B-	B	95,849	97,779
Standard Chartered Bank Limited	VIS	A1+	AAA	11,363,746	19,055,190
Easypaisa Bank Limited	PACRA	A1	A+	161,438,571	102,139,678
The Bank of Punjab	PACRA	A1+	AAA	343,225,533	440,804,339
U Microfinance Bank Limited	VIS	A1	A+	638,937	304,472,365
				<u>19,647,005,187</u>	<u>16,352,066,413</u>

The Company has not recognized an impairment allowance on cash and bank balances during the year ended June 30, 2026, as the impact was immaterial.

50.2.5 Micro-credit loan and Murabaha portfolio

The key inputs into the measurement of expected credit losses are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies for the different product portfolios with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations with forward looking factors. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) by product type. This is similar to the approach used for the purposes of measuring expected credit losses under IFRS 9.

The Company determines expected credit losses for loan portfolio using general approach. The expected credit losses on loan portfolio assets are determined using probabilistic estimation of future expected cash flows, adjusted for factors that are specific to the loan portfolios and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Expected Credit Loss Measurement

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date;
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in days past due;
- Forbearance / restructuring status; and
- Multiple economic scenarios form the basis of determining the PD at initial recognition and at subsequent reporting dates.

To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics (i.e. segmentation).

The expected loss rates are based on the payment profiles over a period of 6 months before June 30, 2026 and the corresponding historical credit losses experienced within this period. The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each segment. This means that the Company does not rely on a single economic forecast but instead considers a range of possible outcomes when estimating ECL. To incorporate forward-looking information, the Company considers key macroeconomic indicators that have historically influenced credit risk and default probabilities.

Definition of default

Critical to the determination of expected credit losses is the definition of default. The definition of default is used in measuring the amount of expected credit losses and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit losses, as default is a component of the probability of default (PD) which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The contract is past due more than 90 days; or
- The credit obligations reflected in the contract is unlikely to be paid to the Company such as deceased borrowers.

Write-off

When periodic collective historical recovery analysis indicates that the Company does not expect significant additional recoveries after certain months in default ("MID"), it is the policy of the Company to write-off loans on a collective basis.

Amounts of financial assets that were written off during the reporting period amounted to Rs. 80.98 million (2025: Rs. 105.77 million).

50.2.6 Other financial assets

Long term loans, deposits, and other receivables are mostly due from employees and financial institutions. The Company has assessed based on historical experience, that the expected credit loss associated with these financial assets is generally trivial. There are reasonable grounds to believe that these amounts will be recovered within a period of six months. Hence, no additional allowance has been recognized in these financial statements.

50.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset or such obligations which will have to be settled in a manner unfavourable to the Company. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity 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. The following are the remaining contractual maturities of financial liabilities:

	2026			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Long term financing	55,594,937,127	55,594,937,127	20,059,632,833	35,535,304,294
Short term borrowing	220,934,251	220,934,251	220,934,251	-
Financial liabilities used for hedging	1,606,180,762	1,606,180,762	1,606,180,762	-
Accrued mark-up	873,088,670	873,088,670	873,088,670	-
Trade and other payables	1,160,196,647	1,160,196,647	1,160,196,647	-
Lease liabilities	308,838,536	348,795,182	183,214,728	165,580,454
	59,764,175,993	59,804,132,639	24,103,247,891	35,700,884,748

	2025			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Long term financing	40,499,894,198	40,499,894,198	18,090,759,798	22,409,134,400
Short term borrowing	258,602,580	258,602,580	258,602,580	-
Financial liabilities used for hedging	842,123,554	842,123,554	842,123,554	-
Accrued mark-up	826,100,089	826,100,089	826,100,089	-
Trade and other payables	1,616,084,789	1,616,084,789	1,616,084,789	-
Lease liabilities	229,135,858	268,116,574	135,491,305	132,625,269
	44,271,941,068	44,310,921,784	21,769,162,115	22,541,759,669

50.4 Market risk

Market risk is the risk that the value or cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices due to a 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. The objective of the market risk management is to manage and control market risk exposures with acceptable parameters, while optimizing return. The Company is exposed to interest rate risk and currency risk only.

50.4.1 Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to change in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are US Dollars (USD), Great Britain Pound (GBP) and Euro.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2026		2025	
	USD	GBP	USD	GBP
Assets				
Cash and bank balances	1,493,100	-	4,065,447	104
Short term investments	9,251,000	-	6,751,000	-
	<u>10,744,100</u>	<u>-</u>	<u>10,816,447</u>	<u>104</u>

	2026		2025	
	USD	Euro	USD	Euro
Liabilities				
Borrowings	117,150,250	5,000,000	88,504,661	-
Mark-up accrued on borrowings	1,818,550	91,287	1,310,269	-
	<u>118,968,800</u>	<u>5,091,287</u>	<u>89,814,930</u>	<u>-</u>

Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	Average rate for the year		Reporting date rate	
	2026	2025	2026	2025
USD to PKR	280.46	279.35	278.16	283.76
EUR to PKR	327.17	303.97	316.92	332.66
GBP to PKR	376.31	361.47	368.02	388.86

Sensitivity analysis:

At reporting date, if the PKR had strengthened / weakened by 10% against the foreign currencies with all other variables held constant, surplus for the year would have been higher / (lower) by the amount shown below, mainly as a result of net foreign exchange gain / (loss) on translation of foreign currency financing and foreign currency bank account.

Effect on surplus due to change in exchange rates	10% change in exchange rate	
	Decrease Rupees	Increase Rupees
As at June 30, 2026	3,171,731,323	(3,171,731,323)
As at June 30, 2025	2,241,656,909	(2,241,656,909)

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets / liabilities of the Company and does not take into account results of the Company's hedging activities.

	2026	2025
	Rupees	
Foreign currency forwards		
Carrying amount (current liability)	(1,606,180,762)	(842,123,554)
Notional amount	34,171,245,763	24,823,794,887
Maturity date	July 2026 - June 2027	July 2025 - June 2026
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	(1,606,180,762)	(842,123,554)
Change in value of hedged item used to determine hedge ineffectiveness	277,156,553	(357,404,443)
Weighted average hedged rate for outstanding hedging instruments (including forward points)	301.05 PKR / FCY	300.52 PKR / FCY

50.4.2 Interest rate risk

Interest rate risk is 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 on bank deposits, short term borrowings and long term financing. The interest rate profile of the Company's interest-bearing financial instruments at the reporting date was as under:

	Effective rate		Carrying amount	
	2026	2025	2026	2025
	%		Rupees	
Fixed rate Instruments				
Financial assets:				
Short term Investment	5.75 to 17	4.00 to 23.5	5,301,818,534	4,076,204,301
Bank Balances - In saving accounts	4.00 to 12.25	4.00 to 21.75	7,738,213,988	7,528,186,164
Micro-credit loan portfolio	35.41 to 53.25	38.73 to 65.17	49,370,167,744	35,716,564,235
			62,410,200,266	47,320,954,700

	Effective rate		Carrying amount	
	2026	2025	2026	2025
	%		Rupees	
Financial liabilities:				
Long term financing:	8.10	4.13 to 8.10	1,391,499,806	1,418,490,071
			1,391,499,806	1,418,490,071

Floating rate instruments				
	Effective rate		Carrying amount	
	2026	2025	2026	2025
	%		Rupees	
Financial assets:				
Short term investment	12.43 to 14.24	17.81 to 24.00	529,368,557	1,079,429,895
Long term investment	10.16 to 11.49	10.16 to 11.89	86,145,482	861,303,824
			615,514,039	1,940,733,719

	Effective rate		Carrying amount	
	2026	2025	2026	2025
	%		Rupees	
Financial Liabilities:				
Long term financing	7.37 to 20.47	8.11 to 23.95	54,375,668,074	39,201,987,359
			54,375,668,074	39,201,987,359

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Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) deficit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Cash flow sensitivity analysis on floating rate financial liabilities	100 bps change in interest rate	
	Increase	Decrease
	Rupees	Rupees
As at June 30, 2026	(543,756,681)	543,756,681
As at June 30, 2025	(392,019,874)	392,019,874

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets / liabilities of the Company and does not take into account results of the Company's hedging activities.

50.4.3 Other price risk

Other price risk is 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). The Company is exposed to other price risk on its investments in units of mutual funds classified as at fair value through profit or loss, which are valued at the net asset value (NAV) per unit announced by the respective asset management companies. As at June 30, 2026, had the NAV of these mutual funds increased / decreased by 1%, with all other variables held constant, the surplus for the year would have been higher / lower by Rs. 56.45 million (2025: Rs. 25.31 million). The sensitivity of the fair value of the equity investment in ABHI Microfinance Bank Limited to changes in the significant unobservable input is disclosed in note 51.2.

50.5 Hedging activities and derivatives

Cash flow hedges

During the year, the Company has held foreign exchange forward contracts with commercial banks, designated as hedging instrument in cash flow hedges of expected future principal repayments of long term financing from foreign lenders. The currency forwards are being used to hedge the currency risk in respect of long-term financing as stated in note 25.1 to these financial statements.

The terms of the foreign exchange forward contracts match with the terms of the long term finances (i.e., notional amount and expected payment date). Therefore an economic relationship exists.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components.

The following potential sources of ineffectiveness are identified:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero;
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments; and
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

51 Fair value measurements of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 in fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The fair value hierarchy has the following levels:

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

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

51.1 Fair value of 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. 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.

As at June 30, 2026

Financial assets - measured at fair value

Short term investments

Financial assets - not measured at fair value

Long term investments
Long term loans
Long term deposits
Micro-credit loan portfolio
Kasbi Marabala
Accrued service charges and profit
Advances, deposits and other receivables
Short term investments
Cash and bank balances

Financial liabilities - measured at fair value

Financial liabilities used for hedging

Financial liabilities - not measured at fair value

Long term financing
Current portion of long term financing
Short term borrowings
Accrued mark-up
Trade and other payables

Non Financial assets - measured at fair value

Freehold land

Carrying amount			Fair value				
At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3	Total
2026							
Rupees							
-	6,422,380,014	-	6,422,380,014	5,644,613,354	529,368,557	248,398,103	6,422,380,014
-	6,422,380,014	-	6,422,380,014	5,644,613,354	529,368,557	248,398,103	6,422,380,014
86,145,482	-	-	86,145,482	-	-	-	-
96,056,695	-	-	96,056,695	-	-	-	-
113,654,100	-	-	113,654,100	-	-	-	-
49,370,167,744	-	-	49,370,167,744	-	-	-	-
2,088,091,733	-	-	2,088,091,733	-	-	-	-
809,346,827	-	-	809,346,827	-	-	-	-
427,469,879	-	-	427,469,879	-	-	-	-
5,301,818,534	-	-	5,301,818,534	-	-	-	-
8,048,892,152	-	-	8,048,892,152	-	-	-	-
66,341,643,146	-	-	66,341,643,146	-	-	-	-
-	1,606,180,762	-	1,606,180,762	-	1,606,180,762	-	1,606,180,762
-	1,606,180,762	-	1,606,180,762	-	1,606,180,762	-	1,606,180,762
36,535,304,294	-	-	36,535,304,294	-	-	-	-
20,059,632,833	-	-	20,059,632,833	-	-	-	-
220,834,251	-	-	220,834,251	-	-	-	-
873,098,679	-	-	873,098,679	-	-	-	-
1,160,196,647	-	-	1,160,196,647	-	-	-	-
57,849,156,695	-	-	57,849,156,695	-	-	-	-
-	1,432,175,000	-	1,432,175,000	-	1,432,175,000	-	1,432,175,000
-	1,432,175,000	-	1,432,175,000	-	1,432,175,000	-	1,432,175,000

As at June 30, 2025

Financial assets - measured at fair value

Short term investments

Carrying amount			Fair value			
2025						
At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3
Rupees						
-	3,105,724,030	-	3,105,724,030	2,531,058,617	574,665,413	-
-	3,105,724,030	-	3,105,724,030	2,531,058,617	574,665,413	-
						3,105,724,030

Financial assets - not measured at fair value

Long term investments
Long term loans
Long term deposits
Micro-credit loan portfolio
Kasht Murebela
Accrued service charges
Advances, deposits and other receivables
Short term investments
Cash and bank balances

Financial liabilities - measured at fair value
Financial liabilities used for hedging

Financial liabilities - not measured at fair value

Long term financing
Current portion of long term financing
Short term borrowings
Accrued mark-up
Trade and other Payables

Non Financial assets - measured at fair value

Freehold land

861,303,824	-	-	861,303,824	-	-	-
39,043,004	-	-	39,043,004	-	-	-
151,654,100	-	-	151,654,100	-	-	-
35,716,564,235	-	-	35,716,564,235	-	-	-
1,443,651,002	-	-	1,443,651,002	-	-	-
633,183,955	-	-	633,183,955	-	-	-
342,336,210	-	-	342,336,210	-	-	-
4,580,968,783	-	-	4,580,968,783	-	-	-
7,804,089,776	-	-	7,804,089,776	-	-	-
51,572,774,889	-	-	51,572,774,889	-	-	-
-	842,123,554	-	842,123,554	-	842,123,554	-
-	842,123,554	-	842,123,554	-	842,123,554	-

22,409,134,400	-	-	22,409,134,400	-	-	-
18,090,759,798	-	-	18,090,759,798	-	-	-
258,602,590	-	-	258,602,590	-	-	-
826,100,089	-	-	826,100,089	-	-	-
1,616,084,789	-	-	1,616,084,789	-	-	-
43,200,681,656	-	-	43,200,681,656	-	-	-
-	1,299,500,000	-	1,299,500,000	-	1,299,500,000	-
-	1,299,500,000	-	1,299,500,000	-	1,299,500,000	-

61.1.1 Reconciliation of Level 3 fair value measurements

The following table shows a reconciliation from the opening balance to the closing balance of the Level 3 fair value measurement of the equity investment in ABH Microfinance Bank Limited, classified as at fair value through profit or loss (note 17.5):

	2025	2025
Rupees		
Balance as at July 1	-	-
Shares received in settlement of loan due from Kasht Holding (Private) Limited (note 9.1)	248,398,103	-
Fair value gain / (loss) recognised in statement of income and expenditure	-	-
Disposals	-	-
Balance as at June 30	248,398,103	-

The shares were initially recognised at fair value of Rs. 7.50 per share on receipt in settlement of the loan, and the related recovery has been recognised in other income (note 43). There has been no change in the fair value of the shares from initial recognition to the reporting date; accordingly, no unrealised gain or loss relating to these shares has been recognised in the statement of income and expenditure for the year. There were no transfers into or out of Level 3 during the year (2025: Nil).

51.2 Valuation techniques used to determine level 2 and level 3 fair values

Currency forward contracts

Level 2 fair value of currency forward contracts has been derived using valuation techniques that include forward pricing and swap models using present value calculations. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Freehold land

Level 2 fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per Marla.

Investment in unquoted equity securities

The Level 3 fair value of investment in unquoted equity securities has been determined using the Price/EPS (P/E) multiple valuation technique. The average Price/EPS multiple of listed financial institutions of 5.2x has been adjusted for a suitable Discount for Lack of Marketability (DLOM) and a Discount for Lack of Control (DLOC), applied on a compounded basis. The most significant unobservable input in this valuation is the Price/EPS multiple.

A 10% increase or decrease in the Price/Earnings (P/E) multiple applied, with the DLOM and DLOC held constant, would increase or decrease the fair value of the investment by approximately PKR 24,839,810, respectively.

52 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total borrowing (including related mark-up / interest) divided by total equity / capital employed.

	Note	2026	2025
		Rupees	
Total borrowings	25, 28 & 31	56,688,960,043	41,584,596,867
Less: Cash and bank balances	19	(8,060,326,453)	(7,812,241,564)
Net debt		48,628,633,595	33,772,355,303
Total equity / capital employed	20 - 24	15,510,109,127	11,748,192,636
Gearing ratio		313.53%	287.47%

52.1 In accordance with the terms of agreements with the lenders of long term financing (as referred to in note 25 to these financial statements), the Company is required to comply with certain financial covenants.

At the minimum, the Company is required to comply with the following financial covenants:

- Non-performing loans ratio should be less than 5%;
- Operational self-sufficiency ratio should be more than 100%;
- Liquid assets to total borrowings (net of cash and TDRs under lien) should not be less than 10%;
- Portfolio at risk over 30 days to gross portfolio should not exceed 3%;
- Portfolio at risk over 30 days plus restructured loans to gross portfolio should not exceed 5%;
- Portfolio at risk over 30 days plus restructured loans plus net charge-offs to outstanding portfolio should not exceed 12%;
- Portfolio quality (portfolio at risk over 30 days plus refinanced loans plus loans written off in the last 12 months to gross portfolio) should not exceed 7%;
- Capital adequacy ratio (total capital to total assets) should be more than 15%;
- Capital adequacy ratio (Tier 1 capital to total assets) should be more than 15%;
- Open credit exposure ratio should be less than 10%;
- Open assets exposure ratio should not exceed 20%;
- Write-off ratio should be less than 2%;
- Related party lending ratio should be less than 10%;
- Cost to income ratio should be less than 80%;
- Aggregate un-hedged open foreign currency position should be between +15% / -15% of total equity;
- Aggregate un-hedged open foreign currency position should not exceed 15% of Tier 1 capital;
- Un-hedged open foreign currency position in any single currency should not exceed 25% of total capital;
- Short foreign currency position should not exceed 20% of total equity;
- Liquidity coverage ratio should be more than 100%;
- Liquid assets available within 30 days (excluding balances under lien) to total assets should not be less than 20%;
- Cash and short term investments to total assets should not be less than 15%;
- Return on assets ratio should be greater than 1.3%;
- Return on assets excluding donations should be greater than 0.5%;
- Single group exposure position should be less than 20%;
- Agricultural sector exposure ratio should be less than 40%;
- Aggregate large exposures ratio should be less than 200%;

- Sovereign exposure ratio should be less than 22%;
- Uncovered capital ratio should be less than 25%;
- Total net worth to total assets ratio should not be less than 15%;
- Open foreign exchange position should be less than 50%;
- Exposure to government securities divided by total assets should be less than 5%;
- Solvency ratio (total equity to total assets) should not be less than 16%;
- Open loan position (portfolio at risk over 30 days less loan loss reserve, divided by total equity) should be less than 10%;
- Debt to equity ratio should be less than 4 times;
- Current ratio should not be less than 1.5:1;
- Interest coverage ratio should not be less than 1.1 times;
- Maturity gap ratio should be less than 100%;
- Assets maturing within six months to liabilities maturing within six months should be more than 100%;
- Financial leverage should not be more than 7 times;
- Un-hedged open foreign currency position should be within +50% / -50% of capital;
- Voluntary prepayment of indebtedness to other creditors should not exceed 10% of total indebtedness in any three-month period without the lender's consent;
- Adjusted debt service coverage ratio should not be less than 2 times; and
- Provision cover ratio should be more than 100%.

There are no indications that the Company would have difficulties complying with the covenants when they will be next tested as at June 30, 2027.

53 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2026 Liabilities				Total
	Long term financing	Short term borrowings	Financial liabilities used for hedging Rupees	Lease liabilities	
Balance as at July 1, 2025	40,499,894,198	258,602,580	842,123,554	229,135,858	41,829,756,190
Changes from financing activities					
Transaction cost paid	(150,751,927)	-	-	-	(150,751,927)
Proceeds received against financing	35,660,657,006	412,298,900	-	-	36,072,955,906
Repayments of financing	(20,236,810,002)	(448,056,281)	-	-	(20,682,866,283)
Payment of lease liabilities	-	-	-	(190,460,158)	(190,460,158)
Payments on settlement of currency forward contracts	-	-	(1,545,528,625)	-	(1,545,528,625)
Total changes from financing cash flows	15,273,095,076	(33,757,381)	(1,545,528,625)	(190,460,158)	13,503,348,912
Other changes					
Transaction cost amortized	99,104,406	-	-	-	99,104,406
Translation (Gain) / loss on foreign currency financing	(277,156,553)	(3,910,948)	-	-	(281,067,501)
Interest expense on lease liabilities	-	-	-	45,616,001	45,616,001
Addition to lease liabilities	-	-	-	265,542,384	265,542,384
Adjustment in lease liabilities	-	-	-	-	-
Termination of lease liabilities	-	-	-	(40,995,549)	(40,995,549)
Changes in fair value of hedging instruments	-	-	2,309,585,833	-	2,309,585,833
Total liability related other changes	(178,052,147)	(3,910,948)	2,309,585,833	270,162,836	2,397,765,574
Closing as at June 30, 2026	55,594,937,127	220,934,251	1,606,180,762	308,838,536	57,730,890,676

	2025 Liabilities				Total
	Long term financing	Short term borrowings	Financial liabilities used for hedging Rupees	Lease liabilities	
Balance as at July 1, 2024	33,919,743,840	184,162,525	226,803,709	190,111,381	34,520,821,955
Changes from financing activities					
Transaction cost paid	(76,379,246)	-	-	-	(76,379,246)
Proceeds received against financing	21,157,621,638	503,990,000	-	-	21,661,611,638
Repayments of financing	(14,348,707,349)	(432,605,621)	-	-	(14,781,312,970)
Payment of lease liabilities	-	-	-	(121,411,714)	(121,411,714)
Payments on settlement of currency forward contracts	-	-	(1,820,905,802)	-	(1,820,905,802)
Total changes from financing cash flows	6,732,535,043	71,384,379	(1,820,905,802)	(121,411,714)	4,861,601,906
Other changes					
Transaction cost amortized	91,458,294	-	-	-	91,458,294
Translation (Gain) / loss on foreign currency financing	(243,842,979)	3,055,676	-	-	(240,787,303)
Interest expense on lease liabilities	-	-	-	33,896,381	33,896,381
Addition to lease liabilities	-	-	-	170,049,226	170,049,226
Adjustment in lease liabilities	-	-	-	-	-
Termination of lease liabilities	-	-	-	(43,509,918)	(43,509,918)
Changes in fair value of hedging instruments	-	-	2,436,225,647	-	2,436,225,647
Total liability related other changes	(152,384,685)	3,055,676	2,436,225,647	160,435,691	2,447,332,329
Closing as at June 30, 2025	40,499,894,198	258,602,580	842,123,554	229,135,658	41,829,756,190

54 Related party transactions

The Company's related parties comprises of Directors, key management personnel, associated companies, company in which Directors are interested and employee provident fund. Amount due from and to related parties are shown in respective notes. Remuneration of key management personnel is disclosed in note 47. Transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are as follows:

Name of parties and basis of relationship with the Company	Nature of transaction	2026	2025
		Rupees	
Kashf Foundation Provident Fund Trust	Contribution	495,710,980	368,678,523
Roshaney Zafar - Chief Executive Officer	Donation Received	-	500,000

55 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

56 Events after the end of reporting date

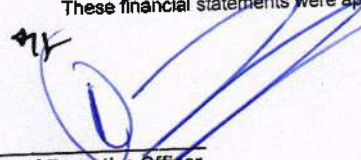
There were no material events after the reporting date, other than the following:

- Pursuant to an agreement dated June 08, 2026 with ABHI (Private) Limited and TPL Corp Limited, the Company disposed of its equity shares in ABHI Microfinance Bank Limited at Rs. 7.5 per share, through a transaction executed on August 05, 2026.
- On September 19, 2026, the Company was registered with the Punjab Revenue Authority (PRA) as a "Service Provider".

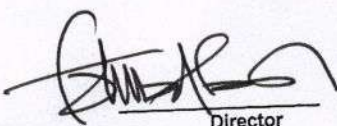
57 Date of authorization for issue

These financial statements were approved by the Company's Board of Directors and authorized for issue on

October 5, 2026


Chief Executive Officer


Chief Financial Officer


Director