Taleem Finance Company Limited

Financial Statements
year ended 31 December 2024

Audited

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the members of TALEEM FINANCE COMPANY LIMITED
Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **TALEEM FINANCE COMPANY LIMITED** ['the Company'], which comprise the statement of financial position as at **31 December 2024**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies 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 profit or loss and other comprehensive income, the statement of changes in equity 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 31 December 2024 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

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

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

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 profit or loss and other comprehensive income, the statement of changes in equity 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 **ALI RAZA JAFFERY.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore | 17 February 2025
UDIN: AR202410704dKgXrS0qj

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ * CHARTERED ACCOUNTANTS

TALEEM FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	31-Dec-24	31-Dec-23	01-Jan-23
		Rupees	*Rupees* [restated]	*Rupees* [restated]
EQUITY AND LIABILITIES				
EQUITY				
Authorized share capital	7	**11,000,000**	11,000,000	11,000,000
Issued ordinary share capital	8	**337,956,000**	337,956,000	337,956,000
Issued preference share capital	9	**146,328,900**	146,328,900	146,328,900
Share premium	10	**29,671,100**	29,671,100	29,671,100
Equity component of convertible loan	11	**51,522,500**	32,944,813	-
Accumulated losses		**(237,262,081)**	(209,356,061)	(152,795,283)
TOTAL EQUITY		**328,216,419**	337,544,752	361,160,717
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term borrowings	11	**106,914,128**	222,378,883	-
Lease liabilities	12	**7,853,152**	6,084,191	12,045,265
Deferred interest/markup on borrowings	13	**27,045,657**	4,084,591	-
		141,812,937	232,547,665	12,045,265
CURRENT LIABILITIES				
Trade and other payables	14	**20,301,809**	18,762,985	10,876,966
Accrued interest/markup on borrowings		**4,925,077**	5,919,860	3,777,457
Current maturity of long term borrowings	11	**410,337,357**	84,000,000	73,500,000
Current maturity of lease liabilities	12	**5,121,485**	8,201,305	5,334,043
		440,685,728	116,884,150	93,488,466
TOTAL LIABILITIES		**582,498,665**	349,431,815	105,533,731
CONTINGENCIES AND COMMITMENTS	15			
TOTAL EQUITY AND LIABILITIES		**910,715,084**	686,976,567	466,694,448

The annexed notes from 1 to 50 form an integral part of these finanical statements

Director

Chief Executive Officer

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	31-Dec-24	31-Dec-23	01-Jan-23
		Rupees	*Rupees* [restated]	*Rupees* [restated]
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	16	**21,394,108**	22,302,294	20,249,919
Intangible assets	17	**2,127,137**	1,908,845	1,921,080
Right-of-use assets	18	**12,812,208**	11,952,007	16,794,233
Musharakah assets leased out	19	**125,436,191**	-	-
Long term deposits	20	**1,205,000**	1,205,000	1,425,000
Long term loans	21	**244,665,063**	273,766,313	150,105,128
		407,639,707	311,134,459	190,495,360
CURRENT ASSETS				
Mark-up receivable on long term loans	22	**9,200,998**	8,613,211	3,109,529
Musharakah rentals receivable		**2,004,908**	-	-
Deposits and prepayments	23	**5,327,505**	3,674,053	2,678,475
Advances and other receivables	24	**990,736**	29,953	295,547
Advance income tax		**4,825,814**	2,743,715	1,721,615
Tax refunds due from government	25	**9,438,987**	6,704,157	5,145,743
Current maturity of long term loans	21	**284,525,885**	138,209,086	115,260,204
Cash and bank balances	26	**186,760,544**	215,867,933	147,987,975
		503,075,377	375,842,108	276,199,088
TOTAL ASSETS		**910,715,084**	686,976,567	466,694,448

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees* [restated]
Revenue	27	**212,982,488**	106,035,767
Operational expenditure	28	**(13,537,309)**	(4,800,627)
Gross profit		**199,445,179**	101,235,140
Other income	29	**50,522,130**	30,408,300
Administrative expenses	30	**(198,916,894)**	(145,356,131)
Other expenses	31	**(13,490)**	-
		(198,930,384)	(145,356,131)
Impairment allowance for expected credit losses	40.1.6	**(5,138,885)**	(14,415,197)
Operating loss		**45,898,040**	(28,127,888)
Finance cost	32	**(50,847,476)**	(23,791,175)
Notional interest	33	**(20,294,303)**	(3,335,703)
Loss before statutory levies and income taxes		**(25,243,739)**	(55,254,766)
Provision for statutory levies	34	**(2,662,281)**	(1,306,012)
Loss before income taxes		**(27,906,020)**	(56,560,778)
Provision for income taxes	35	-	-
Loss after income taxes		**(27,906,020)**	(56,560,778)
Other comprehensive income		-	-
Total comprehensive loss		**(27,906,020)**	(56,560,778)

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Issued ordinary share capital	Issued preference share capital	Share premium	Equity component of convertible loan	Accumulated losses	Total equity
		Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
As at 01 January 2023 [originally reported]		337,956,000	146,328,900	29,671,100	-	(147,435,082)	366,520,918
Impact of change in accounting policy	*5.1*	-	-	-	-	(5,360,201)	(5,360,201)
As at 01 January 2023 [restated]		337,956,000	146,328,900	29,671,100	-	(152,795,283)	361,160,717
Total comprehensive loss							
Loss after taxation [restated]		-	-	-	-	(56,560,778)	(56,560,778)
Other comprehensive income		-	-	-	-	-	-
		-	-	-	-	(56,560,778)	(56,560,778)
Other transactions							
Convertible loan	*11.2*	-	-	-	32,944,813	-	32,944,813
As at 31 December 2023		337,956,000	146,328,900	29,671,100	32,944,813	(209,356,061)	337,544,752
As at 01 January 2024 [restated]		**337,956,000**	**146,328,900**	**29,671,100**	**32,944,813**	**(209,356,061)**	**337,544,752**
Total comprehensive loss							
Loss after taxation		-	-	-	-	**(27,906,020)**	**(27,906,020)**
Other comprehensive income		-	-	-	-	-	-
		-	-	-	-	**(27,906,020)**	**(27,906,020)**
Other transactions							
Convertible loan	*11.2*	-	-	-	**18,577,687**	-	**18,577,687**
As at 31 December 2024		**337,956,000**	**146,328,900**	**29,671,100**	**51,522,500**	**(237,262,081)**	**328,216,419**

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TALEEM FINANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees* [restated]
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(27,906,020)**	(56,560,778)
Adjustments for:			
Interest on long term borrowings		**48,332,328**	20,452,639
Interest on lease liabilities		**2,430,203**	3,255,201
Notional interest		**20,294,303**	3,335,703
Foreign exchange gain		**(3,754,577)**	(6,218,189)
Loss/(gain) on disposal of property and equipment		**13,490**	(92,092)
Depreciation on property and equipment		**9,231,086**	7,326,562
Depreciation on right-of-use assets		**6,385,833**	7,720,261
Amortization of intangible assets		**586,908**	678,391
Amortization of musharakah assets		**4,214,470**	-
Impairment allowance for expected credit losses		**5,138,884**	14,415,197
Provision for statutory levies		**2,662,281**	1,306,012
Profit/(loss) before changes in working capital		**67,629,189**	(4,381,093)
Changes in working capital			
Long term deposits		**-**	(300,000)
Long term loans		**(124,736,828)**	(159,470,446)
Musharakah assets leased out		**(129,650,661)**	-
Mark-up receivable on long term loans		**1,794,608**	(7,058,500)
Musharakah rentals receivable		**(2,004,908)**	-
Deposits and prepayments		**(297,183)**	70,742
Advances and other receivables		**(960,783)**	265,594
Tax refunds due from government		**8,885**	163,201
Trade and other payables		**182,555**	7,339,699
		(255,664,315)	(158,989,710)
Cash used in operations		**(188,035,126)**	(163,370,803)
Payments for:			
Interest on borrowings		**(23,810,482)**	(13,545,621)
Interest on lease liabilities		**(2,430,203)**	(3,255,201)
Income taxes and levies under Income Tax Ordinance, 2001		**(7,488,095)**	(4,049,727)
Net cash used in operating activities		**(221,763,906)**	(184,221,352)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(8,341,390)**	(9,426,595)
Proceeds from disposal of property and equipment		**5,000**	139,750
Purchase of intangible assets		**(805,200)**	(666,156)
Net cash used in investing activities		**(9,141,590)**	(9,953,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings obtained		**295,355,000**	341,526,158
Repayment of long term borrowings		**(85,000,000)**	(73,500,000)
Lease liabilities paid		**(8,556,893)**	(5,971,847)
Net cash generated from financing activities		**201,798,107**	262,054,311
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS		**(29,107,389)**	67,879,958
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**215,867,933**	147,987,975
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*36*	**186,760,544**	215,867,933

The annexed notes from 1 to 50 form an integral part of these finanical statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 LEGAL STATUS AND OPERATIONS

Taleem Finance Company Limited ['the Company'] was incorporated under the Companies Act, 2017 on 27 March 2019. The Company is a 'Public Limited Company by Shares' and is engaged in provision of Investment Finance Services as a Non-Banking Finance Company ['NBFC'] under license from Securities and Exchange Commission of Pakistan ['SECP'] issued on 12 June 2019 and subsequently renewed on 14 September 2022. The principal line of business of the Company is to carry on the business of lending money to low-income private schools in Pakistan or to any other company or firm or person on such terms and conditions, with or without security, as may be deemed appropriate by the Company, for provision of educational services and related technology to schools in Pakistan for the purpose of improving the quality of education and training of teachers.

1.1 Location of business units

Registered office	First Floor, 15 - S, Gulberg II, Lahore, Pakistan
Lahore branch	First Floor, Faysal Bank Building, Wahdat Road, Lahore, Pakistan
Multan branch	Ground Floor, Zikriya Shopping Centre, Chungi No. 6, Bosan Road, Multan, Pakistan
Faisalabad branch	First Floor, Plaza 342 - B, Peoples Colony No. 1, Satyana Road, Faisalabad, Pakistan
Gujranwala branch	88-BC, Trust Plaza, Gujranwala, Pakistan

1.2 Particulars of Holding Company

Name of Holding Company	Gray Ghost Ventures Education Holdings LLC
Registered office address	101 Marietta Street, Suite 2220, Atlanta, GA, 30303, USA
Country of incorporation	The United States of America

1.3 Particulars of Ultimate Parent

Name of Ultimate Parent	Gray Matters Capital Inc.
Registered office address	1000 Parkwood Circle SE, Suite 900, Atlanta, GA, 30339, USA
Country of incorporation	The United States of America

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ['NBFC Rules'] and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ['NBFC Regulations']; and
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984.

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

2.2 Basis of measurement

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

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Amortized cost

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2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3.1 Critical accounting judgements

Critical accounting judgements made by the management in the application of accounting and reporting standards that have significant effect on the financial statements are as follows:

(a) Business model assessment (see note 39.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Determining the lease term of contracts with renewal and termination options – as 'lessee' (see note 12)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has acquired head office and branches' premises on lease. The lease contracts, with exception of Lahore branch which runs for a period of five years, cover a period of three years. All lease are extendable further on expiry. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The management is certain that the Company will that the Company will opt to extend all three-year leases for an additional two years. This decision is underpinned by the considerable expenditure required for leasehold improvements when acquiring new premises. Given that it typically takes at least five years to recoup the renovation expenses incurred on leased premises, the option to extend provides an economic incentive for the Company. Therefore, the Company has factored in an extended period of two years into the lease term of all three-year leases, resulting in all lease contracts expected to span five years from commencement.

(c) Intangible asset arising from development (see note 16.2)

The Company applies judgement in recognizing intangible asset arising from development by considering how the intangible asset will generate probable future economic benefits, its intention to complete the intangible asset, availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, its ability to use or sell the intangible asset, the technical feasibility of completing the intangible asset so that it will be available for use or sale and its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The Company is developing a new software application 'Taleem Connect'. The management has concluded that the expenditure incurred on development meets the criteria for recognition as intangible asset.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

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(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 40.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 74.247 million (31-Dec-23: Rs. 65.915 million).

(b) Provisions for levies and income taxes under Income Tax Ordinance, 2001 (see note 34 and 35)

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The Company is subject to non-tax/levy regime whereby taxes under Income Tax Ordinance, 2001 are levied on turnover or other basis and are not based on taxable profits. Significant management judgement is required to determine whether the Company is expected to be assessed in non-tax/levy regime for the foreseeable future, and the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has a net deferred tax asset position due to tax losses and credits amounting to Rs. 187.99 million (31-Dec-23: 171.29 million) and Rs. 4.73 million (31-Dec-23: Rs. 2.47 million) respectively remaining unused as at the reporting date and available to the Company for utilization against future taxable profits. However, the Company has not recognised deferred tax as the Company is subject to and expects to remain in non-tax/levy regime for the forseeable future.

Unused tax losses and credits for which no deferred tax asset has been recognized expire as follows:

Valid till	Nature	Note	31-Dec-24	31-Dec-23
Tax year			*Rupees*	*Rupees*
2026	Tax losses		**22,061,224**	22,061,224
2027	Tax losses		**36,409,620**	36,409,620
2028	Tax losses		**27,209,508**	27,209,508
2029	Tax losses		**41,464,718**	41,464,718
2030	Tax losses		**29,435,316**	29,435,316
2031	Tax losses		**10,075,526**	-
			166,655,912	156,580,386
2025	Tax credits		**-**	399,581
2026	Tax credits		**759,692**	759,692
2027	Tax credits		**1,306,012**	1,306,012
2028	Tax credits		**2,662,281**	-
			4,727,985	2,465,285

Unused tax losses include depreciation/amortization losses amounting to Rs. 21.33 million (31-Dec-23: 14.71 million) available for utilization against future taxable profits indefinitely.

If the Company was able to recognize all unrecognized deferred tax, net deferred asset as at the reporting date would have increased by Rs. 12.22 million (31-Dec-23: 14.29 million).

2.4 Presentation currency

These financial statements have been presented in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 13 February 2025.

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3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised International Financial Reporting Standards [IFRS] and International Accounting Standards [IAS], interpretations and amendments to IFRS and IAS are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting. The Company has applied IFRS 9 in accordance transitions provision set out in the standard. The date of initial application of IFRS 9 (the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 31 December 2024. Accordingly, the Company has applied the requirements IFRS 9 to instruments that continue to be recognized as at 31 December 2024. Comparative amounts in relation to instruments that continue to be recognized as at 31 December 2024 have not been restated as allowed by IFRS 9.

Classification and measurement

The classification and measurement requirements for financial liabilities have been substantially carried forward from IAS 39. All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost and accordingly classified as 'financial assets at amortized cost'

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding subsequently measured at fair value through other comprehensive income and accordingly classified as 'financial assets at fair value through other comprehensive income [FVTOCI]'

All other financial instruments are subsequently measured at fair value through profit or loss and accordingly classified as 'financial assets at fair value through profit or loss [FVTPL]'

Despite the foregoing, the Company may make an irrevocable election/designation at initial recognition of financial asset:

To present subsequent changes in fair value of an equity instrument that is not held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income and classify it as FVTOCI.

To designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured art FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

When a financial asset measured at FVTOCI is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss as a reclassification adjustment except for equity instruments measured at FVTOCI, where the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to accumulated profits.

The Company has reviewed and assessed the existing financial assets as at 31 December 2024 based on facts and circumstances that existed at that date and concluded that initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification.

	IAS 39	IFRS 9
Long term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Creditors	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Advances against loans	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Incentives payable	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued interest/markup on borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term deposits	Loans and receivables	Financial assets at amortized cost
Long term loans	Loans and receivables	Financial assets at amortized cost
Mark-up receivable on long term loans	Loans and receivables	Financial assets at amortized cost
Musharakah rentals receivable	Loans and receivables	Financial assets at amortized cost
Security deposits	Loans and receivables	Financial assets at amortized cost
Advances to employees	Loans and receivables	Financial assets at amortized cost
Cash at banks	Loans and receivables	Financial assets at amortized cost

None of the reclassifications of financial instruments have had any material impact on the Company's financial position, profit or loss and/or other comprehensive income as regards measurement of financial instruments, except as referred to in note 5.2.

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Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit loss to have occurred before the same is recognized.

IFRS 9 requires the Company to measure the loss allowance for financial asset at an amount equal to lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, except for a purchased or originated credit-impaired financial asset, the Company is required to measure the loss allowance for that financial asset at an amount equal to 12-months expected credit loss. IFRS also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for receivables, contract assets and lease receivables in certain circumstances.

3.2 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

3.3 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3.4 Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

3.5 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Lack of Exchangeability (Amendments to IAS 21)	01 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 Insurance Contracts	01 January 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2026
IFRS S2 Climate-related Disclosures	01 July 2026

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan for adoption.

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Company intends to adopt these new standards on their effective dates, subject to notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's interim financial statements other than in presentation/disclosures.

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5 CHANGES IN ACCOUNTING POLICY

5.1 Income taxes

The Institute of Chartered Accountants of Pakistan vide Circular 07 of 2024 dated 15 May 2024 has issued Application Guidance on Accounting of Minimum Taxes and Final Taxes ['the Application Guidance'] under IAS 12, IAS 37 and IFRIC 21. The Application Guidance provides guidance on accounting of minimum and final taxes, charged under various provision of the Income Tax Ordinance, 2001 ['the Ordinance'] and provides appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of under the requirements of relevant accounting and reporting standards.

The Application guidance addresses scenarios where an entity is subject to non-tax/levy regime whereby taxes under Ordinance are levied on turnover or other basis and are not based on taxable profits. The Application Guidance provides that since minimum taxes and final taxes are computed on basis other than taxable profits, these fall under the definition of levy within the scope of IFRIC 21/IAS 37 and thus shall be recognized as 'levies' against the previous practice of recognition as 'current tax' under IAS 12.

In order to implement the Application Guidance, the Company has changed its accounting policy for 'income taxes', following the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in respect of restatements arising as a result thereof. Following the change in accounting policy:

- Any component of taxes assessed under the Ordinance which are computed on basis other than taxable profits are recognized as 'levies' while taxes based on taxable profits continue to be recognized as 'current tax'.
- Previously recognized deferred taxes have been reassessed and necessary adjustments have been made to align with the effective rate of current tax under the new accounting policy.
- Assets/liabilities related to levies and previously included in current tax assets/liabilities have been reclassified.

The amount of adjustment [increase/(decrease)] for each financial statement line item affected is as follows:

	31-Dec-24	31-Dec-23
	Rupees	*Rupees*
Income tax payable	**(2,662,281)**	(1,306,012)
Statutory levies payable	**2,662,281**	1,306,012
Advance income tax	**(2,662,281)**	(1,306,012)
Prepaid statutory levies	**2,662,281**	1,306,012
Provision for current taxation	**(2,662,281)**	(1,306,012)
Provision for statutory levies	**2,662,281**	1,306,012
Deferred tax asset	**(12,222,208)**	(14,292,923)
Credit for deferred taxation	**-**	(8,932,722)
Provision for deferred taxation	**(2,070,715)**	-

5.2 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting. The Company has applied IFRS 9 in accordance transitions provision set out in the standard. The date of initial application of IFRS 9 (the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 31 December 2024. Accordingly, the Company has applied the requirements IFRS 9 to instruments that continue to be recognized as at 31 December 2024.

In order to implement IFRS 9, the Company has changed its accounting policy for 'impairment of financial assets', following the transitional requirements of IFRS 9. Following the change in accounting policy:

- It is no longer necessary for a credit loss to have occurred before the same is recognized. Instead, the Company always accounts for expected credit losses, and changes in those expected credit losses.
- The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.
- Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses.
- All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.
- The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

Further, the Company has reviewed and assessed the existing financial assets as at 31 December 2024 based on facts and circumstances that existed at that date determined the classifications of financial assets as referred to in note 3.1.

The amount of adjustment [increase/(decrease)] for each financial statement line item affected is as follows:

	31-Dec-24	31-Dec-23
	Rupees	*Rupees*
Deferred interest/markup on borrowings	**(2,021,534)**	(731,752)
Notional interest	**(2,030,257)**	(731,752)
Foreign exchange gain	**(8,723)**	(731,752)

6 **MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes referred to in note 5.

6.1 **Financial instruments**

6.1.1 **Recognition**

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

6.1.2 **Classification**

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

(a) Financial assets at amortized cost

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

(b) Financial assets at fair value through other comprehensive income ['fair value through OCI']

These are:

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

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

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

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

(d) Financial liabilities at amortized cost

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

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

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

6.1.3 **Measurement**

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

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6.1.4 De-recognition

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

6.1.5 Off-setting

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

6.2 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity. Dividends on ordinary shares are charged directly against equity as a deduction from retained earnings.

6.3 Preference share capital

Preference shares that pay a fixed rate of dividend and that have a mandatory redemption feature at a future date and accordingly they carry a contractual obligation to deliver cash and, therefore, are recognized as a liability.

Preference shares that do not have a fixed maturity, and where the Company does not have a contractual obligation to deliver cash or another financial asset to the holder of preference shares and if these will or may be settled in the issuer's own equity instruments, these are either, a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments or a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, are recognized as equity.

Dividends on preference shares recognized as a liability are recognized in profit or loss. Dividends on preference shares recognized as equity are charged directly against equity as a deduction from retained earnings.

6.4 Share premium

Share premium represents excess of the fair value of consideration received against issues of shares over the par value of those shares. Share premium is recognized as equity under Section 81 of the Companies Act, 2017.

6.5 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis. Transaction costs included in the carrying amount of the loans are amortized over the lives of loans using the effective interest method.

The component parts of convertible loans and borrowings are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. classified as 'financial liabilities at amortized cost'. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis. The equity component is assigned the residual amount after deducting from the fair value of the loan as a whole the amount separately determined for the liability component and is classified as equity, net of income tax effects. The equity component is subsequently not remeasured and thus remains in equity until the conversion option is exercised, in which case the balance recognized in equity is transferred to share premium. Where the conversion option remains unexercised at the maturity date, the balance recognized in equity is transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loans are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible loans using the effective interest method.

6.6 Leases as 'lessee'

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

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives

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

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

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

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

Lease liability is remeasured whenever:

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

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

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

6.7 Trade and other payables

6.7.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.7.2 Non-financial liabilities

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

6.8 Provisions and contingencies

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

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6.9 Property and equipment

Property and equipment assets, held for use in the supply of services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized in profit or loss, using rates specified in note 16, so as to write off the cost of assets over their useful lives, using the straight line method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

6.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss, using rates specified in note 17.1, so as to write off the cost of assets over their estimated useful lives, using the straight line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

6.11 Musharakah assets leased out

Assets leased out under musharakah arrangements are stated in the statement of financial position at their cost less accumulated amortization and accumulated impairment losses. Cost of musharakah asset is recorded at an amount equal to the Company's share of the total cost of musharakah asset at the time of initial recognition.

Amortization is recognized in profit or loss to write off the cost of assets over the lease term, using the straight line method.

6.12 Loans and other receivables

6.12.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost less accumulated impairment losses. Amortized cost is measured using the effective interest method, with interest recognized in profit or loss.

6.12.2 Non-financial assets

These, on initial recognition, are measured at cost. Subsequent to initial recognition, these are measured at cost less accumulated amortization.

6.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances.

6.14 Revenue

6.14.1 Mark-up income on long term loans

Mark-up income on long term loans is recognized in profit or loss using effective interest method.

6.14.2 Rental income from musharakah assets

Rental income from musharakah assets is recognized in profit or loss on a straight line basis over the lease term.

6.14.3 Service charges, documentation charges etc.

Service charges, documentation charges, late payment surcharge and other similar income is recognized as related services are performed.

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6.15 Employee benefits

6.15.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of services or property and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

6.15.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions made by the Company are recognized in profit or loss when due.

6.16 Impairment

6.16.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of long term loans and mark-up receivable thereon, for which the Company recognizes impairment allowance based on time-based criteria and for lease receivables, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience.

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

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

6.16.2 Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro-rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

6.17 Comprehensive income

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

6.18 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

6.18.1 Current taxation

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

6.18.2 Deferred taxation

Deferred tax is accounted for by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized.

6.19 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.20 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

None of the Company's accounting policies and disclosures require the measurement of fair values post initial recognition.

7 AUTHORIZED SHARE CAPITAL

31-Dec-24	31-Dec-23		*Note*	**31-Dec-24**	31-Dec-23
Shares	*Shares*			***Rupees***	*Rupees*
3,500,000	3,500,000	Ordinary shares of Rs. 100 each		**350,000,000**	350,000,000
1,500,000	1,500,000	Preference shares of Rs. 100 each	*7.1*	**150,000,000**	150,000,000
5,000,000	5,000,000			**500,000,000**	500,000,000

7.1 Rights, preferences and restrictions attaching to preference shares

The preference shares, subject to the provisions of the Companies Act, 2017, carry the following rights, preferences and restrictions:

- Upon the occurrence of any liquidation event of the Company, the preference shareholders shall be entitled to receive, in preference to any other distribution made to the members from the proceeds of such liquidation event, the higher of the cash amount paid by Insitor Impact Asia Fund II Pte. Ltd to acquire the shares plus accrued, declared but unpaid dividends thereon; or the amount each preference shareholder would receive if the proceeds from the liquidation event were distributed to all the members pro rata to their shareholding.

- Save in respect of any share capital issued to satisfy the exercise of an option held under any employee share option plan of the Company, in the event that any equity share capital is proposed to be issued by the Company to any persons at a lower subscription price, then the Company shall offer (such offer, unless waived in writing by the preference shareholder as regards its own holding, to remain open for acceptance for not less than twenty eight days) to the preference shareholder the right to subscribe ['Full Ratchet Anti-Dilution Right'] in cash (or, to the extent permitted by law, for consideration other than cash) for such number of new shares and at a price not more than the par value of the shares so as to ensure that the preference shareholder has the number of shares it would have had if it subscribed to the shares at a price per share equal to the lower subscription price. In case the Full Ratchet Anti-Dilution Right cannot be effectively exercised due to a legal restriction, the members shall then, in good faith determine an alternative mechanism that is consistent with the law and which achieves the preference shareholder's objectives in relation to its Full Ratchet Anti-Dilution Right.

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- Each holder of preference shares shall have the right to receive dividends declared by the Company but shall not have any preference or priority over the ordinary shareholders with respect to such dividends, except that, on the occurrence of a liquidation event, holders of preference shares will have preference and priority over the ordinary shareholders in respect of any accrued but unpaid dividends declared by the Company on such preference shares.
- Each holder of preference shares shall have the right to one vote for each preference share. The holders of preference shares shall be entitled to notice of any general meeting of the Company and shall have the right to attend and vote, together as a single class with the ordinary shareholders, at such general meeting.
- The Company shall have no right to redeem the preference shares.

8 ISSUED ORDINARY SHARE CAPITAL

31-Dec-24	31-Dec-23		Note	31-Dec-24	31-Dec-23
Shares	*Shares*			*Rupees*	*Rupees*
		Ordinary shares of Rs. 100 each			
3,379,560	3,379,560	Issued for cash	*8.1*	**337,956,000**	337,956,000
3,379,560	3,379,560			**337,956,000**	337,956,000

8.1 Gray Ghost Ventures Education Holdings LLC, the Company's Holding Company, holds 3,090,795 (31-Dec-23: 3,090,795) ordinary shares in the Company which constitutes 91.46% (31-Dec-23: 91.46%) of the issued ordinary capital and 63.82% (31-Dec-23: 63.82%) of the total issued capital, including preference share capital.

9 ISSUED PREFERENCE SHARE CAPITAL

31-Dec-24	31-Dec-23		Note	31-Dec-24	31-Dec-23
Shares	*Shares*			*Rupees*	*Rupees*
		Preference shares of Rs. 100 each			
1,463,289	1,463,289	Issued for cash		**146,328,900**	146,328,900
1,463,289	1,463,289			**146,328,900**	146,328,900

10 SHARE PREMIUM

This represents premium on issue of preference shares recognized under Section 81 of the Companies Act, 2017.

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
11 LONG TERM BORROWINGS			
Pakistan Microfinance Investment Company Limited | Term Facility	*11.1*	**100,000,000**	84,000,000
Insitor Impact Asia Fund II Pte Limited | Convertible Loan Facility	*11.2*	**417,251,485**	222,378,883
		517,251,485	306,378,883
Current maturity presented under current liabilities		**(410,337,357)**	(84,000,000)
		106,914,128	222,378,883

11.1 This represents term facility of Rs. 185 million sanctioned by Pakistan Microfinance Investment Company Limited ['PMIC'] to finance the Company's microfinance operations. The facility was disbursed in various tranches. The facility is secured by hypothecation of all present and future current assets of the Company. The facility carries mark-up at six months KIBOR plus 5% per annum, payable quarterly. Principal is repayable in ten unequal quarterly installments with the first installment due in December 2023.

11.2 This represents convertible loan facility of USD 1.6 million sanctioned by Insitor Impact Asia Fund II Pte Limited ['Insitor'] to finance the Company's microfinance operations. The Company drew down USD 900,000 up to 31 December 2023 in three equal tranches on 07 July 2023, 11 September 2023 and 22 December 2023. The remaining amount of USD 700,000 was drawn down in a single trench during the year on 13 June 2024. The facility carries interest at 7% per annum payable on maturity. Principal is repayable in three unequal semi-annual installments with the first installment due in July 2025.

The facility carries a conversion option whereby the lender has right to convert the outstanding principal and accrued interest into preference shares at a conversion price arrived at by dividing the valuation cap of USD 3,618,638 by the fully diluted capitalization on the conversion date but immediately before conversion. The conversion option may be exercised by Insitor during the conversion period commencing from the Closing Date (the date on which all the conditions precedent set out in the loan agreement are satisfied or waived) and ending thirty days prior to the second anniversary of the Closing Date by giving notice to the Company at least thirty days prior to the proposed conversion.

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The facility has both a liability and an equity component from the Company's perspective. The component parts of convertible loan facility have been classified, on initial recognition, separately as financial liability and equity as follows:

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
Gross loan proceeds		**451,881,158**	257,526,158
Equity component		**(51,522,500)**	(32,944,813)
Liability component		**400,358,658**	224,581,345

12 **LEASE LIABILITIES**

Present value of minimum lease payments	*12.1 & 12.2*	**12,974,637**	14,285,496
Current maturity presented under current liabilities	*12.1 & 12.2*	**(5,121,485)**	(8,201,305)
		7,853,152	6,084,191

12.1 These represent liabilities against right-of-use assets comprising head office and branch premises. Lease liabilities have been recognized using discount rates ranging from 15.37% to 26.30% (31-Dec-23: 15.37% to 22.76%) per annum. Lease rentals are payable monthly/annually in advance over the lease term of five years.

12.2 The amount of future minimum lease payments and the period in which these payments will become due are as follows:

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
Not later than one year		**6,925,928**	10,149,748
Later than one year but not later than five years		**8,697,556**	9,317,792
Total future minimum lease payments		**15,623,484**	19,467,540
Finance charge allocated to future periods		**(2,648,847)**	(5,182,044)
Present value of future minimum lease payments		**12,974,637**	14,285,496
Not later than one year		**(5,121,485)**	(8,201,305)
Later than one year but not later than five years		**7,853,152**	6,084,191

13 **DEFERRED INTEREST/MARKUP ON BORROWINGS**

Gross amount payable	*13.1*	**29,798,943**	4,816,343
Unamortized notional interest		**(2,753,286)**	(731,752)
		27,045,657	4,084,591

13.1 This represents interest on long term borrowings accrued but not due within twelve months after the reporting date. See note 11.2.

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
14 TRADE AND OTHER PAYABLES			
Creditors		**425,324**	1,132,215
Accrued liabilities		**5,733,072**	5,035,515
Advances against loans	*14.1*	**8,910,822**	9,796,570
Incentives payable		**860,571**	375,655
Withholding tax payable		**1,370,830**	1,011,418
Employees' Old-Age Benefits payable		**153,889**	105,600
Sales tax payable		**185,020**	-
Statutory levies payable	*14.2*	**2,662,281**	1,306,012
		20,301,809	18,762,985

14.1 These represent advances recoveries against long term loans which were not due as at the reporting date.

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	Note	31-Dec-24	31-Dec-23
		Rupees	Rupees
14.2 Statutory levies payable			
Levies under Income Tax Ordinance, 2001	14.2.2	**2,662,281**	1,306,012
		2,662,281	1,306,012
14.2.2 Levies under Income Tax Ordinance, 2001			
As at beginning of the year		**1,306,012**	759,692
Charged to profit or loss for the year		**2,662,281**	1,306,012
Paid/adjusted during the year		**(1,306,012)**	(759,692)
As at end of the year		**2,662,281**	1,306,012

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There are no known contingencies as at the reporting date other than those related to income tax matters referred to in note 35.5.

15.2 Commitments

Commitments under musharakah arrangements regarding use by musta'jir of musharakah assets leased out against future rentals are as follows:

	31-Dec-24	31-Dec-23
	Rupees	Rupees
not later than one year	**57,826,718**	-
later than one year but not later than five years	**118,922,049**	-
later than five years	-	-
	176,748,767	-

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NOTES TO THE FINANCIAL STATEMENTS
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16 PROPERTY AND EQUIPMENT

	31-Dec-24									
	COST				DEPRECIATION					Net book value as at
	As at 01-Jan-24 *Rupees*	Additions *Rupees*	Disposals *Rupees*	As at 31-Dec-24 *Rupees*	Rate	As at 01-Jan-24 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 31-Dec-24 *Rupees*	31-Dec-24 *Rupees*
Furniture and fixtures	6,519,800	1,133,454	-	7,653,254	20%	2,288,499	1,514,860	-	3,803,359	3,849,895
Leasehold improvements	16,606,105	2,449,593	(110,940)	18,944,758	20%	7,177,469	3,384,777	(92,450)	10,469,796	8,474,962
Office equipment	7,805,522	2,046,881	-	9,852,403	20%	3,319,134	1,819,242	-	5,138,376	4,714,027
Computer equipment	8,317,474	2,711,462	-	11,028,936	33%	4,161,505	2,512,207	-	6,673,712	4,355,224
	39,248,901	8,341,390	(110,940)	47,479,351		16,946,607	9,231,086	(92,450)	26,085,243	21,394,108

	31-Dec-23									
	COST				DEPRECIATION					Net book value as at
	As at 01-Jan-23 *Rupees*	Additions *Rupees*	Disposals *Rupees*	As at 31-Dec-23 *Rupees*	Rate	As at 01-Jan-23 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 31-Dec-23 *Rupees*	31-Dec-23 *Rupees*
Furniture and fixtures	5,109,569	1,410,231	-	6,519,800	20%	1,081,487	1,207,012	-	2,288,499	4,231,301
Leasehold improvements	13,615,903	2,990,202	-	16,606,105	20%	4,024,895	3,152,574	-	7,177,469	9,428,636
Office equipment	6,547,292	1,319,070	(60,840)	7,805,522	20%	1,792,873	1,539,443	(13,182)	3,319,134	4,486,388
Computer equipment	4,822,948	3,707,092	(212,566)	8,317,474	33%	2,946,538	1,427,533	(212,566)	4,161,505	4,155,969
	30,095,712	9,426,595	(273,406)	39,248,901		9,845,793	7,326,562	(225,748)	16,946,607	22,302,294

16.1 Property and equipment includes fully depreciated assets of Rs. 11.060 million (31-Dec-23: Rs. 2.469) which are still in use of the Company. There is no item of property and equipment which is temporary idle or otherwise retired from active use.

16.2 Disposal of operating fixed assets

	31-Dec-24						
	Cost *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*	**Disposal proceeds** *Rupees*	**Loss on disposal** *Rupees*	**Mode of disposal**	**Particulars of buyer**
Leasehold improvements							
Cabinets	**110,940**	**92,450**	**18,490**	**5,000**	**(13,490)**	**Negotiation**	**Muhammad Sajid, Employee**

	31-Dec-23						
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Loss on disposal *Rupees*	Mode of disposal	Particulars of buyer
Computer equipment							
Laptop	77,487	77,487	-	40,000	40,000	Insurance Claim	Jubilee Insurance, Lahore.
Laptop	135,079	135,079	-	78,750	78,750	Negotiation	Furrukh Adeel, Employee
	212,566	212,566	-	118,750	118,750		
Office equipment							
Lead batteries	60,840	13,182	47,658	21,000	(26,658)	Negotiation	Awami Autos , Lahore.
	60,840	13,182	47,658	21,000	(26,658)		
	273,406	225,748	47,658	139,750	92,092		

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	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
17 INTANGIBLE ASSETS			
Operating intangible assets	*17.1*	**555,781**	1,142,689
Intangible assets under development	*17.2*	**1,571,356**	766,156
		2,127,137	1,908,845

17.1 Operating intangible assets

31-Dec-24

	COST				AMORTIZATION					Net book value as at 31-Dec-24
	As at 01-Jan-24 *Rupees*	Additions *Rupees*	Disposals *Rupees*	As at 31-Dec-24 *Rupees*	Rate	As at 01-Jan-24 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 31-Dec-24 *Rupees*	*Rupees*
SHMA software	**406,000**	-	-	**406,000**	**33%**	**406,000**	-	-	**406,000**	-
Loan processing software	**2,602,911**	-	-	**2,602,911**	**33%**	**1,460,222**	**586,908**	-	**2,047,130**	**555,781**
	3,008,911	-	-	**3,008,911**		**1,866,222**	**586,908**	-	**2,453,130**	**555,781**

31-Dec-23

	COST				AMORTIZATION					Net book value as at 31-Dec-23
	As at 01-Jan-23 *Rupees*	Additions *Rupees*	Disposals *Rupees*	As at 31-Dec-23 *Rupees*	Rate	As at 01-Jan-23 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 31-Dec-23 *Rupees*	*Rupees*
SHMA software	406,000	-	-	406,000	33%	390,774	15,226	-	406,000	-
Loan processing software	2,602,911	-	-	2,602,911	33%	797,057	663,165	-	1,460,222	1,142,689
	3,008,911	-	-	3,008,911		1,187,831	678,391	-	1,866,222	1,142,689

17.2 This represents expenditure incurred on development of a new application.

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TALEEM FINANCE COMPANY LIMITED

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18 RIGHT-OF-USE ASSETS

31-Dec-24

	COST						DEPRECIATION				Net book value as at 31-Dec-24
	As at 01-Jan-24	Additions	Disposals	Adjustment	As at 31-Dec-24	Lease term	As at 01-Jan-24	For the year	Adjustment	As at 31-Dec-24	
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*years*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Office premises	31,338,380	7,246,034	(4,404,481)	-	34,179,933	5	19,386,373	6,385,833	(4,404,481)	21,367,725	12,812,208
	31,338,380	7,246,034	(4,404,481)	-	34,179,933		19,386,373	6,385,833	(4,404,481)	21,367,725	12,812,208

31-Dec-23

	COST						DEPRECIATION				Net book value as at 31-Dec-23
	As at 01-Jan-23	Additions	Disposals	Adjustment	As at 31-Dec-23	Lease term	As at 01-Jan-23	For the year	Adjustment	As at 31-Dec-23	
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*years*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Office premises	28,460,345	2,878,035	-	-	31,338,380	5	11,666,112	7,720,261	-	19,386,373	11,952,007
	28,460,345	2,878,035	-	-	31,338,380		11,666,112	7,720,261	-	19,386,373	11,952,007

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	Note	31-Dec-24	31-Dec-23
		Rupees	Rupees

19 MUSHARAKAH ASSETS LEASED OUT

	Note	31-Dec-24 Rupees	31-Dec-23 Rupees
Cost	19.1	129,650,661	-
Accumulated amortization	19.2	(4,214,470)	-
		125,436,191	-

19.1 Cost

	31-Dec-24 Rupees	31-Dec-23 Rupees
As at beginning of the year	-	-
Assets leased out during the year	129,650,661	-
As at end of the year	129,650,661	-

19.2 Accumulated amortization

	31-Dec-24 Rupees	31-Dec-23 Rupees
As at beginning of the year	-	-
Amortization for the year	4,214,470	-
As at end of the year	4,214,470	-

20 LONG TERM DEPOSITS

	Note	31-Dec-24 Rupees	31-Dec-23 Rupees
Deposits with regulatory authorities	20.1	50,000	50,000
Deposits against leases	20.2	1,155,000	1,155,000
		1,205,000	1,205,000

20.1 These are classified as 'financial assets at amortized cost' under IFRS 9 'Financial Instruments' which are required to be measured at amortized cost subsequent to initial recognition. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

20.2 These are classified as 'financial assets at amortized cost' under IFRS 9 'Financial Instruments' which are required to be measured at amortized cost subsequent to initial recognition. However, these have been carried at historical cost as the difference between historical cost and amortized cost is considered immaterial.

21 LONG TERM LOANS

	Note	31-Dec-24		31-Dec-23	
		Number	Rupees	Number	Rupees
Performing		1,184	535,011,880	702	420,915,724
Non-performing		32	7,970,193	37	9,825,636
	21.1	1,216	542,982,073	739	430,741,360
Impairment allowance for ECL	21.2		(13,791,125)		(18,765,961)
			529,190,948		411,975,399
Current maturity presented under current assets			(284,525,885)		(138,209,086)
			244,665,063		273,766,313

21.1 Movement in long term loans

	31-Dec-24 Rupees	31-Dec-23 Rupees
As at beginning of the year	430,741,360	271,369,966
Disbursements made during the year	549,661,986	325,542,614
Recovered during the year	(424,925,158)	(166,072,168)
Written off during the year	(12,496,115)	(99,052)
As at end of the year	542,982,073	430,741,360

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		31-Dec-24	31-Dec-23
		Rupees	*Rupees*
21.2	**Movement in impairment allowance**		
	As at beginning of the year	**18,765,961**	6,004,634
	Recognized during the year	**7,521,279**	12,860,379
	Written off during the year	**(12,496,115)**	(99,052)
	As at end of the year	**13,791,125**	18,765,961

21.3 Long term loans include secured loans amounting to Rs. 375.33 million (31-Dec-23: Rs. 322.69 million).

		Note	31-Dec-24	31-Dec-23
			Rupees	*Rupees*
22	**MARK-UP RECEIVABLE ON LONG TERM LOANS**			
	Performing		**9,167,845**	8,613,211
	Non-performing		**412,465**	2,761,707
		22.1	**9,580,310**	11,374,918
	Impairment allowance for ECL	*22.2*	**(379,312)**	(2,761,707)
			9,200,998	8,613,211
22.1	**Movement in mark-up receivable on long term loans**			
	As at beginning of the year		**11,374,918**	4,316,418
	Accrued during the year		**170,200,494**	103,167,822
	Received during the year		**(171,995,102)**	(96,109,322)
	As at end of the year		**9,580,310**	11,374,918
22.2	**Movement in impairment allowance**			
	As at beginning of the year		**2,761,707**	1,206,889
	Recognized during the year		**379,312**	1,554,818
	Reversed during the year		**(2,761,707)**	-
	As at end of the year		**379,312**	2,761,707
23	**DEPOSITS AND PREPAYMENTS**			
	Security deposits		**520,000**	520,000
	Prepaid expenses		**2,145,224**	1,848,041
	Prepaid statutory levies		**2,662,281**	1,306,012
			5,327,505	3,674,053
24	**ADVANCES AND OTHER RECEIVABLES**			
	Advances to employees		**554**	5,544
	Other receivables		**990,182**	24,409
			990,736	29,953
25	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Income tax refundable		**9,438,987**	6,695,272
	Sales tax refundable		**-**	8,885
			9,438,987	6,704,157

		Note	31-Dec-24	31-Dec-23
			Rupees	*Rupees*
26	**CASH AND BANK BALANCES**			
	Cash in hand		**65,000**	44,763
	Cash at banks			
	current accounts		**4,421,812**	926,688
	saving accounts	*26.1*	**182,273,732**	214,896,482
			186,695,544	215,823,170
			186,760,544	215,867,933

26.1 These carry return at rates ranging from 4.89% to 14.54% (31-Dec-23: 12.2% to 20.5%) per annum.

		Note	31-Dec-24	31-Dec-23
			Rupees	*Rupees*
27	**REVENUE**			
	Mark-up income on long term loans		**201,039,447**	103,167,822
	Rental income from musharakah assets		**4,846,255**	-
	Service charges		**6,263,186**	2,460,192
	Late payment surcharge		**349,100**	90,430
	Documentation charges		**484,500**	317,323
			212,982,488	106,035,767
28	**OPERATIONAL EXPENDITURE**			
	Retainership fee		**898,460**	1,200,000
	Mortgage expenses		**1,156,050**	482,220
	Client verification charges		**274,579**	162,383
	Collection charges		**73,072**	70,090
	Credit life insurance		**3,249,836**	2,104,198
	Sales staff incentive		**3,383,152**	700,236
	NADRA verification		**287,690**	81,500
	Amortization of musharakah assets		**4,214,470**	-
			13,537,309	4,800,627
29	**OTHER INCOME**			
	Gain on financial instruments			
	Return on saving accounts		**45,513,376**	24,098,019
	Foreign exchange gain		**3,754,577**	6,218,189
			49,267,953	30,316,208
	Gain on other assets			
	Gain on disposal of property and equipment	*15.2*	**-**	92,092
	Miscellaneous income		**1,254,177**	-
			1,254,177	92,092
			50,522,130	30,408,300

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		Note	31-Dec-24 Rupees	31-Dec-23 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	30.1	131,355,149	107,490,802
	Directors' meeting fee		4,050,000	2,650,000
	Directors' meeting expenses		454,120	356,858
	Utilities		5,502,223	3,150,896
	Insurance		2,616,571	1,988,701
	Travelling and conveyance		19,226,292	2,540,392
	Communication		7,983,529	4,500,789
	Professional fee		2,583,272	1,407,572
	Advertisement and public relations		159,360	84,005
	Auditor's remuneration	30.2	525,000	425,000
	Office support and maintenance		2,314,317	1,222,670
	Depreciation on property and equipment	16	9,231,086	7,326,562
	Depreciation on right-of-use assets	18	6,385,833	7,720,261
	Amortization of intangible assets	17.1	586,908	678,391
	Other administrative expenses		5,943,234	3,813,232
			198,916,894	145,356,131

30.1 These include contribution to provident fund trust amounting to Rs. 6,612,436 (31-Dec-23: Rs. 4,687,517).

		Note	31-Dec-24 Rupees	31-Dec-23 Rupees
30.2	**Auditor's remuneration**			
	Annual statutory audit		500,000	400,000
	Out of pocket expenses		25,000	25,000
			525,000	425,000
31	**OTHER EXPENSES**			
	Loss on disposal of property and equipment	15.2	13,490	-
			13,490	-
32	**FINANCE COST**			
	Interest on long term borrowings		48,332,328	20,452,639
	Interest on lease liabilities		2,430,203	3,255,201
	Bank charges		84,945	83,335
			50,847,476	23,791,175

33 NOTIONAL INTEREST

This represents unwinding of discount on convertible loan and discount on deferred interest on convertible loan stated in the statement of financial position at present value. See note 11.2 and 13.

		Note	31-Dec-24 Rupees	31-Dec-23 Rupees
34	**PROVISION FOR STATUTORY LEVIES**			
	Levies under Income Tax Ordinance, 2001	34.1	2,662,281	1,306,012
			2,662,281	1,306,012

34.1 Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 113 and 154 of the Ordinance.

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		31-Dec-24	31-Dec-23
		Rupees	*Rupees* [restated]
35	**PROVISION FOR INCOME TAXES**		
	Current taxation	-	-
	Deferred taxation	-	-
		-	-

35.1 No provision for current taxation has been recognized as the Company subject to non-tax/levy regime whereby taxes under the Income Tax Ordinance, 2001 are levied on turnover or other basis and are not based on taxable profits.

35.2 No provision for deferred taxation has been recognized due to reasons explained in note 2.3.2(b).

35.3 The income tax assessments upto and including tax year 2024 are deemed assessments in terms of section 120 of the Income Tax Ordinance, 2001, except as explained in note 35.5.

35.4 Estimated liability payable with return of income to be filed under section 114 of the Income Tax Ordinance 2001, subject to adjustment of taxes and levies paid/deducted in advance and available refunds, comprises the following:

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
Levies under Income Tax Ordinance, 2001	*34*	**2,662,281**	1,306,012
Income taxes		-	-
		2,662,281	1,306,012

35.5 The Deputy Commissioner Inland Revenue ['DCIR'] issued a show cause notice under section 161/205 of the Income Tax Ordinance, 2001 ['the Ordinance'] for Tax Year 2020 on 15 February 2021. The show cause notice was responded to on 08 March 2021. The DCIR made an order dated 30 August 2021 under section 161(1) of the Ordinance wherein a demand of Rs. 481,353 was created. Being aggrieved the Company filed an appeal under section 127(4) before Commissioner Inland Revenue (Appeals) ['CIR-A'] on 28 September 2021. Meanwhile, notice under section 138(1) was issued on 30-09-2021. The CIR-A, on the Company's application made on 05 October 2021 granted stay against recovery of DCIR's demand for 30 days which was further extended till 13 February 2022 on various applications filed by the Company. The CIR-A has finalized the proceedings vide order dated 11 February 2022 wherein the case has been remanded back for fresh adjudication and the corresponding demand has been annulled. The Company received a notice of hearing under section 124 read with section 161/205 dated 08 November 2023 for remand back proceedings. The Company submitted detailed reply on 05 January 2025. The proceedings were finalized through order passed under section 161(1) dated 27 May 2024 wherein tax amounting to Rs. 332,108 was demanded. The Company preferred an appeal against the said order before the CIR-A on 14 June 2024 for which no hearing is yet fixed.

		Note	31-Dec-24	31-Dec-23
			Rupees	*Rupees*
36	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*26*	**186,760,544**	215,867,933
			186,760,544	215,867,933

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37 CHANGES FROM FINANCING CASH FLOWS

31-Dec-24

	Issued ordinary share capital *Rupees*	Issued preference share capital *Rupees*	Share premium *Rupees*	Equity component of convertible loan *Rupees*	Lease liabilities *Rupees*	Long term borrowings *Rupees*
As at beginning of the year	337,956,000	146,328,900	29,671,100	32,944,813	14,285,496	306,378,883
Addition in right-of-use assets	-	-	-	-	7,246,034	-
Interest on lease liabilities	-	-	-	-	2,430,203	-
Payment of lease liabilities	-	-	-	-	(10,987,096)	-
Unwinding of discount on convertible loan	-	-	-	-	-	22,324,560
Long term borrowings obtained	-	-	-	18,577,687	-	276,777,313
Foreign exchange gain	-	-	-	-	-	(3,229,271)
Repayment of long term borrowings	-	-	-	-	-	(85,000,000)
As at end of the year	337,956,000	146,328,900	29,671,100	51,522,500	12,974,637	517,251,485

31-Dec-23

	Issued ordinary share capital *Rupees*	Issued preference share capital *Rupees*	Share premium *Rupees*	Equity component of convertible loan *Rupees*	Lease liabilities *Rupees*	Long term borrowings *Rupees*
As at beginning of the year	337,956,000	146,328,900	29,671,100	-	17,379,308	73,500,000
Addition in right-of-use assets	-	-	-	-	2,878,035	-
Interest on lease liabilities	-	-	-	-	3,255,201	-
Payment of lease liabilities	-	-	-	-	(9,227,048)	-
Unwinding of discount on convertible loan	-	-	-	-	-	4,067,455
Long term borrowings obtained	-	-	-	32,944,813	-	308,581,345
Foreign exchange gain	-	-	-	-	-	(6,269,917)
Repayment of long term borrowings	-	-	-	-	-	(73,500,000)
As at end of the year	337,956,000	146,328,900	29,671,100	32,944,813	14,285,496	306,378,883

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise Holding Company, post-employment benefit plan and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of the Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date, are as follows:

Name of related party	Nature and basis of relationship	Shareholding
Gray Ghost Ventures Educations Holdings LLC	Holding Company	63.82%
Taleem Finance Company Employees Provident Fund Trust	Post-employment Benefit Plan	0.00%
Kamran Azim	Key Management Personnel [Chief Executive Officer]	5.55%
Amjad Ali Arbab	Key Management Personnel [Director]	0.21%
Amjad Pervez	Key Management Personnel [Director]	0.21%
Ali Abbas Sikandar	Key Management Personnel [Director]	0.00%
Mehvish Arifeen	Key Management Personnel [Director]	0.00%

Transactions with key management personnel are limited to payment of short term employee benefits and meeting fee. Transactions with post-employment benefit plan is limited to contribution made to the plan. Detail of transactions and balances with related parties is as follows:

			31-Dec-24	31-Dec-23
			Rupees	*Rupees*
38.1 Transactions with related parties				
Nature of relationship	**Nature of transactions**			
Post-employment benefit plan	Contribution for the year		**6,612,436**	4,687,517
Key management personnel	Short term employee benefits		**35,573,046**	30,043,407
	Meeting fee		**4,050,000**	2,650,000
38.2 Balances with related parties				
Post-employment benefit plan	Contribution payable		**1,443,248**	1,042,479

39 FINANCIAL INSTRUMENTS

The gross carrying amounts of the Company's financial instruments as at the reporting date are as follows:

39.1 Financial assets

Cash in hand	*26*	**65,000**	44,763
Financial assets at amortized cost			
Long term deposits	*20*	**1,205,000**	1,205,000
Long term loans	*21*	**529,190,948**	411,975,399
Mark-up receivable on long term loans	*22*	**9,200,998**	8,613,211
Musharakah rentals receivable		**2,004,908**	-
Advances to employees	*24*	**554**	5,544
Cash at bank	*26*	**186,695,544**	215,823,170
		728,297,952	637,622,324
		728,362,952	637,667,087

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		Note	31-Dec-24	31-Dec-23
			Rupees	Rupees
39.2	**Financial liabilities**			
	Financial liabilities at amortized cost			
	Long term borrowings	11	517,251,485	306,378,883
	Lease liabilities	12	12,974,637	14,285,496
	Creditors	14	425,324	1,132,215
	Accrued liabilities	14	5,733,072	5,035,515
	Advances against loans	14	8,910,822	9,796,570
	Incentives payable	14	860,571	375,655
	Accrued interest/mark-up on borrowings		4,925,077	5,919,860
			551,080,988	342,924,194

40 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

40.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

40.1.1 Credit risk management practices

(a) Investment finance related receivables

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

The Company considers investment finance related receivables to have low credit risk when these have a credit risk rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due by less than 90 days. Any amounts past due by 90 days or more are considered non-performing.

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

The Company's credit risk grading framework for investment finance related receivables comprises the following categories:

Category	Description
Performing	Contractual payments not due or overdue by less than 90 days
Sub-standard	Contractual payments overdue by 90 days or more
Doubtful	Contractual payments overdue by 180 days or more
Loss	Contractual payments overdue by 365 days or more
Write-off	There is no realistic prospect of recovery

(b) Other financial assets

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

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The Company reviews the recoverable amount of each other financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each other financial asset. The Company considers an other financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due.

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

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

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

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

The Company's credit risk grading framework for other financial assets comprises the following categories:

Category	Description
Performing	The counterparty has low credit risk
Doubtful	Credit risk has increased significantly since initial recognition
In default	There is evidence indicating the assets is credit-impaired
Write-off	There is no realistic prospect of recovery

40.1.2 Exposure to credit risk

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

	Note	**31-Dec-24**	31-Dec-23
		Rupees	*Rupees*
Long term deposits	*20*	**1,205,000**	1,205,000
Long term loans	*21*	**542,982,073**	430,741,360
Mark-up receivable on long term loans	*22*	**9,580,310**	11,374,918
Musharakah rentals receivable		**2,004,908**	-
Advances to employees	*23*	**554**	5,544
Cash at bank	*26*	**186,695,544**	215,823,170
		742,468,389	659,149,992

40.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	External credit rating	Internal credit risk grading	Basis for ECL	Gross carrying amount	Loss allowance
Long term deposits	N/A	Performing	12-month ECL	1,205,000	-
Long term loans	N/A	Performing	1 - 10 percent	535,011,880	10,827,533
		Sub-standard	25 percent	4,086,016	1,021,504
		Doubtful	50 percent	3,884,177	1,942,089
				542,982,073	13,791,125
Mark-up receivable on long term loans	N/A	Performing	2 percent	9,167,845	183,357
		Write-off	25 percent	41,109	10,277
		Doubtful	50 percent	371,356	185,678
				9,580,310	379,312

	External credit rating	Internal credit risk grading	Basis for ECL	Gross carrying amount	Loss allowance
Musharakah rentals receivable	N/A	Performing	Lifetime ECL	2,004,908	-
Advances to employees	N/A	Performing	12-month ECL	554	-
Cash at bank	A-2 - A-1+	N/A	12-month ECL	186,695,544	-
				742,468,389	14,170,437

(a) Long term deposits

Long term deposits comprise security deposits placed with regulatory authorities and those against lease liabilities. Deposits with regulatory authorities are placed for an indefinite period without any fixed maturity. Deposits against lease liabilities are refundable on expiry of lease term. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Loan term loans and mark-up receivable on long term loans

The Company's main measure of credit delinquency is an aged portfolio-at-risk ratio. Loans are separated into classes depending on the number of days they are over-due. For each such class of credit, the outstanding principal and mark-up receivable on such loan is divided by the outstanding principal and mark-up receivable of the total credit portfolio. The credit quality is assessed based on ageing of each individual loan, including mark-up receivable on such loan.

	31-Dec-24			
	Long term loans *Rupees*	Accumulated impairment *Rupees*	Mark-up receivable *Rupees*	Accumulated impairment *Rupees*
Not yet due/Overdue less than 90 days	**535,011,880**	**10,827,533**	**9,167,845**	**183,357**
Overdue by 90 days or more	**4,086,016**	**1,021,504**	**41,109**	**10,277**
Overdue by 180 days or more	**3,884,177**	**1,942,089**	**371,356**	**185,678**
Overdue by 365 days or more	**-**	**-**	**-**	**-**
	542,982,073	**13,791,125**	**9,580,310**	**379,312**

	31-Dec-23			
	Long term loans *Rupees*	Accumulated impairment *Rupees*	Mark-up receivable *Rupees*	Accumulated impairment *Rupees*
Not yet due/Overdue less than 90 days	418,867,439	8,645,349	8,613,211	-
Overdue by 90 days or more	1,767,457	441,864	216,012	216,012
Overdue by 180 days or more	855,432	427,716	119,428	119,428
Overdue by 365 days or more	9,251,032	9,251,032	2,426,267	2,426,267
	430,741,360	18,765,961	11,374,918	2,761,707

(c) Musharakah rentals receivable

The credit quality is assessed based on ageing of rental due but not recovered. All musharakah rentals receivable as at the reporting date are considered 'Performing'. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(d) Advances to employees

These are secured against future salaries and post-employment benefits. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(e) Cash at bank

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

40.1.4 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counter-party is as follows:

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	31-Dec-24	31-Dec-23
	Rupees	*Rupees*
Customers	**554,567,291**	442,116,278
Regulatory authorities	**50,000**	50,000
Banking companies and financial institutions	**186,695,544**	215,823,170
Others	**1,155,554**	1,160,544
	742,468,389	659,149,992

40.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of long term loans amounting to Rs. 375.33 million (31-Dec-23: Rs. 322.69 million), which are secured against collateral held by the Company and advances to employees which are secured against future salaries.

40.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses are as follows:

	Note	31-Dec-24	31-Dec-23
		Rupees	*Rupees*
As at beginning of the year		**21,527,668**	2,963,593
Changes in impairment allowance on:			
Long term loans	*21.2*	**7,521,279**	12,860,379
Mark-up receivable on long term loans	*22.2*	**(2,382,395)**	1,554,818
		5,138,884	14,415,197
Written-off during the year		**(12,496,115)**	(99,052)
As at end of the year		**14,170,437**	17,279,738

40.2 Liquidity risk

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

40.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of solvency ratios.

40.2.2 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	31-Dec-24				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Long term borrowings	517,251,485	588,589,509	448,091,272	140,498,237	-
Lease liabilities	12,974,637	15,623,484	6,925,928	8,697,556	-
Trade creditors	425,324	425,324	425,324	-	-
Accrued liabilities	5,733,072	5,733,072	5,733,072	-	-
Advances against loans	8,910,822	8,910,822	8,910,822	-	-
Incentives payable	860,571	860,571	860,571	-	-
Accrued interest/mark-up on borrowings	4,925,077	4,925,077	4,925,077	-	-
	551,080,988	625,067,859	475,872,066	149,195,793	-

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	31-Dec-23				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Long term borrowings	306,378,883	322,556,209	100,177,326	222,378,883	-
Lease liabilities	14,285,496	19,467,540	10,149,748	9,317,792	-
Trade creditors	1,132,215	1,132,215	1,132,215	-	-
Accrued liabilities	5,035,515	5,035,515	5,035,515	-	-
Advances against loans	9,796,570	9,796,570	9,796,570	-	-
Incentives payable	375,655	375,655	375,655	-	-
Accrued interest/mark-up on borrowings	5,919,860	5,919,860	5,919,860	-	-
	342,924,194	364,283,564	132,586,889	231,696,675	-

40.3 Market risk

40.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

(a) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. There were no changes in the Company's approach to currency risk management during the year.

(b) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	31-Dec-24 *Rupees*	31-Dec-23 *Rupees*
Financial assets	-	-
Financial liabilities		
Long term borrowings	**417,251,485**	222,378,883
Accrued interest/mark-up on borrowings	**27,045,657**	4,084,591
	444,297,142	226,463,474
	(444,297,142)	(226,463,474)

(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year and equity as at the reporting date by Rs. 22.21 million (31-Dec-23: Rs. 11.32 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

40.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on surplus after taxation and equity of defined interest rate shift, mostly 100 basis points.

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(b) Exposure to interest rate risk

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	31-Dec-24	31-Dec-23
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**542,982,073**	430,741,360
Financial liabilities	**430,226,122**	236,664,379
Variable rate instruments		
Financial assets	**182,273,732**	214,896,482
Financial liabilities	**100,000,000**	84,000,000

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value.

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have increased profit for the year and equity as at the reporting date by Rs. 0.82 million (31-Dec-23: Rs. 1.31 million). A decrease of 100 basis points would have had an equal but opposite effect on loss for the year and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

40.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

41 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. The Company monitors capital on the basis of Gearing Ratio which is Debt divided by Total Capital Employed. Debt comprises long term borrowings and lease liabilities, including current maturity. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The gearing ratios as at the reporting date are as follows:

	Unit	31-Dec-24	31-Dec-23
Total debt	*Rupees*	**530,226,122**	320,664,379
Total equity	*Rupees*	**328,216,419**	337,544,752
Total capital employed	*Rupees*	**858,442,541**	658,209,131
Gearing ratio	*% age*	**61.77**	48.72

Non-Banking Finance Companies and Notified Entities Regulations, 2008 prescribe minimum equity requirements for Non-Banking Finance Companies. The Company remains compliant with these minimum equity requirements as at the reporting date.

There were no changes to the Company's approach to capital management during the year.

42 FAIR VALUE MEASUREMENTS

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all financial instruments, to which the Company is a party, to approximate their fair values as at the reporting date.

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	31-Dec-24	31-Dec-23
	Rupees	*Rupees*
43 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY		
Mortgages and charges		
Hypothecation of movables and book debts	**125,000,000**	125,000,000

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	31-Dec-24		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	**28,874,000**	**-**	**48,564,235**
Allowances and perquisites	**6,699,046**	**-**	**13,936,499**
Meeting fee	**-**	**4,050,000**	**-**
Contribution to provident fund	**1,941,600**	**-**	**3,123,226**
	37,514,646	**4,050,000**	**65,623,960**
Number of persons	**1**	**5**	**20**

	31-Dec-23		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	27,969,202	-	29,923,325
Allowances and perquisites	2,074,205	-	11,808,040
Meeting fee	-	2,650,000	-
Contribution to provident fund	1,885,656	-	1,757,820
	31,929,063	2,650,000	43,489,185
Number of persons	1	5	16

45 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (31-Dec-23: 10%) of the basic salary every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

46 NUMBER OF EMPLOYEES

	31-Dec-24	31-Dec-23
Total number of employees	**71**	55
Average number of employees	**66**	47

47 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

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TALEEM FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31-Dec-24	31-Dec-23
		Rupees	*Rupees*
48	**RECLASSIFICATIONS**		
	The following have been reclassified for better presentation.		
	Provision for levies under Income Tax Ordinance, 2001 Reclassified from Provision for income taxes > Current taxation Reclassified to Provision for statutory levies > Levies under Income Tax Ordinance, 2001	**2,662,281**	1,306,012
	Levies under Income Tax Ordinance, 2001 payable Reclassified from Income taxes payable Reclassified to Trade and other payables > Statutory levies payable > .. .. > Levies under Income Tax Ordinance, 2001	**2,662,281**	1,306,012
	Prepaid statutory levies Reclassified from Advance income tax Reclassified to Deposits and prepayments > Prepaid statutory levies	**2,662,281**	1,306,012
	Tax refunds due from government Reclassified from Advance income tax Reclassified to Tax refunds due from government	**9,438,987**	6,695,272
	Sales tax adjustable/refundable Reclassified from Advances and other receivables > Sales tax refundable Reclassified to Tax refunds due from government > Sales tax refundable	**-**	8,885
	Impairment allowance on mark-up receivable on long term loans Reclassified from Mark-up income on long term loans Reclassified to Impairment allowance for expected credit losses	**(2,382,395)**	1,554,818
	Impairment allowance on long term loans Reclassified from Operational expenditure Reclassified to Impairment allowance for expected credit losses	**7,521,279**	12,860,379
	Un-winding of discount on convertible loan Reclassified from Finance cost > Un-winding of discount on convertible loan Reclassified to Notional interest expense	**20,294,303**	3,335,703

49 **EVENTS AFTER THE REPORTING PERIOD**

There no known events occurring after the reporting period that may have material impact on these financial statements.

50 **GENERAL**

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year, except for those referred to in note 48.

Director

Chief Executive Officer

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